

Comprehensive Annual Financial Report



For the Year Ended September 30, 2018
City of Cedar Hill, Texas

CITY OF CEDAR HILL, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2018

Prepared by the

CITY OF CEDAR HILL
FINANCE DEPARTMENT

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

CITY COUNCIL

Robert K. Franke, Mayor

Chad McCurdy, Council Member
Jami McCain, Council Member
Wallace Swayze, Council Member

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

CITY MANAGER

Greg Porter



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

City of Cedar Hill
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2018

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INTRODUCTORY SECTION



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March 25, 2019

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Hill (the "City") for the fiscal year ended September 30, 2018. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report fulfills that requirement.

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

Crowe Horwath, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Cedar Hill's financial statements for the year ended September 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

City Profile

The City was incorporated in 1938 under the general laws of the State of Texas and is one of the oldest organized cities in Dallas County. Cedar Hill became a home-rule city in 1975 and encompasses 35.5 square miles and is approximately 50% developed. The City's current estimated population is 53,000. Since the 2010 census of 46,300, the City's population has grown by 6,700 or 14%. Cedar Hill is roughly 15 miles southwest of Dallas where it boasts to be the highest elevation between the Red River and the Gulf of Mexico. The City is situated along the eastern shore of Joe Pool Lake and Cedar Hill State Park 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.

Parks and recreation are important to the City and certainly part of its distinctive character. The inclusion of neighborhood parks, hike and bike trails and the preservation of green space will remain a priority of City Council. Some of the most beautiful and fascinating parks and open space areas in the State of Texas are in the City including Cedar Hill State Park and the Dogwood Canyon Audubon Center. A wide selection of charter and private schools in addition to the public-school system add to the expansive set of educational choices available to families and new comers to Cedar Hill.

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

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

Reporting Entity. This accompanying CAFR includes all funds of the City including its component units and internal service funds. The City's component units are legally separate entities for which the City is financially accountable. The City has two discretely presented component units. They are the Cedar Hill Economic Development Corporation and the Cedar Hill Community Development Corporation. The Tax Increment Reinvestment Zone Fund (TIRZ#1) or TIF Fund is recorded as a special revenue fund.

Accounting System and Budgetary Control

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

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

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

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

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

Factors Affecting Financial Condition

Local Economy. The City has seen several consecutive years of tax base growth from both residential and commercial values. Commercial values increased 11% over 2017 as the result of new business construction. Overall, the City's market value of properties on the tax roll grew 6% over 2017 and 11% over 2018. This growth is from appreciation of existing residential and commercial properties coupled with the completion of various development projects being added to the tax roll. The City is a bedroom community with single family residences making up over 70% of the tax base and offering a more affordable housing option within minutes of major job centers.

Cedar Hill is home to many businesses and is known for its diversified local economy. Cedar Hill has become the regional high-end retail hub with 11 major shopping districts offering over 3,500,000 square feet of retail, restaurants, office and entertainment. Business development in the form of light manufacturing, commercial and retail enterprises have substantially increased since 1998. The City has four industrial parks and several large industrially zoned tracts of land capable of accommodating additional industrial development.

The retail market remains active and strong in Cedar Hill. The Hillside Village Shopping and Life Style Center recently completed exterior renovations to continue to build on the experiential retail model consumers are most attracted to today. The Life Style Center continues to attract and hold national branded retailers and restaurants that attract local and regional shoppers.

Professional office space continues to be constructed to aggregate approximately 24,000 square feet to house medical and other professional businesses. The developments are Legacy Crossing which is a two-phase medical and other professional office building and a medical office is being constructed by another medical practitioner.

Tourism is certainly a big part of the local economy. The City partners on special events in the Historic Downtown to continue to draw residents and visitors to share the area's distinctive character. The growing list of tourism events in the City is a major support for the retail and service industry. Bike rallies and races, concerts and sports tournaments keep the tourism, parks and recreation departments active. The National Audubon Society opened a 250-acre national preserve with an interpretive center in 2011 which draws visitors to the City. This center, in conjunction with Cedar Hill State Park, Cedar Mountain Preserve and the City's trail system and open spaces continues to bring tourism to the City.

Economic Future. For the near future, the City's development plan is to aggressively seek out developers to continue to make the City Center master plan development a vibrant live, play and work destination place complimented with linear park space, restaurants and entertainment venues. The City is expected to see a continued growth trend in the near term that is in line with current and planned commercial and residential development that will add to the tax base. City officials are committed to expanding economic development opportunities that will foster development on its abundant available land, as well as continued lake development initiatives.

Commercial activity is strong with several hotels, retail stores and office buildings under development. Some highlighted developments are the current construction of Preston Trail, a mixed-use, multifamily project, and phase II of the Bear Creek neighborhood subdivision which will have 135 single-family residential lots with some of the homes being constructed in 2019. The City's Economic Development Corporation approved a development agreement for a mixed-use 40,000 square foot development project in the historic Downtown of Cedar Hill. The proposed development will provide retail, restaurant and office space, spaces for artisans, craftsmen and other live/work style studios and residential living.

The hotel tourism industry continues to grow and provide for lodging for local and regional sports and recreational events. A Fairfield Inn began construction in 2018 and opened its doors in 2019. In addition, a Hampton Inn and A-Loft Hotel will begin construction in 2019. Other developments on the horizon is Riverside Place, a 153-unit senior housing complex and the Lilacs duplex development which will expand housing in the historic downtown district. Fuel City which is a convenience store and specialty shop is anticipated to begin construction in 2019.

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

Financial Planning and Fiscal Policies. The City has a long tradition of disciplined and prudent fiscal management. Formal financial policies and prudent operating practices have enabled the City to maintain core services. Formal policies exist in areas such as balanced budgets, revenue diversification, operating expenditures, reserves, investments, and debt. The City manages the issuance of new debt and proactively communicates with its financial advisors to ensure that debt is issued prudently and affordably.

The City's budget reflects the community's priorities and the strategic goals set by the City Council to further the vision of Cedar Hill as a premier city. Additionally, it reflects the City's mission to deliver the highest quality municipal services to its citizens and customers, consistent with its community values. The City Council meets in a retreat setting annually to review its strategic plans and priorities.

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

The City completes a benchmarking survey of budgets, staffing and selected activity measurements of thirteen similar cities as part of the annual budget process. The City's financial history is driven by relatively balanced operations and maintaining strong budgetary performance meaning that the budget is monitored routinely with ending favorable balances.

The City's fiscal management policies require minimum fund balance goals for its core operating funds. The General Fund of the City calls for an available fund balance of 25% of operational expenditures and the City has historically adhered to this policy. Each of the funds with minimum fund balance requirements meets or exceeds these requirements. There were no significant impacts on the current year's operations as a result of the fiscal management policies.

Major Initiatives. The most notable and major initiative during the year was the first phase implementation of the 2017 General Obligation Bond referendum of \$45 million dollars. The City sold general obligation bonds in the amount of \$4.1 million to begin the initiatives the voters authorized. These initiatives were for the concept design, location analysis and land acquisition of the proposed new library and swimming pool; senior center repairs; Virginia Weaver Creative Playground design and construction; and, upgrades to Calf Pasture Park and Playground.

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

- The City Council issued Certificates of Obligation in the amount of \$5.8 million to complete several infrastructure projects. These include water and sewer projects and to leverage funding for the F.M. 1382 Hike and Bike Trail to be constructed in partnership with the Community Development Corporation and the Texas Department of Transportation (TXDOT). The cost estimate for this phase of the Hike and Bike Trail is \$10.8 million and is leveraged by 46% partnership funding. The trail project is expected to boost tourism and enhance the City's distinctive character and natural beauty along the F.M. 1382 corridor.
- F.M. Phase I which was started in 2017 remains under construction under a partnership with TxDOT and the City's Community Development Corporation. Phase I and II will provide a combined total of 2.5 trail miles along the F.M. 1382 corridor to eventually connect with neighboring city trails.
- U.S. Highway 67 (US 67) is under improvement construction by Texas Department of Transportation (TXDOT) with widening improvements, adding lanes, improving exit and entrance ramps all of which will enhance traffic flow and congestion for the City. The City has partnered with TXDOT to provide streetscape, signage and lighting enhancements for the section of US 67 through the City.
- The City continues to budget and plan annually to improve street signage at major intersections with illuminated signs and make sidewalk improvements along major streets.
- The City continues to upgrade community and neighborhood parks with new signage, score boards and shade structures.
- The City has approved a master developer agreement for the development and construction of a Hotel-Conference Center to be constructed under a public-private-partnership arrangement.

Several long-range planning related initiatives are underway, including:

- Historic Downtown revitalization with building codes adopted to augment a street design and parking for walk-ability and mixed-use development
- Traffic signalization and lighting to enhance mobility
- Policy initiative to steward the Joe Pool Lake Fund for long-term preservation of the Joe Pool Lake asset and resources
- Comprehensive Plan updating for future development growth plans

OTHER INFORMATION

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

Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Hill for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

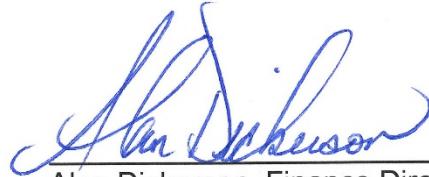
A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting the 2018 CAFR to the GFOA.

Acknowledgements: The preparation of this report could not be accomplished without the efficient and dedicated services of the Finance Department staff. Special thanks are extended to the members of the Finance and Audit Committee for their leadership and support of sound fiscal management and to all members of the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Greg Porter, City Manager



Alan Dickerson, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cedar Hill
Texas**

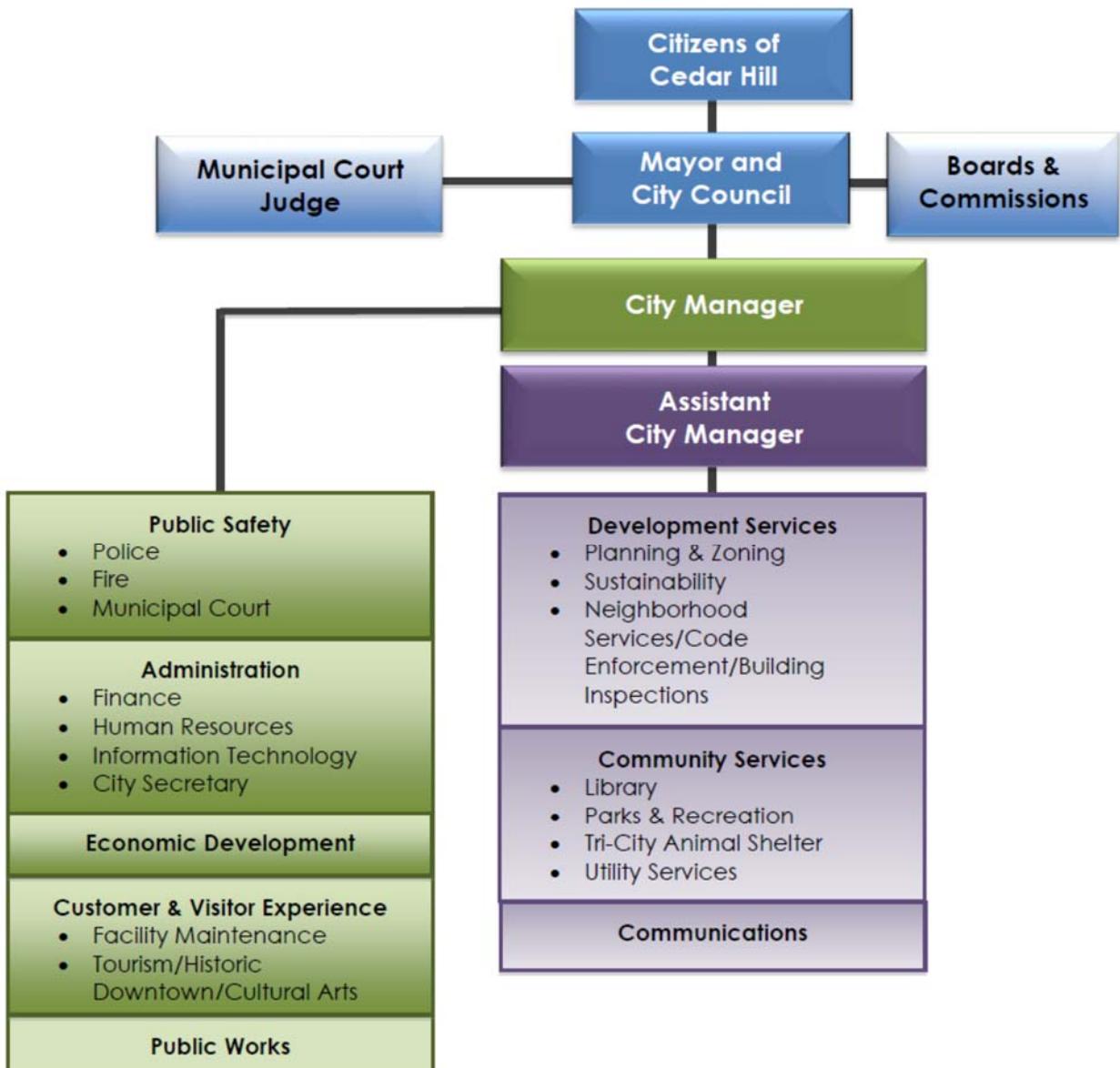
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

**CITY OF CEDAR HILL
ORGANIZATION CHART
at September 30, 2018**



CITY OF CEDAR HILL
List of Principal Officials
at September 30, 2018

Elected Officials

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

Appointed Officials

City Manager	Greg Porter
Assistant City Manager	Melissa Valadez- Cummings
Finance Director	Alan Dickerson
City Secretary	Belinda Berg
Police Chief	Steve Rhodes
Fire Chief	John Ballard
Economic Development Director	Allison Thompson
Neighborhood Services Director	Stacy Graves
Parks & Recreation Director	Will Ford
Planning Director	LaShondra Stringfellow
Public Works Director	Tom Johnson
Information Technology Director	Earl Shipman
Tri-City Animal Shelter Manager	Tammy Miller



CEDAR HILL

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FINANCIAL SECTION



CEDAR HILL

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in June 2015 the GASB issued GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." As discussed in Note 1, GASB Statement 75 was effective for the City's fiscal year ended September 30, 2018. This Statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Statement 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures as well as identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about Postemployment Benefits Other Than Pensions are also addressed. As a result of implementation of this standard, the governmental activities, business-type activities, and aggregate discretely presented component units net positions were restated by \$1,087,661, \$133,211 and \$52,240 respectively, as of October 1, 2017 and net position of the Water and Sewer fund was also restated by \$133,211 for the cumulative effect of the application of this pronouncement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios (Last 10 Years)-TMRS Plan, Schedule of Contributions – TMRS Plan, Schedule of Changes in Total Other Post Employment Benefits Plan Liability and Related Ratios - Health Care (Last Ten Years), Schedule of Changes in Total Other Post Employment Benefits Plan Liability and Related Ratios - SDBF (Last Ten Years), Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund and Joe Pool Fund* on pages 4 – 16, 79, 80, 81, 82, 83 and 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, budgetary comparison schedules, the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The "C" is large and stylized, the "L" is a simple vertical line, and the "P" is a large, open "P".

Crowe LLP

Dallas, Texas
March 25, 2019



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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, 2018. 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 City's total net position was \$196,899,179 at the end of the fiscal year. This amount includes net investment in capital assets of \$152,616,698, a restricted portion of \$21,431,113 and an unrestricted net position of \$22,851,368.
- The City's total net position has increased by \$3,693,064 before restatement of beginning net position of \$194,426,987 related to GASB Statement No. 75 implementation. Net position for governmental activities increased by \$3,658,031 or 2.6% and business-type net position increased by \$35,033 or .06% before restating beginning net position. The increases are primarily due to an increase in grant revenue and contributions and property taxes.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$50,575,268, an increase of \$5,685,911 from prior year. The \$8,771,211 unassigned fund balance in the General Fund represents 26.12% of total General Fund expenditures.
- The City's total long-term liabilities of \$96,638,637 decreased by \$3,170,959 or 6.2% during the fiscal year. Total bonded debt increased by \$2,015,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Cedar Hill's basic financial statements. The City of Cedar Hill's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements.

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

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

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

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

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

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

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

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

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

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

Governmental Funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on

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balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Proprietary Funds—The City of Cedar Hill maintains two types of proprietary funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide statements. The City uses an enterprise fund to account for its water and sewer activities. The internal service funds are utilized to accumulate and allocate costs among the City's various functions and activities. The City uses its internal service funds to account for its self-funded health program and capital replacement program. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the City's budget to actual variance and schedules of funding progress for retirement plans.

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

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City at September 30, 2018 were \$296,474,153 deferred outflows of resources were \$4,335,813, total liabilities were \$101,162,000, and deferred inflows of resources were \$2,748,787 resulting in a net position balance of \$196,899,179.

The largest portion of the City's net position, \$152,616,698 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 is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 56,855,389	\$ 51,545,929	\$ 14,103,518	\$ 12,102,737	\$ 70,958,907	\$ 63,648,666
Capital and other assets	166,838,451	168,275,662	58,403,155	59,640,512	225,241,606	227,916,174
Other assets	273,640	193,979	-	-	273,640	193,979
Total assets	223,967,480	220,015,570	72,506,673	71,743,249	296,474,153	291,758,819
Deferred outflows of resources	3,994,028	7,275,152	341,785	666,194	4,335,813	7,941,346
Current liabilities	3,150,575	3,825,701	1,372,788	1,485,851	4,523,363	5,311,552
Noncurrent liabilities	80,606,803	84,189,278	16,031,834	15,620,318	96,638,637	99,809,596
Total liabilities	83,757,378	88,014,979	17,404,622	17,106,169	101,162,000	105,121,148
Deferred inflows of resources	2,495,543	137,526	253,244	14,504	2,748,787	152,030
Net position						
Net investment in capital	106,180,335	109,712,318	46,436,363	46,893,008	152,616,698	156,605,326
Restricted	17,678,071	11,582,583	3,859,296	1,681,967	21,537,367	13,264,550
Unrestricted	17,850,181	17,843,316	4,894,933	6,713,795	22,745,114	24,557,111
Total net position	\$ 141,708,587	\$ 139,138,217	\$ 55,190,592	\$ 55,288,770	\$ 196,899,179	\$ 194,426,987

An additional portion of the City's net position totaling \$21,547,367 or 10.9%, represent resources that are subject to external restrictions on how these funds can be used. The remaining balances of unrestricted net position \$22,745,114 or 11.6% may be used to meet the City's ongoing obligations to citizens and creditors.

The net position of the City increased by \$3,693,064 or 1.9% for the fiscal year ended September 30, 2018. The primary government's overall revenues increased by \$1,998,138 or 2.8% while overall expenses increased by \$2,869,002 or 4.3%.

CITY OF CEDAR HILL, TEXAS
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FISCAL YEAR ENDED SEPTEMBER 30, 2018

The fiscal year 2018 compared to fiscal year 2017 changes in the City's net position were as follows:

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 10,305,764	\$ 10,034,686	\$ 18,621,798	\$ 17,759,404	\$ 28,927,562	\$ 27,794,090
Operating grants and contributions	4,374,471	2,537,822	-	-	4,374,471	2,537,822
Capital grants and contributions	1,095,938	1,511,933	357,101	1,794,910	1,453,039	3,306,843
General revenues:						
Property taxes	24,781,240	22,809,120	-	-	24,781,240	22,809,120
Sales taxes	9,097,038	8,903,958	-	-	9,097,038	8,903,958
Hotel/motel taxes	250,332	301,690	-	-	250,332	301,690
Franchise taxes	3,639,798	4,000,294	-	-	3,639,798	4,000,294
Investment earnings	928,939	268,574	131,821	81,424	1,060,760	349,998
Gain on disposal of capital assets	82,623	(148,127)	5,450	22,600	88,073	(125,527)
Miscellaneous	465,361	1,802,244	-	-	465,361	1,802,244
Total revenues	55,021,504	52,022,194	19,116,170	19,658,338	74,137,674	71,680,532
Expenses						
General government						
General government	6,960,889	7,823,215	-	-	6,960,889	7,823,215
Public safety	25,902,749	25,618,102	-	-	25,902,749	25,618,102
Public works	7,021,452	4,927,777	-	-	7,021,452	4,927,777
Community service	10,800,462	9,164,427	-	-	10,800,462	9,164,427
Water and sewer services	-	-	17,848,255	17,708,700	17,848,255	17,708,700
Interest and fiscal charges	1,910,803	1,874,383	-	-	1,910,803	1,874,383
Total expenses	52,596,355	49,407,904	17,848,255	17,708,700	70,444,610	67,116,604
Increase in net position before transfers and special item						
Special item - gain on Joe Pool payment	2,425,149	2,614,290	1,267,915	1,949,638	3,693,064	4,563,928
Increase in net position before transfers	-	42,139,681	-	-	-	42,139,681
Transfers	2,425,149	2,614,290	1,267,915	1,949,638	3,693,064	4,563,928
Transfers	1,232,882	808,554	(1,232,882)	(924,956)	-	(116,402)
Change in net position	3,658,031	45,562,525	35,033	1,024,682	3,693,064	46,587,207
Net position, beginning of year	139,138,217	93,575,692	55,288,770	54,264,088	194,426,987	147,839,780
Change in accounting principle, GASB 75	(1,087,661)	-	(133,211)	-	(1,220,872)	-
Net position, beginning of year, as restated	138,050,556	93,575,692	55,155,559	54,264,088	193,206,115	147,839,780
Net position, end of year	<u>\$ 141,708,587</u>	<u>\$ 139,138,217</u>	<u>\$ 55,190,592</u>	<u>\$ 55,288,770</u>	<u>\$ 196,899,179</u>	<u>\$ 194,426,987</u>

Governmental Activities—Governmental activities increased the City's net position by \$3,658,031 in comparison with the beginning of the year net position, which is due in large part to property taxes, operating grants and contributions. There was a net increase of \$2,540,306 or 4.9% in revenues over 2017 and an increase in governmental expenses by \$2,729,447 or 5.5%. The increase in expenses was largely related to repairs and maintenance in public works and community services. Net position of governmental operations accounts for 72% of total net position.

Business-type Activities—Business-type activities increased the City's net position by \$35,033 in comparison with the beginning of the year net position. Total revenue decreased by \$542,168 or 2.8%, which was due to a decrease in developer contributions. Business-type activity expenses before transfers have increased by \$139,555 or 0.8%. Transfers to other funds

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increased by \$307,926 due to a transfer to the general capital project funds for the Downtown City Center project. Net position for business-type activities represents 28% of total primary government net position.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances were \$50,575,268. Of this amount, \$8,771,211 or 17.3% constitutes unassigned fund balance and is available for spending at the City's discretion. Fund balances restricted for specific purposes total \$18,997,480 or 37.6%, which are not available for new spending. Specific purposes include non-spendable inventories and prepaid items; amounts restricted by statutes, bond covenants or granting agencies either for debt service payments, grant related use, special taxing districts, or for capital projects. Fund balances committed by City Council total \$21,764,013 or 43% and can only be used for the purpose they are committed for and require formal action by City Council to spend. Assigned fund balance is \$1,042,564 or 2%.

The General Fund is the main operating fund of the City. The revenues of the General Fund totaled \$33,663,936 and the expenditures of the fund before other financing sources and users, totaled \$33,583,933 for an excess of revenues over expenditures amount of \$80,003. After other financing sources and uses in the General Fund (transfers), the change to fund balance was an increase of \$336,493. This increase was due to a reduction in budgeted transfers to the Street Construction fund. The City's ending fund balance of \$8,815,954 is 26.3% of operating expenditures and meets the City's policy initiative of 25% of operating expenditures.

Other major funds such as the Debt Service Fund balance has increased by \$87,708. This increase was a due to an increase in property tax revenue. The ending fund balance of the Debt Service Fund is 17% of expenditures and meets the City's policy initiative of 15%.

The Joe Pool Fund accounts for funds for the purpose of providing resources for the maintenance of the lake asset and the Joe Pool corridor. The change in fund balance for the year was an increase of \$310,585.

The Capital Projects Fund accounts for funds to construct streets and several building renovations. The fund received \$144,203 in investment earnings during the fiscal year and incurred expenditures of \$4,813,254 for capital projects. During fiscal year 2018, the City sold general obligations bonds for \$4,200,000 to fund capital projects for streets, parks, and library projects.

The total fund balance of the Non Major governmental funds increased by \$114,086. The increase is attributable to charges for services.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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Proprietary Funds—The City has two proprietary funds types, a water and sewer (enterprise) fund and two internal service funds. The enterprise fund financial statements provide similar information found in the government-wide financial statements but includes more detail. The Enterprise Fund had operating income of \$1,055,514 at September 30, 2018. After other non-operating revenues and expenses, transfers and contributions, the net change in the net position of the City's enterprise fund was an increase of \$35,033. The unrestricted assets of the Enterprise fund at the end of the fiscal year were \$9,602,661. These assets can be used in operations and pay other legally contracted obligations and debt. The restricted assets of the Enterprise Fund totaled \$1,505,432 and are to be used for construction activities and a portion are deposits held for customers.

The Equipment Fund, an internal service fund, accounts for equipment purchased and leased to governmental funds. The Self-Insurance Fund, also an internal service fund accounts for premiums received and health claims paid on behalf of city employees and retirees of the City. The net position of the combined Internal Service funds at the end of the fiscal year was \$5,356,131. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights—Actual General Fund revenue received in comparison to the final budget was a negative variance of \$620,884. General Fund expenditures before transfers had a final budget to actual positive variance of \$946,877. The transfers in to the General Fund were from the City's Enterprise Fund and Landscape Beautification Fund and where cost-recovery amounts for Information Technology Services and Contract Mowing Services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at fiscal year-end totaled \$225,241,607. The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights (Joe Pool Lake), and improvements other than buildings (includes infrastructure). The change in capital assets for the primary government over the prior year decreased by \$2,674,567.

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

- Mansfield Roadway, Trail and Streetscape was completed and in service
- Weaver Street sidewalk replaced with community block grant funding
- Duncanville Road Resurfaced
- FM 1382 Safety Lanes – TxDOT Program
- FM 1382 Phase I & II Hike and Bike Trail in progress
- Neighborhood and Community Park playground shade structures install
- Valley Ridge Park Shade structures added and replaced at soccer fields
- Alan E. Sims weight room and indoor track floors replaced
- Fire Rescue equipment replaced

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- Fire Life Pak Monitors and Defibrillators replaced
- Government Center security cameras replaced
- Replaced audio and visual equipment in council chambers and conference rooms
- Public Safety in car camera systems replaced in all patrol vehicles
- Senior Center Bus replaced with wheel-chair accessible 12-passenger coach
- Hwy 67 improvements in progress in partnership with TxDOT
- Various water and sewer lines replaced under rehab program
- Old Town Drainage improvements
- Little Creek Lift Station replaced

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 15,673,084	\$ 15,673,084	\$ 367,764	\$ 367,764	\$ 16,040,848	\$ 16,040,848
Construction in progress	3,257,003	19,830,647	3,251	2,681,692	3,260,254	22,512,339
Buildings	36,671,641	38,450,375	80,429	26,950	36,752,070	38,477,325
Water System	-	-	41,597,967	40,155,337	41,597,967	40,155,337
Sewer System	-	-	15,941,463	16,138,344	15,941,463	16,138,344
Equipment	4,467,735	3,196,468	411,604	269,008	4,879,339	3,465,476
Infrastructure	98,713,693	82,579,052	-	-	98,713,693	82,579,052
Water rights	8,034,779	8,524,207	-	-	8,034,779	8,524,207
Master studies	20,517	21,829	677	1,417	21,194	23,246
Total	<u>\$ 166,838,452</u>	<u>\$ 168,275,662</u>	<u>\$ 58,403,155</u>	<u>\$ 59,640,512</u>	<u>\$ 225,241,607</u>	<u>\$ 227,916,174</u>

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

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Long-term debt—At September 30, 2018, the City had the following long-term liabilities:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Gross bonded debt:						
General obligation	\$ 56,111,795	\$ 58,245,312	\$ 5,608,205	\$ 6,454,688	\$ 61,720,000	\$ 64,700,000
Certificates of obligation	5,535,000	2,410,000	6,560,000	6,560,000	12,095,000	8,970,000
Total bonded debt	61,646,795	60,655,312	12,168,205	13,014,688	73,815,000	73,670,000
Other long-term debt:						
Unamortized premiums	3,859,905	4,503,278	790,046	877,423	4,649,951	5,380,701
Compensated absences	4,116,281	4,180,428	38,985	195,025	4,155,266	4,375,453
OPEB liability - Retiree Health	998,818	897,719	151,335	136,018	1,150,153	1,033,737
OPEB liability - SDBP	756,291	634,292	76,747	64,367	833,038	698,659
Net pension liability	9,228,713	14,439,972	936,516	1,471,017	10,165,229	15,910,989
Total other long-term debt	18,960,008	24,655,689	1,993,629	2,743,850	20,953,637	27,399,539
Total	\$ 80,606,803	\$ 85,311,001	\$ 14,161,834	\$ 15,758,538	\$ 94,768,637	\$ 101,069,539

* The 2017 balances have been restated due to the adoption of Governmental Accounting Standards Board Statement No. 75. See Note 1.D.12 of the notes to the basic financial statements.

The total bonded debt outstanding of the City is \$73,815,000, which is backed by the full faith and credit of the City with a property tax pledge.

The total outstanding for the general government was \$60,655,312 in bonded debt while that of the business-type was \$13,014,688. Property taxes are levied annually to pay annual principal and interest payments. The City maintains solid self-supporting annual debt commitments from the City's Water and Sewer Fund, the Community Development Corporation and the Economic Development Corporation. The self-supported outstanding bonded indebtedness by these entities totals \$28,714,688 or 39% of the total bonded debt of the primary government.

The total outstanding for the general government was \$61,646,795 in bonded debt while that of the business-type was \$12,168,205. Property taxes are levied annually to pay annual principal and interest payments. The City maintains solid self-supporting annual debt commitments from the City's Water and Sewer Fund, the Community Development Corporation and the Economic Development Corporation. The self-supported outstanding bonded indebtedness by these entities totals \$31,708,205 or 43% of the total bonded debt of the primary government.

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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COMPONENT UNITS

Economic Development Corporation (EDC)—is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. A one-eighth of one percent sales tax (\$.00375) is collected to support EDC operations. The EDC's net position at September 30, 2018 was \$11,295,408. The EDC increased its net position by \$763,315 or 7.2%.

The EDC's net investment in capital assets was \$2,901,284 with unrestricted assets of \$8,394,124. The unrestricted assets are available for permitted uses by the EDC Board of Directors. The EDC fund balance at September 30, 2018 was \$8,454,071. The EDC's total revenues were \$3,146,643 of which \$3,000,355 was from sales taxes. For the year, the EDC had expenditures of \$2,381,321, and of this amount, \$1,166,426 was contractually required payments to the City for debt service payments.

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

Community Development Corporation (CDC)—is a legally separate governmental entity tasked with bringing recreational, park facility development and tourism opportunities to the City. A one-half of one percent sales tax (\$.0050) supports the CDC's primary operations with supplements from fees and charges for recreational programs through the Alan E. Sims Recreation Center. The CDC's net position at September 30, 2018 was \$11,190,010. The CDC increased its net position by \$1,120,970.

The CDC's net investment in capital assets was \$2,411,400 with unrestricted assets of \$8,778,610. The unrestricted assets are available for permitted uses by the CDC Board of Directors. The CDC fund balance at September 30, 2018 was \$8,924,905. The CDC's total revenues were \$4,777,904 of which \$4,000,473 or 83.7% was from sales taxes. There were \$602,800 or 12.6% in revenue from fees supporting programs at the Alan E. Sims Recreation Center.

For the year, the CDC had expenditures of \$3,527,410, and of this amount, \$741,588 or 21% was contractually required payments to the City for debt service payments and \$305,840 or 8.6% were capital related expenditures for park improvements, trail improvements (F.M. 1382), exercise equipment and building infrastructure improvements at the Alan E. Sims Recreation Center.

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

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

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City is optimistic that the upward trend of growth will continue into the next decade. Valuation data released from the Dallas and Ellis County Appraisal Districts indicate taxable values will continue to increase in the region. Building and development growth rates indicate healthy activities in single-family residential and multi-family residential as well as commercial/retail sectors for the City and the region. In the southeast sector of the City, there is a 200-lot single-family subdivision platted and preparing for permits in fiscal year 2019.

The retail market remains strong in Cedar Hill with the addition of Gigi's Cupcakes, McAlister's Deli, Hooter's, Enterprise Car Rental, and National Tire & Battery, to name a few. Professional office development continues to expand in the City with Legacy Crossing, located at the southeast corner of Joe Wilson Road and Pleasant Run Road. This development is a two-phase development project that includes 4,900 square feet of medical office space. Covenant Development entered the Cedar Hill market in 2018 to construct Preston Trail Center, a 20-acre site, located at the intersection of FM 1382 and Straus Road. The goal of Preston Trail Center is to create a thriving, mixed-use area that builds on, enhances, and highlights the unique character of Cedar Hill as a friendly, family-oriented and nature-oriented Texas town. The multifamily component is under construction and consists of approximately 300 units with high-end amenities, and an emphasis on walkability and connectivity. Vinodbahi T. Patel is developing Riverside Place, a 153-unit senior housing complex, on the south side of East Pleasant Run Road.

The City works with local partners on special events in the Historic Downtown to continue to draw residents and visitors and share the area's distinctive character. Interest in re-development of Cedar Hill's historic downtown continues to draw interest from various developers and business interests. Earlier this year, the CHEDC approved a development agreement with Lake Moreno Partners, LLC for a mixed-use project in Historic Downtown. The 40,000 square foot project, located at W. Belt Line Road and Broad Street, will include retail, restaurants, office space, spaces for craftsmen and artists, live/work studios, and residential dwellings

Hillside Village, formerly Uptown Village, completed exterior renovations to the lifestyle center, which continues to build on the experiential retail model consumers are most attracted to today. They welcomed new retail additions, including Orange Theory Fitness, H&M, Charlotte Russe, F21 Red, Tuesday Morning, and Wing Bucket. The center also welcomed local Cedar Hill business, Gas Clips Technologies, with new office space.

The CHEDC owns lots in the 150-acre rail-served Cedar Hill Business Park, which is managed by the Business Park Property Owners Association and marketed by the City to prospective industries. Most recently, Lone Star Packaging Solutions opened offices on KCK Way and P&T Manufacturing joined the industrial district. The Cedar Hill Business Park recently ranked in "Top 25 Office Parks in North Texas" by the *Dallas Business Journal*.

Tourism, an expanding and sought-after economic development sector of the City. The addition of the Fairfield Inn which is the City's fourth hotel/motel, provides for the additional lodging space and rooms needed for the City's growing annual events such as bike rallies and sports tournaments.

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Budget and Planning—Although there are trends of new construction growth from single-family residential, multi-family and the City's commercial tax base, the 2019 budget was developed with fiscal conservative initiatives and with the attitude of growing the budget smartly. The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget and tax rate:

- A 9% increase in assessed taxable property values resulting from appreciation of market and taxable values seen throughout the region
- Maintaining a property tax rate that supports the goals and initiatives of the City with an emphasis on maintaining a safe and diverse City
- A 4% increase in water and sewer rates after 4 years without a utility rate increase
- Focus on City's financial policy objective of maintain a 25% fund balance (reserve)

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2019 was adopted at \$0.697028 cents per \$100 valuation. The property tax rate and levy resulted in budgeted tax revenues of \$24,000,000 for general and debt purposes for fiscal year 2019. The 2019 budgeted tax revenue increase was \$2,200,000 or 9% over fiscal year 2018. Of this amount about \$225,000 is from new construction and \$525,000 is from new debt resulting from the November 2017 voter approved bonds of which \$4.1M was sold in fiscal year 2018.

The City expects conservative and stable revenue growth in other governmental activities due to expected growth in service requirements for public safety, parks and community services. The City's revenues other than property taxes are projected to remain stable with the City projecting and estimating conservatively.

The City's portion of the sales tax rate is \$.01875, and the City has seen stable growth in its sales tax. The fiscal year 2019 budget included a 2% increase in sales tax. In November 2012, voters approved the creation of a Crime Control and Prevention District (CCPD) at one-eighth cent. This sales tax was approved by the voters in November 2017 to continue for 15 years. The CCPD continues to prove successful in its efforts of crime control and prevention. The CCPD sales tax takes some of the pressure off the General Fund for public safety expense at approximately 3 cents per \$100 of taxable value.

For 2019, General Fund revenues are expected to increase by 4% and expenditures are budgeted to increase by 3.7% prior to other financing sources and transfers out, respectively, over FY2018 revenues and expenditures. The fund balance (reserve) of the General Fund is expected to be maintained at or above the 25% fiscal policy minimum.

For 2019, Utility Fund operating revenues were to increase by 4% as a result of a rate increase implemented effective October 1, 2018. Operating expenses for 2019 were projected to increase by 5% or \$850,000 primarily due to pass-thru costs for wastewater treatment costs through the City's contract with Trinity River Authority. The working capital balances of the City's Utility are healthy and meet financial policy initiatives.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

The City completed a comprehensive utility rate and cost of service study with the result of no need for a rate increase for 2018 and plans on doing a utility rate study update annually to ascertain if the rates and charges of the Utility are covering annual operating expenses.

Capital Planning Budget—The City's approved appropriations for capital projects in fiscal year 2019 totals \$12,000,000. The voters approved a \$45,000,000 general obligation referendum in fiscal year 2018 for park improvements, a new library, improvements to the Senior Center and various street infrastructure improvements. The City will phase in the bond program over a 5-year period. The City sold general obligations bonds for \$4,200,000 in 2018 and the City will sell \$9,500,000 in 2019 for the Library, City-Center Park and infrastructure projects. The City intends to issue \$3,500,000 in certificates of obligation for water and sewer infrastructure projects and \$7,500,000 taxable certificates of obligation for the Hotel and Conference center public-private partnership project.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the Finance Department, City of Cedar Hill, 285 Uptown Blvd., Bldg. 100, Cedar Hill, Texas 75104, or call (972) 291-5100, extension 1063.



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

BASIC FINANCIAL STATEMENTS



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation	Economic Development Corporation
ASSETS					
Equity in pooled cash and cash equivalents	\$ 50,259,821	\$ 6,284,172	\$ 56,543,993	\$ 8,437,785	\$ 4,464,105
Investments	-	-	-	-	3,658,605
Receivables (net of allowances for uncollectible)	6,550,543	3,286,278	9,836,821	734,840	536,968
Inventory	19,139	-	19,139	-	-
Prepaid and other items	25,886	-	25,886	-	19,654
Restricted cash and investments	-	4,533,068	4,533,068	-	-
Capital assets:					
Nondepreciable	18,930,087	371,015	19,301,102	2,411,400	2,832,944
Depreciable-net of accumulated depreciation	147,908,364	58,032,140	205,940,504	-	68,340
Other assets	273,640	-	273,640	-	-
TOTAL ASSETS	223,967,480	72,506,673	296,474,153	11,584,025	11,580,616
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refundings	792,358	12,047	804,405	-	-
Deferred outflows from pension	3,045,892	309,093	3,354,985	-	-
OPEB deferred outflows from total OPEB	155,778	20,645	176,423	9,190	1,875
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,994,028	341,785	4,335,813	9,190	1,875
LIABILITIES					
Accounts payable	1,384,090	541,421	1,925,511	52,896	214,748
Accrued liabilities	1,110,002	83,108	1,193,110	42,842	10,513
Unpaid claims liabilities	338,498	-	338,498	-	-
Unearned revenue	-	-	-	135,325	-
Customer deposits	-	673,772	673,772	16,657	-
Interest payable	317,985	70,287	388,272	-	-
Payable from restricted assets-current	-	4,200	4,200	-	-
Noncurrent liabilities:					
Due within one year	8,688,683	1,373,859	10,062,542	34,202	17,621
Due in more than one year	71,918,120	14,657,975	86,576,095	121,283	44,201
TOTAL LIABILITIES	83,757,378	17,404,622	101,162,000	403,205	287,083
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	2,495,543	253,244	2,748,787	-	-
NET POSITION					
Net investment in capital assets	106,180,335	46,436,363	152,616,698	2,411,400	2,901,284
Restricted for:					
Debt service	1,290,738	-	1,290,738	-	-
Construction	13,357,377	3,859,296	17,216,673	-	-
Dispatch center	273,640	-	273,640	-	-
Other	2,756,316	-	2,756,316	-	-
Unrestricted	17,850,181	4,894,933	22,745,114	8,778,610	8,394,124
TOTAL NET POSITION	\$ 141,708,587	\$55,190,592	\$ 196,899,179	\$ 11,190,010	\$ 11,295,408

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, 2018**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 6,960,889	\$ 779,978	\$ -	\$ -
Public safety	25,902,749	5,588,368	415,355	-
Public works	7,021,452	192,082	-	636,934
Community services	10,800,462	3,745,336	2,051,103	459,004
Interest and fiscal charges	1,910,803	-	1,908,013	-
Total governmental activities	52,596,355	10,305,764	4,374,471	1,095,938
BUSINESS-TYPE ACTIVITIES:				
Water and sewer	17,848,255	18,621,798	-	357,101
Total business-type activities	17,848,255	18,621,798	-	357,101
TOTAL PRIMARY GOVERNMENT	\$ 70,444,610	\$ 28,927,562	\$ 4,374,471	\$ 1,453,039
COMPONENT UNITS:				
Community Development Corporation	3,656,934	602,800	-	-
Economic Development Corporation	2,383,331	-	-	-
TOTAL COMPONENT UNITS	\$ 6,040,265	\$ 602,800	\$ -	\$ -
GENERAL REVENUES:				
Taxes:				
Property Taxes				
Sales Taxes				
Hotel/motel Taxes				
Franchise Taxes				
Investment earnings				
Gain on disposal				
Miscellaneous				
TRANSFERS				
Total general revenues and transfers				
CHANGE IN NET POSITION				
NET POSITION-Beginning, as restated				
NET POSITION-Ending				

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

EXHIBIT A-2

Net (Expenses) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Community Development	Economic Development	
\$ (6,180,911)	\$ -	\$ (6,180,911)	\$ -	\$ -	
(19,899,026)	-	(19,899,026)	-	-	
(6,192,436)	-	(6,192,436)	-	-	
(4,545,019)	-	(4,545,019)	-	-	
(2,790)	-	(2,790)	-	-	
(36,820,182)	-	(36,820,182)	-	-	
-	1,130,644	1,130,644	-	-	
-	1,130,644	1,130,644	-	-	
(36,820,182)	1,130,644	(35,689,538)	-	-	
-	-	-	(3,054,134)	-	
-	-	-	-	(2,383,331)	
-	-	-	(3,054,134)	(2,383,331)	
24,781,240	-	24,781,240	-	-	
9,097,038	-	9,097,038	4,000,473	3,000,355	
250,332	-	250,332	-	-	
3,639,798	-	3,639,798	-	-	
928,939	131,821	1,060,760	149,114	146,288	
82,623	5,450	88,073	-	-	
465,361	-	465,361	25,517	-	
1,232,882	(1,232,882)	-	-	-	
40,478,213	(1,095,611)	39,382,602	4,175,104	3,146,643	
3,658,031	35,033	3,693,064	1,120,970	763,312	
138,050,556	55,155,559	193,206,115	10,069,040	10,532,096	
\$ 141,708,587	\$ 55,190,592	\$ 196,899,179	\$ 11,190,010	\$ 11,295,408	

CITY OF CEDAR HILL, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

ASSETS	Debt Service Fund		Joe Pool Fund
	General	Debt Service Fund	Joe Pool Fund
EQUITY IN POOLED CASH AND CASH EQUIVALENTS	\$ 7,982,582	\$ 1,476,919	\$ 18,864,651
RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):			
Taxes	1,760,064	131,804	-
Franchise taxes	675,876	-	-
Miscellaneous	1,173,959	-	-
Interest	16,852	7,187	9,989
PREPAID ITEMS	25,604	-	-
INVENTORY	19,139	-	-
TOTAL ASSETS	<u>\$ 11,654,076</u>	<u>\$ 1,615,910</u>	<u>\$ 18,874,640</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	691,792	-	-
Accrued liabilities	738,546	-	-
Total liabilities	<u>1,430,338</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,407,784	131,803	-
Total deferred inflows of resources	<u>1,407,784</u>	<u>131,803</u>	<u>-</u>
FUND BALANCES:			
Nonspendable			
Prepaid and inventory	44,743	-	-
Restricted for:			
Construction	-	-	-
PID use	-	-	-
Tourism	-	-	-
Public safety	-	-	-
Landscaping	-	-	-
Economic development	-	-	-
Debt service	-	1,484,107	-
Committed for:			
Construction	-	-	-
Facilities	-	-	-
Joe Pool	-	-	18,874,640
Economic development	-	-	-
Assigned	-	-	-
Unassigned	<u>8,771,211</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>8,815,954</u>	<u>1,484,107</u>	<u>18,874,640</u>
TOTAL	<u>\$ 11,654,076</u>	<u>\$ 1,615,910</u>	<u>\$ 18,874,640</u>

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

EXHIBIT B-1

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,697,069	\$ 12,000,001	\$ 48,021,222

- 2,024,803	207,568 21,105 469,484 28,750	2,099,436 696,981 3,668,246 73,559
10,781	282	25,886
- -	- -	19,139
<u>\$ 9,732,653</u>	<u>\$ 12,727,190</u>	<u>\$ 54,604,469</u>

284,074	383,063	1,358,929
<u>22,992</u>	<u>348,464</u>	<u>1,110,002</u>
<u>307,066</u>	<u>731,527</u>	<u>2,468,931</u>
- -	20,683	1,560,270
- -	20,683	1,560,270

- 9,425,587	282	45,025
- -	5,240,364	14,665,951
- -	533,015	533,015
- -	890,939	890,939
- -	1,116,643	1,116,643
- -	222,825	222,825
- -	38,975	38,975
- -	- -	1,484,107
- -	2,607,973	2,607,973
- -	180,095	180,095
- -	- -	18,874,640
- -	101,305	101,305
- -	1,042,564	1,042,564
- -	- -	8,771,211
<u>9,425,587</u>	<u>11,974,980</u>	<u>50,575,268</u>
<u>\$ 9,732,653</u>	<u>\$ 12,727,190</u>	<u>\$ 54,604,469</u>

CITY OF CEDAR HILL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

EXHIBIT B-2

TOTAL FUND BALANCES-Governmental funds	\$ 50,575,268
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$3,468,870)	166,838,451
The regional dispatch center is not reported at the fund level.	273,640
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.	1,560,270
Deferred outflows of resources - unamortized loss on refunding bonds.	792,358
Pension and OPEB related deferred outflows and inflows	706,127
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(317,985)
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	(56,111,795)
Certificates of obligation	(5,535,000)
Unamortized premiums	(3,859,905)
Compensated absences	(4,116,281)
Total OPEB liability	(1,755,109)
Net pension liability	(9,228,713)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. Amount represents net position excluding capital assets included above.	<u>1,887,261</u>
TOTAL NET POSITION-Governmental activities	<u>\$ 141,708,587</u>

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Debt Service Fund	Joe Pool Fund
REVENUES:			
Taxes	\$ 25,832,936	\$ 6,444,297	\$ -
Franchise taxes	3,554,289	-	-
License and permits	789,254	-	-
Intergovernmental	505,107	1,908,013	-
Charges for services	1,562,887	-	-
Fines and forfeitures	1,101,110	-	-
Investment earnings	162,406	47,209	310,585
Miscellaneous	155,947	-	-
Total revenues	33,663,936	8,399,519	310,585
EXPENDITURES:			
Current:			
General government	5,518,238	-	-
Public works	2,114,812	-	-
Public safety	21,285,227	-	-
Community services	4,644,118	-	-
Debt service:			
Principal retirement	-	6,443,517	-
Interest and fiscal charges	-	2,309,319	-
Capital outlay:			
General government	-	-	-
Public works	-	-	-
Public safety	21,538	-	-
Community services	-	-	-
Total expenditures	33,583,933	8,752,836	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	80,003	(353,317)	310,585
OTHER FINANCING SOURCES (USES):			
Transfer in	470,000	441,025	-
Transfer out	(213,510)	-	-
Premiums on issuance of debt	-	-	-
Issuance of bonds	-	-	-
Total other financing sources (uses)	256,490	441,025	-
CHANGE IN FUND BALANCES	336,493	87,708	310,585
FUND BALANCES-Beginning	8,479,461	1,396,399	18,564,055
FUND BALANCES-Ending	\$ 8,815,954	\$ 1,484,107	\$ 18,874,640

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

EXHIBIT B-3

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,828,737	\$ 34,105,970
- -	85,846	3,640,135
- -	- -	789,254
2,024,803	87,607	4,525,530
- -	3,217,914	4,780,801
- -	756,796	1,857,906
144,203	235,023	899,426
- -	790,442	946,389
<hr/> <u>2,169,006</u>	<hr/> <u>7,002,365</u>	<hr/> <u>51,545,411</u>
- -	20,876	5,539,114
- -	66,123	2,180,935
- -	2,433,461	23,718,688
- -	2,947,763	7,591,881
- -	- -	6,443,517
182,287	- -	2,491,606
- -	805	805
4,630,967	156,944	4,787,911
- -	228,926	250,464
- -	1,694,748	1,694,748
<hr/> <u>4,813,254</u>	<hr/> <u>7,549,646</u>	<hr/> <u>54,699,669</u>
<hr/> <u>(2,644,248)</u>	<hr/> <u>(547,281)</u>	<hr/> <u>(3,154,258)</u>
- -	1,533,546	2,444,571
(126,000)	(872,179)	(1,211,689)
172,287	- -	172,287
7,435,000	- -	7,435,000
<hr/> <u>7,481,287</u>	<hr/> <u>661,367</u>	<hr/> <u>8,840,169</u>
4,837,039	114,086	5,685,911
<hr/> <u>4,588,548</u>	<hr/> <u>11,860,894</u>	<hr/> <u>44,889,357</u>
<hr/> <u>\$ 9,425,587</u>	<hr/> <u>\$ 11,974,980</u>	<hr/> <u>\$ 50,575,268</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, 2018

EXHIBIT B-4

NET CHANGE IN FUND BALANCES-Total governmental funds	\$ 5,685,911
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 \$800,310 of capital assets acquired by the internal service fund.	5,236,086
Depreciation expense on capital assets is reported in the government-wide statements of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. This amount does not include \$934,390 in depreciation expense recorded in the internal service fund.	
	(7,292,520)
Governmental funds do not recognize assets contributed by other entities. 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.	
	459,004
The net increase in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level.	79,661
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.	(25,829)
Additions to vacation and sick liabilities are not shown in the fund financial statements.	
The net effect of the current year decrease is to increase net position.	64,148
Additions to OPEB liabilities and related deferred outflows /inflows are not shown in the fund financial statements.	
The net effect of the current year increase is to decrease net position.	(101,381)
Additions to TMRS pension liabilities and related deferred outflows/inflows are not shown in the fund financial statements. The net effect of the current year increase is to increase (decrease) net position.	
	(374,634)
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.	
	(7,607,287)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	
	6,443,517
Amortization of bond premium and discount amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to increase net position.	815,658
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.	(209,026)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,651
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	(143,033)
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.	623,105
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,658,031</u>

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Water and Sewer Fund	
ASSETS:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 6,284,172	\$ 2,238,599
Receivables (net, of allowances for uncollectibles):		
Accounts	3,286,278	8,727
Interest	-	3,594
Restricted assets:		
Restricted-customer deposits	673,772	-
Restricted-capital recovery fee funds-equity in pooled cash and cash equivalents	962,634	-
Restricted-pro rata funds-equity in pooled cash and cash equivalents	35,204	-
Restricted-bond proceeds-equity in pooled cash and cash equivalents	2,861,458	-
Total current assets	14,103,518	2,250,920
Noncurrent assets:		
Capital assets:		
Nondepreciable	371,015	-
Depreciable-net of accumulated depreciation	58,032,140	3,468,870
Total noncurrent assets	58,403,155	3,468,870
Total assets	72,506,673	5,719,790
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	12,047	-
Deferred outflows from pension	309,093	-
Deferred outflows from total OPEB	20,645	-
Total deferred outflows of resources	341,785	-

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

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018**

EXHIBIT C-1

	Business-Type Activities Enterprise Funds Water and Sewer Fund	Governmental Activities Internal Service Funds
LIABILITIES:		
Current liabilities:		
Payable from current assets:		
Accounts and contracts payable	541,421	25,161
Accrued liabilities	83,108	-
Unpaid claims liabilities	-	338,498
Compensated absences-current	17,544	-
Total payable from current assets	642,073	363,659
Payable from restricted assets:		
Accounts and contracts payable	4,200	-
Accrued Interest	70,287	-
Customer deposits	673,772	-
Certificates of obligation	520,000	-
General obligation bonds payable	693,205	-
Unamortized premiums	143,110	-
Total payable from restricted assets	2,104,574	-
Total current liabilities	2,746,647	363,659
Noncurrent liabilities:		
General obligation bonds payable	4,915,000	-
Combination tax and revenue certificates of obligation	7,910,000	-
Unamortized bond premiums	646,935	-
Compensated absences	21,442	-
OPEB liability - Health care	151,335	-
OPEB liability - SDBF	76,747	-
Pension liability	936,516	-
Total noncurrent liabilities	14,657,975	-
Total liabilities	17,404,622	363,659
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pension	253,244	-
Total deferred inflows of resources	253,244	-
NET POSITION:		
Net investment in capital assets	46,436,363	3,468,870
Restricted for:		
Construction	3,859,296	-
Unrestricted	4,894,933	1,887,261
Total net position	\$ 55,190,592	\$ 5,356,131

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

CITY OF CEDAR HILL, TEXAS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT C-2

	Business-Type Activities		Governmental Activities	
	Enterprise Funds			
	Water and Sewer Fund	Internal Service Funds		
OPERATING REVENUES:				
Water sales	\$ 10,646,994	\$ -	-	
Sewer charges	7,441,070	-	-	
Premiums	-	4,124,567		
Other charges	453,557	1,010,955		
Total operating revenues	18,541,621	5,135,522		
OPERATING EXPENSES:				
Sewage treatment	5,749,625	-	-	
Purchase of water	3,940,900	-	-	
Personnel services	2,943,875	-	-	
Depreciation	1,800,211	934,390		
Gross receipts fee	900,000	-	-	
Heat, light and power	291,439	-	-	
Maintenance	262,431	-	-	
Contractual services	1,255,668	-	-	
Materials and supplies	264,813	220,654		
Claims paid and change in estimate	-	2,688,225		
Administrative and fiscal services	-	671,458		
Miscellaneous	77,145	144,117		
Total operating expenses	17,486,107	4,658,844		
OPERATING INCOME (LOSS)	1,055,514	476,678		
NON-OPERATING REVENUES (EXPENSES):				
Other non-operating revenue	80,177	12,500		
Investment income	131,821	29,513		
Interest and fiscal charges	(362,148)	-	-	
Gain (loss) on retirement of assets	5,450	104,414		
Total nonoperating revenue (expenses)	(144,700)	146,427		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	910,814	623,105		
Contributions-tap fees and other	357,101	-	-	
Transfers out	(1,232,882)	-	-	
Total contributions and transfers	(875,781)	-		
CHANGE IN NET POSITION	35,033	623,105		
NET POSITION-October 1, as restated	55,155,559	4,733,026		
NET POSITION-End of year	\$ 55,190,592	\$ 5,356,131		

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities	
	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 18,264,027	\$ 1,019,720
Cash received from city and employee contributions	-	4,039,741
Cash received from the wellness program	-	88,080
Cash paid to suppliers	(13,104,435)	(222,483)
Cash paid to employees	(2,943,875)	-
Cash payments for claims	-	(2,349,727)
Cash payments for administrative and fiscal services	-	(815,575)
Net cash provided by operations	2,215,717	1,759,756
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to (from) other funds	(1,232,882)	-
Net cash used in noncapital financing activities	(1,232,882)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(562,854)	(1,237,640)
Proceeds from sales of assets	5,450	104,414
Other non-operating sources	80,177	12,500
Contributions - tap fees and other	357,101	-
Bond proceeds and accrued interest	2,399,416	-
Principal paid on outstanding bonds	(1,284,755)	-
Interest paid on related debt financing	(443,209)	-
Net cash used in capital and related financing activities	551,325	(1,120,726)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	131,821	29,513
Net cash provided by investing activities	131,821	29,513
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,665,981	668,543
CASH AND CASH EQUIVALENTS-Beginning of year	9,151,259	1,570,056
CASH AND CASH EQUIVALENTS-End of year	\$ 10,817,240	\$ 2,238,599

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

EXHIBIT C-3

	Business-Type Activities	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income(loss)			
	<u>\$ 1,055,514</u>	<u>\$ 476,678</u>	
Adjustments:			
Depreciation expense	1,800,211	934,390	
Provision for bad debt	(181,998)	4,152	
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(334,800)	6,038	
Increase (decrease) in accounts payable	(24,377)	-	
Decrease in accrued liabilities	57,206	338,498	
Decrease in claims liabilities	(156,039)	-	
Increase in customer deposits	-	-	
Increase in compensated absences	-	-	
Total adjustments	<u>1,160,203</u>	<u>1,283,078</u>	
NET CASH PROVIDED BY OPERATIONS	<u>\$ 2,215,717</u>	<u>\$ 1,759,756</u>	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets	<u>\$ 155,065</u>	<u>\$ -</u>	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Equity in pooled cash and cash equivalents	6,284,172	2,238,599	
Restricted-customer deposits	673,772	-	
Restricted-capital recovery fee funds-equity in pooled cash and investments	962,634	-	
Restricted-pro rata funds-equity in pooled cash and cash equivalents	35,204	-	
Restricted-bond proceeds-equity in pooled cash and cash equivalents	<u>2,861,458</u>	<u>-</u>	
	<u>\$ 10,817,240</u>	<u>\$ 2,238,599</u>	

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

EXHIBIT D-1

	<u>Pension Trust Fund</u>	<u>Police Reserves Benefit Fund</u>
ASSETS:		
Investments	\$ 117,246	
Total assets	<u>117,246</u>	
NET POSITION:		
Net position restricted for pensions	<u>117,246</u>	
Total NET POSITION	<u>\$ 117,246</u>	

CITY OF CEDAR HILL, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT D-2

	Pension Trust Fund
	Police Reserves Benefit Fund
ADDITIONS:	
Investment income	\$ 8,294
Total additions	<u>8,294</u>
DEDUCTIONS:	
Pension payments	8,640
Special services	1,539
Total deductions	<u>10,179</u>
NET DECREASE	(1,885)
NET POSITION RESTRICTED FOR PENSION BENEFITS-Beginning of year	<u>119,131</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS-End of year	\$ 117,246



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These notes are organized to provide concise explanations, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2018. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The City reports the following major governmental funds:

- The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the accumulation of resources (primarily property tax levies) to be used for the payment of principal, interest and related costs of general long-term liabilities.
- The *Joe Pool Fund* accounts for funds committed toward financial obligation(s) in regard to maintenance, operation and administration of the Joe Pool Lake asset.
- The *Capital Projects Fund* accounts for funds to be used for the construction of streets, and the renovation of various buildings.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following funds:

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

1. Deposits and investments

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

1. *Deposits and investments - continued*

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net position and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers pricing provided by a pricing service at September 30, 2018, 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, 2018.

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, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

4. Restricted assets

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

5. Capital assets

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

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

6. Compensated absences

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

7. Long-term obligations

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

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

8. Pensions

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

9. Deferred Outflows/Inflows of Resources

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

9. Deferred Outflows/Inflows of Resources – continued

- *Deferred Loss on Refunding* – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Pension and OPEB-related Deferred Outflows/Inflows* – these deferred outflows or inflows result from pension and OPEB contributions after the measurement date (deferred and recognized in the following fiscal year); the differences in projected and actual earnings on pension and OPEB plan investments (deferred and amortized over a closed five year period; and differences in the change of assumptions for the pension and OPEB plans (deferred and recognized over a closed period equal to the average of expected remaining service lives of employees that are provided the plans).
- *Unavailable revenue* – The City reports certain deferred inflows related to unavailable tax revenues at the fund level.

10. Fund equity

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

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

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

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

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

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

10. Fund equity - continued

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

11. Other Restricted Net Position

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

	Restricted for:	
	Construction	Other
Capital Projects	\$ 9,118,521	\$ -
Capital Recovery	4,122,738	-
Park Development Fee Fund	116,118	-
Police Forfeiture	-	132,234
Hotel Occupancy	-	883,199
Library fund	-	106,264
PID	-	531,464
TIF	-	38,975
Traffic Safety	-	246,979
PEG	-	428,521
Crime Control	-	298,542
Animal Shelter	-	90,138
Total	<u>\$ 13,357,377</u>	<u>\$ 2,756,316</u>

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

12. New accounting standards effective in fiscal year 2018

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

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaced the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. As a result of implementation, the beginning net position as related to the net OPEB liability and related deferred outflows of resources was restated.

	Government Wide Statement of Activities				FUND LEVEL
	Governmental Activities	Business Activities	CDC	EDC	Proprietary Statement of Revenues, Expenses, and Changes in Net Position
Net position as of October 1, 2017	\$139,138,217	\$55,288,770	\$10,116,671	\$10,536,705	\$55,288,770
Change in reporting: OPEB liability -					
Health Care	(456,340)	(69,143)	(47,631)	(4,609)	(69,143)
SDBF	(631,321)	(64,068)	-	-	(64,068)
Net Position as restated					
October 1, 2017	<u>\$138,050,556</u>	<u>\$55,155,559</u>	<u>\$10,069,040</u>	<u>\$10,532,096</u>	<u>\$55,155,559</u>

GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Implementation of this statement did not have an impact on the financial statements.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

12. New accounting standards effective in FY 2018, continued

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes accounting and financial reporting requirements for when a government places cash and other monetary assets from existing resources (as opposed to debt proceeds) in an irrevocable trust to extinguish the debt. This statement had no effect on the financial statements.

13. New accounting standards effective in future years

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

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

13. New accounting standards effective in future years - Continued

GASB Statement No. 87, *Leases* is effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* is effective for periods beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*) The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS

Included in the statement of net position and the statement of fiduciary net position are cash and investments totaling \$61,077,061, excluding the discretely presented component units which are disclosed below.

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
City cash—cash	\$ 19,736,149	\$ 19,736,149	\$ -	\$ -	\$ -
Certificates of deposit	38,495,574	-	38,495,574	-	-
Investment pools	2,845,338	2,845,338	-	-	-
Total cash and cash equivalents	\$ 61,077,061	\$ 22,581,487	\$ 38,495,574	\$ -	\$ -
Total cash and cash equivalents—city	\$ 61,077,061	\$ 22,581,487	\$ 38,495,574	\$ -	\$ -
Pension trust:					
Equities	\$ 117,246	\$ 117,246	\$ -	\$ -	\$ -
	\$ 117,246	\$ 117,246	\$ -	\$ -	\$ -

Fair Value Measurements

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

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

At September 30, 2018, the City had the following recurring fair value measurements.

	9/30/2018	Level 1	Level 2	Level 3
Investments by fair value level				
Pension trust				
Equities	\$ 117,246	\$ 117,246	\$ -	\$ -

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Custodial Credit Risk-Deposits

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the City's policy to require all deposits with financial institutions to be collateralized to the extent not protected by F.D.I.C. insurance. Securities that can be accepted include obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; and other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities.

At year end, the carrying amount of the City's deposits with financial institutions was \$58,231,723 and the bank balance was \$60,221,545. The financial institution balances were completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

Custodial Credit Risk-Investments

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

Credit Risk

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

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

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

<u>Description</u>	<u>Issuer</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Type</u>	<u>Fitch</u>	<u>S&P</u>
Grand Prairie TX ISD TEXSTAR LGIP	Grand Prairie TX ISD TEXSTAR	0 0.4695	8/15/2040 10/1/2018	Municipal Investment Pool	AA AAm	AA- AAAm

The Grand Prairie TX ISD investment was called in August 2018 and is no longer held by the City.

Interest Rate Risk

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

Portfolio Type	Maximum Average Maturity	Maximum Final Maturity
Consolidated funds	Weighted-average maturity of 365 days	Three years
Debt service funds	None set	Shall not have a stated final date that exceeds corresponding debt service payment date
Debt reserve funds	None set	Call date or shall not have a final maturity date exceeds the corresponding debt service
Joe Pool Funds	None set	The shorter of anticipated cash outflows or five years; prior maximum maturity was 40 years

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investment in Local Government Investment Pools

The City invested in TexSTAR Investment Pool. TexSTAR is administered by First Southwest Asset Management Company and JPMorgan Chase. TexSTAR is a local government Investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAA by Standard and Poor's. TexStar uses fair market value to report net assets to compute share prices. A complete copy of the TexStar Operating Procedures may be obtained by contacting TexStar Participant Services, 325 North St. Paul, Suite 800, Dallas, TX 75201.

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

Economic Development Corporation

	Investment Maturities (in Years)				
	Less than				
	Fair Value	1	1-5	6-10	More than 10
Corporation—cash	\$ 1,441,403	\$ 1,441,403	\$ -	\$ -	\$ -
Certificate of deposit	6,681,307	-	6,681,307	-	-
Total cash and investments—corporation	<u>\$ 8,122,710</u>	<u>\$ 1,441,403</u>	<u>\$ 6,681,307</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the EDC's bank balance and cash on hand was \$1,441,403 which is included in the City's pooled cash (consolidated) account and was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

Community Development Corporation

	Investment Maturities (in Years)				
	Less than				
	Fair Value	1	1-5	6-10	More than 10
Corporation—cash	\$ 3,409,562	\$ 3,409,562	\$ -	\$ -	\$ -
Certificate of deposit	5,028,223	-	5,028,223	-	-
Total cash and investments—corporation	<u>\$ 8,437,785</u>	<u>\$ 3,409,562</u>	<u>\$ 5,028,223</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the CDC's bank balance and cash on hand was \$3,409,562 which is included in the City's pooled cash (consolidated) account and was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 3. RECEIVABLES

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

	General	Debt Service	Joe Pool	Capital Projects	Water and Sewer	Nonmajor and Other Funds	Total
Receivables							
Taxes	\$ 1,952,454	\$ 202,105	\$ -	\$ -	\$ -	\$ 196,053	\$ 2,350,612
Franchise	675,876	-	-	-	-	21,105	696,981
Accounts	-	-	-	-	5,524,041	11,809	5,535,850
Interest	16,852	7,187	9,989	10,781	-	32,344	77,153
Miscellaneous	3,966,092	-	-	2,024,803	1,057	1,032,350	7,024,302
Gross receivables	6,611,274	209,292	9,989	2,035,584	5,525,098	1,293,661	15,684,898
Less: allowance for uncollectible	(2,984,523)	(70,301)	-	-	(2,238,820)	(554,433)	(5,848,077)
Net total receivables	<u>\$ 3,626,751</u>	<u>\$ 138,991</u>	<u>\$ 9,989</u>	<u>\$ 2,035,584</u>	<u>\$ 3,286,278</u>	<u>\$ 739,228</u>	<u>\$ 9,836,821</u>

The General Fund miscellaneous primarily consists of billed emergency medical services and court fines and fee. The Water and Sewer Fund accounts receivable balance includes unbilled charges for services rendered of \$2,084,394 at September 30, 2018. The Capital Project Fund includes an amount earned on a capital project and due from Texas Department of Transportation through a grant agreement.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 15,673,084	\$ -	\$ -	\$ -	\$ 15,673,084
Construction in progress	19,830,647	3,325,896	-	(19,899,540)	3,257,003
Total capital assets—not depreciated	<u>35,503,731</u>	<u>3,325,896</u>	<u>-</u>	<u>(19,899,540)</u>	<u>18,930,087</u>
Capital assets—being depreciated:					
Buildings/facilities	60,496,580	1,909,517	(54,222)	56,285	62,408,160
Equipment	12,265,162	1,713,820	(541,474)	62,705	13,500,213
Infrastructure	152,802,488	66,123	(201,680)	19,780,550	172,447,481
Water rights	26,284,063	-	-	-	26,284,063
Master studies	393,172	-	-	-	393,172
Total capital assets—being depreciated	<u>252,241,465</u>	<u>3,689,460</u>	<u>(797,376)</u>	<u>19,899,540</u>	<u>275,033,089</u>
Less accumulated depreciation for:					
Buildings/facilities	(22,046,205)	(3,730,646)	40,332	-	(25,736,519)
Equipment	(9,068,694)	(495,173)	531,388	-	(9,032,479)
Infrastructure	(70,223,436)	(3,510,352)	-	-	(73,733,788)
Water rights	(17,759,856)	(489,428)	-	-	(18,249,284)
Master studies	(371,343)	(1,312)	-	-	(372,655)
Total accumulated depreciation	<u>(119,469,534)</u>	<u>(8,226,911)</u>	<u>571,720</u>	<u>-</u>	<u>(127,124,725)</u>
Total capital assets—being depreciated—net	<u>132,771,931</u>	<u>(4,537,451)</u>	<u>(225,656)</u>	<u>19,899,540</u>	<u>147,908,364</u>
Governmental activities capital assets—net	<u>\$ 168,275,662</u>	<u>\$ (1,211,555)</u>	<u>\$ (225,656)</u>	<u>\$ -</u>	<u>\$ 166,838,451</u>

Internal service fund capital assets of \$3,468,870 are included in the governmental activities capital assets.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 4. CAPITAL ASSETS – CONTINUED

Primary Government – Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets—not being depreciated:					
Land	\$ 367,764	\$ -	\$ -	\$ -	\$ 367,764
Construction in progress	2,681,692	401,723	-	(3,080,164)	3,251
Total capital assets—not depreciated	<u>3,049,456</u>	<u>401,723</u>	<u>-</u>	<u>(3,080,164)</u>	<u>371,015</u>
Capital assets being depreciated:					
Buildings/facilities	597,413	-	-	69,078	666,491
Water systems	56,081,975	-	-	2,710,900	58,792,875
Sewer systems	24,976,151	-	-	300,186	25,276,337
Equipment	2,946,140	161,131	(29,288)	-	3,077,983
Master studies	176,244	-	-	-	176,244
Total capital assets being depreciated	<u>84,777,923</u>	<u>161,131</u>	<u>(29,288)</u>	<u>3,080,164</u>	<u>87,989,930</u>
Less accumulated depreciation for:					
Buildings/facilities	(570,463)	(15,599)	-	-	(586,062)
Water systems	(15,926,638)	(1,268,270)	-	-	(17,194,908)
Sewer systems	(8,837,807)	(497,067)	-	-	(9,334,874)
Equipment	(2,677,132)	(18,535)	29,288	-	(2,666,379)
Master studies	(174,827)	(740)	-	-	(175,567)
Total accumulated depreciation	<u>(28,186,867)</u>	<u>(1,800,211)</u>	<u>29,288</u>	<u>-</u>	<u>(29,957,790)</u>
Total capital assets—being depreciated—net	<u>56,591,056</u>	<u>(1,639,080)</u>	<u>-</u>	<u>3,080,164</u>	<u>58,032,140</u>
Business-type activities capital assets—net	<u>\$59,640,512</u>	<u>\$ (1,237,357)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$58,403,155</u>

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

Governmental activities:	
General government	\$ 1,185,837
Public works	4,795,144
Public safety	1,006,231
Community service	1,239,699
Total depreciation expense—governmental activities	<u>\$ 8,226,911</u>
Business-type activities—water and sewer	<u>\$ 1,800,211</u>

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 4. CAPITAL ASSETS – CONTINUED

Discretely Presented Component Units

Activity for the Economic Development Corporation for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Contributions to the City	Ending Balance
Capital assets—not being depreciated:					
Land	\$ 2,832,944	\$ -	\$ -	\$ -	\$ 2,832,944
Total capital assets- not being depreciated	2,832,944	-	-	-	2,832,944
Capital assets—being depreciated:					
Leasehold improvements	95,962	-	-	-	95,962
Total capital assets being depreciated	95,962	-	-	-	95,962
Less accumulated depreciation for:					
Leasehold improvements	(24,069)	(3,553)	-	-	(27,622)
Total accumulated depreciation	(24,069)	(3,553)	-	-	(27,622)
Total capital assets being depreciated—net	71,893	(3,553)	-	-	68,340
EDC Capital assets—net	\$ 2,904,837	\$ (3,553)	\$ -	\$ -	\$ 2,901,284

Activity for the Community Development Corporation for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Contributions to the City	Ending Balance
Capital assets—not being depreciated:					
Construction in progress	\$ 2,574,734	\$ 2,321	\$ (10,170)	\$ (155,485)	\$ 2,411,400
Total capital assets- not being depreciated	2,574,734	2,321	(10,170)	(155,485)	2,411,400
Capital assets—being depreciated:					
Buildings and Improvements	-	188,466	-	(188,466)	-
Equipment	-	115,053	-	(115,053)	-
Total capital assets- not being depreciated	-	303,519	-	(303,519)	-
CDC Capital assets—net	\$ 2,574,734	\$ 305,840	\$ (10,170)	\$ (459,004)	\$ 2,411,400

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, 2018

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers are used to a) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, b) to accumulate funds for the retirement of the Joe Pool liability, and c) cost allocations and other operational costs as determined by the City's annual budget. The transfer activity for the year ended September 30, 2018 is presented in the following schedule:

Transfers in	Transfers Out				
	General Fund	Capital Projects Fund	Nonmajor Funds	Enterprise Funds	Total
General fund	\$ -	\$ -	\$ 150,000	\$ 320,000	\$ 470,000
Debt service fund	-	-	441,025	-	441,025
Nonmajor governmental funds	213,510	126,000	281,154	912,882	1,533,546
Total	<u>\$ 213,510</u>	<u>\$ 126,000</u>	<u>\$ 872,179</u>	<u>\$ 1,232,882</u>	<u>\$ 2,444,571</u>

Transfers were made from Nonmajor Funds to the Debt Service Fund for payment of debt service on qualifying infrastructure debt and to the General Fund for support of services relating to rights-of-way mowing and litter control. The transfer from the Enterprise Fund to the General Fund is for information technology support provided for by the General Fund resources.

Eliminations

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018:

	Balance October 1, 2017, as restated	Increases	Retirements/ Refundings	Balance September 30, 2018	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 58,245,312	\$ 4,135,000	\$ (6,268,517)	\$ 56,111,795	\$ 6,091,795
Certificates of obligation	2,410,000	3,300,000	(175,000)	5,535,000	255,000
Total bonds payable	60,655,312	7,435,000	(6,443,517)	61,646,795	6,346,795
Unamortized premiums	4,503,278	172,285	(815,658)	3,859,905	736,539
Compensated absences	4,180,428	2,241,639	(2,305,786)	4,116,281	1,605,349
OPEB liability - Health care	897,719	101,099	-	998,818	-
OPEB liability - SDBF	634,292	121,999	-	756,291	-
Net pension liability	14,439,972	-	(5,211,259)	9,228,713	-
Total governmental long-term liabilities	\$ 85,311,001	\$ 10,072,022	\$ (14,776,220)	\$ 80,606,803	\$ 8,688,683
Business-type activities:					
General obligation bonds payable	\$ 6,454,688	\$ -	\$ (846,483)	\$ 5,608,205	\$ 693,205
Certificates of obligation bonds payable	6,560,000	2,320,000	(450,000)	8,430,000	520,000
Unamortized premiums	877,423	67,688	(155,065)	790,046	143,110
Compensated absences	195,025	252,972	(409,012)	38,985	17,544
OPEB liability - Health care	136,018	15,317	-	151,335	-
OPEB liability - SDBF	64,367	12,380	-	76,747	-
Net pension liability	1,471,017	-	(534,501)	936,516	-
Total business-type long-term liabilities	15,758,538	2,668,357	(2,395,061)	16,031,834	1,373,859
Total primary government long-term liabilities	\$ 101,069,539	\$ 12,740,379	\$ (17,171,281)	\$ 96,638,637	\$ 10,062,542

Claims, judgments, compensated absence and net pension liability are generally liquidated by the General Fund. OPEB obligations are liquidated by the Self-Insurance fund.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2018, consist of the following individual issues:

	Interest Rates	Balance September 30, 2018
General obligation bonds:		
Governmental activities:		
\$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.81%	\$ 131,795
\$14,630,000 2011 General Obligation Refunding Bonds, due February 15, 2028	3.00%-5.00%	8,475,000
\$9,040,000 2012 General Obligation Refunding Bonds, due Feb.15,2029	.2%-3%	5,180,000
\$6,040,000 2013 General Obligation Refunding Bonds, due Feb.15,2028 <i>(Split 79% to 21% between governmental and business-type activities)</i>	2.00%-4.00%	4,625,000
\$3,140,000 2014 General Obligation Refunding Bonds, due Feb.15,2019 <i>(Split 85% to 15% between governmental and business-type activities)</i>	.360%-1.770%	655,000
\$24,055,000 2015 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2035 <i>(Split 93% to 7% between governmental and business-type activities)</i>	.5% - 3.51%	17,485,000
\$19,990,000 2016 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2028 <i>(Split 82.4% to 17.6% between governmental and business-type activities)</i>	3.00%-5%	15,425,000
\$4,135,000; 2018 General Obligation Bonds, due February 15, 2038	3.00% -3.50%	4,135,000
Total governmental activities - general obligation bonds		<u>\$ 56,111,795</u>
Business-type activities:		
\$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.81%	113,205
\$6,040,000 2013 General Obligation Refunding Bonds, due Feb.15,2024 <i>(Split 79% to 21% between governmental and business-type activities)</i>	2.00%-4.00%	1,105,000
\$24,055,000 2015 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2035 <i>(Split 93% to 7% between governmental and business-type activities)</i>	.5% - 3.51%	1,380,000
\$19,990,000 2016 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2028 <i>(Split 82.4% to 17.6% between governmental and business-type activities)</i>	3.00%-5%	3,010,000
Total business-type activities - general obligation bonds		<u>\$ 5,608,205</u>
Total general obligation bonds		<u>\$ 61,720,000</u>
Certificate of obligation bonds:		
Governmental activities:		
\$2,065,000 2013 Certificates of Obligation, due February 15, 2022	2.00%-3.00%	1,455,000
\$1,730,000 2015 Certificates of Obligation, due February 15, 2029 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.00%-4.00%	780,000
\$5,620,000; 2018 Certificates of Obligation, due February 15, 2038 <i>(Split 58.72% to 41.28% between governmental and business-type activities)</i>	3.00%-4.00%	3,300,000
Total governmental activities		<u>\$ 5,535,000</u>
Business-type activities:		
\$6,235,000 2014 Certificates of Obligation, due February 15, 2029	2.75%-3.75%	\$ 5,435,000
\$1,730,000 2015 Certificates of Obligation, due February 15, 2029 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.00%-4.00%	675,000
\$5,620,000 2018 Certificates of Obligation, due February 15, 2038 <i>(Split 58.72% to 41.28% between governmental and business-type activities)</i>	3.00%-4.00%	<u>2,320,000</u>
Total business-type activities		<u>\$ 8,430,000</u>
Total certificate of obligation bonds		<u>\$ 13,965,000</u>

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities – Continued

Annual requirements to amortize the long-term debt as of September 30, 2018, are as follows:

Year Ending September 30	Governmental Activities			
	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2019	\$ 6,091,795	\$ 2,183,877	\$ 255,000	\$ 226,953
2020	6,270,000	1,889,406	310,000	176,875
2021	5,905,000	1,650,669	315,000	166,950
2022	6,140,000	1,414,838	330,000	156,050
2023	5,645,000	1,180,244	335,000	144,150
2024-2028	20,200,000	2,880,697	1,900,000	524,938
2029-2033	3,460,000	874,713	1,045,000	259,194
2034-2038	2,400,000	172,213	1,045,000	93,819
Total principal and interest	<u>\$ 56,111,795</u>	<u>\$ 12,246,655</u>	<u>\$ 5,535,000</u>	<u>\$ 1,748,929</u>

Year Ending September 30	Business-Type Activities			
	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2019	\$ 693,205	\$ 215,916	\$ 520,000	\$ 298,333
2020	605,000	188,575	560,000	252,625
2021	625,000	162,800	585,000	233,863
2022	660,000	135,800	600,000	212,875
2023	675,000	107,775	630,000	190,625
2024-2028	2,350,000	173,875	3,455,000	626,547
2029-2033	-	-	1,340,000	194,059
2034-2035	-	-	740,000	66,500
Total principal and interest	<u>\$ 5,608,205</u>	<u>\$ 984,741</u>	<u>\$ 8,430,000</u>	<u>\$ 2,075,426</u>

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

Compensated Absences

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

Component Units

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

	Balance October 1, 2017, as restated			Balance September 30, 2018		Due Within One Year
Governmental activities:						
Compensated absences	\$ 89,650	\$ 82,838	\$ (119,869)	\$ 52,619	\$ 34,202	
Total OPEB liability	<u>93,700</u>	<u>9,166</u>	<u>-</u>	<u>102,866</u>		<u>-</u>
Total long-term liabilities	<u>\$ 183,350</u>	<u>\$ 92,004</u>	<u>\$ (119,869)</u>	<u>\$ 155,485</u>	<u>\$ 34,202</u>	

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

	Balance October 1, 2017, as restated			Balance September 30, 2018		Due Within One Year
Compensated absences						
Compensated absences	\$ 52,737	\$ 34,458	\$ (36,848)	\$ 50,347	\$ 17,621	
Total OPEB liability	<u>9,067</u>	<u>2,408</u>	<u>-</u>	<u>11,475</u>		<u>-</u>
	<u>\$ 61,804</u>	<u>\$ 36,866</u>	<u>\$ (36,848)</u>	<u>\$ 61,822</u>	<u>\$ 17,621</u>	

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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, 2018, to be included as a component unit.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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 claims of various natures. The City purchases commercial liability insurance with the Texas Municipal League Inter-Governmental Risk Pool to indemnify itself in event of loss. For the past three years, settlements have not exceeded scheduled and stated coverage(s).

The City maintains a self-insurance program for health insurance. The City established the self-insurance program effective October 1, 2017. The premiums paid by the City are primarily (expenditures/expenses) of the operating funds. All premiums are paid into the self-funded health internal service fund to pay claims, claim reserves and administrative costs of the program. Group medical benefits are paid from the Self-Insurance Fund (Internal Service Fund), which has an annually negotiated stop loss provision through United Health Care. The aggregate stop loss was \$75,000 per covered individual and coverage is maintained through a private insurance carrier. An independent claims administrator performs all claims handling procedures.

Revenues are recognized from payroll deductions from employee dependent coverage and from City contributions for employee coverage. The liabilities for insurance claims reported in the City's Self-Insurance Fund is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported (IBNR) claims. The City's consultant has estimated the unpaid claims liability at approximately \$338,498 at September 30, 2018.

Changes in balances during 2018 were as follows:

	<u>2018</u>
Unpaid claims, beginning of year	\$ -
Current year claims (including IBNR) and change in estimate	3,026,723
Claim Payments	(2,688,225)
Unpaid claims, end of year	<u>\$ 338,498</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 8. COMMITMENTS AND CONTINGENCIES

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

Regular monthly expenses for October 1, 2017 to September 30, 2018	\$ 6,434,490
TRA adjustment for prior-year settlement	<u>(661,693)</u>
Sewage treatment and water system facility expenses	<u>\$ 5,772,797</u>

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

The City is engaged in capital improvements as evidenced by its long-term indebtedness. At September 30, 2018, capital funds were on hand sufficient to satisfy all contractual commitments for capital improvements in progress. The most significant contract is with Structural Assurance, Inc. for the construction of F.M. 1382 Hike and Bike Trail.

The City periodically is a defendant in various lawsuits. At September 30, 2018, after consultation with the City's attorney, the City is not aware of any pending litigation with a material impact.

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

The Cedar Hill Economic Development Corporation provides monetary incentives to companies to relocate and provide employment opportunities within the City of Cedar Hill. At September 30, 2018, these commitments totaled approximately \$3,253,326 and are only paid when provisions of incentive agreements are fulfilled.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 9. TAX ABATEMENTS AND ECONOMIC INCENTIVES

The City enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. These programs rebate property taxes and sales tax. The City's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act) and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has three categories of economic development agreements:

Tax Abatements

Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. There were no property taxes abated under this program in fiscal year 2018.

General Economic Development

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

Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. During this fiscal year, the City adopted one Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The City's active Tax increment reinvestment zone is TIRZ #1. The goal of the Tax Increment Zone #1 is to continue funding the construction of needed public infrastructure and to encourage private development that will yield additional tax revenue to all local taxing jurisdictions. The purpose for TIRZ#1 is to promote the creation of contained, mixed-use development consisting of major retail, restaurants, residential, hotel and office. The Zone's projected costs are primarily related to roadway, drainage, storm water detention and utilities. There was a payment of \$38,880 to the TIRZ#1 for fiscal year 2018.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan Descriptions

The City of Cedar Hill participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained via their website (www.tmrs.com).

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

Benefits Provided

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

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Benefits Provided - Continued

date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	164
Inactive employees entitled but not yet receiving benefits	164
Active Employees	<u>336</u>
Total	<u>664</u>

Contributions

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

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.79% and 14.11% in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2018 were \$2,943,532 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Actuarial Assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvement subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5	6.35
Core Fixed Income	10	1.00
Non-Core Fixed Income	20	3.90
Real Return	10	3.80
Real Estate	10	4.50
Absolute Return	10	3.75
Private Equity	5	7.50
Total	<u>100.00%</u>	

Discount Rate and Allocations

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

The city's net pension liability, pension expense, and deferred outflows of outflows of resources related to TMRS have been allocated between governmental activities, business-type activities using a contribution-based method.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 95,537,663	\$ 79,626,672	\$ 15,910,991
Changes for the year:			
Service Cost	3,589,689	-	3,589,689
Interest	6,451,988	-	6,451,988
Change of benefit terms	-	-	-
Difference between expected and actual experience	(353,823)	-	(353,823)
Changes of assumptions	-	-	-
Contributions - employer	-	2,943,532	(2,943,532)
Contributions - employee	-	1,510,730	(1,510,730)
Net investment income	-	11,039,446	(11,039,446)
Benefit payments, including refunds of employee	(3,495,009)	(3,495,009)	-
Administrative expense	-	(57,193)	57,193
Other charges	-	(2,899)	2,899
Net Changes	<u>6,192,845</u>	<u>11,938,607</u>	<u>(5,745,762)</u>
Balance at December 31, 2017	<u>\$ 101,730,508</u>	<u>\$ 91,565,279</u>	<u>\$ 10,165,229</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75% , as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%):

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 25,878,564	\$ 10,165,229	\$ (2,599,719)

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the city recognized pension expense of \$3,478,197. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 657,149	\$ (372,327)
Changes in actuarial assumptions	325,362	-
Differences between projected and actual investment earnings	-	(2,376,460)
Contributions subsequent the measurement date	<u>2,372,474</u>	<u>-</u>
Total	<u>\$ 3,354,985</u>	<u>\$ (2,748,787)</u>

Of the \$3,354,985 for deferred outflows of resources, \$2,372,474 resulted from contributions made subsequent to the measurement date and will be recognized as a reduction of the net position liability in the fiscal year ending September 30, 2019. The remainder of the total deferred outflows/inflows of resources, \$(1,766,275) will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2018	\$ 261,958
2019	129,350
2020	(993,506)
2021	(1,159,194)
2022	(4,883)
Thereafter	<u>-</u>
	<u>\$ (1,766,275)</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Reserve Police Department Defined Benefit Plan

The City provides pension benefits to its volunteer police reserves upon retirement. The City Council establishes plan provisions, is authorized to amend them and acts as the plan administrator. The plan became effective October 1, 1993. Police reserves do not receive a salary, and therefore, there is no covered payroll related to the plan. Police reserves are eligible to participate in the plan if they are at least 15 years old and provided the City with 192 hours of volunteer service per year as a police reserve. Under the plan, the normal retirement age is 55 with ten years of service required. Service is measured by years of service. The reserve officers are not required to contribute to the plan. The normal retirement pension payable to a retirement participant is \$144 per month with a guaranteed minimum of 120 months. Participants are 100% vested with a minimum of ten years of vesting service. A year of vesting is credited for each year during which the participant is credited with 192 hours of service. As of September 30, 2018, the City had one active member of the plan and six retirees receiving benefits. The plan is a single employer defined benefit plan. The plan does not prepare a separate, audited pension plan report.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

Retiree Health Care Plan Description

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

Benefits Provided

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

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

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

As of December 31, 2017, membership consisted of:

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

Contributions – Retiree Health Care

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

**Premiums Paid By Employee (October 1,
2017 to September 30, 2018)**

<u>Coverage</u>	<u>Base Plan</u>	<u>Buy-Up Plan</u>
Employee Only	\$ 549	\$ 627
Employee & Spouse	\$ 1,043	\$ 1,191

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Current retirees contribute to the self-funded health program the blended premium for active and retired participants. Retiree contribution rates for fiscal year 2018 ranged from \$549 to \$1,668 per month depending on coverage levels selected. In fiscal year 2018, the total member contributions were \$61,390. The City contribution for retirees consists of pay-as-you-go claims in excess of the retiree contributions. The City Claims incurred by retirees were \$115,536; therefore, the City's contribution to the plan for fiscal year 2018 was \$54,896 as retiree contributions covered retiree expense. The City made no additional contributions to the plan assets.

Total OPEB Liability – Retiree Health Care

The City's net OPEB liability was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 and rolled forward to December 31, 2017.

Actuarial Methods and Assumptions – Retiree Health Care

The City's total OPEB liability in the December 31, 2017 valuation was determined using the following actuarial assumptions:

Actuarial Assumptions

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.31% as of December 31, 2017
Inflation	2.50%
Salary Increase	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	20% of retirees between the ages of 50 and 64 at retirement; 0% for retirees under age 50 at retirement

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.31%. The discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date of December 31, 2017. For the purpose of this valuation, the municipal bond rate is 3.31% based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. The discount rate was 3.81% as of December 31, 2016, the prior measurement date.

Sensitivity of the Total OPEB Liability – Health to Changes in the Discount Rate

The following presents the total OPEB – Health Care liability of the City, calculated using the discount rate of 3.31% , as well as what the City's total OPEB – Health Care liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%):

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Health Care liability	\$ 1,396,452	\$ 1,264,494	\$ 1,144,417

The following presents the total OPEB – Health Care liability of the City, calculated using the healthcare cost trend rate of 7.5%, as well as what the City's total OPEB Health Care liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower (6.5%) or 1 percentage-point higher (8.5%):

	1% Decrease in Trend Rate (6.5%)	Trend Rate (7.5%)	1% Increase in Trend Rate (8.5%)
Total OPEB Health Care liability	\$ 1,094,643	\$ 1,264,494	\$ 1,469,191

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Schedule of Changes in Total OPEB Liability – Health Care

	<u>Total OPEB - Health Care Liability</u>
Beginning balance	\$ 1,136,506
Changes for the year:	
Service cost	66,387
Interest (on the total OPEB liability)	43,520
Differences between expected and actual experience	11,480
Change of Assumptions	61,497
Benefit Payments	<u>(54,896)</u>
Net changes	<u>127,988</u>
Ending balance	<u>\$ 1,264,494</u>

OPEB Expense and Deferred Outflows/(Inflows) of Resources – Health Care

For the year ended September 30, 2018, the city recognized opeb Health Care expense of \$117,457. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 10,292	\$ -
Changes in actuarial assumptions	55,135	-
Contributions subsequent to the measurement date	<u>56,942</u>	<u>-</u>
Total	<u>\$ 122,369</u>	<u>\$ -</u>

Of the \$122,369 for deferred outflows of resources, \$56,942 resulted from contributions made subsequent to the measurement date and will be recognized as a reduction of the net position liability in the fiscal year ending September 30, 2019. The remainder of the total deferred outflows/inflows of resources, \$65,427 will be recognized in OPEB – Health Care expense as follows:

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

	Net Deferred Outflows (Inflows) of Resources
2018	\$ 7,550
2019	7,550
2020	7,550
2021	7,550
2022	7,550
Thereafter	<u>27,677</u>
	<u><u>\$ 65,427</u></u>

Supplemental Death Benefit Fund Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program administered by TMRS 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. An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

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 (calculate based on the employee's actual earnings, for the 12 month period preceding the month of death).

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

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Inactive employees currently receiving benefits	124
Inactive employees entitled to, but not yet receiving benefits	42
Active employees	336
Total	502

Actuarial Methods and Assumptions – Retiree Health Care

The City's total OPEB liability in the December 31, 2017 valuation was determined using the following actuarial assumptions:

Actuarial Assumptions

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.31% as of December 31, 2017 (based on Fidelity Index's "20-Year Municipal GO AA Index") was changed from 3.81% in the prior year
Inflation	2.50%
Salary Increase	3.50% to 10.50%, including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under GASB Statement No. 68
Mortality rates-service retirees	RP2000 Combined Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Tables with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Contributions – SDBF

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.15% for 2018 and 0.15% for 2017, of which 0.02% and 0.02%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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. The City's contributions to SDBF for the fiscal years ended September 30, 2018, 2017, and 2016, were \$32,339, \$31,903, and \$31,181 respectively, which equaled the required contributions each year.

Total OPEB Liability – SDBF

The City's Total OPEB liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Schedule of Changes in Total OPEB Liability - SDBP

	<u>Total OPEB Liability</u>
Beginning balance	\$ 698,659
Changes for the year:	
Service cost	38,807
Interest (on the total OPEB liability)	27,061
Differences between expected and actual experience	72,823
Change of Assumptions	(4,312)
Benefit Payments	134,379
Net changes	<u>134,379</u>
Ending balance	<u>\$ 833,038</u>

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability – SDBF to Changes in the Discount Rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.31%) or one percentage-point higher (4.31%) than the current rate:

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB SDBF liability	\$ 1,021,487	\$ 833,038	\$ 688,610

OPEB Expense and Related Deferred Outflows and Deferred Inflows of Resources - SDBF

For the year ended September 30, 2018, the City recognized OPEB expense - SDBF of \$76,935.

At September 30, 2018, the City reported deferred outflows of resources related to OPEB – SDBF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 61,756	\$ -
Contributions subsequent the measurement date	3,363	
Total	\$ 65,119	\$ -

The City reported \$3,363 as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2018	\$ 11,067
2019	11,067
2020	11,067
2021	11,067
2022	11,067
Thereafter	6,421
	\$ 61,756

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 12. SOUTHWEST REGIONAL COMMUNICATION CENTER

The City of Cedar Hill (“the City”) entered into an annually renewable Interlocal Cooperation agreement (“the agreement”) with the Cities of DeSoto and Duncanville (participating cities) on August 10, 1999 and said agreement was amended on December 29, 2011 and December 8, 2015. The cooperative agreement established a Regional Public Safety Dispatch and Alarm Monitoring Facility known as the Southwest Regional Communication Center (“SWRCC”). SWRCC provides police, fire and emergency medical service communications to participating cities. SWRCC’s Management Committee is comprised of each of the participating cities’ City Manager or their designee. During the fiscal year 2016 the cooperative agreement was amended as dated above to direct each participating entity to have all E911 emergency communication fees (“E911 fees”) deposited to an account styled as the City of DeSoto SWRCC. The City of DeSoto provides the accounting and budgetary services for the SWRCC. The City contributed \$674,750 to the operations of the Center from budgeted funds as accounted for in the general fund and the crime control and prevention district fund.

The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net position as other assets. At September 30, 2018, the City’s investment in the Center is \$273,640. The financial statements of the Center can be obtained by contacting: City of DeSoto Finance Department, 211 E. Pleasant Run Rd., DeSoto, TX 75115.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

NOTE 13. REGIONAL ANIMAL CONTROL SHELTER

The City entered into an Interlocal Cooperation Agreement with the Cities of DeSoto and Duncanville on September 3, 1991 to establish a Regional Animal Control Shelter facility ("the facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. The City owns a one-third (1/3) share of the facility and is reflected in capital assets. In January 2008, the City issued, in its name, \$2,040,000 of bonds to finance the construction of a new animal control shelter. Combined principal and interest of the obligation totaled \$3,064,113. Although, the entire outstanding principal is reflected in the City's financials, the City of Duncanville and the City of Desoto are each committed to pay one third of that total debt or \$1,021,371 over twenty years starting in fiscal year 2009. The total outstanding debt service commitment from all three entities as of September 30, 2018 is \$903,875.

NOTE 14. SUBSEQUENT EVENTS

In November 2017, a bond referendum was held in which Cedar Hill voters approved the issuance of \$45,000,000 in general obligation bonds to be used primarily to finance infrastructure, parks and recreation, and library improvements. On February 26, 2019, the City Council authorized the issuance of Series 2019 General Obligation Bonds in the par amount of \$8,965,000 and with premium the net amount deposited to the City's capital projects fund was \$9,500,000. The proceeds will be used for street infrastructure, park and trail improvements and the library.

On January 6, 2019, the City Council passed a notice of intention to sale certificate of obligations up to \$6,000,000. On February 26, 2019, the City Council authorized the issuance of a par bond amount \$5,515,000. The net amount deposited to the City's capital projects fund was \$5,875,000. The proceeds will pay for public safety and public works equipment and fund water and sewer infrastructure improvements.

In December 2017, the City Council approved a master developer agreement with SDM Financial for the development of a hotel and conference center known as the Hillside Hotel and Conference Center Project under a public-private partnership agreement. The City Council authorized a notice of intention to sale taxable certificates of obligation in an amount up to \$7,500,000 to support construction, acquisition of land and professional fees to support the vital economic development project.

The City Council approved a memorandum of understanding with the Waterford Oaks PID District on February 26, 2019 to fund a construction contract to reconstruct a screening wall in an amount not to exceed \$365,000.

The City has evaluated all events or transactions that occurred after September 30, 2018 and up through March 25, 2019, the date the financial statements were available to be issued and concludes there are no other subsequent events requiring recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS (LAST 10 CALENDAR YEARS) - TMRS PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT E-1

	2017	2016	2015	2014
Total pension liability				
Service Cost	\$ 3,589,689	\$ 3,374,101	\$ 3,080,700	\$ 2,863,004
Interest (on the Total Pension Liability)	6,451,988	5,969,704	5,693,839	5,318,311
Changes of benefit terms		-	-	-
Difference between expected and actual experiences	(353,823)	880,524	262,001	(343,244)
Change of assumptions		-	765,043	-
Benefit payments, including refunds of employee contributions	(3,495,009)	(2,879,343)	(2,818,217)	(2,346,249)
Net Change in Total Pension Liability	6,192,845	7,344,986	6,983,366	5,491,822
Total Pension Liability-Beginning	95,537,663	88,192,677	81,209,311	75,717,489
Total Pension Liability Ending (A)	\$ 101,730,508	\$ 95,537,663	\$ 88,192,677	\$ 81,209,311
Plan Fiduciary Net Position				
Contributions - Employer	\$ 2,943,532	\$ 2,549,683	\$ 2,530,362	\$ 2,555,283
Contributions - Employee	1,510,730	1,416,333	1,346,965	1,347,260
Net Investment Income	11,039,446	4,976,866	107,024	3,842,858
Benefit payments, including refunds of employee contributions	(3,495,009)	(2,879,343)	(2,818,217)	(2,346,249)
Administrative Expense	(57,193)	(56,192)	(65,183)	(40,117)
Other	(2,898)	(3,028)	(3,219)	(3,298)
Net Change in Plan Fiduciary Net Position	11,938,608	6,004,319	1,097,732	5,355,737
Plan Fiduciary Net Position - Beginning	79,626,674	73,622,355	72,524,623	67,168,886
Plan Fiduciary Net Position - Ending (B)	\$ 91,565,282	\$ 79,626,674	\$ 73,622,355	\$ 72,524,623
Net Pension Liability - Ending (A-B)	\$ 10,165,226	\$ 15,910,989	\$ 14,570,322	\$ 8,684,688
Plan Fiduciary Net Position as Percentage of Total Pension Liability	90.01%	83.35%	83.48%	89.31%
Covered Payroll	\$ 21,559,693	\$ 20,192,109	\$ 19,242,351	\$ 19,246,797
Net Pension Liability as a Percentage of Covered Employee Payroll	47.15%	78.80%	75.72%	45.12%

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

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF CONTRIBUTIONS – TMRS PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT E-2

	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,943,532	\$ 2,549,683	\$ 2,530,362	\$ 2,516,536	\$ 2,299,513
Contributions in relation to the actuarially determined contribution	<u>(2,943,532)</u>	<u>(2,549,683)</u>	<u>(2,530,362)</u>	<u>(2,516,536)</u>	<u>(2,299,513)</u>
Contributions deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 22,101,804	\$ 21,268,592	\$ 20,787,053	\$ 19,100,723	\$ 18,331,554
Contributions as a percentage of covered payroll	13.32%	11.99%	12.17%	13.18%	12.54%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Notes

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll

Remaining Amortization Period

26 years, Closed

Asset Valuation Method

10 Year smoothed market, 15% soft corridor

Inflation

3.00%

Salary Increases

3.50% to 12% including inflation

Investment Rate of Return

7.00%

Retirement Age

Experience-based table of rates that are specific to the City's plan

Mortality

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

Other Information:

Notes

There were no benefit changes during the year.

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

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF CHANGES IN TOTAL
OTHER POST EMPLOYMENT BENEFITS PLAN
LIABILITY AND RELATED RATIOS - HEALTH CARE
LAST 10 CALENDAR YEARS*
(UNAUDITED)

EXHIBIT E-3

	2017
Total OPEB liability:	
Service cost	\$ 66,387
Interest (on the total OPEB liability)	43,520
Differences between expected and actual experience	11,480
Change of Assumptions	61,497
Benefit Payments	<u>(54,986)</u>
Net change in total OPEB liability	\$ 127,898
Total OPEB liability - beginning	<u>1,136,506</u>
Total OPEB liability - ending	<u>\$ 1,264,404</u>
 Covered-employee payroll	 \$ 21,565,501
Total OPEB liability as a percentage of covered-employee payroll	5.86%

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate in each period. The discount rate changed from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

- * Note: The City implemented GASB 75 in FY 2018; therefore, the required information for this schedule will be built over the next nine years.

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF CHANGES IN TOTAL
OTHER POST EMPLOYMENT BENEFITS PLAN
LIABILITY AND RELATED RATIOS - SDBF
LAST 10 CALENDAR YEARS*
(UNAUDITED)

EXHIBIT E-4

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 38,807
Interest (on the total OPEB liability)	27,061
Differences between expected and actual experience	
Change of Assumptions	72,823
Benefit Payments	<u>(4,312)</u>
Net change in total OPEB liability	134,379
Total OPEB liability - beginning	698,659
Total OPEB liability - ending	<u>\$ 833,038</u>
 Covered payroll	 \$21,559,693
Total OPEB liability as a percentage of covered payroll	3.86%

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate in each period. The discount rate changed from 3.78% as of December 31, 2016 to 3.31% as of December 31, 2017.

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

* Note: The City implemented GASB 75 in FY 2018, therefore the required information for this schedule will be built over the next nine years.

**CITY OF CEDAR HILL, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT E-5

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amount	
REVENUES				
Taxes	\$ 26,196,700	\$ 26,196,700	\$ 25,832,936	\$ (363,764)
Franchise fees	3,810,000	3,810,000	3,554,289	(255,711)
Licenses and permits	795,400	795,400	789,254	(6,146)
Intergovernmental	878,970	878,970	505,107	(373,863)
Charges for services	1,263,950	1,263,950	1,562,887	298,937
Fines and forfeitures	1,109,000	1,109,000	1,101,110	(7,890)
Investment earnings	100,000	100,000	162,406	62,406
Miscellaneous	130,600	130,600	155,947	25,347
Total revenues	<u>34,284,620</u>	<u>34,284,620</u>	<u>33,663,936</u>	<u>(620,684)</u>
EXPENDITURES				
Current Expenditures:				
General administration	5,662,950	5,662,950	5,518,238	144,712
Public works	2,173,150	2,173,150	2,114,812	58,338
Public safety	21,583,720	21,583,720	21,285,227	298,493
Community services	5,110,990	5,110,990	4,644,118	466,872
Capital Expenditures:				
Public safety	-	-	21,538	(21,538)
Total expenditures	<u>34,530,810</u>	<u>34,530,810</u>	<u>33,583,933</u>	<u>946,877</u>
Excess (deficiency) of revenues over expenditures	<u>(246,190)</u>	<u>(246,190)</u>	<u>80,003</u>	<u>326,193</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	470,000	470,000
Transfer out	-	-	(213,510)	(213,510)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,490</u>	<u>\$ 256,490</u>
Net change in fund balances	<u>(246,190)</u>	<u>(246,190)</u>	<u>336,493</u>	<u>582,683</u>
Fund balances, beginning of year			<u>8,479,461</u>	
Fund balances, end of year			<u>\$ 8,815,954</u>	

**CITY OF CEDAR HILL, TEXAS
JOE POOL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT E-6

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES-Investment earnings	\$ 340,000	\$ 340,000	\$ 310,585	\$ (29,415)
Total revenues	340,000	340,000	310,585	(29,415)
EXPENDITURES				
Miscellaneous	7,500	7,500	-	7,500
Total expenditures	7,500	7,500	-	7,500
Net change in fund balances	\$ 332,500	\$ 332,500	310,585	\$ (21,915)
FUND BALANCE-Beginning of year			18,564,055	
FUND BALANCE-End of year			\$ 18,874,640	

CITY OF CEDAR HILL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. BUDGETARY INFORMATION

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

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

OTHER SUPPLEMENTARY INFORMATION

CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2018

Nonmajor Special Revenue Funds					
	Capital Recovery	Police Forfeiture	Hotel Occupancy	Library Fund	Comm. Dev. Block Grant
ASSETS					
Cash and cash equivalents	\$ 4,108,364	\$ 148,634	\$ 883,186	\$ 106,264	\$ 4,816
Receivables (net, where applicable, of allowances for uncollectibles)	14,374	-	15,493	-	11,809
Prepaid items	-	-	-	-	-
Total assets	\$ 4,122,738	\$ 148,634	\$ 898,679	\$ 106,264	\$ 16,625
LIABILITIES					
Accounts payable	\$ -	\$ 793	\$ 4,022	\$ -	\$ 11,809
Accrued liabilities	-	7,407	3,718	-	4,816
Total liabilities	-	8,200	7,740	-	16,625
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable- prepaids and inventory	-	-	-	-	-
Restricted for:					
Construction	4,122,738	-	-	106,264	-
PID use	-	-	-	-	-
Tourism	-	-	890,939	-	-
Public Safety	-	140,434	-	-	-
Landscaping	-	-	-	-	-
Economic development	-	-	-	-	-
Committed for:					
Construction	-	-	-	-	-
Facilities	-	-	-	-	-
Economic development	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	4,122,738	140,434	890,939	106,264	-
Total liabilities and fund balances	\$ 4,122,738	\$ 148,634	\$ 898,679	\$ 106,264	\$ 16,625

* Combined fund statements. Combining statements are presented on Exhibit F-3.

EXHIBIT F-1 (CONTINUED)

Nonmajor Special Revenue Funds

Public Improvement Districts*	Traffic Safety	PEG	Crime Control	Animal Shelter	Landscape Beatification	Tax Increment Financing	Total Nonmajor Special Revenue Funds
\$ 534,931	\$ 777,011	\$ 407,416	\$ 203,219	\$ 175,688	\$ 228,384	\$ 38,975	\$ 7,616,888
20,600	-	21,105	159,667	1,174	468,310	-	712,532
282	-	-	-	-	-	-	282
<u>\$ 555,813</u>	<u>\$ 777,011</u>	<u>\$ 428,521</u>	<u>\$ 362,886</u>	<u>\$ 176,862</u>	<u>\$ 696,694</u>	<u>\$ 38,975</u>	<u>\$ 8,329,702</u>
 \$ 1,833	 \$ 53,095	 \$ -	 \$ 9,594	 \$ 25,021	 \$ 276,783	 \$ -	 \$ 382,950
 - 211,921	 - -	 - -	 22,578	 18,341	 79,683	 - -	 348,464
 1,833	 265,016	 - -	 32,172	 43,362	 356,466	 - -	 731,414
 20,683	 - -	 - -	 20,683				
 20,683	 - -	 - -	 20,683				
 282	 - -	 - -	 282				
 - - 428,521	 - - -	 - - -	 4,657,523				
 533,015	 - - -	 - - -	 533,015				
 - - -	 - - -	 - - -	 - - -	 - - -	 - - -	 - - -	 890,939
 - 511,995	 - - -	 - - -	 330,714	 133,500	 - - -	 - - -	 1,116,643
 - - -	 - - -	 - - -	 - - -	 - - -	 222,825	 - - -	 222,825
 - - -	 - - -	 - - -	 - - -	 - - -	 - - -	 38,975	 38,975
 - - -	 - - -	 - - -	 - - -	 - - -	 117,403	 - - -	 117,403
 533,297	 511,995	 428,521	 330,714	 133,500	 340,228	 38,975	 7,577,605
 <u>\$ 555,813</u>	 <u>\$ 777,011</u>	 <u>\$ 428,521</u>	 <u>\$ 362,886</u>	 <u>\$ 176,862</u>	 <u>\$ 696,694</u>	 <u>\$ 38,975</u>	 <u>\$ 8,329,702</u>

CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2018

Nonmajor Capital Projects					
	Park Development	Restricted Street	Economic Development Incentive	Street Construction	Downtown City Center
ASSETS					
Cash and cash equivalents	\$ 116,118	\$ 374,139	\$ 101,305	\$ 2,029,705	\$ 925,161
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	-	14,375	-
Prepaid items	-	-	-	-	-
Total assets	\$ 116,118	\$ 374,139	\$ 101,305	\$ 2,044,080	\$ 925,161
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable- prepaids and inventory	-	-	-	-	-
Restricted for:					
Construction	116,118	374,139	-	-	-
PID use	-	-	-	-	-
Tourism	-	-	-	-	-
Public Safety	-	-	-	-	-
Landscaping	-	-	-	-	-
Economic development	-	-	-	-	-
Committed for:					
Construction	-	-	-	2,044,080	-
Facilities	-	-	-	-	-
Economic development	-	-	101,305	-	-
Assigned	-	-	-	-	925,161
Total fund balances	116,118	374,139	101,305	2,044,080	925,161
Total liabilities and fund balances	\$ 116,118	\$ 374,139	\$ 101,305	\$ 2,044,080	\$ 925,161

EXHIBIT F-1 (CONCLUDED)

Nonmajor Capital Projects						
Building Maintenance	Drainage	Regional Drainage	Hotel/Motel Conference Center	Total Capital Project funds	Total Nonmajor funds	
\$ 180,095	\$ 563,893	\$ 92,584	\$ 113	\$ 4,383,113	\$ 12,000,001	
-	-	-	-	14,375	726,907	
-	-	-	-	-	282	
\$ 180,095	\$ 563,893	\$ 92,584	\$ 113	\$ 4,397,488	\$ 12,727,190	
\$ -	\$ -	\$ -	\$ 113	\$ 113	\$ 383,063	
-	-	-	-	-	348,464	
-	-	-	113	113	731,527	
-	-	-	-	-	20,683	
-	-	-	-	-	20,683	
-	-	-	-	-	282	
-	-	92,584	-	582,841	5,240,364	
-	-	-	-	-	533,015	
-	-	-	-	-	890,939	
-	-	-	-	-	1,116,643	
-	-	-	-	-	222,825	
-	-	-	-	-	38,975	
-	563,893	-	-	2,607,973	2,607,973	
180,095	-	-	-	180,095	180,095	
-	-	-	-	101,305	101,305	
-	-	-	-	925,161	1,042,564	
180,095	563,893	92,584	-	4,397,375	11,974,980	
\$ 180,095	\$ 563,893	\$ 92,584	\$ 113	\$ 4,397,488	\$ 12,727,190	

CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Nonmajor Special Revenue Funds						
	Capital Recovery	Police Forfeiture	Hotel Occupancy	Library Fund	Comm. Dev. Block Grant	
REVENUES:						
Taxes	\$ -	\$ -	\$ 250,332	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	3,000	61,307	
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	44,409	-	-	-	-
Investment earnings	84,370	1,634	12,903	1,532	-	-
Miscellaneous	575,627	-	2,444	23,027	-	-
Total revenues	659,997	46,043	265,679	27,559	61,307	
EXPENDITURES						
Current:						
General administration	-	-	-	-	-	-
Public works	-	-	-	-	66,123	66,123
Public safety	-	21,241	-	-	-	-
Community services	-	-	232,526	28,413	-	-
Capital outlay						
General administration	-	-	805	-	-	-
Public works	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Total expenditures	-	21,241	233,331	28,413	66,123	
Excess (deficiency) of revenues over expenditures	659,997	24,802	32,348	(854)	(4,816)	
Other Financing Sources (Uses)						
Transfer In	-	-	-	-	6,880	6,880
Transfer Out	(349,075)	-	(53,682)	-	-	-
Total Financing Sources (Uses)	(349,075)	-	(53,682)	-	6,880	
Changes in Fund Balance	310,922	24,802	(21,334)	(854)	2,064	
Fund balances, beginning of year	3,811,816	115,632	912,273	107,118	(2,064)	
Fund balances, end of year	\$ 4,122,738	\$ 140,434	\$ 890,939	\$ 106,264	\$ -	

* Combined fund statements. Combining statements are presented on Exhibit F-4.

EXHIBIT F-2 (CONTINUED)

Nonmajor Special Revenue Funds										
Public Improvement Districts*	Traffic Safety	PEG	Crime Control	Animal Shelter	Landscape Beatification	Tax Increment Financing	Total Nonmajor Special Revenue Funds			
\$ 592,044	\$ -	\$ -	\$ 986,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,828,737
-	-	85,846	-	-	-	-	-	-	-	85,846
23,300	-	-	-	-	-	-	-	-	-	87,607
-	-	-	-	626,764	2,591,150	-	-	-	-	3,217,914
-	712,387	-	-	-	-	-	-	-	-	756,796
6,691	11,021	7,143	2,211	2,413	13,759	95	-	-	-	143,772
6,421	1,216	-	900	126,684	9,943	38,880	-	-	-	785,142
628,456	724,624	92,989	989,472	755,861	2,614,852	38,975	-	-	-	6,905,814
<hr/>										
-	-	20,876	-	-	-	-	-	-	-	20,876
-	-	-	-	-	-	-	-	-	-	66,123
-	556,553	-	1,002,710	852,957	-	-	-	-	-	2,433,461
393,356	-	-	-	-	2,231,018	-	-	-	-	2,885,313
-	-	-	-	-	-	-	-	-	-	805
-	-	156,944	-	-	-	-	-	-	-	156,944
-	197,769	-	-	31,157	-	-	-	-	-	228,926
70,652	-	-	-	-	1,624,096	-	-	-	-	1,694,748
464,008	754,322	177,820	1,002,710	884,114	3,855,114	-	-	-	-	7,487,196
164,448	(29,698)	(84,831)	(13,238)	(128,253)	(1,240,262)	38,975	-	-	-	(581,382)
<hr/>										
-	-	-	-	206,630	353,472	-	-	-	-	566,982
-	-	-	-	(91,950)	(150,000)	-	-	-	-	(644,707)
-	-	-	-	114,680	203,472	-	-	-	-	(77,725)
164,448	(29,698)	(84,831)	(13,238)	(13,573)	(1,036,790)	38,975	-	-	-	(659,107)
368,849	541,693	513,352	343,952	147,073	1,377,018	-	-	-	-	8,236,712
\$ 533,297	\$ 511,995	\$ 428,521	\$ 330,714	\$ 133,500	\$ 340,228	\$ 38,975	\$	\$	\$	\$ 7,577,605

CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Nonmajor Capital Projects					
	Park Development	Restricted Street	Economic Development Incentive	Street Construction	Downtown City Center
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Investment earnings	4,768	5,769	1,305	53,732	12,279
Miscellaneous	5,300	-	-	-	-
Total revenues	10,068	5,769	1,305	53,732	12,279
EXPENDITURES					
Current:					
General administration	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	-	-	-	-	-
Community Services	8,768	-	-	-	-
Capital outlay					
General administration	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	-	-	-	-	-
Community Services	-	-	-	-	-
Total expenditures	8,768	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,300	5,769	1,305	53,732	12,279
Other Financing Sources (Uses)					
Transfer In	-	-	-	-	912,882
Transfer Out	(227,472)	-	-	-	-
Total Financing Sources (Uses)	(227,472)	-	-	-	912,882
Changes in Fund Balance					
Fund balances, beginning of year	342,290	368,370	100,000	1,990,348	-
Fund balances, end of year	\$ 116,118	\$ 374,139	\$ 101,305	\$ 2,044,080	\$ 925,161

EXHIBIT F-2 (CONCLUDED)

Nonmajor Capital Projects						
Building Maintenance	Drainage	Regional Drainage	Hotel/Motel Conference Center	Total Nonmajor Capital Project Funds	Total Nonmajor Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,828,737	
-	-	-	-	-	85,846	
-	-	-	-	-	87,607	
-	-	-	-	-	3,217,914	
-	-	-	-	-	756,796	
2,650	9,215	1,533	-	91,251	235,023	
-	-	-	-	5,300	790,442	
2,650	9,215	1,533	-	96,551	7,002,365	
-	-	-	-	-	20,876	
-	-	-	-	-	71,755	
-	-	-	-	-	2,433,461	
-	-	-	53,682	62,450	2,942,131	
-	-	-	-	-	805	
-	-	-	-	-	156,944	
-	-	-	-	-	228,926	
-	-	-	-	-	1,694,748	
-	-	-	53,682	62,450	7,549,646	
2,650	9,215	1,533	(53,682)	34,101	(547,281)	
-	-	-	53,682	966,564	1,533,546	
-	-	-	-	(227,472)	(872,179)	
-	-	-	53,682	739,092	661,367	
2,650	9,215	1,533	-	773,193	114,086	
177,445	554,678	91,051	-	3,624,182	11,860,894	
\$ 180,095	\$ 563,893	\$ 92,584	\$ -	\$ 4,397,375	\$ 11,974,980	

**CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
PUBLIC IMPROVEMENT DISTRICTS
AS OF SEPTEMBER 30, 2018**

EXHIBIT F-3

	Public Improvement Districts			
	High Pointe PID	Waterford Oaks PID	Winding Hollow PID	Total Public Improvement Districts
ASSETS				
Cash and cash equivalents	\$ 190,729	\$ 282,086	\$ 62,116	\$ 534,931
Receivables (net, where applicable, of allowances for uncollectibles)	17,456	2,980	164	20,600
Prepaid items	-	282	-	282
Total assets	\$ 208,185	\$ 285,348	\$ 62,280	\$ 555,813
LIABILITIES				
Accounts payable	\$ 1,303	\$ 530	\$ -	\$ 1,833
Total liabilities	1,303	530	-	1,833
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	17,539	2,980	164	20,683
Total deferred inflows of resources	17,539	2,980	164	20,683
FUND BALANCES				
Nonspendable- prepaids and inventory	-	282	-	282
Restricted for:				
PID use	189,343	281,556	62,116	533,015
Total fund balances	189,343	281,838	62,116	533,297
Total liabilities and fund balances	\$ 208,185	\$ 285,348	\$ 62,280	\$ 555,813

**CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
PUBLIC IMPROVEMENT DISTRICTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT F-4

	Public Improvement Districts			Total Public Improvement Districts
	High Pointe PID	Waterford Oaks PID	Winding Hollow PID	
REVENUES:				
Taxes	\$ 406,701	\$ 143,052	\$ 42,291	\$ 592,044
Intergovernmental	20,000	3,300	-	23,300
Investment earnings	2,540	3,590	561	6,691
Miscellaneous	6,229	192	-	6,421
Total revenues	435,470	150,134	42,852	628,456
EXPENDITURES				
Current:				
Community services	295,279	95,123	2,954	393,356
Capital outlay				
Community services	64,413	1,150	5,089	70,652
Total expenditures	359,692	96,273	8,043	464,008
Excess (deficiency) of revenues over expenditures	75,778	53,861	34,809	164,448
Changes in Fund Balance	75,778	53,861	34,809	164,448
Fund balances, beginning of year	113,565	227,977	27,307	368,849
Fund balances, end of year	\$ 189,343	\$ 281,838	\$ 62,116	\$ 533,297

CITY OF CEDAR HILL, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-1

				Variance with Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Taxes	\$ 6,445,850	\$ 6,445,850	\$ 6,444,297	\$ (1,553)
Intergovernmental	1,908,020	1,908,020	1,908,013	(7)
Investment earnings	20,000	20,000	47,209	27,209
Total revenues	8,373,870	8,373,870	8,399,519	25,649
EXPENDITURES				
Principal retirement	6,443,500	6,443,500	6,443,517	(17)
Interest and fiscal agent charges	2,334,100	2,334,100	2,309,319	24,781
Total expenditures	8,777,600	8,777,600	8,752,836	24,764
Deficiency of revenues under expenditures	(403,730)	(403,730)	(353,317)	50,413
OTHER FINANCING SOURCES (USES)				
Transfers in	441,025	441,025	441,025	-
Total other financing sources (uses)	441,025	441,025	441,025	-
Net changes in fund balances	\$ 37,295	\$ 37,295	\$ 87,708	\$ 50,413
Fund balances, beginning of year			1,396,399	
Fund balances, end of year			\$ 1,484,107	

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, 2018

EXHIBIT G-2

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 44,409	\$ 24,409
Investment earnings	400	400	1,634	1,234
Total revenues	20,400	20,400	46,043	25,643
EXPENDITURES				
Public safety	49,900	49,900	21,241	28,659
Total expenditures	49,900	49,900	21,241	28,659
Excess (deficiency) of revenues over (under) expenditures	(29,500)	(29,500)	24,802	54,302
Changes in fund balances	\$ (29,500)	\$ (29,500)	24,802	\$ 54,302
Fund balances, beginning of year			115,632	
Fund balances, end of year			\$ 140,434	

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, 2018

EXHIBIT G-3

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 225,000	\$ 225,000	\$ 250,332	\$ 25,332
Investment earnings	3,800	3,800	12,903	9,103
Miscellaneous	20,000	20,000	2,444	(17,556)
Total revenues	248,800	248,800	265,679	16,879
EXPENDITURES				
Community Services	354,140	354,140	232,526	121,614
Capital Outlay	-	-	805	(805)
Total expenditures	354,140	354,140	233,331	120,809
Excess of revenues over expenditures	(105,340)	(105,340)	32,348	137,688
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(53,682)	(53,682)
Total other financing sources (uses)	-	-	(53,682)	(53,682)
Net changes in fund balances	\$ (105,340)	\$ (105,340)	(21,334)	\$ 84,006
Fund balances, beginning of year			912,273	
Fund balances, end of year			\$ 890,939	

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, 2018

EXHIBIT G-4

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,000	\$ 3,000
Investment earnings	575	575	1,532	957
Miscellaneous revenue	8,000	8,000	23,027	15,027
Total revenues	8,575	8,575	27,559	18,984
EXPENDITURES				
Community Services	40,000	40,000	28,413	11,587
Total expenditures	40,000	40,000	28,413	11,587
Excess of (deficiency) revenues over (under) expenditures	(31,425)	(31,425)	(854)	30,571
Net changes in fund balances	\$ (31,425)	\$ (31,425)	(854)	\$ 30,571
Fund balances, beginning of year			<u>107,118</u>	
Fund balances, end of year			<u>\$ 106,264</u>	

CITY OF CEDAR HILL, TEXAS
HIGH POINTE PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-5

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Assessments	\$ 402,830	\$ 402,830	\$ 406,701	\$ 3,871
Intergovernmental	20,000	20,000	20,000	-
Investment earnings	1,000	1,000	2,540	1,540
Miscellaneous	-	-	6,229	6,229
Total revenues	423,830	423,830	435,470	11,640
EXPENDITURES				
Community service	310,296	310,296	295,279	15,017
Capital outlay	113,535	165,100	64,413	100,687
Total expenditures	423,831	475,396	359,692	115,704
Excess (deficiency) of revenues over (under) expenditures	(1)	(51,566)	75,778	127,344
Net changes in fund balances	\$ (1)	\$ (51,566)	75,778	\$ 127,344
Fund balances, beginning of year			113,565	
Fund balances, end of year			\$ 189,343	

CITY OF CEDAR HILL, TEXAS
WATERFORD OAKS PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Assessments	\$ 131,025	\$ 131,025	\$ 143,052	\$ 12,027
Intergovernmental	3,300	3,300	3,300	-
Investment earnings	1,275	1,275	3,590	2,315
Miscellaneous	-	-	192	192
Total revenues	135,600	135,600	150,134	14,342
EXPENDITURES				
Community service	127,300	127,300	95,123	32,177
Capital outlay	-	-	1,150	(1,150)
Total expenditures	127,300	127,300	96,273	31,027
Excess (deficiency) of revenues over (under) expenditures	8,300	8,300	53,861	45,561
Net changes in fund balances	\$ 8,300	\$ 8,300	53,861	\$ 45,561
Fund balances, beginning of year			227,977	
Fund balances, end of year			\$ 281,838	

CITY OF CEDAR HILL, TEXAS
WINDING HOLLOW PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-7

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Assessments	\$ 36,595	\$ 36,595	\$ 42,291	\$ 5,696
Investment earnings	150	150	561	411
Total revenues	36,745	36,745	42,852	6,107
EXPENDITURES				
Community service	23,150	23,150	2,954	20,196
Capital outlay	-	-	5,089	(5,089)
Total expenditures	23,150	23,150	8,043	15,107
Excess (deficiency) of revenues over (under) expenditures	13,595	13,595	34,809	21,214
Changes in fund balances	\$ 13,595	\$ 13,595	34,809	\$ 21,214
Fund balances, beginning of year			27,307	
Fund balances, end of year			\$ 62,116	

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, 2018

EXHIBIT G-8

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeits	\$ 600,000	\$ 600,000	\$ 712,387	\$ 112,387
Investment earnings	4,050	4,050	11,021	6,971
Miscellaneous	-	-	1,216	1,216
Total revenues	604,050	604,050	724,624	120,574
EXPENDITURES				
Public safety	554,950	639,950	556,553	83,397
Capital outlay	158,000	114,550	197,769	(83,219)
Total expenditures	712,950	754,500	754,322	178
Excess (deficiency) of revenues over (under) expenditures	(108,900)	(150,450)	(29,698)	120,752
Changes in fund balances	\$ (108,900)	\$ (150,450)	(29,698)	\$ 120,752
Fund balances, beginning of year			541,693	
Fund balances, end of year			\$ 511,995	

CITY OF CEDAR HILL, TEXAS
CRIME CONTROL AND PREVENTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-9

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,046,400	\$ 1,046,400	\$ 986,361	\$ (60,039)
Investment earnings	1,500	1,500	2,211	711
Miscellaneous	-	-	900	900
Total revenues	1,047,900	1,047,900	989,472	(58,428)
EXPENDITURES				
Public safety	1,028,880	1,028,880	1,002,710	26,170
Total expenditures	1,028,880	1,028,880	1,002,710	26,170
Excess (deficiency) of revenues over (under) expenditures	19,020	19,020	(13,238)	(32,258)
Net changes in fund balances	\$ 19,020	\$ 19,020	(13,238)	\$ (32,258)
Fund balances, beginning of year			<u>343,952</u>	
Fund balances, end of year			<u>\$ 330,714</u>	

CITY OF CEDAR HILL, TEXAS
ANIMAL SHELTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-10

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 848,410	\$ 848,410	\$ 626,764	\$ (221,646)
Investment earnings	925	925	2,413	1,488
Miscellaneous	85,000	85,000	126,684	41,684
Total revenues	934,335	934,335	755,861	(178,474)
EXPENDITURES				
Public safety	868,710	854,875	852,957	1,918
Capital outlay	-	31,175	31,157	18
Total expenditures	868,710	886,050	884,114	1,936
Excess (deficiency) of revenues over (under) expenditures	65,625	48,285	(128,253)	(176,538)
OTHER FINANCING SOURCES (USES)				
Transfer in	206,630	206,630	206,630	-
Transfer out	(91,950)	(91,950)	(91,950)	-
Total other financing sources (uses)	114,680	114,680	114,680	-
Net changes in fund balances	\$ 180,305	\$ 162,965	(13,573)	\$ (176,538)
Fund balances, beginning of year			147,073	
Fund balances, end of year			\$ 133,500	

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, 2018

EXHIBIT G-11

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 2,664,000	\$ 2,664,000	\$ 2,591,150	\$ (72,850)
Investment earnings	8,500	8,500	13,759	5,259
Miscellaneous	1,000	1,000	9,943	8,943
Total revenues	2,673,500	2,673,500	2,614,852	(58,648)
EXPENDITURES				
Community service	2,230,000	2,230,000	2,231,018	(1,018)
Capital outlay	849,400	1,630,000	1,624,096	5,904
Total expenditures	3,079,400	3,860,000	3,855,114	4,886
Excess (deficiency) of revenues over (under) expenditures	(405,900)	(1,186,500)	(1,240,262)	(53,762)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	353,472	353,472
Transfer out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	(150,000)	(150,000)	203,472	-
Changes in fund balances	\$ (555,900)	\$(1,336,500)	(1,036,790)	\$ 299,710
Fund balances, beginning of year			1,377,018	
Fund balances, end of year			\$ 340,228	

**CITY OF CEDAR HILL, TEXAS
INTERNAL SERVICES FUND
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

EXHIBIT H-1

	Equipment Fund	Health Insurance Fund	Total
ASSETS:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,184,694	\$ 1,053,905	\$ 2,238,599
Receivables (net, of allowances for uncollectibles):			
Accounts	6,000	2,727	8,727
Interest	3,594	-	3,594
Total current assets	1,194,288	1,056,632	2,250,920
Noncurrent assets:			
Capital assets:			
Depreciable-net of accumulated depreciation	3,468,870	-	3,468,870
Total noncurrent assets	3,468,870	-	3,468,870
Total assets	4,663,158	1,056,632	5,719,790
LIABILITIES:			
Current liabilities:			
Payable from current assets:			
Accounts and contracts payable	19,180	5,981	25,161
Unpaid claims liabilities	-	338,498	338,498
Total payable from current assets	19,180	344,479	363,659
Total current liabilities	19,180	344,479	363,659
Total liabilities	19,180	344,479	363,659
NET POSITION:			
Net investment in capital assets	3,468,870	-	3,468,870
Unrestricted	1,175,108	712,153	1,887,261
Total net position	\$ 4,643,978	\$ 712,153	\$ 5,356,131

**CITY OF CEDAR HILL, TEXAS
INTERNAL SERVICES FUND**

EXHIBIT H-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Equipment Fund	Health Insurance Fund	Total
OPERATING REVENUES:			
Other charges	\$ 1,010,955	\$ -	\$ 1,010,955
Premiums	-	4,124,567	4,124,567
Total operating revenues	1,010,955	4,124,567	5,135,522
OPERATING EXPENSES:			
Claims paid and change in estimate	-	2,688,225	2,688,225
Administrative and fiscal services	-	671,458	671,458
Depreciation	934,390	-	934,390
Materials and supplies	220,654	-	220,654
Miscellaneous	-	144,117	144,117
Total operating expenses	1,155,044	3,503,800	4,658,844
OPERATING INCOME (LOSS)	(144,089)	620,767	476,678
NON-OPERATING REVENUES (EXPENSES):			
Other non-operating revenue	12,500	-	12,500
Investment income	25,057	4,456	29,513
Gain (loss) on retirement of assets	104,414	-	104,414
Total nonoperating revenue (expenses)	141,971	4,456	146,427
INCOME (LOSS)	(2,118)	625,223	623,105
CHANGE IN NET POSITION	(2,118)	625,223	623,105
NET POSITION-October 1	4,646,096	86,930	4,733,026
NET POSITION-End of year	\$ 4,643,978	\$ 712,153	\$ 5,356,131

**CITY OF CEDAR HILL, TEXAS
INTERNAL SERVICES FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT H-3

	Equipment Fund	Health Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,019,720	\$ -	\$ 1,019,720
Cash received from city and employee contributions	-	4,039,741	4,039,741
Cash received from the wellness program		88,080	88,080
Cash paid to suppliers	(222,483)	-	(222,483)
Cash payments for claims	-	(2,349,727)	(2,349,727)
Cash payments for administrative and fiscal services	-	(815,575)	(815,575)
Net cash provided by operations	797,237	962,519	1,759,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,237,640)	-	(1,237,640)
Proceeds from sales of assets	104,414	-	104,414
Other non-operating sources	12,500	-	12,500
Net cash used in capital and related financing activities	(1,120,726)	-	(1,120,726)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	25,057	4,456	29,513
Net cash provided by investing activities	25,057	4,456	29,513
NET DECREASE IN CASH AND CASH EQUIVALENTS	(298,432)	966,975	668,543
CASH AND CASH EQUIVALENTS-Beginning of year	1,483,126	86,930	1,570,056
CASH AND CASH EQUIVALENTS-End of year	\$ 1,184,694	\$ 1,053,905	\$ 2,238,599
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income(loss)	\$ (144,089)	\$ 620,767	\$ 476,678
Adjustments:			
Depreciation expense	934,390	-	934,390
Change in assets and liabilities:			
Decrease (increase) in receivables	8,765	(2,727)	6,038
Increase (decrease) in accounts payable	(1,829)	5,981	4,152
Increase (decrease) in claims liabilities	-	338,498	338,498
Total adjustments	941,326	341,752	1,283,078
NET CASH PROVIDED BY OPERATIONS	\$ 797,237	\$ 962,519	\$ 1,759,756

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
BALANCE SHEET
AS OF SEPTEMBER 30, 2018**

EXHIBIT I-1

	<u>Community Development Corporation</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 8,437,785
Receivable:	
Taxes	685,464
Interest	21,562
Miscellaneous	<u>27,814</u>
Total assets	<u>\$ 9,172,625</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	52,896
Accrued liabilities	42,842
Unearned revenue	135,325
Deposits	<u>16,657</u>
Total liabilities	<u>247,720</u>
FUND BALANCE	
Unassigned	<u>8,924,905</u>
Total fund balance	<u>8,924,905</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,172,625</u>

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018**

EXHIBIT I-2

TOTAL FUND BALANCES-Governmental funds	\$ 8,924,905
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	2,411,400
Deferred outflows on OPEB Healthcare are not recognized until future periods and therefore are not reported in the funds	9,190
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds. Long-term liabilities consist of:	
Compensated absences	(52,619)
OPEB liability	<u>(102,866)</u>
TOTAL NET POSITION-Governmental activities	<u>\$ 11,190,010</u>

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT I-3

	<u>Community Development Corporation</u>
REVENUES:	
Taxes	\$ 4,000,473
Charges for services	602,800
Investment earnings	149,114
Miscellaneous	<u>25,517</u>
Total revenues	<u>4,777,904</u>
EXPENDITURES	
Current:	
Community services	3,221,570
Capital outlay:	
Community services	<u>305,840</u>
Total expenditures	<u>3,527,410</u>
Excess (deficiency) of revenues over expenditures	<u>1,250,494</u>
Changes in Fund Balance	<u>1,250,494</u>
Fund balances, beginning of year	<u>7,674,411</u>
Fund balances, end of year	<u>\$ 8,924,905</u>

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT I-4

NET CHANGE IN FUND BALANCES -Total governmental funds	\$ 1,250,494
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide financial statements, they are reported as capital assets.	305,840
Losses on disposals of assets are not reported at the fund level	(10,170)
In governmental fund financial statements contributions of assets are not reported. In the government-wide financial statements, contributions of assets are reported as reductions in net position.	(459,004)
Net changes to vacation and sick liabilities as well as deferred outflows/inflows and OPEB liabilities are not shown in the fund financial statements.	<u>33,810</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,120,970</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
BALANCE SHEET
AS OF SEPTEMBER 30, 2018**

EXHIBIT I-5

	<u>Economic Development Corporation</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 4,464,105
Investments	3,658,605
Receivable:	
Taxes	514,091
Interest	22,877
Prepaid items	<u>19,654</u>
Total assets	<u>\$ 8,679,332</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Current liabilities:	
Accounts payable	214,748
Accrued liabilities	<u>10,513</u>
Total liabilities	<u>225,261</u>
FUND BALANCE	
Nonspendable	19,654
Unassigned	<u>8,434,417</u>
Total fund balance	<u>8,454,071</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,679,332</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018**

EXHIBIT I-6

TOTAL FUND BALANCES-Governmental funds	\$ 8,454,071
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	2,901,284
Deferred outflows on OPEB Healthcare are not recognized until future periods and therefore are not reported in the fund statements	1,875
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds. Long-term liabilities consist of:	
Compensated absences	(50,347)
OPEB liability	<u>(11,475)</u>
TOTAL NET POSITION-Governmental activities	<u>\$ 11,295,408</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT I-7

	<u>Economic Development Corporation</u>
REVENUES:	
Taxes	\$ 3,000,355
Investment earnings	<u>146,288</u>
Total revenues	<u>3,146,643</u>
EXPENDITURES	
Current:	
Community services	<u>2,381,321</u>
Total expenditures	<u>2,381,321</u>
Excess (deficiency) of revenues over expenditures	<u>765,322</u>
Changes in Fund Balance	<u>765,322</u>
Fund balances, beginning of year	<u>7,688,749</u>
Fund balances, end of year	<u>\$ 8,454,071</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

EXHIBIT I-8

NET CHANGE IN FUND BALANCES-Total governmental funds \$ 765,322

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.

(3,553)

Additions to vacation and sick liabilities and changes to deferred outflows/inflows are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.

1,543

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 763,312



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**STATISTICAL SECTION
(UNAUDITED)**



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

STATISTICAL SECTION

(Unaudited)

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

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

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

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

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

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

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

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

- 14 Demographic and economic statistics
- 15 Principal employers

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

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

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

	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 44,383,937	\$ 72,409,924	\$ 72,596,207	\$ 72,238,826	\$ 74,150,379
Restricted	12,859,483	12,232,354	11,378,549	10,973,051	10,964,938
Unrestricted	41,778,292	12,564,824	14,718,473	16,659,826	14,134,635
Total governmental activities net position	\$ 99,021,712	\$ 97,207,102	\$ 98,693,229	\$ 99,871,703	\$ 99,249,952
Business-type activities					
Net investment in capital assets	\$ 47,740,514	\$ 46,312,862	\$ 45,512,376	\$ 45,886,988	\$ 45,615,944
Restricted	4,711,553	3,390,278	3,510,291	3,137,658	3,388,212
Unrestricted	3,994,709	3,951,962	3,690,340	2,912,481	3,730,851
Total business-type activities net position	\$ 56,446,776	\$ 53,655,102	\$ 52,713,007	\$ 51,937,127	\$ 52,735,007
Primary government					
Net investment in capital assets	\$ 92,124,451	\$ 118,722,786	\$ 118,108,583	\$ 118,125,814	\$ 119,766,323
Restricted	17,571,036	15,622,632	14,888,840	14,110,709	14,353,150
Unrestricted	45,773,001	16,516,786	18,408,813	19,572,307	17,865,486
Total primary government net position	\$ 155,468,488	\$ 150,862,204	\$ 151,406,236	\$ 151,808,830	\$ 151,984,959

Source: Comprehensive Annual Financial Reports

TABLE 1

2014	2015	2016	2017	2018
\$ 75,744,968	\$ 80,025,249	\$ 83,215,449	\$ 109,712,318	\$ 106,180,335
9,967,610	10,511,210	8,394,131	11,582,583	17,678,071
13,484,943	1,871,573	1,966,112	17,843,316	17,850,181
\$ 99,197,521	\$ 92,408,032	\$ 93,575,692	\$ 139,138,217	\$ 141,708,587
\$ 45,480,236	\$ 46,927,843	\$ 45,050,487	\$ 46,893,008	\$ 46,436,363
4,048,531	3,133,733	1,792,767	1,681,967	3,859,296
6,970,564	6,644,886	7,420,834	6,713,795	4,894,933
\$ 56,499,331	\$ 56,706,462	\$ 54,264,088	\$ 55,288,770	\$ 55,190,592
\$ 121,225,204	\$ 126,953,092	\$ 128,265,936	\$ 156,605,326	\$ 152,616,698
14,016,141	13,644,943	10,186,898	13,264,550	21,537,367
20,455,507	8,516,459	9,386,946	24,557,111	22,745,114
\$ 155,696,852	\$ 149,114,494	\$ 147,839,780	\$ 194,426,987	\$ 196,899,179

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

	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 6,552,840	\$ 4,963,810	\$ 4,990,898	\$ 5,280,221	\$ 5,899,317
Public safety	20,065,191	19,648,564	19,143,067	19,185,108	19,700,185
Public works	7,031,442	6,625,549	6,575,290	6,492,493	6,441,727
Community services	6,506,179	6,920,678	6,694,703	6,388,243	6,829,000
Interest and fiscal charges	7,196,794	7,230,607	7,178,521	6,924,676	7,159,431
Total governmental activities expenses	47,352,446	45,389,208	44,582,479	44,270,741	46,029,660
Business-type activities:					
Water and sewer	\$ 14,145,471	\$ 15,528,663	\$ 16,374,985	\$ 15,674,005	\$ 15,491,378
Total business-type activities expenses	14,145,471	15,528,663	16,374,985	15,674,005	15,491,378
Total primary government expenses	\$ 61,497,917	\$ 60,917,871	\$ 60,957,464	\$ 59,944,746	\$ 61,521,038
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 383,925	\$ 402,651	\$ 366,589	\$ 353,812	\$ 1,168,201
Public safety	3,841,740	3,630,091	3,592,585	3,936,093	3,798,408
Public works	53,675	134,996	235,140	463,247	938,346
Community services	2,460,325	2,635,525	2,487,343	2,715,284	2,903,833
Operating grants/contributions	2,382,689	2,263,449	3,112,884	1,979,785	2,024,725
Capital grants/contributions	1,940,005	662,691	997,587	714,235	2,795,676
Total governmental activities program revenues	11,062,359	9,729,403	10,792,128	10,162,456	13,629,189
Business-type activities:					
Charges for services	\$ 14,303,857	\$ 13,762,041	\$ 16,691,383	\$ 15,977,792	\$ 17,209,452
Capital grants/contributions	1,174,014	523,394	354,169	526,269	692,880
Total business-type activities program revenues	15,477,871	14,285,435	17,045,552	16,504,061	17,902,332
Total primary government program revenues	\$ 26,540,230	\$ 24,014,838	\$ 27,837,680	\$ 26,666,517	\$ 31,531,521
Net (Expense)/Revenue					
Governmental activities	\$ (36,290,087)	\$ (35,659,805)	\$ (33,790,351)	\$ (34,108,285)	\$ (32,400,471)
Business-type activities	1,332,400	(1,243,228)	670,567	830,056	2,410,954
Total primary government net expense	\$ (34,957,687)	\$ (36,903,033)	\$ (33,119,784)	\$ (33,278,229)	\$ (29,989,517)

Source: Comprehensive Annual Financial Reports

TABLE 2 (CONTINUED)

2014	2015	2016	2017	2018
\$ 6,048,611	\$ 6,722,301	\$ 6,767,213	\$ 6,947,494	\$ 6,960,889
21,050,888	22,189,531	24,862,491	25,618,102	25,902,749
6,696,307	11,736,039	11,441,834	5,008,051	7,021,452
7,058,519	7,865,226	8,430,316	9,280,829	10,800,462
6,977,022	2,907,619	2,405,818	1,874,383	1,910,803
47,831,347	51,420,716	53,907,672	48,728,859	52,596,355
\$ 15,772,743	\$ 16,415,804	\$ 18,221,821	\$ 17,708,700	\$ 17,848,255
15,772,743	16,415,804	18,221,821	17,708,700	17,848,255
\$ 63,604,090	\$ 67,836,520	\$ 72,129,493	\$ 66,437,559	\$ 70,444,610
\$ 464,192	\$ 716,293	\$ 870,839	\$ 843,914	\$ 779,978
4,096,762	6,019,903	5,254,150	5,550,066	5,588,368
366,992	100,870	316,432	114,914	192,082
2,717,031	3,036,202	3,224,479	3,525,792	3,745,336
1,740,421	2,001,494	2,666,399	2,537,822	4,374,471
5,186,398	1,048,364	4,457,074	1,511,933	1,095,938
14,571,796	12,923,126	16,789,373	14,084,441	15,776,173
\$ 17,382,937	\$ 18,685,787	\$ 17,415,597	\$ 17,759,404	\$ 18,621,798
631,981	257,513	380,971	1,794,910	357,101
18,014,918	18,943,300	17,796,568	19,554,314	18,978,899
\$ 32,586,714	\$ 31,866,426	\$ 34,585,941	\$ 33,638,755	\$ 34,755,072
\$ (33,259,551)	\$ (38,497,590)	\$ (37,118,299)	\$ (34,644,418)	\$ (36,820,182)
2,242,175	2,527,496	(425,253)	1,845,614	1,130,644
\$ (31,017,376)	\$ (35,970,094)	\$ (37,543,552)	\$ (32,798,804)	\$ (35,689,538)

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

	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Sales and use taxes	\$ 5,953,387	\$ 6,132,913	\$ 6,111,207	\$ 6,365,835	\$ 6,698,766
Property taxes	20,122,090	18,765,437	19,155,974	19,328,492	19,149,038
Hotel/motel taxes	92,321	107,434	135,676	161,997	190,302
Franchise fees	3,228,432	2,945,412	3,284,583	3,457,821	3,354,340
Investment earnings	1,765,116	3,406,971	4,535,466	4,005,347	257,379
Gain on disposal of property	-	40,251	41,859	-	8,479
Miscellaneous	610,796	646,777	211,713	167,267	320,416
Transfers	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Gain on Joe Pool payment agreement	-	-	-	-	-
Total governmental activities	33,572,142	33,845,195	35,276,478	35,286,759	31,778,720
Business-type activities:					
Investment earnings	\$ 219,773	\$ 186,944	\$ 125,261	\$ 119,897	\$ 56,838
Gain/loss of disposal of property	-	-	-	-	-
Miscellaneous	45,273	64,610	62,077	74,167	130,088
Transfers	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)
Total business-type activities	(1,534,954)	(1,548,446)	(1,612,662)	(1,605,936)	(1,613,074)
Total primary government	\$ 32,037,188	\$ 32,296,749	\$ 33,663,816	\$ 33,680,823	\$ 30,165,646
Change in Net Position					
Governmental activities	\$ (2,717,945)	\$ (1,814,610)	\$ 1,486,127	\$ 1,178,474	\$ (621,751)
Business-type activities	(202,554)	(2,791,674)	(942,095)	(775,880)	797,880
Total primary government	\$ (2,920,499)	\$ (4,606,284)	\$ 544,032	\$ 402,594	\$ 176,129

TABLE 2 (CONCLUDED)

2014	2015	2016	2017	2018
\$ 7,610,173	\$ 8,075,632	\$ 8,674,970	\$ 8,903,958	\$ 9,097,038
19,198,820	20,322,289	21,222,889	22,809,120	24,781,240
213,130	220,746	223,330	301,690	250,332
3,603,799	3,855,211	2,990,157	4,000,294	3,639,798
3,068,688	1,305,343	1,497,708	268,574	928,939
15,704	86,420	(12,968)	(67,853)	82,623
231,287	340,555	508,136	926,523	465,361
1,800,000	1,800,000	2,059,800	924,956	1,232,882
-	-	-	42,139,681	-
<u>35,741,601</u>	<u>36,006,196</u>	<u>37,164,022</u>	<u>80,206,943</u>	<u>40,478,213</u>
 \$ 36,670	 \$ 58,062	 \$ 46,538	 \$ 81,424	 \$ 131,821
-	-	(3,859)	22,600	5,450
3,478,858	-	-	-	-
(1,800,000)	(1,800,000)	(2,059,800)	(924,956)	(1,232,882)
<u>1,715,528</u>	<u>(1,741,938)</u>	<u>(2,017,121)</u>	<u>(820,932)</u>	<u>(1,095,611)</u>
 \$ 37,457,129	 \$ 34,264,258	 \$ 35,146,901	 \$ 79,386,011	 \$ 39,382,602
 \$ 2,482,050	 \$ (2,491,394)	 \$ 45,723	 \$ 45,562,525	 \$ 3,658,031
3,957,703	785,558	(2,442,374)	1,024,682	35,033
<u>\$ 6,439,753</u>	<u>\$ (1,705,836)</u>	<u>\$ (2,396,651)</u>	<u>\$ 46,587,207</u>	<u>\$ 3,693,064</u>

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

	2009	2010	2011	2012	2013
General Fund					
Reserved					
Prepaid and inventory	\$ 94,975	\$ 289,796	\$ -	\$ -	\$ -
Animal shelter	136,421	93,240	-	-	-
Unreserved	7,910,030	7,429,188	-	-	-
Nonspendable	-	-	79,890	108,886	47,394
Restricted	-	-	23,359	21,422	15,602
Unassigned	-	-	7,245,735	8,081,105	8,155,908
Total General Fund	\$ 8,141,426	\$ 7,812,224	\$ 7,348,984	\$ 8,211,413	\$ 8,218,904
All Other Governmental Funds					
Reserved for:					
Prepaid and inventory	\$ 700	\$ -	\$ -	\$ -	\$ -
Construction	36,973,575	32,992,500	-	-	-
Debt service	1,351,130	1,338,388	-	-	-
Unreserved - designated for Joe Pool Fund	28,583,356	33,303,314	-	-	-
Unreserved, reported in:					
Special revenue funds	1,851,054	1,812,463	-	-	-
Nonspendable	-	-	4,113	1,175	875
Restricted for:					
Construction	-	-	27,061,239	21,065,403	18,479,874
PID use	-	-	255,046	264,048	262,925
Tourism	-	-	517,732	590,841	665,874
Public Safety	-	-	267,580	356,891	583,458
Landscaping	-	-	267,580	356,891	583,458
Economic Development	-	-	267,580	356,891	583,458
Debt service	-	-	1,214,648	1,113,789	1,340,738
Committed for:					
Library	-	-	64,273	75,740	131,760
Landscaping	-	-	1,006,819	1,477,075	1,366,022
Construction	-	-	2,077,747	1,564,353	1,572,054
Facilities	-	-	2,077,747	1,564,353	1,572,054
Building maintenance	-	-	725,215	821,645	825,690
Joe pool	-	-	39,186,264	44,607,884	46,527,005
Economic Development	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	\$ 68,759,815	\$ 69,446,665	\$ 74,993,583	\$ 74,216,979	\$ 74,495,245

Source: Comprehensive Annual Financial Reports

TABLE 3

2014	2015	2016	2017	2018
\$ -	\$ -	\$ 283,522	\$ 117,473	\$ 44,743
-	-	123,575	-	-
-	-	-	-	-
52,652	26,822	-	-	-
24,404	24,406	-	-	-
7,835,891	9,090,324	8,771,503	8,448,918	8,771,211
\$ 7,912,947	\$ 9,141,552	\$ 9,178,600	\$ 8,566,391	\$ 8,815,954
<hr/>				
\$ -	\$ -	\$ 6,224	\$ -	\$ 282
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
875	1,963	-	-	-
16,652,763	24,504,541	17,612,849	10,059,379	14,665,951
270,267	277,468	239,342	368,849	533,015
750,883	836,894	821,640	912,273	890,939
608,020	541,678	545,723	804,398	1,116,643
-	-	-	-	222,825
-	-	-	-	38,975
1,356,029	1,246,232	1,447,330	1,396,399	1,484,107
135,238	121,489	123,146	107,118	-
1,092,406	1,050,997	1,277,952	1,377,018	-
1,577,647	1,173,232	1,819,952	2,545,026	2,607,973
-	-	-	-	180,095
828,407	817,196	194,232	177,445	-
51,305,636	54,301,017	58,689,221	18,564,055	18,874,640
-	-	-	-	101,305
-	-	-	97,936	1,042,564
\$ 74,578,171	\$ 84,872,707	\$ 82,777,611	\$ 36,409,896	\$ 41,759,314

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

	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 26,228,990	\$ 25,057,110	\$ 25,408,781	\$ 25,812,621	\$ 26,083,264
Franchise taxes	3,239,410	3,745,033	3,188,430	3,431,525	3,352,205
Licenses and permits	429,801	599,253	520,502	526,399	772,875
Intergovernmental	2,465,569	2,550,947	3,532,596	2,224,495	2,050,841
Charges for services	4,649,195	4,587,557	4,491,115	4,669,666	4,950,614
Fines and forfeits	1,170,989	1,307,338	1,330,054	1,372,402	1,303,332
Investment earnings	1,600,287	3,217,524	4,510,842	3,989,265	248,395
Miscellaneous	1,021,043	1,043,796	592,110	877,586	4,173,110
Total revenues	40,805,284	42,108,558	43,574,430	42,903,959	42,934,636
Expenditures					
General government	5,738,425	4,268,152	4,213,256	4,411,688	4,572,942
Public works	2,799,588	2,258,685	2,131,623	2,056,306	2,240,304
Public safety	19,953,010	19,365,668	18,715,058	18,560,836	19,066,681
Community services	5,696,781	6,111,610	5,800,851	5,478,014	5,927,054
Principal retirement	3,930,000	4,284,760	4,271,275	4,524,345	4,792,415
Interest and fiscal agent charges	4,250,266	4,001,699	3,957,697	3,444,741	3,086,412
Capital outlay	4,607,387	3,297,991	3,992,499	5,815,584	5,223,906
Total expenditures	46,975,457	43,588,565	43,082,259	44,291,514	44,909,714
Excess of revenues					
Over (under) expenditures	(6,170,173)	(1,480,007)	493,914	(1,387,555)	(2,087,769)
Other Financing Sources (Uses)					
Transfer in	3,613,525	3,469,645	2,903,840	3,746,000	3,213,790
Transfer out	(1,813,525)	(1,669,645)	(1,103,840)	(1,946,000)	(1,413,790)
Premium or discount on issuance of debt	47,125	-	223,578	474,838	-
Issuance of debt	7,500,000	2,767,655	14,630,000	9,040,000	-
Refunding bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	(2,730,000)	(14,678,464)	(9,506,686)	-
Total other financing sources (uses)	9,347,125	1,837,655	1,975,114	1,808,152	1,800,000
Net change in fund balance	\$ 3,176,952	\$ 357,648	\$ 2,469,028	\$ 420,597	\$ (287,769)
Debt service as a percentage of noncapital expenditures	19.3%	20.6%	21.1%	20.7%	19.9%

Source: Comprehensive Annual Financial Reports

TABLE 4

2014	2015	2016	2017	2018
\$ 27,058,897	\$ 28,678,707	\$ 30,120,119	\$ 32,334,075	\$ 34,105,970
3,637,472	3,819,178	3,465,968	3,531,434	3,640,135
738,332	780,478	778,437	807,719	789,254
2,556,633	3,550,102	6,750,150	3,611,557	4,525,530
5,015,795	5,219,839	4,733,546	4,557,442	4,780,801
1,389,008	1,865,880	1,760,310	1,936,758	1,857,906
3,064,301	2,522,617	1,490,918	255,087	899,426
810,058	1,145,450	759,828	1,398,078	946,389
44,270,496	47,582,251	49,859,276	48,432,150	51,545,411
4,917,868	4,868,548	5,026,331	5,322,042	5,539,114
2,572,167	2,145,169	2,053,159	2,249,229	2,180,935
20,151,570	20,773,934	21,791,776	22,755,963	23,718,688
6,040,714	6,601,545	6,849,744	7,492,414	7,591,881
5,225,860	5,641,240	6,102,000	46,889,359	6,443,517
2,997,075	2,860,726	2,874,002	2,506,334	2,491,606
3,390,010	2,062,022	12,169,887	9,121,689	6,733,928
45,295,264	44,953,184	56,866,899	96,337,030	54,699,669
(1,024,768)	2,629,067	(7,007,623)	(47,904,880)	(3,154,258)
3,394,411	3,218,718	3,764,661	3,024,806	2,444,571
(2,144,994)	(2,399,486)	(1,738,295)	(2,099,850)	(1,211,689)
410,735	2,961,899	2,336,076	-	172,287
-	-	-	-	7,435,000
9,495,000	23,325,050	16,477,611	-	-
(7,614,445)	(16,990,488)	(17,112,097)	-	-
3,540,707	10,115,693	3,727,956	924,956	8,840,169
\$ 2,515,939	\$ 12,744,760	\$ (3,279,667)	\$ (46,979,924)	\$ 5,685,911
19.6%	19.8%	20.1%	56.6%	18.6%

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

TABLE 5

Fiscal Year Ended September 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	3,009,117,599	292,080,690	(297,237,734)	3,003,960,555	0.64140
2009	3,144,441,658	314,972,100	(336,631,686)	3,122,782,072	0.64140
2010	2,951,398,588	306,248,770	(344,662,593)	2,912,984,765	0.64140
2011	2,838,901,972	297,036,800	(353,400,773)	2,782,537,999	0.67000
2012	2,810,514,062	277,211,190	(350,446,444)	2,737,278,808	0.68588
2013	2,765,638,796	280,235,120	(340,371,034)	2,705,502,882	0.69569
2014	2,786,675,623	283,871,690	(384,154,819)	2,686,392,494	0.69876
2015	2,982,480,619	287,043,060	(419,337,325)	2,850,186,354	0.69876
2016	3,186,822,798	282,090,960	(451,668,826)	3,017,244,932	0.69876
2017	3,445,936,429	290,270,770	(505,646,426)	3,230,560,773	0.69876
2018	3,664,209,975	299,008,240	(527,367,350)	3,435,850,865	0.69876

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

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

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

Fiscal Year Ended September 30,	City Direct Rates			Dallas County Community College District	
	Basic Rate	General Obligation Debt Service	Total Direct	Cedar Hill I.S.D.	
2009	0.459490	0.181910	0.641400	1.500000	0.089400
2010	0.459490	0.181910	0.641400	1.400000	0.094900
2011	0.488090	0.181910	0.670000	1.440000	0.099230
2012	0.499820	0.186060	0.685880	1.440000	0.099670
2013	0.509630	0.186060	0.695690	1.440000	0.119375
2014	0.512700	0.186060	0.698760	1.525000	0.124700
2015	0.512700	0.186060	0.698760	1.525000	0.124780
2016	0.512700	0.186060	0.698760	1.525000	0.123650
2017	0.512700	0.186060	0.698760	1.516000	0.124240
2018	0.512700	0.186060	0.698760	1.516000	0.124240

Source: Dallas Central Appraisal District, various taxing entities.

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

TABLE 6

Dallas County Hospital District	Dallas County	County School Equalization	Duncanville I.S.D.	Ellis County	Midlothian I.S.D.
0.254000	0.228100	0.004928	1.418000	0.393599	1.407500
0.274000	0.228100	0.005212	1.418000	0.393600	1.397500
0.271000	0.243100	0.010000	1.418000	0.393599	1.397500
0.271000	0.243100	0.010000	1.418000	0.393599	1.397500
0.271000	0.243100	0.009937	1.418000	0.380091	1.540000
0.276000	0.243100	0.010000	1.410000	0.380091	1.540000
0.286000	0.243100	0.010000	1.410000	0.380091	1.540000
0.286000	0.243100	0.010000	1.529500	0.380091	1.540000
0.279400	0.243100	0.009271	1.521480	0.380091	1.540000
0.279400	0.243000	0.009000	1.520000	0.371000	1.540000

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

TABLE 7

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value ^a	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value ^b
EL Ad Cedar Hill, LLC	\$ 52,653,000	1	1.53%			
Uptown Village at Cedar Hill	44,697,690	2	1.30%	\$ 33,866,450	3	1.08%
Price Midtown LLC	40,850,000	3	1.19%			
Indland Western Cedar Hill	30,463,280	4	0.89%	36,654,800	2	1.17%
KRG Cedar Hill Plaza, LP	28,750,000	5	0.84%	45,800,000	1	1.47%
Texas Utilities/Oncor Electric Delivery	25,632,350	6	0.75%	30,278,860	4	0.97%
JC Penny Co., INC.	23,007,907	7	0.67%	30,018,851	5	0.96%
Wal-Mart Stores	21,435,890	8	0.62%	21,559,160	6	0.69%
Gates Cedar Hill, LTD	18,500,000	9	0.54%			
Stag Tx Holdings	17,500,000	10	0.51%			
Target Corporation				17,869,680	7	0.57%
TSCA 2002 LTD Partnership				17,090,460	8	0.55%
RPI Cedar Hill LTD				16,500,000	9	0.53%
EE Cedar Hill Crossing LP				15,843,290	10	0.51%
Total	\$ 303,490,117		8.83%	\$ 265,481,551		8.50%

Source: Dallas Central Appraisal District

Note:

^a Total taxable value including real and personal property for tax year 2017 (fiscal year 2018) is \$3,435,850,865

^b Total taxable value including real and personal property for tax year 2008 (fiscal year 2009) is \$3,122,782,072

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

TABLE 8

Fiscal Year Ended <u>September 30,</u>	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
2009	20,029,524	19,541,902	97.57%	353,051	19,894,953	99.33%
2010	18,683,884	18,378,688	98.37%	153,449	18,532,137	99.19%
2011	18,643,004	18,379,231	98.59%	179,230	18,558,461	99.55%
2012	18,774,447	18,521,004	98.65%	126,178	18,647,182	99.32%
2013	18,758,258	18,456,444	98.39%	170,958	18,627,402	99.30%
2014	18,886,686	18,558,194	98.26%	179,202	18,737,396	99.21%
2015	19,915,962	19,563,101	98.23%	(12,601)	19,550,500	98.16%
2016	21,083,301	20,729,114	98.32%	-	20,729,114	98.32%
2017	22,573,866	22,196,989	98.33%	-	22,196,989	98.33%
2018	24,008,352	23,858,851	99.38%	-	23,858,851	99.38%

Sources: Dallas County Tax Office

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Unamortized Premiums	Waterworks & Sewer System	Waterworks & Sewer System	GO & CO Bonds ^c	Unamortized Premiums ^c
2009	60,040,000	32,455,000	56,154,350	892,941	13,040,000	-	65,118	
2010	56,837,895	31,410,000	59,345,601	798,006	10,250,000	2,167,105	58,877	
2011	62,666,620	21,670,000	62,718,212	918,887	9,795,000	1,938,380	52,869	
2012	59,092,275	20,880,000	66,282,488	1,195,401	9,325,000	1,702,725	47,110	
2013	55,019,860	20,160,000	70,049,322	1,027,368	8,835,000	1,460,140	41,614	
2014	51,239,000	20,990,000	74,030,225	1,274,903	6,575,000	9,186,000	450,007	
2015	61,812,760	11,420,000	78,237,362	3,814,067	4,375,000	11,217,240	710,622	
2016	63,920,760	3,080,000	82,683,592	5,389,921	-	14,264,240	1,043,341	
2017	58,245,312	2,410,000	-	4,503,276	-	13,014,688	877,422	
2018	56,111,795	5,535,000	-	3,859,905	-	14,038,205	790,045	

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

^c Self-supporting tax-backed bonds.

^d See Table 14 for population data.

TABLE 9

Total Primary Government	Percentage of Total Personal Income ^d	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
162,582,291	Not available	5.21%	3,565
160,808,607	14%	5.52%	3,473
159,707,099	14%	5.74%	3,529
158,477,889	13%	5.79%	3,384
156,551,690	13%	5.75%	3,343
163,295,128	13%	6.03%	3,313
170,876,429	14%	5.86%	3,444
169,338,513	13%	5.61%	3,326
78,173,276	6%	2.42%	1,501
79,544,905	6%	2.32%	1,511

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

TABLE 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable			
	General Obligation Bonds	Certificate of Obligation Bonds	Unamortized Premium^d	Less Sinking Fund^c	Net General Bonded Debt	Value of Property^a	Per Capita^b
2009	60,040,000	32,455,000	892,941	1,351,830	92,036,111	2.95%	2,018
2010	59,005,000	31,410,000	798,006	1,338,388	89,874,618	3.09%	1,941
2011	64,605,000	21,670,000	918,887	1,214,648	85,979,239	3.09%	1,900
2012	60,795,000	20,880,000	1,195,401	1,113,789	81,756,612	2.99%	1,746
2013	56,480,000	20,160,000	1,027,368	1,340,738	76,326,630	2.82%	1,630
2014	60,425,000	20,990,000	1,274,903	1,356,029	81,333,874	3.03%	1,650
2015	73,030,000	11,420,000	3,814,067	1,247,844	87,016,223	3.05%	1,754
2016	71,190,000	3,080,000	5,389,921	1,447,330	78,212,591	2.59%	1,536
2017	64,700,000	2,410,000	4,503,276	1,396,399	70,216,877	2.17%	1,349
2018	61,720,000	5,535,000	3,859,905	1,484,107	69,630,798	2.03%	1,322

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.

^c Debt Service Fund Balance

^d In FY 2017, this table was restated to include the unamortized premium for years presented.

**CITY OF CEDAR HILL, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018
(UNAUDITED)**

TABLE 11

Taxing Jurisdiction	2017/2018 Taxable Assessed Value	2017/2018 Tax Rate	Total G.O. Tax Debt	Estimated % Applicable	City's Overlapping G.O. Tax Debt
City of Cedar Hill	\$ 3,780,520,430	0.69876	56,021,795	⁽¹⁾ 100.00%	\$ 56,021,795
Cedar Hill ISD	3,599,590,013	1.37600	118,249,438	93.00%	109,971,977
Dallas County	243,677,733,215	0.24300	172,265,000	1.51%	2,601,202
Dallas County Comm. College Dist.	250,711,265,787	0.12400	224,030,000	1.51%	3,382,853
Dallas County Hospital Dist.	244,186,272,009	0.27900	687,775,000	1.33%	9,147,408
Dallas County Schools	243,677,733,215	0.00900	33,815,000	1.51%	510,607
Desoto ISD	3,155,093,553	1.49000	128,363,614	0.12%	154,036
Duncanville ISD	4,716,946,896	1.52000	209,011,096	2.49%	5,204,376
Ellis County	15,355,774,687	0.37100	36,958,153	0.68%	251,315
Midlothian ISD	4,221,058,240	1.54000	361,731,480	1.98%	<u>7,162,283</u>
Overlapping G.O. Tax Debt					\$ 138,386,057
City Direct G. O. Tax Debt					<u>\$ 56,021,795</u>
Total Direct and Overlapping G. O. Tax Debt					\$ 194,407,852
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					5.14%
Per Capita Direct and Overlapping G. O. Tax Debt					\$ 3,691.83

Source:

^a Hilltop Securities, Inc. Official Statement 1/1/2019

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

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

**CITY OF CEDAR HILL, TEXAS
LEGAL DEBT MARGIN INFORMATION
AS OF SEPTEMBER 30, 2018
(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, 2018 is \$0.698760 per \$100 of assessed valuation at 100% of market value.
The tax rate is 27.95% of the legal limit.

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

TABLE 13

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Average Debt Service (3)	Coverage
1	14,466,125	12,039,477	2,426,648	819,825	2.96
2	15,697,120	13,429,002	2,268,118	801,810	2.83
3	16,880,608	13,023,051	3,857,557	1,065,193	3.62
4	16,171,856	13,629,548	2,542,308	790,942	3.21
2013	17,396,378	13,479,383	3,916,995	1,046,807	3.74
2014	20,898,465	13,735,658	7,162,807	621,679	11.52
2015	18,634,284	14,168,974	4,465,310	438,658	10.18
2016	17,333,094	15,765,558	1,567,536	-	0.00
2017	17,679,424	15,273,504	2,405,920	-	0.00
2018	18,541,621	15,688,000	2,853,621	-	0.00

Source: Comprehensive Annual Financial Reports

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

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

TABLE 14

Year	Estimated Population ^a	Personal Income	Per Capita Personal Income ^b	Median Household Income^b	Median Age ^b	Cedar Hill I.S.D. Enrollment ^c	Unemployment Rate ^d
2009	45,600	n/a	n/a	66,206	34	8,233	8.7%
2010	46,300	1,188,382,100	25,667	66,654	34	8,204	8.7%
2011	45,260	1,116,699,980	24,673	64,727	32	8,134	9.2%
2012	46,829	1,186,084,912	25,328	63,499	31	8,170	7.4%
2013	46,829	1,186,084,912	25,328	63,499	31	7,868	7.4%
2014	49,289	1,304,088,362	26,458	63,667	35	8,700	5.9%
2015	49,615	1,258,087,555	25,357	65,421	35	7,915	4.7%
2016	50,917	1,300,267,429	25,537	68,526	34	8,046	4.7%
2017	52,066	1,394,171,282	26,777	69,412	34	7,883	4.0%
2018	52,659	1,410,050,043	26,777	73,106	36	7,866	3.8%

Sources:

^a Available estimates are provided by Claritas, Applied Geographic Solutions.

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

^c Cedar Hill Independent School District

^d Texas Workforce Commission, September.

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

TABLE 15

<u>Employer</u>	2018			2009		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>Percentage of Total City Workforce</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>Percentage of Total City Workforce</u>
Wal-Mart Supercenter	250	1	0.93%	450	3	1.84%
Total Highway Maintenance	250	2	0.93%	-	-	-
JCPenney, Distribution Center	240	3	0.90%	496	2	2.03%
Super Target	220	4	0.82%	215	4	0.88%
Dillard's	144	5	0.54%	150	5	0.61%
JCPenney, Department Store	135	6	0.50%	130	6	0.53%
DMI Corporation	130	7	0.49%	-	-	-
Home Depot	130	8	0.49%	115	7	0.47%
MJB Wood Group/Precision Wood	125	9	0.47%	-	-	-
P&W Quality Machine, Inc	115	10	0.43%	-	-	-
Texwood Industries - Quality Doors	-	-	-	700	1	2.87%
Kohl's	-	-	-	110	8	0.45%
Trinity School	-	-	-	110	9	0.45%
Southern Star Concrete	-	-	-	100	10	0.41%
Total	1,739		6.51%	2,576		10.55%

Source: City surveys of employers

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

Total Estimated City Workforce in FY 2018 and FY 2009 is 26,456 and 23,825 respectively

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

<u>Function/Program</u>	Full Time Equivalent Employees as of September 30									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government:										
Administration	10.00	10.00	10.00	10.00	10.00	9.50	10.00	9.50	9.50	9.50
Human resources	4.00	4.00	3.00	4.00	4.00	4.00	4.00	3.00	3.00	3.80
Information technology	4.00	4.00	4.00	4.00	4.00	4.23	4.50	5.20	5.20	5.20
Finance	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00	8.00
Economic development	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Tourism	-	-	-	-	-	-	1.00	1.50	1.50	1.50
Non-Departmental	1.50	1.50	0.77	2.27	2.27	2.27	2.27	2.50	2.00	2.50
Government center	1.50	1.50	2.50	2.50	2.50	3.00	2.50	3.00	3.00	3.00
Public Works:										
Streets & drainage	13.58	13.58	14.25	14.25	14.25	15.25	14.25	14.40	14.40	14.40
Fleet maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water & sewer	43.65	43.65	43.65	43.65	43.65	41.15	44.65	44.65	36.00	38.00
Public Safety:										
Police	84.00	84.00	86.10	87.40	87.40	88.10	87.40	89.50	88.50	86.50
Animal control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire	69.00	78.00	78.00	78.00	78.00	78.00	78.00	79.00	78.00	6.00
Municipal court	7.30	7.30	6.80	7.93	7.93	6.80	7.93	6.68	6.68	79.00
Code enforcement	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	6.88
Animal shelter	9.63	9.63	9.63	9.63	9.63	10.53	10.53	10.53	10.33	10.00
										11.30
Community Services:										
Parks	26.40	26.40	26.40	26.40	28.40	26.40	28.40	23.77	23.77	22.42
Community development	6.79	6.79	6.79	6.79	7.79	7.79	7.79	7.79	7.79	7.79
Recreation	10.25	10.25	10.50	11.50	11.50	10.50	11.50	11.50	8.45	9.19
Recreation center	21.50	21.50	22.50	23.00	23.00	23.84	23.00	23.80	23.80	23.80
Library	11.48	11.48	10.48	10.72	10.72	12.72	10.72	12.20	12.20	13.41
Main Street	-	-	-	-	-	-	-	-	1.00	1.00
Planning	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Neighborhood services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City Employees:	353.33	362.33	362.12	370.79	373.79	373.08	378.44	378.52	365.12	377.19

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

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

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

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

The Government Center positions were created in fiscal year 2009.



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

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

<u>Function/Program</u>	2009	2010	2011	2012	2013
Public Works:					
Streets & Drainage					
Number of street lights	2,670	2,705	2,777	2,777	2,618
Water & Sewer					
Number of water consumers	15,188	15,283	15,186	15,236	15,438
Average daily water consumption (millions of gallons)	8.5	8.4	9	8	8
Maximum storage capacity (millions of gallons)	18.0	18.0	18	18	18
Number of sewer connections	13,791	13,873	13,874	13,956	14,102
Public Safety:					
Police					
Index crimes, by calendar year	1,814	1,846	1,720	1,752	1,593
Index crime rate per 100,000, by calendar year	3,902.8	3,955.0	3,673	3,741	3,402
Percent index crimes cleared, by calendar year	29%	29%	32%	39%	34%
Number of reserve police officers	3.00	3.00	3	3	3
Fire					
Calls for service - Fire & EMS	5,193	5,221	n/a	n/a	n/a
Municipal Court					
Number of cases filed	6,983	6,419	7,472	6,204	7,188
Number of cases closed	7,061	6,165	8,142	6,566	7,193
Number of cases appealed	214	345	345	126	126
Number of warrants issued	3,616	2,752	5,056	3,211	3,410
Code Enforcement					
Construction permits issued	432	491	404	415	482
Total dollar value of permits issued	28,441,102	33,687,160	22,611,850	19,898,425	102,991,772
Animal Shelter					
Number of incoming animals	5,208	5,380	4,909	5,300	4,784
Number of lost pets returned to owners	781	785	769	790	749
Number of animals adopted out	923	797	724	830	741
Number of animals euthanized	2,888	2,757	2,500	2,305	1,931
Number of animals transferred or rescued	796	927	777	800	722

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

2014	2015	2016	2017	2018
2,639	2,632	2,616	2,616	2,616
15,427	15,788	15,940	16,019	16,407
10	6	6	6	5.9
18	18	18	18	18.0
14,071	14,267	14,537	14,923	14,972
1,531	1,528	1,653	1,618	1,463
3,341	3,335	3,510	3,419	3,081.0
35%	35%	30%	30%	29%
3	3	4	4	5
6,077	6,150	6,207	6,257	6,302
7,450	7,785	7,610	8,621	8,962
6,229	7,393	6,642	4,801	7,453
97	163	143	198	195
4,218	4,885	4,604	5,486	2,617
520	605	584	652	255
38,018,194	58,530,567	40,449,488	50,982,675	59,238,591
4,694	6,253	6,493	5,894	7378
704	901	912	1,055	999
932	1,298	1,332	1,448	1112
1,905	2,636	2,284	1,715	1529
899	1,131	1,796	1,914	2444

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

TABLE 18

<u>Function/Program</u>	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Works:										
Streets & Drainage										
Paved streets (miles) ^a	210	216	217	218	218	218	218	218	218	218
Graded streets (miles)	1	1	1	1	1	1	1	1	1	1
Paved alleys (miles)	42	42	42	42	42	42	42	42	42	42
Storm sewers (miles) ^a	71	74	76	76	76	77	77	77	77	77
Water & Sewer										
Water mains (miles) ^a	282	279	279	273	278	279	279	279	279	279
Storage capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Sanitary sewers (miles) ^a	247	214	215	214	214	214	214	214	214	214
Public Safety:										
Police										
Stations	1	1	2	2	2	2	2	2	2	2
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Animal Shelter										
Buildings	1	1	1	1	1	1	1	1	1	1
Community Services:										
Parks										
Acreage	686	692	692	692	692	692	692	692	692	692
Municipal swimming pools	1	1	1	1	1	1	1	1	1	1
Lighted tennis courts	2	2	2	2	2	2	2	2	2	2
Lighted ball diamonds	23	23	23	23	23	23	23	23	23	23
Community/senior center	1	1	1	1	1	1	1	1	1	1
Recreation center	1	1	1	1	1	1	1	1	1	1
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1

Sources: City Departments

Notes:

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