

**CITY OF CEDAR HILL, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2007**

**Prepared by the**

**CITY OF CEDAR HILL**

**FINANCE DEPARTMENT**

**Hardy Browder, Director**

**CITY COUNCIL**

**Robert K. Franke, Mayor**

**Cory Spillman, Mayor Pro Tem  
Makia Epie, Council Member  
Greg Patton, Council Member**

**Wade Emmert, Council Member  
Daniel C. Haydin Jr., Council Member  
Clifford R. Shaw, Council Member**

**CITY MANAGER**

**Alan E. Sims**

1. *Chlorophytum comosum* (L.) Willd. (syn. *Chlorophytum capense* (L.) Willd.)  
2. *Chlorophytum comosum* (L.) Willd. (syn. *Chlorophytum capense* (L.) Willd.)

**City of Cedar Hill  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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## **INTRODUCTORY SECTION**





City of Cedar Hill  
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March 28, 2008

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

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Hill (the "City") for the fiscal year ended September 30, 2007. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America established by the Government Accounting Standards Board. The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials and the Government Finance Officer's Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2006 report. The financial section includes the management's discussion and analysis (MD&A), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditors' report on the basic financial statements. The statistical section includes selected financial and demographic information which is presented on a multi-year basis.

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

**THE REPORTING ENTITY**

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

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

Rob Franke, Mayor

Council Members - Cory Spillman, *Mayor Pro Tem* • Wade Emmert • Makia Epie • Daniel C. Haydin, Jr. • Greg Patton • Clifford Shaw • Alan E. Sims, *City Manager*

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

## THE CITY OF CEDAR HILL

Cedar Hill, the oldest organized community in Dallas County, has grown from a small rural town of 6,850 in 1980 to a suburban city with approximately 43,950 in 2007. The City of Cedar Hill is located on U.S. Highway 67, in the southwest quadrant of Dallas County and a small portion of northern Ellis County. The City covers an area of 36 square miles and is approximately 18 miles from downtown Dallas. With easy access to I-20 and I-35 from U.S. Highway 67, Cedar Hill is home to many residents who commute to and from employment in the Dallas-Fort Worth ("D/FW") metropolitan area. One of the City's most visited attractions, Joe Pool Lake, offers 7,500 acres of water for fishing, sailing and waterskiing, drawing visitors from all over the United States. Adjoining Joe Pool Lake is Cedar Hill State Park, which offers more than 1,800 acres of parkland and draws nearly 2 million visitors each year, making it one of the most visited state parks in all of Texas. Cedar Hill also has 29 City parks on approximately 670 acres of parkland. Park facilities include a recreation center, softball fields, soccer fields, tennis courts, a municipal swimming pool, football fields, playground equipment, basketball courts, an amphitheatre, fishing ponds and paved trails. This variety of amenities is a boon to our community and point of character and identity, adding to the charm of Cedar Hill. The inclusion of neighborhood parks and the preservation of green space will remain a priority as the City expands.

## ECONOMIC CONDITION AND OUTLOOK

The City's economy continues to remain strong, and our location in the D/FW metroplex has permitted the City to continue to grow at a steady pace. The City's population growth has averaged 4.1% per year during the last five years. The City has continued to have good residential and strong commercial growth, especially in the retail sector. Cedar Hill has become the retail center of southwest Dallas County. Retail development continued to expand in Cedar Hill, with approximately 3.1 million square feet of retail space added since January 1, 1999. Cedar Hill Crossing opened 187,000 square feet in 1999. The Plaza at Cedar Hill shopping center opened in 2000 with approximately 300,000 square feet of shopping. A Super Wal-Mart store opened during 2002. Multiple retail developments opened during 2003, including a JC Penney store, the first stand-alone store to open in the United States. Also, in 2003 a 550,000 square foot center anchored by a SuperTarget opened. A 45,000 square foot Cinemark 14 theater opened in the fall of 2004. A new shopping center anchored by a Best Buy opened in the spring of 2005. The Uptown Village retail center, containing approximately 800,000 square feet, is opening in March, 2008.

Office development activity is growing in Cedar Hill. A 25,000 square foot medical office facility, developed by the Methodist Health Group, recently opened. A 12,000 square foot medical office building is under construction by the Baylor Health Group. In addition, the City has entered into a development agreement for a 70,000 square foot, three-story office building to be built in the City's Uptown District. One hotel, a 60 room La Quinta Inn, is currently under construction.

Opportunity for continued growth exists, as the City is approximately 50% developed.

The fiscal year 2008 budget was developed based upon a strong increase in taxable assessed valuation of 10.11% and increased sales tax of approximately seven percent. Taxable assessed valuations have increased an average of 10.3% per year during the past five years. The property tax rate remained at 64.14 cents per \$100 valuation for the sixth consecutive year. Sales tax receipts have grown at an average rate of 14.2% per year during the last five years.

The City continues to remain financially strong and stable as a result of the continued growth of these revenue sources.

The City continues to improve its facilities and street infrastructure. A bond election approving \$60 million of new projects was approved by the voters in September 2003. The City issued \$8.5 million in bonds in fiscal year 2004, \$12.2 million in 2005, \$3.7 million in 2006 and \$8.665 million in October 2007. In addition, the City issued \$12,890,000 in Certificates of Obligation to provide street and drainage improvements to support the new Lifestyle Center plus \$2,275,000 for a new fire station and additional street programs. The City also issued \$3 million in Water and Sewer Revenue Bonds in October, 2007, for the construction of water and wastewater lines. The City has issued Certificates of Obligation totaling \$6,590,000 for streets and \$2,000,000 for animal shelter expansion, subsequent to the end of the fiscal year, and anticipates issuing \$10.94 million for street improvements, \$3.1 for relocation of a fire station and \$3 million in water and sewer revenue bonds in the summer of 2008.

### **FINANCIAL PLANNING AND FISCAL POLICIES**

The City maintains several master plans to guide the City's long-term financial planning process. The City maintains the following master plans: 1) comprehensive land use and thoroughfare plan, 2) a water system master plan, 3) a sewer system master plan, 4) a parks master plan and 5) a library master plan. Utilizing these plans, the City annually updates a five-year capital improvement plan, including the timing and amounts of debt to be issued to fund the plan.

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

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

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

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

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

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

## OTHER INFORMATION

### **Independent Audit:**

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

### **Certificate of Achievement:**

The Government Finance Officers Association of the United States and Canada (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, 2006. 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 generally accepted accounting principles and applicable legal requirements.

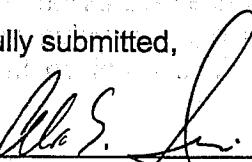
A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for the last seventeen consecutive years (fiscal years ended 1990 - 2006). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

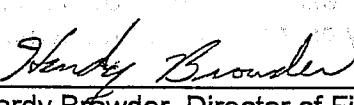
### **Acknowledgements:**

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

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

Respectfully submitted,

  
Alan E. Sims, City Manager

  
Hardy Bowdler, Director of Finance

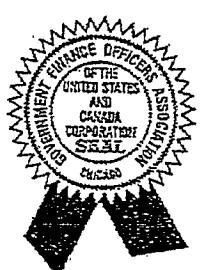
# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Hill  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

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



*Oliver S. Cox*

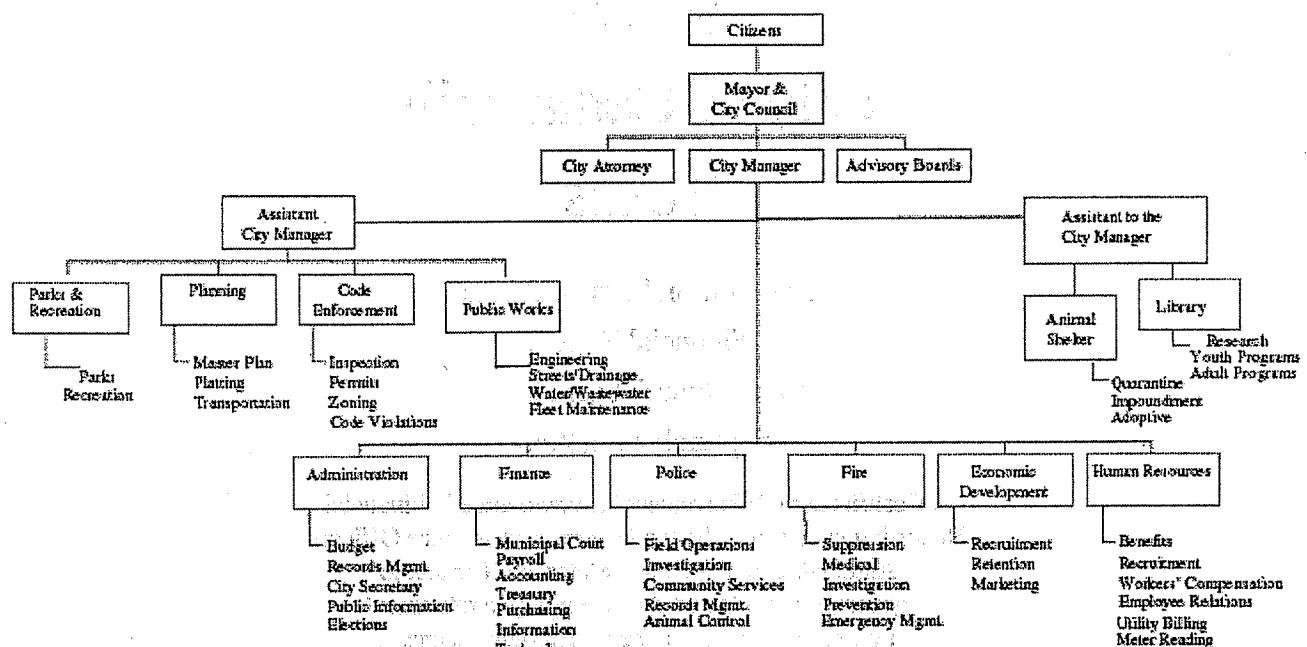
President

*Jeffrey R. Evans*

Executive Director

# CITY OF CEDAR HILL, TEXAS

## ORGANIZATION CHART



**CITY OF CEDAR HILL**  
**List of Principal Officials**  
**at September 30, 2007**

**Elected Officials**

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

**Appointed Officials**

City Manager.....	Alan E. Sims
Assistant City Manager .....	Greg Porter
City Secretary .....	Frankie Lee
Assistant to the City Manager .....	Melissa Valadez-Stephens
Administrative Services Director.....	Paulette Owens-Holmes
Finance Director.....	Hardy Browder
Police Chief.....	Steve Rhodes
Fire Chief .....	Steve Pollock
Economic Development Director.....	Allison Thompson
Building Official .....	John Kendro
Library Director .....	Pat Bonds
Parks & Recreation Director.....	Steve Meadors
Planning Director .....	Rod Tyler
Public Works Director.....	Ruth Antebi
Information Technology Director .....	Alan Gordon
Tri-City Shelter Manager.....	Alissa Robinette
Municipal Court Judge .....	Elke Daniel



## **FINANCIAL SECTION**





WEAVER  
AND  
TIDWELL

L.L.P.

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Members of the City Council  
City of Cedar Hill, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF CEDAR HILL (the "City") as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2007, and the respective changes in financial position and the cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

DALLAS

OFFICES IN  
FORT WORTH

HOUSTON



CITY OF CEDAR HILL  
Page Two

The accompanying management's discussion and analysis (on pages 3 through 13) and the Texas Municipal Retirement System Analysis of Funding Progress, Reserve Police Department Plan - Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Joe Pool Fund (on pages 53 thru 57) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 28, 2008

On the other hand, the  $\mathcal{L}_1$  norm of the error  $\|e\|_{\mathcal{L}_1}$  is bounded by the sum of the  $\mathcal{L}_1$  norms of the individual components of  $e$ . This is a consequence of the triangle inequality for the  $\mathcal{L}_1$  norm. Specifically, we have

## **CITY OF CEDAR HILL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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The City of Cedar Hill offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2007. We would like to encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Cedar Hill exceeded its liabilities at the close of the fiscal year ended September 30, 2007, by \$150,096,696 (net assets). Of this amount, \$20,087,710 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City of Cedar Hill's total net assets increased by \$9,017,347. This increase in net assets can be attributed to operating grants and contributions and capital grants and contributions.
- As of September 30, 2007, the City's governmental funds reported combined ending fund balances of \$67,579,736. \$57,323,900 of this fund balance is subject to various commitments. Approximately 15% of this amount or \$10,255,836 is unreserved and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2007, unreserved fund balance for the general fund was \$9,116,524 or 34% of the total general fund expenditures. The fund balance of the general fund increased \$725,091 for the year as a result of lower than expected expenditures.
- The Joe Pool Fund's fund balance increased by \$2,589,458, resulting from transfers from the Water and Sewer Fund of \$1,800,000 and General Fund of \$50,000 and interest earnings on investments of \$739,458. This fund is dedicated to accumulating resources to retire the amount due for the water rights to Joe Pool Lake.
- The City issued the following debt during the fiscal year: \$2,300,000 in General Obligation Bonds for building renovations.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

# CITY OF CEDAR HILL

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

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

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

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

The government-wide financial statements can be found on pages 14-16 of this report.

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

## CITY OF CEDAR HILL

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

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**Governmental Funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at the end of the fiscal year. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. By comparing information presented for governmental funds with the governmental activities in the government-wide statements, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds' balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the governmental activities.

The City maintains thirty-five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Joe Pool Fund, 2005 General Obligation Bond Fund and Capital Recovery Fund, which are considered major funds. Data from the remaining thirty funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 21-24 of this report.

**Fiduciary Funds**—The City has two fiduciary funds: a pension trust fund used to account for police reserve pension benefits and an agency fund to account for the collection and payment of property taxes to the City of Cedar Hill and the Cedar Hill Independent School District. This fund was closed during the fiscal year.

# CITY OF CEDAR HILL

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

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The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

**Notes to the Financial Statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-52.

**Other Information**—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the City's budget to actual variance and schedules of funding progress for retirement plans. Required supplemental information can be found on pages 53-57 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented following the required supplemental information. These combining and individual statements and schedules can be found on pages 58-69 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier in this report, the net assets may serve as a useful indicator of a government's financial position. In this case, shown in Table 1 below, the City of Cedar Hill's assets exceed liabilities by \$150,096,696 as of September 30, 2007.

The largest portion of the City's net assets (77%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (10%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets (13%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net assets of the City increased 6% in fiscal year 2007. This increase resulted from operating grants and contributions and capital contributions. Total net assets of governmental activities increased by 9% and total assets of business-type activities increased by 2%. These increases result primarily from capital contributions.

## CITY OF CEDAR HILL

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

#### Condensed Statement of Net Assets

At September 30, 2007

	Governmental Activities		Business-Type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Current and other assets	\$ 84,029,704	\$ 93,118,407	\$ 16,420,710	\$ 17,820,645	\$ 100,450,414	\$ 110,939,052
Capital assets	152,748,235	135,467,682	46,610,259	44,991,927	199,358,494	180,459,609
Total assets	236,777,939	228,586,089	63,030,969	62,812,572	299,808,908	291,398,661
Noncurrent liabilities	127,437,478	129,008,602	8,726,119	9,469,752	136,163,597	138,478,354
Other liabilities	12,250,832	10,250,424	1,297,783	1,590,534	13,548,615	11,840,958
Total liabilities	139,688,310	139,259,026	10,023,902	11,060,286	149,712,212	150,319,312
Net assets:						
Invested in capital assets—net of related debt	71,700,728	50,709,962	43,490,027	41,416,018	115,190,755	92,125,980
Restricted	9,806,890	9,358,327	5,011,341	5,001,029	14,818,231	14,359,356
Unrestricted	15,582,011	29,258,774	4,505,699	5,335,239	20,087,710	34,594,013
Total net assets	\$ 97,089,629	\$ 89,327,063	\$ 53,007,067	\$ 51,752,286	\$ 150,096,696	\$ 141,079,349

**Analysis of the City's Operations**—The following table provides a summary of the City's operations for the year ended September 30, 2007. Governmental activities increased the City's net assets by \$7,762,566. The General Fund's revenues exceeded expenditures by approximately \$1,225,000, the Debt Service Fund revenue exceeded expenditures by approximately \$192,000 and the Joe Pool Fund revenues exceed expenditures by approximately \$739,000. In addition, the City received \$2,152,679 in operating grants and contributions and \$5,991,124 in capital grants and contributions during 2007. This activity accounts for the majority of the growth in net assets for governmental activities.

Capital Grants and contributions consist primarily of developer contributions of streets, drainage facilities, and right-of-ways and assets constructed for the City by the Community Development Corporation. The contributions for fiscal year 2007 increased \$3,222,358 from the prior year amount of \$2,768,766.

Business-type activities increased the City's net assets by \$1,254,781. Capital contributions totaling \$2,635,385 was the primary contributor to this increase. Capital contributions for business-type activities also increased during fiscal year 2007. Capital contributions increased \$634,986 from the prior year amount of \$2,000,399.

## CITY OF CEDAR HILL

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

#### Changes in Net Assets For the Years Ended September 30, 2007 and 2006

	Governmental Activities FY2007	Governmental Activities FY2006	Business-Type Activities FY2007	Business-Type Activities FY2006	Total FY2007	Total FY2006
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,257,855	\$ 3,798,382	\$12,900,524	\$14,705,546	\$ 20,158,379	\$ 18,503,928
Operating grants/contributions	2,152,679	2,032,509			2,152,679	2,032,509
Capital grants/contributions	5,991,124	2,768,766	2,635,385	2,000,399	8,626,509	4,769,165
General revenues:						
Sales and use taxes	5,875,808	5,754,164			5,875,808	5,754,164
Property taxes	17,479,146	17,110,700			17,479,146	17,110,700
Hotel/motel taxes	53,388	45,696			53,388	45,696
Franchise taxes	3,005,690	3,111,696			3,005,690	3,111,696
Investment earnings	3,620,069	3,010,643	767,361	646,285	4,387,430	3,656,928
Gain on disposal	49,355				49,355	
Miscellaneous	563,171	463,963	53,283	51,296	616,454	515,259
<b>Total revenues</b>	<b>46,048,285</b>	<b>38,096,519</b>	<b>16,356,553</b>	<b>17,403,526</b>	<b>62,404,838</b>	<b>55,500,045</b>
<b>Expenses:</b>						
General government	5,203,328	3,342,833			5,203,328	3,342,833
Public safety	16,315,223	14,416,779			16,315,223	14,416,779
Public works	10,562,982	5,327,141			10,562,982	5,327,141
Community services	6,446,570	5,001,181			6,446,570	5,001,181
Water and sewer			13,300,772	14,241,632	13,300,772	14,241,632
Interest and fiscal charges	1,558,616	5,626,999			1,558,616	5,626,999
<b>Total expenses</b>	<b>40,086,719</b>	<b>33,714,933</b>	<b>13,300,772</b>	<b>14,241,632</b>	<b>53,387,491</b>	<b>47,956,565</b>
<b>Increase in net assets before transfers</b>	<b>5,961,566</b>	<b>4,381,586</b>	<b>3,055,781</b>	<b>3,161,894</b>	<b>9,017,347</b>	<b>7,543,480</b>
<b>Transfers</b>	<b>1,801,000</b>	<b>1,800,000</b>	<b>(1,801,000)</b>	<b>(1,800,000)</b>		
<b>Increase in net assets</b>	<b>7,762,566</b>	<b>6,181,586</b>	<b>1,254,781</b>	<b>1,361,894</b>	<b>9,017,347</b>	<b>7,543,480</b>
<b>Net assets—beginning</b>	<b>89,327,063</b>	<b>83,145,477</b>	<b>51,752,286</b>	<b>50,390,392</b>	<b>141,079,349</b>	<b>133,535,869</b>
<b>Net assets—ending</b>	<b>\$97,089,629</b>	<b>\$89,327,063</b>	<b>\$53,007,067</b>	<b>\$51,752,286</b>	<b>\$150,096,696</b>	<b>\$141,079,349</b>

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$67,579,736. This fund balance is subject to the following commitments: \$71,522 to prepaid items and inventory, \$33,971,758 (50%) to construction, \$1,398,426 (2%) to debt service and \$220,146 to animal shelter activities. Approximately 47% of this amount or \$31,917,884 is unreserved or undesignated and is available for use within the City's designation and policies.

## CITY OF CEDAR HILL

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

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The General Fund revenues exceeded expenditures and transfers by \$725,091 as a result of revenues exceeding projections and lower than anticipated expenditures in the fund.

The Debt Service Fund added \$203,704 to its fund balance. \$95,275 of the increase was the result of lower than expected expenditures with the remaining increase resulting from higher than anticipated property tax collection and interest earnings.

The Joe Pool Fund accounts for the resources accumulated to pay for the City's water rights in Joe Pool Lake as discussed in Note 6. The fund accumulated additional resources of \$2,589,458. \$1,850,000 of the increase were transfers from the Water and Sewer Fund (\$1,800,000) and General Fund (\$50,000) with the remaining \$739,458 investment earnings.

The 2005 General Obligation Bond Fund accounts for funds borrowed for the construction of the new governmental center. The fund earned \$743,923 in investment earnings during the fiscal year.

The Capital Recovery Fund accounts for the street impact fees. The fund received \$1,918,711 in fees and \$395,694 in investment earnings during the fiscal year.

The fund balances of the nonmajor governmental funds declined \$10,788,567. The primary reason for this decline is the expenditure of bond funds. The fund balances of the nonmajor capital project funds declined \$11,285,932.

**Proprietary Funds**—The City has two proprietary funds, a water and sewer (enterprise) fund and equipment (internal service) fund. The enterprise fund financial statements provide the same type information found in the government-wide financial statements, but includes more detail. Unrestricted net assets of the enterprise fund were \$4,505,699. The internal service fund accounts for equipment purchased and leased to governmental funds and component units. Due to the fact that these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**General Fund Budgetary Highlights**—Actual General Fund expenditures totaled \$27,058,807 or \$804,238 less than the \$27,863,045 budget. Expenditures represent 97.1% of the authorized budget. General Fund revenues totaled \$28,283,898 or \$95,098 above budget.

# CITY OF CEDAR HILL

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

### CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2007 amounts to \$199,358,494 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights, master studies and infrastructure. Major capital assets events during the current fiscal year include the following:

#### Ongoing projects:

- Continuing construction of Joe Wilson Road (Phase III) project totaling approximately \$4.8 million with current year expenditures of \$1,838,201
- Continuing construction of the Beltline/Mansfield Road (Phase II) project totaling approximately \$6.3 million with current year expenditures of \$195,676
- Continuing construction of the Wintergreen Road project totaling \$595,000 with current year expenditures of \$33,575
- Continuing construction of the Regional Drainage Detention project totaling approximately \$1,015,000 with current year expenditures of \$677,295
- Continuing construction of the West Branch Drainage project totaling approximately \$1,510,000 with current year expenditures of \$334,103
- Continuing construction of the F.M. 1382 Capacity Improvements projects totaling approximately \$3,410,000 with current year expenditures of \$1,761,849
- Continuing construction of the Cedar Hill Road project totaling approximately \$4,725,000 with current year expenditures of \$1,219,194
- Continuing construction of the Government Center project totaling approximately \$27 million with current year expenditures of \$12,107,030
- Continuing construction and completion of several park improvement projects with current year expenditures of \$335,787
- Various water and sewer projects with expenditures for the current year totaling \$1,285,792

#### Capital Assets at September 30, 2007 and 2006

##### Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Land	\$ 13,849,286	\$ 13,099,734	\$ 367,764	\$ 367,764	\$ 14,217,050	\$ 13,467,498
Construction-in-progress (CIP)	24,228,926	14,287,018	685,746	1,477,092	24,914,672	15,764,110
Buildings/facilities and improvements	16,535,848	16,643,246	273,384	302,531	16,809,232	16,945,777
Water system	-	-	27,640,228	25,485,411	27,640,228	25,485,411
Sewer system	-	-	16,879,806	16,503,485	16,879,806	16,503,485
Equipment	2,908,518	2,757,898	674,347	703,099	3,582,865	3,460,997
Infrastructure	81,767,088	72,281,530	-	-	81,767,088	72,281,530
Water rights	13,418,488	16,398,256	-	-	13,418,488	16,398,256
Master studies	40,081	-	88,984	152,545	129,065	152,545
Total	\$ 152,748,235	\$ 135,467,682	\$ 46,610,259	\$ 44,991,927	\$ 199,358,494	\$ 180,459,609

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

## CITY OF CEDAR HILL

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

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#### DEBT ADMINISTRATION

**Debt**—At the fiscal year-end of September 30, 2007, the City had \$49.845 million in General Obligation Bonds and \$23.410 million in Certificates of Obligations, along with \$8.485 million in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$0.16 million of the certificates are pledged by and will be funded by future property tax receipts. The Community Development Corporation has a contractual obligation to provide the funds for debt service for \$8.475 million of the certificates of obligation. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$14.775 million of the certificates of obligations although future property tax receipts are the ultimate pledge for repayment of this debt.

The City of Cedar Hill, together with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, executed a contract with the Trinity River Authority of Texas to purchase water conservatory rights from Joe Pool Lake. As of September 30, 2007, the City's 43.21% share of the contract amounted to a \$50,277,438 liability. The City has chosen to defer diverting water from the reservoir. As a result of this decision, the liability will accrue interest at 5.683%. The City has set aside funds since the 1995 fiscal year to pay this obligation. At September 30, 2007, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$21,662,048. The present plan is to set aside \$1,850,000 each year to allow full payment of the obligation within a maximum of fifty years.

Additional long-term obligations include compensated absences totaling \$2,965,539 for government activities, compensated absences totaling \$242,420 for business-type activities and \$60,000 set aside as a contingent liability for litigation.

#### Outstanding Debt at September 30, 2007 and 2006

	Governmental Activities		Business-Type Activities		Totals	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
General Obligation	\$ 49,845,000	\$ 49,955,000	\$ -	\$ -	\$ 49,845,000	\$ 49,955,000
Certificate of Obligation	23,410,000	23,935,000	-	-	23,410,000	23,935,000
Waterworks & Sewer System Revenue	-	-	8,485,000	9,265,000	8,485,000	9,265,000
Other Obligations	50,277,438	52,079,184	-	-	50,277,438	52,079,184
Reacquisition cost of refunded bonds	(372,329)	(424,438)	-	-	(372,329)	(424,438)
Unamortized premiums and discount (net)	672,432	744,981	(1,301)	856	671,131	745,837
Compensated absences	2,965,539	2,658,875	242,420	203,896	3,207,959	2,862,771
Arbitrage	579,398	-	-	-	579,398	-
Contingent liability for litigation	60,000	60,000	-	-	60,000	60,000
Total	\$ 127,437,478	\$ 129,008,602	\$ 8,726,119	\$ 9,469,752	\$ 136,163,597	\$ 138,478,354

During the fiscal year, the City issued \$2,300,000 in General Obligation Bonds for building renovations.

# CITY OF CEDAR HILL

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007

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

	Standard & Poor's	Moody's Investor Services
General obligation bonds	AA-	Aa3
Certificate of Obligation	AA-	Aa3
Waterworks & Sewer System	A	A3
Community Development Corp.—Sales Tax Revenue	A	A3

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

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

The Corporation's primary revenue source is sales taxes. Retail development has remained strong with the construction of two new retail centers on Belt Line totaling 28,348 SF as well as the opening of Trio's Grill and White Rhino Coffee House.

Free-standing medical facilities were built including Care Now (5,575 SF), Baylor Health Center (6,000 SF of 12,000 SF building) and Methodist Health Clinic (25,000 SF). PrimaCare opened in Cedar Hill Towne Center on Uptown Blvd. Sandler Southwest will break ground in January, 2008, on its next phase of Cedar Hill Towne Center—a 75,000 SF Class-A office building with retail. Avis Car Rental built and opened a 1,843 SF facility.

Uptown Village will open its 800,000 SF open-air retail center in March, 2008. Announced restaurants and stores include:

Dillard's	Footlocker	Lane Bryant
Aeropostale	Francesca's	Lenscrafters
American Eagle	Gordon's	Maui Wow-Wee
Ann Taylor Loft	Great American Cookie	New York & Co. Petite
Aveda Spa	Hollister	Sophisticates
Barnes & Noble	Icing	Razoo's Cajun
Bath & Body Works	Italia Express	Select Comfort
Buckle	Hot Topic	Solstice Sunlights
Candy World	Joseph A. Bank	Starbucks
Champs	Journeys Shoes	Sunglass Hut
Chico's	Kay Jewelers	Torrid
Coldwater Creek	La Madeleine	Victoria's Secret
Dick's Sporting Goods	Lady Footlocker	Zale's

LaQuinta will be completed in 2008 and will add almost 35,000 SF of hotel space. Holiday Inn Express will add 44,646 SF when built. In total, commercial square footage in 2007 was 687,061.

## **CITY OF CEDAR HILL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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The industrial sector added 12,500 SF with the addition of Tyson Building Corporation and Texas Tractor Service. In addition JCPenney Distribution added \$3 million in equipment and 50 new employees. Metals Supply purchased two lots in the Cedar Hill Business Park with plans to build 80,000 SF with an additional 75,000 SF under outside crane way. Construction is planned to commence at the end of the first quarter of 2008 with operations expected to begin in the third quarter, 2008.

The general fund's largest single source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2008 remains at \$0.6414 per \$100 valuation. The property tax is budgeted to generate \$13,937,565 for the General Fund. This amount represents about 50 percent of all general fund operating revenues. This is an increase of 6.4% over the amount collected in Fiscal Year 2007 of \$13,104,465.

The City's portion of the sales tax rate is two percent, which includes a referendum by voters to have two one-half cent sales taxes for economic development and community development purposes. One percent of the sales tax rate is received by the General Fund. The Economic Development Corporation and the Community Development Corporation each receive one-half on one percent. Sales tax revenue for the General Fund for Fiscal Year 2007 is budgeted at \$6,300,000 which is an increase of 8.4 percent from the collections of \$5,809,960 from Fiscal Year 2007.

The increases noted in the above revenues have been devoted to improvements in the City's public safety program, particularly in police and fire compensation and staffing.

#### **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, P.O. Box 96, Cedar Hill,

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## **BASIC FINANCIAL STATEMENTS**



CITY OF CEDAR HILL, TEXAS

A-1

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation	Economic Development Corporation
Equity in pooled cash and cash equivalents	\$ 58,344,149	\$ 3,108,909	\$ 61,453,058	\$ 2,338,951	\$ 7,529,607
Investments	19,797,720	-	19,797,720	-	-
Receivables (net of allowances for uncollectible):					
Taxes	2,298,839	-	2,298,839	519,444	519,444
Franchise taxes	1,304,967	-	1,304,967	-	-
Accounts	-	2,074,846	2,074,846	-	-
Miscellaneous	679,610	-	679,610	12,521	296
Internal Balances	(30,337)	30,337	-	-	-
Inventory	31,668	-	31,668	-	-
Prepaid and other items	39,854	-	39,854	-	3,080
Deferred issuance costs	1,207,460	227,040	1,434,500	70,595	-
Restricted assets:					
Restricted for debt service:					
Equity in pooled cash and cash equivalents	-	433,425	433,425	15,851	-
Investments	-	661,166	661,166	292,341	-
Interest receivable	-	1,492	1,492	314	-
Restricted capital recovery fee funds—equity in pooled cash and investments	-	3,910,186	3,910,186	-	-
Restricted for deposits—equity in pooled cash and investments	-	400,004	400,004	-	-
Restricted pro rata funds—equity in pooled cash and investments	-	436,878	436,878	-	-
Restricted bond proceeds—equity in pooled cash and investments	-	5,136,427	5,136,427	-	-
Capital assets:					
Nondepreciable	38,078,212	1,053,510	39,131,722	2,318,569	550,193
Depreciable—net of accumulated depreciation	114,670,023	45,556,749	160,226,772	-	-
Other assets	355,774	-	355,774	-	-
<b>TOTAL ASSETS</b>	<b>236,777,939</b>	<b>63,030,969</b>	<b>299,808,908</b>	<b>5,568,586</b>	<b>8,602,620</b>
LIABILITIES					
Accounts payable	2,320,477	548,864	2,869,341	138,303	2,473,339
Accrued liabilities	9,535,194	120,238	9,655,432	147,038	10,391
Customer deposits	-	400,004	400,004	10,550	-
Interest payable	395,161	-	395,161	6,630	-
Payable from restricted assets-current	-	228,677	228,677	-	-
Noncurrent liabilities:					
Due within one year	4,046,116	735,796	4,781,912	244,962	10,178
Due in more than one year	123,391,362	7,990,323	131,381,685	1,468,261	15,932
<b>TOTAL LIABILITIES</b>	<b>139,688,310</b>	<b>10,023,902</b>	<b>149,712,212</b>	<b>2,015,744</b>	<b>2,509,840</b>
NET ASSETS					
Invested in capital assets—net of related debt	71,700,728	43,490,027	115,190,755	730,623	550,193
Restricted for:					
Debt service	1,279,737	1,171,768	2,451,505	286,920	-
Construction	7,549,171	3,839,573	11,388,744	-	-
Animal shelter	220,146	-	220,146	-	-
Dispatch center	340,236	-	340,236	-	-
Use of special fees	417,600	-	417,600	-	-
Unrestricted	15,582,011	4,505,699	20,087,710	2,535,299	5,542,587
<b>TOTAL NET ASSETS</b>	<b>\$ 97,089,629</b>	<b>\$ 53,007,067</b>	<b>\$ 150,096,696</b>	<b>\$ 3,552,842</b>	<b>\$ 6,092,780</b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CEDAR HILL, TEXAS**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>PRIMARY GOVERNMENT:</b>					
<b>Governmental activities:</b>					
General government	\$ 5,203,328	\$ 113,291	\$ 2,659	\$ 0	
Public safety	16,315,223	2,897,331	419,670	0	
Public works	10,562,982	1,934,164	3,500	5,931,220	
Community services	6,446,570	2,313,069	1,726,850	59,904	
Interest and fiscal charges	1,558,616	-	-	-	
<b>Total governmental activities</b>	<b>40,086,719</b>	<b>7,257,855</b>	<b>2,152,679</b>	<b>5,991,124</b>	
<b>BUSINESS-TYPE ACTIVITIES</b>					
Water and sewer	13,300,772	12,900,524	-	2,635,385	
<b>Total business-type activities</b>	<b>13,300,772</b>	<b>12,900,524</b>	-	<b>2,635,385</b>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 53,387,491</b>	<b>\$ 20,158,379</b>	<b>\$ 2,152,679</b>	<b>\$ 8,626,509</b>	
<b>COMPONENT UNITS:</b>					
Community Development Corp.	2,369,688	657,082	-	0	
Economic Development Corp.	3,917,995	-	1,017	0	
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 6,287,683</b>	<b>\$ 657,082</b>	<b>\$ 1,017</b>	<b>\$ 0</b>	
<b>GENERAL REVENUES:</b>					
<b>Taxes:</b>					
Sales taxes					
Property taxes					
Hotel/motel taxes					
Franchise taxes					
Investment earnings					
Gain on disposal					
Miscellaneous					
<b>TRANSFERS</b>					
<b>Total general revenues and transfers</b>					
<b>CHANGE IN NET ASSETS</b>					
<b>NET ASSETS—Beginning</b>					
<b>NET ASSETS—Ending</b>					

*The notes to the basic financial statements are an integral part of this statement.*

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Community Development	Economic Development	
\$ (5,087,378)	\$ -	\$ (5,087,378)	\$ -	\$ -	\$ -
(12,998,222)	-	(12,998,222)	-	-	-
(2,694,098)	-	(2,694,098)	-	-	-
(2,346,747)	-	(2,346,747)	-	-	-
(1,558,616)	-	(1,558,616)	-	-	-
<u>(24,685,061)</u>	<u>-</u>	<u>(24,685,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 -	2,235,137	2,235,137	-	-	-
 -	2,235,137	2,235,137	-	-	-
<u>\$ (24,685,061)</u>	<u>\$ 2,235,137</u>	<u>\$ (22,449,924)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 -	 -	 -	<u>(1,712,606)</u>	 -	 -
 -	 -	 -	 -	<u>(3,916,978)</u>	 -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,712,606)</u>	<u>\$ -</u>	<u>\$ (3,916,978)</u>
  5,875,808	 -	 5,875,808	 2,904,980	 2,904,980	 -
17,479,146	-	17,479,146	-	-	-
53,388	-	53,388	-	-	-
3,005,690	-	3,005,690	-	-	-
3,620,069	767,361	4,387,430	173,094	358,296	
49,355	-	49,355	-	-	-
563,171	53,283	616,454	33,034	60,027	
<u>1,801,000</u>	<u>(1,801,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>32,447,627</u>	<u>(980,356)</u>	<u>31,467,271</u>	<u>3,111,108</u>	<u>3,323,303</u>	
7,762,566	1,254,781	9,017,347	1,398,502	(593,675)	
89,327,063	51,752,286	141,079,349	2,154,340	6,686,455	
<u>\$ 97,089,629</u>	<u>\$ 53,007,067</u>	<u>\$ 150,096,696</u>	<u>\$ 3,552,842</u>	<u>\$ 6,092,780</u>	

**CITY OF CEDAR HILL, TEXAS**

**B-1**

**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

ASSETS	General Fund	Debt Service Fund	Joe Pool Fund	2005 General Obligation Bond	Capital Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
EQUITY IN POOLED CASH AND CASH EQUIVALENTS	\$ 9,581,465	\$ 1,351,917	\$ 1,864,328	\$ 15,128,785	\$ 8,667,303	\$ 21,170,632	\$ 57,764,430
INVESTMENTS			19,797,720				19,797,720
RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):							
Taxes	1,975,858	322,981					2,298,839
Franchise taxes	1,304,967						1,304,967
Miscellaneous	281,898						397,712
DUE FROM OTHER FUNDS	199,135						229,818
PREPAID ITEMS	39,854						39,854
INVENTORY	31,668						31,668
<b>TOTAL</b>	<b>\$ 13,414,845</b>	<b>\$ 1,674,898</b>	<b>\$ 21,662,048</b>	<b>\$ 15,128,785</b>	<b>\$ 8,667,303</b>	<b>\$ 21,798,162</b>	<b>\$ 82,346,041</b>
<b>LIABILITIES AND FUND BALANCES</b>							
LIABILITIES:							
Accounts payable	\$ 788,492	\$ -	\$ -	\$ 1,140,377	\$ 4,452	\$ 387,156	\$ 2,320,477
Accrued liabilities	1,063,833			7,672,145		799,216	9,535,194
Due to other funds							459,290
Deferred revenue	2,154,328	276,472					20,544
Total liabilities	4,006,653	276,472		8,812,522	4,452	1,666,206	14,766,305
FUND BALANCES:							
Reserved for:							
Prepaid and inventory	71,522	-	-	-	-	-	71,522
Construction	-	-	-	6,316,263	8,662,851	18,992,644	33,971,758
Debt service	-	1,398,426	-	-	-	-	1,398,426
Animal shelter	220,146	-	-	-	-	-	220,146
Unreserved—designated for Joe Pool Fund	-	-	21,662,048	-	-	-	21,662,048
Unreserved—undesignated, reported in:							
General fund	9,116,524	-	-	-	-	-	9,116,524
Special revenue funds	-	-	-	-	-	-	1,139,312
Total fund balances	9,408,192	1,398,426	21,662,048	6,316,263	8,662,851	20,131,856	67,579,736
<b>TOTAL</b>	<b>\$ 13,414,845</b>	<b>\$ 1,674,898</b>	<b>\$ 21,662,048</b>	<b>\$ 15,128,785</b>	<b>\$ 8,667,303</b>	<b>\$ 21,798,162</b>	<b>\$ 82,346,041</b>

*The notes to the basic financial statements are an integral part of this statement.*

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007**

TOTAL FUND BALANCES—Governmental funds	\$ 67,579,736
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$2,014,232).	152,748,235
The regional dispatch center is not reported at the fund level.	340,236
The Reserve Police Department Defined Benefit Plan has a net pension asset not reported at the fund level	15,538
Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds.	2,451,344
Bond issue costs are expensed in the fund level financials but capitalized and amortized over the life of the bonds in the government-wide statements.	1,207,460
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(395,161)
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	(49,845,000)
Certificates of obligation	(23,410,000)
Unamortized premiums	(688,833)
Unamortized discounts	16,401
Unamortized loss on refunded bonds	372,329
Litigation	(60,000)
Compensated absences	(2,965,539)
Arbitrage liability	(579,398)
Other obligation	(50,277,438)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. Amount represents net assets excluding capital assets included above.	579,719
TOTAL NET ASSETS—Governmental activities	<u>\$ 97,089,629</u>

*The notes to the basic financial statements are an integral part of this statement.*

CITY OF CEDAR HILL, TEXAS

B-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Debt Service Fund	Joe Pool Fund	2005 General Obligation Bond	Capital Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$ 18,980,273	\$ 4,795,358	\$ -	\$ -	\$ -	\$ 53,388	\$ 23,829,019
Franchise taxes	2,980,459	-	-	-	-	-	2,980,459
License and permits	585,160	-	-	-	-	-	585,160
Intergovernmental	2,401,577	1,700,823	-	-	-	91,022	4,193,422
Charges for services	1,546,665	-	-	-	-	1,689,030	3,235,695
Fines and forfeitures	910,214	-	-	-	-	308,214	1,218,428
Investment earnings	713,217	118,715	739,458	743,923	395,694	1,481,747	4,192,754
Miscellaneous	166,333	-	-	-	1,918,711	493,628	2,578,672
<b>Total revenues</b>	<b>28,283,898</b>	<b>6,614,896</b>	<b>739,458</b>	<b>743,923</b>	<b>2,314,405</b>	<b>4,117,029</b>	<b>42,813,609</b>
<b>EXPENDITURES:</b>							
Current:							
General government	5,222,497	-	-	-	-	-	5,222,497
Public works	1,796,042	-	-	-	112,828	2,929,239	4,838,109
Public safety	15,979,770	-	-	-	-	114,209	16,093,979
Community services	3,665,678	-	-	-	-	2,037,169	5,702,847
Debt service:							
Principal retirement	-	2,935,000	-	-	-	-	2,935,000
Interest and fiscal charges	-	3,487,728	-	-	-	-	3,487,728
Capital outlay							
General administration	59,350	-	-	7,100,658	-	5,006,372	12,166,380
Public works	30,500	-	-	-	-	7,102,721	7,133,221
Public safety	304,970	-	-	-	-	147,283	452,253
Community Services	-	-	-	-	-	318,603	318,603
<b>Total expenditures</b>	<b>27,058,807</b>	<b>6,422,728</b>	<b>-</b>	<b>7,100,658</b>	<b>112,828</b>	<b>17,655,596</b>	<b>58,350,617</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,225,091</b>	<b>192,168</b>	<b>739,458</b>	<b>(6,356,735)</b>	<b>2,201,577</b>	<b>(13,538,567)</b>	<b>(15,537,008)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfer in	-	11,536	1,850,000	-	-	601,524	2,463,060
Transfer out	(500,000)	-	-	-	(10,536)	(151,524)	(662,060)
Issuance of debt	-	-	-	-	-	2,300,000	2,300,000
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>11,536</b>	<b>1,850,000</b>	<b>(10,536)</b>	<b>2,750,000</b>	<b>4,101,000</b>	
<b>CHANGE IN FUND BALANCES</b>	<b>725,091</b>	<b>203,704</b>	<b>2,589,458</b>	<b>(6,356,735)</b>	<b>2,191,041</b>	<b>(10,788,567)</b>	<b>(11,436,008)</b>
<b>FUND BALANCES—Beginning</b>	<b>8,683,101</b>	<b>1,194,722</b>	<b>19,072,590</b>	<b>12,672,998</b>	<b>6,471,810</b>	<b>30,920,523</b>	<b>79,015,744</b>
<b>FUND BALANCES—Ending</b>	<b>\$ 9,408,192</b>	<b>\$ 1,398,426</b>	<b>\$ 21,662,048</b>	<b>\$ 6,316,263</b>	<b>\$ 8,662,851</b>	<b>\$ 20,131,956</b>	<b>\$ 67,579,736</b>

The notes to the basic financial statements are an integral part of this statement.

**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, 2007**

NET CHANGE IN FUND BALANCES—Total governmental funds	\$ (11,436,008)
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.	20,070,457
Depreciation expense on capital assets is reported in the government-wide statements of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(4,340,954)
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	3,945,981
The net decrease in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level.	(32,049)
Bond issuance costs are expenditures in the fund financial statements when debt is issued, but are amortized over the term of the bond in the government-wide financial statements.	(4,345)
Change in the pension assets and liabilities are not reported at the fund level; however they are reported however, they are report at the government-wide level.	(23,053)
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.	193,753
Additions to vacation and sick liabilities are not shown in the fund financial statements.	
The net effect of the current year increase is to decrease net assets.	(306,664)
Current year bond proceeds are other finance sources in the fund financial statements, but are shown as an increase in the liabilities government-wide financial statements.	(2,300,000)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	2,935,000
Change in water rights obligation are only reported at the government-wide level.	1,801,746
Change in water rights value are only reflected at the government-wide level.	(2,490,340)
Premium and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.	72,549
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current years amortization is to decrease net assets.	(52,109)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(188,628)
Arbitrage liability is accrued in the government wide financial statements but not at the fund level. This represents the change in the accrual during the period.	(579,398)
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.	496,628
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 7,762,566

*The notes to the basic financial statements are an integral part of this statement.*

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2007**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	
<b>ASSETS:</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 3,108,909	\$ 579,719
Receivables (net, where applicable, of allowances for uncollectibles):		
Accounts	2,074,846	-
Internal Balances	30,337	-
Restricted assets:		
Restricted for debt service:		
Equity in pooled cash and cash equivalents	433,425	-
Investments	661,166	-
Interest Receivable	1,492	-
Restricted—customer deposits	400,004	-
Restricted—capital recovery fee funds—equity in pooled cash and cash equivalents	3,910,186	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	436,878	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	5,136,427	-
Total current assets	<u>16,193,670</u>	<u>579,719</u>
Noncurrent assets:		
Deferred issuance costs	227,040	-
Capital assets:		
Nondepreciable	1,053,510	-
Depreciable—net of accumulated depreciation	45,556,749	2,014,232
Total noncurrent assets	<u>46,837,299</u>	<u>2,014,232</u>
Total assets	<u>63,030,969</u>	<u>2,593,951</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Payable from current assets:		
Accounts and contracts payable	548,864	-
Accrued liabilities	120,238	-
Customer deposits	400,004	-
Compensated absences—current	95,796	-
Total payable from current assets	<u>1,164,902</u>	<u>-</u>
Payable from restricted assets:		
Accounts and contracts payable	77,787	-
Accrued liabilities	150,890	-
Revenue bonds payable	640,000	-
Total payable from restricted assets	<u>868,677</u>	<u>-</u>
Total current liabilities	<u>2,033,579</u>	<u>-</u>
Noncurrent liabilities:		
Revenue bonds payable	7,843,699	-
Compensated absences	146,624	-
Total noncurrent liabilities	<u>7,990,323</u>	<u>-</u>
Total liabilities	<u>10,023,902</u>	<u>-</u>
<b>NET ASSETS:</b>		
Invested in capital assets—net of related debt	43,490,027	2,014,232
Restricted for:		
Debt service	1,171,768	-
Construction	3,839,573	-
Unrestricted	4,505,699	579,719
Total net assets	<u>\$ 53,007,067</u>	<u>\$ 2,593,951</u>

*The notes to the basic financial statements are an integral part of this statement.*

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	
<b>OPERATING REVENUES:</b>		
Water sales	\$ 7,752,744	\$ -
Sewer charges	4,530,261	-
Other charges	617,519	1,280,725
<b>Total operating revenues</b>	<b>12,900,524</b>	<b>1,280,725</b>
<b>OPERATING EXPENSES:</b>		
Sewage treatment	3,441,542	-
Purchase of water	3,140,673	-
Personnel services	2,211,241	-
Depreciation	1,666,907	674,974
Gross receipts fee	552,735	-
Heat, light and power	376,878	-
Maintenance	208,050	-
Contractual services	473,223	-
Bad debts	428,691	-
Materials and supplies	244,764	165,843
Miscellaneous	73,075	-
<b>Total operating expenses</b>	<b>12,817,779</b>	<b>840,817</b>
<b>OPERATING INCOME</b>	<b>82,745</b>	<b>439,908</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Other non-operating revenue	53,283	3,645
Interest income	767,361	6,713
Interest and fiscal charges	(424,801)	-
Gain (loss) on retirement of assets	(58,192)	46,362
<b>Total nonoperating revenue</b>	<b>337,651</b>	<b>56,720</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>420,396</b>	<b>496,628</b>
Contributions-tap fees and other	623,568	-
Contributions	2,011,817	-
Transfers out	(1,801,000)	-
<b>Total contributions and transfers</b>	<b>,834,385</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,254,781</b>	<b>496,628</b>
<b>NET ASSETS—Beginning of year</b>	<b>51,752,286</b>	<b>2,097,323</b>
<b>NET ASSETS—End of year</b>	<b>\$ 53,007,067</b>	<b>\$ 2,593,951</b>

*The notes to the basic financial statements are an integral part of this statement.*

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

		<b>Business-Type Activities</b>	
		<b>Enterprise Funds</b>	<b>Governmental Activities</b>
		<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 13,436,962	\$ 1,280,725	
Cash paid to suppliers	(9,308,286)	(264,758)	
Cash paid to employees for services	(2,146,669)		
Net cash provided by operations	<u>1,982,007</u>	<u>1,015,967</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers out	(1,801,000)		
Net cash used in noncapital financing activities	<u>(1,801,000)</u>		
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(1,331,614)	(783,752)	
Proceeds from sales of assets	-	59,730	
Impact and pro rata receipts	623,568		
Equipment leasing activities	53,283	3,645	
Principal paid on revenue bonds	(780,000)	-	
Interest paid on revenue bonds	(399,215)	-	
Net cash used in capital and related financing activities	<u>(1,833,978)</u>	<u>(720,377)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	806,485	6,713	
Purchase of investment securities	(117,780)	-	
Net cash used in investing activities	<u>688,705</u>	<u>6,713</u>	
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	(964,266)	302,303	
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<u>14,390,095</u>	<u>277,416</u>	
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<u>\$ 13,425,829</u>	<u>\$ 579,719</u>	

(Continued)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Business-Type Activities</b>	<b>Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>	
<b>RECONCILIATION OF OPERATING FUND INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 82,745	\$ 439,908	
Adjustments:			
Depreciation expense	1,666,907	674,974	
Provision for bad debt	428,691	-	
Change in assets and liabilities:			
Decrease in accounts receivable	138,084	-	
Increase in due from other funds	(30,337)	-	
Operating loss	(410,427)	(98,915)	
Increase in accrued liabilities	70,495	-	
Decrease in customer deposits	(2,675)	-	
Increase in compensated absences	38,524	-	
Total adjustments	1,899,262	576,059	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,982,007</b>	<b>\$ 1,015,967</b>	
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets	\$ 2,011,817	\$ -	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>			
Equity in pooled cash and cash equivalents	3,108,909	579,719	
Equity in pooled cash and cash equivalents restricted for debt	433,425	-	
Restricted—customer deposits	400,004	-	
Restricted—capital recovery fee funds—equity in pooled cash and investments	3,910,186	-	
Restricted—pro rata funds—equity in pooled cash and cash equivalents	436,878	-	
Restricted—bond proceeds—equity in pooled cash and cash equivalents	5,136,427	-	
	<b>13,425,829</b>	<b>579,719</b>	
	(Concluded)		

**CITY OF CEDAR HILL, TEXAS****STATEMENT OF FIDUCIARY NET ASSETS** **D-1****STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2007**

	<b>Pension Trust Fund</b>	<b>Police Reserves Benefit Fund</b>
<b>ASSETS:</b>		
Investments	<b>\$ 304,454</b>	
<b>Total assets</b>	<b><u>304,454</u></b>	
<b>LIABILITIES:</b>		
Accounts payable		
<b>Total liabilities</b>	<b><u>304,454</u></b>	
<b>NET ASSETS—Held in trust for pension benefits and other purposes</b>		
<b>Total net assets</b>	<b><u>\$ 304,454</u></b>	

*The notes to the basic financial statements are an integral part of this statement.*

**CITY OF CEDAR HILL, TEXAS****D-2****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Pension Trust Fund	Police Reserves Benefit Fund
<b>ADDITIONS:</b>		
Investment income	<u>\$ 58,623</u>	
Total additions	<u>58,623</u>	
<b>DEDUCTIONS:</b>		
Special services	3,388	
Pension payments	<u>8,784</u>	
Total deductions	<u>12,172</u>	
<b>NET INCREASE</b>	<b>46,451</b>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—Beginning of year	<u>258,003</u>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—End of year	<u>\$ 304,454</u>	

*The notes to the basic financial statements are an integral part of this statement.*

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

##### A. Reporting Entity

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

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

City of Cedar Hill, Texas  
Finance Director  
P.O. Box 96  
Cedar Hill, Texas 75106

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

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

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

#### The City reports the following major governmental funds:

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

The *2005 General Obligation Bond* accounts for a portion of the funds for the construction of the government center.

The *Capital Recovery Fund* accounts for street impact fees which are collected and made available for debt service on streets as needed.

#### The City reports the following major proprietary fund:

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

#### Additionally, the City reports the following funds:

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

The *Tax Collection Fund* is an agency fund to account for the collection and payment of property taxes to the Cedar Hill Independent School District.

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

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

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

##### **1. Deposits and investments**

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

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net assets and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market prices at September 30, 2007, to be fair value of investments.

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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 internal balances of \$30,337 as of September 30, 2007.

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

#### 4. Restricted assets

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

#### 5. Capital assets

Capital assets, which include land, building/facility and improvements, equipment, water rights, master studies and infrastructure assets (e.g., roads,

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

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

#### 6. Compensated absences

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

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

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

#### 7. Long-term obligations

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

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

#### 8. Fund Equity

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

#### 9. New Accounting Standards

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45"), which will be effective for the City in the fiscal year ending September 30, 2009. GASB 45 requires state and local governments to establish standards for the measurement, recognition, and display of other postemployment benefits, expense/expenditures, related liabilities and note disclosures in the financial statements. As of September 30, 2007, the City plans to include the provisions of this Statement in fiscal year 2009.

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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The GASB issued Statement No. 48 ("GASB 48"), *Sales and Pledges of Receivables and Future Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement is effective for the City beginning in fiscal year 2008. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. The Statement also requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues.

In December 2006, the GASB issued Statement No. 49 ("GASB 49"), *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies the circumstances under which a governmental entity is required to report a liability related to pollution remediation. This statement is effective for the City beginning in the fiscal year ended September 30, 2009. A government is required to estimate expected outlays for pollution remediation using an "expected cash flows" measurement technique if it knows a site is polluted and if any of the predefined recognition triggers occur. Information about pollution obligations associated with clean up efforts should also be disclosed in the notes to the financial statements.

In December 2006, the GASB issued Statement No. 50 ("GASB 50"), *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement is effective for the City beginning in the fiscal year ended June 15, 2007.

The City has not yet determined the anticipated impact of implementation of the new standards.

## 2. DEPOSITS AND INVESTMENTS

Included in the statement of net assets and the statement of fiduciary net assets are cash and investments totaling \$92,533,318.

## CITY OF CEDAR HILL, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1-5	6-10	More than 10
City cash—cash	\$ 868,515	\$ -	\$ -	\$ -	\$ -
City investments:					
U.S. government agency strips	19,797,720				19,797,720
U.S. government agency	661,166	661,166			
Investment pools	69,543,087	69,543,087			
Money market mutual fund	1,358,376	1,358,376			
Total investments	91,360,349	71,562,629			19,797,720
Total cash and investments—city	\$ 92,228,864	\$ 71,562,629	\$ -	\$ -	\$ 19,797,720
Pension trust:					
Equities	\$ 304,454	\$ 304,454			
	\$ 304,454	\$ 304,454	\$ -	\$ -	\$ -

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

At year-end the carrying amount of the City's deposits and cash on hand was \$868,515 and the bank balance was \$1,407,313. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

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

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

**Credit Risk**—Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, qualifying investment pools, qualifying money market mutual funds and certificates of deposits.

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

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

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

Investment	Rating Agency	Ratings
Texas Short Term Asset Reserve Program (Texstar)	Standard & Poor's	AAAm
MBIA's Cooperative Liquid Assets Securities System (CLASS)	Moody's Investor Services Standard & Poor's Fitch Ratings	Aaa/MR1+ AAAm AAA/V1+
Local Government Investment Cooperative (LOGIC)	Moody's Investor Services	Aaa/MR1+
Texas Local Government Investment Pool (TexPool)	Standard & Poor's	AAAm
Federated Money Market Mutual Fund	Standard & Poor's	AAAm
Freddie Mac Strips	Standard & Poor's	AAA
FNMA Medium Term Notes	Standard & Poor's	AAA

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**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:

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

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**

	<b>Investment Maturities (in Years)</b>				
	<b>Less than</b>		<b>More than</b>		
	<b>Fair Value</b>	<b>1</b>	<b>1-5</b>	<b>6-10</b>	<b>10</b>
Corporation—cash	\$ 164,729	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	7,049,527	7,049,527			
Money market mutual fund	315,351	315,351			
Total investments	7,364,878	7,364,878			
Total cash and investments—corporation	\$ 7,529,607	\$ 7,364,878	\$ -	\$ -	\$ -

At year-end, the carrying amount of the EDC's deposits and cash on hand was \$164,729 and the bank balance was \$290,681. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

CITY OF CEDAR HILL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

*Community Development Corporation*

	Investment Maturities (in Years)					More than 10	
	Fair Value	Less than			1		
		1	1-5	6-10			
Corporation—cash	\$ 2,618	\$ -	\$ -	\$ -	\$ -	\$ -	
Corporation investments:							
U.S. government agency	292,341	292,341					
Investment pools	2,352,184	2,352,184					
Total investments	2,644,525	2,644,525					
Total cash and investments—corporation	\$ 2,647,143	\$ 2,644,525	\$ -	\$ -	\$ -	\$ -	

At year-end, the carrying amount of the CDC's deposits was \$2,618 and the bank balance was \$2,157. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**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:

Receivables	General	Debt Service	Water and Sewer	Nonmajor and Other Funds		Total
Taxes	\$ 1,975,858	\$ 322,981	\$ -	\$ -	\$ -	\$ 2,298,839
Franchise	1,304,967	-	-	-	-	1,304,967
Accounts	-	-	4,094,473	-	-	4,094,473
Miscellaneous	866,411	-	1,492	397,712	397,712	1,265,615
Gross receivables	4,147,236	322,981	4,095,965	397,712	397,712	8,963,894
Less: allowance for uncollectibles	(584,513)	-	(2,019,627)	-	-	(2,604,140)
Net total receivables	\$ 3,562,723	\$ 322,981	\$ 2,076,338	\$ 397,712	\$ 397,712	\$ 6,359,754

CITY OF CEDAR HILL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

*Primary Government*

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets—not being depreciated:					
Land	\$ 13,099,734	\$ 537,068	\$ -	\$ 212,484	\$ 13,849,286
Construction in progress	14,287,018	19,714,947	-	(9,773,039)	24,228,926
Total capital assets—not depreciated	<u>27,386,752</u>	<u>20,252,015</u>	<u>-</u>	<u>(9,560,555)</u>	<u>38,078,212</u>
Capital assets—being depreciated:					
Buildings/facilities	23,242,318	-	-	619,281	23,861,599
Equipment	7,881,151	1,088,933	(775,929)	-	8,194,155
Infrastructure	98,553,764	3,410,163	-	8,941,274	110,905,201
Water rights	28,774,403	-	(2,490,340)	-	26,284,063
Master studies	248,647	49,079	(47,000)	-	250,726
Total capital assets—being depreciated	<u>158,700,283</u>	<u>4,548,175</u>	<u>(3,313,269)</u>	<u>9,560,555</u>	<u>169,495,744</u>
Less accumulated depreciation for:					
Buildings/facilities	(6,599,072)	(726,679)	-	-	(7,325,751)
Equipment	(5,123,253)	(924,944)	762,560	-	(5,285,637)
Infrastructure	(26,272,234)	(2,865,879)	-	-	(29,138,113)
Water rights	(12,376,147)	(489,428)	-	-	(12,865,575)
Master studies	(248,647)	(8,998)	47,000	-	(210,645)
Total accumulated depreciation	<u>(50,619,353)</u>	<u>(5,015,928)</u>	<u>809,560</u>	<u>-</u>	<u>(54,825,721)</u>
Total capital assets—being depreciated—net	<u>108,080,930</u>	<u>(467,753)</u>	<u>(2,503,709)</u>	<u>9,560,555</u>	<u>114,670,023</u>
Governmental activities capital assets—net	<u>\$ 135,467,682</u>	<u>\$ 19,784,262</u>	<u>\$ (2,503,709)</u>	<u>\$ -</u>	<u>\$ 152,748,235</u>

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Internal service fund capital assets of \$2,014,232 are included in the governmental activities capital assets.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets—not being depreciated:				
Land	\$ 367,764	\$ -	\$ -	\$ 367,764
Construction in progress	1,477,092	1,236,130	(2,027,476)	685,746
Total capital assets—not depreciated	1,844,856	1,236,130	(2,027,476)	1,053,510
Capital assets being depreciated:				
Buildings/facilities	578,513	-	-	578,513
Water systems	31,424,085	2,824,733	-	34,248,818
Sewer systems	20,739,531	1,075,277	-	21,814,808
Equipment	2,468,804	176,575	(80,841)	2,564,538
Master studies	321,378	-	-	321,378
Total capital assets being depreciated	55,532,311	4,076,585	(80,841)	59,528,055
Less accumulated depreciation for:				
Buildings/facilities	(275,982)	(29,147)	-	(305,129)
Water systems	(5,938,674)	(669,916)	-	(6,608,590)
Sewer systems	(4,236,046)	(698,956)	-	(4,935,002)
Equipment	(1,765,705)	(205,327)	80,841	(1,890,191)
Master studies	(168,833)	(63,561)	-	(232,394)
Total accumulated depreciation	(12,385,240)	(1,666,907)	80,841	(13,971,306)
Total capital assets—being depreciated—net	43,147,071	2,409,678	-	45,556,749
Business-type activities capital assets—net	<u>\$ 44,991,927</u>	<u>\$ 3,645,808</u>	<u>\$ (2,027,476)</u>	<u>\$ 46,610,259</u>

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

Governmental activities:	
General government	\$ 12,386
Public safety	204,294
Community service	766,658
Public works	3,357,616
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	674,974
Total depreciation expense—governmental activities	<u>\$ 5,015,928</u>
Business-type activities—water and sewer	<u>\$ 1,666,907</u>

CITY OF CEDAR HILL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

**Construction Commitments**—The City has active construction projects as of September 30, 2007. The projects include street construction in areas of newly developed commercial areas and widening and construction on existing streets, developing city parks and construction of water and sewer facilities and pipelines. At year-end the City's commitments total \$65,830,242, of which \$42,901,175 has been spent to date, with a remaining commitment of \$22,929,067.

**Discretely Presented Component Units**—Activity for the Economic Development Corporation for the year ended September 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets—not being depreciated:				
Land	\$ 544,883	\$ 5,310	\$ -	\$ 544,883
Construction in progress	-	-	-	5,310
	<u>\$ 544,883</u>	<u>\$ 5,310</u>	<u>\$ -</u>	<u>\$ 550,193</u>

Activity for the Community Development Corporation for the year ended September 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets—not being depreciated:				
Construction in progress	\$ -	\$ 2,378,473	\$ (59,904)	\$ 2,318,569
	<u>\$ -</u>	<u>\$ 2,378,473</u>	<u>\$ (59,904)</u>	<u>\$ 2,318,569</u>

CDC capital assets are contributed to the City when completed.

## 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables as of September 30, 2007, is as follows:

Due to (from) other funds:	Receivable Fund	Payable Fund	Amount
General Fund		Katrina Relief Fund	\$ 101,000
General Fund		CDBG Fund	16,635
General Fund		2007 Certificate of Obligation Fund	81,500
Water and Sewer Fund		Infrastructure Improvement Fund	19,620
Water and Sewer Fund		2006 General Obligation Fund	10,717
2006 Certificate of Obligation Fund		Infrastructure Improvement Fund	17,303
2006 Certificate of Obligation Fund		2006 General Obligation Fund	212,515
			<u>\$ 459,290</u>

The loans from the General Fund to Community Development Block Grant Fund and the Katrina Relief Fund provide the other funds cash to pay for expenditures that will be

CITY OF CEDAR HILL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

reimbursed by granting agencies once the requests for reimbursements are processed. The loan from the General Fund to the 2007 Certificate of Obligation Fund is an advance until debt proceeds are received in October, 2007. The loans from the Water and Sewer Fund and the 2006 Certificate of Obligation Fund are amounts due to these funds from other funds for construction activities.

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

Transfers to	Transfers From Major Funds			Nonmajor Funds
	General Fund	Enterprise Fund		
Primary government:				
Governmental activities:				
Major funds:				
Debt service	\$ 11,536	\$ -	\$ 1,000	\$ 10,536
Joe Pool fund	1,850,000	50,000	1,800,000	-
Total major funds	1,861,536	50,000	1,801,000	10,536
Nonmajor governmental funds	601,524	450,000	-	151,524
Total primary government	\$ 2,463,060	\$ 500,000	\$ 1,801,000	\$ 162,060

The General Fund and the Water and Sewer Fund transfer funds to the Joe Pool Fund in order to accumulate resources to retire the liability resulting from the acquisition of rights to water conservation storage space. This liability is explained in Footnote 6, Other Obligations. The General Fund transfers funds to the Street Construction Fund to provide funding for street projects that are not funded by the issuance of debt. The General Fund also transfers funds to the Drainage Fund to provide resources for drainage studies and construction projects and to the Building Maintenance Fund for future building repairs costs. The Water and Sewer Fund and the Capital Recovery Fund transfers funds to the Debt Service Fund for payment of debt service. The nonmajor funds transfers funds to assist in the funding of capital projects.

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

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**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, 2007:

	<b>Balance October 1, 2006</b>	<b>Increases</b>	<b>Retirements</b>	<b>Balance September 30, 2007</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
General obligation bonds	\$ 49,955,000	\$ 2,300,000	\$ (2,410,000)	\$ 49,845,000	\$ 2,320,000
Certificates of obligation	23,935,000		(525,000)	23,410,000	785,000
Other obligations	52,079,184		(1,801,746)	50,277,438	-
<b>Total bonds payable</b>	<b>125,969,184</b>	<b>2,300,000</b>	<b>(4,736,746)</b>	<b>123,532,438</b>	<b>3,105,000</b>
Unamortized premiums	762,582		(73,749)	688,833	-
Unamortized discounts	(17,601)		1,200	(16,401)	-
Unamortized loss on refunded bonds	(424,438)		52,109	(372,329)	-
Compensated absences	2,658,875	475,426	(168,762)	2,965,539	941,116
Arbitrage liability	-	579,398	-	579,398	-
Estimated liability for litigation	60,000	-	-	60,000	-
<b>Total governmental long-term liabilities</b>	<b>129,008,602</b>	<b>3,354,824</b>	<b>(4,925,948)</b>	<b>127,437,478</b>	<b>4,046,116</b>
<b>Business-type activities:</b>					
Revenue bonds payable	9,265,000		(780,000)	8,485,000	640,000
Unamortized premiums	10,655		(3,115)	7,540	-
Unamortized discounts	(9,799)		958	(8,841)	-
Compensated absences	203,896	53,189	(14,665)	242,420	95,796
<b>Total business-type long-term liabilities</b>	<b>9,469,752</b>	<b>53,189</b>	<b>(796,822)</b>	<b>8,726,119</b>	<b>735,796</b>
<b>Total primary government long-term liabilities</b>	<b>\$ 138,478,354</b>	<b>\$ 3,408,013</b>	<b>\$ (5,722,770)</b>	<b>\$ 136,163,597</b>	<b>\$ 4,781,912</b>

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

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**General Long-Term Liabilities**—General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2007 consist of the following individual issues:

	Interest Rates	Balance September 30, 2007
General obligation bond:		
\$4,600,000 1998 General Obligation Bonds, due February 15, 2018	4.40%–4.75%	\$ 3,175,000
\$7,400,000 2000 General Obligation Bonds, due February 15, 2020	5.10%	325,000
\$9,120,000 2002 General Obligation Bonds, due February 15, 2022	3.30%–4.80%	7,475,000
\$2,275,000 2003 General Obligation Refunding Bonds, due February 15, 2010	3.00%–3.50%	520,000
\$6,550,000 2003A General Obligation Bonds, due February 15, 2023	3.00%–5.00%	5,650,000
\$8,500,000 2004 General Obligation Bonds, due February 15, 2024	3.00%–5.00%	7,325,000
\$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020	3.00%–5.00%	8,410,000
\$12,200,000 2005 General Obligation Bonds, due February 15, 2025	3.25%–5.125%	11,175,000
\$3,700,000 2006 General Obligation Bonds, due February 15, 2026	4.00%–4.50%	3,645,000
\$2,300,000 2006A General Obligation Bonds, due February 15, 2026	4.00%–4.50%	<u>2,145,000</u>
Total general obligation bonds		\$ 49,845,000
Certificate of obligation bonds:		
Governmental activities:		
\$1,075,000 1998 Certificates of Obligation, due February 15, 2008	4.50%	\$ 50,000
\$2,500,000 2000 Certificates of Obligation, due February 15, 2008	6.25%	110,000
\$2,990,000 2003 Certificates of Obligation, due February 15, 2013	2.75%–3.55%	1,885,000
\$8,800,000 2003A Certificates of Obligation, due February 15, 2028	3.00%–5.00%	8,475,000
\$12,890,000 2006 Certificates of Obligation, due February 15, 2026	4.00%–5.00%	<u>12,890,000</u>
Total certificate of obligation bonds		\$ 23,410,000
Revenue bonds:		
Business-type activities:		
\$ 995,000 1999 Waterworks and Sewer System Revenue Bonds, due April 1, 2019	4.50%–7.00%	\$ 700,000
\$2,685,000 1999A Waterworks and Sewer System Revenue Bonds, due April 1, 2019	5.00%–5.50%	1,990,000
\$1,855,000 2003 Waterworks and Sewer System Revenue Refunding Bonds, due April 1, 2008	3%	250,000
\$3,000,000 2004 Waterworks and Sewer System Revenue Bonds, due April 1, 2024	3.00%–4.75%	2,635,000
\$3,000,000 2006 Waterworks and Sewer System Revenue Bonds, due April 1, 2026	4.00%–4.60%	<u>2,910,000</u>
Total revenue bonds		\$ 8,485,000

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Annual requirements to amortize the long-term debt as of September 30, 2007, are as follows:

Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation Bonds		Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,320,000	\$ 2,066,089	\$ 785,000	\$ 1,036,264	\$ -	\$ -
2009	2,575,000	1,979,024	645,000	1,010,458	-	-
2010	2,685,000	1,884,871	665,000	988,289	-	-
2011	2,605,000	1,785,785	690,000	964,395	-	-
2012	2,715,000	1,686,423	710,000	938,941	-	-
2013-2017	15,470,000	6,657,047	4,915,000	4,189,404	-	-
2018-2022	15,675,000	3,118,029	6,785,000	2,891,221	-	-
2023-2027	5,800,000	415,496	7,465,000	1,043,625	-	-
2028	-	-	750,000	18,750	-	-
2046	-	-	-	-	50,277,438	383,806,108
Total principal and interest	<u>\$ 49,845,000</u>	<u>\$ 19,592,764</u>	<u>\$ 23,410,000</u>	<u>\$ 13,081,347</u>	<u>\$ 50,277,438</u>	<u>\$ 383,806,108</u>

Year Ending September 30	Business-Type Activities	
	Revenue Bonds	
	Principal	Interest
2008	\$ 640,000	\$ 377,381
2009	405,000	352,831
2010	420,000	336,306
2011	435,000	318,739
2012	455,000	300,431
2013-2017	2,600,000	1,182,179
2018-2022	2,300,000	565,155
2023-2026	1,230,000	124,580
Total principal and interest	<u>\$ 8,485,000</u>	<u>\$ 3,557,602</u>

During the fiscal year, the City issued \$2,300,000 of General Obligation Bonds for funding of building renovations.

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

**Other Obligations**—On April 26, 1975, the City, along with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, entered into a contract with the Trinity River

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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Authority of Texas (the "Authority") to purchase rights to water conservation storage space in Lakeview Reservoir (Joe Pool Lake) (the "Reservoir"). The City's share is 43.21% of the total contract.

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

The City's original reporting of the contractual liability amounted to \$28,774,403 and bears interest at 5.683%. During the 2006-2007 fiscal year, the City received notice that this liability had been corrected to \$26,284,063. This reduced the original liability by \$2,490,340 and the accrued interest on the liability by \$2,015,026, for a total reduction of \$4,505,366. According to the contract terms, each annual payment is to be made in 12 equal installments, each due and payable on or before the tenth day of the month. All payments, if not paid when due, bear interest at the rate of 5.683% per annum, if no water was diverted by that date. The City accrued an amount of \$2,703,620 for the interest accrued and not paid for the year ended September 30, 2007, which increased the long-term debt liability to the current balance of \$50,277,438. As allowed by the agreement, the City opted not to make payments but is accruing interest until the liability is paid. The City has set aside funds and has plans to pay off the liability by 2046.

**CITY OF CEDAR HILL, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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

	<b>Balance October 1, 2006</b>	<b>Increases</b>	<b>Retirements</b>	<b>Balance September 30, 2007</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Sales Tax Revenue Bonds	\$ 1,860,000	-	\$ (205,000)	\$ 1,655,000	\$ 210,000
Unamortized premiums	4,576	-	(1,035)	3,541	-
Compensated absences	41,901	17,126	(4,345)	54,682	34,962
<b>Total long-term liabilities</b>	<b>\$ 1,906,477</b>	<b>\$ 17,126</b>	<b>\$ (210,380)</b>	<b>\$ 1,713,223</b>	<b>\$ 244,962</b>

The annual requirements to amortize the long-term debt of the component unit debt as of September 30, 2007, are as follows:

<b>Year Ending September 30</b>	<b>Community Development Corporation Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2008	\$ 210,000	\$ 50,419
2009	220,000	44,494
2010	225,000	37,819
2011	235,000	30,625
2012	245,000	22,672
2013–2014	520,000	19,056
<b>Total principal and interest</b>	<b>\$ 1,655,000</b>	<b>\$ 205,085</b>

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

	<b>Balance October 1, 2006</b>	<b>Increases</b>	<b>Retirements</b>	<b>Balance September 30, 2007</b>	<b>Due Within One Year</b>
Compensated absences	\$ 39,198	\$ 5,425	\$ (18,513)	\$ 26,110	\$ 10,178

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

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

**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, 2007, to be included as a component unit.

#### 7. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other natural disasters. During fiscal 2007, the City purchased general liability, property and workers' compensation from Texas Municipal League Risk Pool ("TML"). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risk of losses. There was no change in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

#### 8. COMMITMENTS AND CONTINGENCIES

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

Regular monthly expenses for October 1, 2006 to September 30, 2007	\$ 3,831,795
TRA adjustment for prior-year settlement	<u>(228,000)</u>
Sewage treatment and water system facility expenses	<u>\$ 3,603,795</u>

**State and Federal Programs**—The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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terms of the grant. In the opinion of management of the City, the disallowed cost, if any, would not be material.

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

#### 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

**Plan Descriptions**—The City provides pension benefits for all its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), one of 821 currently administered by TMRS, an agent multiple-employer public employee retirement system. The City also provides pension benefits to its volunteer police reserves upon retirement through the Reserve Police Department deferred benefit plan.

**Texas Municipal Retirement System (TMRS)**—Benefits depend upon the sum of the employees' 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 has granted another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest are used to purchase an annuity.

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

**Contributions**—The contribution rate for an employee is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body and the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. The rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (assets) over the remainder of the plan's 25-year amortization period. When the City periodically adopts

## CITY OF CEDAR HILL, TEXAS

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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updated service credits and increases its annuity in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2006, valuation is effective for rates beginning January 2008).

**Annual Pension Costs**—The City's total payroll in fiscal year 2007 was \$14,012,862 and the City's contributions were based on a payroll of \$13,507,696. Contributions required and made during the year were \$1,626,056 for the City and \$945,542 for the plan participants. There were no related-party transactions. The actuarial assumptions included a) actuarial cost method—unit credit, b) amortization method—level percent of payroll, c) remaining amortization (period—25 years (period is currently open)), d) asset valuation methods—amortized cost, e) 7% investments rate of return, f) projected salary increases—none, g) no cost-of-living adjustments and h) 3.5% inflation rate.

The City of Cedar Hill is one of 821 municipalities having the benefit plan administered by TMRS. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 Comprehensive Annual Financial report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

#### ***Schedule of Actuarial Liabilities and Funding Progress***

<b>Actuarial Valuation Date</b>	<b>December 31</b>		
	<b>2004</b>	<b>2005</b>	<b>2006</b>
Net pension obligation (NPO) at beginning of period	-	-	-
Annual pension cost:			
Annual required contribution (ARC)	2,255,101	2,315,602	2,571,598
Contributions made	<u>2,255,101</u>	<u>2,315,602</u>	<u>2,571,598</u>
NPO at the end of the period	\$ -	\$ -	\$ -

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

**CITY OF CEDAR HILL, TEXAS**

2007 Comprehensive Annual Financial Report

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

during which the participant is credited with 192 hours of service. As of September 30, 2006, the City had two active members of the plan and six retirees receiving benefits. The actuarial assumptions included: 1) actuarial cost method – projected unit credit, 2) inflation rate – no inflation rate, 3) investment return – 5%, 4) projected salary increases – none (plan participants are volunteers and receive no salary), and 5) post-retirement benefit increases – none. The plan does not prepare a separate, audited pension plan report.

The financial statements of the plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Plan administration fees are funded by the City through an annual contribution.

Actuarial Valuation Date	October 1						
	2001	2002	2003	2004	2005	2006	2007
Annual pension cost	\$ 10,728	\$ 9,409	\$ 5,986	\$ 4,498	\$ 4,724	\$ 6,294	\$ 2,095
Net pension obligation (NPO) at beginning of period	5,039	15,767	10,676	(12,338)	(22,665)	(23,927)	(17,633)
Annual pension cost:							
Annual required contribution (ARC)	10,728	9,409	5,986	4,498	4,724	6,294	2,095
Contributions made			(14,500)	(29,000)	(14,825)	(5,986)	-
NPO at the end of the period	<u>\$ 15,767</u>	<u>\$ 10,676</u>	<u>\$ (12,338)</u>	<u>\$ (22,665)</u>	<u>\$ (23,927)</u>	<u>\$ (17,633)</u>	<u>\$ (15,538)</u>

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
2001	\$ 10,728	N/A	\$ 15,767
2002	9,409	64.89%	10,676
2003	5,986	20.64%	(12,338)
2004	4,498	30.34%	(22,665)
2005	4,724	78.92%	(23,927)
2006	6,294	N/A	(17,633)
2007	2,095	N/A	(15,538)

## CITY OF CEDAR HILL, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

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The net pension asset at September 30, 2007, is calculated as follows:

Annual required contribution ("ARC")	\$	2,095
Interest on prior year's net pension asset		(882)
Adjustment to the ARC		<u>882</u>
Annual pension cost		2,095
Contributions made		
Increase in net pension asset		<u>(2,095)</u>
Net pension asset—beginning of year		<u>17,633</u>
Net pension asset—end of year	\$	<u>15,538</u>

## 10. REGIONAL DISPATCH CENTER

The City entered into an annually renewable Interlocal Cooperation agreement with the Cities of DeSoto and Duncanville ("participating cities") on August 10, 1999 to establish a Regional Public Safety Dispatch and Alarm Monitoring Facility. The Center provides police, fire and emergency medical service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2007, the City contributed \$888,666 to the operations of the Center, which is accounted for in the general fund. The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net assets as other assets. At September 30, 2007, the City's investment in the Center is \$340,236.

## 11. SUBSEQUENT EVENT

In October 2007, the City issued \$8,665,000 of General Obligation Bonds Series 2007 for street improvements, \$2,775,000 of Certificates of Obligation Series 2007 for street improvements and the construction of a fire station jointly funded with the City of Grand Prairie and \$3,000,000 of Waterworks and Sewer System Revenue Bonds for water and wastewater system improvements.



# CEDAR HILL

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF CEDAR HILL, TEXAS****E-1****SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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<b>Actuarial Valuation Date</b>	<b>December</b>		
	<b>2004</b>	<b>2005</b>	<b>2006</b>
Actuarial value of assets	\$ 19,173,186	\$ 20,092,123	\$ 22,546,333
Actuarial accrued liability	23,689,936	25,711,722	29,083,410
Percentage funded	80.9%	78.1%	77.5%
Unfunded actuarial accrued liability (UAAL)	4,516,750	5,619,599	6,537,077
Annual covered payroll	10,369,136	12,246,840	13,182,997
UAAL as a percentage of covered payroll	43.6%	45.9%	49.6%

**SCHEDULE OF PENSION FUNDING PROGRESS –  
RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Actuarial Valuation Date	December						
	2000	2001	2002	2003	2004	2005	2006
Actuarial value of assets	\$206,927	\$152,377	\$147,356	\$192,836	\$228,340	\$259,140	\$ 302,139
Actuarial accrued liability	137,328	140,479	154,596	163,296	134,018	134,341	181,233
Percentage funded	150.7%	108.5%	95.3%	118.1%	170.4%	192.9%	166.7%
Unfunded actuarial accrued liability (UAAL)			7,240				
Annual covered payroll	N/A						
UAAL as a percentage of covered payroll	N/A						

CITY OF CEDAR HILL, TEXAS

E-3

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amount</b>	
<b>REVENUES</b>				
Taxes	\$ 19,213,365	\$ 19,213,365	\$ 18,980,273	\$ (233,092)
Franchise fees	3,075,000	3,075,000	2,980,459	(94,541)
Licenses and permits	527,300	527,300	585,160	57,860
Intergovernmental	436,510	2,411,510	2,401,577	(9,933)
Charges for services	1,582,925	1,582,925	1,546,665	(36,260)
Fines and forfeitures	832,900	832,900	910,214	77,314
Investment earnings	418,300	418,300	713,217	294,917
Miscellaneous	127,500	127,500	166,333	38,833
<b>Total revenues</b>	<b>26,213,800</b>	<b>28,188,800</b>	<b>28,283,898</b>	<b>95,098</b>
<b>EXPENDITURES</b>				
Current Expenditures:				
General administration	3,780,620	5,324,605	5,222,497	102,108
Public works	1,845,325	1,848,845	1,796,042	52,803
Public safety	16,148,270	16,219,155	15,979,770	239,385
Community services	4,090,030	3,928,125	3,665,678	262,447
Capital Expenditures:				
General administration	-	59,400	59,350	50
Public works	36,000	36,000	30,500	5,500
Public safety	513,300	442,415	304,970	137,445
Community services	4,500	4,500	-	4,500
<b>Total expenditures</b>	<b>26,418,045</b>	<b>27,863,045</b>	<b>27,058,807</b>	<b>804,238</b>
Excess (deficiency) of revenues over expenditures	(204,245)	325,755	1,225,091	899,336
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	(500,000)	-
Net change in fund balances	(704,245)	(174,245)	725,091	899,336
Fund balances, beginning of year	8,683,101	8,683,101	8,683,101	-
Fund balances, end of year	<b>\$ 7,978,856</b>	<b>\$ 8,508,856</b>	<b>\$ 9,408,192</b>	<b>\$ 899,336</b>

**JOE POOL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	2007 Budget			Variance with Final Budget— Positive (Negative)
	Original	Final	Actual	
REVENUES—Investment earnings	\$ 1,200,000	\$ 1,200,000	\$ 739,458	\$ (460,542)
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>739,458</u>	<u>(460,542)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	3,050,000	3,050,000	2,589,458	(460,542)
FUND BALANCE—Beginning of year	<u>19,072,590</u>	<u>19,072,590</u>	<u>19,072,590</u>	<u>-</u>
FUND BALANCE—End of year	<u>\$ 22,122,590</u>	<u>\$ 22,122,590</u>	<u>\$ 21,662,048</u>	<u>\$ (460,542)</u>

## **CITY OF CEDAR HILL, TEXAS**

### **NOTES TO REQUIRED SUPPLEMENTAL INFORMATION AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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#### **1. BUDGETARY INFORMATION**

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

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

1970-71 CEDAR HILL HIGH SCHOOL YEARBOOK

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THE CEDAR HILL HIGH SCHOOL YEARBOOK



# CEDAR HILL

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CEDAR HILL, TEXAS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2007**

<b>Nonmajor Special Revenue Funds</b>						
	<b>Police Forfeiture</b>	<b>Municipal Court</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>	<b>Park Foundation</b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 213,612	\$ 3,300	\$ 279,272	\$ 62,372	\$ 4,168	
Receivables (net, where applicable, of allowances for uncollectibles)	-	2	4,227	-	-	
Due from other funds	-	-	-	-	-	
<b>Total assets</b>	<b>\$ 213,612</b>	<b>\$ 3,302</b>	<b>\$ 283,499</b>	<b>\$ 62,372</b>	<b>\$ 4,168</b>	
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 743	\$ -	\$ 2,261	
Accrued liabilities	61,539	-	-	-	-	
Due to other funds	-	-	-	-	-	
Deferred revenue	-	-	-	-	-	
<b>Total liabilities</b>	<b>61,539</b>	<b>-</b>	<b>743</b>	<b>-</b>	<b>2,261</b>	
<b>FUND BALANCES</b>						
Reserved for construction	-	-	-	-	-	
Unreserved, undesignated	152,073	3,302	282,756	62,372	1,907	
<b>Total fund balances</b>	<b>152,073</b>	<b>3,302</b>	<b>282,756</b>	<b>62,372</b>	<b>1,907</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 213,612</b>	<b>\$ 3,302</b>	<b>\$ 283,499</b>	<b>\$ 62,372</b>	<b>\$ 4,168</b>	

Nonmajor Special Revenue Funds							Total	
Comm. Dev. Block Grant	High Pointe PID	Waterford Oaks PID	Katrina Relief	Traffic Safety	Landscape Beautification	Nonmajor Special Revenue Funds		
\$ 1,312	\$ 107,327	\$ 110,997	\$ 10,454	\$ 137,278	\$ 238,158	\$ 1,168,250		
27,379	22,402	6,066	180,183	-	157,453	397,712		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>		
\$ 28,691	\$ 129,729	\$ 117,063	\$ 190,637	\$ 137,278	\$ 395,611	\$ 1,565,962		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>		
\$ 7,658	\$ 21,869	\$ 3,131	\$ -	\$ 30,347	\$ 120,790	\$ 186,799		
4,398	-	-	-	29,172	6,563	101,672		
16,635	-	-	101,000	-	-	117,635		
-	16,265	4,279	-	-	-	20,544		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>		
28,691	38,134	7,410	101,000	59,519	127,353	426,650		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>		
-	91,595	109,653	89,637	77,759	268,258	1,139,312		
-	91,595	109,653	89,637	77,759	268,258	1,139,312		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>		
\$ 28,691	\$ 129,729	\$ 117,063	\$ 190,637	\$ 137,278	\$ 395,611	\$ 1,565,962		

CITY OF CEDAR HILL, TEXAS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2007

	Nonmajor Capital Projects				
	Park Development	Infrastructure Improvement	Restricted Street	Street Construction	1998 General Obligation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 495,703	\$ 4,681,411	\$ 581,658	\$ 1,702,088	\$ -
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 495,703</b>	<b>\$ 4,681,411</b>	<b>\$ 581,658</b>	<b>\$ 1,702,088</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 133,841	\$ -	\$ -	\$ -
Accrued liabilities	-	696,544	-	-	-
Due to other funds	-	36,923	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>867,308</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for construction	495,703	3,814,103	581,658	1,702,088	-
Unreserved, undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>495,703</b>	<b>3,814,103</b>	<b>581,658</b>	<b>1,702,088</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 495,703</b>	<b>\$ 4,681,411</b>	<b>\$ 581,658</b>	<b>\$ 1,702,088</b>	<b>\$ -</b>

Nonmajor Capital Projects					
1998 Certificate of Obligation	2000 General Obligation	2000 Certificate of Obligation	2002 General Obligation	2003-A General Obligation	2003 Certificate of Obligation
\$ -	\$ -	\$ 732,282	\$ 1,118,261	\$ 2,446,445	\$ 180,138
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,282</u>	<u>\$ 1,118,261</u>	<u>\$ 2,446,445</u>	<u>\$ 180,138</u>
 \$ -	 \$ -	 \$ -	 \$ 7,293	 \$ -	 \$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>7,293</u>		<u>-</u>	<u>-</u>
 - -	 - -	 732,282	 1,110,968	 2,446,445	 180,138
<u>- -</u>	<u>- -</u>	<u>732,282</u>	<u>1,110,968</u>	<u>2,446,445</u>	<u>180,138</u>
 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 732,282</u>	 <u>\$ 1,118,261</u>	 <u>\$ 2,446,445</u>	 <u>\$ 180,138</u>

CITY OF CEDAR HILL, TEXAS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2007

	Nonmajor Capital Projects				
	2003-A Certificate of Obligation	2004 General Obligation	2006 General Obligation	2006-C Certificate of Obligation	2006-A General Obligation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 318,682	\$ 74,428	\$ 385,420	\$ 4,448,912	\$ 2,300,076
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	229,818	-
<b>Total assets</b>	<b>\$ 318,682</b>	<b>\$ 74,428</b>	<b>\$ 385,420</b>	<b>\$ 4,678,730</b>	<b>\$ 2,300,076</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 14,328	\$ -
Accrued liabilities	-	-	-	1,000	-
Due to other funds	-	-	223,232	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>223,232</b>	<b>15,328</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for construction	318,682	74,428	162,188	4,663,402	2,300,076
Unreserved, undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>318,682</b>	<b>74,428</b>	<b>162,188</b>	<b>4,663,402</b>	<b>2,300,076</b>
<b>Total liabilities and fund balances</b>	<b>\$ 318,682</b>	<b>\$ 74,428</b>	<b>\$ 385,420</b>	<b>\$ 4,678,730</b>	<b>\$ 2,300,076</b>

Nonmajor Capital Projects				Total	
2007 Certificate of Obligation	Building Maintenance	Drainage	Nonmajor Capital Project Funds	Total Nonmajor Funds	
\$ 324	\$ 160,598	\$ 375,956	\$ 20,002,382	\$21,170,632	
-	-	-	-	397,712	
-	-	-	229,818	229,818	
<u>\$ 324</u>	<u>\$ 160,598</u>	<u>\$ 375,956</u>	<u>\$ 20,232,200</u>	<u>\$21,798,162</u>	
\$ 44,895	\$ -	\$ -	\$ 200,357	\$ 387,156	
-	-	-	697,544	799,216	
81,500	-	-	341,655	459,290	
-	-	-	-	20,544	
<u>126,395</u>	<u>-</u>	<u>-</u>	<u>1,239,556</u>	<u>1,666,206</u>	
(126,071)	160,598	375,956	18,992,644	18,992,644	
-	-	-	-	1,139,312	
<u>(126,071)</u>	<u>160,598</u>	<u>375,956</u>	<u>18,992,644</u>	<u>20,131,956</u>	
<u>\$ 324</u>	<u>\$ 160,598</u>	<u>\$ 375,956</u>	<u>\$ 20,232,200</u>	<u>\$21,798,162</u>	

**CITY OF CEDAR HILL, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Nonmajor Special Revenue Funds				
	Police Forfeiture	Municipal Court	Hotel Occupancy	Library Fund	Park Foundation
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ 53,388	\$ -	\$ -
Fines and forfeits	111,833	16,334	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	5,416	(129)	13,324	3,169	1,302
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>117,249</b>	<b>16,205</b>	<b>66,712</b>	<b>3,169</b>	<b>1,302</b>
<b>EXPENDITURES</b>					
Current:					
General administration	-	-	-	-	-
Public safety	-	11,373	-	-	-
Public works	-	-	-	-	-
Community Services	1,785	1,014	27,142	402	27,836
Capital outlay					
General administration	-	-	-	-	-
Public safety	7,767	-	-	-	-
Public works	-	-	-	-	-
Community Services	-	-	-	-	-
<b>Total expenditures</b>	<b>9,552</b>	<b>12,387</b>	<b>27,142</b>	<b>402</b>	<b>27,836</b>
Excess (deficiency) of revenues over expenditures	107,697	3,818	39,570	2,767	(26,534)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other sources over expenditures	107,697	3,818	39,570	2,767	(26,534)
Fund balances, beginning of year	44,376	(516)	243,186	59,605	28,441
Fund balances, end of year	<b>\$ 152,073</b>	<b>\$ 3,302</b>	<b>\$ 282,756</b>	<b>\$ 62,372</b>	<b>\$ 1,907</b>

Nonmajor Special Revenue Funds							Total
Comm.	Dev. Block Grant	High Pointe PID	Waterford Oaks PID	Katrina Relief	Traffic Safety	Landscape Beautification	Nonmajor Special Revenue Funds
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,388
					180,047		308,214
68,682	20,000	2,340					91,022
-	-	-				1,689,030	1,689,030
-	11,651	5,351			548	5,567	46,199
-	349,192	96,340				916	446,448
<b>68,682</b>	<b>380,843</b>	<b>104,031</b>			<b>180,595</b>	<b>1,695,513</b>	<b>2,634,301</b>
					102,836		114,209
							-
-	264,235	52,346	6,804			1,427,255	1,808,819
68,682	-	-	-				7,767
-	-	-	-				68,682
-	131,134	6,325					137,459
<b>68,682</b>	<b>395,369</b>	<b>58,671</b>	<b>6,804</b>	<b>102,836</b>		<b>1,427,255</b>	<b>2,136,936</b>
-	(14,526)	45,360	(6,804)	77,759		268,258	497,365
-	(14,526)	45,360	(6,804)	77,759		268,258	497,365
-	106,121	64,293	96,441	-		-	641,947
<b>\$ -</b>	<b>\$ 91,595</b>	<b>\$109,653</b>	<b>\$ 89,637</b>	<b>\$ 77,759</b>		<b>\$ 268,258</b>	<b>\$ 1,139,312</b>

CITY OF CEDAR HILL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Prepared by the City of Cedar Hill, Texas, in accordance with generally accepted accounting principles.

Nonmajor Capital Projects					1998
	Park Development	Infrastructure Improvement	Restricted Street	Street Construction	General Obligation
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	32,062	-	30,577	80,269	-
Miscellaneous	34,000	-	-	-	-
<b>Total revenues</b>	<b>66,062</b>		<b>30,577</b>	<b>80,269</b>	
<b>EXPENDITURES</b>					
Current:					
General administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	591,350	-	-	-
Community Services	136,012	-	-	-	-
Capital outlay	-	-	-	-	-
General administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	4,351,932	70,508	-	-
Community Services	78,753	-	-	-	-
<b>Total expenditures</b>	<b>214,765</b>	<b>4,943,282</b>	<b>70,508</b>		
Excess (deficiency) of revenues over expenditures	(148,703)	(4,943,282)	(39,931)	80,269	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	6,500	-	250,000	-
Transfers out	-	(44,670)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(38,170)</b>		<b>250,000</b>	
Excess (deficiency) of revenues and other sources over expenditures	(148,703)	(4,981,452)	(39,931)	330,269	-
Fund balances, beginning of year	644,406	8,795,555	621,589	1,371,819	-
<b>Fund balances, end of year</b>	<b>\$ 495,703</b>	<b>\$ 3,814,103</b>	<b>\$ 581,658</b>	<b>\$ 1,702,088</b>	

Nonmajor Capital Projects						
1998 Certificate of Obligation	2000 General Obligation	2000 Certificate of Obligation	2002 General Obligation	2003-A General Obligation	2003 Certificate of Obligation	
\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,321	9,109	55,542	56,019	129,304	9,228	
		8,855				
4,321	9,109	64,397	56,019	129,304	9,228	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	56,988	-	2,500	42,554	-	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
211,979	905,390	626,910	152,940	153,122	-	
211,979	962,378	626,910	155,440	195,676	-	
(207,658)	(953,269)	(562,513)	(99,421)	(66,372)	9,228	
-	-	-	17,447	2,993	-	
-	-	-	-	(3,698)	-	
-	-	-	17,447	(705)	-	
(207,658)	(953,269)	(562,513)	(81,974)	(67,077)	9,228	
207,658	953,269	1,294,795	1,192,942	2,513,522	170,910	
\$	\$	\$	\$	\$	\$	\$
		732,282	1,110,968	2,446,445	180,138	

**CITY OF CEDAR HILL, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Nonmajor Capital Projects</b>				
	<b>2003-A Certificate of Obligation</b>	<b>2004 General Obligation</b>	<b>2006 General Obligation</b>	<b>2006-A Certificate of Obligation</b>	<b>2006-A General Obligation</b>
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	21,363	124,177	85,823	660,916	114,385
Miscellaneous	825	-	-	3,500	-
<b>Total revenues</b>	<b>22,188</b>	<b>124,177</b>	<b>85,823</b>	<b>664,416</b>	<b>114,385</b>
<b>EXPENDITURES</b>					
Current:					
General administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	2,151,091	82,481
Community Services	92,338	-	-	-	-
Capital outlay					
General administration	-	5,006,372	-	-	-
Public safety	-	-	-	-	15,720
Public works	-	-	-	561,258	-
Community Services	86,283	-	-	-	16,108
<b>Total expenditures</b>	<b>178,621</b>	<b>5,006,372</b>	<b>-</b>	<b>2,712,349</b>	<b>114,309</b>
Excess (deficiency) of revenues over expenditures	(156,433)	(4,882,195)	85,823	(2,047,933)	76
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term debt	-	-	-	-	2,300,000
Transfers in	-	-	76,216	48,368	-
Transfers out	-	-	(6,500)	(96,656)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>69,716</b>	<b>(48,288)</b>	<b>2,300,000</b>
Excess (deficiency) of revenues and other sources over expenditures	(156,433)	(4,882,195)	155,539	(2,096,221)	2,300,076
Fund balances, beginning of year	475,115	4,956,623	6,649	6,759,623	-
<b>Fund balances, end of year</b>	<b>\$ 318,682</b>	<b>\$ 74,428</b>	<b>\$ 162,188</b>	<b>\$ 4,663,402</b>	<b>\$ 2,300,076</b>

Nonmajor Capital Projects			Total	
2007 Certificate of Obligation	Building Maintenance	Drainage	Nonmajor Capital Project Funds	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 53,388
-	-	-	-	308,214
-	-	-	-	91,022
-	-	-	-	1,689,030
-	6,358	16,095	1,435,548	1,481,747
-	-	-	47,180	493,628
-	6,358	16,095	1,482,728	4,117,029
<hr/>				
-	-	-	-	-
-	-	-	-	114,209
2,275	-	-	2,929,239	2,929,239
-	-	-	228,350	2,037,169
<hr/>				
-	-	-	5,006,372	5,006,372
123,796	-	-	139,516	147,283
-	-	-	7,034,039	7,102,721
-	-	-	181,144	318,603
126,071	-	-	15,518,660	17,655,596
<hr/>				
(126,071)	6,358	16,095	(14,035,932)	(13,538,567)
<hr/>				
-	75,000	125,000	2,300,000	2,300,000
-	-	-	601,524	601,524
-	75,000	125,000	(151,524)	(151,524)
<hr/>				
(126,071)	81,358	141,095	(11,285,932)	(10,788,567)
-	79,240	234,861	30,278,576	30,920,523
\$ (126,071)	\$ 160,598	\$ 375,956	\$ 18,992,644	\$ 20,131,956

**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

		<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
		<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>					
Taxes	\$ 4,735,725	\$ 4,735,725	\$ 4,795,358	\$ 59,633	
Intergovernmental	1,698,725	1,698,725	1,700,823	2,098	
Investment earnings	65,000	65,000	118,715	53,715	
Total revenues	<u>6,499,450</u>	<u>6,499,450</u>	<u>6,614,896</u>	<u>115,446</u>	
<b>EXPENDITURES</b>					
Principal retirement	2,935,000	2,935,000	2,935,000	-	
Interest and fiscal agent charges	3,583,003	3,583,003	3,487,728	95,275	
Total expenditures	<u>6,518,003</u>	<u>6,518,003</u>	<u>6,422,728</u>	<u>95,275</u>	
Excess/(deficiency) of revenues over expenditures	<u>(18,553)</u>	<u>(18,553)</u>	<u>192,168</u>	<u>210,721</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,536	10,536	11,536	1,000	
Total other financing sources (uses)	<u>10,536</u>	<u>10,536</u>	<u>11,536</u>	<u>1,000</u>	
Net changes in fund balances	<u>(8,017)</u>	<u>(8,017)</u>	<u>203,704</u>	<u>211,721</u>	
Fund balances, beginning of year	<u>1,194,722</u>	<u>1,194,722</u>	<u>1,194,722</u>	-	
Fund balances, end of year	<u>\$ 1,186,705</u>	<u>\$ 1,186,705</u>	<u>\$ 1,398,426</u>	<u>\$ 211,721</u>	

**POLICE FORFEITURE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Fines and forfeits	\$ 140,000	\$ 140,000	\$ 111,833	\$ (28,167)	
Investment earnings	2,000	2,000	5,416	3,416	
Total revenues	<u>142,000</u>	<u>142,000</u>	<u>117,249</u>	<u>(24,751)</u>	
<b>EXPENDITURES</b>					
Community services	-	-	1,785	(1,785)	
Capital outlay	188,900	188,900	7,767	181,133	
Total expenditures	<u>188,900</u>	<u>188,900</u>	<u>9,552</u>	<u>179,348</u>	
Excess/(deficiency) of revenues over expenditures	<u>(46,900)</u>	<u>(46,900)</u>	<u>107,697</u>	<u>154,597</u>	
Changes in fund balances	(46,900)	(46,900)	107,697	154,597	
Fund balances, beginning of year	<u>44,376</u>	<u>44,376</u>	<u>44,376</u>	<u>-</u>	
Fund balances, end of year	<u>\$ (2,524)</u>	<u>\$ (2,524)</u>	<u>\$ 152,073</u>	<u>\$ 154,597</u>	

**MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Fines and forfeits	14,000	14,000	16,334	\$ 2,334
Investment earnings	450	450	(129)	(579)
<b>Total revenues</b>	<b>14,450</b>	<b>14,450</b>	<b>16,205</b>	<b>1,755</b>
<b>EXPENDITURES</b>				
Public Safety	14,450	13,400	11,373	2,027
Community services	-	1,050	1,014	36
<b>Total expenditures</b>	<b>14,450</b>	<b>14,450</b>	<b>12,387</b>	<b>2,063</b>
<b>Excess/(deficiency) of revenues over expenditures</b>	<b>3,818</b>	<b>-</b>	<b>3,818</b>	<b>3,818</b>
<b>Changes in fund balances</b>			<b>3,818</b>	<b>3,818</b>
<b>Fund balances, beginning of year</b>	<b>(516)</b>	<b>(516)</b>	<b>(516)</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ (516)</b>	<b>\$ (516)</b>	<b>\$ 3,302</b>	<b>\$ 3,818</b>

**HOTEL OCCUPANCY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Taxes	\$ 43,000	\$ 43,000	\$ 53,388	\$ 10,388	
Investment earnings	8,000	8,000	13,324	5,324	
Total revenues	<u>51,000</u>	<u>51,000</u>	<u>66,712</u>	<u>15,712</u>	
<b>EXPENDITURES</b>					
Community services	122,500	122,500	27,142	95,358	
Total expenditures	<u>122,500</u>	<u>122,500</u>	<u>27,142</u>	<u>95,358</u>	
Excess(deficiency) of revenues over expenditures	(71,500)	(71,500)	39,570	111,070	
Net changes in fund balances	(71,500)	(71,500)	39,570	111,070	
Fund balances, beginning of year	<u>243,186</u>	<u>243,186</u>	<u>243,186</u>	<u>-</u>	
Fund balances, end of year	<u>\$ 171,686</u>	<u>\$ 171,686</u>	<u>\$ 282,756</u>	<u>\$ 111,070</u>	

**LIBRARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget -</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>REVENUES</b>					
Investment earnings	\$ 2,100	\$ 2,100	\$ 3,169	\$ 1,069	1,069
Total revenues	<u>2,100</u>	<u>2,100</u>	<u>3,169</u>	<u></u>	<u>1,069</u>
<b>EXPENDITURES</b>					
Community services	1,500	1,500	402		1,098
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>402</u>	<u></u>	<u>1,098</u>
Excess/(deficiency) of revenues over expenditures	600	600	2,767		2,167
Net changes in fund balances	600	600	2,767		2,167
Fund balances, beginning of year	59,605	59,605	59,605		-
Fund balances, end of year	<u>\$ 60,205</u>	<u>\$ 60,205</u>	<u>\$ 62,372</u>	<u>\$ 2,167</u>	

**PARK FOUNDATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Investment earnings	\$ 1,200	\$ 1,200	\$ 1,302	\$	102
Miscellaneous	-	-	-		-
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>1,302</u>		<u>102</u>
<b>EXPENDITURES</b>					
Community services	25,575	27,840	27,836		4
Total expenditures	<u>25,575</u>	<u>27,840</u>	<u>27,836</u>		<u>4</u>
Excess/(deficiency) of revenues over expenditures	(24,375)	(26,640)	(26,534)		106
Net changes in fund balances	(24,375)	(26,640)	(26,534)		106
Fund balances, beginning of year	<u>28,441</u>	<u>28,441</u>	<u>28,441</u>		-
Fund balances, end of year	<u>\$ 4,066</u>	<u>\$ 1,801</u>	<u>\$ 1,907</u>	<u>\$</u>	<u>106</u>

**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 68,683	\$ 68,682	\$ -	(1)
Total revenues	-	68,683	68,682	-	(1)
<b>EXPENDITURES</b>					
Public works	-	-	-	-	-
Capital outlay	-	68,683	68,682	-	1
Total expenditures	-	68,683	68,682	-	1
Excess/(deficiency) of revenues over expenditures	-	-	-	-	-
Net changes in fund balances	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	-

**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, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Assessments	\$ 336,125	\$ 336,125	\$ 344,713	\$ 8,588	
Intergovernmental	20,000	20,000	20,000	-	
Investment earnings	14,017	14,017	11,651	(2,366)	
Miscellaneous	-	-	4,479	4,479	
Total revenues	<u>370,142</u>	<u>370,142</u>	<u>380,843</u>	<u>10,701</u>	
<b>EXPENDITURES</b>					
Community service	220,580	227,250	264,235	(36,985)	
Capital outlay	<u>149,562</u>	<u>168,170</u>	<u>131,134</u>	<u>37,036</u>	
Total expenditures	<u>370,142</u>	<u>395,420</u>	<u>395,369</u>	<u>51</u>	
Excess/(deficiency) of revenues over expenditures	-	(25,278)	(14,526)	10,752	
Net changes in fund balances	-	(25,278)	(14,526)	10,752	
Fund balances, beginning of year	<u>106,121</u>	<u>106,121</u>	<u>106,121</u>	<u>-</u>	
Fund balances, end of year	<u>\$ 106,121</u>	<u>\$ 80,843</u>	<u>\$ 91,595</u>	<u>\$ 10,752</u>	

**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, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Assessments	\$ 82,000	\$ 82,000	\$ 96,340	\$ 14,340
Intergovernmental	3,000	3,000	2,340	(660)
Investment earnings	1,000	1,000	5,351	4,351
<b>Total revenues</b>	<b>86,000</b>	<b>86,000</b>	<b>104,031</b>	<b>18,031</b>
<b>EXPENDITURES</b>				
Community service	50,420	50,420	52,346	(1,926)
Capital outlay	40,000	40,000	6,325	33,675
<b>Total expenditures</b>	<b>90,420</b>	<b>90,420</b>	<b>58,671</b>	<b>31,749</b>
Excess/(deficiency) of revenues over expenditures	(4,420)	(4,420)	45,360	49,780
Net changes in fund balances	(4,420)	(4,420)	45,360	49,780
Fund balances, beginning of year	64,293	64,293	64,293	-
<b>Fund balances, end of year</b>	<b>\$ 59,873</b>	<b>\$ 59,873</b>	<b>\$ 109,653</b>	<b>\$ 49,780</b>

**KATRINA RELIEF SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>EXPENDITURES</b>				
Community service	-	6,900	6,804	96
Capital outlay	-	-	-	-
Total expenditures	-	6,900	6,804	96
Excess/(deficiency) of revenues over expenditures	-	(6,900)	(6,804)	96
Net changes in fund balances	-	(6,900)	(6,804)	96
Fund balances, beginning of year	96,441	96,441	96,441	-
Fund balances, end of year	\$ 96,441	\$ 89,541	\$ 89,637	\$ 96

**TRAFFIC SAFETY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Fines and forfeits		180,000	180,047	\$	47
Investment earnings			548		548
<b>Total revenues</b>	<b>-</b>	<b>180,000</b>	<b>180,595</b>		<b>595</b>
<b>EXPENDITURES</b>					
Public Safety		102,860	102,836		24
<b>Total expenditures</b>	<b>-</b>	<b>102,860</b>	<b>102,836</b>		<b>24</b>
<b>Excess/(deficiency) of revenues over expenditures</b>		<b>77,140</b>	<b>77,759</b>		<b>619</b>
<b>Changes in fund balances</b>		<b>77,140</b>	<b>77,759</b>		<b>619</b>
Fund balances, beginning of year					
<b>Fund balances, end of year</b>	<b>\$</b>	<b>77,140</b>	<b>\$</b>	<b>77,759</b>	<b>\$</b>
					<b>619</b>

**LANDSCAPE BEAUTIFICATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Charges for services	\$ 1,710,000	\$ 1,710,000	\$ 1,689,030	\$ (20,970)	
Investment earnings	-	-	5,567	5,567	
Miscellaneous	-	-	916	916	
Total revenues	<u>1,710,000</u>	<u>1,710,000</u>	<u>1,695,513</u>		<u>(14,487)</u>
<b>EXPENDITURES</b>					
Community service	1,428,000	1,428,000	1,427,255	745	
Capital outlay	250,000	250,000	-	250,000	
Total expenditures	<u>1,678,000</u>	<u>1,678,000</u>	<u>1,427,255</u>		<u>250,745</u>
Excess/(deficiency) of revenues over expenditures	<u>32,000</u>	<u>32,000</u>	<u>268,258</u>		<u>236,258</u>
Net changes in fund balances	32,000	32,000	268,258	236,258	
Fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 268,258</u>		<u>\$ 236,258</u>

**CITY OF CEDAR HILL, TEXAS****H-1****STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>Agency</b>	<b>October 1, 2006</b>			<b>September 30, 2007</b>
	<b>Additions</b>	<b>Deductions</b>		
<b>Tax Collection Fund</b>				
<b>Assets - Cash and cash equivalents</b>	<b>\$ 438,827</b>	<b>\$ -</b>	<b>\$ 438,827</b>	<b>\$ -</b>
<b>Liabilities - Accounts payable</b>	<b>\$ 438,827</b>	<b>\$ -</b>	<b>\$ 438,827</b>	<b>\$ -</b>

**STATISTICAL SECTION  
(UNAUDITED)**



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

#### **FINANCIAL TRENDS INFORMATION**

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- 2 Changes in net assets
- 3 Fund balances, governmental funds
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#### **REVENUE CAPACITY INFORMATION**

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- 6 Direct and overlapping property tax rates
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**CITY OF CEDAR HILL, TEXAS**

**TABLE 1**

**NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 39,899,933	\$ 48,521,762	\$ 48,374,969	\$ 44,709,962	\$ 71,700,728
Restricted	6,578,144	7,804,156	8,965,160	9,358,327	9,806,890
Unrestricted	16,793,789	20,694,364	25,805,348	35,220,183	15,582,011
<b>Total governmental activities net assets</b>	<b>\$ 63,271,866</b>	<b>\$ 77,020,282</b>	<b>\$ 83,145,477</b>	<b>\$ 89,288,472</b>	<b>\$ 97,089,629</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 28,909,781	\$ 35,047,901	\$ 40,407,433	\$ 41,416,018	\$ 43,490,027
Restricted	5,091,049	5,870,555	5,099,043	5,001,029	5,011,341
Unrestricted	5,098,595	5,356,634	4,883,916	5,335,239	4,505,699
<b>Total business-type activities net assets</b>	<b>\$ 39,099,425</b>	<b>\$ 46,275,090</b>	<b>\$ 50,390,392</b>	<b>\$ 51,752,286</b>	<b>\$ 53,007,067</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 68,809,714	\$ 83,569,663	\$ 88,782,402	\$ 86,125,980	\$ 115,190,755
Restricted	11,669,193	13,674,711	14,064,203	14,359,356	14,818,231
Unrestricted	21,892,384	26,050,998	30,689,264	40,555,422	20,087,710
<b>Total primary government net assets</b>	<b>\$ 102,371,291</b>	<b>\$ 123,295,372</b>	<b>\$ 133,535,869</b>	<b>\$ 141,040,758</b>	<b>\$ 150,096,696</b>

**Source:** Comprehensive Annual Financial Reports

CITY OF CEDAR HILL, TEXAS

TABLE 2

CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,515,865	\$ 2,861,449	\$ 3,153,688	\$ 3,342,833	\$ 5,203,328
Public safety	10,577,885	11,880,117	12,999,503	14,416,779	16,315,223
Public works	3,574,851	4,086,977	4,435,725	5,327,141	10,562,982
Community services	3,407,348	3,703,480	5,260,655	5,001,181	6,446,570
Interest and fiscal charges	3,824,501	4,483,122	4,762,520	5,626,999	1,558,616
Total governmental activities expenses	23,900,450	27,015,145	30,612,091	33,714,933	40,086,719
Business-type activities:					
Water and sewer	\$ 10,413,546	\$ 10,569,940	\$ 11,845,403	\$ 14,241,632	\$ 13,300,772
Total business-type activities expenses	10,413,546	10,569,940	11,845,403	14,241,632	13,300,772
Total primary government expenses	\$ 34,313,996	\$ 37,585,085	\$ 42,457,494	\$ 47,956,565	\$ 53,387,491
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 149,021	\$ 126,522	\$ 162,673	\$ 103,001	\$ 113,291
Public Safety	1,740,944	2,334,497	1,790,029	2,154,760	2,897,331
Public Works	186,904	176,418	790,361	829,336	1,934,164
Community Services	186,299	186,588	644,974	711,285	2,313,069
Operating grants/contributions	124,233	1,322,325	1,248,877	2,032,509	2,152,679
Capital grants/contributions	4,191,752	11,961,220	5,414,719	2,768,766	5,991,124
Total governmental activities program revenues	6,579,153	16,107,570	10,051,633	8,599,657	15,401,658
Business-type activities:					
Charges for services	\$ 11,987,948	\$ 12,285,016	\$ 13,717,346	\$ 14,705,546	\$ 12,900,524
Capital grants/contributions	1,653,923	7,140,300	3,659,464	2,000,399	2,635,385
Total business-type activities program revenues	13,641,871	19,425,316	17,376,810	16,705,945	15,535,909
Total primary government program revenues	\$ 20,221,024	\$ 35,532,886	\$ 27,428,443	\$ 25,305,602	\$ 30,937,567
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (17,321,297)	\$ (10,907,575)	\$ (20,560,458)	\$ (25,115,276)	\$ (24,685,061)
Business-type activities	3,228,325	8,855,376	5,531,407	2,464,313	2,235,137
Total primary government net expense	\$ (14,092,972)	\$ (2,052,199)	\$ (15,029,051)	\$ (22,650,963)	\$ (22,449,924)

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

(Continued)

**TABLE 2****GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS****GOVERNMENTAL ACTIVITIES****BUSINESS-TYPE ACTIVITIES****NET ASSETS****General Revenues and Other Changes in Net Assets****Governmental activities:**

	2013	2012	2011	2010	2009	2008
<b>Taxes</b>						
Sales and use taxes	\$ 3,507,984	\$ 4,361,360	\$ 5,111,654	\$ 5,754,164	\$ 5,875,808	
Property taxes	12,083,805	13,811,984	14,645,716	17,110,700	17,479,146	
Hotel/motel taxes	50,642	42,923	54,727	45,696	53,388	
Franchise taxes	2,446,860	2,461,315	2,662,995	3,111,696	3,005,690	
Investment earnings	746,607	1,616,406	1,908,517	3,010,643	3,620,069	
Gain on disposal of property						49,355
Miscellaneous	363,914	562,003	502,044	463,963	563,171	
Transfers	1,803,000	1,800,000	1,800,000	1,800,000	1,801,000	
<b>Total governmental activities</b>	<b>21,002,812</b>	<b>24,655,991</b>	<b>26,685,653</b>	<b>31,296,862</b>	<b>32,447,627</b>	

**Business-type activities:**

	2013	2012	2011	2010	2009	2008
Investment earnings	\$ 148,640	\$ 119,255	\$ 340,448	\$ 646,285	\$ 767,361	
Gain/loss of disposal of property	(96,106)					
Miscellaneous	12,758	1,034	43,447	51,296	53,283	
Transfers	(1,803,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,801,000)	
<b>Total business-type activities</b>	<b>(1,737,708)</b>	<b>(1,679,711)</b>	<b>(1,416,105)</b>	<b>(1,102,419)</b>	<b>(980,356)</b>	

**Total primary government**

	2013	2012	2011	2010	2009	2008
<b>Total primary government</b>	<b>\$ 19,265,104</b>	<b>\$ 22,976,280</b>	<b>\$ 25,269,548</b>	<b>\$ 30,194,443</b>	<b>\$ 31,467,271</b>	

	2013	2012	2011	2010	2009	2008
<b>Change in Net Assets</b>						
Governmental activities	\$ 3,681,515	\$ 13,748,416	\$ 6,125,195	\$ 6,181,586	\$ 7,762,566	
Business-type activities	1,490,617	7,175,665	4,115,302	1,361,894	1,254,781	
<b>Total primary government</b>	<b>\$ 5,172,132</b>	<b>\$ 20,924,081</b>	<b>\$ 10,240,497</b>	<b>\$ 7,543,480</b>	<b>\$ 9,017,347</b>	

(Concluded)

**Source:** Comprehensive Annual Financial Reports

## CITY OF CEDAR HILL, TEXAS

## TABLE 3

**FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General Fund</b>					
Reserved for:					
Prepaid and inventory	\$ 48,196	\$ 43,848	\$ 41,007	\$ 57,474	\$ 71,522
Animal shelter	124,303	133,591	143,824	183,862	220,146
Unreserved	5,070,726	6,420,714	6,830,872	8,441,765	9,116,524
<b>Total General Fund</b>	<b>\$ 5,243,225</b>	<b>\$ 6,598,153</b>	<b>\$ 7,015,703</b>	<b>\$ 8,683,101</b>	<b>\$ 9,408,192</b>
<b>All Other Governmental Funds</b>					
Reserved for:					
Prepaid and inventory	\$ -	\$ -	\$ 500	\$ -	\$ -
Construction	34,264,902	32,629,193	41,967,190	49,423,384	33,971,758
Debt service	585,939	741,070	839,312	1,194,722	1,398,426
Unreserved - designated for Joe Pool Fund	11,424,773	14,378,961	16,913,557	19,072,590	21,662,048
Unreserved, reported in:					
Special revenue funds	269,280	298,795	298,688	641,947	1,139,312
<b>Total all other governmental funds</b>	<b>\$ 46,544,894</b>	<b>\$ 48,048,019</b>	<b>\$ 60,019,247</b>	<b>\$ 70,332,643</b>	<b>\$ 58,171,544</b>

**Source:** Comprehensive Annual Financial Reports

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

CITY OF CEDAR HILL, TEXAS

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 15,561,416	\$ 18,014,837	\$ 19,919,458	\$ 22,378,271	\$ 23,829,019
Franchise taxes	2,396,624	2,478,655	2,662,995	2,997,796	2,980,459
Licenses and permits	452,412	677,840	458,259	587,068	585,160
Intergovernmental	124,233	1,322,325	1,159,098	2,011,965	4,193,422
Charges for services	1,362,796	1,590,391	1,557,345	1,615,564	3,235,695
Fines and forfeitures	447,378	549,564	625,869	838,643	1,218,428
Investment earnings	746,607	1,615,885	1,899,237	2,978,760	4,192,754
Miscellaneous	1,809,995	1,888,815	1,359,603	1,306,190	2,578,672
Total revenues	<u>22,901,461</u>	<u>28,138,312</u>	<u>29,641,864</u>	<u>34,714,257</u>	<u>42,813,609</u>
<b>Expenditures</b>					
General government	2,619,919	2,785,464	3,170,322	3,343,901	5,222,497
Public works	1,336,931	1,613,490	1,737,528	2,217,903	4,838,109
Public safety	10,722,736	11,636,090	13,248,596	14,186,480	16,093,979
Community services	3,029,756	3,233,975	4,564,884	4,140,753	5,702,847
Supplies	-	16,721	-	-	-
Contractual services	4,210	168,599	-	-	-
Principal retirement	2,035,000	2,150,000	2,330,000	2,810,000	2,935,000
Interest and fiscal agent charges	1,274,392	2,049,840	2,029,396	2,432,796	3,487,728
Issuance costs	424,457	-	460,719	-	-
Capital outlay	6,149,210	12,059,135	4,041,267	12,321,192	20,070,457
Total expenditures	<u>27,596,611</u>	<u>35,713,314</u>	<u>31,582,712</u>	<u>41,453,025</u>	<u>58,350,617</u>
<b>Excess of revenues over/ (under) expenditures</b>	<b>(4,695,150)</b>	<b>(7,575,002)</b>	<b>(1,940,848)</b>	<b>(6,738,768)</b>	<b>(15,537,008)</b>
<b>Other Financing Sources (Uses)</b>					
Transfer in	2,701,481	2,312,839	2,250,004	13,359,614	2,463,060
Transfer out	(898,481)	(512,839)	(450,004)	(11,559,614)	(662,060)
Premiums (Discounts) on issuance of debt	24,215	-	335,810	329,562	-
Issuance of debt	18,340,000	8,633,055	12,200,000	16,590,000	2,300,000
Refunding bonds issued	2,308,121	-	8,550,000	-	-
Payment to refunding bond escrow agent	(2,265,000)	-	(8,556,184)	-	-
Total other financing sources (uses)	<u>20,210,336</u>	<u>10,433,055</u>	<u>14,329,626</u>	<u>18,719,562</u>	<u>4,101,000</u>
<b>Net change in fund balance</b>	<b>\$ 15,515,186</b>	<b>\$ 2,858,053</b>	<b>\$ 12,388,778</b>	<b>\$ 11,980,794</b>	<b>\$ (11,436,008)</b>
Debt service as a percentage of noncapital expenditures	17.4%	17.8%	17.5%	18.0%	16.8%

Source: Comprehensive Annual Financial Reports

Information for prior years is not available

## CITY OF CEDAR HILL, TEXAS

## TABLE 5

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended <u>September 30,</u>	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
1998	n/a	n/a	n/a	\$ 944,707,570	0.64269
1999	n/a	n/a	n/a	1,042,085,316	0.64269
2000	n/a	n/a	n/a	1,196,392,507	0.64269
2001	n/a	n/a	n/a	1,349,577,303	0.64269
2002	n/a	n/a	n/a	1,609,694,600	0.64140
2003	n/a	n/a	n/a	1,856,116,931	0.64140
2004	n/a	n/a	n/a	2,093,768,922	0.64140
2005	n/a	n/a	n/a	2,274,016,988	0.64140
2006	2,480,740,719	267,321,110	(224,223,334)	2,523,838,495	0.64140
2007	3,009,117,599	292,080,690	(270,353,284)	3,030,845,005	0.64140

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

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

**CITY OF CEDAR HILL, TEXAS**

**TABLE 6**

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

Fiscal Year Ended September 30,	City Direct Rates				Cedar Hill I.S.D.	Dallas County Community College District	Dallas County Hospital District
	Basic Rate	General Obligation Debt Service	Total Direct				
1998	\$ 0.49417	\$ 0.14852	\$ 0.64269	\$ 1.76000	\$ 0.05206	\$ 0.05000	0.05000
1999	0.49078	0.15191	0.64269	1.77900	0.05000	0.17990	
2000	0.49078	0.15191	0.64269	1.63000	0.05000	0.19600	
2001	0.49078	0.15191	0.64269	1.63000	0.05000	0.25400	
2002	0.48949	0.15191	0.64140	1.63000	0.06000	0.25400	
2003	0.48949	0.15191	0.64140	1.68000	0.06000	0.25400	
2004	0.48949	0.15191	0.64140	1.70160	0.07780	0.25400	
2005	0.47949	0.16191	0.64140	1.74130	0.08030	0.25400	
2006	0.46949	0.17191	0.64140	1.84843	0.08160	0.25400	
2007	0.46949	0.17191	0.64140	1.74330	0.08100	0.25400	

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

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

**TABLE 6**

---

Dallas County	County School Equalization	Duncanville I.S.D.	Ellis County	Midlothian I.S.D.
\$ 0.20100	\$ 0.00630	\$ 1.64000	\$ 0.25314	\$ 1.64000
0.19720	0.00597	1.68000	0.25314	1.65990
0.19600	0.00570	1.64000	0.28374	1.70970
0.19600	0.00567	1.68000	0.29719	1.72000
0.19600	0.00552	1.67000	0.30202	1.72000
0.19600	0.00550	1.75000	0.31017	1.72000
0.20390	0.00546	1.85500	0.31464	1.72000
0.20390	0.00546	1.83600	0.31599	1.76450
0.21390	0.00530	1.86600	0.31891	1.78750
0.21390	0.00503	1.73600	0.32049	1.69750

CITY OF CEDAR HILL, TEXAS

TABLE 7

**PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value <sup>a</sup>	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value <sup>b</sup>
KRG Cedar Hill Plaza, LP	\$ 60,045,940	1	1.98%	\$		-
Inland Western Cedar Hill	36,733,200	2	1.21%			-
Walmart Stores Inc #3285	22,327,330	3	0.74%			-
Target Corp	18,676,880	4	0.62%			-
Texwood Industries LP	18,059,517	5	0.60%			-
Texas HCP	17,445,970	6	0.58%			-
TSCA 2002 LTD Partnership	17,090,460	7	0.56%			-
RPI Cedar Hill LTD	16,500,000	8	0.54%			-
EE Cedar Hill Crossing LP	15,843,290	9	0.52%			-
Pleasant Run and 67 LTD	15,400,000	10	0.51%			-
Texas Utilities Electric	-		-	17,561,730	1	1.86%
Southwestern Bell	-		-	8,895,330	2	0.94%
TGM Realty Partners	-		-	8,285,210	3	0.88%
Bob Ladd/Texwood Ind	-		-	8,174,419	4	0.87%
RPI Cedar Hill LTD	-		-	6,374,480	5	0.67%
Micronet Inc.	-		-	6,094,350	6	0.65%
Minyard Properties	-		-	4,957,370	7	0.52%
Properties of the Southwest	-		-	3,895,140	8	0.41%
Knudson Housing Partners	-		-	3,439,500	9	0.36%
Lin Television of Texas LP	-		-	3,410,510	10	0.36%
<b>Total</b>	<b>\$ 238,122,587</b>		<b>7.86%</b>	<b>\$ 71,088,039</b>		<b>7.52%</b>

Source: Dallas Central Appraisal District

**Note:**

<sup>a</sup> Total taxable value including real and personal property for tax year 2006 (fiscal year 2007) is \$3,030,845,005.

<sup>b</sup> Total taxable value including real and personal property for tax year 1997 (fiscal year 1998) is \$944,707,570.

## CITY OF CEDAR HILL, TEXAS

## TABLE 8

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST THREE FISCAL YEARS  
(UNAUDITED)**

---

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 14,585,534	\$ 14,126,697	96.85%	\$ 283,053	\$ 14,409,750	98.79%
2006	16,187,900	15,727,850	97.16%	353,545	16,081,395	99.34%
2007	19,439,840	17,284,039	88.91%	-	17,284,039	88.91%

**Sources:** Cedar Hill Joint Tax Office, Dallas County Tax Office

CITY OF CEDAR HILL, TEXAS

ANNUAL FINANCIAL REPORT TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Tax Notes	Waterworks & Sewer System Revenue Bonds				
1998	\$ 11,840,000	\$ 1,075,000	\$ 33,467,487	\$ 495,000	\$ 4,320,000	\$ 51,197,487		16.15	\$ 1,828
1999	10,835,000	1,050,000	35,369,444	340,000	4,810,000	52,404,444		16.07	1,747
2000	17,115,000	3,520,000	37,379,490	175,000	6,930,000	65,119,490		18.07	2,104
2001	15,970,000	3,485,000	39,503,776		6,270,000	65,228,776		17.94	2,032
2002	23,705,000	3,375,000	41,748,765		5,570,000	74,398,765		20.38	2,070
2003	28,350,000	15,045,000	44,121,348		5,140,000	92,656,348		25.15	2,439
2004	35,155,000	14,590,000	46,628,764		7,620,000	103,993,764		26.94	2,613
2005	48,555,000	11,555,000	49,278,677		6,935,000	116,323,677		28.85	2,790
2006	49,955,000	23,935,000	52,079,184		9,265,000	135,234,184		n/a	3,134
2007	49,845,000	23,410,000	50,277,438		9,265,000	132,797,438		n/a	3,022

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

<sup>a</sup> See Schedule 14 for personal income and population data.

## CITY OF CEDAR HILL, TEXAS

## TABLE 10

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	General Bonded Debt Outstanding			Net General Bonded Debt	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificate of Obligation Bonds	Less Sinking Fund			
1998	\$ 11,840,000	\$ 1,075,000	\$ 249,854	\$ 12,665,146	1.34%	\$ 452
1999	10,835,000	1,050,000	331,004	11,553,996	1.11%	385
2000	17,115,000	3,520,000	581,481	20,053,519	1.68%	648
2001	15,970,000	3,485,000	485,413	18,969,587	1.41%	591
2002	23,705,000	3,375,000	458,990	26,621,010	1.65%	741
2003	28,350,000	15,045,000	585,939	42,809,061	2.31%	1,127
2004	35,155,000	14,590,000	741,070	49,003,930	2.34%	1,231
2005	48,555,000	11,555,000	839,312	59,270,688	2.61%	1,421
2006	49,955,000	23,935,000	1,194,722	72,695,278	2.88%	1,685
2007	49,845,000	23,410,000	1,398,426	71,856,574	2.37%	1,635

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

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

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

**CITY OF CEDAR HILL, TEXAS**

**TABLE 11**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2007  
(UNAUDITED)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Cedar Hill Independent School District	\$ 116,233,102	97.76%	\$ 113,629,481
Dallas County	186,401,552	1.83%	3,411,148
Dallas County Community College District	93,485,000	1.83%	1,710,776
Dallas County Hospital District	-	1.83%	-
DeSoto Independent School District	159,333,209	0.44%	701,066
Duncanville Independent School District	182,864,338	0.46%	841,176
Ellis County	17,256,262	0.81%	139,776
Midlothian Independent School District	168,307,391	2.46%	4,140,362
<b>Subtotal, overlapping debt</b>			<b>\$ 124,573,785</b>
<b>City of Cedar Hill (direct debt)</b>	<b>84,195,000</b>	<b>100.00%</b>	<b>\$ 84,195,000</b>
<b>Total direct and overlapping debt</b>			<b>\$ 208,768,785</b>

**Source:** First Southwest Company

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and the businesses of Cedar Hill. This process recognizes, 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.

**LEGAL DEBT MARGIN INFORMATION  
(UNAUDITED)**

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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, 2007 is \$0.6414 per \$100 of assessed valuation at 100% of market value. The tax rate is 25.66% of the legal limit.

**CITY OF CEDAR HILL, TEXAS**

**2007-2008 BUDGET AND FINANCIAL STATEMENTS** TABLE 13

**PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Average Debt Service (3)	Coverage	Designated Funds (4)	Net Revenue Less Designated Funds	Adjusted Coverage (5)
1998	\$ 9,133,922	\$ 6,883,030	\$ 2,250,892	\$ 543,616	4.14%	\$ 800,000	\$ 1,450,892	2.67%
1999	9,670,731	7,040,770	2,629,961	315,025	8.35%	1,000,000	1,629,961	5.17%
2000	10,953,641	7,568,179	3,385,462	520,378	6.51%	1,200,000	2,185,462	4.20%
2001	11,420,670	8,330,283	3,090,387	491,981	6.28%	1,400,000	1,690,387	3.44%
2002	11,730,906	8,593,102	3,137,804	459,842	6.82%	1,600,000	1,537,804	3.34%
2003	12,097,594	9,116,775	2,980,819	433,528	6.88%	1,800,000	1,180,819	2.72%
2004	12,343,485	9,261,857	3,081,628	530,448	5.81%	1,800,000	1,281,628	2.42%
2005	13,891,068	10,317,455	3,573,613	507,592	7.04%	1,800,000	1,773,513	3.49%
2006	15,027,426	10,878,440	4,148,986	661,973	6.27%	1,800,000	2,348,986	3.55%
2007	13,277,177	11,150,872	2,126,305	633,821	3.35%	1,800,000	326,305	0.51%

Source: Comprehensive Annual Financial Report

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

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

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

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

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

## CITY OF CEDAR HILL, TEXAS

## TABLE 14

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year	Estimated Population <sup>a</sup>	Per Capita Personal Income <sup>b</sup>	Median Age <sup>c</sup>	Cedar Hill I.S.D. Enrollment <sup>d</sup>	Unemployment Rate <sup>e</sup>
1998	28,000	\$ 31,702	n/a	6,159	3.4% *
1999	30,000	32,602	n/a	6,218	3.5% *
2000	30,950	36,046	33	6,503	2.0%
2001	32,093	36,369	n/a	6,974	3.7%
2002	35,944	36,505	n/a	7,333	4.1%
2003	37,984	36,837	n/a	7,532	4.4%
2004	39,800	38,606	n/a	7,695	3.7%
2005	41,700	40,317	n/a	8,023	5.4%
2006	43,150	n/a	n/a	7,843	4.9%
2007	43,950	n/a	n/a	7,871	4.7%

**Sources:**

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

<sup>b</sup> Provided by the Bureau of Economic Analysis, for the County of Dallas, Texas.

<sup>c</sup> Median age is U.S. Census figure; only available for year of most recent census.

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

<sup>e</sup> Texas Workforce Commission, September. \*Prior to 2000, the rate is for Dallas County.

**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(UNAUDITED)**

<b>Employer</b>	<b>2007</b>			<b>1998</b>		
	<b>Estimated Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Estimated Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Masco / Texwood Industries	700	1	2.13%	320	1	1.76%
JCPenney, Distribution Center	550	2	1.68%	-	-	-
Wal-Mart Supercenter	450	3	1.37%	-	-	-
Super Target	230	4	0.70%	-	-	-
DMI Corporation	200	5	0.61%	100	6	-
Sampico Supply	150	6	0.46%	-	-	-
Western Cabinets	135	7	0.41%	85	8	0.47%
JCPenney, Department Store	130	8	0.40%	-	-	-
Trinity School	130	9	0.40%	130	3	0.71%
Pegasus Transportation	125	10	0.38%	-	-	-
Kroger's	-	-	-	198	2	1.09%
K Mart	-	-	-	115	4	0.63%
Minyard's	-	-	-	114	5	0.63%
Gifford - Hill	-	-	-	100	7	0.55%
Northwood University	-	-	-	75	9	0.41%
Industrial Thermoform	-	-	-	65	10	0.36%
<b>Total</b>	<b>2,800</b>		<b>8.54%</b>	<b>1,302</b>		<b>6.60%</b>

**Source:** City surveys of employers

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

## CITY OF CEDAR HILL, TEXAS

## 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government:</b>										
Administration	6.20	6.20	5.70	7.00	7.00	8.00	8.00	8.00	8.00	9.50
Human Resources	1.30	1.30	1.30	2.94	3.00	3.00	3.00	3.00	3.00	3.75
Information Technology	-	-	-	-	-	1.00	2.00	2.00	3.00	3.00
Tax	2.47	2.47	2.47	2.65	2.65	2.65	2.65	2.65	2.65	-
Finance	4.25	4.25	4.00	5.00	6.00	6.00	6.50	6.50	6.50	6.75
Economic Development	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Non-Departmental	-	-	-	-	1.00	1.50	1.50	1.50	1.50	1.77
<b>Public Works:</b>										
Streets & Drainage	12.66	12.66	12.00	9.00	9.00	10.00	11.00	13.00	13.33	12.25
Fleet Maintenance	3.16	3.16	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water & Sewer	20.75	20.87	24.94	28.44	30.44	30.44	32.96	35.96	36.96	39.15
<b>Public Safety:</b>										
Police	49.00	48.60	47.80	55.80	55.80	58.80	61.80	67.80	73.80	81.20
Police (Community Services)	3.00	6.00	6.00	6.00	6.00	5.00	5.00	-	-	-
Animal Control	1.64	1.64	1.69	1.69	1.69	1.69	1.69	2.00	2.00	2.00
Fire	31.00	36.00	40.00	43.00	43.00	49.00	51.00	54.00	58.00	63.00
Municipal Court	2.40	2.40	2.53	3.00	3.00	3.70	3.70	5.00	5.00	6.80
Code Enforcement	4.00	5.00	6.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00
Animal Shelter	5.85	5.70	6.98	7.98	8.48	8.50	8.66	8.66	8.66	7.66
<b>Community Services:</b>										
Parks	15.00	15.00	15.02	19.03	19.03	18.63	21.64	24.66	24.66	22.35
Community Development	0.52	0.52	5.03	7.23	6.23	6.23	5.98	5.98	5.23	4.64
Recreation	8.51	8.11	8.21	9.21	9.21	9.71	9.71	9.71	9.71	9.98
Recreation Center	-	-	-	-	-	-	14.50	17.96	17.96	22.00
Library	7.50	9.06	9.62	9.62	9.62	9.62	9.62	9.62	10.27	11.49
Planning	1.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.75
Neighborhood Services	-	-	-	-	-	-	0.25	0.25	1.00	1.00
<b>Total City Employees:</b>	<b>182.21</b>	<b>192.94</b>	<b>207.29</b>	<b>232.59</b>	<b>236.15</b>	<b>249.47</b>	<b>278.16</b>	<b>295.25</b>	<b>309.23</b>	<b>328.04</b>

**Source:** Annual Budgets

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

The Information Technology department was not created until 2003.

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

The Non-departmental position was not created until 2002.

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

The Police (Community Services) were the School Resource Officers. The Cedar Hill ISD has taken over this function.

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

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

The Neighborhood Services department was created in 2004.

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

**CITY OF CEDAR HILL, TEXAS**

**TABLE 17**

**OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>General Government:</b>			
Information Technology			
Installed Employee Desktop Computer Systems	-	-	-
Onsite Problem Calls	-	-	-
Vendor visits/Product Evaluations	-	-	-
<b>Public Works:</b>			
Streets & Drainage			
Number of street lights	1,561	1,486	1,667
Water & Sewer			
Number of water consumers	9,754	10,329	10,849
Average daily water consumption (millions of gallons)	5.2	5.3	6.3
Maximum storage capacity (millions of gallons)	12.0	13.2	13.2
Number of sewer connections	8,546	9,046	9,553
<b>Public Safety:</b>			
Police			
Index crimes, by calendar year	873	922	1,090
Index crime rate per 100,000, by calendar year	3,312.6	3,217.6	3,546.8
Percent index crimes cleared, by calendar year	26%	30%	14%
Number of reserve police officers	14.00	13.00	13.00
Fire			
Average response time, Fire (minutes)	N/D	N/D	N/D
Calls for service - Fire & EMS	N/D	N/D	3,172
Number of annual inspections	N/D	N/D	N/D
Number of annual re-inspections	N/D	N/D	N/D
Number of fire safety programs	N/D	N/D	32
Municipal Court			
Number of cases filed	3,605	5,744	7,199
Number of cases closed	2,677	3,737	5,351
Number of cases appealed	108	182	262
Number of warrants issued	598	725	39
Code Enforcement			
Building permits issued	666	687	1,115
Total dollar value of permits issued	104,198,318	80,661,765	169,946,298
Animal Shelter			
Number of incoming animals	4,738	4,914	4,438
Number of lost pets returned to owners	964	929	850
Number of animals adopted out	817	911	686
Number of animals euthanased	2,569	2,595	2,372
Number of animals transferred or rescued	417	434	392

**Sources:** City Departments

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

N/A means data is not yet available.

The Information Technology Department was created in April 2003.

TABLE 17

		Fiscal Year					
		<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
-	-	55		85		25	
-	-	100		300		500	
-	-	60		100		150	
1,787	1,875	1,950		1,983		2,053	
11,813	12,493	12,909		13,726		14,680	
6.2	6.2	6.2		6.2		5.9	
18.0	18.0	18.0		18.0		18.0	
12,103	11,037	11,494		12,103		12,574	
1,348	1,401	1,382		1,470		1,550	
4,107.1	4,179.5	3,651.4		3,682.5		3,791.5	
14%	11%	23%		17%		21%	
11.00	9.00	14.00		6.00		6.00	
N/D	N/D	7.59		6.26		6.44	
3,617	3,972	3,303		4,695		4,698	
N/D	N/D	N/D		149		336	
N/D	N/D	N/D		39		168	
31	27	46		42		58	
6,994	4,913	6,447		7,418		6,934	
5,156	4,152	5,599		6,224		6,098	
299	290	277		368		222	
386	2,949	3,353		3,013		2,407	
1,080	1,031	821		1,102		778	
146,127,295	132,258,770	114,271,071		195,918,323		104,469,980	
4,286	4,543	4,685		4,474		4,689	
784	786	822		797		720	
701	812	886		897		826	
2,056	2,170	2,434		2,390		2,382	
743	655	563		526		631	
						522	
						641	

## **CITY OF CEDAR HILL, TEXAS**

TABLE 18

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**