

**CITY OF CEDAR HILL, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2009**

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

Kim Johnson, Accounting Manager

**CITY COUNCIL**

Robert K. Franke, Mayor

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

**CITY MANAGER**

Alan E. Sims



**City of Cedar Hill  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>I. INTRODUCTORY SECTION (Unaudited)</b>		
Transmittal Letter		i
Certificate of Achievement		vi
Organizational Chart		vii
List of Principal Officials		viii
<b>II. FINANCIAL SECTION</b>		
Independent Auditor's Report		1
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)</b>		<b>3</b>
<b>B. BASIC FINANCIAL STATEMENTS:</b>		
<b>Government-Wide Financial Statements:</b>		
Statement of Net Assets	A-1	13
Statement of Activities	A-2	14
<b>Fund Financial Statements:</b>		
<b>Governmental Fund Financial Statements</b>		
Balance Sheet	B-1	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	B-2	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-3	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	B-4	21
<b>Proprietary Fund Financial Statements</b>		
Statement of Net Assets	C-1	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets	C-2	23
Statement of Cash Flows	C-3	24
<b>Fiduciary Fund Financial Statements</b>		
Statement of Fiduciary Net Assets	D-1	26
Statement of Changes in Fiduciary Fund Net Assets	D-2	27
<b>Notes to the Basic Financial Statements</b>		<b>28</b>
<b>C. REQUIRED SUPPLEMENTARY INFORMATION (Unaudited):</b>		
Texas Municipal Retirement System- Schedule of Pension Funding Progress	E-1	60
Reserve Police Department Plan - Schedule of Pension Funding Progress	E-2	61
Schedule of Cedar Hill Employees Other Post Employment Benefit Plan Analysis of Funding Progress	E-3	62
<b>Budgetary Comparison Schedules:</b>		
General Fund	E-4	63
Joe Pool Fund	E-5	64
Notes to Required Supplementary Information		65

**City of Cedar Hill  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**TABLE OF CONTENTS (Continued)**

	<b>Exhibit</b>	<b>Page</b>
<b>D. COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:</b>		
<b>Nonmajor Governmental Funds:</b>		
Combining Balance Sheet	F-1	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	70
 <b>Budgetary Comparison Schedules:</b>		
Budgetary Comparison Schedule - Debt Service Fund	G-1	74
Budgetary Comparison Schedule - Police Forfeiture Special Revenue Fund	G-2	75
Budgetary Comparison Schedule - Municipal Court Special Revenue Fund	G-3	76
Budgetary Comparison Schedule - Hotel Occupancy Special Revenue Fund	G-4	77
Budgetary Comparison Schedule - Library Special Revenue Fund	G-5	78
Budgetary Comparison Schedule - Community Development Block Grant Special Revenue Fund	G-6	79
Budgetary Comparison Schedule - High Pointe Public Improvement District Special Revenue Fund	G-7	80
Budgetary Comparison Schedule - Waterford Oaks Public Improvement District Special Revenue Fund	G-8	81
Budgetary Comparison Schedule - Disaster Relief Special Revenue Fund	G-9	82
Budgetary Comparison Schedule - Traffic Safety Special Revenue Fund	G-10	83
Budgetary Comparison Schedule - Landscape Beautification Special Revenue Fund	G-11	84

**III. STATISTICAL SECTION (Unaudited)**

	<b>Table</b>	
Net Assets By Component - Last Seven Fiscal Years	1	85
Changes in Net Assets - Last Seven Fiscal Years	2	87
Fund Balances, Governmental Funds - Last Seven Fiscal Years	3	89
Changes in Fund Balances, Governmental Funds - Last Seven Fiscal Years	4	90
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	5	92
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	6	93
Principal Property Tax Payers - Current Year and Nine Years Ago	7	95
Property Tax Levies and Collections - Last Five Fiscal Years	8	96
Ratios of Outstanding Debt By Type - Last Ten Fiscal Years	9	97
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	10	98
Direct and Overlapping Governmental Activities Debt - September 30, 2009	11	99
Legal Debt Margin Information	12	100
Pledged-Revenue Coverage - Last Ten Fiscal Years	13	101
Demographic and Economic Statistics - Last Ten Fiscal Years	14	102
Principal Employers - Current Year and Nine Years Ago	15	103
Full-Time Equivalent City Government Employees By Function/Program - Last Ten Fiscal Years	16	104
Operating Indicators By Function/Program - Last Ten Fiscal Years	17	105
Capital Asset Statistics By Function/Program - Last Ten Fiscal Years	18	107

## **INTRODUCTORY SECTION**





March 25, 2010

***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, 2009. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America established by the Government Accounting Standards Board. The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials and the Government Finance Officer's Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2008 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 Governmental Accounting Standards

Board. Based upon these criteria, the Community Development Corporation and the Economic Development Corporation are included as discretely presented component units.

## **THE CITY OF CEDAR HILL**

Cedar Hill, the oldest organized community in Dallas County, has grown from a small rural town of 6,850 in 1980 to a suburban city with approximately 45,000 in 2008. The City of Cedar Hill is located on U.S. Highway 67, in the southwest quadrant of Dallas County and a small portion of northern Ellis County. The City covers an area of 36 square miles and is approximately 18 miles from downtown Dallas. With easy access to I-20 and I-35 from U.S. Highway 67, Cedar Hill is home to many residents who commute to and from employment in the Dallas-Fort Worth ("D/FW") 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, draws approximately 275,000 visitors and is the second most visited state park. Cedar Hill also has 30 City parks on approximately 686 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 amphitheatre, 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**

The City's economy continues to remain strong despite the challenges facing the national economy. Being situated in Texas and the DFW Metroplex in particular has meant the City of Cedar Hill is in a preferred position. Although the pace of growth has slowed somewhat, Cedar Hill continues to experience commercial development. In 2009 there were 174 commercial certificates of occupancy awarded in Cedar Hill and there were 452 building permits issued with a total valuation of \$25,935,312.

The retail market remains strong in Cedar Hill. Uptown Village at Cedar Hill opened in March of 2008 with 800,000 square feet of retail and office space, including an interactive water fountain and open area for concerts and public events. Currently, the center is over 85% occupied. Additional restaurant space has been constructed over and above the original opening space. This has meant a succession of store openings all through 2008 and 2009. Old Navy, a new tenant in the center, won a national award given by Gap, Inc. for increased December sales in 2009. Bailey's Prime Plus Steak House opened in Uptown Village in the spring of 2009. The only restaurant of its quality in the southern sector of Dallas County, Bailey's draws customers from a wide area.

Sprouts Farmer's Market occupied second generation space vacated when Barnes and Noble Booksellers moved to a larger site. Babes Chicken Dinnerhouse, a popular regional chain restaurant, opened in the Historic Downtown to rave reviews.

New office space continues to open in the City. In 2007, a 25,000 square foot building by Methodist Health Group opened and in 2008 a 12,000 square foot office building anchored by Baylor Health Group opened. In 2009, Sandler Southwest completed construction of a 70,000 square foot Class A office building which includes space for a restaurant. Carter Blood Care has opened offices in Cedar Hill.



La Quinta opened a 60 room hotel in 2008 and Holiday Inn Express opened a 70 room hotel in 2009.

The Cedar Hill Government Center opened in July of 2008 with much fanfare. The only cooperative venture of its kind in the State of Texas, melding City Offices, ISD Administration and City Police with cutting edge architecture, it has 115,000 square feet of offices, meeting space, courtrooms and council chambers.

Northwood University is not only expanding the dorm and classroom space on campus, it is also expanding programs. In the fall of 2009, the University began offering an MBA program; its first graduate program. Additionally, the University of Phoenix opened a campus in the office space located in Uptown Village.

Metals Supply opened during 2009 in the business park owned and managed by the Cedar Hill Economic Development Corporation. This facility has 80,000 square feet under roof with 75,000 square feet outdoor crane served, and will provide 30 new jobs. It will prove to be an economic generator.

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

The fiscal year 2010 budget was developed based upon a decrease in taxable assessed valuation of 6.08%. This significant decline resulted from the nationwide decline in real estate values caused by the recession. The property tax rate remained at 64.14 cents per \$100 valuation for the ninth consecutive year. The budget also included anticipated growth in sales tax of 7.1%. The deteriorating national economic conditions lead to reduced sales tax receipts during the 2009 fiscal year. Expenditure budgets have been adjusted to reflect the decline in revenues.

The City continues to remain financially strong and stable by adjusting expenditures to available revenues.

The City continues to improve its facilities and street infrastructure. A bond election approving \$60 million for new projects was approved by the voters in September 2003. The City issued \$51.39 million in debt since fiscal year 2004, including \$6.59 million in February 2008, and an additional \$7.5 million in October 2008 to fund street projects. The City continued its facility program by issuing \$1.6 million in debt in October, 2007 for a jointly funded fire station with the City of Grand Prairie and \$2 million in debt in February 2008 to fund a new animal shelter jointly funded with the cities of DeSoto and Duncanville. The City also issued \$3 million in Water and Sewer Revenue Bonds in October, 2008, for the construction of water and wastewater infrastructure.

## **FINANCIAL PLANNING AND FISCAL POLICIES**

The City continues to update several master plans to guide the City's long-term growth and financial planning. Significant master planning activity includes: 1) comprehensive land use and thoroughfare plan, 2) a water system master plan, 3) a sewer system master plan, 4) a parks master plan, 5) a library master plan, 6) a transit oriented development-city center plan, and 7) 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. Weaver and Tidwell, LLP was selected by the City Council to conduct this year's audit. The independent auditors' report on the basic financial statements is included in the financial section of this report.

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

The 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, 2008. 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 nineteen years consecutively (fiscal years ended 1990 - 2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting the 2009 CAFR to the GFOA.

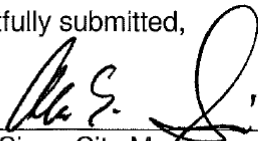
***Acknowledgements:***

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,

Respectfully submitted,



---

Alan E. Sims, City Manager



---

Hardy Browder, Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Hill  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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

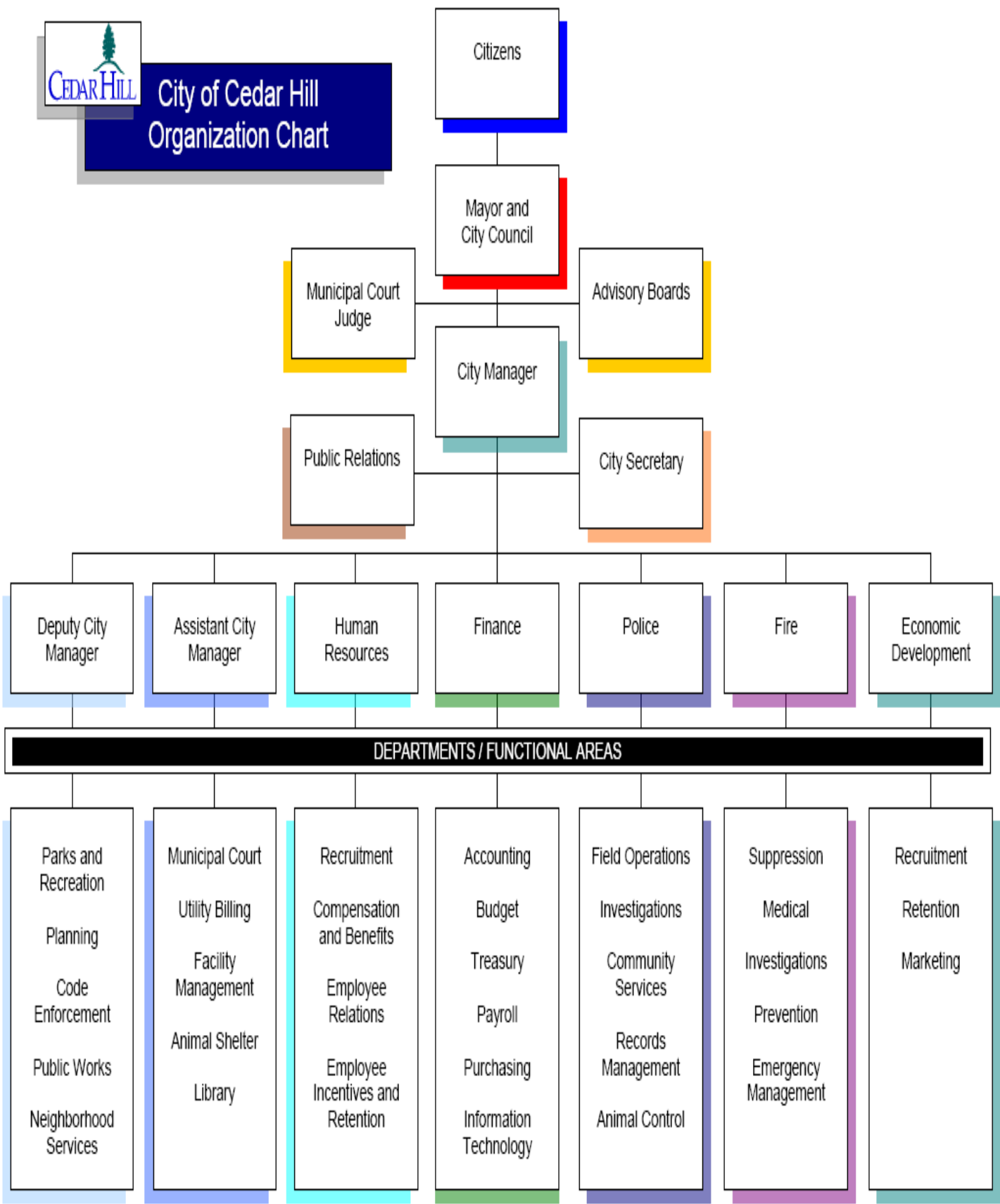


President

Executive Director



# City of Cedar Hill Organization Chart



**CITY OF CEDAR HILL  
List of Principal Officials  
at September 30, 2009**

**Elected Officials**

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

**Appointed Officials**

City Manager .....	Alan E. Sims
Deputy City Manager .....	Greg Porter
Assistant City Manager .....	Melissa Valadez-Stephens
City Secretary .....	Lyn Hill
Finance Director .....	Hardy Browder
Police Chief .....	Steve Rhodes
Acting Fire Chief .....	John Ballard
Economic Development Director .....	Allison Thompson
Building Official .....	John Kendro
Library Director .....	Vacant
Parks & Recreation Director .....	Roda Savage
Planning Director .....	Rod Tyler
Public Works Director .....	Ruth Antebi-Guten
Acting Information Technology Director .....	Earl Shipman
Tri-City Shelter Manager .....	Alissa Prelis
Municipal Court Judge .....	Elke Daniel

## **FINANCIAL SECTION**







## INDEPENDENT AUDITOR'S REPORT

Members of the City Council  
City of Cedar Hill, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the City) as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and the cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis (on pages 3 through 12) and the Texas Municipal Retirement System Analysis of Funding Progress, Reserve Police Department Plan - Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Joe Pool Fund (on pages 60 thru 65) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board.

City of Cedar Hill, Texas  
March 25, 2010

Page 2

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 25, 2010

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

---

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, 2009. We would like to encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Cedar Hill exceeded its liabilities at the close of the fiscal year ended September 30, 2009, by \$155,468,488 (net assets). Of this amount, \$45,773,001 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City of Cedar Hill's total net assets decreased by \$2,920,499. This decrease in net assets can be attributed to the depreciation recorded on City assets versus the amount of new assets added.
- As of September 30, 2009, the City's governmental funds reported combined ending fund balances of \$76,901,241. \$67,140,157 of this fund balance is subject to various commitments. Approximately 13% of this amount or \$9,761,084 is unreserved and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2009, unreserved fund balance for the general fund was \$7,910,030 or 28% of the total general fund expenditures. The fund balance of the general fund increased \$238,774. The increase is due to expenditure reductions by the operating departments in response to the economic downturn.
- The Joe Pool Fund's fund balance increased by \$2,768,353, 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 \$918,353. This fund is dedicated to accumulating resources to retire the amount due for the water rights to Joe Pool Lake.
- The City issued the following debt during the fiscal year: \$7,500,000 in General Obligation Bonds for street improvements. In addition the City issued \$3,000,000 of Water and Sewer Revenue Bonds for water and sewer infrastructure projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

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

The government-wide financial statements can be found on pages 13-15 of this report.

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

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

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

---

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-two 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 seventeen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

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

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

**Notes to the Financial Statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-59.

**Other Information**—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the City's budget to actual variance and schedules of funding progress for retirement plans. Required supplemental information can be found on pages 60-65 of this report.

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

The combining statements referred to earlier in connection with non-major governmental funds and budget to actual variance schedules for non-major governmental funds is presented following the required supplemental information. These combining and individual statements and schedules can be found on pages 66-84 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier in this report, the net assets may serve as a useful indicator of a government's financial position. In this case, shown in Table 1 below, the City of Cedar Hill's assets exceed liabilities by \$155,468,488 as of September 30, 2009.

The largest portion of the City's net assets (59%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (11%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets (29%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net assets of the City decreased 1.9% in fiscal year 2009. This decrease resulted from depreciation of City assets exceeding the costs of assets added during the year and lower than expected water sales and sewer charges. Total net assets of governmental activities decreased by 2.7%. This is the result of the depreciation of City assets described above. Total assets of business-type activities decreased by 0.4%. These decreases resulted from lower than expected water sales and sewer charges.

**Condensed Statement of Net Assets  
At September 30, 2009**

	Governmental Activities		Business-Type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Current and other assets	\$ 86,014,818	\$ 84,870,713	\$ 18,821,748	\$ 18,248,488	\$ 104,836,566	\$ 103,119,201
Capital assets	169,512,256	169,645,830	52,090,125	50,744,309	221,602,381	220,390,139
Total assets	255,527,074	254,516,543	70,911,873	68,992,797	326,438,947	323,509,340
Noncurrent liabilities	153,171,690	146,364,392	13,508,757	11,001,860	166,680,447	157,366,252
Other liabilities	3,333,672	6,412,494	956,340	1,341,607	4,290,012	7,754,101
Total liabilities	156,505,362	152,776,886	14,465,097	12,343,467	170,970,459	165,120,353
Net assets:						
Invested in capital assets—net of related debt	44,383,937	50,450,265	47,740,514	47,492,002	92,124,451	97,942,267
Restricted	12,859,483	12,950,069	4,711,553	4,458,851	17,571,036	17,408,920
Unrestricted	41,778,292	38,339,323	3,994,709	4,698,477	45,773,001	43,037,800
Total net assets	\$ 99,021,712	\$ 101,739,657	\$ 56,446,776	\$ 56,649,330	\$ 155,468,488	\$ 158,388,987

**Analysis of the City's Operations**—The following table provides a summary of the City's operations for the year ended September 30, 2009. Governmental activities decreased the

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

City's net assets by \$2,717,945. The City recorded more depreciation on its assets than it added in new capital assets resulted in the decline.

Business-type activities decreased the City's net assets by \$202,554. The decline is the result of lower than anticipated water sales and sewer charges.

**Changes in Net Assets  
For the Years Ended September 30, 2009 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Revenues:						
Program revenues:						
Charges for services	\$ 6,739,665	\$ 6,838,108	\$ 14,303,857	\$ 14,544,318	\$ 21,043,522	\$ 21,382,426
Operating grants/contributions	2,382,689	1,999,182	-	-	2,382,689	1,999,182
Capital grants/contributions	1,940,005	5,580,070	1,174,014	3,629,474	3,114,019	9,209,544
General revenues:						
Sales and use taxes	5,953,387	6,134,991	-	-	5,953,387	6,134,991
Property taxes	20,122,090	19,669,385	-	-	20,122,090	19,669,385
Hotel/motel taxes	92,321	61,571	-	-	92,321	61,571
Franchise taxes	3,228,432	3,060,567	-	-	3,228,432	3,060,567
Investment earnings	1,765,116	4,450,569	219,773	604,215	1,984,889	5,054,784
Gain on disposal	-	-	-	-	-	-
Miscellaneous	610,796	637,111	45,273	41,527	656,069	678,638
Total revenues	42,834,501	48,431,554	15,742,917	18,819,534	58,577,418	67,251,088
Expenses:						
General government	6,552,840	5,756,996	-	-	6,552,840	5,756,996
Public safety	20,065,191	18,659,224	-	-	20,065,191	18,659,224
Public works	7,031,442	7,647,548	-	-	7,031,442	7,647,548
Community services	6,506,179	6,729,210	-	-	6,506,179	6,729,210
Water and sewer	-	-	14,145,471	13,375,271	14,145,471	13,375,271
Interest and fiscal charges	7,196,794	6,790,548	-	-	7,196,794	6,790,548
Total expenses	47,352,446	45,583,526	14,145,471	13,375,271	61,497,917	58,958,797
Increase and decrease in net assets before transfers	(4,517,945)	2,848,028	1,597,446	5,444,263	(2,920,499)	8,292,291
Transfers	1,800,000	1,802,000	(1,800,000)	(1,802,000)	-	-
Increase and decrease in net assets	(2,717,945)	4,650,028	(202,554)	3,642,263	(2,920,499)	8,292,291
Net assets—beginning	101,739,657	97,089,629	56,649,330	53,007,067	158,388,987	150,096,696
Net assets—ending	\$ 99,021,712	\$ 101,739,657	\$ 56,446,776	\$ 56,649,330	\$ 155,468,488	\$ 158,388,987

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$76,901,241. This fund balance is subject to the following commitments: \$95,675 to prepaid items and inventory, \$36,973,575 (48%) to construction, \$1,351,830 (2%) to debt service and \$136,421 to animal shelter activities. Approximately 50% of this amount or \$38,344,440 is unreserved or undesignated and is available for use within the City's designation and policies.

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

---

The General Fund revenues exceeded expenditures and transfers by \$238,774. The City had budgeted a reduction in Fund Balance. Expenditures were \$1,670,382 less than budgeted and revenue totaled \$136,648 less than anticipated, resulting in the positive performance in the fund.

The Debt Service Fund added \$36,214 to its fund balance. This increase is the result of lower than anticipated interest costs.

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 \$2,768,353. \$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 \$918,353 of investment earnings.

The General Obligation Bond Fund accounts for funds to construct streets, the Government Center and several building renovations. The fund received \$7,500,000 from the issue of additional General Obligation debt, earned \$180,438 in investment earnings during the fiscal year and incurred expenditures of \$3,969,375. Expenditures for street projects totaled \$1,879,137. Additional expenditures included the Government Center project (\$1,048,452) and various building renovations (\$1,041,786).

The Capital Recovery Fund accounts for the street impact fees. The fund received \$52,601 in fees and \$76,740 in investment earnings during the fiscal year. The fund transferred \$716,343 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 declined \$3,036,416. The reason for this decline is the expenditure of bond funds. The fund balances of the nonmajor capital project funds declined \$3,488,280.

**Proprietary Funds**—The City has two proprietary funds, a water and sewer (enterprise) fund and equipment (internal service) fund. The enterprise fund financial statements provide the same type information found in the government-wide financial statements, but includes more detail. Unrestricted net assets of the enterprise fund were \$3,994,709. The internal service fund accounts for equipment purchased and leased to governmental funds and component units. Due to the fact that these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**General Fund Budgetary Highlights**—Actual General Fund expenditures totaled \$28,599,523 or \$1,610,382 less than the \$30,209,905 budget. Expenditures represent 94.7% of the authorized budget. General Fund revenues totaled \$28,898,297 or \$136,648 below budget.

## **CAPITAL ASSETS**

The City's investment in capital assets for its government-wide activities as of September 30, 2009 amounts to \$221,602,381 (net of accumulated depreciation). The investment in capital



**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights, master studies and infrastructure.

Major capital assets events during the current fiscal year include the following:

Ongoing projects:

- FM1382/Straus intersection improvements project totaling approximately \$271,000 with current year expenditures of \$164,454
- Continuing construction of the F.M. 1382 Capacity Improvements projects totaling approximately \$3,410,000 with current year expenditures of \$41,466
- Continuing construction of the Pleasant Run Road, Cedar Hill Road Transition, and FM1382/Pleasant Run Road Intersection project totaling approximately \$7,889,000 with current year expenditures of \$10,942
- Began planning the expansion of East Pleasant Run Road at an anticipated cost of \$11,500,000 and current year cost of \$208,201
- Initiated the expansion of Lakeridge Parkway with an anticipated cost of \$4,000,000 with current year costs of \$257,564
- Continued construction of the Clark Road Improvements project totaling approximately \$2,000,000 with current year expenditures of \$715,049
- Completed the renovation of Mt. Lebanon Road at a cost of \$78,530
- Initiated a concrete street repair program with current year expenditures of \$241,375
- Continued the asphalt street overlay program with current year expenditures totaling \$136,736
- Continuing construction of the Government Center project totaling approximately \$28 million with current year expenditures of \$1,048,452
- Initiated the Community and Police Services Building renovation project with an estimated cost of \$1,070,000 and current year expenditures of \$486,385
- Completed construction of the Fire Station #4 project totaling approximately \$1,600,000 with current year expenditures of \$814,104
- Initiated renovations of Fire Stations #1 and #3 with a total anticipated cost of approximately \$1,058,000 and current year expenditures of \$894,886.
- Continued construction of the Animal Shelter Expansion project totaling approximately \$2,700,000 with current year expenditures of \$2,559,655
- Various water and sewer projects with expenditures for the current year totaling \$1,890,336

**Capital Assets at September 30, 2009 and 2008  
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Land	\$ 15,257,691	\$ 15,257,691	\$ 367,764	\$ 367,764	\$ 15,625,455	\$ 15,625,455
Construction-in-progress (CIP)	2,473,639	1,149,490	1,783,143	1,879,113	4,256,782	3,028,603
Buildings/facilities and improvements	40,755,257	39,309,129	215,090	244,237	40,970,347	39,553,366
Water system	-	-	31,426,743	29,622,185	31,426,743	29,622,185
Sewer system	-	-	17,679,194	17,868,462	17,679,194	17,868,462
Equipment	2,852,847	3,262,162	576,275	689,299	3,429,122	3,951,461
Infrastructure	95,712,741	97,708,033	-	-	95,712,741	97,708,033
Water rights	12,439,632	12,929,060	-	-	12,439,632	12,929,060
Master studies	20,449	30,265	41,916	73,249	62,365	103,514
Total	<u>\$ 169,512,256</u>	<u>\$ 169,645,830</u>	<u>\$ 52,090,125</u>	<u>\$ 50,744,309</u>	<u>\$ 221,602,381</u>	<u>\$ 220,390,139</u>

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

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**DEBT ADMINISTRATION**

**Debt**—At the fiscal year-end of September 30, 2009, the City had \$60.040 million in General Obligation Bonds and \$32.455 million in Certificates of Obligations, along with \$13.040 million in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$10.47 million of the certificates are pledged by and will be funded by future property tax receipts. The Community Development Corporation has a contractual obligation to provide the funds for debt service for \$8.29 million of the certificates of obligation. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$13.695 million of the certificates of obligations although future property tax receipts are the ultimate pledge for repayment of this debt.

The City of Cedar Hill, together with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, executed a contract with the Trinity River Authority of Texas to purchase water conservatory rights from Joe Pool Lake. As of September 30, 2009, the City's 43.21% share of the contract amounted to a \$56,154,350 liability. The City has chosen to defer diverting water from the reservoir. As a result of this decision, the liability will accrue interest at 5.683%. The City has set aside funds since the 1995 fiscal year to pay this obligation. At September 30, 2009, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$28,583,356. The present plan is to set aside \$1,850,000 each year to allow full payment of the obligation within a maximum of fifty years.

Additional long-term obligations include compensated absences totaling \$3,586,606 for government activities, compensated absences totaling \$304,963 for business-type activities, an OPEB liability of \$78,790, a liability to a developer for utility line construction of \$105,722, a \$60,000 set aside as a contingent liability for litigation and \$189,372 of accrued arbitrage liability.

**Outstanding Debt at September 30, 2009 and 2008**

	Governmental Activities		Business-Type Activities		Totals	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
General Obligation	\$ 60,040,000	\$ 55,660,000	\$ -	\$ -	\$ 60,040,000	\$ 55,660,000
Certificate of Obligation	32,455,000	33,265,000	-	-	32,455,000	33,265,000
Waterworks & Sewer System Revenue	-	-	13,040,000	10,695,000	13,040,000	10,695,000
Other Obligations	56,154,350	53,134,705	-	-	56,154,350	53,134,705
Reacquisition cost of refunded bonds	(271,427)	(320,671)	-	-	(271,427)	(320,671)
Unamortized premiums and discount (net)	878,899	930,608	58,072	45,127	936,971	975,735
Compensated absences	3,586,606	3,287,446	304,963	261,733	3,891,569	3,549,179
OPEB	78,890	-	-	-	78,890	-
Arbitrage	189,372	347,304	-	-	189,372	347,304
Other long-term liabilities	-	-	105,722	-	105,722	-
Contingent liability for litigation	60,000	60,000	-	-	60,000	60,000
Total	<u>\$ 153,171,690</u>	<u>\$ 146,364,392</u>	<u>\$ 13,508,757</u>	<u>\$ 11,001,860</u>	<u>\$ 166,680,447</u>	<u>\$ 157,366,252</u>

During the fiscal year, the City issued \$7,500,000 in General Obligation Bonds for street improvements and \$3,000,000 of Waterworks and Sewer System Revenue Bonds for water and sewer infrastructure.

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

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

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

The City experienced its first decline in taxable values in fifteen years in preparing the Fiscal Year 2010 budget. Taxable values declined approximately \$190 million or 6.08%. The values of existing properties on the tax roll declined by approximately \$267 million due to widespread problems in the national economy. This decline was offset by new properties added to the tax roll totaling approximately \$77 million. The City anticipates a flat or declining tax base until the real estate market recovers.

Commercial development continued in the City. The Uptown Village lifestyle center is over 85% occupied versus 35% at the beginning of the fiscal year. Two significant restaurants opened, Bailey’s Prime Plus and Babes Chicken Dinnerhouse. A 70,000 square foot Class office building was also completed. A 70 room Holiday Inn Express has opened since the end of the fiscal year. Metals Supply opened an 80,000 square feet facility during 2009. Additional commercial development will be delayed until the economy recovers.

The general fund’s largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2009 remained at \$0.6414 per \$100 valuation. The property tax is budgeted to generate \$13,525,350 for the General Fund. This amount represents about 50 percent of all general fund operating revenues and is a decrease of 6.5% over the amount collected in Fiscal Year 2009 of \$14,470,027.

The City’s portion of the sales tax rate is two percent, which includes a referendum by voters to have two one-half cent sales taxes for economic development and community development purposes. One percent of the sales tax rate is received by the General Fund. The Economic Development Corporation and the Community Development Corporation each receive one-half of one percent. Sales tax revenue growth for the General Fund for Fiscal Year 2009 is now projected to grow approximately 7% to \$6.3 million based on the increased occupation of the Uptown Village lifestyle center.

Expenditures budgets have been adjusted to reflect the decline in revenues.

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

---

**REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**



**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

**EXHIBIT A-1**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation	Economic Development Corporation
<b>ASSETS</b>					
Equity in pooled cash and cash equivalents	\$ 47,030,807	\$ 2,088,758	\$ 49,119,565	\$ 2,415,374	\$ 5,115,944
Investments	31,869,362	-	31,869,362	-	250,000
Receivables (net of allowances for uncollectible):					
Taxes	2,017,064	-	2,017,064	481,878	481,878
Franchise taxes	1,370,291	-	1,370,291	-	-
Accounts	-	2,158,677	2,158,677	-	-
Miscellaneous	1,339,098	-	1,339,098	-	5,000
Inventory	18,036	-	18,036	-	-
Prepaid and other items	77,639	40,128	117,767	10,828	28,459
Deferred issuance costs	1,633,396	363,504	1,996,900	50,425	-
Restricted assets:					
Restricted for debt service:					
Equity in pooled cash and cash equivalents	-	713,531	713,531	3,993	-
Investments	-	1,024,335	1,024,335	283,443	-
Interest receivable	-	11,408	11,408	3,157	-
Restricted capital recovery fee funds—equity in pooled cash and investments	-	2,784,560	2,784,560	-	-
Restricted for deposits—equity in pooled cash and investments	-	345,487	345,487	-	-
Restricted pro rata funds—equity in pooled cash and investments	-	437,177	437,177	-	-
Restricted bond proceeds—equity in pooled cash and investments	-	8,854,183	8,854,183	-	-
Capital assets:					
Nondepreciable	17,731,330	2,150,907	19,882,237	30,079	1,885,253
Depreciable—net of accumulated depreciation	151,780,926	49,939,218	201,720,144	-	379,819
Other assets	659,125	-	659,125	-	-
<b>TOTAL ASSETS</b>	<b>255,527,074</b>	<b>70,911,873</b>	<b>326,438,947</b>	<b>3,279,177</b>	<b>8,146,353</b>
<b>LIABILITIES</b>					
Accounts payable	1,387,459	426,153	1,813,612	61,340	898,120
Accrued liabilities	1,442,721	150,130	1,592,851	60,778	13,996
Customer deposits	-	345,487	345,487	18,757	-
Interest payable	503,492	-	503,492	5,149	-
Payable from restricted assets-current	-	34,570	34,570	-	-
Noncurrent liabilities:					
Due within one year	5,473,345	789,128	6,262,473	259,287	14,473
Due in more than one year	147,698,345	12,719,629	160,417,974	1,032,542	23,035
<b>TOTAL LIABILITIES</b>	<b>156,505,362</b>	<b>14,465,097</b>	<b>170,970,459</b>	<b>1,437,853</b>	<b>949,624</b>
<b>NET ASSETS</b>					
Invested in capital assets—net of related debt	44,383,937	47,740,514	92,124,451	(1,196,771)	2,265,072
Restricted for:					
Debt service	1,095,696	1,926,993	3,022,689	269,745	-
Construction	10,093,437	2,784,560	12,877,997	-	-
Animal shelter	136,421	-	136,421	-	-
Dispatch center	663,271	-	663,271	-	-
Use of special fees	870,658	-	870,658	-	-
Unrestricted	41,778,292	3,994,709	45,773,001	2,768,350	4,931,657
<b>TOTAL NET ASSETS</b>	<b>\$ 99,021,712</b>	<b>\$ 56,446,776</b>	<b>\$ 155,468,488</b>	<b>\$ 1,841,324</b>	<b>\$ 7,196,729</b>

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

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 6,552,840	\$ 383,925	\$ 1,575	\$ 22,924
Public safety	20,065,191	3,841,740	508,129	-
Public works	7,031,442	53,675	176,600	1,814,563
Community services	6,506,179	2,460,325	1,696,385	102,518
Interest and fiscal charges	7,196,794	-	-	-
<b>Total governmental activities</b>	<b>47,352,446</b>	<b>6,739,665</b>	<b>2,382,689</b>	<b>1,940,005</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water and sewer	14,145,471	14,303,857	-	1,174,014
<b>Total business-type activities</b>	<b>14,145,471</b>	<b>14,303,857</b>	<b>-</b>	<b>1,174,014</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 61,497,917</b>	<b>\$ 21,043,522</b>	<b>\$ 2,382,689</b>	<b>\$ 3,114,019</b>
<b>COMPONENT UNITS:</b>				
Community Development Corporation	2,446,215	605,812	-	-
Economic Development Corporation	2,877,120	-	126	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 5,323,335</b>	<b>\$ 605,812</b>	<b>\$ 126</b>	<b>\$ -</b>
<b>GENERAL REVENUES:</b>				
Taxes:				
Sales taxes				
Property taxes				
Hotel/motel taxes				
Franchise taxes				
Investment earnings				
Miscellaneous				
TRANSFERS				
<b>Total general revenues and transfers</b>				
<b>CHANGE IN NET ASSETS</b>				
<b>NET ASSETS—Beginning</b>				
<b>NET ASSETS—Ending</b>				

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



<b>Net (Expenses) Revenues and Changes in Net Assets</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Community Development</b>	<b>Economic Development</b>
\$ (6,144,416)	\$ -	\$ (6,144,416)	\$ -	\$ -
(15,715,322)	-	(15,715,322)	-	-
(4,986,604)	-	(4,986,604)	-	-
(2,246,951)	-	(2,246,951)	-	-
(7,196,794)	-	(7,196,794)	-	-
<u>(36,290,087)</u>	<u>-</u>	<u>(36,290,087)</u>	<u>-</u>	<u>-</u>
-	1,332,400	1,332,400	-	-
-	1,332,400	1,332,400	-	-
<u>\$ (36,290,087)</u>	<u>\$ 1,332,400</u>	<u>\$ (34,957,687)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(1,840,403)	-
-	-	-	-	(2,876,994)
-	-	-	(1,840,403)	(2,876,994)
5,953,387	-	5,953,387	2,936,660	2,936,660
20,122,090	-	20,122,090	-	-
92,321	-	92,321	-	-
3,228,432	-	3,228,432	-	-
1,765,116	219,773	1,984,889	36,391	54,668
610,796	45,273	656,069	41,671	19,864
1,800,000	(1,800,000)	-	-	-
<u>33,572,142</u>	<u>(1,534,954)</u>	<u>32,037,188</u>	<u>3,014,722</u>	<u>3,011,192</u>
(2,717,945)	(202,554)	(2,920,499)	1,174,319	134,198
<u>101,739,657</u>	<u>56,649,330</u>	<u>158,388,987</u>	<u>667,005</u>	<u>7,062,531</u>
<u>\$ 99,021,712</u>	<u>\$ 56,446,776</u>	<u>\$ 155,468,488</u>	<u>\$ 1,841,324</u>	<u>\$ 7,196,729</u>

**CITY OF CEDAR HILL, TEXAS  
BALANCE SHEET-GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service Fund</b>	<b>Joe Pool Fund</b>
<b>EQUITY IN POOLED CASH AND CASH EQUIVALENTS</b>	\$ 3,211,608	\$ 1,316,980	\$ 1,804,619
<b>INVESTMENTS</b>	5,090,625	-	26,778,737
<b>RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):</b>			
Taxes	1,735,555	281,509	-
Franchise taxes	1,370,291	-	-
Miscellaneous	960,660	-	-
<b>DUE FROM OTHER FUNDS</b>	53,850	-	-
<b>PREPAID ITEMS</b>	76,939	700	-
<b>INVENTORY</b>	18,036	-	-
<b>TOTAL</b>	<u>\$ 12,517,564</u>	<u>\$ 1,599,189</u>	<u>\$ 28,583,356</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 736,243	\$ -	\$ -
Accrued liabilities	1,227,175	-	-
Due to other funds	-	-	-
Deferred revenue	2,412,720	247,359	-
<b>Total liabilities</b>	<u>4,376,138</u>	<u>247,359</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Reserved for:			
Prepaid and inventory	94,975	700	-
Construction	-	-	-
Debt service	-	1,351,130	-
Animal shelter	136,421	-	-
Unreserved—designated for Joe Pool Fund	-	-	28,583,356
Unreserved—undesignated, reported in:			
General fund	7,910,030	-	-
Special revenue funds	-	-	-
<b>Total fund balances</b>	<u>8,141,426</u>	<u>1,351,830</u>	<u>28,583,356</u>
<b>TOTAL</b>	<u>\$ 12,517,564</u>	<u>\$ 1,599,189</u>	<u>\$ 28,583,356</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>
\$ 19,866,306	\$ 8,996,511	\$ 10,510,801	\$ 45,706,825
-	-	-	31,869,362
-	-	-	2,017,064
-	-	-	1,370,291
-	-	378,438	1,339,098
-	-	-	53,850
-	-	-	77,639
-	-	-	18,036
<u>\$ 19,866,306</u>	<u>\$ 8,996,511</u>	<u>\$ 10,889,239</u>	<u>\$ 82,452,165</u>
\$ 387,037	\$ -	\$ 262,189	\$ 1,385,469
85,453	-	130,093	1,442,721
-	-	53,850	53,850
-	-	8,805	2,668,884
<u>472,490</u>	<u>-</u>	<u>454,937</u>	<u>5,550,924</u>
-	-	-	95,675
19,393,816	8,996,511	8,583,248	36,973,575
-	-	-	1,351,130
-	-	-	136,421
-	-	-	28,583,356
-	-	-	7,910,030
-	-	1,851,054	1,851,054
<u>19,393,816</u>	<u>8,996,511</u>	<u>10,434,302</u>	<u>76,901,241</u>
<u>\$ 19,866,306</u>	<u>\$ 8,996,511</u>	<u>\$ 10,889,239</u>	<u>\$ 82,452,165</u>

**CITY OF CEDAR HILL, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

**EXHIBIT B-2**

<b>TOTAL FUND BALANCES—Governmental funds</b>	\$ 76,901,241
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$1,985,939).	169,512,256
The regional dispatch center is not reported at the fund level.	663,271
The Reserve Police Department Defined Benefit Plan has a net pension liability not reported at the fund level	(4,146)
Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds.	2,668,884
Bond issue costs are expensed in the fund level financials but capitalized and amortized over the life of the bonds in the government-wide statements.	1,633,396
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(503,492)
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	(60,040,000)
Certificates of obligation	(32,455,000)
Unamortized premiums	(892,941)
Unamortized discounts	14,042
Unamortized loss on refunded bonds	271,427
Litigation	(60,000)
Compensated absences	(3,586,606)
Arbitrage liability	(189,372)
OPEB liability	(78,890)
Other obligation	(56,154,350)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. Amount represents net assets excluding capital assets included above.	<u>1,321,992</u>
<b>TOTAL NET ASSETS—Governmental activities</b>	<u><u>\$ 99,021,712</u></u>

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



**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service Fund</u>	<u>Joe Pool Fund</u>
<b>REVENUES:</b>			
Taxes	\$ 20,423,413	\$ 5,713,256	\$ -
Franchise taxes	3,239,410	-	-
License and permits	429,801	-	-
Intergovernmental	696,212	1,664,157	-
Charges for services	2,629,060	101,118	-
Fines and forfeitures	787,473	-	-
Investment earnings	303,730	20,447	918,353
Miscellaneous	389,198	-	-
	<u>28,898,297</u>	<u>7,498,978</u>	<u>918,353</u>
<b>Total revenues</b>			
<b>EXPENDITURES:</b>			
Current:			
General government	4,904,849	-	-
Public works	1,866,646	-	-
Public safety	18,046,039	-	-
Community services	3,624,197	-	-
Debt service:			
Principal retirement	-	3,930,000	-
Interest and fiscal charges	-	4,250,266	-
Capital outlay			
General administration	65,939	-	-
Public works	-	-	-
Public safety	91,853	-	-
Community Services	-	-	-
	<u>28,599,523</u>	<u>8,180,266</u>	<u>-</u>
<b>Total expenditures</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>298,774</u>	<u>(681,288)</u>	<u>918,353</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	-	717,502	1,850,000
Transfer out	(60,000)	-	-
Premiums on issuance of debt	-	-	-
Issuance of debt	-	-	-
	<u>(60,000)</u>	<u>717,502</u>	<u>1,850,000</u>
<b>Total other financing sources (uses)</b>			
<b>CHANGE IN FUND BALANCES</b>	238,774	36,214	2,768,353
<b>FUND BALANCES—Beginning</b>	<u>7,902,652</u>	<u>1,315,616</u>	<u>25,815,003</u>
<b>FUND BALANCES—Ending</b>	<u>\$ 8,141,426</u>	<u>\$ 1,351,830</u>	<u>\$ 28,583,356</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>
\$ -	\$ -	\$ 92,321	\$ 26,228,990
-	-	-	3,239,410
-	-	-	429,801
-	-	105,200	2,465,569
-	-	1,919,017	4,649,195
-	-	383,516	1,170,989
180,438	76,740	100,579	1,600,287
-	52,601	579,244	1,021,043
<u>180,438</u>	<u>129,341</u>	<u>3,179,877</u>	<u>40,805,284</u>
833,576	-	-	5,738,425
378,076	-	637,746	2,882,468
48,304	-	1,858,667	19,953,010
-	-	2,072,584	5,696,781
-	-	-	3,930,000
-	-	-	4,250,266
313,971	-	-	379,910
1,150,589	-	-	1,150,589
1,244,859	-	1,453,298	2,790,010
-	-	203,998	203,998
<u>3,969,375</u>	<u>-</u>	<u>6,226,293</u>	<u>46,975,457</u>
<u>(3,788,937)</u>	<u>129,341</u>	<u>(3,046,416)</u>	<u>(6,170,173)</u>
-	-	1,046,023	3,613,525
(1,159)	(716,343)	(1,036,023)	(1,813,525)
47,125	-	-	47,125
7,500,000	-	-	7,500,000
<u>7,545,966</u>	<u>(716,343)</u>	<u>10,000</u>	<u>9,347,125</u>
3,757,029	(587,002)	(3,036,416)	3,176,952
<u>15,636,787</u>	<u>9,583,513</u>	<u>13,470,718</u>	<u>73,724,289</u>
<u>\$ 19,393,816</u>	<u>\$ 8,996,511</u>	<u>\$ 10,434,302</u>	<u>\$ 76,901,241</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, 2009**

**EXHIBIT B-4**

<b>NET CHANGE IN FUND BALANCES—Total governmental funds</b>	<b>\$ 3,176,952</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount does not include \$581,551 of capital assets acquired by the internal service fund.	4,524,507
Depreciation expense on capital assets is reported in the government-wide statements of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. This amount does not include \$734,571 in depreciation expense recorded in the internal service fund.	(6,179,840)
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.	1,754,607
The net increase in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level.	292,868
Bond issuance costs are expenditures in the fund financial statements when debt is issued, but are amortized over the term of the bond in the government-wide financial statements.	67,072
Change in the pension assets and liabilities are not reported at the fund level; however, they are report at the government-wide level.	(19,684)
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.	167,570
Additions to vacation and sick liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net assets.	(299,160)
Additions to OPEB liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net assets.	(78,890)
Current year bond proceeds are other finance sources in the fund financial statements, but are shown as an increase in the liabilities government-wide financial statements.	(7,500,000)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	3,930,000
Change in water rights obligation are only reported at the government-wide level.	(3,019,645)
Premium and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.	51,709
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current years amortization is to decrease net assets.	(49,244)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	109,380
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.	157,932
In governmental fund financial statements the proceeds from a sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.	(54,464)
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.	250,385
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (2,717,945)</b>

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



**CITY OF CEDAR HILL , TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2009**

**EXHIBIT C-1**

	<b>Business-Type Activities Enterprise Funds Water and Sewer Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS:</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 2,088,758	\$ 1,323,982
Receivables (net, where applicable, of allowances for uncollectibles):		
Accounts	2,158,677	-
Prepaid expenses	40,128	-
Restricted assets:		
Restricted for debt service:		
Equity in pooled cash and cash equivalents	713,531	-
Investments	1,024,335	-
Interest Receivable	11,408	-
Restricted—customer deposits	345,487	-
Restricted—capital recovery fee funds—equity in pooled cash and cash equivalents	2,784,560	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	437,177	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	8,854,183	-
<b>Total current assets</b>	<b>18,458,244</b>	<b>1,323,982</b>
Noncurrent assets:		
Deferred issuance costs	363,504	-
Capital assets:		
Nondepreciable	2,150,907	-
Depreciable—net of accumulated depreciation	49,939,218	1,985,939
<b>Total noncurrent assets</b>	<b>52,453,629</b>	<b>1,985,939</b>
<b>Total assets</b>	<b>70,911,873</b>	<b>3,309,921</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Payable from current assets:		
Accounts and contracts payable	426,153	1,990
Accrued liabilities	150,130	-
Other obligations-current	17,620	-
Customer deposits	345,487	-
Compensated absences—current	141,508	-
<b>Total payable from current assets</b>	<b>1,080,898</b>	<b>1,990</b>
Payable from restricted assets:		
Accounts and contracts payable	1,940	-
Accrued liabilities	32,630	-
Revenue bonds payable	630,000	-
<b>Total payable from restricted assets</b>	<b>664,570</b>	<b>-</b>
<b>Total current liabilities</b>	<b>1,745,468</b>	<b>1,990</b>
Noncurrent liabilities:		
Other obligations	88,102	-
Revenue bonds payable	12,468,072	-
Compensated absences	163,455	-
<b>Total noncurrent liabilities</b>	<b>12,719,629</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,465,097</b>	<b>1,990</b>
<b>NET ASSETS:</b>		
Invested in capital assets—net of related debt	47,740,514	1,985,939
Restricted for:		
Debt service	1,926,993	-
Construction	2,784,560	-
Unrestricted	3,994,709	1,321,992
<b>Total net assets</b>	<b>\$ 56,446,776</b>	<b>\$ 3,307,931</b>

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 ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT C-2**

	<b>Business-Type Activities Enterprise Funds Water and Sewer Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 8,575,481	\$ -
Sewer charges	5,244,621	-
Other charges	483,755	1,147,543
<b>Total operating revenues</b>	<b>14,303,857</b>	<b>1,147,543</b>
<b>OPERATING EXPENSES:</b>		
Sewage treatment	4,068,763	-
Purchase of water	3,025,125	-
Personnel services	2,537,922	-
Depreciation	1,476,514	734,571
Gross receipts fee	642,213	-
Heat, light and power	459,475	-
Maintenance	294,709	-
Contractual services	437,362	-
Materials and supplies	323,617	182,069
Miscellaneous	250,291	-
<b>Total operating expenses</b>	<b>13,515,991</b>	<b>916,640</b>
<b>OPERATING INCOME</b>	<b>787,866</b>	<b>230,903</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Other non-operating revenue	45,273	-
Investment income	219,773	6,897
Interest and fiscal charges	(629,480)	-
Gain on retirement of assets	-	12,585
<b>Total nonoperating revenue (expenses)</b>	<b>(364,434)</b>	<b>19,482</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>423,432</b>	<b>250,385</b>
Contributions-tap fees and other	35,380	-
Contributions	1,138,634	-
Transfers out	(1,800,000)	-
<b>Total contributions and transfers</b>	<b>(625,986)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>(202,554)</b>	<b>250,385</b>
<b>NET ASSETS—Beginning of year</b>	<b>56,649,330</b>	<b>3,057,546</b>
<b>NET ASSETS—End of year</b>	<b>\$ 56,446,776</b>	<b>\$ 3,307,931</b>

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



**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>Business-Type Activities Enterprise Funds <u>Water and Sewer Fund</u></b>	<b>Governmental Activities <u>Internal Service Funds</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 14,368,186	\$ 1,147,543
Cash paid to suppliers	(9,812,676)	(204,079)
Cash paid to employees for services	(2,502,102)	-
<b>Net cash provided by operations</b>	<u>2,053,408</u>	<u>943,464</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers to other funds	(1,800,000)	-
<b>Net cash used in noncapital financing activities</b>	<u>(1,800,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(1,683,696)	(581,551)
Proceeds from sales of assets	-	37,949
Impact and pro rata receipts	35,380	-
Bond issuance costs	(94,576)	-
Proceeds from bond issuance	3,018,571	-
Equipment leasing activities	45,273	-
Principal paid on revenue bonds	(655,000)	-
Interest paid on revenue bonds	(604,531)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>61,421</u>	<u>(543,602)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	170,199	6,897
Purchase of investment securities	(986,169)	-
<b>Net cash provided by (used in) investing activities</b>	<u>(815,970)</u>	<u>6,897</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(501,141)	406,759
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<u>15,724,837</u>	<u>917,223</u>
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<u>\$ 15,223,696</u>	<u>\$ 1,323,982</u>

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

**EXHIBIT C-3**

	<b>Business-Type Activities Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 787,866	\$ 230,903
Adjustments:		
Depreciation expense	1,476,514	734,571
Provision for bad debt	445,980	-
Change in assets and liabilities:		
Increase in accounts receivable	(381,651)	-
Increase in prepaids	(38,986)	-
Decrease in accounts payable	(208,853)	(22,010)
Decrease accrued liabilities	(45,690)	-
Decrease in customer deposits	(25,002)	-
Increase in compensated absences	43,230	-
<b>Total adjustments</b>	<b>1,265,542</b>	<b>712,561</b>
<b>NET CASH PROVIDED BY OPERATIONS</b>	<b>\$ 2,053,408</b>	<b>\$ 943,464</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Contributions of capital assets	\$ 1,138,634	\$ -
Change in fair value of investments	\$ 38,166	\$ -
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>		
Equity in pooled cash and cash equivalents	\$ 2,088,758	\$ 1,323,982
Equity in pooled cash and cash equivalents restricted for debt	713,531	-
Restricted—customer deposits	345,487	-
Restricted—capital recovery fee funds—equity in pooled cash and investments	2,784,560	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	437,177	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	8,854,183	-
	<b>\$ 15,223,696</b>	<b>\$ 1,323,982</b>

CITY OF CEDAR HILL, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2009

---

EXHIBIT D-1

	<u>Pension Trust Fund</u> <u>Police Reserves</u> <u>Benefit Fund</u>
<b>ASSETS:</b>	
Investments	\$ 117,259
<b>Total assets</b>	<u>117,259</u>
<b>NET ASSETS:</b>	
Held in trust for pension benefits and other purposes	<u>117,259</u>
<b>Total net assets</b>	<u>\$ 117,259</u>

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT D-2**

	<u>Pension Trust Fund Police Reserves Benefit Fund</u>
<b>ADDITIONS:</b>	
Investment loss	\$ (45,495)
<b>Total additions</b>	<u>(45,495)</u>
<b>DEDUCTIONS:</b>	
Special services	1,739
Pension payments	<u>12,096</u>
<b>Total deductions</b>	<u>13,835</u>
<b>NET DECREASE</b>	(59,330)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—Beginning of year</b>	<u>176,589</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—End of year</b>	<u>\$ 117,259</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

**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 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

---

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

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

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

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

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following funds:

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

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

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

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

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

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

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

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

1. *Deposits and investments*

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net assets and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market prices at September 30, 2009, 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, 2009.

Property taxes attach as an enforceable lien on property as of January 1. The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after February 1 of each year. The Dallas County Tax Office bills and collects all property 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

4. *Restricted assets*

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

5. *Capital assets*

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

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

6. *Compensated absences*

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

6. *Compensated absences – Continued*

An employee is eligible to accrue 96 hours of sick leave per year, accrued at a rate of 8 hours per month. Fire department employees are eligible to accrue sick leave at a rate of 12 hours per month. Unused sick leave may be accumulated from year-to-year to an unlimited total. If an employee retires or resigns with two weeks notice and completes the remaining two weeks, the employee will be paid for unused sick time that has been earned through the last day of work, up to a maximum of 720 hours or 1,008 for firemen.

7. *Long-term obligations*

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

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

8. *Fund equity*

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

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

9. *New accounting standards*

**Effective in the current year**

In June 2004 GASB issued Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The City implemented this statement in the current year.

In November 2006 GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies the circumstances under which a governmental entity is required to report a liability related to pollution remediation. The City implemented this statement in the current year.

In November 2007 GASB issued Statement No. 52, (GASB 52) *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. The City has implemented this statement during the current fiscal year.

In March 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of general accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The City has implemented this statement during the current fiscal year.

In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' *Statements on Auditing Standards*. The City has implemented this statement during the current fiscal year.

**Effective in the future periods**

In June 2007, GASB issued Statement No. 51, (GASB 51) *Accounting and Financial Reporting for Intangible Assets*, which is effective for the City beginning in fiscal year 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

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

9. *New accounting standards – Continued*

Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

In June 2008, GASB issued Statement No. 53, (GASB 53) *Accounting and Financial Reporting of Derivative Instruments*, which will be effective for the City in the fiscal year ending September 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

In March 2009, The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is not effective until June 30, 2011. The City has not determined its effect on the financial statements.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Included in the statement of net assets and the statement of fiduciary net assets are cash and investments totaling \$95,265,459.

	Fair Value	Investment Maturities (in Years)			More than 10
		Less than 1	1–5	6–10	
City cash—cash	49,376,596	\$ -	\$ -	\$ -	\$ -
City investments:					
U.S. government agency	32,893,697	5,090,625	1,024,335	-	26,778,737
Investment pools	11,450,835	11,450,835	-	-	-
Money market mutual fund	1,427,072	1,427,072	-	-	-
Total investments	45,771,604	17,968,532	1,024,335	-	26,778,737
Total cash and investments—city	<u>\$ 95,148,200</u>	<u>\$ 17,968,532</u>	<u>\$ 1,024,335</u>	<u>\$ -</u>	<u>\$ 26,778,737</u>
Pension trust:					
Money market mutual fund	\$ 6,996	\$ 6,996	\$ -	\$ -	\$ -
Equities	110,263	110,263	-	-	-
	<u>\$ 117,259</u>	<u>\$ 117,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**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 \$49,376,596 and the bank balance was \$49,379,285. 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.

**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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**Credit Risk – Continued**

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

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

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

**Interest Rate Risk**

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

Portfolio Type	Maximum Average Maturity	Maximum Final Maturity
Consolidated funds	Weighted-average maturity of 365 days	Three years
Debt service funds	None set	Call date or final maturity date
Debt reserve funds	None set	Ten years
Special project or special revenue funds	Weighted-average maturity of three years	Five years
Joe Pool Funds (see footnote 6—other obligations)	None set	Forty years

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**Investment in State Investment Pools**

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

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

During the year ended September 30, 2009, the City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by First Southwest Management Company. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City is not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the value of LOGIC shares. In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and Money market mutual funds at amortized costs.

The City invested in MBIA's CLASS. MBIA guarantees municipal bonds, infrastructure finance issues, structured asset-backed and mortgage-backed transactions in both the new and secondary markets. MBIA provides specialized investment opportunities and a broad range of services to state and local governments, academic institutions, and other public and private-sector investors. MBIA's CLASS is rated AAAM by Standard & Poor's. The fair value of the position in CLASS is the same as the value of CLASS's shares. CLASS manages funds in accordance with the State of Texas's Public Funds Investment Act.

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

**Investment in State Investment Pools – Continued**

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

**Economic Development Corporation**

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
Corporation—cash	\$ 4,112,184	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	885,057	885,057			
Money market mutual fund	118,703	118,703			
Certificate of deposit	250,000	-	250,000	-	-
Total investments	1,253,760	1,003,760	250,000	-	-
Total cash and investments— corporation	<u>\$ 5,365,944</u>	<u>\$ 1,003,760</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 \$4,112,184 and the bank balance was \$4,112,588. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**Community Development Corporation**

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
Corporation—cash	\$ 64,808	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	2,354,559	2,354,559	-	-	-
Us government agencies	283,443	-	283,443	-	-
Total investments	2,638,002	2,354,559	283,443	-	-
Total cash and investments— corporation	<u>\$ 2,702,810</u>	<u>\$ 2,354,559</u>	<u>\$ 283,443</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the CDC's deposits was \$64,808 and the bank balance was \$65,359. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**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	Water and Sewer	Nonmajor and Other Funds	Total
Receivables					
Taxes	\$ 1,735,555	\$ 281,509	\$ -	\$ -	\$ 2,017,064
Franchise	1,370,291	-	-	-	1,370,291
Accounts	-	-	4,881,927	-	4,881,927
Miscellaneous	960,660	-	11,408	378,438	1,350,506
Gross receivables	4,066,506	281,509	4,893,335	378,438	9,619,788
Less: allowance for uncollectible	-	-	(2,723,250)	-	(2,723,250)
Net total receivables	<u>\$ 4,066,506</u>	<u>\$ 281,509</u>	<u>\$ 2,170,085</u>	<u>\$ 378,438</u>	<u>\$ 6,896,538</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 15,257,691	\$ -	\$ -	\$ -	\$ 15,257,691
Construction in progress	1,149,490	4,524,507	(49,693)	(3,150,665)	2,473,639
Total capital assets—not depreciated	16,407,181	4,524,507	(49,693)	(3,150,665)	17,731,330
Capital assets—being depreciated:					
Buildings/facilities	47,651,594	22,924	(560,452)	3,011,307	50,125,373
Equipment	9,002,405	581,551	(548,787)	98,255	9,133,424
Infrastructure	130,155,042	1,731,683	-	41,103	131,927,828
Water rights	26,284,063	-	-	-	26,284,063
Master studies	250,726	-	-	-	250,726
Total capital assets—being depreciated	213,343,830	2,336,158	(1,109,239)	3,150,665	217,721,414
Less accumulated depreciation for:					
Buildings/facilities	(8,342,465)	(1,585,517)	557,866	-	(9,370,116)
Equipment	(5,740,243)	(1,061,572)	521,238	-	(6,280,577)
Infrastructure	(32,447,009)	(3,768,078)	-	-	(36,215,087)
Water rights	(13,355,003)	(489,428)	-	-	(13,844,431)
Master studies	(220,461)	(9,816)	-	-	(230,277)
Total accumulated depreciation	(60,105,181)	(6,914,411)	1,079,104	-	(65,940,488)
Total capital assets—being depreciated—net	153,238,649	(4,578,253)	(30,135)	3,150,665	151,780,926
Governmental activities capital assets—net	<u>\$ 169,645,830</u>	<u>\$ (53,746)</u>	<u>\$ (79,828)</u>	<u>\$ -</u>	<u>\$ 169,512,256</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

Internal service fund capital assets of \$1,985,939 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	1,879,113	1,693,597	-	(1,789,567)	1,783,143
Total capital assets—not depreciated	2,246,877	1,693,597	-	(1,789,567)	2,150,907
Capital assets being depreciated:					
Buildings/facilities	578,513	-	-	-	578,513
Water systems	36,964,459	790,721	-	1,789,567	39,544,747
Sewer systems	22,535,957	265,033	-	-	22,800,990
Equipment	2,693,913	72,979	-	-	2,766,892
Master studies	172,544	-	-	-	172,544
Total capital assets being depreciated	62,945,386	1,128,733	-	1,789,567	65,863,686
Less accumulated depreciation for:					
Buildings/facilities	(334,276)	(29,147)	-	-	(363,423)
Water systems	(7,342,274)	(775,730)	-	-	(8,118,004)
Sewer systems	(4,667,495)	(454,301)	-	-	(5,121,796)
Equipment	(2,004,614)	(186,003)	-	-	(2,190,617)
Master studies	(99,295)	(31,333)	-	-	(130,628)
Total accumulated depreciation	(14,447,954)	(1,476,514)	-	-	(15,924,468)
Total capital assets—being depreciated—net	48,497,432	(347,781)	-	1,789,567	49,939,218
Business-type activities capital assets—net	\$ 50,744,309	\$ 1,345,816	\$ -	\$ -	\$ 52,090,125

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

Governmental activities:	
General government	\$ 681,105
Public safety	249,144
Community service	912,391
Public works	4,337,200
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	734,571
Total depreciation expense—governmental activities	<u>\$ 6,914,411</u>
Business-type activities—water and sewer	<u>\$ 1,476,514</u>

**Construction Commitments**

The City has active construction projects as of September 30, 2009. 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 \$12,319,690, of which \$6,342,279 has been spent to date, with a remaining commitment of \$5,977,411.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Discretely Presented Component Units**

Activity for the Economic Development Corporation for the year ended September 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets—not being depreciated:					
Land	\$ 1,869,553	\$ 15,700	\$ -	\$ -	\$ 1,885,253
Total capital assets- not being depreciated	<u>1,869,553</u>	<u>15,700</u>	<u>-</u>	<u>-</u>	<u>1,885,253</u>
Capital assets—being depreciated:					
Leasehold improvements	331,969	-	-	-	331,969
Improvements other than buildings	85,962	-	-	-	85,962
Total capital assets being depreciated	<u>417,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,931</u>
Less accumulated depreciation for:					
Leasehold improvements	(2,766)	(33,197)	-	-	(35,963)
Improvements other than buildings	(430)	(1,719)	-	-	(2,149)
Total accumulated depreciation	<u>(3,196)</u>	<u>(34,916)</u>	<u>-</u>	<u>-</u>	<u>(38,112)</u>
Total capital assets being depreciated—net	<u>414,735</u>	<u>(34,916)</u>	<u>-</u>	<u>-</u>	<u>379,819</u>
EDC Capital assets—net	<u>\$ 2,284,288</u>	<u>\$ (19,216)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,265,072</u>

Activity for the Community Development Corporation for the year ended September 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets—not being depreciated:				
Construction in progress	\$ 30,079	\$ -	\$ -	\$ 30,079

CDC capital assets are contributed to the City when completed.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

The composition of interfund receivables and payables as of September 30, 2009, is as follows:

Due to (from) other funds:			
Receivable Fund	Payable Fund	Amount	
General Fund	CDBG Fund	\$	45,000
General Fund	Disaster Relief Fund		8,850
		\$	<u>53,850</u>

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

Transfers are used to a) move unrestricted revenues collected in the general fund to finance various programs in accordance with budgetary authorizations, b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, c) transfer assets from funds that have fulfilled their purpose to the general fund, and d) to accumulate funds for the retirement of the Joe Pool liability. The transfer activity for the year ended September 30, 2009 is presented in the following schedule:

Transfers to	Transfers From				
	Major Funds				
	General Fund	Capital Recovery Fund	General Obligation Bonds	Enterprise Fund	Nonmajor Funds
Primary government:					
Governmental activities:					
Major funds:					
Debt service	\$ 717,502	\$ -	\$ 716,343	\$ 1,159	\$ -
Joe Pool fund	1,850,000	50,000	-	1,800,000	-
Total major funds	2,567,502	50,000	716,343	1,800,000	-
Nonmajor governmental funds	1,046,023	10,000	-	-	1,036,023
Total primary government	<u>\$ 3,613,525</u>	<u>\$ 60,000</u>	<u>\$ 716,343</u>	<u>\$ 1,800,000</u>	<u>\$ 1,036,023</u>



**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

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

**Eliminations**

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

**NOTE 6. LONG-TERM OBLIGATIONS**

**Changes in Long-Term Liabilities**

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2009:

	Balance October 1, 2008	Increases	Retirements	Balance September 30, 2009	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 55,660,000	\$ 7,500,000	\$ (3,120,000)	\$ 60,040,000	\$ 3,235,000
Certificates of obligation	33,265,000	-	(810,000)	32,455,000	1,045,000
Other obligations	53,134,705	3,019,645	-	56,154,350	-
Total bonds payable	142,059,705	10,519,645	(3,930,000)	148,649,350	4,280,000
Unamortized premiums	945,822	47,125	(100,006)	892,941	-
Unamortized discounts	(15,214)	-	1,172	(14,042)	-
Unamortized loss on refunded bonds	(320,671)	-	49,244	(271,427)	-
Compensated absences	3,287,446	625,311	(326,151)	3,586,606	1,193,345
OPEB liability	-	78,890	-	78,890	-
Arbitrage liability	347,304	-	(157,932)	189,372	-
Estimated liability for litigation	60,000	-	-	60,000	-
Total governmental long-term liabilities	146,364,392	11,270,971	(4,463,673)	153,171,690	5,473,345
Business-type activities:					
Revenue bonds payable	10,695,000	3,000,000	(655,000)	13,040,000	630,000
Unamortized premiums	53,050	18,571	(6,503)	65,118	-
Unamortized discounts	(7,923)	-	877	(7,046)	-
Other long-term liabilities	-	105,722	-	105,722	17,620
Compensated absences	261,733	87,403	(44,173)	304,963	141,508
Total business-type long-term liabilities	11,001,860	3,211,696	(704,799)	13,508,757	789,128
Total primary government long-term liabilities	\$ 157,366,252	\$ 14,482,667	\$ (5,168,472)	\$ 166,680,447	\$ 6,262,473

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

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

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

**General Long-Term Liabilities**

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2009 consist of the following individual issues:

	Interest Rates	Balance September 30, 2009
General obligation bonds:		
\$4,600,000 1998 General Obligation Bonds, due February 15, 2018	4.40%–4.75%	\$ 2,730,000
\$9,120,000 2002 General Obligation Bonds, due February 15, 2022	3.30%–4.80%	6,790,000
\$2,275,000 2003 General Obligation Refunding Bonds, due February 15, 2010	3.25%–3.50%	185,000
\$6,550,000 2003A General Obligation Bonds, due February 15, 2023	3.50%–5.00%	5,130,000
\$8,500,000 2004 General Obligation Bonds, due February 15, 2024	3.00%–5.00%	6,695,000
\$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020	3.00%–5.00%	7,755,000
\$12,200,000 2005 General Obligation Bonds, due February 15, 2025	3.25%–5.125%	10,295,000
\$3,700,000 2006 General Obligation Bonds, due February 15, 2026	4.00%–4.50%	3,380,000
\$2,300,000 2006A General Obligation Bonds, due February 15, 2026	4.00%–4.50%	1,990,000
\$8,135,000 2007A General Obligation Bonds, due February 15, 2027	4.00%–5.00%	7,855,000
\$7,500,000 2008 General Obligation Bonds, due February 15, 2028	3.50%–4.875%	7,235,000
Total general obligation bonds		<u>\$ 60,040,000</u>
Certificate of obligation bonds:		
Governmental activities:		
\$2,990,000 2003 Certificates of Obligation, due February 15, 2013	2.75%–3.55%	\$ 1,295,000
\$8,800,000 2003A Certificates of Obligation, due February 15, 2028	3.25%–5.00%	8,285,000
\$12,890,000 2006 Certificates of Obligation, due February 15, 2026	4.00%–5.00%	12,400,000
\$2,275,000 2007 Certificates of Obligation, due February 15, 2027	4.00%–4.50%	1,975,000
\$8,590,000 2008 Certificates of Obligation, due February 15, 2028	4.00%–4.25%	8,500,000
Total certificate of obligation bonds		<u>\$ 32,455,000</u>
Revenue bonds:		
Business-type activities:		
\$ 995,000 1999 Waterworks and Sewer System Revenue Bonds, due April 1, 2019	4.50%–4.900%	\$ 610,000
\$2,685,000 1999A Waterworks and Sewer System Revenue Bonds, due April 1, 2019	5.00%–5.50%	1,735,000
\$3,000,000 2004 Waterworks and Sewer System Revenue Bonds, due April 1, 2024	3.00%–4.75%	2,400,000
\$3,000,000 2006 Waterworks and Sewer System Revenue Bonds, due April 1, 2026	4.00%–4.60%	2,695,000
\$3,000,000 2007 Waterworks and Sewer System Revenue Bonds, due April 1, 2027	4.00%–5.00%	2,750,000
\$3,000,000 2008 Waterworks and Sewer System Revenue Bonds, due April 1, 2028	3.50%–5.00%	2,850,000
Total revenue bonds		<u>\$ 13,040,000</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

**General Long-Term Liabilities – Continued**

Annual requirements to amortize the long-term debt as of September 30, 2009, are as follows:

Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation Bonds		Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,235,000	\$ 2,535,846	\$ 1,045,000	\$ 1,411,585	\$ -	\$ -
2011	3,175,000	2,415,685	1,085,000	1,372,191	-	-
2012	3,310,000	2,292,998	1,120,000	1,330,638	-	-
2013	3,450,000	2,160,513	1,165,000	1,286,948	-	-
2014	3,595,000	2,017,331	1,205,000	1,240,418	-	-
2015-2019	20,140,000	7,599,841	8,460,000	5,234,066	-	-
2020-2024	17,565,000	3,206,322	10,555,000	3,146,823	-	-
2025-2029	5,570,000	390,422	7,820,000	636,166	-	-
2046	-	-	-	-	56,154,350	377,929,196
Total principal and interest	<u>\$ 60,040,000</u>	<u>\$ 22,618,958</u>	<u>\$ 32,455,000</u>	<u>\$ 15,658,835</u>	<u>\$ 56,154,350</u>	<u>\$ 377,929,196</u>

Year Ending September 30	Business-Type Activities Revenue Bonds	
	Principal	Interest
2010	\$ 630,000	\$ 581,225
2011	650,000	555,782
2012	675,000	529,400
2013	705,000	501,497
2014	740,000	472,021
2015-2019	4,220,000	1,830,490
2020-2024	3,575,000	934,127
2025-2028	<u>1,845,000</u>	<u>188,196</u>
Total principal and interest	<u>\$ 13,040,000</u>	<u>\$ 5,592,738</u>

During the fiscal year, the City issued \$7,500,000 in General Obligation Bonds for street construction. The City also issued \$3,000,000 of Waterworks and Sewer System Revenue Bonds to improve and extend the City's waterworks and sewer system.

**Revenue Bond Compliance**

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**Other Obligations**

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

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

The City's portion of the original contractual liability, as amended, amounted to \$26,284,063 and bears interest at 5.683%. According to the contract terms, each annual payment is to be made in 12 equal installments, each due and payable on or before the tenth day of the month. All payments, if not paid when due, bear interest at 5.683% per annum, if no water was diverted by that date. The City accrued an amount of \$3,019,645 for the interest accrued and not paid for the year ended September 30, 2009, which increased the long-term debt liability to the current balance of \$56,154,350. 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, 2009 the City owed the developer \$105,722.

**Component Units**

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

	Balance October 1, 2008	Increases	Retirements	Balance September 30, 2009	Due Within One Year
Governmental activities:					
Sales Tax Revenue Bonds	\$ 1,445,000	\$ -	\$ (220,000)	\$ 1,225,000	\$ 225,000
Unamortized premiums	2,631	-	(781)	1,850	-
Compensated absences	<u>72,335</u>	<u>17,353</u>	<u>(24,709)</u>	<u>64,979</u>	<u>34,287</u>
Total long-term liabilities	<u>\$ 1,519,966</u>	<u>\$ 17,353</u>	<u>\$ (245,490)</u>	<u>\$ 1,291,829</u>	<u>\$ 259,287</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

**Component Units – Continued**

The annual requirements to amortize the long-term debt of the component unit as of September 30, 2009, are as follows:

Year Ending September 30	Community Development Corporation Revenue Bonds	
	Principal	Interest
2010	\$ 225,000	\$ 37,819
2011	235,000	30,625
2012	245,000	22,672
2013	250,000	14,163
2014	270,000	4,894
Total principal and interest	<u>\$ 1,225,000</u>	<u>\$ 110,173</u>

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

	Balance October 1, 2008	Increases	Retirements	Balance September 30, 2009	Due Within One Year
Compensated absences	<u>\$ 28,322</u>	<u>\$ 9,186</u>	<u>\$ -</u>	<u>\$ 37,508</u>	<u>\$ 14,473</u>

The CDC has entered into an agreement with the City to provide the funds, contingent on the CDC's collection of sales taxes, to amortize the City's \$8,800,000 2003A Certificates of Obligation and related interest for the construction and equipping of a recreation center. The EDC has entered into an agreement with the City to provide the funds, contingent on the EDC's collection of sales taxes, to amortize the City's \$2,990,000 2003 certificates of obligation and related interest for the construction of Uptown Boulevard. In fiscal year 2006, the EDC entered into a second agreement with the City to provide funds to amortize the City's \$12,890,000 Certificates of Obligation and related interest for the construction of roads and drainage facilities to support the "Lifestyle Center" retail center.

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**Cedar Hill Industrial Development Corporation**

The Cedar Hill Industrial Development Corporation (CHIDC) was organized in December 1979, by the City under the Development Corporation Act of 1979. CHIDC issues tax-exempt revenue bonds for the development of local industry to secure the advantages of balanced and increased employment and an improved economic position, and to provide for a broader tax base. The City Council appoints the Board of Directors of CHIDC. The CHIDC does not have assets, liabilities, revenues, expenditures, or conduit debt as of September 30, 2009, to be included as a component unit.

**NOTE 7. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other natural disasters. During fiscal 2009, the City purchased general liability, property and workers' compensation from Texas Municipal League Risk Pool (TML). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risk of losses. There was no change in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**Trinity River Authority of Texas**

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

Regular monthly expenses for October 1, 2008 to September 30, 2009	\$ 4,702,149
TRA adjustment for prior-year settlement	<u>(717,521)</u>
Sewage treatment and water system facility expenses	<u>\$ 3,984,628</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

**NOTE 8. COMMITMENTS AND CONTINGENCIES – CONTINUED**

**State and Federal Programs**

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

**Other Contingencies**

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

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

**Plan Descriptions**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 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, 2008, valuations are contained in the 2008 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**Plan Descriptions – Continued**

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of December 31, 2008)

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 are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. The 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, 2007 valuation is effective for the rates beginning January 2009)



**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

**Annual Pension Costs**

Contributions by the City were \$2,047,086 or 12.21% of the covered payroll of \$16,764,181 as required by the actuarial valuation. Plan participants contributed \$1,129,003. The total fiscal year 2009 payroll was \$16,628,771. Annual City pension cost and related information for the last three years is as follows:

<u>Actuarial Information</u>	<u>12/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization method	Level %	Level %	Level %
Amortization period	29 years-closed period	30 years-closed period	25 years-open period
Asset valuation method	Amortized cost	Amortized cost	Amortized cost
Assumptions			
Investment return	7.5%	7.0%	7.0%
projected salary increases	varies by age and services	varies by age and services	None
Inflation	3.0%	3.0%	3.5%
cost-of-living adjustment	2.1% (3.0% CPI)	2.1% (3.0% CPI)	None
City specific assumptions			
Payroll growth assumption	3.0%	3.0%	4.0%
Withdrawal rates for Male/Female (low, mid/low, mid, mid/high or high)	Mid-Low/Mid	Mid-Low/Mid	Low/Low
<u>Schedule of Funding Information</u>			
Actuarial valuation date	<u>12/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>
Actuarial Value of Assets	\$28,113,719	\$25,541,227	\$22,546,333
Actuarial Accrued Liability	\$43,481,703	\$39,356,799	\$29,083,410
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$15,367,984	\$13,815,572	\$6,537,077
Funded ratio	64.7%	64.9%	77.5%
Annual Covered Payroll	\$16,764,181	\$14,856,820	\$13,182,997
UAAL as a Percentage of Covered Payroll	91.7%	93.0%	49.6%

The City's net pension obligation (NPO) for TMRS at December 31, 2008, 2007 and 2006 is calculated as follows:

	<u>2008</u>	<u>December 31 2007</u>	<u>2006</u>
Actuarial valuation date:			
NPO, beginning of the year	\$ -	\$ -	\$ -
Annual pension cost:			
Annual required contribution (ARC)	3,205,204	2,948,922	2,571,598
Contributions Made	(3,205,204)	(2,948,922)	(2,571,598)
NPO , end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

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

**Annual Pension Costs – Continued**

Supplemental death benefit fund

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

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined annually, and the rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund described above. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net assets available for postemployment benefits other than pension benefits (OPEB). The City's contributions to SDBF for the fiscal years ended September 30, 2009, 2008 and 2007, were \$29,114, \$25,287, and \$24,314, respectively, which equaled the required contributions each year.

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

**Reserve Police Department Defined Benefit Plan**

The City provides pension benefits to its volunteer police reserves upon retirement. The City Council establishes plan provisions, is authorized to amend them and acts as the plan administrator. The plan became effective October 1, 1993. Police reserves do not receive a salary, and therefore, there is no covered payroll related to the plan. Police reserves are eligible to participate in the plan if they are at least 15 years old and provided the City with 192 hours of volunteer hours per year as a police reserve. Under the plan, the normal retirement age is 55 with ten years of service required. Service is measured by years of service. The reserve officers are not required to contribute to the plan. The normal retirement pension payable to a retirement participant is \$144 per month with a guaranteed minimum of 120 months. Participants are 100% vested with a minimum of ten years of vesting service. A year of vesting is credited for each year during which the participant is credited with 192 hours of service. As September 30, 2009, the City had two active members of the plan and seven retirees receiving benefits. The actuarial assumptions included 1) actuarial cost method – projected unit credit, 2) inflation rate – no inflation rate, 3) investment return – 5%, 4) projected salary increases – none (plan participants are volunteers and receive no salary), and 5) post-retirement benefit increases – none. The plan does not prepare a separate, audited pension plan report.

The financial statements of the plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial method used for valuing asset of the pension plan is market value. The Plans 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 as a result trend information has been presented only for the period through the last study. (October 1,2009)

Actuarial Valuation Date	October 1,					
	2004	2005	2006	2007	2008	2009
Annual pension cost	\$ 4,498	\$ 4,724	\$ 6,294	\$ 2,095	\$ 6,708	\$ 12,976
Net pension obligation (NPO) at beginning of period	(12,338)	(22,665)	(23,927)	(17,633)	(15,538)	(8,830)
Annual pension cost:						
Annual required contribution (ARC)	4,498	4,724	6,294	2,095	6,708	12,976
Contributions made	(14,825)	(5,986)	-	-	-	-
NPO (NPA) at the end of the period	<u>\$ (22,665)</u>	<u>\$ (23,927)</u>	<u>\$ (17,633)</u>	<u>\$ (15,538)</u>	<u>\$ (8,830)</u>	<u>\$ 4,146</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

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

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation (Asset)
2004	4,498	30.34%	\$ (22,665)
2005	4,724	78.92%	(23,927)
2006	6,294	N/A	(17,633)
2007	2,095	N/A	(15,538)
2008	6,708	N/A	(8,830)
2009	12,976	N/A	4,146

The net pension asset at September 30, 2009, is calculated as follows:

Annual required contribution (ARC)	\$ 12,976
Interest on prior year's net pension asset	442
Adjustment to the ARC	<u>(442)</u>
Annual pension cost	12,976
Contributions made	-
Decrease in net pension asset	<u>(12,976)</u>
Net pension asset—beginning of year	<u>(8,830)</u>
Net pension liability—end of year	<u><u>\$ 4,146</u></u>

**NOTE 10. OTHER POST EMPLOYMENT BENEFITS**

**A. Plan Description**

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

**NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

**B. Benefits Provided**

The City provides post-employment medical, dental, and vision care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for cover 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. Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than ninety days from termination of employment; and
3. 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, 2009, membership consisted of:

Retirees and beneficiaries receiving benefits	9
Terminated employees eligible for benefits, but not yet enrolled	0
Active employees	<u>303</u>
 Total	 <u><u>312</u></u>

**C. Funding Policy**

The plan’s premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving medical benefits contribute \$432 per month for retiree-only coverage, \$689 for employee and children, \$818 per month for retiree and spouse and \$1,146 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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

**NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

**D. Annual OPEB Cost – Continued**

The City's annual OPEB cost for the current year and the related information are as follows at September 30, 2009:

Annual required contribution	\$ 119,697
Interest on prior year Net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>119,697</u>
Contributions made	<u>40,807</u>
Increase in net OPEB obligation	78,890
Net Obligation - beginning of year	-
Net Obligation - end of year	<u><u>\$ 78,890</u></u>
Percentage of OPEB costs contributed	34%

**Funded Status and Funding Progress**

The funded status of the plan as of actuarial measurement date of March 31, 2008, was as follows:

Actuarial accrual liability	\$ 1,078,762
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	<u><u>\$ 1,078,762</u></u>
Funded ratio	0.0%
Covered payroll	16,764,181
Unfunded actuarial accrued liability as a percentage of covered payroll	6.4%

**E. Actuarial Methods and Assumptions**

Projections of benefits are based on 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 use 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 March 31, 2008, 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 7.00% initially, reduced by decrements to an ultimate rate of 4.50% after ten years. The rate of inflation is assumed to be 3.00%.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

**NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

**E. Actuarial Methods and Assumptions – Continued**

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 contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**NOTE 11. REGIONAL DISPATCH CENTER**

The City entered into an annually renewable Interlocal Cooperation agreement with the Cities of DeSoto and Duncanville (participating cities) on August 10, 1999 to establish a Regional Public Safety Dispatch and Alarm Monitoring Facility. The Center provides police, fire and emergency medical service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2009, the City contributed \$958,225 to the operations of the Center, which is accounted for in the general fund. The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net assets as other assets. At September 30, 2009, the City's investment in the Center is \$663,271.

**NOTE 12. SUBSEQUENT EVENT**

The City has evaluated all events or transactions that occurred after September 30, 2009 up through March 25, 2010, the date the financial statements were issued. In November 2009, the City issued \$5,145,000 of General Obligation Refunding Bonds Series 2009 to refund the General Obligation Bond Series 1998, the Waterworks and Sewer System Revenue Series 1999 and the Waterworks and Sewer System Series 1999A Bonds. The refund was undertaken to reduce total debt service payments by \$489,230 and resulted in an economic gain of \$413,632.





**REQUIRED SUPPLEMENTARY INFORMATION**





**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT E-1**

Actuarial Valuation Date	December		
	2006	2007	2008
Actuarial value of assets	\$ 22,546,333	\$ 25,541,227	\$ 28,113,719
Actuarial accrued liability	29,083,410	39,356,799	43,481,703
Percentage funded	77.5%	64.9%	64.7%
Unfunded actuarial accrued liability (UAAL)	6,537,077	13,815,572	15,367,984
Annual covered payroll	13,182,997	14,856,820	16,764,181
UAAL as a percentage of covered payroll	49.6%	93.0%	91.7%

**CITY OF CEDAR HILL, TEXAS  
SCHEDULE OF PENSION FUNDING PROGRESS –  
RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT E-2**

Actuarial Valuation Date	October 1,					
	2004	2005	2006	2007	2008	2009
Actuarial value of assets	\$ 228,340	\$ 259,140	\$ 258,003	\$302,139	\$ 176,590	\$ 117,260
Actuarial accrued liability	134,018	134,341	136,726	181,223	207,897	205,320
Percentage funded	170.4%	192.9%	188.7%	166.7%	84.9%	57.1%
Unfunded actuarial accrued liability (UAAL)	-	-	-	-	31,307	88,060
Annual covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Employer's Contribution	\$ 14,825	\$ 5,986	\$ -	\$ -	\$ -	\$ -

**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**

<b>Fiscal Year</b>	<b>(1) Actuarial Value * of Assets</b>	<b>(2) Actuarial Accrued Liability</b>	<b>(3) Percentage Funded (1) / (2)</b>	<b>(4) Unfunded Actuarial Accrued Liability (2)-(1)</b>	<b>(5) Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)</b>
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	0.00%	N/A	N/A	N/A
2009	-	\$ 1,078,762	0.00%	\$ 1,078,762	\$ 16,764,181	6.4%

\*As of March 31, 2008, 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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 21,470,675	\$ 20,548,175	\$ 20,423,413	\$ (124,762)
Franchise fees	3,295,000	3,295,000	3,239,410	(55,590)
Licenses and permits	637,000	637,000	429,801	(207,199)
Intergovernmental	250,130	720,130	696,212	(23,918)
Charges for services	2,192,410	2,512,740	2,629,060	116,320
Fines and forfeitures	972,000	972,000	787,473	(184,527)
Investment earnings	354,900	144,900	303,730	158,830
Miscellaneous	205,000	205,000	389,198	184,198
<b>Total revenues</b>	<b>29,377,115</b>	<b>29,034,945</b>	<b>28,898,297</b>	<b>(136,648)</b>
<b>EXPENDITURES</b>				
Current Expenditures:				
General administration	5,286,210	5,375,892	4,904,849	471,043
Public works	2,095,205	1,939,081	1,866,646	72,435
Public safety	18,398,905	18,517,652	18,046,039	471,613
Community services	3,862,795	3,789,420	3,624,197	165,223
Capital Expenditures:				
General administration	-	65,940	65,939	1
Public safety	501,000	521,920	91,853	430,067
<b>Total expenditures</b>	<b>30,144,115</b>	<b>30,209,905</b>	<b>28,599,523</b>	<b>1,610,382</b>
Excess (deficiency) of revenues over expenditures	<b>(767,000)</b>	<b>(1,174,960)</b>	<b>298,774</b>	<b>1,473,734</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	(60,000)	(60,000)	(60,000)	-
<b>Total other financing sources (uses)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>-</b>
Net change in fund balances	(827,000)	(1,234,960)	238,774	1,473,734
Fund balances, beginning of year	7,613,018	7,613,018	7,902,652	289,634
Fund balances, end of year	<b>\$ 6,786,018</b>	<b>\$ 6,378,058</b>	<b>\$ 8,141,426</b>	<b>\$ 1,763,368</b>

## CITY OF CEDAR HILL, TEXAS

## EXHIBIT E-5

## JOE POOL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 BUDGET AND ACTUAL (UNAUDITED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	2009 Budget		Actual	Variance with Final Budget— Positive (Negative)
	Original	Final		
REVENUES—Investment earnings	\$ 1,600,000	\$ 1,600,000	\$ 918,353	\$ (681,647)
Total revenues	1,600,000	1,600,000	918,353	(681,647)
OTHER FINANCING SOURCES (USES):				
Transfer in	1,850,000	1,850,000	1,850,000	-
Total other financing sources (uses)	1,850,000	1,850,000	1,850,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	3,450,000	3,450,000	2,768,353	(681,647)
FUND BALANCE—Beginning of year	24,612,048	24,612,048	25,815,003	1,202,955
FUND BALANCE—End of year	\$ 28,062,048	\$ 28,062,048	\$ 28,583,356	\$ 521,308



**CITY OF CEDAR HILL, TEXAS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2009**

---

**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.



## **OTHER SUPPLEMENTARY INFORMATION**





**CITY OF CEDAR HILL, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AS OF SEPTEMBER 30, 2009**

	<b>Nonmajor Special Revenue Funds</b>			
	<b>Police Forfeiture</b>	<b>Municipal Court</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 165,952	\$ 1,604	\$ 378,999	\$ 63,171
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	18,054	-
<b>Total assets</b>	<b>\$ 165,952</b>	<b>\$ 1,604</b>	<b>\$ 397,053</b>	<b>\$ 63,171</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 410	\$ -	\$ 598	\$ -
Accrued liabilities	59,057	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>59,467</b>	<b>-</b>	<b>598</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for construction	-	-	-	-
Unreserved, undesignated	106,485	1,604	396,455	63,171
<b>Total fund balances</b>	<b>106,485</b>	<b>1,604</b>	<b>396,455</b>	<b>63,171</b>
<b>Total liabilities and fund balances</b>	<b>\$ 165,952</b>	<b>\$ 1,604</b>	<b>\$ 397,053</b>	<b>\$ 63,171</b>

EXHIBIT F-1(CONTINUED)

<b>Nonmajor Special Revenue Funds</b>				
<b>Comm. Dev. Block Grant</b>	<b>High Pointe PID</b>	<b>Waterford Oaks PID</b>	<b>Disaster Relief</b>	<b>Traffic Safety</b>
\$ 343	\$ 141,587	\$ 189,919	\$ 14	\$ 329,138
44,909	11,311	2,828	16,806	-
<u>\$ 45,252</u>	<u>\$ 152,898</u>	<u>\$ 192,747</u>	<u>\$ 16,820</u>	<u>\$ 329,138</u>
\$ 252	\$ 32,830	\$ 871	\$ -	\$ 30,358
-	180	16	-	57,258
45,000	-	-	8,850	-
-	7,570	1,235	-	-
45,252	40,580	2,122	8,850	87,616
-	-	-	-	-
-	112,318	190,625	7,970	241,522
-	112,318	190,625	7,970	241,522
<u>\$ 45,252</u>	<u>\$ 152,898</u>	<u>\$ 192,747</u>	<u>\$ 16,820</u>	<u>\$ 329,138</u>

**CITY OF CEDAR HILL, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2009**

	Nonmajor Capital Projects				
	Landscape Beautification	Total Nonmajor Special Revenue Funds	Certificates of Obligation	Park Development	Infrastructure Improvement
<b>ASSETS</b>					
Cash and cash equivalents	\$ 618,390	\$ 1,889,117	\$ 4,773,123	\$ 388,166	\$ -
Receivables (net, where applicable, of allowances for uncollectibles)	260,092	354,000	24,438	-	-
<b>Total assets</b>	<b>\$ 878,482</b>	<b>\$ 2,243,117</b>	<b>\$ 4,797,561</b>	<b>\$ 388,166</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 133,996	\$ 199,315	\$ 62,874	\$ -	\$ -
Accrued liabilities	13,582	130,093	-	-	-
Due to other funds	-	53,850	-	-	-
Deferred revenue	-	8,805	-	-	-
<b>Total liabilities</b>	<b>147,578</b>	<b>392,063</b>	<b>62,874</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for construction	-	-	4,734,687	388,166	-
Unreserved, undesignated	730,904	1,851,054	-	-	-
<b>Total fund balances</b>	<b>730,904</b>	<b>1,851,054</b>	<b>4,734,687</b>	<b>388,166</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 878,482</b>	<b>\$ 2,243,117</b>	<b>\$ 4,797,561</b>	<b>\$ 388,166</b>	<b>\$ -</b>



**EXHIBIT F-1(CONCLUDED)**

<b>Nonmajor Capital Projects</b>				<b>Total</b>	<b>Total</b>
<b>Restricted Street</b>	<b>Street Construction</b>	<b>Building Maintenance</b>	<b>Drainage</b>	<b>Nonmajor Capital Project Funds</b>	<b>Nonmajor Funds</b>
\$ 708,760	\$ 2,034,118	\$ 192,898	\$ 524,619	\$ 8,621,684	\$ 10,510,801
-	-	-	-	24,438	378,438
<u>\$ 708,760</u>	<u>\$ 2,034,118</u>	<u>\$ 192,898</u>	<u>\$ 524,619</u>	<u>\$ 8,646,122</u>	<u>\$ 10,889,239</u>
\$ -	\$ -	\$ -	\$ -	\$ 62,874	\$ 262,189
-	-	-	-	-	130,093
-	-	-	-	-	53,850
-	-	-	-	-	8,805
-	-	-	-	62,874	454,937
708,760	2,034,118	192,898	524,619	8,583,248	8,583,248
-	-	-	-	-	1,851,054
<u>708,760</u>	<u>2,034,118</u>	<u>192,898</u>	<u>524,619</u>	<u>8,583,248</u>	<u>10,434,302</u>
<u>\$ 708,760</u>	<u>\$ 2,034,118</u>	<u>\$ 192,898</u>	<u>\$ 524,619</u>	<u>\$ 8,646,122</u>	<u>\$ 10,889,239</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, 2009**

	<b>Nonmajor Special Revenue Funds</b>			
	<b>Police Forfeiture</b>	<b>Municipal Court</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 92,321	\$ -
Fines and forfeits	30,647	12,681	-	-
Intergovernmental	-	-	-	-
Charges for services	8,417	-	-	-
Investment earnings	996	(5)	2,851	525
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>40,060</b>	<b>12,676</b>	<b>95,172</b>	<b>525</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	44,136	11,360	-	-
Public works	-	-	-	-
Community Services	-	-	32,508	1,500
Capital outlay				
Public safety	-	-	-	-
Community Services	-	-	-	-
<b>Total expenditures</b>	<b>44,136</b>	<b>11,360</b>	<b>32,508</b>	<b>1,500</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,076)</b>	<b>1,316</b>	<b>62,664</b>	<b>(975)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other sources over expenditures	(4,076)	1,316	62,664	(975)
Fund balances, beginning of year	110,561	288	333,791	64,146
Fund balances, end of year	<b>\$ 106,485</b>	<b>\$ 1,604</b>	<b>\$ 396,455</b>	<b>\$ 63,171</b>

EXHIBIT F-2 (CONTINUED)

Nonmajor Special Revenue Funds						
Comm. Dev. Block Grant	High Pointe PID	Waterford Oaks PID	Disaster Relief	Traffic Safety	Landscape Beautification	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,321
-	-	-	-	340,188	-	383,516
82,880	19,992	2,328	-	-	-	105,200
-	-	-	-	-	1,910,600	1,919,017
-	1,035	1,330	-	2,199	3,906	12,837
-	353,825	115,256	1,450	-	5,195	475,726
82,880	374,852	118,914	1,450	342,387	1,919,701	2,988,617
-	-	-	-	286,436	-	341,932
82,880	-	-	-	-	-	82,880
-	316,759	68,924	1,450	-	1,604,836	2,025,977
-	-	-	-	-	-	-
-	42,758	25,866	-	-	17,340	85,964
82,880	359,517	94,790	1,450	286,436	1,622,176	2,536,753
-	15,335	24,124	-	55,951	297,525	451,864
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	15,335	24,124	-	55,951	297,525	451,864
-	96,983	166,501	7,970	185,571	433,379	1,399,190
\$ -	\$ 112,318	\$190,625	\$ 7,970	\$241,522	\$ 730,904	\$ 1,851,054

**CITY OF CEDAR HILL, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Nonmajor Capital Projects</u>			
	<u>Certificates of Obligation</u>	<u>Park Development</u>	<u>Infrastructure Improvement</u>	<u>Restricted Street</u>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	56,387	3,841	1	5,083
Miscellaneous	-	1,000	-	102,518
<b>Total revenues</b>	<u>56,387</u>	<u>4,841</u>	<u>1</u>	<u>107,601</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,516,735	-	-	-
Public works	554,866	-	-	-
Community Services	41,396	5,211	-	-
Capital outlay				
Public safety	1,453,298	-	-	-
Community Services	-	118,034	-	-
<b>Total expenditures</b>	<u>3,566,295</u>	<u>123,245</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,509,908)</u>	<u>(118,404)</u>	<u>1</u>	<u>107,601</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,035,878	-	145	-
Transfers out	(145)	-	(1,035,878)	-
<b>Total other financing sources (uses):</b>	<u>1,035,733</u>	<u>-</u>	<u>(1,035,733)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	(2,474,175)	(118,404)	(1,035,732)	107,601
Fund balances, beginning of year	7,208,862	506,570	1,035,732	601,159
Fund balances, end of year	<u>\$ 4,734,687</u>	<u>\$ 388,166</u>	<u>\$ -</u>	<u>\$ 708,760</u>

**EXHIBIT F-2 (CONCLUDED)**

<b>Nonmajor Capital Projects</b>			<b>Total</b>	<b>Total</b>
<b>Street</b>	<b>Building</b>		<b>Nonmajor</b>	<b>Nonmajor</b>
<b>Construction</b>	<b>Maintenance</b>	<b>Drainage</b>	<b>Capital Project</b>	<b>Funds</b>
			<b>Funds</b>	<b>Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 92,321
-	-	-	-	383,516
-	-	-	-	105,200
-	-	-	-	1,919,017
16,593	1,576	4,261	87,742	100,579
-	-	-	103,518	579,244
<u>16,593</u>	<u>1,576</u>	<u>4,261</u>	<u>191,260</u>	<u>3,179,877</u>
-	-	-	1,516,735	1,858,667
-	-	-	554,866	637,746
-	-	-	46,607	2,072,584
-	-	-	1,453,298	1,453,298
-	-	-	118,034	203,998
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,689,540</u>	<u>6,226,293</u>
<u>16,593</u>	<u>1,576</u>	<u>4,261</u>	<u>(3,498,280)</u>	<u>(3,046,416)</u>
5,000	-	5,000	1,046,023	1,046,023
-	-	-	(1,036,023)	(1,036,023)
<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>10,000</u>	<u>10,000</u>
21,593	1,576	9,261	(3,488,280)	(3,036,416)
<u>2,012,525</u>	<u>191,322</u>	<u>515,358</u>	<u>12,071,528</u>	<u>13,470,718</u>
<u>\$ 2,034,118</u>	<u>\$ 192,898</u>	<u>\$ 524,619</u>	<u>\$ 8,583,248</u>	<u>\$ 10,434,302</u>

## CITY OF CEDAR HILL, TEXAS

## EXHIBIT G-1

## DEBT SERVICE FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## BUDGET AND ACTUAL

## FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,701,160	\$ 5,701,160	\$ 5,713,256	\$ 12,096
Intergovernmental	1,664,155	1,664,155	1,664,157	2
Charges for services	101,120	101,120	101,118	(2)
Investment earnings	65,000	65,000	20,447	(44,553)
<b>Total revenues</b>	<b>7,531,435</b>	<b>7,531,435</b>	<b>7,498,978</b>	<b>(32,457)</b>
<b>EXPENDITURES</b>				
Principal retirement	3,930,000	3,930,000	3,930,000	-
Interest and fiscal agent charges	4,302,105	4,302,105	4,250,266	51,839
<b>Total expenditures</b>	<b>8,232,105</b>	<b>8,232,105</b>	<b>8,180,266</b>	<b>51,839</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>(700,670)</b>	<b>(700,670)</b>	<b>(681,288)</b>	<b>19,382</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	716,345	716,345	717,502	1,157
<b>Total other financing sources (uses)</b>	<b>716,345</b>	<b>716,345</b>	<b>717,502</b>	<b>1,157</b>
<b>Net changes in fund balances</b>	<b>15,675</b>	<b>15,675</b>	<b>36,214</b>	<b>20,539</b>
Fund balances, beginning of year	1,219,143	1,219,143	1,315,616	96,473
Fund balances, end of year	<u>\$ 1,234,818</u>	<u>\$ 1,234,818</u>	<u>\$ 1,351,830</u>	<u>\$ 117,012</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, 2009**

**EXHIBIT G-2**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeits	\$ 40,000	\$ 40,000	\$ 30,647	\$ (9,353)
Charges for services	-	-	8,417	8,417
Investment earnings	2,000	2,000	996	(1,004)
<b>Total revenues</b>	<b>42,000</b>	<b>42,000</b>	<b>40,060</b>	<b>(1,940)</b>
<b>EXPENDITURES</b>				
Public safety	43,000	72,790	44,136	28,654
Capital outlay	101,000	71,210	-	71,210
<b>Total expenditures</b>	<b>144,000</b>	<b>144,000</b>	<b>44,136</b>	<b>99,864</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>(102,000)</b>	<b>(102,000)</b>	<b>(4,076)</b>	<b>97,924</b>
Changes in fund balances	(102,000)	(102,000)	(4,076)	97,924
Fund balances, beginning of year	102,268	102,268	110,561	8,293
Fund balances, end of year	<u>\$ 268</u>	<u>\$ 268</u>	<u>\$ 106,485</u>	<u>\$ 106,217</u>

**CITY OF CEDAR HILL, TEXAS  
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT G-3**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Fines and forfeits	\$ 14,000	\$ 14,000	\$ 12,681	\$ (1,319)
Investment earnings	100	100	(5)	(105)
<b>Total revenues</b>	<b>14,100</b>	<b>14,100</b>	<b>12,676</b>	<b>(1,424)</b>
<b>EXPENDITURES</b>				
Public safety	15,000	15,000	11,360	3,640
<b>Total expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>11,360</b>	<b>3,640</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>(900)</b>	<b>(900)</b>	<b>1,316</b>	<b>2,216</b>
Changes in fund balances	(900)	(900)	1,316	2,216
Fund balances, beginning of year	902	902	288	(614)
Fund balances, end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 1,604</u>	<u>\$ 1,602</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, 2009**

**EXHIBIT G-4**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 66,000	\$ 66,000	\$ 92,321	\$ 26,321
Investment earnings	7,000	7,000	2,851	(4,149)
<b>Total revenues</b>	<b>73,000</b>	<b>73,000</b>	<b>95,172</b>	<b>22,172</b>
<b>EXPENDITURES</b>				
Community services	58,500	58,500	32,508	25,992
<b>Total expenditures</b>	<b>58,500</b>	<b>58,500</b>	<b>32,508</b>	<b>25,992</b>
<b>Excess(deficiency) of revenues over expenditures</b>	<b>14,500</b>	<b>14,500</b>	<b>62,664</b>	<b>48,164</b>
<b>Net changes in fund balances</b>	<b>14,500</b>	<b>14,500</b>	<b>62,664</b>	<b>48,164</b>
Fund balances, beginning of year	319,256	319,256	333,791	14,535
Fund balances, end of year	<u>\$ 333,756</u>	<u>\$ 333,756</u>	<u>\$ 396,455</u>	<u>\$ 62,699</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, 2009**

**EXHIBIT G-5**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 1,900	\$ 1,900	\$ 525	\$ (1,375)
<b>Total revenues</b>	<b>1,900</b>	<b>1,900</b>	<b>525</b>	<b>(1,375)</b>
<b>EXPENDITURES</b>				
Community services	1,000	1,500	1,500	-
<b>Total expenditures</b>	<b>1,000</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>900</b>	<b>400</b>	<b>(975)</b>	<b>(1,375)</b>
<b>Net changes in fund balances</b>	<b>900</b>	<b>400</b>	<b>(975)</b>	<b>(1,375)</b>
Fund balances, beginning of year	63,572	63,572	64,146	574
Fund balances, end of year	<u>\$ 64,472</u>	<u>\$ 63,972</u>	<u>\$ 63,171</u>	<u>\$ (801)</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, 2009**

**EXHIBIT G-6**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 82,885	\$ 82,880	\$ (5)
<b>Total revenues</b>	-	82,885	82,880	(5)
<b>EXPENDITURES</b>				
Public works	-	82,885	82,880	5
<b>Total expenditures</b>	-	82,885	82,880	5
<b>Excess/(deficiency) of revenues over expenditures</b>	-	-	-	-
<b>Net changes in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009**

**EXHIBIT G-7**

	<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>
<b>REVENUES</b>				
Assessments	\$ 354,990	\$ 354,990	\$ 349,141	\$ (5,849)
Intergovernmental	20,000	20,000	19,992	(8)
Investment earnings	4,120	4,120	1,035	(3,085)
Miscellaneous	-	-	4,684	4,684
<b>Total revenues</b>	<b>379,110</b>	<b>379,110</b>	<b>374,852</b>	<b>(4,258)</b>
<b>EXPENDITURES</b>				
Community service	244,110	320,085	316,759	3,326
Capital outlay	135,000	59,025	42,758	16,267
<b>Total expenditures</b>	<b>379,110</b>	<b>379,110</b>	<b>359,517</b>	<b>19,593</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>15,335</b>	<b>15,335</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>15,335</b>	<b>15,335</b>
Fund balances, beginning of year	91,595	91,595	96,983	5,388
Fund balances, end of year	<u>\$ 91,595</u>	<u>\$ 91,595</u>	<u>\$ 112,318</u>	<u>\$ 20,723</u>

## CITY OF CEDAR HILL, TEXAS

EXHIBIT G-8

**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, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Assessments	\$ 110,000	\$ 110,000	\$ 115,256	\$ 5,256
Intergovernmental	2,305	2,305	2,328	23
Investment earnings	3,300	3,300	1,330	(1,970)
<b>Total revenues</b>	<b>115,605</b>	<b>115,605</b>	<b>118,914</b>	<b>3,309</b>
<b>EXPENDITURES</b>				
Community service	63,500	75,345	68,924	6,421
Capital outlay	100,000	88,155	25,866	62,289
<b>Total expenditures</b>	<b>163,500</b>	<b>163,500</b>	<b>94,790</b>	<b>68,710</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>(47,895)</b>	<b>(47,895)</b>	<b>24,124</b>	<b>72,019</b>
<b>Net changes in fund balances</b>	<b>(47,895)</b>	<b>(47,895)</b>	<b>24,124</b>	<b>72,019</b>
Fund balances, beginning of year	164,078	164,078	166,501	2,423
Fund balances, end of year	<b>\$ 116,183</b>	<b>\$ 116,183</b>	<b>\$ 190,625</b>	<b>\$ 74,442</b>

**CITY OF CEDAR HILL, TEXAS  
DISASTER RELIEF SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EXHIBIT G-9**

	<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>
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 1,450	\$ 1,450
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1,450</u>	<u>1,450</u>
<b>EXPENDITURES</b>				
Community service	-	1,455	1,450	5
<b>Total expenditures</b>	<u>-</u>	<u>1,455</u>	<u>1,450</u>	<u>5</u>
<b>Excess/(deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(1,455)</u>	<u>-</u>	<u>1,455</u>
<b>Net changes in fund balances</b>	<u>-</u>	<u>(1,455)</u>	<u>-</u>	<u>1,455</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>7,970</u>	<u>7,970</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (1,455)</u>	<u>\$ 7,970</u>	<u>\$ 9,425</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, 2009**

**EXHIBIT G-10**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Fines and forfeits	\$ 260,000	\$ 260,000	\$ 340,188	\$ 80,188
Investment earnings	5,000	5,000	2,199	(2,801)
<b>Total revenues</b>	<b>265,000</b>	<b>265,000</b>	<b>342,387</b>	<b>77,387</b>
<b>EXPENDITURES</b>				
Public safety	228,000	302,455	286,436	16,019
Capital outlay	140,000	65,545	-	65,545
<b>Total expenditures</b>	<b>368,000</b>	<b>368,000</b>	<b>286,436</b>	<b>81,564</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>(103,000)</b>	<b>(103,000)</b>	<b>55,951</b>	<b>158,951</b>
Changes in fund balances	(103,000)	(103,000)	55,951	158,951
Fund balances, beginning of year	142,859	142,859	185,571	42,712
Fund balances, end of year	<b>\$ 39,859</b>	<b>\$ 39,859</b>	<b>\$ 241,522</b>	<b>\$ 201,663</b>

**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, 2009**

**EXHIBIT G-11**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$1,940,000	\$1,940,000	\$ 1,910,600	\$ (29,400)
Investment earnings	8,500	8,500	3,906	(4,594)
Miscellaneous	-	-	5,195	5,195
<b>Total revenues</b>	<b>1,948,500</b>	<b>1,948,500</b>	<b>1,919,701</b>	<b>(28,799)</b>
<b>EXPENDITURES</b>				
Community service	1,590,000	1,613,800	1,604,836	8,964
Capital outlay	180,000	156,200	17,340	138,860
<b>Total expenditures</b>	<b>1,770,000</b>	<b>1,770,000</b>	<b>1,622,176</b>	<b>147,824</b>
Excess/(deficiency) of revenues over expenditures	178,500	178,500	297,525	119,025
Net changes in fund balances	178,500	178,500	297,525	119,025
Fund balances, beginning of year	426,648	426,648	433,379	6,731
Fund balances, end of year	<b>\$ 605,148</b>	<b>\$ 605,148</b>	<b>\$ 730,904</b>	<b>\$ 125,756</b>



**STATISTICAL SECTION  
(UNAUDITED)**



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

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

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

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

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

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

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

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

- 14 Demographic and economic statistics
- 15 Principal employers

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

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

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

	Fiscal Year	
	2003	2004
Governmental activities		
Invested in capital assets, net of related debt	\$ 39,899,933	\$ 48,521,762
Restricted	6,578,144	7,804,156
Unrestricted	16,793,789	20,694,364
<b>Total governmental activities net assets</b>	<b>\$ 63,271,866</b>	<b>\$ 77,020,282</b>
Business-type activities		
Invested in capital assets, net of related debt	\$ 28,909,781	\$ 35,047,901
Restricted	5,091,049	5,870,555
Unrestricted	5,098,595	5,356,634
<b>Total business-type activities net assets</b>	<b>\$ 39,099,425</b>	<b>\$ 46,275,090</b>
Primary government		
Invested in capital assets, net of related debt	\$ 68,809,714	\$ 83,569,663
Restricted	11,669,193	13,674,711
Unrestricted	21,892,384	26,050,998
<b>Total primary government net assets</b>	<b>\$ 102,371,291</b>	<b>\$ 123,295,372</b>

**Source:** Comprehensive Annual Financial Reports

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

**TABLE 1**

<b>Fiscal Year</b>				
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$ 48,374,969	\$ 50,709,962	\$ 71,700,728	\$ 50,450,265	\$ 44,383,937
8,965,160	9,358,327	9,806,890	12,950,069	12,859,483
25,805,348	29,258,774	15,582,011	38,339,323	41,778,292
<u>\$ 83,145,477</u>	<u>\$ 89,327,063</u>	<u>\$ 97,089,629</u>	<u>\$ 101,739,657</u>	<u>\$ 99,021,712</u>
\$ 40,407,433	\$ 41,416,018	\$ 43,490,027	\$ 47,492,002	\$ 47,740,514
5,099,043	5,001,029	5,011,341	4,458,851	4,711,553
4,883,916	5,335,239	4,505,699	4,698,477	3,994,709
<u>\$ 50,390,392</u>	<u>\$ 51,752,286</u>	<u>\$ 53,007,067</u>	<u>\$ 56,649,330</u>	<u>\$ 56,446,776</u>
\$ 88,782,402	\$ 92,125,980	\$ 115,190,755	\$ 97,942,267	\$ 92,124,451
14,064,203	14,359,356	14,818,231	17,408,920	17,571,036
30,689,264	34,594,013	20,087,710	43,037,800	45,773,001
<u>\$ 133,535,869</u>	<u>\$ 141,079,349</u>	<u>\$ 150,096,696</u>	<u>\$ 158,388,987</u>	<u>\$ 155,468,488</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
Governmental activities:							
General government	\$ 2,515,865	\$ 2,861,449	\$ 3,153,688	\$ 3,342,833	\$ 5,203,328	\$ 5,756,996	\$ 6,552,840
Public safety	10,577,885	11,880,117	12,999,503	14,416,779	16,318,022	18,659,224	20,065,191
Public works	3,574,851	4,086,977	4,435,725	5,327,141	10,562,982	7,647,548	7,031,442
Community services	3,407,348	3,703,480	5,260,655	5,001,181	6,443,771	6,729,210	6,506,179
Interest and fiscal charges	3,824,501	4,483,122	4,762,520	5,626,999	1,558,616	6,790,548	7,196,794
<b>Total governmental activities expenses</b>	<b>23,900,450</b>	<b>27,015,145</b>	<b>30,612,091</b>	<b>33,714,933</b>	<b>40,086,719</b>	<b>45,583,526</b>	<b>47,352,446</b>
Business-type activities:							
Water and sewer	\$ 10,413,546	\$ 10,569,940	\$ 11,845,403	\$ 14,241,632	\$ 13,300,772	\$ 13,375,271	\$ 14,145,471
<b>Total business-type activities expenses</b>	<b>10,413,546</b>	<b>10,569,940</b>	<b>11,845,403</b>	<b>14,241,632</b>	<b>13,300,772</b>	<b>13,375,271</b>	<b>14,145,471</b>
<b>Total primary government expenses</b>	<b>\$ 34,313,996</b>	<b>\$ 37,585,085</b>	<b>\$ 42,457,494</b>	<b>\$ 47,956,565</b>	<b>\$ 53,387,491</b>	<b>\$ 58,958,797</b>	<b>\$ 61,497,917</b>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services							
General government	\$ 149,021	\$ 126,522	\$ 162,673	\$ 103,001	\$ 113,291	\$ 332,038	\$ 383,925
Public Safety	1,740,944	2,334,497	1,790,029	2,154,760	2,897,331	3,327,518	3,841,740
Public Works	186,904	176,418	790,361	829,336	1,934,164	650,794	53,675
Community Services	186,299	186,588	644,974	711,285	2,313,069	2,527,758	2,460,325
Operating grants/contributions	124,233	1,322,325	1,248,877	2,032,509	2,152,679	1,999,182	2,382,689
Capital grants/contributions	4,191,752	11,961,220	5,414,719	2,768,766	5,991,124	5,580,070	1,940,005
<b>Total governmental activities program revenues</b>	<b>6,579,153</b>	<b>16,107,570</b>	<b>10,051,633</b>	<b>8,599,657</b>	<b>15,401,658</b>	<b>14,417,360</b>	<b>11,062,359</b>
Business-type activities:							
Charges for services	\$ 11,987,948	\$ 12,285,016	\$ 13,717,346	\$ 14,705,546	\$ 12,900,524	\$ 14,544,318	\$ 14,303,857
Capital grants/contributions	1,653,923	7,140,300	3,659,464	2,000,399	2,635,385	3,629,474	1,174,014
<b>Total business-type activities program revenues</b>	<b>13,641,871</b>	<b>19,425,316</b>	<b>17,376,810</b>	<b>16,705,945</b>	<b>15,535,909</b>	<b>18,173,792</b>	<b>15,477,871</b>
<b>Total primary government program revenues</b>	<b>\$ 20,221,024</b>	<b>\$ 35,532,886</b>	<b>\$ 27,428,443</b>	<b>\$ 25,305,602</b>	<b>\$ 30,937,567</b>	<b>\$ 32,591,152</b>	<b>\$ 26,540,230</b>
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$(17,321,297)	\$(10,907,575)	\$(20,560,458)	\$(25,115,276)	\$(24,685,061)	\$(31,166,166)	\$(36,290,087)
Business-type activities	3,228,325	8,855,376	5,531,407	2,464,313	2,235,137	4,798,521	1,332,400
<b>Total primary government net expense</b>	<b>\$(14,092,972)</b>	<b>\$(2,052,199)</b>	<b>\$(15,029,051)</b>	<b>\$(22,650,963)</b>	<b>\$(22,449,924)</b>	<b>\$(26,367,645)</b>	<b>\$(34,957,687)</b>

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

(Continued)

**TABLE 2**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Sales and use taxes	\$ 3,507,984	\$ 4,361,360	\$ 5,111,654	\$ 5,754,164	\$ 5,875,808	\$ 6,134,991	\$ 5,953,387
Property taxes	12,083,805	13,811,984	14,645,716	17,110,700	17,479,146	19,669,385	20,122,090
Hotel/motel taxes	50,642	42,923	54,727	45,696	53,388	61,571	92,321
Franchise fees	2,446,860	2,461,315	2,662,995	3,111,696	3,005,690	3,060,567	3,228,432
Investment earnings	746,607	1,616,406	1,908,517	3,010,643	3,620,069	4,450,569	1,765,116
Gain on disposal of property	-	-	-	-	49,355	-	-
Miscellaneous	363,914	562,003	502,044	463,963	563,171	637,111	610,796
Transfers	1,803,000	1,800,000	1,800,000	1,800,000	1,801,000	1,802,000	1,800,000
<b>Total governmental activities</b>	<b>21,002,812</b>	<b>24,655,991</b>	<b>26,685,653</b>	<b>31,296,862</b>	<b>32,447,627</b>	<b>35,816,194</b>	<b>33,572,142</b>
Business-type activities:							
Investment earnings	\$ 148,640	\$ 119,255	\$ 340,448	\$ 646,285	\$ 767,361	\$ 604,215	\$ 219,773
Gain/loss of disposal of property	(96,106)	-	-	-	-	-	-
Miscellaneous	12,758	1,034	43,447	51,296	53,283	41,527	45,273
Transfers	(1,803,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,801,000)	(1,802,000)	(1,800,000)
<b>Total business-type activities</b>	<b>(1,737,708)</b>	<b>(1,679,711)</b>	<b>(1,416,105)</b>	<b>(1,102,419)</b>	<b>(980,356)</b>	<b>(1,156,258)</b>	<b>(1,534,954)</b>
<b>Total primary government</b>	<b>\$ 19,265,104</b>	<b>\$ 22,976,280</b>	<b>\$ 25,269,548</b>	<b>\$ 30,194,443</b>	<b>\$ 31,467,271</b>	<b>\$ 34,659,936</b>	<b>\$ 32,037,188</b>
<b>Change in Net Assets</b>							
Governmental activities	\$ 3,681,515	\$ 13,748,416	\$ 6,125,195	\$ 6,181,586	\$ 7,762,566	\$ 4,650,028	\$ (2,717,945)
Business-type activities	1,490,617	7,175,665	4,115,302	1,361,894	1,254,781	3,642,263	(202,554)
<b>Total primary government</b>	<b>\$ 5,172,132</b>	<b>\$ 20,924,081</b>	<b>\$ 10,240,497</b>	<b>\$ 7,543,480</b>	<b>\$ 9,017,347</b>	<b>\$ 8,292,291</b>	<b>\$ (2,920,499)</b>

(Concluded)

Source: Comprehensive Annual Financial Reports

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

**TABLE 3**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved for:							
Prepaid and inventory	\$ 48,196	\$ 43,848	\$ 41,007	\$ 57,474	\$ 71,522	\$ 83,311	\$ 94,975
Animal shelter	124,303	133,591	143,824	182,641	220,146	220,354	136,421
Unreserved	5,070,726	6,420,714	6,830,872	8,442,986	9,116,524	7,598,987	7,910,030
<b>Total General Fund</b>	<b>\$ 5,243,225</b>	<b>\$ 6,598,153</b>	<b>\$ 7,015,703</b>	<b>\$ 8,683,101</b>	<b>\$ 9,408,192</b>	<b>\$ 7,902,652</b>	<b>\$ 8,141,426</b>
All Other Governmental Funds							
Reserved for:							
Prepaid and inventory	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 700
Construction	34,264,902	32,629,193	41,967,190	49,423,384	33,971,758	37,291,828	36,973,575
Debt service	585,939	741,070	839,312	1,194,722	1,398,426	1,315,616	1,351,130
Unreserved - designated for Joe Pool Fund	11,424,773	14,378,961	16,913,557	19,072,590	21,662,048	25,815,003	28,583,356
Unreserved, reported in:							
Special revenue funds	269,280	298,795	298,688	641,947	1,139,312	1,399,190	1,851,054
<b>Total all other governmental funds</b>	<b>\$ 46,544,894</b>	<b>\$ 48,048,019</b>	<b>\$ 60,019,247</b>	<b>\$ 70,332,643</b>	<b>\$ 58,171,544</b>	<b>\$ 65,821,637</b>	<b>\$ 68,759,815</b>

**Source:** Comprehensive Annual Financial Reports

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





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

	Fiscal Year		
	2003	2004	2005
<b>Revenues</b>			
Taxes	\$ 15,561,416	\$ 18,014,837	\$ 19,919,458
Franchise taxes	2,396,624	2,478,655	2,662,995
Licenses and permits	452,412	677,840	458,259
Intergovernmental	124,233	1,322,325	1,159,098
Charges for services	1,362,796	1,590,391	1,557,345
Fines and forfeits	447,378	549,564	625,869
Investment earnings	746,607	1,615,885	1,899,237
Miscellaneous	1,809,995	1,888,815	1,359,603
<b>Total revenues</b>	<u>22,901,461</u>	<u>28,138,312</u>	<u>29,641,864</u>
<b>Expenditures</b>			
General government	2,619,919	2,785,464	3,170,322
Public works	1,336,931	1,613,490	1,737,528
Public safety	10,722,736	11,636,090	13,248,596
Community services	3,029,756	3,233,975	4,564,884
Supplies	-	16,721	-
Contractual services	4,210	168,599	-
Principal retirement	2,035,000	2,150,000	2,330,000
Interest and fiscal agent charges	1,274,392	2,049,840	2,029,396
Issuance costs	424,457	-	460,719
Capital outlay	6,149,210	12,059,135	4,041,267
<b>Total expenditures</b>	<u>27,596,611</u>	<u>35,713,314</u>	<u>31,582,712</u>
<b>Excess of revenues under expenditures</b>	(4,695,150)	(7,575,002)	(1,940,848)
<b>Other Financing Sources (Uses)</b>			
Transfer in	2,701,481	2,312,839	2,250,004
Transfer out	(898,481)	(512,839)	(450,004)
Premium on issuance of debt	24,215	-	335,810
Issuance of debt	18,340,000	8,633,055	12,200,000
Refunding bonds issued	2,308,121	-	8,550,000
Payment to refunding bond escrow agent	(2,265,000)	-	(8,556,184)
<b>Total other financing sources (uses)</b>	<u>20,210,336</u>	<u>10,433,055</u>	<u>14,329,626</u>
<b>Net change in fund balance</b>	<u>\$ 15,515,186</u>	<u>\$ 2,858,053</u>	<u>\$ 12,388,778</u>
Debt service as a percentage of noncapital expenditures	17.4%	17.8%	17.5%

**Source:** Comprehensive Annual Financial Reports

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

TABLE 4

Fiscal Year			
2006	2007	2008	2009
\$ 22,378,271	\$ 23,829,019	\$ 26,005,485	\$ 26,228,990
2,997,796	2,980,459	3,060,567	3,239,410
587,068	585,160	579,360	429,801
2,011,965	4,193,422	2,154,882	2,465,569
1,615,564	3,235,695	3,643,269	4,649,195
838,643	1,218,428	1,367,603	1,170,989
2,978,760	4,192,754	4,200,813	1,600,287
1,306,190	2,578,672	1,626,613	1,021,043
<u>34,714,257</u>	<u>42,813,609</u>	<u>42,638,592</u>	<u>40,805,284</u>
3,343,901	5,222,497	5,588,631	5,738,425
2,217,903	4,838,109	4,301,021	2,882,468
14,186,480	16,093,979	18,452,134	19,953,010
4,140,753	5,702,847	5,835,435	5,696,781
-	-	-	-
-	-	-	-
2,810,000	2,935,000	3,860,000	3,930,000
2,432,796	3,487,728	3,582,146	4,250,266
-	-	-	-
12,321,192	20,070,457	16,560,057	4,524,507
<u>41,453,025</u>	<u>58,350,617</u>	<u>58,179,424</u>	<u>46,975,457</u>
(6,738,768)	(15,537,008)	(15,540,832)	(6,170,173)
13,359,614	2,463,060	2,347,581	3,613,525
(11,559,614)	(662,060)	(545,581)	(1,813,525)
329,562	-	353,385	47,125
16,590,000	2,300,000	19,530,000	7,500,000
-	-	-	-
-	-	-	-
<u>18,719,562</u>	<u>4,101,000</u>	<u>21,685,385</u>	<u>9,347,125</u>
<u>\$ 11,980,794</u>	<u>\$ (11,436,008)</u>	<u>\$ 6,144,553</u>	<u>\$ 3,176,952</u>
18.0%	16.8%	17.9%	19.3%

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

**TABLE 5**

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2000	n/a	n/a	n/a	\$ 1,196,392,507	0.64269
2001	n/a	n/a	n/a	1,349,577,303	0.64269
2002	n/a	n/a	n/a	1,609,694,600	0.64140
2003	n/a	n/a	n/a	1,856,116,931	0.64140
2004	n/a	n/a	n/a	2,093,768,922	0.64140
2005	n/a	n/a	n/a	2,274,016,988	0.64140
2006	2,480,740,719	267,321,110	(224,223,334)	2,523,838,495	0.64140
2007	2,720,454,080	288,549,740	(254,235,323)	2,754,768,497	0.64140
2008	3,009,117,599	292,080,690	(297,237,734)	3,003,960,555	0.64140
2009	3,144,441,658	314,972,100	(336,631,686)	3,122,782,072	0.64140

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

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



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

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			
2000	\$ 0.49078	\$ 0.15191	\$ 0.64269	\$ 1.63000	\$ 0.05000	\$ 0.19600
2001	0.49078	0.15191	0.64269	1.63000	0.05000	0.25400
2002	0.48949	0.15191	0.64140	1.63000	0.06000	0.25400
2003	0.48949	0.15191	0.64140	1.68000	0.06000	0.25400
2004	0.48949	0.15191	0.64140	1.70160	0.07780	0.25400
2005	0.47949	0.16191	0.64140	1.74130	0.08030	0.25400
2006	0.46949	0.17191	0.64140	1.84843	0.08160	0.25400
2007	0.46949	0.17191	0.64140	1.74330	0.08100	0.25400
2008	0.45949	0.18191	0.64140	1.40000	0.08040	0.25400
2009	0.45949	0.18191	0.64140	1.50000	0.08940	0.25400

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

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

**TABLE 6**

---

<u>Dallas County</u>	<u>County School Equalization</u>	<u>Duncanville I.S.D.</u>	<u>Ellis County</u>	<u>Midlothian I.S.D.</u>
\$ 0.19600	\$ 0.00570	\$ 1.64000	\$ 0.28374	\$ 1.70970
0.19600	0.00567	1.68000	0.29719	1.72000
0.19600	0.00552	1.67000	0.30202	1.72000
0.19600	0.00550	1.75000	0.31017	1.72000
0.20390	0.00546	1.85500	0.31464	1.72000
0.20390	0.00546	1.83600	0.31599	1.76450
0.21390	0.00530	1.86600	0.31891	1.78750
0.21390	0.00503	1.73600	0.32049	1.69750
0.22810	0.00471	0.14180	0.39361	1.36750
0.22810	0.00493	1.41800	0.39360	1.40750

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

**TABLE 7**

Taxpayer	2009			2000		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value <sup>a</sup>	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value <sup>b</sup>
	Value		Value <sup>a</sup>	Value		Value <sup>b</sup>
KRG Cedar Hill Plaza, LP	\$ 45,800,000	1	1.47%	\$ -	-	-
Inland Western Cedar Hill	36,654,800	2	1.17%	-	-	-
Uptown Village at Cedar Hill	33,866,450	3	1.08%	-	-	-
Texas Utilities/Oncor Electric	30,278,860	4	0.97%	18,206,090	1	1.52%
J C Penney Company	30,018,851	5	0.96%	-	-	-
Walmart Stores	21,559,160	6	0.69%	-	-	-
Target Corporation	17,869,680	7	0.57%	-	-	-
TSCA 202 Ltd Partnership	17,090,460	8	0.55%	-	-	-
RPI Cedar Hill Ltd	16,500,000	9	0.53%	8,012,000	6	0.67%
EE Cedar Hill Crossing LP	15,843,290	10	0.51%	-	-	-
Barrow Health Cedar Hill	-	-	-	11,006,270	2	0.92%
Devon Realty/Wilson Crossing Apartments	-	-	-	10,775,000	3	0.90%
Home Depot USA	-	-	-	10,383,530	4	0.87%
Southwestern Bell	-	-	-	8,728,510	5	0.73%
Texwood Industries LP	-	-	-	6,938,400	7	0.58%
Ladd 1998 Real Properties	-	-	-	6,703,140	8	0.56%
American Tower Corp	-	-	-	5,661,900	9	0.47%
Kimco Cedar Hill Crossing	-	-	-	4,051,600	10	0.34%
<b>Total</b>	<b>\$ 265,481,551</b>		<b>8.50%</b>	<b>\$ 90,466,440</b>		<b>7.57%</b>

**Source:** Dallas Central Appraisal District

**Note:**

<sup>a</sup> Total taxable value including real and personal property for tax year 2008 (fiscal year 2009) is \$3,122,782,072.

<sup>b</sup> Total taxable value including real and personal property for tax year 1999 (fiscal year 2000) is \$1,194,859,532.



**CITY OF CEDAR HILL, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FIVE 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	\$ 14,520,379	\$ 14,126,698	97.29%	\$ 372,163	\$ 14,498,861	99.85%
2006	16,182,411	15,783,884	97.54%	371,961	16,155,845	99.84%
2007	17,684,168	17,156,014	97.01%	478,535	17,634,549	99.72%
2008	19,227,454	18,867,046	98.13%	253,722	19,120,768	99.45%
2009	20,029,524	19,541,902	97.57%	-	19,541,902	97.57%

**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		Total Primary Government	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Tax Notes	Waterworks & Sewer System Revenue Bonds				
2000	\$ 17,115,000	\$ 3,520,000	\$ 37,379,490	\$ 175,000	\$ 6,930,000	\$ 65,119,490	5.45%	\$ 2,104	
2001	15,970,000	3,485,000	39,503,776		6,270,000	65,228,776	4.85%	2,032	
2002	23,705,000	3,375,000	41,748,765		5,570,000	74,398,765	4.62%	2,070	
2003	28,350,000	15,045,000	44,121,348		5,140,000	92,656,348	4.99%	2,439	
2004	35,155,000	14,590,000	46,628,764		7,620,000	103,993,764	4.97%	2,613	
2005	48,555,000	11,555,000	49,278,677		6,935,000	116,323,677	5.12%	2,790	
2006	49,955,000	23,935,000	52,079,184		9,265,000	135,234,184	5.36%	3,134	
2007	49,845,000	23,410,000	50,277,438		8,485,000	132,017,438	4.79%	3,004	
2008	55,660,000	33,265,000	53,134,705		10,695,000	152,754,705	5.09%	3,402	
2009	60,040,000	32,455,000	56,154,350		13,040,000	161,689,350	5.18%	3,546	

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

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

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

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

**TABLE 10**

Fiscal Year	General Bonded Debt Outstanding			Less Sinking Fund	Net General Bonded Debt	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificate of Obligation Bonds					
2000	\$ 17,115,000	\$ 3,520,000	\$ 581,481	\$ 20,053,519	1.68%	\$ 648	
2001	15,970,000	3,485,000	485,413	18,969,587	1.41%	591	
2002	23,705,000	3,375,000	458,990	26,621,010	1.65%	741	
2003	28,350,000	15,045,000	585,939	42,809,061	2.31%	1,127	
2004	35,155,000	14,590,000	741,070	49,003,930	2.34%	1,231	
2005	48,555,000	11,555,000	839,312	59,270,688	2.61%	1,421	
2006	49,955,000	23,935,000	1,194,722	72,695,278	2.88%	1,685	
2007	49,845,000	23,410,000	1,398,426	71,856,574	2.61%	1,635	
2008	55,660,000	33,265,000	1,315,616	87,609,384	2.92%	1,951	
2009	60,040,000	32,455,000	1,351,830	91,143,170	2.92%	1,999	

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

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

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

**CITY OF CEDAR HILL, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2009  
(UNAUDITED)**

**TABLE 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cedar Hill Independent School District	\$ 107,271,784	96.92%	\$ 103,967,813
Dallas County	138,531,552	1.74%	2,410,449
Dallas County Community College District	387,260,000	1.74%	6,738,324
DeSoto Independent School District	149,063,090	0.06%	89,438
Duncanville Independent School District	167,711,456	2.98%	4,997,801
Ellis County	65,586,262	1.14%	747,683
Midlothian Independent School District	166,902,896	3.46%	5,774,840
Subtotal, overlapping debt			\$ 124,726,348
<b>City of Cedar Hill (direct debt)</b>	92,495,000	100.00%	\$ 92,495,000
<b>Total direct and overlapping debt</b>			<u><u>\$ 217,221,348</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, 2009  
(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, 2008 is \$0.6414 per \$100 of assessed valuation at 100% of market value. The tax rate is 25.66% of the legal limit.

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

**TABLE 13**

<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>	<u>Designated Funds (4)</u>	<u>Net Revenue Less Designated Funds</u>	<u>Adjusted Coverage (5)</u>
2000	10,953,641	7,568,179	\$ 3,385,462	520,378	6.51	\$ 1,200,000	\$ 2,185,462	4.20
2001	11,420,670	8,330,283	3,090,387	491,981	6.28	1,400,000	1,690,387	3.44
2002	11,730,906	8,593,102	3,137,804	459,842	6.82	1,600,000	1,537,804	3.34
2003	12,097,594	9,116,775	2,980,819	433,528	6.88	1,800,000	1,180,819	2.72
2004	12,343,485	9,261,857	3,081,628	530,448	5.81	1,800,000	1,281,628	2.42
2005	13,891,068	10,317,455	3,573,613	507,592	7.04	1,800,000	1,773,613	3.49
2006	15,027,426	10,878,440	4,148,986	661,973	6.27	1,800,000	2,348,986	3.55
2007	13,277,177	11,150,872	2,126,305	633,821	3.35	1,800,000	326,305	0.51
2008	14,760,323	11,238,220	3,522,103	804,647	4.38	1,800,000	1,722,103	2.14
2009	14,466,125	12,039,477	2,426,648	819,825	2.96	1,800,000	626,648	0.76

**Source:** Comprehensive Annual Financial Report

(1) Gross revenues include all water and sewer revenues exclusive of capital recovery fees, interest on accumulated capital recovery fees, contributed capital, and interest on bond proceeds.

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

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

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

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

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

**TABLE 14**

<u>Year</u>	<u>Estimated Population <sup>a</sup></u>	<u>Median Household Income <sup>b</sup></u>	<u>Median Age <sup>c</sup></u>	<u>Cedar Hill I.S.D. Enrollment <sup>d</sup></u>	<u>Unemployment Rate <sup>e</sup></u>
2000	30,950	\$ 60,644	33	6,503	2.0%
2001	32,093	n/a	n/a	6,974	3.7%
2002	35,944	n/a	n/a	7,333	4.1%
2003	37,984	n/a	n/a	7,532	4.4%
2004	39,800	n/a	n/a	7,695	3.7%
2005	41,700	n/a	n/a	8,023	5.4%
2006	43,150	n/a	n/a	7,843	4.9%
2007	43,950	66,786	n/a	7,871	4.7%
2008	44,900	65,395	n/a	8,110	6.0%
2009	45,600	66,206	33.6	8,233	8.7%

**Note:**

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

**Sources:**

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

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

<sup>c</sup> Fiscal year 2000 is a U.S. Census figure; all others are estimates provided by Cedar Hill Economic Development Corporation (Claritas).

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

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

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

**TABLE 15**

<u>Employer</u>	<u>2009</u>			<u>2000</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>
Masco / Texwood Industries	700	1	2.87%	320	1	2.44%
JCPenney, Distribution Center	496	2	2.03%			
Wal-Mart Supercenter	450	3	1.84%			
Super Target	215	4	0.88%			
Dillard's	150	5	0.61%			
JCPenney, Department Store	130	6	0.53%			
Home Depot	115	7	0.47%	109	7	0.83%
Kohl's	110	8	0.45%	141	3	1.07%
Trinity School	110	9	0.45%	130	4	0.99%
Southern Star Concrete	100	10	0.41%			
Kroger's	-			198	2	1.51%
K Mart	-		-	115	5	0.88%
Minyard's	-		-	114	6	0.87%
DMI Corporation	-		-	100	8	0.76%
Hanson Concrete	-		-	100	9	0.76%
Western Cabinets	-		-	85	10	0.65%
<b>Total</b>	<b>2,576</b>		<b>10.55%</b>	<b>1,412</b>		<b>10.76%</b>

**Source:** City surveys of employers

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



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

**TABLE 16**

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of September 30</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government:										
Administration	5.70	7.00	7.00	8.00	8.00	8.00	8.00	9.50	9.50	10.00
Human Resources	1.30	2.94	3.00	3.00	3.00	3.00	3.00	3.75	4.00	4.00
Information Technology	-	-	-	1.00	2.00	2.00	3.00	3.00	4.00	4.00
Tax	2.47	2.65	2.65	2.65	2.65	2.65	2.65	-	-	-
Finance	4.00	5.00	6.00	6.00	6.50	6.50	6.50	6.75	6.75	6.75
Economic Development	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Non-Departmental	-	-	1.00	1.50	1.50	1.50	1.50	1.77	1.50	1.50
Government Center	-	-	-	-	-	-	-	-	-	1.50
Public Works:										
Streets & Drainage	12.00	9.00	9.00	10.00	11.00	13.00	13.33	12.25	15.33	13.58
Fleet Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water & Sewer	24.94	28.44	30.44	30.44	32.96	35.96	36.96	39.15	41.65	43.65
Public Safety:										
Police	47.80	55.80	55.80	58.80	61.80	67.80	73.80	81.20	83.00	84.00
Police (Community Services)	6.00	6.00	6.00	5.00	5.00	-	-	-	-	-
Animal Control	1.69	1.69	1.69	1.69	1.69	2.00	2.00	2.00	2.00	2.00
Fire	40.00	43.00	43.00	49.00	51.00	54.00	58.00	63.00	65.00	69.00
Municipal Court	2.53	3.00	3.00	3.70	3.70	5.00	5.00	6.80	6.80	7.30
Code Enforcement	6.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00
Animal Shelter	6.98	7.98	8.48	8.50	8.66	8.66	8.66	7.66	9.63	9.63
Community Services:										
Parks	15.02	19.03	19.03	18.63	21.64	24.66	24.66	22.35	22.35	26.40
Community Development	5.03	7.23	6.23	6.23	5.98	5.98	5.23	4.64	5.89	6.79
Recreation	8.21	9.21	9.21	9.71	9.71	9.71	9.71	9.98	9.98	10.25
Recreation Center	-	-	-	-	14.50	17.96	17.96	22.00	21.00	21.50
Library	9.62	9.62	9.62	9.62	9.62	9.62	10.27	11.49	11.48	11.48
Planning	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.75	4.00	4.00
Neighborhood Services	-	-	-	-	0.25	0.25	1.00	1.00	1.00	1.00
<b>Total City Employees:</b>	<b>207.29</b>	<b>232.59</b>	<b>236.15</b>	<b>249.47</b>	<b>278.16</b>	<b>295.25</b>	<b>309.23</b>	<b>328.04</b>	<b>339.86</b>	<b>353.33</b>

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

**Sources:** City Departments

**Notes:** N/D means reliable data is not available.  
N/A means data is not yet available.  
The Information Technology Department was created in April 2003.

**TABLE 17**

<b>Fiscal Year</b>							
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
-	55	85	25	60	51	230	250
-	100	300	500	700	675	1,500	1,000
-	60	100	150	200	200	500	350
1,875	1,950	1,983	2,053	2,355	2,555	2,659	2,670
12,493	12,909	13,726	14,680	14,786	14,786	14,791	15,188
6.2	6.2	6.2	5.9	8.3	7.2	8.2	8.5
18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
11,037	11,494	12,103	12,574	12,922	12,922	13,550	13,791
1,401	1,382	1,470	1,550	1,553	1,439	1,635	n/a
4,179.5	3,651.4	3,682.5	3,791.5	3,631.9	3,224.4	3,542.6	n/a
11%	23%	17%	21%	23%	23%	19%	n/a
9.00	14.00	6.00	6.00	4.00	4.00	4.00	3.00
N/D	3,473	3,753	4,075	4,280	4,830	5,022	n/a
4,913	6,447	7,418	6,934	8,210	8,762	7,552	6,983
4,152	5,599	6,224	6,098	7,008	8,369	5,995	7,061
290	277	368	222	268	322	282	214
2,949	3,353	3,013	2,407	3,893	2,441	3,953	3,616
1,031	821	1,102	778	828	612	578	432
132,258,770	114,271,071	195,918,323	104,469,980	159,250,091	172,408,265	83,105,685	28,441,102
4,543	4,685	4,474	4,689	4,709	5,777	5,243	5,208
786	822	797	720	758	869	811	781
812	886	897	826	811	756	758	923
2,170	2,434	2,390	2,382	2,526	3,122	3,068	2,888
655	563	526	631	522	641	524	796

**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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Works:										
Streets & Drainage										
Paved streets (miles) <sup>a</sup>	182	185	194	194	199	205	206	209	210	210
Graded streets (miles)	2	2	2	2	3	3	0	0	1	1
Paved alleys (miles)	35	35	38	40	41	41	41	41	42	42
Storm sewers (miles) <sup>a</sup>	46	48	56	60	61	64	66	67	70	71
Water & Sewer										
Water mains (miles) <sup>a</sup>	190	216	230	239	247	247	268	270	280	282
Storage capacity (millions of gallons)	13	18	18	18	18	18	18	18	18	18
Sanitary sewers (miles)	190	185	190	193	200	201	225	225	245	247
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	4
Animal Shelter										
Buildings	1	1	1	1	1	1	1	1	1	1
Community Services:										
Parks										
Acreage	467	494	507	507	596	596	596	667	686	686
Municipal swimming pools	1	1	1	1	1	1	1	1	1	1
Lighted tennis courts	2	2	2	2	2	2	2	2	2	2
Lighted ball diamonds	16	16	16	16	18	18	18	19	23	23
Community/Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	0	0	0	0	0	1	1	1	1	1
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1

**Sources:** City Departments

**Notes:**

<sup>a</sup> Prior year data has been revised to reflect only assets owned and maintained by the City of Cedar Hill.