

CITY OF CEDAR HILL, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2010

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

Kim Johnson, Accounting Manager

CITY COUNCIL

Robert K. Franke, Mayor

Daniel C. Haydin Jr., Mayor Pro Tem
Cory Spillman, Council Member
Wallace Swayze, Council Member

Chris Parvin, Council Member
Stephen Mason, 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, 2010**

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INTRODUCTORY SECTION





March 7, 2011

***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, 2010. 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 Governmental Accounting Standards Board (GASB). The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials and the Government Finance Officer Association of the United States and Officers Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2009 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 auditor's 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 auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY

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

The accompanying CAFR includes all funds of the City. This report includes all government activities, organizations and functions for which the City is financially accountable. The criteria used in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth by the GASB. Based upon these criteria, the Community Development Corporation (CDC) and the Economic Development Corporation (EDC) are included as discretely presented component units.

THE CITY OF CEDAR HILL

Cedar Hill, the oldest organized community in Dallas County, has grown from a small rural town of 6,850 in 1980 to a suburban city with approximately 46,300 in 2010. The City of Cedar Hill is located on U.S. Highway 67, in the southwest quadrant of Dallas County and a small portion of northern Ellis County. The City covers an area of 36 square miles and is approximately 18 miles from downtown Dallas. With easy access to I-20 and I-35 from U.S. Highway 67, Cedar Hill is home to many residents who commute to and from employment in the Dallas-Fort Worth (DFW) metropolitan area. One of the City's most visited attractions, Joe Pool Lake, offers 7,500 acres of water for fishing, sailing and waterskiing, drawing visitors from all over the United States. Adjoining Joe Pool Lake is Cedar Hill State Park, which offers more than 1,800 acres of parkland and is one of the most visited state parks in Texas. Cedar Hill also has 30 City parks on approximately 692 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 amphitheater, 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 has weathered the storm of the great recession better than many in the national economy. A Texas location in the DFW Metroplex has meant the City of Cedar Hill did not dive to the lows experienced nationally as evidenced by the fact that the unemployment rate remained below 9% and lean and efficient businesses weathered the storm. Cedar Hill continues to experience economic development. In 2010 there were 121 commercial certificates of occupancy awarded in Cedar Hill and there were 486 building permits issued with a total valuation of \$31,784,040.

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. There has been a succession of store openings all through 2008, 2009 and 2010. Currently, the center is over 85% occupied. Additional restaurant space has been constructed over and above the original opening space. Black Eyed Pea Restaurant will be the newest tenant to enter the center with an April 2011 opening. The retailers at the center have experienced strong sales. Old Navy won a national award given by Gap, Inc. for increased December sales in 2009.

Other retail centers continue to see activity. Toys R Us will be the newest anchor to occupy space in the Plaza at Cedar Hill shopping center in the spring of 2011. Sprouts Farmer's Market occupied second generation space in the same center in 2009 and continues to thrive in the location. Several of the major retailers in the city have renovated their facilities within the last year, including Wal-mart, Kohl's, and the Plaza at Cedar Hill retail center.

The office sector continues to improve. 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, 610 Uptown, which includes space for a restaurant. Tenants continue to lease office space in the city resulting in an increased occupancy rate. Baylor Imaging and Children's Medical entered the market in 2010 and lease space along with Baylor Medical Center.

Hotel space in the city is continuing to grow and will support the City's effort to develop tourism. La Quinta opened a 60-room hotel in 2008, followed by a 70-room Holiday Inn Express in 2009. There are now three hotels in the city. The National Audubon Society is developing a 250-acre national preserve and interpretive center that is anticipated to draw 30,000 visitors per year. This center is scheduled to open in the summer of 2011 and, in conjunction with Cedar Hill State Park, Cedar Mountain Preserve and other adjacent City and institutional open space, represents one of the largest masses of urban preserve in the region.

The City has a significant presence in the higher education market. Northwood University, a private university offering undergraduate and postgraduate studies, has been located in the city since the 1960's. Northwood University is expanding the dorm and classroom space on campus as well as expanding its educational programs. In the fall of 2009, Northwood began offering an MBA program. The University of Phoenix is located in Uptown Village. Strayer University has just opened a facility and began offering classes in the spring. Cedar Valley College also offers workforce development and continuing education classes.

The city's industrial base continues to grow. PetWear is the newest property owner in the Cedar Hill Business Park and has started the process of building a 32,000 square foot building and will employ over 50 people.

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

The fiscal year 2011 budget was developed based upon a decrease in taxable assessed valuation of 5.03%. This significant decline resulted from the nationwide decline in real estate values caused by the downturn in the economy. The property tax rate was increased to 67 cents per \$100 valuation from 64.14 cents per \$100 valuation to maintain the service levels provided to citizens. The budget also included anticipated growth in sales tax of 1.6%. The 2010 fiscal year sales tax receipts increased 3% when compared to the fiscal year 2009 receipts. The General Fund budget for fiscal year 2011 declined approximately \$285,000 or less than 1% as a result of the poor economic conditions. 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 has issued \$51.39 million in debt for new projects 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 utilized approximately \$2,400,000 of these funds on street construction during the year. The City continued its facility program. The City issued \$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 spent approximately \$900,000 of funds for facilities this year. The City also issued \$3 million in Water and Sewer Revenue Bonds in October 2008 for the construction of water and wastewater infrastructure. Approximately \$1,300,000 was spent this year for 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 auditor's 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, 2009. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

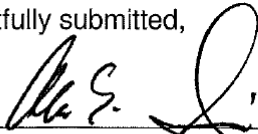
A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for twenty years consecutively (fiscal years ended 1990 - 2009). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting the 2010 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,



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, 2009

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.



A stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

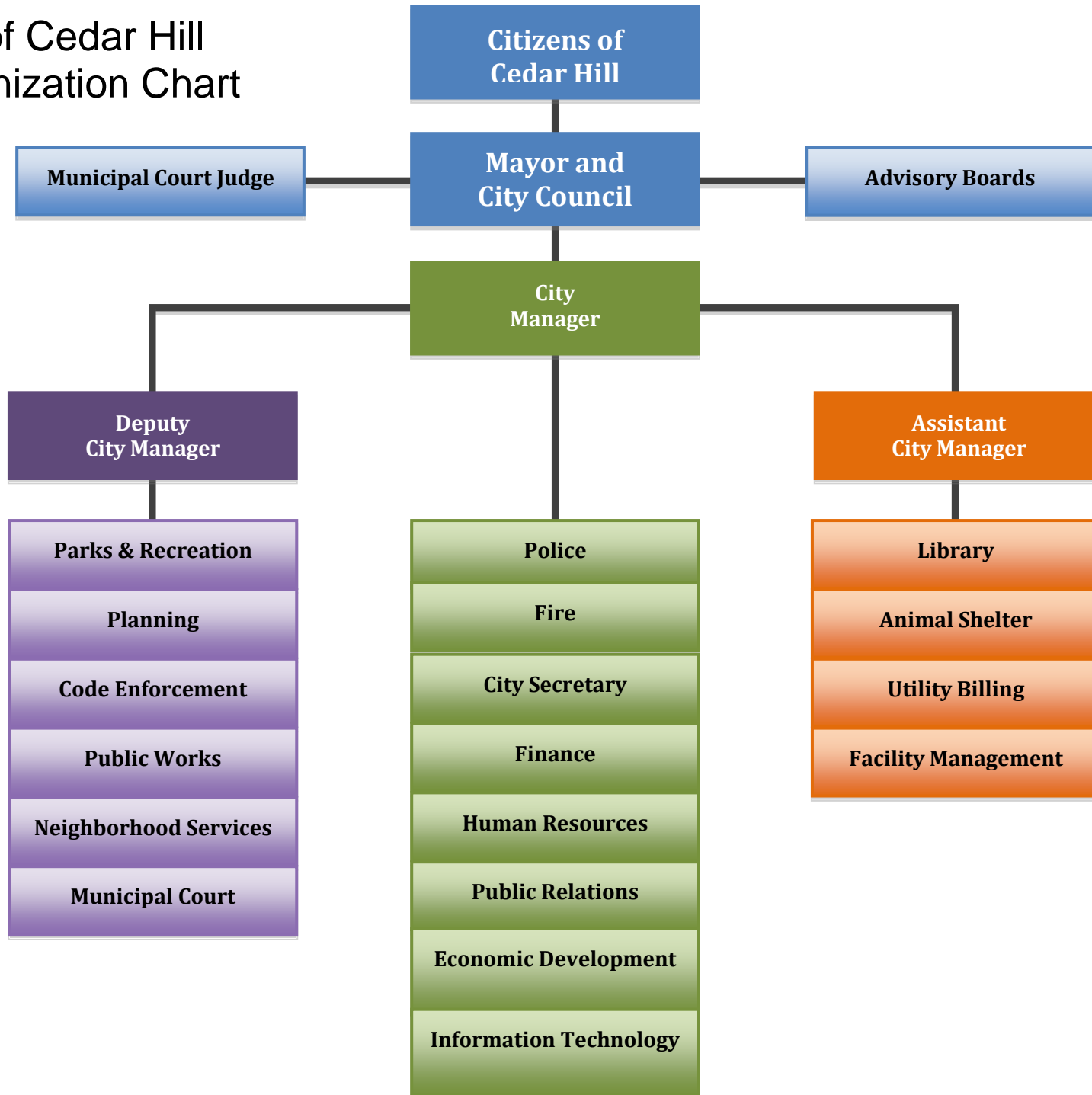
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



City of Cedar Hill Organization Chart



**CITY OF CEDAR HILL
List of Principal Officials
at September 30, 2010**

Elected Officials

Title	Name
Mayor	Robert K. Franke
Mayor Pro-Tem	Daniel C. Haydin Jr.
Councilmember	Cory Spillman
Councilmember	Wallace Swayze
Councilmember	Chris Parvin
Councilmember	Stephen Mason
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
Fire Chief	John Ballard
Economic Development Director	Allison Thompson
Building Official	Johnny Kendro
Library Director	Vacant
Parks & Recreation Director	Rhoda Savage
Planning Director	Rod Tyler
Public Works Director	Elias Sassoon
Acting Information Technology Director	Earl Shipman
Tri-City Animal Shelter Manager	Alissa Prellis
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, 2010, 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, 2010, 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 7, 2011, 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.

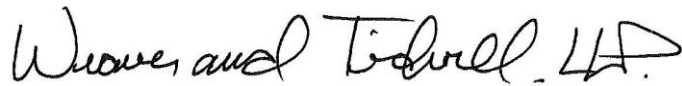
The accompanying management's discussion and analysis (on pages 3 through 13) and the Texas Municipal Retirement System Analysis of Funding Progress, Reserve Police Department Plan - Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Joe Pool Fund (on pages 62 thru 67) 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

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 and schedules and the statistical section 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 section 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.

A handwritten signature in cursive script that reads "Weaver and Tidwell, L.L.P." with a stylized flourish at the end.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 7, 2011

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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, 2010. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the introductory section and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Cedar Hill exceeded its liabilities at the close of the fiscal year ended September 30, 2010, by \$150,862,204 (net assets). Of this amount, \$16,516,786 (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 \$4,606,284.
- As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$77,258,889. \$68,023,698 of this fund balance is subject to various commitments such as construction projects. Approximately 12% of this amount, or \$9,235,191, is unreserved and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2010, unreserved fund balance for the general fund was \$7,429,188, or 26%, of the total general fund expenditures. The fund balance of the general fund decreased \$329,202. The anticipated use of fund balance was lower than expected.
- The Joe Pool Fund's fund balance increased by \$4,719,958, resulting from transfers from the Water and Sewer Fund of \$1,800,000 and General Fund of \$50,000 and interest earnings on investments of \$2,869,958. This fund is dedicated to accumulating resources to retire the amount due for the City's share of the water rights to Joe Pool Lake.
- The City issued the following debt during the fiscal year: \$5,145,000 in General Obligation Refunding Bonds to refund the General Obligation Bond Series 1998, the Waterworks and Sewer System Revenue Bonds Series 1999 and the Waterworks and Sewer System Bonds Series 1999a. The refund was undertaken to reduce total debt service payments by \$489,230 that will result in an economic gain of \$413,632.

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, 2010**

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

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

The Statement of Activities presents information showing how the City's net 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 vacation and sick leave). Both of the government-wide financial statements are prepared utilizing the accrual basis of accounting.

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

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

The government-wide financial statements can be found on pages 14-16 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 demonstrate compliance with finance-related legal requirements. The funds of the City can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

The City maintains twenty-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 17-22 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

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

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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 29-61 of this report.

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 62-67 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and budget to actual variance schedules for non-major governmental funds is presented following the required supplemental information. These combining and individual statements and schedules can be found on pages 68-86 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net assets may serve as a useful indicator of a government's financial position. The City of Cedar Hill's net assets exceeded liabilities by \$150,862,204 as of September 30, 2010 as shown in the table below.

**Condensed Statement of Net Assets
At September 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Current and other assets	\$ 86,377,302	\$ 86,014,818	\$ 15,507,665	\$ 18,821,748	\$ 101,884,967	\$ 104,836,566
Capital assets	166,626,715	169,512,256	52,069,046	52,090,125	218,695,761	221,602,381
Total assets	253,004,017	255,527,074	67,576,711	70,911,873	320,580,728	326,438,947
Noncurrent liabilities	152,027,607	153,171,690	12,837,490	13,508,757	164,865,097	166,680,447
Other liabilities	3,769,308	3,333,672	1,084,119	956,340	4,853,427	4,290,012
Total liabilities	155,796,915	156,505,362	13,921,609	14,465,097	169,718,524	170,970,459
Net assets:						
Invested in capital assets—net of related debt	72,409,924	44,383,937	46,312,862	47,740,514	118,722,786	92,124,451
Restricted	12,232,354	12,859,483	3,390,278	4,711,553	15,622,632	17,571,036
Unrestricted	12,564,824	41,778,292	3,951,962	3,994,709	16,516,786	45,773,001
Total net assets	\$ 97,207,102	\$ 99,021,712	\$ 53,655,102	\$ 56,446,776	\$ 150,862,204	\$ 155,468,488

The largest portion of the City's net assets (79%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

An additional portion of the City's net assets (10%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets (11%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net assets of the City decreased \$4,606,284, or 3.0%, in fiscal year 2010. Total net assets of governmental activities decreased by \$1,814,610 or 1.8%. The overall change in net assets of governmental activities can be explained by evaluating the changes in governmental funds and then evaluating the conversion of the governmental funds from the modified accrual basis of accounting to the accrual basis of accounting used in governmental activities. Financial resources of governmental funds increased by \$357,648. This increase is the result of the changes in fund balance of the following funds: the General Fund declined \$329,202, the Debt Service Fund declined \$13,442, the Joe Pool Fund increased \$4,719,958, the General Obligation Bond Fund declined \$2,728,666, the Capital Recovery Fund declined \$892,059, and the nonmajor fund declined \$398,941. The declines in fund balance of the General and Debt Service Funds were budgeted declines. The Joe Pool Fund is accumulating the resources to retire the Joe Pool Lake water rights liability. The declines in the General Obligation Bond Fund and the nonmajor funds were the expenditure of funds to construct capital assets. The decline in the Capital Recovery Fund was the result of the budgeted transfer to the Debt Service Fund. Capital assets of the government-activity funds declined \$2,885,541 due to depreciation exceeding assets obtained through construction and donation of assets. The liability for the Joe Pool water rights increased by \$3,191,251 and changes in other long-term liabilities totaled a decline of \$4,335,334.

Total net assets of business-type activities decreased by \$2,791,674 or 5%. These decreases resulted from lower than expected water sales and sewer charges and declines in capital grants and contributions by developers.

Analysis of the City's Operations—The following table provides a summary of the City's operations for the year ended September 30, 2010. The decrease in net assets for the governmental activities totaled \$1,814,610. Revenues for these activities declined \$1,059,903. Property tax revenue declined \$1,356,653 due to lower taxable values and no change in the tax rate. Capital grants and contributions provided by developers also declined \$1,277,314. General governmental expenses declined \$1,589,030, public safety expenses declined \$416,627, public works expenses declined \$405,893 and community service expenses increased \$414,499. General governmental expenses declined due to a reduction in economic development incentives paid of \$625,000 and \$833,576 of non-capital improvements for the Government Center incurred in Fiscal Year 2009. Public safety operational expenses increased by \$1,109,000. The operation of Fire Station #4 for an entire year cost an additional \$350,000, other public safety personnel costs increased \$235,000, and other public safety operational costs increased \$524,000. Fiscal Year 2009 incurred additional \$1,525,000 non-capital expenses for fire station and animal shelter improvements, resulting in Fiscal Year 2010's net reduction in public safety expenses. Public Works incurred an additional \$700,000 of non-capital expenditures for road repair and capacity improvements in Fiscal Year 2009, again resulting in a decline in Fiscal Year 2010 expenses. Community Services incurred a one-time charge of \$382,500 for the February 2010 storm debris removal.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Total net assets of business-type activities decreased by \$2,791,674 or 5%. These decreases resulted from lower than expected water sales and sewer charges and declines in capital grants and contributions by developers.

**Changes in Net Assets
For the Years Ended September 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenues:						
Program revenues:						
Charges for services	\$ 6,803,263	\$ 6,739,665	\$ 13,762,041	\$ 14,303,857	\$ 20,565,304	\$ 21,043,522
Operating grants/contributions	2,263,449	2,382,689	-	-	2,263,449	2,382,689
Capital grants/contributions	662,691	1,940,005	523,394	1,174,014	1,186,085	3,114,019
General revenues:						
Sales and use taxes	6,132,913	5,953,387	-	-	6,132,913	5,953,387
Property taxes	18,765,437	20,122,090	-	-	18,765,437	20,122,090
Hotel/motel taxes	107,434	92,321	-	-	107,434	92,321
Franchise taxes	2,945,412	3,228,432	-	-	2,945,412	3,228,432
Investment earnings	3,406,971	1,765,116	186,944	219,773	3,593,915	1,984,889
Gain on disposal	40,251	-	-	-	40,251	-
Miscellaneous	646,777	610,796	64,610	45,273	711,387	656,069
Total revenues	<u>41,774,598</u>	<u>42,834,501</u>	<u>14,536,989</u>	<u>15,742,917</u>	<u>56,311,587</u>	<u>58,577,418</u>
Expenses:						
General government	4,963,810	6,552,840	-	-	4,963,810	6,552,840
Public safety	19,648,564	20,065,191	-	-	19,648,564	20,065,191
Public works	6,625,549	7,031,442	-	-	6,625,549	7,031,442
Community services	6,920,678	6,506,179	-	-	6,920,678	6,506,179
Water and sewer	-	-	15,528,663	14,145,471	15,528,663	14,145,471
Interest and fiscal charges	7,230,607	7,196,794	-	-	7,230,607	7,196,794
Total expenses	<u>45,389,208</u>	<u>47,352,446</u>	<u>15,528,663</u>	<u>14,145,471</u>	<u>60,917,871</u>	<u>61,497,917</u>
Increase and decrease in net assets before transfers	(3,614,610)	(4,517,945)	(991,674)	1,597,446	(4,606,284)	(2,920,499)
Transfers	<u>1,800,000</u>	<u>1,800,000</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>-</u>	<u>-</u>
Increase and decrease in net assets	(1,814,610)	(2,717,945)	(2,791,674)	(202,554)	(4,606,284)	(2,920,499)
Net assets—beginning	<u>99,021,712</u>	<u>101,739,657</u>	<u>56,446,776</u>	<u>56,649,330</u>	<u>155,468,488</u>	<u>158,388,987</u>
Net assets—ending	<u>\$ 97,207,102</u>	<u>\$ 99,021,712</u>	<u>\$ 53,655,102</u>	<u>\$ 56,446,776</u>	<u>\$ 150,862,204</u>	<u>\$ 155,468,488</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Government Funds—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. Specifically, 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 \$77,258,889. This fund balance is subject to the following commitments: \$296,256 to prepaid items and inventory, \$32,992,500 (43%) to construction, \$1,338,388 (2%) to debt service and \$93,240 to animal shelter activities.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Approximately 55% of this amount, or \$42,538,505, is unreserved or undesignated and is available for use within the City's designation and policies.

The General Fund expenditures and transfers exceeded revenues by \$329,202. The City had budgeted a reduction in Fund Balance of \$870,340. The expected year-end fund balance would meet the City's policy of 25% of budgeted expenditures. Expenditures were \$423,504 less than anticipated and revenue exceeded expectations by \$117,634, resulting in a lower than expected use of Fund Balance. The year-end fund balance totals 27% of actual expenditures, leaving the fund in a better than anticipated position.

The Debt Service Fund's fund balance declined by \$13,442. The adopted budget anticipated a decline of \$42,670 which would have maintained fund balance at the City's policy of 15% of budgeted expenditures. The fund outperformed the budget by \$29,228 .

The Joe Pool Fund accounts for the resources accumulated to pay for the City's water rights in Joe Pool Lake as discussed in Note 6. The fund accumulated additional resources of \$4,719,958. \$1,850,000 of the increase was the result of transfers from the Water and Sewer Fund (\$1,800,000) and General Fund (\$50,000) with the remaining \$2,869,958 of investment earnings.

The General Obligation Bond Fund accounts for funds to construct streets and several building renovations. The fund received \$45,232 in investment earnings during the fiscal year and incurred expenditures of \$2,831,553.

The Capital Recovery Fund accounts for the street impact fees. The fund received \$129,082 in fees and \$74,924 in investment earnings during the fiscal year. The fund transferred a net amount of \$1,096,065 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 decreased by \$398,941. The reason for this decline is the expenditure of bond funds.

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 similar information found in the government-wide financial statements but includes more detail. Unrestricted net assets of the enterprise fund were \$3,951,962. The internal service fund accounts for equipment purchased and leased to governmental funds and component units. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights—Actual General Fund expenditures totaled \$28,897,058 or \$423,504 less than the \$29,320,562 budget. Expenditures represent 98.6% of the authorized budget. General Fund revenues totaled \$28,617,856 or \$697,634 above budget.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2010 amounts to \$218,695,761 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights, master studies and infrastructure.

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

Completed projects:

- Uptown Blvd. with a total cost of \$2,945,346.
- FM1382/Straus Intersection Improvements with current year expenditures of \$26,382 and total project cost of \$269,836

Ongoing projects:

- Pleasant Run Road East improvements current year expenditures total \$1,461,817
- Lake Ridge Parkway-Phase I current year expenditures total \$230,705
- Clark Road Improvements current year expenditures total \$155,620
- FM1382 Capacity Improvements current year expenditures total \$263,711
- Street Overlays had no expenditures in current year; prior years' expenditures were \$1,170,263 with \$953,511 remaining budgeted for project
- Downtown Streetscape Improvements had no expenditures in current year; prior years' expenditures were \$293,865 with \$17,296 remaining budgeted for project
- Regional Drainage Detention had no expenditures in current year; prior years' expenditures were \$949,255 with \$65,745 remaining budgeted for project
- Concrete Street Repair Program had no expenditures in current year; prior years' expenditures were \$241,375
- Initiated Shady Ridge Court in current year; anticipated costs of project is \$100,000 with current year expenditures of \$6,359
- Initiated Canyon View Court/Hidden Canyon in current year; anticipated costs of project is \$55,000 with current year expenditures of \$1,691
- Initiated Beltline/Mansfield Road (Phase III) in current year; anticipated costs of project is \$2,700,000 with current year expenditures of \$4,907
- Initiated FM 1382 Street Lights in current year; anticipated costs of project is \$220,000 with current year expenditures of \$170,024
- Initiated FM 1382/Uptown Intersection Improvements in current year; anticipated costs of project is \$280,000 with current year expenditures of \$10,725
- Initiated Traffic management System (\$347,274 funded by County) in current year; anticipated costs of project is \$397,274 with current year costs of \$50,700
- Initiated North Joe Wilson Street Lights in current year with anticipated costs of \$165,000
- Initiated Knob Hill Court in current year with anticipated costs of \$55,000
- Initiated Wintergreen Rd/Duncanville Rd Intersection in current year with anticipated costs of \$220,000
- Initiated TOD Planning-Phase II (\$125,000 funded by County) in current year with anticipated costs of \$156,250

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**Capital Assets at September 30, 2010 and 2009
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Land	\$ 15,273,755	\$ 15,257,691	\$ 367,764	\$ 367,764	\$ 15,641,519	\$ 15,625,455
Construction-in-progress (CIP)	2,344,148	2,473,639	1,068,550	1,783,143	3,412,698	4,256,782
Buildings/facilities and improvements	41,274,974	40,755,257	185,943	215,090	41,460,917	40,970,347
Water system	-	-	32,668,488	31,426,743	32,668,488	31,426,743
Sewer system	-	-	17,257,788	17,679,194	17,257,788	17,679,194
Equipment	2,594,182	2,852,847	507,847	576,275	3,102,029	3,429,122
Infrastructure	93,178,819	95,712,741	-	-	93,178,819	95,712,741
Water rights	11,950,203	12,439,632	-	-	11,950,203	12,439,632
Master studies	10,634	20,449	12,666	41,916	23,300	62,365
Total	\$ 166,626,715	\$ 169,512,256	\$ 52,069,046	\$ 52,090,125	\$ 218,695,761	\$ 221,602,381

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

DEBT ADMINISTRATION

Debt—At the fiscal year-end of September 30, 2010, the City had \$56.838 million in General Obligation Bonds and \$31.410 million in Certificates of Obligations, along with \$10.250 million in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$10.095 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 \$8.185 million of the certificates of obligation. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$13.130 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, 2010, the City's 43.21% share of the contract amounted to a \$59,345,601 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, 2010, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$33,303,314. 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 \$3,652,023 for government activities, compensated absences totaling \$287,384 for business-type activities, an OPEB liability of \$148,307, a liability to a developer for utility line construction of \$105,722, a \$60,000 set aside as a contingent liability for litigation and \$16,432 of accrued arbitrage liability.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Outstanding Debt at September 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Totals	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
General Obligation	\$ 56,837,895	\$ 60,040,000	\$ 2,167,105	\$ -	\$ 59,005,000	\$ 60,040,000
Certificate of Obligation	31,410,000	32,455,000	-	-	31,410,000	32,455,000
Waterworks & Sewer System Revenue	-	-	10,250,000	13,040,000	10,250,000	13,040,000
Other Obligations	59,345,601	56,154,350	-	-	59,345,601	56,154,350
Reacquisition cost of refunded bonds	(234,897)	(271,427)	(7,765)	-	(242,662)	(271,427)
Unamortized premiums and discount (net)	785,124	878,899	52,665	58,072	837,789	936,971
Compensated absences	3,652,023	3,586,606	287,384	304,963	3,939,407	3,891,569
OPEB	148,307	78,890	-	-	148,307	78,890
Arbitrage	16,432	189,372	-	-	16,432	189,372
Other long-term liabilities	7,122	-	88,101	105,722	95,223	105,722
Contingent liability for litigation	60,000	60,000	-	-	60,000	60,000
Total	\$ 152,027,607	\$ 153,171,690	\$ 12,837,490	\$ 13,508,757	\$ 164,865,097	\$ 166,680,447

During the fiscal year, the City issued \$5,145,000 of General Obligation Refunding Bonds to refund the General Obligation Bond Series 1998, the Waterworks and Sewer System Revenue Bonds Series 1999 and the Waterworks and Sewer System Bonds Series 1999A. The refund was undertaken to reduce total debt service payments by \$489,230 that will result in an economic gain of \$413,632.

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

	Standard & Poor's	Moody's Investor Services
General obligation bonds	AA	Aa2
Certificate of Obligation	AA	Aa2
Waterworks & Sewer System	AA-	Aa2
Community Development Corp.—Sales Tax Revenue	A	Aa3

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

COMPONENT UNITS

The City has two component units, each funded by a one-half cent sales tax. The Community Development Corporation (CDC) is a legally separate entity that develops and operates community recreational facilities. The CDC did not develop any new assets during the fiscal year and increased its net assets by \$1,316,483 to \$3,157,807. These net assets will be used in the future to develop additional recreational facilities. The CDC incurred \$2,499,896 in expenses and earned \$756,409 in program revenues, primarily for the operation of Cedar Hill Recreation Center and Valley Ridge Park. The Economic Development Corporation (EDC) is a legally separate entity that promotes (a) existing business enterprise expansion and retention and (b) new business enterprise development and attraction. The EDC increased its net assets by

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

\$779,385 to \$8,376,114 during the fiscal year. The corporation incurred \$2,411,391 in expenses during the fiscal year. The EDC made \$1,172,210 of contractually required payments to the City for debt service and incurred approximately \$785,000 in administrative costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Development is continuing in the City. The City is continuing to experience modest growth in the commercial and industrial sectors. Baylor Imaging and Children's Medical leased space during the fiscal year. PetWear has purchased land in the Cedar Hill Industrial Park and has started construction of a 32,000 square foot facility. Northwood University is expanding its campus.

The City experienced its second consecutive decline in taxable values after fourteen consecutive years of increasing valuations.

Taxable values declined approximately \$148 million, or 5.03%. The values of existing properties on the tax roll declined by approximately \$166 million due to widespread problems in the national economy. This decline was offset by new properties added to the tax roll totaling approximately \$18 million. The City anticipates a flat or declining tax base until the real estate market recovers.

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2011 increased to \$0.6700 cents from \$0.6414 per \$100 valuation. The property tax is budgeted to generate \$13,644,000 for the General Fund. This amount represents about 50 percent of all general fund operating revenues and is an increase of 1.3% over the amount collected in Fiscal Year 2010 of \$13,469,345.

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 2011 is now projected to grow approximately 1.5% to \$6.225 million based on trends over the last twelve months.

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

REQUEST FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS



**CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

EXHIBIT A-1

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation	Economic Development Corporation
Equity in pooled cash and cash equivalents	\$ 77,857,961	\$ 1,628,152	\$ 79,486,113	\$ 3,531,838	\$ 6,040,683
Investments	2,351,549	-	2,351,549	-	261,431
Receivables (net of allowances for uncollectible):					
Taxes	1,993,993	-	1,993,993	508,187	508,187
Franchise taxes	549,491	-	549,491	-	-
Accounts	-	2,286,910	2,286,910	-	-
Miscellaneous	1,229,379	-	1,229,379	-	1,268
Inventory	11,510	-	11,510	-	-
Prepaid and other items	284,746	52,685	337,431	14,133	19,025
Deferred issuance costs	1,512,783	312,938	1,825,721	40,340	-
Restricted assets:					
Restricted for debt service:					
Equity in pooled cash and cash equivalents	-	231,245	231,245	2,028	-
Investments	-	1,022,865	1,022,865	283,037	-
Interest receivable	-	11,408	11,408	3,157	-
Restricted capital recovery fee funds—equity in pooled cash and investments	-	1,459,704	1,459,704	-	-
Restricted for deposits—equity in pooled cash and investments	-	379,575	379,575	-	-
Restricted pro rata funds—equity in pooled cash and investments	-	415,077	415,077	-	-
Restricted bond proceeds—equity in pooled cash and investments	-	7,707,106	7,707,106	-	-
Capital assets:					
Nondepreciable	17,617,903	1,436,314	19,054,217	-	1,850,358
Depreciable—net of accumulated depreciation	149,008,812	50,632,732	199,641,544	-	322,197
Other assets	585,890	-	585,890	-	-
TOTAL ASSETS	253,004,017	67,576,711	320,580,728	4,382,720	9,003,149
LIABILITIES					
Accounts payable	1,358,555	485,697	1,844,252	56,868	564,287
Accrued liabilities	1,894,368	166,061	2,060,429	71,511	17,640
Unearned revenue	38,606	-	38,606	-	-
Customer deposits	-	379,575	379,575	16,300	-
Interest payable	477,779	7,612	485,391	4,305	-
Payable from restricted assets-current	-	45,174	45,174	-	-
Noncurrent liabilities:					
Due within one year	5,428,373	820,341	6,248,714	273,835	15,699
Due in more than one year	146,599,234	12,017,149	158,616,383	802,094	29,409
TOTAL LIABILITIES	155,796,915	13,921,609	169,718,524	1,224,913	627,035
NET ASSETS					
Invested in capital assets—net of related debt	72,409,924	46,312,862	118,722,786	(1,001,203)	2,172,555
Restricted for:					
Debt service	1,574,455	1,930,574	3,505,029	283,918	-
Construction	9,204,314	1,459,704	10,664,018	-	-
Animal shelter	93,240	-	93,240	-	-
Dispatch center	585,890	-	585,890	-	-
Use of special fees	774,455	-	774,455	-	-
Unrestricted	12,564,824	3,951,962	16,516,786	3,875,092	6,203,559
TOTAL NET ASSETS	\$ 97,207,102	\$ 53,655,102	\$ 150,862,204	\$ 3,157,807	\$ 8,376,114

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, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 4,963,810	\$ 402,651	\$ 3,487	\$ -
Public safety	19,648,564	3,630,091	555,002	295,207
Public works	6,625,549	134,996	-	367,484
Community services	6,920,678	2,635,525	42,972	-
Interest and fiscal charges	7,230,607	-	1,661,988	-
Total governmental activities	45,389,208	6,803,263	2,263,449	662,691
BUSINESS-TYPE ACTIVITIES:				
Water and sewer	15,528,663	13,762,041	-	523,394
Total business-type activities	15,528,663	13,762,041	-	523,394
TOTAL PRIMARY GOVERNMENT	\$ 60,917,871	\$ 20,565,304	\$ 2,263,449	\$ 1,186,085
COMPONENT UNITS:				
Community Development Corporation	2,499,896	756,409	-	-
Economic Development Corporation	2,411,391	-	-	-
TOTAL COMPONENT UNITS	\$ 4,911,287	\$ 756,409	\$ -	\$ -
GENERAL REVENUES:				
Taxes:				
Sales taxes				
Property taxes				
Hotel/motel taxes				
Franchise taxes				
Investment earnings				
Gain on disposal				
Miscellaneous				
TRANSFERS				
Total general revenues and transfers				
CHANGE IN NET ASSETS				
NET ASSETS—Beginning				
PRIOR PERIOD ADJUSTMENT				
NET ASSETS—Ending				

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

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Community Development	Economic Development
\$ (4,557,672)	\$ -	\$ (4,557,672)	\$ -	\$ -
(15,168,264)	-	(15,168,264)	-	-
(6,123,069)	-	(6,123,069)	-	-
(4,242,181)	-	(4,242,181)	-	-
(5,568,619)	-	(5,568,619)	-	-
<u>(35,659,805)</u>	<u>-</u>	<u>(35,659,805)</u>	<u>-</u>	<u>-</u>
-	(1,243,228)	(1,243,228)	-	-
-	(1,243,228)	(1,243,228)	-	-
<u>\$ (35,659,805)</u>	<u>\$ (1,243,228)</u>	<u>\$ (36,903,033)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(1,743,487)	-
-	-	-	-	(2,411,391)
-	-	-	(1,743,487)	(2,411,391)
6,132,913	-	6,132,913	3,023,893	3,023,893
18,765,437	-	18,765,437	-	-
107,434	-	107,434	-	-
2,945,412	-	2,945,412	-	-
3,406,971	186,944	3,593,915	36,077	66,501
40,251	-	40,251	-	-
646,777	64,610	711,387	-	100,382
1,800,000	(1,800,000)	-	-	-
<u>33,845,195</u>	<u>(1,548,446)</u>	<u>32,296,749</u>	<u>3,059,970</u>	<u>3,190,776</u>
(1,814,610)	(2,791,674)	(4,606,284)	1,316,483	779,385
<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>
-	-	-	-	400,000
<u>\$ 97,207,102</u>	<u>\$ 53,655,102</u>	<u>\$ 150,862,204</u>	<u>\$ 3,157,807</u>	<u>\$ 8,376,114</u>

**CITY OF CEDAR HILL, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

ASSETS	General	Debt Service Fund	Joe Pool Fund
EQUITY IN POOLED CASH AND CASH EQUIVALENTS	\$ 8,173,476	\$ 1,311,505	\$ 30,951,765
INVESTMENTS	-	-	2,351,549
RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):			
Taxes	1,731,043	262,950	-
Franchise taxes	549,491	-	-
Miscellaneous	846,397	-	-
DUE FROM OTHER FUNDS	7,000	-	-
PREPAID ITEMS	278,286	-	-
INVENTORY	11,510	-	-
TOTAL	<u>\$ 11,597,203</u>	<u>\$ 1,574,455</u>	<u>\$ 33,303,314</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 695,108	\$ -	\$ -
Accrued liabilities	1,459,064	-	-
Due to other funds	-	-	-
Deferred revenue	1,630,807	236,067	-
Total liabilities	<u>3,784,979</u>	<u>236,067</u>	<u>-</u>
FUND BALANCES:			
Reserved for:			
Prepaid and inventory	289,796	-	-
Construction	-	-	-
Debt service	-	1,338,388	-
Animal shelter	93,240	-	-
Unreserved—designated for Joe Pool Fund	-	-	33,303,314
Unreserved—undesignated, reported in:			
General fund	7,429,188	-	-
Special revenue funds	-	-	-
Total fund balances	<u>7,812,224</u>	<u>1,338,388</u>	<u>33,303,314</u>
TOTAL	<u>\$ 11,597,203</u>	<u>\$ 1,574,455</u>	<u>\$ 33,303,314</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>
\$ 17,360,218	\$ 8,104,452	\$ 10,075,379	\$ 75,976,795
-	-	-	2,351,549
-	-	-	1,993,993
-	-	-	549,491
-	-	382,982	1,229,379
-	-	-	7,000
-	-	6,460	284,746
-	-	-	11,510
<u>\$ 17,360,218</u>	<u>\$ 8,104,452</u>	<u>\$ 10,464,821</u>	<u>\$ 82,404,463</u>
\$ 467,456	\$ -	\$ 194,045	\$ 1,356,609
227,612	-	207,692	1,894,368
-	-	7,000	7,000
-	-	20,723	1,887,597
<u>695,068</u>	<u>-</u>	<u>429,460</u>	<u>5,145,574</u>
-	-	6,460	296,256
16,665,150	8,104,452	8,222,898	32,992,500
-	-	-	1,338,388
-	-	-	93,240
-	-	-	33,303,314
-	-	-	7,429,188
-	-	1,806,003	1,806,003
<u>16,665,150</u>	<u>8,104,452</u>	<u>10,035,361</u>	<u>77,258,889</u>
<u>\$ 17,360,218</u>	<u>\$ 8,104,452</u>	<u>\$ 10,464,821</u>	<u>\$ 82,404,463</u>

**CITY OF CEDAR HILL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

EXHIBIT B-2

TOTAL FUND BALANCES—Governmental funds	\$ 77,258,889
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 \$1,785,185).	166,626,715
The regional dispatch center is not reported at the fund level.	585,890
The Reserve Police Department Defined Benefit Plan has a net pension liability not reported at the fund level	(7,122)
Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds.	1,848,991
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.	1,512,783
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(477,779)
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	(56,837,895)
Certificates of obligation	(31,410,000)
Unamortized premiums	(798,006)
Unamortized discounts	12,882
Unamortized loss on refunded bonds	234,897
Litigation	(60,000)
Compensated absences	(3,652,023)
Arbitrage liability	(16,432)
OPEB liability	(148,307)
Other obligation	(59,345,601)
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>1,879,220</u>
TOTAL NET ASSETS—Governmental activities	<u>\$ 97,207,102</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, 2010**

	<u>General</u>	<u>Debt Service Fund</u>	<u>Joe Pool Fund</u>
REVENUES:			
Taxes	\$ 19,602,257	\$ 5,347,419	\$ -
Franchise taxes	3,745,033	-	-
License and permits	599,253	-	-
Intergovernmental	787,937	1,661,988	-
Charges for services	2,531,851	104,078	-
Fines and forfeitures	806,892	-	-
Investment earnings	92,322	25,812	2,869,958
Miscellaneous	452,311	-	-
Total revenues	<u>28,617,856</u>	<u>7,139,297</u>	<u>2,869,958</u>
EXPENDITURES:			
Current:			
General government	4,284,485	-	-
Public works	1,942,584	-	-
Public safety	18,844,962	-	-
Community services	3,638,144	-	-
Debt service:			
Principal retirement	-	4,284,760	-
Interest and fiscal charges	-	3,964,044	-
Capital outlay			
General administration	-	-	-
Public works	-	-	-
Public safety	161,523	-	-
Community Services	25,360	-	-
Total expenditures	<u>28,897,058</u>	<u>8,248,804</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(279,202)</u>	<u>(1,109,507)</u>	<u>2,869,958</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	1,096,065	1,850,000
Transfer out	(50,000)	-	-
Issuance of refunding bonds	-	-	-
Payments to refunded bond escrow agent	-	-	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>1,096,065</u>	<u>1,850,000</u>
CHANGE IN FUND BALANCES	(329,202)	(13,442)	4,719,958
FUND BALANCES—Beginning	<u>8,141,426</u>	<u>1,351,830</u>	<u>28,583,356</u>
FUND BALANCES—Ending	<u>\$ 7,812,224</u>	<u>\$ 1,338,388</u>	<u>\$ 33,303,314</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>
\$ -	\$ -	\$ 107,434	\$ 25,057,110
-	-	-	3,745,033
-	-	-	599,253
-	-	101,022	2,550,947
-	-	1,951,628	4,587,557
-	-	500,446	1,307,338
45,232	74,924	109,276	3,217,524
20,000	129,082	442,403	1,043,796
<u>65,232</u>	<u>204,006</u>	<u>3,212,209</u>	<u>42,108,558</u>
8,628	-	399	4,293,512
730	-	315,371	2,258,685
55,109	-	465,597	19,365,668
-	-	2,448,106	6,086,250
-	-	-	4,284,760
37,655	-	-	4,001,699
235,021	-	6,021	241,042
2,022,344	-	78,700	2,101,044
472,066	-	109,916	743,505
-	-	187,040	212,400
<u>2,831,553</u>	<u>-</u>	<u>3,611,150</u>	<u>43,588,565</u>
<u>(2,766,321)</u>	<u>204,006</u>	<u>(398,941)</u>	<u>(1,480,007)</u>
-	-	-	2,946,065
-	(1,096,065)	-	(1,146,065)
2,767,655	-	-	2,767,655
(2,730,000)	-	-	(2,730,000)
<u>37,655</u>	<u>(1,096,065)</u>	<u>-</u>	<u>1,837,655</u>
(2,728,666)	(892,059)	(398,941)	357,648
19,393,816	8,996,511	10,434,302	76,901,241
<u>\$ 16,665,150</u>	<u>\$ 8,104,452</u>	<u>\$ 10,035,361</u>	<u>\$ 77,258,889</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, 2010**

EXHIBIT B-4

NET CHANGE IN FUND BALANCES—Total governmental funds	\$ 357,648
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 \$402,077 of capital assets acquired by the internal service fund.	3,297,991
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 \$602,831 in depreciation expense recorded in the internal service fund.	(6,234,092)
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.	268,782
The net decrease in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level.	(77,381)
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.	(109,394)
Change in the pension assets and liabilities are not reported at the fund level; however, they are reported at the government-wide level.	(2,976)
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.	25,713
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.	(65,417)
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.	(69,417)
Current year bond proceeds are other financing sources in the fund financial statements but are shown as an increase in the liabilities in the government-wide financial statements.	(2,767,655)
Current year bond refundings are other financing uses in the fund financial statements but are shown as a decrease in the liabilities in the government-wide financial statements.	2,730,000
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.	4,284,760
Change in water rights obligation are only reported at the government-wide level.	(3,191,251)
Premiums and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.	93,775
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net assets.	(47,750)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(819,893)
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.	172,940
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.	(17,467)
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.	356,474
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (1,814,610)

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, 2010**

EXHIBIT C-1

	Business-Type Activities Enterprise Funds Water and Sewer Fund	Governmental Activities Internal Service Funds
ASSETS:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,628,152	\$ 1,881,166
Receivables (net, where applicable, of allowances for uncollectibles):		
Accounts	2,286,910	-
Prepaid expenses	52,685	-
Restricted assets:		
Restricted for debt service:		
Equity in pooled cash and cash equivalents	231,245	-
Investments	1,022,865	-
Interest Receivable	11,408	-
Restricted—customer deposits	379,575	-
Restricted—capital recovery fee funds—equity in pooled cash and cash equivalents	1,459,704	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	415,077	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	7,707,106	-
Total current assets	15,194,727	1,881,166
Noncurrent assets:		
Deferred issuance costs	312,938	-
Capital assets:		
Nondepreciable	1,436,314	-
Depreciable—net of accumulated depreciation	50,632,732	1,785,185
Total noncurrent assets	52,381,984	1,785,185
Total assets	67,576,711	3,666,351
LIABILITIES:		
Current liabilities:		
Payable from current assets:		
Accounts and contracts payable	485,697	1,946
Accrued liabilities	166,061	-
Other obligations-current	17,620	-
Customer deposits	379,575	-
Compensated absences—current	118,996	-
Total payable from current assets	1,167,949	1,946
Payable from restricted assets:		
Accounts and contracts payable	274	-
Accrued liabilities	44,900	-
Accrued Interest	7,612	-
General obligation bonds payable	228,725	-
Revenue bonds payable	455,000	-
Total payable from restricted assets	736,511	-
Total current liabilities	1,904,460	1,946
Noncurrent liabilities:		
Other obligations	70,481	-
General obligation bonds payable	1,938,380	-
Revenue bonds payable	9,847,665	-
Compensated absences	168,388	-
Loss on refunding	(7,765)	-
Total noncurrent liabilities	12,017,149	-
Total liabilities	13,921,609	1,946
NET ASSETS:		
Invested in capital assets—net of related debt	46,312,862	1,785,185
Restricted for:		
Debt service	1,930,574	-
Construction	1,459,704	-
Unrestricted	3,951,962	1,879,220
Total net assets	\$ 53,655,102	\$ 3,664,405

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, 2010**

EXHIBIT C-2

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Water and Sewer Fund	
OPERATING REVENUES:		
Water sales	\$ 7,901,704	\$ -
Sewer charges	5,453,589	-
Other charges	406,748	994,158
Total operating revenues	13,762,041	994,158
OPERATING EXPENSES:		
Sewage treatment	4,680,129	-
Purchase of water	3,212,622	-
Personnel services	2,690,839	-
Depreciation	1,518,792	602,831
Gross receipts fee	627,021	-
Heat, light and power	417,263	-
Maintenance	297,286	-
Contractual services	490,723	-
Materials and supplies	921,099	96,531
Miscellaneous	92,020	-
Total operating expenses	14,947,794	699,362
OPERATING INCOME (LOSS)	(1,185,753)	294,796
NON-OPERATING REVENUES (EXPENSES):		
Debt Service	-	-
Other non-operating revenue	64,610	525
Investment income	186,944	16,507
Interest and fiscal charges	(604,986)	-
Gain on retirement of assets	24,117	44,646
Total nonoperating revenue (expenses)	(329,315)	61,678
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,515,068)	356,474
Contributions-tap fees and other	153,328	-
Contributions	370,066	-
Transfers out	(1,800,000)	-
Total contributions and transfers	(1,276,606)	-
CHANGE IN NET ASSETS	(2,791,674)	356,474
NET ASSETS—Beginning of year	56,446,776	3,307,931
NET ASSETS—End of year	\$ 53,655,102	\$ 3,664,405

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, 2010**

	Business-Type Activities Enterprise Funds Water and Sewer Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,633,808	\$ 994,158
Cash paid to suppliers	(10,660,726)	(96,575)
Cash paid to employees for services	(2,688,254)	-
Net cash provided by operations	284,828	897,583
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(1,800,000)	-
Net cash used in noncapital financing activities	(1,800,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,127,647)	(402,077)
Proceeds from sales of assets	24,117	44,646
Impact and pro rata receipts	153,328	-
Equipment leasing activities	64,610	525
Principal paid on revenue bonds	(655,240)	-
Interest paid on revenue and general obligation bonds	(535,247)	-
Net cash used in capital and related financing activities	(2,076,079)	(356,906)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	188,414	16,507
Net cash provided by investing activities	188,414	16,507
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,402,837)	557,184
CASH AND CASH EQUIVALENTS—Beginning of year	15,223,696	1,323,982
CASH AND CASH EQUIVALENTS—End of year	\$ 11,820,859	\$ 1,881,166

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

EXHIBIT C-3

	Business-Type Activities Enterprise Funds Water and Sewer Fund	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income(loss)	\$ (1,185,753)	\$ 294,796
Adjustments:		
Depreciation expense	1,518,792	602,831
Provision for bad debt	438,353	-
Change in assets and liabilities:		
Increase in accounts receivable	(566,586)	-
Increase in prepaids	(12,557)	-
Increase (decrease) in accounts payable	40,257	(44)
Increase in accrued liabilities	35,813	-
Increase in customer deposits	34,088	-
Increase (decrease) in compensated absences	(17,579)	-
Total adjustments	1,470,581	602,787
NET CASH PROVIDED BY OPERATIONS	\$ 284,828	\$ 897,583
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets	\$ 370,066	\$ -
Change in fair value of investments	\$ (1,470)	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Equity in pooled cash and cash equivalents	\$ 1,628,152	\$ 1,881,166
Equity in pooled cash and cash equivalents restricted for debt	231,245	-
Restricted—customer deposits	379,575	-
Restricted—capital recovery fee funds—equity in pooled cash and investments	1,459,704	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	415,077	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	7,707,106	-
	\$ 11,820,859	\$ 1,881,166

CITY OF CEDAR HILL, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

EXHIBIT D-1

	<u>Pension Trust Fund</u> <u>Police Reserves</u> <u>Benefit Fund</u>
ASSETS:	
Investments	\$ 102,692
Total assets	<u>102,692</u>
NET ASSETS:	
Held in trust for pension benefits and other purposes	<u>102,692</u>
Total net assets	<u>\$ 102,692</u>

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

EXHIBIT D-2

	<u>Pension Trust Fund Police Reserves Benefit Fund</u>
ADDITIONS:	
Contributions from employer	\$ 10,000
Investment loss	<u>(10,945)</u>
Total additions	<u>(945)</u>
DEDUCTIONS:	
Special services	1,382
Pension payments	<u>12,240</u>
Total deductions	<u>13,622</u>
NET DECREASE	(14,567)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—Beginning of year	<u>117,259</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—End of year	<u>\$ 102,692</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 eligibility requirements imposed by the provider have been met.

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The City reports the following major governmental funds:

- The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the accumulation of resources (primarily property tax levies) to be used for the payment of principal, interest and related costs of general long-term liabilities.
- The *Joe Pool Fund* accounts for funds set aside to pay for the city's share (43%) of the water rights to Joe Pool Lake.
- The *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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 equivalents.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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, 2010, 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, 2010.

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

3. Inventories and prepaid items

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 statement of net assets 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	10-60 years
Equipment	3-30 years
Water Rights	50 years
Master Studies	5 years
Infrastructure	20-50 years

6. *Compensated absences*

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 1,080 for firefighters.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the City beginning in fiscal year 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. This statement is effective for periods beginning after June 15, 2009. The City implemented this statement in the current year.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting of Derivative Instruments*, which is 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 implemented this statement in the current year.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. This statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2009, with earlier application encouraged. The City implemented this statement in the current year.

Effective in the future periods

In December 2009, GASB issued Statement No. 58, *Accounting and Reporting for Chapter 9 Bankruptcies*. This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. This statement is not effective until June 30, 2011. This statement does not apply to the City as of September 30, 2010.

In March 2009, 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 will continue to evaluate the impact of this standard and will take steps to implement as needed.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

9. *New accounting standards - Continued*

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The provisions related to the use of the alternative measurement method is effective upon issuance. The provisions related to the frequency and timing of measurements-for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. The City has evaluated this statement and has determined it does not impact the City's OPEB plan for the fiscal year ended September 30, 2010.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods starting after December 15, 2011. In general, its provisions are required to be applied retroactively for all periods reported. The City had no transactions of this type in 2010. In the future, if there is a transaction to which this statement applies, the City will account for it appropriately.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This statement will be effective for periods beginning after June 15, 2012. The City will continue to evaluate the impact of this standard and will take steps to implement as needed.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

9. *New accounting standards - Continued*

This statement is effective for periods beginning after December 15, 2011. The City will continue to evaluate the impact of this standard and will take steps to implement as needed.

NOTE 2. DEPOSITS AND INVESTMENTS

Included in the statement of net assets and the statement of fiduciary net assets are cash and investments totaling \$93,155,926.

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1–5	6–10	More than 10
City cash—cash	\$ 86,145,913	\$ -	\$ -	\$ -	\$ -
City investments:					
U.S. government agency	1,022,865	-	1,022,865	-	-
Municipal bonds	2,351,549	-	-	-	2,351,549
Investment pools	2,136,404	2,136,404	-	-	-
Money market mutual fund	1,396,503	1,396,503	-	-	-
Total investments	6,907,321	3,532,907	1,022,865	-	2,351,549
Total cash and investments—city	\$ 93,053,234	\$ 3,532,907	\$ 1,022,865	\$ -	\$ 2,351,549
Pension trust:					
Money market mutual fund	\$ 40,186	\$ 40,186	\$ -	\$ -	\$ -
Equities	62,506	62,506	-	-	-
	\$ 102,692	\$ 102,692	\$ -	\$ -	\$ -

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 \$86,145,913 and the bank balance was \$86,476,792. 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Custodial Credit Risk-Investments

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

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

Credit Risk

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk – Continued

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
Federated Money Market Mutual Fund	Standard and Poor's	AAAm
FNMA Medium Term Notes	Standard and Poor's Moody's Investor Services	AAA Aaa
FHLB Medium Term Notes	Standard and Poor's Moody's Investor Services	AAA Aaa
Grand Prairie ISD G.O. Bonds	S&P Fitch	AA- AA-

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	Debt service payment date investment will pay
Debt reserve funds	None set	Call date or final maturity date
Special project or special revenue funds	Weighted-average maturity of three years	Five years
Joe Pool Funds (see footnote 6—other obligations)	None set	Forty years

Investment in State Investment Pools

The City invested in TexSTAR Investment Pool. TexSTAR is administered by First Southwest Asset Management, Company and JPMorgan Chase. 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.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investment in State Investment Pools - Continued

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.

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

Economic Development Corporation

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Corporation—cash	\$ 5,817,720	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	128,651	128,651			
Money market mutual fund	94,312	94,312			
Certificate of deposit	261,431	-	261,431	-	-
Total investments	484,394	222,963	261,431	-	-
Total cash and investments— corporation	\$ 6,302,114	\$ 222,963	\$ 261,431	\$ -	\$ -

At year-end, the carrying amount of the EDC's deposits and cash on hand was \$5,817,720 and the bank balance was \$5,840,173. 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	\$ 3,401,432	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	77,320	77,320	-	-	-
Money market mutual fund	55,114	55,114			
Us government agencies	283,037	-	283,037	-	-
Total investments	415,471	132,434	283,037	-	-
Total cash and investments— corporation	\$ 3,816,903	\$ 132,434	\$ 283,037	\$ -	\$ -

At year-end, the carrying amount of the CDC's deposits was \$3,401,432 and the bank balance was \$3,415,224. 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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	\$ 1,731,043	\$ 262,950	\$ -	\$ -	\$ 1,993,993
Franchise	549,491	-	-	-	549,491
Accounts	-	-	5,448,513	-	5,448,513
Miscellaneous	846,397	-	11,408	382,982	1,240,787
Gross receivables	3,126,931	262,950	5,459,921	382,982	9,232,784
Less: allowance for uncollectible	-	-	(3,161,603)	-	(3,161,603)
Net total receivables	<u>\$ 3,126,931</u>	<u>\$ 262,950</u>	<u>\$ 2,298,318</u>	<u>\$ 382,982</u>	<u>\$ 6,071,181</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 15,257,691	\$ -	\$ -	\$ 16,064	\$ 15,273,755
Construction in progress	2,473,639	3,098,904	-	(3,228,395)	2,344,148
Total capital assets—not depreciated	17,731,330	3,098,904	-	(3,212,331)	17,617,903
Capital assets—being depreciated:					
Buildings/facilities	50,125,373	25,361	(53,397)	2,214,127	52,311,464
Equipment	9,133,424	575,803	(270,401)	19,949	9,458,775
Infrastructure	131,927,828	268,781	-	978,255	133,174,864
Water rights	26,284,063	-	-	-	26,284,063
Master studies	250,726	-	-	-	250,726
Total capital assets—being depreciated	217,721,414	869,945	(323,798)	3,212,331	221,479,892
Less accumulated depreciation for:					
Buildings/facilities	(9,370,116)	(1,706,473)	40,099	-	(11,036,490)
Equipment	(6,280,577)	(850,248)	266,232	-	(6,864,593)
Infrastructure	(36,215,087)	(3,780,958)	-	-	(39,996,045)
Water rights	(13,844,431)	(489,429)	-	-	(14,333,860)
Master studies	(230,277)	(9,815)	-	-	(240,092)
Total accumulated depreciation	(65,940,488)	(6,836,923)	306,331	-	(72,471,080)
Total capital assets—being depreciated—net	151,780,926	(5,966,978)	(17,467)	3,212,331	149,008,812
Governmental activities capital assets—net	<u>\$ 169,512,256</u>	<u>\$ (2,868,074)</u>	<u>\$ (17,467)</u>	<u>\$ -</u>	<u>\$ 166,626,715</u>

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 4. CAPITAL ASSETS – CONTINUED

Internal service fund capital assets of \$1,785,185 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	1,783,143	1,033,374	-	(1,747,967)	1,068,550
Total capital assets—not depreciated	2,150,907	1,033,374	-	(1,747,967)	1,436,314
Capital assets being depreciated:					
Buildings/facilities	578,513	-	-	-	578,513
Water systems	39,544,747	335,663	-	1,747,967	41,628,377
Sewer systems	22,800,990	34,403	-	-	22,835,393
Equipment	2,766,892	94,273	(154,803)	-	2,706,362
Master studies	172,544	-	-	-	172,544
Total capital assets being depreciated	65,863,686	464,339	(154,803)	1,747,967	67,921,189
Less accumulated depreciation for:					
Buildings/facilities	(363,423)	(29,147)	-	-	(392,570)
Water systems	(8,118,004)	(841,885)	-	-	(8,959,889)
Sewer systems	(5,121,796)	(455,809)	-	-	(5,577,605)
Equipment	(2,190,617)	(162,701)	154,803	-	(2,198,515)
Master studies	(130,628)	(29,250)	-	-	(159,878)
Total accumulated depreciation	(15,924,468)	(1,518,792)	154,803	-	(17,288,457)
Total capital assets—being depreciated—net	49,939,218	(1,054,453)	-	1,747,967	50,632,732
Business-type activities capital assets—net	\$ 52,090,125	\$ (21,079)	\$ -	\$ -	\$ 52,069,046

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

Governmental activities:	
General government	\$ 693,300
Public safety	320,592
Community service	865,092
Public works	4,355,108
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	602,831
Total depreciation expense—governmental activities	<u>\$ 6,836,923</u>
Business-type activities—water and sewer	<u>\$ 1,518,792</u>

Construction Commitments

The City has active construction projects as of September 30, 2010. 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 \$19,123,418, of which \$5,062,541 has been spent to date, with a remaining commitment of \$14,060,877.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 4. CAPITAL ASSETS – CONTINUED

Discretely Presented Component Units

Activity for the Economic Development Corporation for the year ended September 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets—not being depreciated:					
Land	\$ 1,885,253	\$ -	\$ (34,895)	\$ -	\$ 1,850,358
Total capital assets- not being depreciated	<u>1,885,253</u>	<u>-</u>	<u>(34,895)</u>	<u>-</u>	<u>1,850,358</u>
Capital assets—being depreciated:					
Leasehold improvements	331,969	-	-	-	331,969
Improvements other than buildings	85,962	-	(28,680)	-	57,282
Total capital assets being depreciated	<u>417,931</u>	<u>-</u>	<u>(28,680)</u>	<u>-</u>	<u>389,251</u>
Less accumulated depreciation for:					
Leasehold improvements	(35,963)	(32,959)	5,736	-	(63,186)
Improvements other than buildings	(2,149)	(1,719)	-	-	(3,868)
Total accumulated depreciation	<u>(38,112)</u>	<u>(34,678)</u>	<u>5,736</u>	<u>-</u>	<u>(67,054)</u>
Total capital assets being depreciated—net	<u>379,819</u>	<u>(34,678)</u>	<u>(22,944)</u>	<u>-</u>	<u>322,197</u>
EDC Capital assets—net	<u>\$ 2,265,072</u>	<u>\$ (34,678)</u>	<u>\$ (57,839)</u>	<u>\$ -</u>	<u>\$ 2,172,555</u>

Activity for the Community Development Corporation for the year ended September 30, 2010, 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables as of September 30, 2010, is as follows:

Due to (from) other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant Fund	\$ 7,000
		<u>\$ 7,000</u>

The loan from the General Fund to Community Development Block Grant Fund provides the Community Development Block Grant Fund 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 receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and b) to accumulate funds for the retirement of the Joe Pool liability. The transfer activity for the year ended September 30, 2010 is presented in the following schedule:

<u>Transfers to</u>	<u>Transfers From</u>		
	<u>General Fund</u>	<u>Capital Recovery Fund</u>	<u>Enterprise Fund</u>
Primary government:			
Governmental activities:			
Major funds:			
Debt service	\$ 1,096,065	\$ -	\$ -
Joe Pool fund	1,850,000	50,000	1,800,000
Total major funds	<u>2,946,065</u>	<u>50,000</u>	<u>1,800,000</u>
Total primary government	<u>\$ 2,946,065</u>	<u>\$ 50,000</u>	<u>\$ 1,800,000</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 Capital Recovery Fund transferred funds to the Debt Service Fund for payment of debt service.

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, 2010:

	Balance October 1, 2009	Increases	Retirements/ Refundings	Balance September 30, 2010	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 60,040,000	\$ 2,767,655	\$ (5,969,760)	\$ 56,837,895	\$ 3,186,275
Certificates of obligation	32,455,000	-	(1,045,000)	31,410,000	1,085,000
Other obligations	56,154,350	3,191,251	-	59,345,601	-
Total bonds payable	148,649,350	5,958,906	(7,014,760)	147,593,496	4,271,275
Unamortized premiums	892,941	-	(94,935)	798,006	-
Unamortized discounts	(14,042)	-	1,160	(12,882)	-
Unamortized loss on refunded bonds	(271,427)	(11,221)	47,751	(234,897)	-
Compensated absences	3,586,606	1,739,585	(1,674,168)	3,652,023	1,157,098
OPEB liability	78,890	119,697	(50,280)	148,307	-
Arbitrage liability	189,372	-	(172,940)	16,432	-
Estimated liability for litigation	60,000	-	-	60,000	-
Total governmental long-term liabilities	153,171,690	7,806,967	(8,958,172)	152,020,485	5,428,373
Business-type activities:					
Revenue bonds payable	13,040,000	-	(2,790,000)	10,250,000	455,000
General obligation bonds payable	-	2,377,345	(210,240)	2,167,105	228,725
Unamortized premiums	65,118	-	(6,241)	58,877	-
Unamortized discounts	(7,046)	-	834	(6,212)	-
Unamortized loss on refunded bonds	-	(9,639)	1,874	(7,765)	-
Other long-term liabilities	105,722	-	(17,621)	88,101	17,620
Compensated absences	304,963	197,362	(214,941)	287,384	118,996
Total business-type long-term liabilities	13,508,757	2,565,068	(3,236,335)	12,837,490	820,341
Total primary government long-term liabilities	\$ 166,680,447	\$ 10,372,035	\$ (12,194,507)	\$ 164,857,975	\$ 6,248,714

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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, 2010, consist of the following individual issues:

	Interest Rates	Balance September 30, 2010
General obligation bonds:		
\$9,120,000 2002 General Obligation Bonds, due February 15, 2022	3.65%-4.80%	\$ 6,420,000
\$6,550,000 2003A General Obligation Bonds, due February 15, 2023	3.50%	4,855,000
\$8,500,000 2004 General Obligation Bonds, due February 15, 2024	3.50%-5.00%	6,365,000
\$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020	3.50%-5.00%	7,160,000
\$12,200,000 2005 General Obligation Bonds, due February 15, 2025	3.4%-5.125%	9,830,000
\$3,700,000 2006 General Obligation Bonds, due February 15, 2026	4.00%-4.50%	3,240,000
\$2,300,000 2006A General Obligation Bonds, due February 15, 2026	4.00%-4.50%	1,905,000
\$8,135,000 2007A General Obligation Bonds, due February 15, 2027	4.00%-5.00%	7,565,000
\$7,500,000 2008 General Obligation Bonds, due February 15, 2028	3.50%-4.875%	6,975,000
\$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 (Ending balance split between governmental activities of \$2,522,895 and business-type activities of \$2,167,105)	2.81%	<u>4,690,000</u>
Total general obligation bonds		<u>\$ 59,005,000</u>
Certificate of obligation bonds:		
Governmental activities:		
\$2,990,000 2003 Certificates of Obligation, due February 15, 2013	3.25%-3.55%	\$ 985,000
\$8,800,000 2003A Certificates of Obligation, due February 15, 2028	3.55%-5.00%	8,185,000
\$12,890,000 2006 Certificates of Obligation, due February 15, 2026	4.00%-5.00%	12,145,000
\$2,275,000 2007 Certificates of Obligation, due February 15, 2027	4.00%-4.50%	1,900,000
\$8,590,000 2008 Certificates of Obligation, due February 15, 2028	4.00%-4.25%	<u>8,195,000</u>
Total certificate of obligation bonds		<u>\$ 31,410,000</u>
Revenue bonds:		
Business-type activities:		
\$3,000,000 2004 Waterworks and Sewer System Revenue Bonds, due April 1, 2024	3.25%-4.75%	\$ 2,280,000
\$3,000,000 2006 Waterworks and Sewer System Revenue Bonds, due April 1, 2026	4.00%-4.60%	2,580,000
\$3,000,000 2007 Waterworks and Sewer System Revenue Bonds, due April 1, 2027	4.00%-5.00%	2,645,000
\$3,000,000 2008 Waterworks and Sewer System Revenue Bonds, due April 1, 2028	3.50%-5.00%	<u>2,745,000</u>
Total revenue bonds		<u>\$ 10,250,000</u>

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities – Continued

Annual requirements to amortize the long-term debt as of September 30, 2010, are as follows:

Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation Bonds		Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 3,186,275	\$ 2,372,815	\$ 1,085,000	\$ 1,372,191	\$ -	\$ -
2012	3,314,345	2,254,344	1,120,000	1,330,638	-	-
2013	3,447,415	2,126,667	1,165,000	1,286,948	-	-
2014	3,590,860	1,988,816	1,205,000	1,240,418	-	-
2015	3,741,240	1,840,702	1,555,000	1,184,964	-	-
2016-2020	20,627,760	6,689,445	8,825,000	4,869,127	-	-
2021-2025	15,700,000	2,437,134	11,060,000	2,639,073	-	-
2026-2028	3,230,000	183,497	5,395,000	323,891	-	-
2046	-	-	-	-	59,345,601	374,737,945
Total principal and interest	<u>\$ 56,837,895</u>	<u>\$ 19,893,420</u>	<u>\$ 31,410,000</u>	<u>\$ 14,247,250</u>	<u>\$ 59,345,601</u>	<u>\$ 374,737,945</u>

Year Ending September 30	Business-Type Activities			
	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 455,000	\$ 443,207	\$ 228,725	\$ 57,682
2012	470,000	426,470	235,655	51,157
2013	490,000	408,870	242,585	44,438
2014	510,000	390,351	254,140	37,459
2015	530,000	369,401	258,760	30,253
2016-2021	3,030,000	1,490,702	947,240	46,809
2022-2026	3,510,000	773,982	-	-
2027-2032	1,255,000	101,195	-	-
Total principal and interest	<u>\$ 10,250,000</u>	<u>\$ 4,404,178</u>	<u>\$ 2,167,105</u>	<u>\$ 267,798</u>

During the fiscal year, the City issued \$5,145,000 in General Obligation Refunding Bonds to refund the 1998 General Obligation Bonds and the 1999 and 1999A Waterworks and Sewer Systems Revenue Bonds. The refund was undertaken to reduce total debt service payments by \$489,230 that will result in an economic gain of \$413,632.

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 \$3,191,251 for the interest accrued and not paid for the year ended September 30, 2010, which increased the long-term debt liability to the current balance of \$59,345,601. 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, 2010, the City owed the developer \$88,101.

Component Units

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

	Balance October 1, 2009	Increases	Retirements	Balance September 30, 2010	Due Within One Year
Governmental activities:					
Sales Tax Revenue Bonds	\$ 1,225,000	\$ -	\$ (225,000)	\$ 1,000,000	\$ 235,000
Unamortized premiums	1,850	-	(648)	1,202	-
Compensated absences	64,979	58,564	(48,816)	74,727	38,835
Total long-term liabilities	<u>\$ 1,291,829</u>	<u>\$ 58,564</u>	<u>\$ (274,464)</u>	<u>\$ 1,075,929</u>	<u>\$ 273,835</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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, 2010, are as follows:

Year Ending September 30	Community Development Corporation Revenue Bonds	
	Principal	Interest
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>\$ 1,000,000</u>	<u>\$ 72,354</u>

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

	Balance October 1, 2009	Increases	Retirements	Balance September 30, 2010	Due Within One Year
Compensated absences	<u>\$ 37,508</u>	<u>\$ 23,011</u>	<u>\$ (15,411)</u>	<u>\$ 45,108</u>	<u>\$ 15,699</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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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, 2010, 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 2010, 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, 2009 to September 30, 2010	\$ 5,096,933
TRA adjustment for prior-year settlement	<u>(358,726)</u>
Sewage treatment and water system facility expenses	<u>\$ 4,738,207</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 837 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, 2009, valuations are contained in the 2009 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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, 2009)

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, 2008 valuation is effective for the rates beginning January 2010).

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Annual Pension Costs

Contributions by the City were \$2,225,141 or 12.99% of the covered payroll of \$17,131,245 as required by the actuarial valuation. Plan participants contributed \$1,157,376. The total fiscal year 2010 payroll was \$17,171,834. Annual City pension cost and related information for the last three years is as follows:

<u>Actuarial Information</u>	<u>FY 2009-2010 12/31/2009</u>	<u>FY 2008-2009 12/31/2008</u>	<u>FY 2007-2008 12/31/2007</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level %	Level %	Level %
Amortization period	28 years-closed period	29 years-closed period	30 years-closed period
Asset valuation method	Amortized cost	Amortized cost	Amortized cost
Assumptions			
Investment return	7.5%	7.5%	7.0%
Projected salary increases	varies by age and services	varies by age and services	varies by age and services
Inflation	3.0%	3.0%	3.0%
Cost-of-living adjustment	2.1% (3.0% CPI)	2.1% (3.0% CPI)	2.1% (3.0% CPI)
City specific assumptions			
Payroll growth assumption	3.0%	3.0%	3.0%
Withdrawal rates for Male/Female (low, mid/low, mid, mid/high or high)	Mid-Low/Mid	Mid-Low/Mid	Mid-Low/Mid
<u>Schedule of Funding Information</u>			
	<u>FY 2009-2010 12/31/2009</u>	<u>FY 2008-2009 12/31/2008</u>	<u>FY 2007-2008 12/31/2007</u>
Actuarial valuation date			
Actuarial Value of Assets	\$31,571,105	\$28,113,719	\$25,541,227
Actuarial Accrued Liability	\$47,566,744	\$43,481,703	\$39,356,799
Unfunded (Over-funded) Actuarial			
Accrued Liability (UAAL)	\$15,995,639	\$15,367,984	\$13,815,572
Funded ratio	66.4%	64.7%	64.9%
Annual Covered Payroll	\$17,131,245	\$16,764,181	\$14,856,820
UAAL as a Percentage of Covered Payroll	93.4%	91.7%	93.0%

The City's net pension obligation (NPO) for TMRS at December 31, 2009, 2008 and 2007 is calculated as follows:

	<u>December 31</u>		
	<u>FY 2009-2010 2009</u>	<u>FY 2008-2009 2008</u>	<u>FY 2007-2008 2007</u>
Actuarial valuation date:			
NPO, beginning of the year	\$ -	\$ -	\$ -
Annual pension cost:			
Annual required contribution (ARC)	3,412,360	3,205,204	2,948,922
Contributions Made	(3,412,360)	(3,205,204)	(2,948,922)
Percentage of pension costs contributed	100%	100%	100%
NPO , end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Supplemental Death Benefit Fund

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

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined annually, and the rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund described above. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active 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, 2010, 2009 and 2008, were \$29,843, \$29,114, and \$27,424, 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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 of September 30, 2010, the City had two active members of the plan and nine retirees receiving benefits. The actuarial assumptions included 1) actuarial cost method – projected unit credit, 2) inflation rate – no inflation rate, 3) investment return – 5%, 4) projected salary increases – none (plan participants are volunteers and receive no salary), and 5) post-retirement benefit increases – none. The plan 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, and 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	2010
Annual pension cost	\$ 4,498	\$ 4,724	\$ 6,294	\$ 2,095	\$ 6,708	\$ 12,976	\$ 12,976
Net pension obligation (NPO) at beginning of period	(12,338)	(22,665)	(23,927)	(17,633)	(15,538)	(8,830)	4,146
Annual pension cost:							
Annual required contribution (ARC)	4,498	4,724	6,294	2,095	6,708	12,976	12,976
Contributions made	(14,825)	(5,986)	-	-	-	-	(10,000)
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>	<u>\$ 7,122</u>
Percentage of annual pension costs contributed	330%	127%	0%	0%	0%	0%	77%

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Reserve Police Department Defined Benefit Plan – Continued

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation (Asset)</u>
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
2010	12,976	N/A	7,122

The net pension asset at September 30, 2010, is calculated as follows:

Annual required contribution (ARC)	\$ 12,976
Interest on prior year's net pension asset	(207)
Adjustment to the ARC	<u>207</u>
Annual pension cost	12,976
Contributions made	10,000
Decrease in net pension asset	<u>(2,976)</u>
Net pension liability—beginning of year	<u>4,146</u>
Net pension liability—end of year	<u><u>\$ 7,122</u></u>

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for 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, 2010, membership consisted of:

Retirees and beneficiaries receiving benefits	9
Terminated employees eligible for benefits, but not yet enrolled	0
Active employees	<u>319</u>
Total	<u><u>328</u></u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

C. Funding Policy

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

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

	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 119,697	\$ 119,697
Interest on prior year Net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	<u>119,697</u>	<u>119,697</u>
Contributions made	<u>50,280</u>	<u>40,807</u>
Increase in net OPEB obligation	69,417	78,890
Net Obligation - beginning of year	<u>78,890</u>	<u>-</u>
Net Obligation - end of year	<u><u>\$ 148,307</u></u>	<u><u>\$ 78,890</u></u>
Percentage of OPEB costs contributed	42%	34%

**CITY OF CEDAR HILL, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

D. Annual OPEB Cost – Continued

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

Actuarial accrued liability	\$ 1,078,762
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 1,078,762</u>
Funded ratio	0.0%
Covered payroll	17,131,245
Unfunded actuarial accrued liability as a percentage of covered payroll	6.3%

E. Actuarial Methods and Assumptions

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

In the 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 9.00% initially, reduced by decrements to an ultimate rate of 4.50% after ten years. The rate of inflation is assumed to be 3.00%.

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.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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). 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 2010, the City contributed \$891,858 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, 2010, the City's investment in the Center is \$585,890.

NOTE 12. PRIOR PERIOD ADJUSTMENT

In the fiscal year ending September 30, 2009, an incentive liability of \$400,000 was recorded by the Economic Development Corporation, one of the City's component units, for the Audubon Center. Per the incentive agreement signed with the National Audubon Society Inc., a New York non-profit corporation, this incentive payment is contingent upon completion of construction of the Center by the Society. The facility is currently still under construction; therefore, the Corporation was not obligated to provide the incentive as of September 30, 2009. The Corporation's expenditures, expenses, and liabilities as of September 30, 2009, were overstated by \$400,000. As a result, beginning net assets as of October 1, 2009 were restated from \$7,196,729 to \$7,596,729 and general fund balance was restated from \$4,969,165 to \$5,369,165.

NOTE 13. SUBSEQUENT EVENT

The City has evaluated all events or transactions that occurred after September 30, 2010, up through March 7, 2011, the date the financial statements were issued and concludes there are no subsequent events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CEDAR HILL, TEXAS
SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

EXHIBIT E-1

Actuarial Valuation Date	December			
	2006	2007	2008	2009
Actuarial value of assets	\$ 22,546,333	\$ 25,541,227	\$ 28,113,719	\$ 31,571,105
Actuarial accrued liability	29,083,410	39,356,799	43,481,703	47,566,744
Percentage funded	77.5%	64.9%	64.7%	66.4%
Unfunded actuarial accrued liability (UAAL)	6,537,077	13,815,572	15,367,984	15,995,639
Annual covered payroll	13,182,997	14,856,820	16,764,181	17,131,245
UAAL as a percentage of covered payroll	49.6%	93.0%	91.7%	93.4%

**CITY OF CEDAR HILL, TEXAS
SCHEDULE OF PENSION FUNDING PROGRESS –
RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

EXHIBIT E-2

Actuarial Valuation Date	October 1,					
	2005	2006	2007	2008	2009	2010
Actuarial value of assets	\$ 259,140	\$ 258,003	\$302,139	\$ 176,590	\$ 117,260	\$ 102,692
Actuarial accrued liability	134,341	136,726	181,223	207,897	205,320	205,320
Percentage funded	192.9%	188.7%	166.7%	84.9%	57.1%	50.0%
Unfunded actuarial accrued liability (UAAL)	-	-	-	31,307	88,060	102,628
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
Annual required contribution (ARC)	4,724	6,294	2,095	6,708	12,976	12,976
Employer's Contribution	\$ 5,986	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Percentage of ARC contributed	127%	0%	0%	0%	0%	77%

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

EXHIBIT E-3

Fiscal Year	(1) Actuarial Value * of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
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	N/A	\$ 1,078,762	0.00%	\$ 1,078,762	\$ 16,764,181	6.4%
2010	N/A	\$ 1,078,762	0.00%	\$ 1,078,762	\$ 17,131,245	6.3%

*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, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 19,900,350	\$ 19,900,350	\$ 19,602,257	\$ (298,093)
Franchise fees	3,180,000	3,180,000	3,745,033	565,033
Licenses and permits	382,000	382,000	599,253	217,253
Intergovernmental	531,380	847,522	787,937	(59,585)
Charges for services	2,387,750	2,387,750	2,531,851	144,101
Fines and forfeitures	775,000	775,000	806,892	31,892
Investment earnings	225,100	225,100	92,322	(132,778)
Miscellaneous	222,500	222,500	452,311	229,811
Total revenues	27,604,080	27,920,222	28,617,856	697,634
EXPENDITURES				
Current Expenditures:				
General administration	4,529,310	4,444,825	4,284,485	160,340
Public works	1,947,040	1,942,735	1,942,584	151
Public safety	18,512,975	19,005,052	18,844,962	160,090
Community services	3,686,045	3,702,590	3,638,144	64,446
Capital Expenditures:				
General administration	-	-	-	-
Public works	-	-	-	-
Public safety	200,000	200,000	161,523	38,477
Community services	-	25,360	25,360	-
Total expenditures	28,875,370	29,320,562	28,897,058	423,504
Excess (deficiency) of revenues over expenditures	(1,271,290)	(1,400,340)	(279,202)	1,121,138
OTHER FINANCING SOURCES (USES)				
Transfer in	580,000	580,000	-	(580,000)
Transfer out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	530,000	530,000	(50,000)	(580,000)
Net change in fund balances	(741,290)	(870,340)	(329,202)	541,138
Fund balances, beginning of year	7,229,534	7,376,134	8,141,426	765,292
Fund balances, end of year	\$ 6,488,244	\$ 6,505,794	\$ 7,812,224	\$ 1,306,430

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, 2010

	2010 Budget		Actual	Variance with Final Budget— Positive (Negative)
	Original	Final		
REVENUES—Investment earnings	\$ 1,800,000	\$ 1,800,000	\$ 2,869,958	\$ 1,069,958
Total revenues	1,800,000	1,800,000	2,869,958	1,069,958
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	3,650,000	3,650,000	4,719,958	1,069,958
FUND BALANCE—Beginning of year	28,665,003	28,665,003	28,583,356	(81,647)
FUND BALANCE—End of year	\$ 32,315,003	\$ 32,315,003	\$ 33,303,314	\$ 988,311

**CITY OF CEDAR HILL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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, 2010**

	Nonmajor Special Revenue Funds			
	Police Forfeiture	Municipal Court	Hotel Occupancy	Library Fund
ASSETS				
Cash and cash equivalents	\$ 140,272	\$ -	\$ 420,336	\$ 63,842
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	20,306	-
Prepaid items	-	-	6,460	-
Total assets	\$ 140,272	\$ -	\$ 447,102	\$ 63,842
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3,345	\$ -
Accrued liabilities	80,283	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	80,283	-	3,345	-
FUND BALANCES				
Reserved for prepaid items	-	-	6,460	-
Reserved for construction	-	-	-	-
Unreserved, undesignated	59,989	-	437,297	63,842
Total fund balances	59,989	-	443,757	63,842
Total liabilities and fund balances	\$ 140,272	\$ -	\$ 447,102	\$ 63,842

EXHIBIT F-1(CONTINUED)

Nonmajor Special Revenue Funds				
Comm. Dev. Block Grant	High Pointe PID	Waterford Oaks PID	Disaster Relief	Traffic Safety
\$ 30	\$ 78,164	\$ 142,030	\$ 7,970	\$ 440,507
38,202	9,989	2,622	-	-
-	-	-	-	-
<u>\$ 38,232</u>	<u>\$ 88,153</u>	<u>\$ 144,652</u>	<u>\$ 7,970</u>	<u>\$ 440,507</u>
\$ 23	\$ 13,450	\$ 1,722	\$ -	\$ 30,977
31,209	217	26	-	82,454
7,000	-	-	-	-
-	7,936	2,587	-	-
<u>38,232</u>	<u>21,603</u>	<u>4,335</u>	<u>-</u>	<u>113,431</u>
-	-	-	-	-
-	-	-	-	-
-	66,550	140,317	7,970	327,076
-	66,550	140,317	7,970	327,076
<u>\$ 38,232</u>	<u>\$ 88,153</u>	<u>\$ 144,652</u>	<u>\$ 7,970</u>	<u>\$ 440,507</u>

**CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2010**

	Nonmajor Capital Projects			
	Landscape Beautification	Total Nonmajor Special Revenue Funds	Certificates of Obligation	Park Development
ASSETS				
Cash and cash equivalents	\$ 549,130	\$ 1,842,281	\$ 4,358,751	\$ 383,575
Receivables (net, where applicable, of allowances for uncollectibles)	301,663	372,782	10,200	-
Prepaid items	-	6,460	-	-
Total assets	\$ 850,793	\$ 2,221,523	\$ 4,368,951	\$ 383,575
LIABILITIES				
Accounts payable	\$ 134,328	\$ 183,845	\$ 10,200	\$ -
Accrued liabilities	13,503	207,692	-	-
Due to other funds	-	7,000	-	-
Deferred revenue	-	10,523	10,200	-
Total liabilities	147,831	409,060	20,400	-
FUND BALANCES				
Reserved for prepaid and inventory	-	6,460	-	-
Reserved for construction	-	-	4,348,551	383,575
Unreserved, undesignated	702,962	1,806,003	-	-
Total fund balances	702,962	1,812,463	4,348,551	383,575
Total liabilities and fund balances	\$ 850,793	\$ 2,221,523	\$ 4,368,951	\$ 383,575

EXHIBIT F-1(CONCLUDED)

Nonmajor Capital Projects				Total	Total
Restricted Street	Street Construction	Building Maintenance	Drainage	Nonmajor Capital Project Funds	Nonmajor Funds
\$ 716,287	\$ 2,055,751	\$ 188,514	\$ 530,220	\$ 8,233,098	\$ 10,075,379
-	-	-	-	10,200	382,982
-	-	-	-	-	6,460
\$ 716,287	\$ 2,055,751	\$ 188,514	\$ 530,220	\$ 8,243,298	\$ 10,464,821
\$ -	\$ -	\$ -	\$ -	\$ 10,200	\$ 194,045
-	-	-	-	-	207,692
-	-	-	-	-	7,000
-	-	-	-	10,200	20,723
-	-	-	-	20,400	429,460
-	-	-	-	-	6,460
716,287	2,055,751	188,514	530,220	8,222,898	8,222,898
-	-	-	-	-	1,806,003
716,287	2,055,751	188,514	530,220	8,222,898	10,035,361
\$ 716,287	\$ 2,055,751	\$ 188,514	\$ 530,220	\$ 8,243,298	\$ 10,464,821

**CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Nonmajor Special Revenue Funds			
	Police Forfeiture	Municipal Court	Hotel Occupancy	Library Fund
REVENUES:				
Taxes	\$ -	\$ -	\$ 107,434	\$ -
Fines and forfeits	(14,343)	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	1,692	-	4,187	671
Miscellaneous	-	-	-	-
Total revenues	(12,651)	-	111,621	671
EXPENDITURES				
Current:				
General administration	-	-	-	-
Public safety	33,845	1,604	-	-
Public works	-	-	-	-
Community Services	-	-	64,319	-
Capital outlay				
General administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community Services	-	-	-	-
Total expenditures	33,845	1,604	64,319	-
Excess (deficiency) of revenues over expenditures	(46,496)	(1,604)	47,302	671
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	(46,496)	(1,604)	47,302	671
Fund balances, beginning of year	106,485	1,604	396,455	63,171
Fund balances, end of year	\$ 59,989	\$ -	\$ 443,757	\$ 63,842

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,434
-	-	-	-	514,789	-	500,446
38,202	19,992	2,328	-	-	-	60,522
-	-	-	-	-	1,951,628	1,951,628
-	2,055	1,938	-	3,547	7,006	21,096
-	331,223	105,131	-	-	5,549	441,903
<u>38,202</u>	<u>353,270</u>	<u>109,397</u>	<u>-</u>	<u>518,336</u>	<u>1,964,183</u>	<u>3,083,029</u>
-	-	-	-	-	-	-
-	-	-	-	425,587	-	461,036
38,202	-	-	-	-	-	38,202
-	304,848	84,333	-	-	1,992,125	2,445,625
-	-	-	-	-	-	-
-	-	-	-	7,195	-	7,195
-	-	-	-	-	-	-
-	94,190	75,372	-	-	-	169,562
<u>38,202</u>	<u>399,038</u>	<u>159,705</u>	<u>-</u>	<u>432,782</u>	<u>1,992,125</u>	<u>3,121,620</u>
-	(45,768)	(50,308)	-	85,554	(27,942)	(38,591)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(45,768)	(50,308)	-	85,554	(27,942)	(38,591)
-	112,318	190,625	7,970	241,522	730,904	1,851,054
<u>\$ -</u>	<u>\$ 66,550</u>	<u>\$140,317</u>	<u>\$ 7,970</u>	<u>\$327,076</u>	<u>\$ 702,962</u>	<u>\$ 1,812,463</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, 2010**

	Nonmajor Capital Projects		
	Certificates of Obligation	Park Development	Restricted Street
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-
Intergovernmental	40,500	-	-
Charges for services	-	-	-
Investment earnings	47,315	4,068	7,527
Miscellaneous	-	500	-
Total revenues	87,815	4,568	7,527
EXPENDITURES			
Current:			
General administration	-	-	-
Public safety	4,561	-	-
Public works	277,169	-	-
Community Services	75	2,406	-
Capital outlay			
General administration	-	-	-
Public safety	102,721	-	-
Public works	78,700	-	-
Community Services	10,725	6,753	-
Total expenditures	473,951	9,159	-
Excess (deficiency) of revenues over expenditures	(386,136)	(4,591)	7,527
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses):	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	(386,136)	(4,591)	7,527
Fund balances, beginning of year	4,734,687	388,166	708,760
Fund balances, end of year	\$ 4,348,551	\$ 383,575	\$ 716,287

EXHIBIT F-2 (CONCLUDED)

Nonmajor Capital Projects			Total	Total
Street	Building		Nonmajor	Nonmajor
Construction	Maintenance	Drainage	Capital Project	Funds
			Funds	Funds
\$ -	\$ -	\$ -	\$ -	\$ 107,434
-	-	-	-	500,446
-	-	-	40,500	101,022
-	-	-	-	1,951,628
21,633	2,036	5,601	88,180	109,276
-	-	-	500	442,403
<u>21,633</u>	<u>2,036</u>	<u>5,601</u>	<u>129,180</u>	<u>3,212,209</u>
-	399	-	399	399
-	-	-	4,561	465,597
-	-	-	277,169	315,371
-	-	-	2,481	2,448,106
-	6,021	-	6,021	6,021
-	-	-	102,721	109,916
-	-	-	78,700	78,700
-	-	-	17,478	187,040
-	6,420	-	489,530	3,611,150
<u>21,633</u>	<u>(4,384)</u>	<u>5,601</u>	<u>(360,350)</u>	<u>(398,941)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,633	(4,384)	5,601	(360,350)	(398,941)
2,034,118	192,898	524,619	8,583,248	10,434,302
<u>\$ 2,055,751</u>	<u>\$ 188,514</u>	<u>\$ 530,220</u>	<u>\$ 8,222,898</u>	<u>\$ 10,035,361</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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget -
				Positive (Negative)
REVENUES				
Taxes	\$ 5,354,625	\$ 5,354,625	\$ 5,347,419	\$ (7,206)
Intergovernmental	1,661,990	1,661,990	1,661,988	(2)
Charges for services	104,080	104,080	104,078	(2)
Investment earnings	18,000	18,000	25,812	7,812
Miscellaneous	-	-	-	-
Total revenues	7,138,695	7,138,695	7,139,297	602
EXPENDITURES				
Principal retirement	4,280,000	4,285,000	4,284,760	240
Interest and fiscal agent charges	3,997,430	3,992,430	3,964,044	28,386
Total expenditures	8,277,430	8,277,430	8,248,804	28,626
Excess/(deficiency) of revenues over expenditures	(1,138,735)	(1,138,735)	(1,109,507)	29,228
OTHER FINANCING SOURCES (USES)				
Transfers in	1,096,065	1,096,065	1,096,065	-
Total other financing sources (uses)	1,096,065	1,096,065	1,096,065	-
Net changes in fund balances	(42,670)	(42,670)	(13,442)	29,228
Fund balances, beginning of year	1,284,291	1,284,291	1,351,830	67,539
Fund balances, end of year	<u>\$ 1,241,621</u>	<u>\$ 1,241,621</u>	<u>\$ 1,338,388</u>	<u>\$ 96,767</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, 2010**

EXHIBIT G-2

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Fines and forfeits	\$ 10,000	\$ 10,000	\$ (14,343)	\$ (24,343)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	1,692	692
Total revenues	11,000	11,000	(12,651)	(23,651)
EXPENDITURES				
Public safety	40,150	56,000	33,845	22,155
Capital outlay	29,000	13,150	-	13,150
Total expenditures	69,150	69,150	33,845	35,305
Excess/(deficiency) of revenues over expenditures	(58,150)	(58,150)	(46,496)	11,654
Changes in fund balances	(58,150)	(58,150)	(46,496)	11,654
Fund balances, beginning of year	60,211	60,211	106,485	46,274
Fund balances, end of year	\$ 2,061	\$ 2,061	\$ 59,989	\$ 57,928

**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, 2010**

EXHIBIT G-3

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Fines and forfeits	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Investment earnings	10	10	-	(10)
Total revenues	12,010	12,010	-	(12,010)
EXPENDITURES				
Public safety	12,015	12,015	1,604	10,411
Total expenditures	12,015	12,015	1,604	10,411
Excess/(deficiency) of revenues over expenditures	(5)	(5)	(1,604)	(1,599)
Changes in fund balances	(5)	(5)	(1,604)	(1,599)
Fund balances, beginning of year	8	8	1,604	1,596
Fund balances, end of year	\$ 3	\$ 3	\$ -	\$ (3)

**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, 2010**

EXHIBIT G-4

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 120,000	\$ 120,000	\$ 107,434	\$ (12,566)
Investment earnings	2,000	2,000	4,187	2,187
Total revenues	122,000	122,000	111,621	(10,379)
EXPENDITURES				
Community services	113,000	113,000	64,319	48,681
Total expenditures	113,000	113,000	64,319	48,681
Excess(deficiency) of revenues over expenditures	9,000	9,000	47,302	38,302
Net changes in fund balances	9,000	9,000	47,302	38,302
Fund balances, beginning of year	373,707	373,707	396,455	22,748
Fund balances, end of year	<u>\$ 382,707</u>	<u>\$ 382,707</u>	<u>\$ 443,757</u>	<u>\$ 61,050</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, 2010**

EXHIBIT G-5

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Investment earnings	\$ 320	\$ 320	\$ 671	\$ 351
Total revenues	320	320	671	351
EXPENDITURES				
Community services	65,000	65,000	-	65,000
Total expenditures	65,000	65,000	-	65,000
Excess/(deficiency) of revenues over expenditures	(64,680)	(64,680)	671	65,351
Net changes in fund balances	(64,680)	(64,680)	671	65,351
Fund balances, beginning of year	64,681	64,681	63,171	(1,510)
Fund balances, end of year	\$ 1	\$ 1	\$ 63,842	\$ 63,841

**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, 2010**

EXHIBIT G-6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 38,205	\$ 38,202	\$ (3)
Total revenues	-	38,205	38,202	(3)
EXPENDITURES				
Public works	-	38,205	38,202	3
Capital outlay	-	-	-	-
Total expenditures	-	38,205	38,202	3
Excess/(deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF CEDAR HILL, TEXAS
HIGH POINTE PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT G-7

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Assessments	\$ 309,780	\$ 309,780	\$ 325,740	\$ 15,960
Intergovernmental	20,000	20,000	19,992	(8)
Investment earnings	1,370	1,370	2,055	685
Miscellaneous	-	-	5,483	5,483
Total revenues	331,150	331,150	353,270	22,120
EXPENDITURES				
Community service	270,655	304,850	304,848	2
Capital outlay	60,500	94,220	94,190	30
Total expenditures	331,155	399,070	399,038	32
Excess/(deficiency) of revenues over expenditures	(5)	(67,920)	(45,768)	22,152
Net changes in fund balances	(5)	(67,920)	(45,768)	22,152
Fund balances, beginning of year	96,982	112,317	112,318	1
Fund balances, end of year	<u>\$ 96,977</u>	<u>\$ 44,397</u>	<u>\$ 66,550</u>	<u>\$ 22,153</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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Assessments	\$ 115,995	\$ 115,995	\$ 105,131	\$ (10,864)
Intergovernmental	2,305	2,305	2,328	23
Investment earnings	2,300	2,300	1,938	(362)
Total revenues	120,600	120,600	109,397	(11,203)
EXPENDITURES				
Community service	63,500	55,955	84,333	(28,378)
Capital outlay	30,000	94,940	75,372	19,568
Total expenditures	93,500	150,895	159,705	(8,810)
Excess/(deficiency) of revenues over expenditures	27,100	(30,295)	(50,308)	(20,013)
Net changes in fund balances	27,100	(30,295)	(50,308)	(20,013)
Fund balances, beginning of year	147,019	190,625	190,625	-
Fund balances, end of year	<u>\$ 174,119</u>	<u>\$ 160,330</u>	<u>\$ 140,317</u>	<u>\$ (20,013)</u>

**CITY OF CEDAR HILL, TEXAS
DISASTER RELIEF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Community service	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	<u>7,970</u>	<u>7,970</u>	<u>7,970</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,970</u>	<u>\$ 7,970</u>	<u>\$ 7,970</u>	<u>\$ -</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, 2010**

EXHIBIT G-10

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeits	\$ 260,000	\$ 260,000	\$ 514,789	\$ 254,789
Investment earnings	1,200	1,200	3,547	2,347
Total revenues	261,200	261,200	518,336	257,136
EXPENDITURES				
Public safety	226,500	425,615	425,587	28
Capital outlay	226,000	26,885	7,195	19,690
Total expenditures	452,500	452,500	432,782	19,718
Excess/(deficiency) of revenues over expenditures	(191,300)	(191,300)	85,554	276,854
Changes in fund balances	(191,300)	(191,300)	85,554	276,854
Fund balances, beginning of year	226,606	226,606	241,522	14,916
Fund balances, end of year	\$ 35,306	\$ 35,306	\$ 327,076	\$ 291,770

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, 2010

EXHIBIT G-11

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$1,920,000	\$1,920,000	\$ 1,951,628	\$ 31,628
Investment earnings	4,000	4,000	7,006	3,006
Miscellaneous	-	-	5,549	5,549
Total revenues	1,924,000	1,924,000	1,964,183	40,183
EXPENDITURES				
Community service	1,595,000	1,992,130	1,992,125	5
Capital outlay	-	-	-	-
Total expenditures	1,595,000	1,992,130	1,992,125	5
Excess/(deficiency) of revenues over expenditures	329,000	(68,130)	(27,942)	40,188
Net changes in fund balances	329,000	(68,130)	(27,942)	40,188
Fund balances, beginning of year	715,839	715,839	730,904	15,065
Fund balances, end of year	\$1,044,839	\$ 647,709	\$ 702,962	\$ 55,253

**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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 39,899,933	\$ 48,521,762	\$ 48,374,969
Restricted	6,578,144	7,804,156	8,965,160
Unrestricted	16,793,789	20,694,364	25,805,348
Total governmental activities net assets	\$ 63,271,866	\$ 77,020,282	\$ 83,145,477
Business-type activities			
Invested in capital assets, net of related debt	\$ 28,909,781	\$ 35,047,901	\$ 40,407,433
Restricted	5,091,049	5,870,555	5,099,043
Unrestricted	5,098,595	5,356,634	4,883,916
Total business-type activities net assets	\$ 39,099,425	\$ 46,275,090	\$ 50,390,392
Primary government			
Invested in capital assets, net of related debt	\$ 68,809,714	\$ 83,569,663	\$ 88,782,402
Restricted	11,669,193	13,674,711	14,064,203
Unrestricted	21,892,384	26,050,998	30,689,264
Total primary government net assets	\$ 102,371,291	\$ 123,295,372	\$ 133,535,869

Source: Comprehensive Annual Financial Reports

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

TABLE 1

Fiscal Year				
2006	2007	2008	2009	2010
\$ 50,709,962	\$ 71,700,728	\$ 50,450,265	\$ 44,383,937	\$ 72,409,924
9,358,327	9,806,890	12,950,069	12,859,483	12,232,354
29,258,774	15,582,011	38,339,323	41,778,292	12,564,824
<u>\$ 89,327,063</u>	<u>\$ 97,089,629</u>	<u>\$ 101,739,657</u>	<u>\$ 99,021,712</u>	<u>\$ 97,207,102</u>
\$ 41,416,018	\$ 43,490,027	\$ 47,492,002	\$ 47,740,514	\$ 46,312,862
5,001,029	5,011,341	4,458,851	4,711,553	3,390,278
5,335,239	4,505,699	4,698,477	3,994,709	3,951,962
<u>\$ 51,752,286</u>	<u>\$ 53,007,067</u>	<u>\$ 56,649,330</u>	<u>\$ 56,446,776</u>	<u>\$ 53,655,102</u>
\$ 92,125,980	\$ 115,190,755	\$ 97,942,267	\$ 92,124,451	\$ 118,722,786
14,359,356	14,818,231	17,408,920	17,571,036	15,622,632
34,594,013	20,087,710	43,037,800	45,773,001	16,516,786
<u>\$ 141,079,349</u>	<u>\$ 150,096,696</u>	<u>\$ 158,388,987</u>	<u>\$ 155,468,488</u>	<u>\$ 150,862,204</u>

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
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	\$ 4,963,810
Public safety	10,577,885	11,880,117	12,999,503	14,416,779	16,318,022	18,659,224	20,065,191	19,648,564
Public works	3,574,851	4,086,977	4,435,725	5,327,141	10,562,982	7,647,548	7,031,442	6,625,549
Community services	3,407,348	3,703,480	5,260,655	5,001,181	6,443,771	6,729,210	6,506,179	6,920,678
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	7,230,607
Total governmental activities expenses	<u>23,900,450</u>	<u>27,015,145</u>	<u>30,612,091</u>	<u>33,714,933</u>	<u>40,086,719</u>	<u>45,583,526</u>	<u>47,352,446</u>	<u>45,389,208</u>
Business-type activities:								
Water and sewer	\$ 10,413,546	\$ 10,569,940	\$ 11,845,403	\$ 14,241,632	\$ 13,300,772	\$ 13,375,271	\$ 14,145,471	\$ 15,528,663
Total business-type activities expenses	<u>10,413,546</u>	<u>10,569,940</u>	<u>11,845,403</u>	<u>14,241,632</u>	<u>13,300,772</u>	<u>13,375,271</u>	<u>14,145,471</u>	<u>15,528,663</u>
Total primary government expenses	<u>\$ 34,313,996</u>	<u>\$ 37,585,085</u>	<u>\$ 42,457,494</u>	<u>\$ 47,956,565</u>	<u>\$ 53,387,491</u>	<u>\$ 58,958,797</u>	<u>\$ 61,497,917</u>	<u>\$ 60,917,871</u>
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 149,021	\$ 126,522	\$ 162,673	\$ 103,001	\$ 113,291	\$ 332,038	\$ 383,925	\$ 402,651
Public Safety	1,740,944	2,334,497	1,790,029	2,154,760	2,897,331	3,327,518	3,841,740	3,630,091
Public Works	186,904	176,418	790,361	829,336	1,934,164	650,794	53,675	134,996
Community Services	186,299	186,588	644,974	711,285	2,313,069	2,527,758	2,460,325	2,635,525
Operating grants/contributions	124,233	1,322,325	1,248,877	2,032,509	2,152,679	1,999,182	2,382,689	2,263,449
Capital grants/contributions	4,191,752	11,961,220	5,414,719	2,768,766	5,991,124	5,580,070	1,940,005	662,691
Total governmental activities program revenues	<u>6,579,153</u>	<u>16,107,570</u>	<u>10,051,633</u>	<u>8,599,657</u>	<u>15,401,658</u>	<u>14,417,360</u>	<u>11,062,359</u>	<u>9,729,403</u>
Business-type activities:								
Charges for services	\$ 11,987,948	\$ 12,285,016	\$ 13,717,346	\$ 14,705,546	\$ 12,900,524	\$ 14,544,318	\$ 14,303,857	\$ 13,762,041
Capital grants/contributions	1,653,923	7,140,300	3,659,464	2,000,399	2,635,385	3,629,474	1,174,014	523,394
Total business-type activities program revenues	<u>13,641,871</u>	<u>19,425,316</u>	<u>17,376,810</u>	<u>16,705,945</u>	<u>15,535,909</u>	<u>18,173,792</u>	<u>15,477,871</u>	<u>14,285,435</u>
Total primary government program revenues	<u>\$ 20,221,024</u>	<u>\$ 35,532,886</u>	<u>\$ 27,428,443</u>	<u>\$ 25,305,602</u>	<u>\$ 30,937,567</u>	<u>\$ 32,591,152</u>	<u>\$ 26,540,230</u>	<u>\$ 24,014,838</u>
Net (Expense)/Revenue								
Governmental activities	\$ (17,321,297)	\$ (10,907,575)	\$ (20,560,458)	\$ (25,115,276)	\$ (24,685,061)	\$ (31,166,166)	\$ (36,290,087)	\$ (35,659,805)
Business-type activities	3,228,325	8,855,376	5,531,407	2,464,313	2,235,137	4,798,521	1,332,400	(1,243,228)
Total primary government net expense	<u>\$ (14,092,972)</u>	<u>\$ (2,052,199)</u>	<u>\$ (15,029,051)</u>	<u>\$ (22,650,963)</u>	<u>\$ (22,449,924)</u>	<u>\$ (26,367,645)</u>	<u>\$ (34,957,687)</u>	<u>\$ (36,903,033)</u>

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

(Continued)

TABLE 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other								
Changes in Net Assets								
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	\$ 6,132,913
Property taxes	12,083,805	13,811,984	14,645,716	17,110,700	17,479,146	19,669,385	20,122,090	18,765,437
Hotel/motel taxes	50,642	42,923	54,727	45,696	53,388	61,571	92,321	107,434
Franchise fees	2,446,860	2,461,315	2,662,995	3,111,696	3,005,690	3,060,567	3,228,432	2,945,412
Investment earnings	746,607	1,616,406	1,908,517	3,010,643	3,620,069	4,450,569	1,765,116	3,406,971
Gain on disposal of property	-	-	-	-	49,355	-	-	40,251
Miscellaneous	363,914	562,003	502,044	463,963	563,171	637,111	610,796	646,777
Transfers	1,803,000	1,800,000	1,800,000	1,800,000	1,801,000	1,802,000	1,800,000	1,800,000
Total governmental activities	21,002,812	24,655,991	26,685,653	31,296,862	32,447,627	35,816,194	33,572,142	33,845,195
Business-type activities:								
Investment earnings	\$ 148,640	\$ 119,255	\$ 340,448	\$ 646,285	\$ 767,361	\$ 604,215	\$ 219,773	\$ 186,944
Gain/loss of disposal of property	(96,106)	-	-	-	-	-	-	-
Miscellaneous	12,758	1,034	43,447	51,296	53,283	41,527	45,273	64,610
Transfers	(1,803,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,801,000)	(1,802,000)	(1,800,000)	(1,800,000)
Total business-type activities	(1,737,708)	(1,679,711)	(1,416,105)	(1,102,419)	(980,356)	(1,156,258)	(1,534,954)	(1,548,446)
Total primary government	\$ 19,265,104	\$ 22,976,280	\$ 25,269,548	\$ 30,194,443	\$ 31,467,271	\$ 34,659,936	\$ 32,037,188	\$ 32,296,749
Change in Net Assets								
Governmental activities	\$ 3,681,515	\$ 13,748,416	\$ 6,125,195	\$ 6,181,586	\$ 7,762,566	\$ 4,650,028	\$ (2,717,945)	\$ (1,814,610)
Business-type activities	1,490,617	7,175,665	4,115,302	1,361,894	1,254,781	3,642,263	(202,554)	(2,791,674)
Total primary government	\$ 5,172,132	\$ 20,924,081	\$ 10,240,497	\$ 7,543,480	\$ 9,017,347	\$ 8,292,291	\$ (2,920,499)	\$ (4,606,284)

(Concluded)

Source: Comprehensive Annual Financial Reports

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

TABLE 3

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved for:								
Prepaid and inventory	\$ 48,196	\$ 43,848	\$ 41,007	\$ 57,474	\$ 71,522	\$ 83,311	\$ 94,975	\$ 289,796
Animal shelter	124,303	133,591	143,824	182,641	220,146	220,354	136,421	93,240
Unreserved	5,070,726	6,420,714	6,830,872	8,442,986	9,116,524	7,598,987	7,910,030	7,429,188
Total General Fund	\$ 5,243,225	\$ 6,598,153	\$ 7,015,703	\$ 8,683,101	\$ 9,408,192	\$ 7,902,652	\$ 8,141,426	\$ 7,812,224
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	32,992,500
Debt service	585,939	741,070	839,312	1,194,722	1,398,426	1,315,616	1,351,130	1,338,388
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	33,303,314
Unreserved, reported in:								
Special revenue funds	269,280	298,795	298,688	641,947	1,139,312	1,399,190	1,851,054	1,812,463
Total all other governmental funds	\$ 46,544,894	\$ 48,048,019	\$ 60,019,247	\$ 70,332,643	\$ 58,171,544	\$ 65,821,637	\$ 68,759,815	\$ 69,446,665

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 EIGHT FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 15,561,416	\$ 18,014,837	\$ 19,919,458	\$ 22,378,271
Franchise taxes	2,396,624	2,478,655	2,662,995	2,997,796
Licenses and permits	452,412	677,840	458,259	587,068
Intergovernmental	124,233	1,322,325	1,159,098	2,011,965
Charges for services	1,362,796	1,590,391	1,557,345	1,615,564
Fines and forfeits	447,378	549,564	625,869	838,643
Investment earnings	746,607	1,615,885	1,899,237	2,978,760
Miscellaneous	1,809,995	1,888,815	1,359,603	1,306,190
Total revenues	<u>22,901,461</u>	<u>28,138,312</u>	<u>29,641,864</u>	<u>34,714,257</u>
Expenditures				
General government	2,619,919	2,785,464	3,170,322	3,343,901
Public works	1,336,931	1,613,490	1,737,528	2,122,080
Public safety	10,722,736	11,636,090	13,248,596	14,186,480
Community services	3,029,756	3,233,975	4,564,884	4,140,753
Supplies	-	16,721	-	-
Contractual services	4,210	168,599	-	-
Principal retirement	2,035,000	2,150,000	2,330,000	2,810,000
Interest and fiscal agent charges	1,274,392	2,049,840	2,029,396	2,432,796
Issuance costs	424,457	-	460,719	-
Capital outlay	6,149,210	12,059,135	4,041,267	12,417,015
Total expenditures	<u>27,596,611</u>	<u>35,713,314</u>	<u>31,582,712</u>	<u>41,453,025</u>
Excess of revenues under expenditures	(4,695,150)	(7,575,002)	(1,940,848)	(6,738,768)
Other Financing Sources (Uses)				
Transfer in	2,701,481	2,312,839	2,250,004	13,359,614
Transfer out	(898,481)	(512,839)	(450,004)	(11,559,614)
Premium on issuance of debt	24,215	-	335,810	329,562
Issuance of debt	18,340,000	8,633,055	12,200,000	16,590,000
Refunding bonds issued	2,308,121	-	8,550,000	-
Payment to refunding bond escrow agent	(2,265,000)	-	(8,556,184)	-
Total other financing sources (uses)	<u>20,210,336</u>	<u>10,433,055</u>	<u>14,329,626</u>	<u>18,719,562</u>
Net change in fund balance	<u>\$ 15,515,186</u>	<u>\$ 2,858,053</u>	<u>\$ 12,388,778</u>	<u>\$ 11,980,794</u>
Debt service as a percentage of noncapital expenditures	17.4%	17.8%	17.5%	18.1%

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			
	2007	2008	2009	2010
\$	23,829,019	\$ 26,005,485	\$ 26,228,990	\$ 25,057,110
	2,980,459	3,060,567	3,239,410	3,745,033
	585,160	579,360	429,801	599,253
	4,193,422	2,154,882	2,465,569	2,550,947
	3,235,695	3,643,269	4,649,195	4,587,557
	1,218,428	1,367,603	1,170,989	1,307,338
	4,192,754	4,200,813	1,600,287	3,217,524
	2,578,672	1,626,613	1,021,043	1,043,796
	<u>42,813,609</u>	<u>42,638,592</u>	<u>40,805,284</u>	<u>42,108,558</u>
	5,222,497	5,588,631	5,738,425	4,268,152
	4,769,427	4,146,221	2,799,588	2,258,685
	16,093,979	18,452,134	19,953,010	19,365,668
	5,702,847	5,835,435	5,696,781	6,111,610
	-	-	-	-
	-	-	-	-
	2,935,000	3,860,000	3,930,000	4,284,760
	3,487,728	3,582,146	4,250,266	3,964,044
	-	-	-	-
	<u>20,139,139</u>	<u>16,714,857</u>	<u>4,607,387</u>	<u>3,297,991</u>
	<u>58,350,617</u>	<u>58,179,424</u>	<u>46,975,457</u>	<u>43,550,910</u>
	(15,537,008)	(15,540,832)	(6,170,173)	(1,442,352)
	2,463,060	2,347,581	3,613,525	3,469,645
	(662,060)	(545,581)	(1,813,525)	(1,669,645)
	-	353,385	47,125	-
	2,300,000	19,530,000	7,500,000	-
	-	-	-	2,767,655
	-	-	-	(2,730,000)
	<u>4,101,000</u>	<u>21,685,385</u>	<u>9,347,125</u>	<u>1,837,655</u>
\$	<u>(11,436,008)</u>	<u>\$ 6,144,553</u>	<u>\$ 3,176,952</u>	<u>\$ 395,303</u>
	16.8%	17.9%	19.3%	20.5%

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

TABLE 5

Fiscal Year Ended September 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2001	n/a	n/a	n/a	\$ 1,345,710,409	0.64269
2002	n/a	n/a	n/a	1,609,510,054	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	2,274,015,283	0.64140
2006	2,480,740,719	267,321,110	(224,223,334)	2,523,838,495	0.64140
2007	2,720,454,080	288,549,740	(254,235,323)	2,754,768,497	0.64140
2008	3,009,117,599	292,080,690	(297,237,734)	3,003,960,555	0.64140
2009	3,144,441,658	314,972,100	(336,631,686)	3,122,782,072	0.64140
2010	2,951,398,588	306,248,770	(344,662,593)	2,912,984,765	0.64140

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			
2001	\$ 0.490780	\$ 0.151910	\$ 0.642690	\$ 1.630000	\$ 0.050000	\$ 0.254000
2002	0.489490	0.151910	0.641400	1.630000	0.060000	0.254000
2003	0.489490	0.151910	0.641400	1.680000	0.060000	0.254000
2004	0.489490	0.151910	0.641400	1.701600	0.077800	0.254000
2005	0.479490	0.161910	0.641400	1.741300	0.080300	0.254000
2006	0.469490	0.171910	0.641400	1.848430	0.081600	0.254000
2007	0.469490	0.171910	0.641400	1.743300	0.081000	0.254000
2008	0.459490	0.181910	0.641400	1.400000	0.080400	0.254000
2009	0.459490	0.181910	0.641400	1.500000	0.089400	0.254000
2010	0.459490	0.181910	0.641400	1.400000	0.094900	0.274000

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>
\$ 0.196000	\$ 0.005670	\$ 1.680000	\$ 0.297194	\$ 1.720000
0.196000	0.005520	1.670000	0.302018	1.720000
0.196000	0.005500	1.750000	0.310170	1.720000
0.203900	0.005460	1.855000	0.314644	1.720000
0.203900	0.005460	1.836000	0.315993	1.764500
0.213900	0.005300	1.866000	0.318906	1.787500
0.213900	0.005034	1.736000	0.320491	1.697500
0.228100	0.004714	1.418000	0.393607	1.367500
0.228100	0.004928	1.418000	0.393599	1.407500
0.228100	0.005212	1.418000	0.393600	1.397500

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

TABLE 7

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value ^a	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value ^b
KRG Cedar Hill Plaza, LP	\$ 42,969,550	1	1.48%			
Uptown Village at Cedar Hill	41,682,560	2	1.43%			
Inland Western Cedar Hill	36,219,640	3	1.24%			
Texas Utilities/Oncor Electric	27,412,120	4	0.94%	\$ 19,794,920	1	1.47%
J C Penney Company	26,609,084	5	0.91%			
Dillard Tex Operating LTD	23,975,980	6	0.82%			
2002 Legacy Partners LTD	23,972,780	7	0.82%			
Walmart Stores	21,574,470	8	0.74%			
Masco Builder Cabinet Group	17,251,944	9	0.59%			
Target Corporation	16,690,990	10	0.57%			
Barrow Health Cedar Hill				12,224,900	2	0.91%
Devon Realty/Wilson Crossing Apartments				10,775,000	3	0.80%
Ladd 1998 Real Properties				8,952,845	4	0.67%
Southwestern Bell				9,621,130	5	0.71%
Texwood Industries LP				6,792,639	6	0.50%
RPI Cedar Hill Ltd				8,363,140	7	0.62%
Precision Wood Products				6,066,477	8	0.45%
American Tower Corp				6,933,180	9	0.52%
Kohl's				6,243,690	10	0.46%
Total	\$ 278,359,118		9.54%	\$ 95,767,921		7.11%

Source: Dallas Central Appraisal District

Note:

^a Total taxable value including real and personal property for tax year 2009 (fiscal year 2010) is \$2,912,984,765.

^b Total taxable value including real and personal property for tax year 2000 (fiscal year 2001) is \$1,345,710,409.

**CITY OF CEDAR HILL, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX 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%	\$ 374,655	\$ 14,501,353	99.87%
2006	16,182,411	15,783,884	97.54%	376,860	16,160,744	99.87%
2007	17,684,168	17,156,014	97.01%	487,974	17,643,988	99.77%
2008	19,227,454	18,867,046	98.13%	289,051	19,156,097	99.63%
2009	20,029,524	19,541,902	97.57%	260,286	19,802,188	98.86%
2010	18,683,884	18,378,688	98.37%		18,378,688	98.37%

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 ^a	Per Capita ^a
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Tax Notes	Waterworks & Sewer System Revenue Bonds	Waterworks & Sewer System General Obligations			
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
2010	56,837,895	31,410,000	59,345,601		10,250,000	2,167,105	160,010,601	5.49%	3,456

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

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

TABLE 10

Fiscal Year	General Bonded Debt Outstanding			Net General Bonded Debt	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificate of Obligation Bonds	Less Sinking Fund			
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
2010	59,005,000	31,410,000	1,338,388	89,076,612	3.06%	1,924

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

**CITY OF CEDAR HILL, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2010
(UNAUDITED)**

TABLE 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Cedar Hill Independent School District	\$ 103,001,638	96.92%	\$ 99,829,188
Dallas County	121,176,552	1.74%	2,108,472
Dallas County Community College District	416,040,000	1.74%	7,239,096
Dallas County Hospital District	705,000,000	1.74%	12,267,000
DeSoto Independent School District	143,078,288	0.06%	85,847
Duncanville Independent School District	160,804,100	2.67%	4,293,469
Ellis County	62,646,262	1.14%	714,167
Midlothian Independent School District	164,596,802	3.46%	5,695,049
Subtotal, overlapping debt			132,232,288
City of Cedar Hill (direct debt)	90,415,000	100.00%	90,415,000
Total direct and overlapping debt			<u><u>\$ 222,647,288</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, 2010
(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, 2009 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>
2001	\$ 11,420,670	\$ 8,330,283	\$ 3,090,387	\$ 491,981	6.28
2002	11,730,906	8,593,102	3,137,804	459,842	6.82
2003	12,097,594	9,116,775	2,980,819	433,528	6.88
2004	12,343,485	9,261,857	3,081,628	530,448	5.81
2005	13,891,068	10,317,455	3,573,613	507,592	7.04
2006	15,027,426	10,878,440	4,148,986	661,973	6.27
2007	13,277,177	11,150,872	2,126,305	633,821	3.35
2008	14,760,323	11,238,220	3,522,103	804,647	4.38
2009	14,466,125	12,039,477	2,426,648	819,825	2.96
2010	15,697,120	13,429,002	2,268,118	801,810	2.83

Source: Comprehensive Annual Financial Reports

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

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

TABLE 14

Year	Estimated Population ^a	Personal Income	Per Capita Personal Income ^b	Median Household Income ^b	Median Age ^b
2001	32,093	n/a	n/a	n/a	n/a
2002	35,944	n/a	n/a	n/a	n/a
2003	37,984	n/a	n/a	n/a	n/a
2004	39,800	n/a	n/a	n/a	n/a
2005	41,700	n/a	n/a	n/a	n/a
2006	43,150	n/a	n/a	n/a	n/a
2007	43,950	n/a	n/a	66,786	n/a
2008	44,900	n/a	n/a	65,395	n/a
2009	45,600	n/a	n/a	66,206	33.6
2010	46,300	1,188,382,100	25,667	66,654	34.1

Note:

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

Sources:

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

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

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

TABLE 15

<u>Employer</u>	<u>2010</u>			<u>2001</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>
JCPenney, Distribution Center	496	1	2.06%			
Wal-Mart Supercenter	450	2	1.87%			
Super Target	200	3	0.83%			
DMI Corporation	150	4	0.62%	100	10	0.75%
JCPenney, Department Store	130	5	0.54%			
Home Depot	115	6	0.48%	119	8	0.89%
Dillard's	110	7	0.46%			
Kohl's	110	8	0.46%	141	4	1.06%
Trinity School	110	9	0.46%	130	5	0.98%
Southern Star Concrete	100	10	0.41%			
Texas Air Composites	100	11	0.41%			
Masco / Texwood Industries				570	1	4.28%
Kroger's				198	2	1.49%
Advent Supply				150	3	
K Mart				115	6	0.86%
Minyard's				114	7	0.86%
Albertson's				105	9	0.79%
Hanson Concrete				100	11	0.75%
Total	<u>2,071</u>		<u>8.60%</u>	<u>1,842</u>		<u>12.71%</u>

Source: City surveys of employers

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

**CITY OF CEDAR HILL, TEXAS
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>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>	<u>2010</u>
General Government:										
Administration	7.00	7.00	8.00	8.00	8.00	8.00	9.50	9.50	10.00	10.00
Human Resources	2.94	3.00	3.00	3.00	3.00	3.00	3.75	4.00	4.00	4.00
Information Technology	-	-	1.00	2.00	2.00	3.00	3.00	4.00	4.00	4.00
Tax	2.65	2.65	2.65	2.65	2.65	2.65	-	-	-	-
Finance	5.00	6.00	6.00	6.50	6.50	6.50	6.75	6.75	6.75	6.75
Economic Development	2.00	2.00	2.00	3.00	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	1.50
Government Center	-	-	-	-	-	-	-	-	1.50	1.50
Public Works:										
Streets & Drainage	9.00	9.00	10.00	11.00	13.00	13.33	12.25	15.33	13.58	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	28.44	30.44	30.44	32.96	35.96	36.96	39.15	41.65	43.65	43.65
Public Safety:										
Police	55.80	55.80	58.80	61.80	67.80	73.80	81.20	83.00	84.00	84.00
Police (Community Services)	6.00	6.00	5.00	5.00	-	-	-	-	-	-
Animal Control	1.69	1.69	1.69	1.69	2.00	2.00	2.00	2.00	2.00	2.00
Fire	43.00	43.00	49.00	51.00	54.00	58.00	63.00	65.00	69.00	78.00
Municipal Court	3.00	3.00	3.70	3.70	5.00	5.00	6.80	6.80	7.30	7.30
Code Enforcement	7.00	7.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00
Animal Shelter	7.98	8.48	8.50	8.66	8.66	8.66	7.66	9.63	9.63	9.63
Community Services:										
Parks	19.03	19.03	18.63	21.64	24.66	24.66	22.35	22.35	26.40	26.40
Community Development	7.23	6.23	6.23	5.98	5.98	5.23	4.64	5.89	6.79	6.79
Recreation	9.21	9.21	9.71	9.71	9.71	9.71	9.98	9.98	10.25	10.25
Recreation Center	-	-	-	14.50	17.96	17.96	22.00	21.00	21.50	21.50
Library	9.62	9.62	9.62	9.62	9.62	10.27	11.49	11.48	11.48	11.48
Planning	3.00	3.00	3.00	3.00	3.00	3.00	4.75	4.00	4.00	4.00
Neighborhood Services	-	-	-	0.25	0.25	1.00	1.00	1.00	1.00	1.00
Total City Employees:	<u>232.59</u>	<u>236.15</u>	<u>249.47</u>	<u>278.16</u>	<u>295.25</u>	<u>309.23</u>	<u>328.04</u>	<u>339.86</u>	<u>353.33</u>	<u>362.33</u>

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>2001</u>	<u>2002</u>	<u>2003</u>
General Government:			
Information Technology			
Installed Employee Desktop Computer Systems	-	-	55
Onsite Problem Calls	-	-	100
Vendor visits/Product Evaluations	-	-	60
Public Works:			
Streets & Drainage			
Number of street lights	1,787	1,875	1,950
Water & Sewer			
Number of water consumers	11,813	12,493	12,909
Average daily water consumption (millions of gallons)	6.2	6.2	6.2
Maximum storage capacity (millions of gallons)	18.0	18.0	18.0
Number of sewer connections	12,103	11,037	11,494
Public Safety:			
Police			
Index crimes, by calendar year	1,348	1,401	1,382
Index crime rate per 100,000, by calendar year	4,107.1	4,179.5	3,651.4
Percent index crimes cleared, by calendar year	14%	11%	23%
Number of reserve police officers	11.00	9.00	14.00
Fire			
Calls for service - Fire & EMS	N/D	N/D	3,473
Municipal Court			
Number of cases filed	6,994	4,913	6,447
Number of cases closed	5,156	4,152	5,599
Number of cases appealed	299	290	277
Number of warrants issued	386	2,949	3,353
Code Enforcement			
Building permits issued	1,080	1,031	821
Total dollar value of permits issued	146,127,295	132,258,770	114,271,071
Animal Shelter			
Number of incoming animals	4,286	4,543	4,685
Number of lost pets returned to owners	784	786	822
Number of animals adopted out	701	812	886
Number of animals euthanized	2,056	2,170	2,434
Number of animals transferred or rescued	743	655	563

Sources: City Departments

Notes: N/D means reliable data is not available.

N/A means data is not yet available.

The Information Technology Department was created in April 2003.

TABLE 17

Fiscal Year						
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
85	25	60	51	230	250	34
300	500	700	675	1,500	1,000	3,750
100	150	200	200	500	350	10
1,983	2,053	2,355	2,555	2,659	2,670	2,705
13,726	14,680	14,786	14,786	14,791	15,188	15,283
6.2	5.9	8.3	7.2	8.2	8.5	8.4
18.0	18.0	18.0	18.0	18.0	18.0	18.0
12,103	12,574	12,922	12,922	13,550	13,791	13,873
1,470	1,550	1,553	1,439	1,635	1,814	n/a
3,682.5	3,791.5	3,631.9	3,224.4	3,542.6	3,902.8	n/a
17%	21%	23%	23%	19%	29%	n/a
6.00	6.00	4.00	4.00	4.00	3.00	3.00
3,753	4,075	4,280	4,830	5,022	n/a	n/a
7,418	6,934	8,210	8,762	7,552	6,983	6,419
6,224	6,098	7,008	8,369	5,995	7,061	6,165
368	222	268	322	282	214	345
3,013	2,407	3,893	2,441	3,953	3,616	2,752
1,102	778	828	612	578	432	491
195,918,323	104,469,980	159,250,091	172,408,265	83,105,685	28,441,102	33,687,160
4,474	4,689	4,709	5,777	5,243	5,208	5,380
797	720	758	869	811	781	785
897	826	811	756	758	923	797
2,390	2,382	2,526	3,122	3,068	2,888	2,757
526	631	522	641	524	796	927

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

TABLE 18

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Works:										
Streets & Drainage										
Paved streets (miles) ^a	185	194	194	199	205	206	209	210	210	216
Graded streets (miles)	2	2	2	3	3	0	0	1	1	1
Paved alleys (miles)	35	38	40	41	41	41	41	42	42	42
Storm sewers (miles) ^a	48	56	60	61	64	66	67	70	71	74
Water & Sewer										
Water mains (miles) ^a	216	230	239	247	247	268	270	280	282	279
Storage capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Sanitary sewers (miles) ^a	185	190	193	200	201	225	225	245	247	214
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	4	4
Animal Shelter										
Buildings	1	1	1	1	1	1	1	1	1	1
Community Services:										
Parks										
Acreage	494	507	507	596	596	596	667	686	686	692
Municipal swimming pools	1	1	1	1	1	1	1	1	1	1
Lighted tennis courts	2	2	2	2	2	2	2	2	2	2
Lighted ball diamonds	16	16	16	18	18	18	19	23	23	23
Community/Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	0	0	0	0	1	1	1	1	1	1
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1

Sources: City Departments

Notes:

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