

2017 - 2018



CITY OF CEDAR PARK, TEXAS  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**



# **CITY OF CEDAR PARK, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED SEPTEMBER 30, 2018**



PREPARED BY

FINANCE DEPARTMENT



# **CEDAR PARK**

**CITY OF CEDAR PARK, TEXAS  
PRINCIPAL CITY OFFICIALS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**CORBIN VAN ARSDALE – MAYOR  
STEPHEN THOMAS – MAYOR PRO-TEM  
MEL KIRKLAND – COUNCIL MEMBER  
ANNE DUFFY – COUNCIL MEMBER  
MICHAEL GUEVARA – COUNCIL MEMBER  
HEATHER JEFTS – COUNCIL MEMBER  
DORIAN CHAVEZ – COUNCIL MEMBER  
BRENDA EIVENS – CITY MANAGER  
JP LECOMPTE – CITY ATTORNEY  
LEANN QUINN – CITY SECRETARY**

**CITY OF CEDAR PARK, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended September 30, 2018**

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**INTRODUCTORY SECTION**



March 8, 2019

Honorable Mayor and Members of the City Council  
City of Cedar Park, Texas

The Comprehensive Annual Financial Report (CAFR) for the City of Cedar Park (the “City”) for the fiscal year ended September 30, 2018, including the independent auditors’ report, is hereby submitted. This CAFR is published to provide the Mayor and City Council, City staff, our citizens, representatives of financial institutions, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City.

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

The City established and maintains a system of internal accounting controls designed in part to provide reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The City of Cedar Park’s financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The independent auditors issued an unmodified opinion on the City of Cedar Park’s financial statements for the fiscal year ended September 30, 2018. The independent auditors’ report is presented as the first component of the financial section of this report.

Management’s discussion and analysis (MD&A) can be found immediately following the auditors’ report. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements.

### **CEDAR PARK GENERAL INFORMATION**

Cedar Park is vibrant, maturing central Texas City located primarily in southwestern Williamson County, one of the fastest growing counties in the nation. Situated only 20 miles from downtown Austin, the State Capitol of Texas, Cedar Park is on the leading edge of major growth in the Austin metropolitan region and provides commercial and residential facilities for numerous employees of the industries located in the area.

Prior to the 1970’s, Cedar Park was a small, unincorporated rural community somewhat remote from Austin. Officially incorporated in 1973 and becoming a home-rule city in 1987, the City is now governed by a Mayor and six City Council members, with day-to-day activities being directed by a City Manager. The population of Cedar Park has more than tripled since the 2000 Census was conducted, growing from a population of 26,049 to a current population of 79,104, with an additional 20,120 residents in the City’s Extra Territorial Jurisdiction (ETJ).

The City provides a full range of services, which includes police and fire protection, parks and library, construction and maintenance of infrastructure, planning and community development, and general administrative services. Additionally, the City owns and operates a water treatment and wastewater plant and provides solid waste services. In response to the rapid population growth Cedar Park has experienced, the City's infrastructure, streets, utility systems, and service delivery are rapidly developing to meet needs. Utility service, as well as streets and transportation improvements, will continue to be a priority in the future.

### **FACTORS AFFECTING FINANCIAL CONDITION**

Retail development experienced in previous years has led to a robust sales tax and property tax base and the City's Economic Development Department continues to work with existing and prospective new businesses to encourage expansion of existing companies and relocation of new businesses to Cedar Park.

#### **New Commercial Development:**

- **The Parke**, a 400,000 square foot retail center developed by Endeavor Real Estate, opened in May 2017. The retail center is located north of Costco on the west side of 183A. The project is anchored by Whole Foods 365 Store, Dick's Sporting Goods, Field & Stream, DSW Shoes, Nordstrom Rack and Old Navy.
- **TIG Real Estate** broke ground on four speculative office buildings at Scottsdale Crossing totaling 100,000 square feet that were completed in December 2018.
- **Revenue Cycle Inc.**, moved in to their new 30,000 sf headquarters at Scottsdale Crossing in June where they employ over 100 people.
- **Visual Lighting Technology** relocated their operations from California to Hur Industrial Park where they purchased an existing 20,000 sf building. The project currently employs 35 people.
- **Swagelok** has completed construction on their 30,000 sf distribution/sales and service facility in Brushy Creek Corporate Park with completion projected for May 2018. The project employs 38 people.
- **Innovative Funding Services** has completed construction on their 30,000 sf headquarters at La Jaita Business. At full ramp up, the project will employ 200 people.
- **Fifteen Five Corporation** will build a 20,000 sf headquarters in two phases on Medical Parkway. Fifteen Five will employ over 100 people at full ramp up.
- **Clear Cube** has purchased a 25,000 sf building at Scottsdale Crossing. The project currently employs 25 people.
- **Hyllion, Inc.**, has recently relocated their operations from Pennsylvania to Brushy Creek Corporate Park where they will employ over 200 people.

All of this recent commercial development activity has led to marked increases in the City's sales tax revenue over the past several years. There are a number of exciting developments that are currently being worked on that will also have a positive impact on the City's economy. Sales tax is received by the City at a rate of one percent of taxable sales to the general fund, one half percent to the type B Community Development Corporation, three-eighths of a percent to the Type A Economic Development Corporation, and one-eighths of a percent to drainage improvements.

#### **Financial Planning:**

The City has a long history of conservative fiscal planning. By monitoring the economy and the City's own revenue and expenditure streams continuously, the City has been able to adjust quickly to shifts and

changes. The City also believes that long-term planning contributes to financial resiliency, and the City is dedicated to monitoring revenues and expenditures on a five-year horizon.

In October 2011, the City of Cedar Park approved a set of seven Financial Performance Goals for the City to maintain its strong financial position. These goals discuss such issues as the appropriate level for the fund balance of the General Fund and Water and Sewer Utility Fund, Utility Fund transfer to the General Fund, sales tax budget level, and Utility Fund coverage ratio. These performance goals have aided the City in maintaining its strong financial position.

### **Budgeting Controls:**

Each year, on or before September 30, the City Council adopts an annual operating budget for the ensuing fiscal year. The budget includes projected revenues and expenditures for the General Fund, Debt Service Fund, and proprietary funds. The budget is a planning device that defines the type, quality, and quantity of goods and services that will be provided to our citizens. In addition to the annual budget, staff creates a five-year outlook of the General Fund and construction budgets to show the expenditure cost over time allowing the City to prepare for future funding challenges.

The budget process begins in March with a budget kick-off event with the department directors. City Council goals are reviewed, and directors receive departmental financial history and current financial status, budget preparation forms, and general guidelines. General guidelines include being conservative with new requests, tying requests to Council goals, and identifying future needs and significant expenditures beyond the current budget process. Throughout the process, the City Manager, the Director of Finance, and the Assistant Director of Finance work closely with the directors to review program requests and analyze line-item expenditures. Funds are reallocated as deemed appropriate to maximize the quality of service our citizens receive. Requests not funded in the current year may be added to the five-year outlook in order to better align the expenditure need with a funding opportunity.

The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that departments contain their expenditures within limitations adopted by the City Council and monitored / managed by the City management. Finance reviews all expenditure purchases and verifies that they are required to meet the intended goods and services levels of the adopted budget. The budgeted Departmental and Fund totals may be modified only after a public hearing and adoption of a resolution by the Council. Departmental line-items may be modified with Finance and/or City Manager approval.

As stated above, the City also began a more formal process of long-range forecasting in order to plan for future needs. City management's analysis of known and projected impacts to future revenues and expenditures was presented to the Council during a budget workshop. As the City grows to build-out, the City must be prepared for not only the expenditure cost of the current budget but also how the ongoing expenditures will affect future years. The forecast is especially useful in providing an outlook on how current and future debt service will impact the ad valorem rate, which is the City's largest source of governmental revenues. This process will continue during future budget workshops.

### **Major Initiatives:**

#### General Obligation Bonds

In Fiscal Year 2014-2015, City Council formed the Bond Advisory Task Force, a committee made up of board members and interested citizens who were charged with recommending a bond package to the Cedar Park City Council for consideration. In November 2015, a \$96.7 million bond package was approved by voters. This approved bond package contains funding for a variety of future projects in four categories: Streets and Roads, Public Safety, Public Library, and Parks and Recreation.

The Streets and Roads bond includes funding for a number of transportation projects, such as the construction of New Hope Road between Cottonwood Creek Trail and Ronald Regan Boulevard and Phase 2 of the Anderson Mill Road project, which will widen sections of that road to improve traffic flow and driver

safety. This bond proposal also includes funding for design and right-of-way acquisition costs related to future Whitestone Boulevard improvements and a number of other potential road projects including the overlay of existing arterial roadways and a variety of turn lane improvements throughout the city. One of the most talked about items in the bond package is the redevelopment of Bell Boulevard, which is also included in the Streets and Roads category. This project plans to realign Bell Boulevard to make better use of the land in this area with plans to support redevelopment of the section of Bell Boulevard between Cypress Creek Road and Park Street into a vibrant mixed-use destination with retail establishments, residential units, and office spaces. The project is currently under design. The schematic phase of the project is substantially complete with submission of the plans to the Texas Department of Transportation for review and approval.

The Public Safety bond category includes funding for the construction of a fifth fire station on the North side of the City, as well as an expansion to the Police Department. The Library bond category includes funding for construction, renovation, or other costs relating to the Public Library system, and the Parks and Recreation bond category includes funding for a variety of projects, which could include the development of the new Lakeline Park, and the construction of additional trails and bike facilities, and other park amenities.

#### Quarry Purchase

In August 2015, Cedar Park purchased the rock quarry located along Anderson Mill Road from the City of Austin. As part of the purchase agreement, quarrying activities will begin to taper off and will be ceased entirely by 2019. Future planning efforts will determine the land use for the 215 acres purchased by the City.

#### **Cash Management:**

Cash temporarily idle during the year was invested in certificates of deposit, federal government securities, federal agencies, municipal securities, commercial paper, TexPool, and TexSTAR. TexPool and TexSTAR are Local Government Investment Pools (LGIPs) authorized by the State Comptroller's Office. The City earned net interest revenue of \$2,433,109 from all investments during this reporting period.

Since the economic downturn, market interest rates are starting to pick back up. The City is reducing the level of its funds held in LGIPs and increasing the variety and longevity of other investments in order to maximize interest earnings while maintaining required liquidity levels. Our strategy is to increase the weighted average maturity in order to increase interest earnings but keep ourselves poised to take advantage of higher yielding opportunities as they become available.

The City's investment policies stress minimization of credit and market risks while maintaining a competitive yield. Accordingly, bank deposits held throughout the period were either insured by federal depository insurance or collateralized. All collateral for deposits was held either by the City, its agent, or a bona fide third-party custodian in an account in the City's name. All of the deposits held by the City during the year and at September 30, 2018 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

#### **Awards and Acknowledgements:**

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 Park for its CAFR for the fiscal year ended September 30, 2017. This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

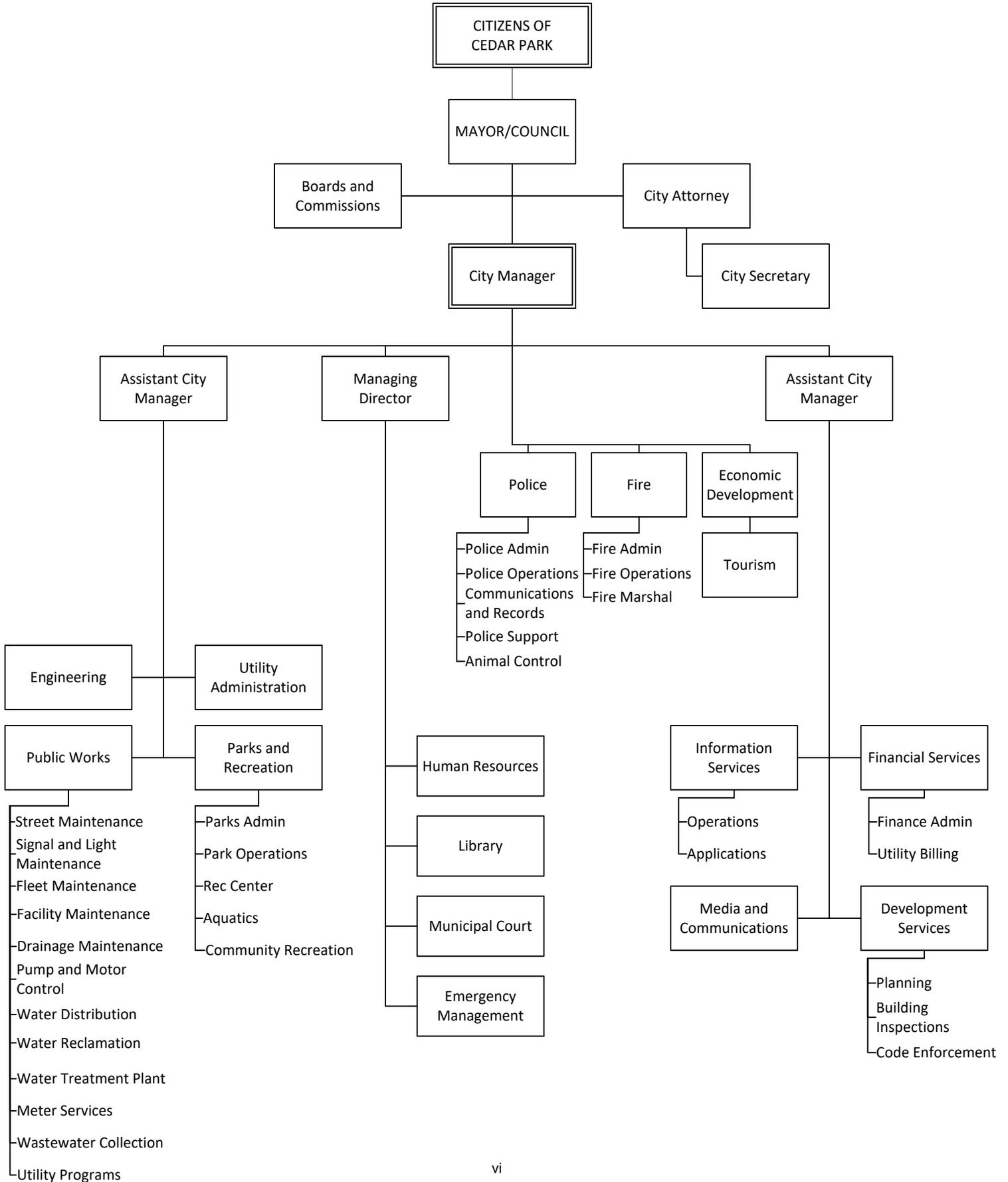
The preparation of the CAFR would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of the CAFR. Credit also must be given to the Mayor, the City Council, and the City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Cedar Park's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kent Meredith". The signature is fluid and cursive, with a prominent initial "K" and "M".

Kent Meredith, CPA  
Director of Finance

# CITY OF CEDAR PARK





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Cedar Park  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO



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**FINANCIAL SECTION**





RSM US LLP

## Independent Auditor's Report

To the Honorable Mayor and Members of the City Council  
City of Cedar Park, Texas

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

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

**Emphasis of Matter**

As explained in Note 2-H to the basic financial statements, the City adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), which restated beginning net position to record the total OPEB liability and deferred outflows of resources and deferred inflows of resources. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual—General Fund; Schedule of Changes in Net Pension Liability and Related Ratios; Schedule of Contributions and Other Postemployment Benefits—Schedule of Changes in Total Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*RSM US LLP*

Austin, Texas  
March 8, 2019



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**



The Management's Discussion and Analysis (MD&A) section of the City of Cedar Park's (the "City") Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). We 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 on pages i – v of this report.

## **FINANCIAL HIGHLIGHTS**

### **Government-wide Financial Statements**

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year 2018, resulting in \$509,460,422 of net position. Net position for governmental activities totaled \$258,909,401 while net position for business-type activities is \$250,551,021. The largest portion of net position consists of net investment in capital assets, which is \$419,255,032.

The City's unrestricted net position, which may be used to meet the City's ongoing obligations, is \$19,885,993. A deficit of \$5,488,872 is reported as unrestricted for governmental activities, and \$25,374,865 is reported as unrestricted for business-type activities. The deficit in unrestricted governmental net position is attributable to outstanding debt related to business-type assets which resulted from improvement district annexations in fiscal year 2015, as well as the contribution of a road asset to the State of Texas.

The City's total net position increased \$42,192,778 or 9.0% during fiscal year 2018. The City's total increase in net position consists of an increase in governmental net position of \$33,541,476 or 14.9% and an increase in business-type activities \$8,651,302 or 3.6%, after prior period adjustments.

Total revenues for the City increased \$10,239,324. The increase is comprised of a \$8,448,378 increase in revenues for governmental activities and an increase of \$1,790,946 in revenues for business-type activities. Total expenses for the City increased \$1,731,580. Expenses for governmental activities increased \$1,811,412 while expenses for business-type activities decreased \$79,832.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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.

### **Government-wide Financial Statements**

The government-wide financial statements, which begin on page 14 of this report, are designed to provide readers with a broad overview of the City of Cedar Park's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cedar Park is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused compensated absences.

## **OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

Both of the government-wide financial statements distinguish functions of the City of Cedar Park that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, culture and recreation, and streets and lighting. The business-type activities of the City of Cedar Park include water, sewer and solid waste operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Community Development Corporation and a legally separate Economic Development Corporation for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 16 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, Capital Projects Fund which are considered to be major funds. Data from the Other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

### **Proprietary Funds**

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water and sewer and solid waste activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for maintenance and replacement costs of vehicles, computers and heavy equipment, and to pay employee healthcare insurance premiums. These services predominantly benefit governmental rather than business-type functions, and have been included within governmental activities in the government-wide financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Solid Waste Fund, which are reported as major funds. The Solid Waste Fund does not meet the criteria of a major fund, as established in GASB Statement No. 34, but is reported as a major fund because it is the City's only other enterprise fund. Also, separate information is provided for the Internal Service Fund on the proprietary fund financial statements.

The basic proprietary fund financial statements can be found beginning on page 24 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 beginning on page 32 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) immediately following the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund. RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance for General Fund departments. In addition, trend information related to the City's retirement and other post-employment benefits plans is presented in RSI. Following RSI are other combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for special revenue funds are presented beginning on page 86 of this report.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

**Net Position**

The following table reflects a summary of net position compared to prior year:

	Governmental Activities		Business-type Activities		Totals	
	2018 Restated	2017 Not Restated	2018 Restated	2017 Not Restated	2018 Restated	2017 Not Restated
Current and other assets	\$ 134,350,006	123,840,998	70,391,270	67,747,828	204,741,276	191,588,826
Capital assets	369,210,600	316,736,376	228,032,351	229,461,644	597,242,951	546,198,020
Total Assets	503,560,606	440,577,374	298,423,621	297,209,472	801,984,227	737,786,846
Deferred outflows of resources	12,841,704	14,348,411	3,312,711	3,700,340	16,154,415	18,048,751
Current liabilities	8,653,073	10,861,568	2,579,677	3,457,581	11,232,750	14,319,149
Noncurrent liabilities	247,221,642	218,691,986	48,347,320	55,551,762	295,568,962	274,243,748
Total Liabilities	255,874,715	229,553,554	50,926,997	59,009,343	306,801,712	288,562,897
Deferred inflows of resources	1,618,194	4,306	258,314	750	1,876,508	5,056
Net position:						
Net investment in capital assets	229,635,077	195,201,272	189,619,955	182,795,949	419,255,032	377,997,221
Restricted	34,763,196	33,482,104	35,556,201	38,462,410	70,319,397	71,944,514
Unrestricted	(5,488,872)	(3,315,451)	25,374,865	20,641,360	19,885,993	17,325,909
Total Net Position	\$ 258,909,401	225,367,925	250,551,021	241,899,719	509,460,422	467,267,644

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. As of September 30, 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$509,460,422. Total assets increased by \$64,197,381, while total liabilities increased by \$18,238,815. Governmental assets increased by \$62,983,232 and business-type assets increased by \$1,214,149. Governmental liabilities increased by \$26,321,161 and business-type liabilities decreased by \$8,082,346.

The increase in governmental total assets of \$62,983,232 was primarily attributable to a change in net position of \$33,541,476, as provided by operating activities, and debt issuance of \$40,745,000, offset by debt extinguishments of \$12,904,782. Governmental liabilities increased \$26,321,161 primarily due to the debt issuance of \$40,745,000, offset by debt extinguishments of \$12,904,782.

The increase in business-type total assets of \$1,214,149 is primarily attributable to a change in net position of \$8,651,302, as provided by operating activities, offset by debt extinguishments of \$5,780,000. The decrease in business-type liabilities of \$8,082,346 is primarily attributable to decreases in bonds payable of \$5,780,000, accounts payable of \$734,427 and other liabilities of \$139,648.

The largest portion of the City's net position is invested in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets, is \$419,255,032 or 82.3% of the City's total net position. The City uses these capital assets to provide service 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.

A portion of the City's net position, \$70,319,397, represents resources that are subject to restriction on how they may be used. The remaining balance of unrestricted net position, \$19,885,993, may be used to meet the City's obligations to citizens and creditors.

**Changes in Net Position**

Total net position of the City increased \$42,192,778. Governmental net position increased by \$33,541,476. Governmental revenues exceeded expenses by \$30,009,164, before net transfers of \$5,004,741 from Business-Type activities and the prior period adjustment of (\$1,472,429). Business-type activities net position increased \$8,651,302 due to revenues of \$43,680,188 exceeding expenses of \$29,918,694 by \$13,761,494, before net transfers to governmental activities of \$5,004,741 and the prior period adjustment of (\$105,451).

The Governmental net position of the City increased by \$33,541,476 as provided by operating activities, while the City's Governmental unrestricted net position decreased \$2,173,421. Governmental net position decreased primarily because \$23,320,818 in capital grants contributed to capital assets or funds restricted for construction, \$3,322,390 in operating grants were for restricted purposes, \$4,369,746 of general and program revenues were applied to capital outlay, increased in accrued liabilities related to compensated absences, OPEB and pensions reduce unrestricted net position by \$3,271,660, and \$1,659,667 of tax revenues collected were for restricted purposes. The Business-Type net position of the city increased by \$8,651,302, as provided by operating activities, and Business-Type unrestricted net position increased \$4,733,505. The difference between the total net position increase and the unrestricted net position increase is largely attributable to the acquisition of capital assets with unrestricted funds.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented during fiscal year 2018. The beginning net position for the City was restated (\$1,577,880) to retroactively report the total other postemployment benefits (OPEB) liability as of October 1, 2017. The financial statement amounts for fiscal year 2017 OPEB obligation, OPEB expense, outflows of resources and deferred inflows of resources were not restated because information was not available.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

The following table provides a summary of the City's operations for the year ended September 30, 2018:

	Governmental Activities		Business-type Activities		Totals	
	2018 Restated	2017 Not Restated	2018 Restated	2017 Not Restated	2018 Restated	2017 Not Restated
Revenues:						
Program revenues:						
Charges for services	\$ 7,128,692	6,877,653	36,768,289	35,641,853	43,896,981	42,519,506
Operating grants and contributions	3,852,990	3,855,397	-	-	3,852,990	3,855,397
Capital grants and contributions	23,320,818	21,350,442	6,057,751	5,594,605	29,378,569	26,945,047
General revenues:						
Property taxes	40,111,523	37,656,349	-	-	40,111,523	37,656,349
Sales taxes	14,491,767	13,238,991	-	-	14,491,767	13,238,991
Franchise taxes	3,905,889	4,000,987	-	-	3,905,889	4,000,987
Other taxes	1,110,747	1,092,123	-	-	1,110,747	1,092,123
Interest and other	5,436,580	2,838,686	854,148	652,784	6,290,728	3,491,470
Total revenues	99,359,006	90,910,628	43,680,188	41,889,242	143,039,194	132,799,870
Expenses:						
General government	18,399,052	19,934,004	-	-	18,399,052	19,934,004
Public safety	30,433,765	25,806,426	-	-	30,433,765	25,806,426
Culture and recreation	6,794,649	6,135,495	-	-	6,794,649	6,135,495
Streets and lighting	6,972,588	8,256,997	-	-	6,972,588	8,256,997
Economic development	3,669,205	-	-	-	3,669,205	-
Interest on long-term debt	3,080,583	7,405,508	-	-	3,080,583	7,405,508
Water and sewer	-	-	25,972,076	26,320,876	25,972,076	26,320,876
Solid waste	-	-	3,946,618	3,677,650	3,946,618	3,677,650
Total expenses	69,349,842	67,538,430	29,918,694	29,998,526	99,268,536	97,536,956
Excess before transfers	30,009,164	23,372,198	13,761,494	11,890,716	43,770,658	35,262,914
Transfers	5,004,741	3,268,673	(5,004,741)	(3,268,673)	-	-
Increase (decrease) in net position	35,013,905	26,640,871	8,756,753	8,622,043	43,770,658	35,262,914
Net position, beginning	225,367,925	198,727,054	241,899,719	233,277,676	467,267,644	432,004,730
Prior period adjustment	(1,472,429)	-	(105,451)	-	(1,577,880)	-
Net position, beginning as restated	223,895,496	198,727,054	241,794,268	233,277,676	465,689,764	432,004,730
Net position, ending	\$ 258,909,401	\$ 225,367,925	\$ 250,551,021	\$ 241,899,719	\$ 509,460,422	\$ 467,267,644

**General/Program Revenues and Expenses – Governmental Activities**

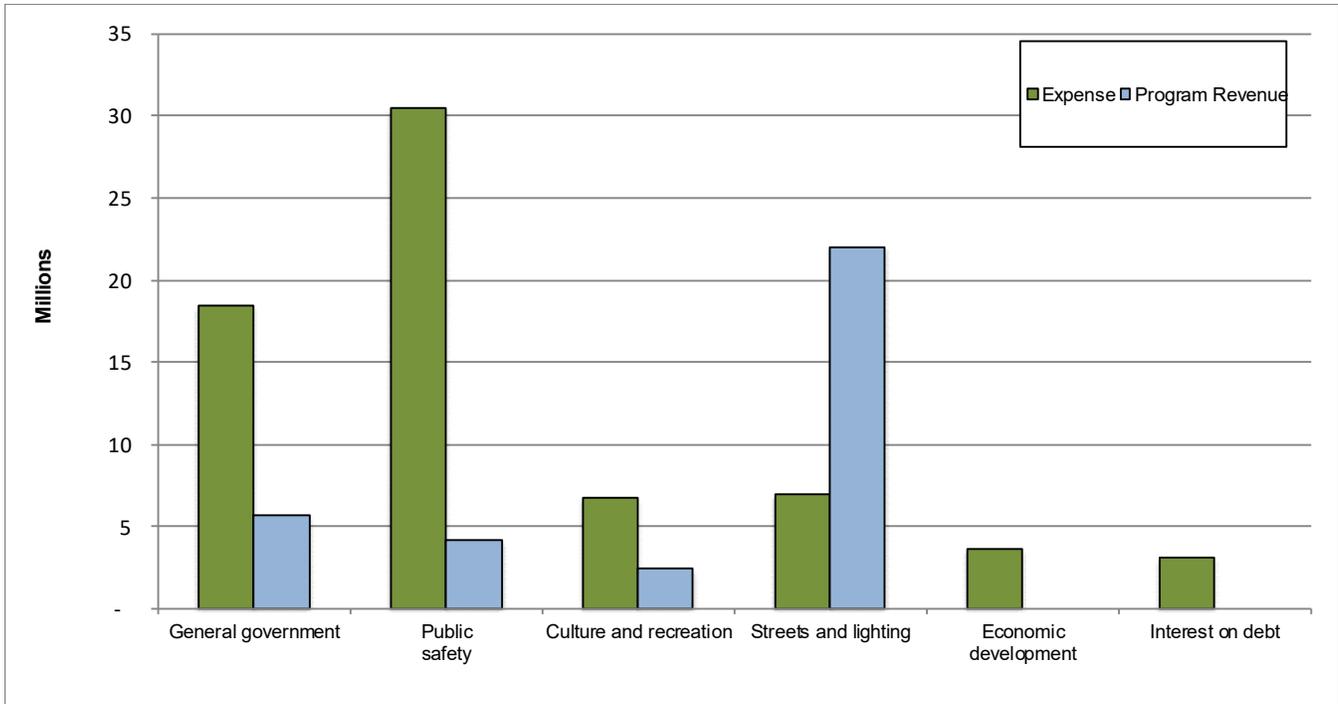
Governmental activities increased the City's net position by \$33,541,476 or 14.9% during fiscal year 2018. The increase was attributable to a number of factors, including:

- \$2,455,174 increase in property tax (ad valorem) collections. Although the City reduced the property tax rates for fiscal year 2018, an increase in assessed values and new development increased overall collections compared to the prior fiscal year. Fiscal year 2018 marked the fifth consecutive tax rate decrease.
- \$1,252,776 increase in sales tax collections due to continued economic growth.
- \$5,004,741 transfer from the business activities to the governmental activities for support provided to the utility systems.
- \$23,320,818 received in capital grants and contributions.
- An increase in interest of other revenues of \$2,597,894.

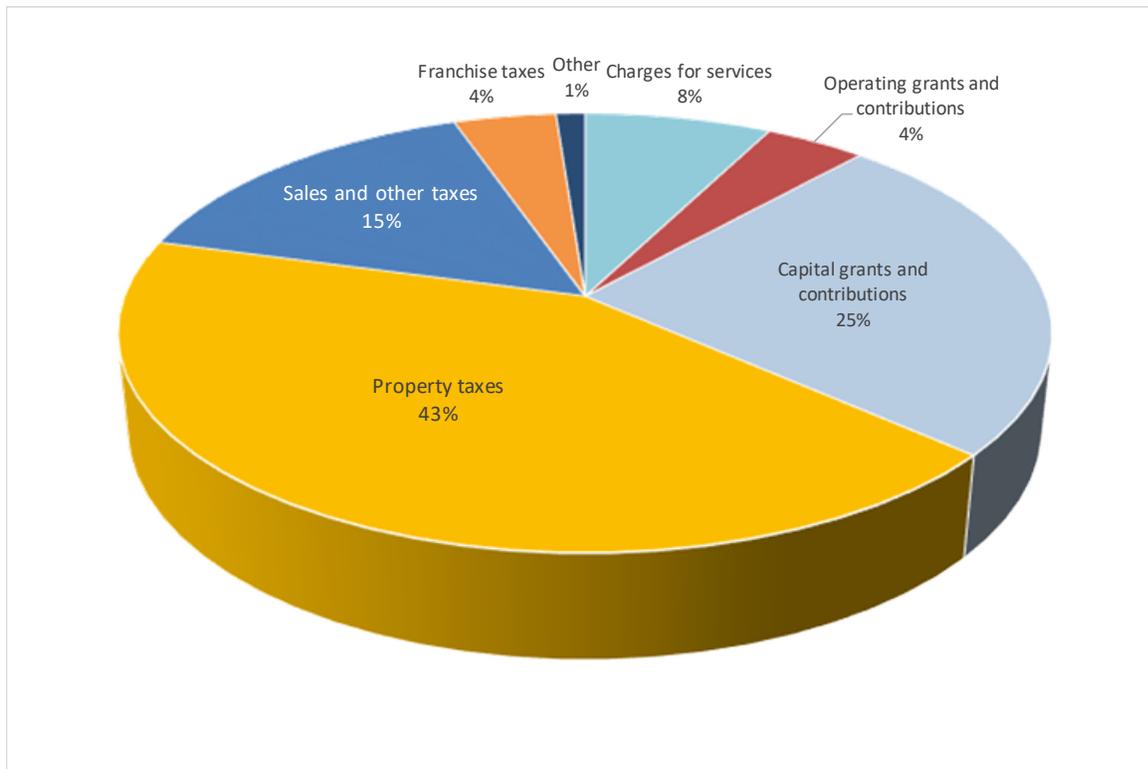
**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

The chart below illustrates the City’s governmental expenses and revenues by function: general government, public safety, culture and recreation, streets and lighting and interest on debt.

**Government-wide Program Expenses and Revenues – Governmental Activities**



General revenues such as property taxes, sales taxes, and franchise fees are not shown by program, but are used to support all governmental activities. Property taxes are the largest source of governmental revenues, followed by sales and other taxes, charges for services, and capital grants and contributions.



**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

**Program Revenues and Expenses – Business-type Activities**

Business-type activities increased the City's net position by \$8,651,302 or 3.6% during fiscal year 2018. Business activities budget to break even each year. In most cases, an increase to net position is a result of activities outperforming budget projections. The increase in net position in fiscal year 2018 was primarily attributable to a number of factors, including:

- Service revenues of \$36,768,289 exceeding operating expenses of \$29,918,694 by \$6,849,595.
- Receipt of capital grants and contributions of \$6,057,751.
- Interest and other revenue of \$854,148
- \$5,004,741 transfer from the business activities to the governmental activities for support provided to the utility systems.
- The prior period adjustment of \$105,451

**FINANCIAL ANALYSIS OF FUND-LEVEL STATEMENTS**

**Governmental Funds**

The focus of the City of Cedar Park'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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Cedar Park's governmental funds reported combined ending fund balances of \$106,294,590. Approximately 20.4% of this total amount, \$21,720,750, represents unassigned fund balance. The remainder of the fund balance, \$84,573,840, is nonspendable, committed, assigned or restricted to indicate it is not available for new spending.

The General Fund is the chief operating account of the City. Unassigned fund balance for the General Fund was \$21,720,750 at the end of the current fiscal year, which also represents the total unrestricted fund balance for governmental funds. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance are approximately 42.9% and 43.7%, respectively, of total General Fund expenditures of \$50,650,945.

The General Fund fund balance increased \$1,207,375 during fiscal year 2018 primarily due to lower than expected expenditures across all departments.

Fund balance in the Debt Service Fund decreased \$61,771 for the fiscal year ended September 30, 2018. Significant factors contributing to the decrease include lower than expected other revenues of \$1,049,561, offset by greater than expected tax revenues of \$234,933, interest earnings of \$148,193, and less than expected bond issuance costs of \$571,848.

Fund balance for the Capital Project Funds increased \$11,275,770 in the current year primarily due to contributions for capital expenditures.

**FINANCIAL ANALYSIS OF FUND LEVEL STATEMENTS, (continued)**

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net position of the City's enterprise funds increased \$8,470,030 (excluding internal service funds).

Factors that contributed to the increase in net position are discussed in the business-type activities section of the government-wide financial statement analysis.

**OTHER INFORMATION**

**General Fund Budgetary Highlights**

Throughout the year, the budget is amended by City Council to appropriately reflect year-end projections and fund various projects and initiatives. During fiscal year 2018, the General Fund revenue budget was amended to increase sales tax revenues by \$400,000 to reflect year-end estimates. The additional sales tax revenue was used to amend the budget for the City Hall Building 3 Reconfiguration Project and establish and appropriate funds for the Stormwater and Utility Building Project.

The Budget was also amended by \$8,100,000 as a General Fund advance for additional funding related to the design, acquisition and construction of structural and physical improvements for implementation of the Bell Boulevard Redevelopment Plan Project. The amendment provided for a reimbursement of \$6,000,000 from short-term financing proceeds in fiscal year 2018, and \$2.1 million to be reimbursed by the Type B Fund in fiscal year 2019 through budget appropriation.

The Budget was amended by \$140,000 from available fund balance for a transit and mobility study. The General Fund budget was also amended at the departmental level by reallocating budgeted employee compensation and vacancy savings from our General administrative department into the appropriate departments. Because these adjustments related to compensations and vacancy savings were all within the General Fund, there was no change to overall appropriations and no net impact to the General Fund.

Projected year-end savings was used in the Engineering and Police Department Budgets to fund two capital projects including the Police Building Roof Replacement Project and the City Hall Improvements Project.

Revenues for fiscal year 2018 were \$1,596,812 or 3.4% more than budgeted. Property tax collections totaled \$305,412 more than budget, primarily related to higher than anticipated collections. Sales tax came in \$329,644 more than budget due to strong retail and restaurants sales growth. Additionally, the City received an unanticipated one-time payment of \$500,000 from the Lower Colorado River Authority (LCRA) for access to the City's right-of-way.

Actual expenditures were \$1,289,873 or 2.2% less than budgeted for the fiscal year, including transfers. The expenditure savings were largely attributable to an across-the-board savings in personnel and economic development incentives.

**OTHER INFORMATION, continued**

**Capital Assets**

The City's capital assets for governmental and business-type activities as of September 30, 2018, totaled \$597,242,951 (net of accumulated depreciation). Capital assets include land and other non-depreciable assets, buildings and improvements, machinery and equipment, infrastructure, intangible assets and construction in progress.

Capital Asset Information, Net  
September 30

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and other non-depreciable assets	\$ 50,639,539	23,108,071	3,948,355	3,948,355	54,587,894	27,056,426
Construction in progress	18,269,504	13,607,091	4,061,703	2,855,216	22,331,207	16,462,307
Intangible assets	-	-	-	23,329	-	23,329
Building and improvements	80,550,011	70,943,146	18,775,482	19,552,174	99,325,493	90,495,320
Machinery and equipment	15,719,023	11,563,333	6,267,002	7,024,403	21,986,025	18,587,736
Infrastructure	204,032,523	197,514,735	194,979,809	196,058,167	399,012,332	393,572,902
Total net capital assets	<u>\$ 369,210,600</u>	<u>316,736,376</u>	<u>228,032,351</u>	<u>229,461,644</u>	<u>597,242,951</u>	<u>546,198,020</u>

- Governmental capital assets increased \$52,474,224 primarily attributable to capital outlay for road improvements, including the acquisition of right of way and structures, and public safety improvements related to the construction and equipping of a new fire station, and expansion of the police station.
- Business-type capital assets decreased \$1,429,293 primarily due to depreciation expenditures out pacing construction activity for the year.

Additional information on the City's capital assets can be found in note 2.D (page 49) of this report.

**Debt Administration**

At the end of the current fiscal year, the City of Cedar Park reported \$267,840,865 in outstanding debt. The table below reflects the outstanding debt at September 30.

Outstanding Debt Information

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Primary Government Debt						
General obligation bonds	\$ 148,940,000	124,710,000	2,570,000	3,525,000	151,510,000	128,235,000
Certificates of obligation	22,525,000	19,770,000	355,000	520,000	22,880,000	20,290,000
Economic development bonds	37,200,000	39,125,000	-	-	37,200,000	39,125,000
Revenue bonds	-	-	38,220,000	42,880,000	38,220,000	42,880,000
Premium on issuance of bonds	14,247,977	13,683,280	3,598,215	5,367,904	17,846,192	19,051,184
Discount on issuance of bonds	(239,481)	(27,562)	(3,686)	-	(243,167)	(27,562)
Note payable	427,840	582,621	-	-	427,840	582,621
Total primary government	<u>\$ 223,101,336</u>	<u>197,843,339</u>	<u>44,739,529</u>	<u>52,292,904</u>	<u>267,840,865</u>	<u>250,136,243</u>

**OTHER INFORMATION, continued**

The City’s bond ratings changed from the prior year. Ratings at September 30, 2018 of the City’s general obligation and revenue bonds are as follows:

Debt	Moody’s Investors Service, Inc.		Standard & Poor’s	
	2018	2017	2018	2017
General obligation bonds	Aa2	Aa2	AA+	AA+
Utility system revenue bonds	Aa2	Aa2	AA+	AA+
Community Dev Corp	-	-	AA	AA

Additional information on the City of Cedar Park’s long term-debt can be found in note 2-F (page 54) of this report.

**Economic Factors and Next Year’s Budgets and Rates**

Cedar Park is a vibrant, maturing city that has experienced steady growth over the past several years. The City continues to be among the fastest growing cities in the country, ranking among the United States’ Top 25 Fastest-Growing Cities according to the U.S. Census Bureau. Cedar Park continues to attract people with its unique charm, safe communities, and business-friendly environment. The FY 2019 budget delivers value and protects our community assets for which the City is known, from our robust parks system to public safety excellence.

The FY 2019 Budget is about making connections between the expectations of our residents and the goals of the City Council. This includes continued focus on safety, mobility, service delivery, economic development and a high quality of life for all residents. The collaboration between City Council, Staff and residents in the development of the budget balances City Council’s commitment to fiscal responsibility with the continued vision of Cedar Park as an exceptional city in which to live, work and play.

Ad Valorem tax is the largest revenue source for the City of Cedar Park and is split between the General Fund (Operations and Maintenance) and Debt Service (Interest and Sinking tax rate). The FY 2019 ad valorem tax rate is \$0.4490 per \$100 valuation, which is a decrease from the FY 2018 rate of \$0.4575 per \$100. The average taxable household value increased from \$310,410 to \$320,690. However, as a result of the new City homestead exemption and decreased tax rate, the average Cedar Park homeowner will see a minimal impact to their annual property taxes paid to the City of Cedar Park.

The second largest General Fund revenue source is sales tax. The City’s total sales tax rate is 2 cents per \$1.00. Sales tax collections have a strong correlation to the local and national economic conditions. Because of the volatility of sales tax, the City has taken a conservative approach to budgeting this revenue source. Sales tax collections for FY 2019 are budgeted at 5.0% over the FY 2018 year-end estimate. The consistency and growth of sales tax revenue has been largely due to the City’s proactive economic development approach.

In November 2015, the voters ultimately approved a \$96.7 million bond package, creating funding for future projects in four categories: Streets and Roads, Public Safety, Public Library and Parks and Recreation. In July 2016, the City began the process to secure bond funds approved by voters to begin the implementation of the 2015 Bond Program. At this time, the rating agency S&P Global raised the City of Cedar Park’s General Obligation Bond debt from an AA rating to AA+, one category from the highest rating possible. This is the third rating increase in the past 10 years for the City. Additionally, in November 2018, S&P Global affirmed the City’s GO AA+ rating. A higher bond rating enables the City to issue debt at a lower interest rate and allows the City the flexibility to refinance existing debt at a lower interest rate – ultimately saving taxpayers money. Receiving this bond rating upgrade at the beginning of the City’s bond program, resulting from the successful November 2015 bond election, maximizes the financial benefit to Cedar Park residents.



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**BASIC FINANCIAL STATEMENTS**





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**Statement of Net Position  
September 30, 2018**

**City of Cedar Park, Texas**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 30,102,145	19,728,451	49,830,596	-
Receivables, net				
Taxes	3,716,420	-	3,716,420	2,537,102
Accounts	-	4,749,692	4,749,692	-
Other	1,122,672	195,393	1,318,065	-
Internal balances	(3,236,663)	3,236,663	-	-
Inventories and prepaid items	23,475	35,709	59,184	-
Cash and investments - restricted	87,661,957	35,221,309	122,883,266	13,757,571
Notes receivable	14,960,000	3,755,593	18,715,593	-
Investment in Joint Venture	-	3,468,460	3,468,460	-
Capital assets:				
Nondepreciable	68,909,043	8,010,058	76,919,101	-
Depreciable, net	300,301,557	220,022,293	520,323,850	-
Total capital assets	369,210,600	228,032,351	597,242,951	-
<b>Total assets</b>	<b>503,560,606</b>	<b>298,423,621</b>	<b>801,984,227</b>	<b>16,294,673</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - refunding losses	7,788,019	2,475,181	10,263,200	3,305
Deferred outflows - pension	4,854,203	804,973	5,659,176	-
Deferred outflows - OPEB	199,482	32,557	232,039	-
<b>Total Deferred Outflow of Resources</b>	<b>12,841,704</b>	<b>3,312,711</b>	<b>16,154,415</b>	<b>3,305</b>
<b>LIABILITIES</b>				
Accounts payable	4,242,206	1,249,915	5,492,121	680,551
Accrued interest payable	864,361	205,297	1,069,658	5,638
Accrued liabilities	1,673,695	140,895	1,814,590	-
Customer deposits	39,606	914,987	954,593	-
Funds held in escrow and other liabilities	1,833,205	68,583	1,901,788	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	237,505	41,686	279,191	-
Notes payable	154,781	-	154,781	154,782
Bonds payable	14,030,000	5,960,000	19,990,000	710,000
Due in more than one year				
Compensated absences	5,042,207	587,071	5,629,278	-
Notes payable	273,058	-	273,058	273,058
Bonds payable	208,643,496	38,779,529	247,423,025	748,559
Total OPEB Liability	2,708,644	219,811	2,928,455	-
Net pension liability	16,131,951	2,759,223	18,891,174	-
<b>Total liabilities</b>	<b>255,874,715</b>	<b>50,926,997</b>	<b>306,801,712</b>	<b>2,572,588</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow - Pensions	1,618,194	258,314	1,876,508	-
<b>Total deferred inflows of resources</b>	<b>1,618,194</b>	<b>258,314</b>	<b>1,876,508</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	229,635,077	189,619,955	419,255,032	-
Restricted for:				
Debt service	9,106,309	7,575,696	16,682,005	3,966,926
Construction	21,198,808	27,980,505	49,179,313	-
Tourism	1,962,233	-	1,962,233	-
Public safety	182,843	-	182,843	-
Cable equipment acquisition	283,620	-	283,620	-
Community and economic development and other purposes	2,029,383	-	2,029,383	9,758,464
Unrestricted balance (deficit)	(5,488,872)	25,374,865	19,885,993	-
<b>Total net position</b>	<b>\$258,909,401</b>	<b>250,551,021</b>	<b>509,460,422</b>	<b>13,725,390</b>

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

**Statement of Activities  
For the Year Ended September 30, 2018**

**City of Cedar Park Texas**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Government activities:								
General government	\$ 18,399,052	1,462,876	3,710,744	545,600	(12,679,832)	-	(12,679,832)	-
Public safety	30,433,765	4,176,596	15,053	-	(26,242,116)	-	(26,242,116)	-
Culture and recreation	6,794,649	1,489,220	127,193	841,102	(4,337,134)	-	(4,337,134)	-
Streets and lighting	6,972,588	-	-	21,934,116	14,961,528	-	14,961,528	-
Economic development	3,669,205	-	-	-	(3,669,205)	-	(3,669,205)	-
Interest on long-term debt	3,080,583	-	-	-	(3,080,583)	-	(3,080,583)	-
<b>Total governmental activities</b>	<b>69,349,842</b>	<b>7,128,692</b>	<b>3,852,990</b>	<b>23,320,818</b>	<b>(35,047,342)</b>	<b>-</b>	<b>(35,047,342)</b>	<b>-</b>
<b>Business-type Activities:</b>								
Water and sewer	25,972,076	32,802,789	-	6,057,751	-	12,888,464	12,888,464	-
Solid waste	3,946,618	3,965,500	-	-	-	18,882	18,882	-
<b>Total business-type activities</b>	<b>29,918,694</b>	<b>36,768,289</b>	<b>-</b>	<b>6,057,751</b>	<b>-</b>	<b>12,907,346</b>	<b>12,907,346</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 99,268,536</b>	<b>43,896,981</b>	<b>3,852,990</b>	<b>29,378,569</b>	<b>(35,047,342)</b>	<b>12,907,346</b>	<b>(22,139,996)</b>	<b>-</b>
<b>Component units:</b>								
Community development	9,940,177	-	-	-	-	-	-	(9,940,177)
Economic development	5,283,830	-	-	-	-	-	-	(5,283,830)
<b>Total component units</b>	<b>\$ 15,224,007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,224,007)</b>
General revenues:								
Property taxes					40,111,523	-	40,111,523	-
Sales taxes					14,491,767	-	14,491,767	14,489,572
Franchise taxes					3,905,889	-	3,905,889	-
Other taxes					1,110,747	-	1,110,747	-
Interest and other					5,436,580	854,148	6,290,728	196,765
Transfers					5,004,741	(5,004,741)	-	-
<b>Total general revenues and transfers</b>					<b>70,061,247</b>	<b>(4,150,593)</b>	<b>65,910,654</b>	<b>14,686,337</b>
Change in net position					35,013,905	8,756,753	43,770,658	(537,670)
Net position, beginning					225,367,925	241,899,719	467,267,644	14,263,060
Prior period adjustment					(1,472,429)	(105,451)	(1,577,880)	-
Net position, beginning-as restated					223,895,496	241,794,268	465,689,764	14,263,060
<b>Net position, ending</b>					<b>\$ 258,909,401</b>	<b>250,551,021</b>	<b>509,460,422</b>	<b>13,725,390</b>

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

**Governmental Funds  
Balance Sheet  
September 30, 2018**

	Major Funds		
	General	Debt Service	Capital Project Funds
<b>ASSETS</b>			
Cash and investments	\$ 22,604,330	-	-
Receivables (net of allowances)			
Property taxes	161,554	163,366	-
Sales taxes	2,564,869	-	-
Franchise taxes	722,955	-	-
Other taxes	-	-	-
Other receivables	322,248	-	400,000
Cash and investments - restricted	-	9,260,926	73,856,015
Notes Receivable	-	14,960,000	-
Inventory and prepaid items	23,475	-	-
<b>Total assets</b>	<u>26,399,431</u>	<u>24,384,292</u>	<u>74,256,015</u>
<b>LIABILITIES</b>			
Accounts payable	1,427,509	-	2,482,089
Accrued liabilities	711,867	-	961,828
Customer deposits	39,606	-	-
Due to other funds	219,920	-	-
Escrow deposits and other liabilities	1,751,164	-	56,500
<b>Total liabilities</b>	<u>4,150,066</u>	<u>-</u>	<u>3,500,417</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	94,681	98,063	-
Unavailable revenue - other receivable	-	-	400,000
Unavailable revenue - note receivable	-	14,960,000	-
<b>Total deferred inflows of resources</b>	<u>94,681</u>	<u>15,058,063</u>	<u>400,000</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventory and prepaid items	23,475	-	-
<b>Restricted:</b>			
Debt service	-	9,326,229	-
Tourism	-	-	-
Cable equipment acquisition	-	-	-
Economic development and other purposes	-	-	-
Public safety	-	-	-
Construction	-	-	70,355,598
<b>Committed:</b>			
Operating projects	255,678	-	-
<b>Assigned:</b>			
State Comptroller note	154,781	-	-
<b>Unassigned</b>	<u>21,720,750</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>22,154,684</u>	<u>9,326,229</u>	<u>70,355,598</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 26,399,431</u>	<u>24,384,292</u>	<u>74,256,015</u>

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

	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ -	22,604,330
Receivables (net of allowances)		-
Property taxes	-	324,920
Sales taxes	-	2,564,869
Franchise taxes	-	722,955
Other taxes	103,676	103,676
Other receivables	396,537	1,118,785
Cash and investments - restricted	4,545,016	87,661,957
Notes Receivable	-	14,960,000
Inventory and prepaid items	-	23,475
<b>Total assets</b>	<u>5,045,229</u>	<u>130,084,967</u>
<b>LIABILITIES</b>		
Accounts payable	220,593	4,130,191
Accrued liabilities	-	1,673,695
Customer deposits	-	39,606
Due to other funds	-	219,920
Escrow deposits and other liabilities	25,541	1,833,205
<b>Total liabilities</b>	<u>246,134</u>	<u>7,896,617</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	-	192,744
Unavailable revenue - other receivable	341,016	741,016
Unavailable revenue - note receivable	-	14,960,000
<b>Total deferred inflows of resources</b>	<u>341,016</u>	<u>15,893,760</u>
<b>FUND BALANCES</b>		
<b>Nonspendable:</b>		
Inventory and prepaid items	-	23,475
<b>Restricted:</b>		
Debt service	-	9,326,229
Tourism	1,962,233	1,962,233
Cable equipment acquisition	283,620	283,620
Economic development and other purposes	2,029,383	2,029,383
Public safety	182,843	182,843
Construction	-	70,355,598
<b>Committed:</b>		
Operating projects	-	255,678
<b>Assigned:</b>		
State Comptroller note	-	154,781
<b>Unassigned</b>	-	21,720,750
<b>Total fund balances</b>	<u>4,458,079</u>	<u>106,294,590</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 5,045,229</u>	<u>130,084,967</u>

**Governmental Funds**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**September 30, 2018**

City of Cedar Park, Texas

Total fund balance - governmental funds \$ 106,294,590

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds. 362,375,992

Deferred outflows of resources do not require current resources and, therefore, are not reported in the governmental funds

Deferred outflows - refunding loss	7,788,019	
Deferred outflows - pension	4,854,203	
Deferred outflows - OPEB	<u>199,482</u>	12,841,704

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds. (864,361)

Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.

Bonds payable	(222,673,496)	
Notes payable	(427,839)	
Compensated absences	(5,279,712)	
Net pension liability	(16,131,951)	
Total OPEB Liability	<u>(2,708,644)</u>	(247,221,642)

Revenues related to receivables that are unavailable for governmental funds are reported as deferred inflows of resources:

Unavailable revenues - property taxes	192,744	
Unavailable revenues - other receivable	741,016	
Unavailable revenues - notes receivable	<u>14,960,000</u>	15,893,760

The difference between projected and actual gains on pension asset investments are not reported in the governmental funds

Deferred inflows from pension activity		(1,618,194)
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Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are not included in the governmental funds balance sheet. The amount is net of amounts allocated to business-type activities.

11,207,552

Total net position - governmental activities

\$ 258,909,401

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



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**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2018**

	Major Funds		
	General	Debt Service	Capital Projects Fund
<b>REVENUES</b>			
Taxes	\$38,667,101	19,278,301	-
Permits, licenses, and fees	1,863,080	-	-
Fines and forfeitures	590,722	-	-
Charges for services	4,609,635	-	-
Intergovernmental	15,000	3,223,998	-
Contributions	530,600	-	15,983,971
Interest earnings	306,000	213,193	722,474
Other	3,140,119	836	-
Total revenues	<u>49,722,257</u>	<u>22,716,328</u>	<u>16,706,445</u>
<b>EXPENDITURES</b>			
Current			
General government	13,229,186	-	-
Public safety	26,557,709	-	495,555
Culture and recreation	5,531,146	-	-
Streets and lighting	3,951,832	-	-
Economic development	-	-	-
Capital outlay	1,226,291	-	53,630,968
Debt service			
Principal	154,781	12,750,000	-
Interest and fiscal charges	-	6,959,889	-
Payment to bond escrow agent from current resources	-	3,057,328	-
Bond issuance costs	-	10,882	484,649
Total expenditures	<u>50,650,945</u>	<u>22,778,099</u>	<u>54,611,172</u>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<u>(928,688)</u>	<u>(61,771)</u>	<u>(37,904,727)</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of debt	-	-	40,745,000
Premium on bonds issued	-	-	5,110,498
Sale of general capital assets	106,322	-	-
Transfers in	10,674,741	-	9,325,000
Transfers out	(8,645,000)	-	(6,000,001)
Total other financing sources (uses)	<u>2,136,063</u>	<u>-</u>	<u>49,180,497</u>
<b>Net Change In Fund Balances</b>	1,207,375	(61,771)	11,275,770
<b>Fund Balances, Beginning</b>	<u>20,947,309</u>	<u>9,388,000</u>	<u>59,079,828</u>
<b>Fund Balances, Ending</b>	<u>\$22,154,684</u>	<u>9,326,229</u>	<u>70,355,598</u>

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

	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>		
Taxes	\$ 1,659,667	59,605,069
Permits, licenses, and fees	-	1,863,080
Fines and forfeitures	65,255	655,977
Charges for services	-	4,609,635
Intergovernmental	272,976	3,511,974
Contributions	241,102	16,755,673
Interest earnings	65,258	1,306,925
Other	580,963	3,721,918
Total revenues	<u>2,885,221</u>	<u>92,030,251</u>
<b>EXPENDITURES</b>		
Current		
General government	199,571	13,428,757
Public safety	262,639	27,315,903
Culture and recreation	136,851	5,667,997
Streets and lighting	-	3,951,832
Economic development	1,345,445	1,345,445
Capital outlay	622,325	55,479,584
Debt service		
Principal	-	12,904,781
Interest and fiscal charges	-	6,959,889
Payment to bond escrow agent from current resources	-	3,057,328
Bond issuance costs	-	495,531
Total expenditures	<u>2,566,831</u>	<u>130,607,047</u>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<u>318,390</u>	<u>(38,576,796)</u>
<b>Other Financing Sources (Uses)</b>		
Issuance of debt	-	40,745,000
Premium on bonds issued	-	5,110,498
Sale of general capital assets	-	106,322
Transfers in	-	19,999,741
Transfers out	(350,000)	(14,995,001)
Total other financing sources (uses)	<u>(350,000)</u>	<u>50,966,560</u>
<b>Net Change In Fund Balances</b>	(31,610)	12,389,764
<b>Fund Balances, Beginning</b>	<u>4,489,689</u>	<u>93,904,826</u>
<b>Fund Balances, Ending</b>	<u>\$ 4,458,079</u>	<u>106,294,590</u>

**Governmental Funds**

**City of Cedar Park, Texas**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended September 30, 2018**

Net change in fund balances - governmental funds \$ 12,389,764

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	55,479,584	
Depreciation	<u>(10,482,508)</u>	44,997,076

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Developer contributions	6,565,145	
Unavailable revenues	<u>355,873</u>	6,921,018

The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term debt and related items.

Bonds issued	(40,745,000)	
Premiums on bonds issued	(5,110,498)	
Amortization of bond premiums and refunding losses	3,848,117	
Accrued interest on bonds payable	14,193	
Principal retirements	12,904,781	
Refunding loss from current resources	(126,370)	
Payment to refunding bond escrow agent	<u>3,057,328</u>	(26,157,449)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(247,057)	
Pension costs	(1,252,606)	
Deferred outflow of resources - pension	(792,544)	
Deferred outflow of resources - OPEB	139,434	
Deferred inflow of resources - pension	(1,613,888)	
Other post-employment benefits	(239,520)	
Loss on capital asset disposal	<u>(102,308)</u>	(4,108,489)

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The amount is net of amounts allocated to business-type activities.

971,985

Change in net position of governmental activities

\$ 35,013,905

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



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**Proprietary Funds  
Statement of Net Position  
September 30, 2018**

	Business-type Activities			Governmental
	Enterprise Funds			
	Major	Nonmajor	Total	
Water and Sewer	Solid Waste	Internal Service Funds		
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 19,554,278	174,173	19,728,451	7,497,815
Accounts receivable, net	4,480,981	464,104	4,945,085	3,887
Due from other funds	219,920	-	219,920	-
Inventories and prepaid expenses	35,709	-	35,709	-
Total current assets	<u>24,290,888</u>	<u>638,277</u>	<u>24,929,165</u>	<u>7,501,702</u>
Noncurrent assets:				
Cash and investments - restricted	35,038,284	183,025	35,221,309	-
Notes receivable	3,755,593	-	3,755,593	-
Investment in joint venture	3,468,460	-	3,468,460	-
Capital assets:				
Nondepreciable	8,010,058	-	8,010,058	-
Depreciable, net	<u>219,823,513</u>	<u>198,780</u>	<u>220,022,293</u>	<u>6,834,608</u>
Total capital assets	<u>227,833,571</u>	<u>198,780</u>	<u>228,032,351</u>	<u>6,834,608</u>
Total noncurrent assets	<u>270,095,908</u>	<u>381,805</u>	<u>270,477,713</u>	<u>6,834,608</u>
<b>Total assets</b>	<u>294,386,796</u>	<u>1,020,082</u>	<u>295,406,878</u>	<u>14,336,310</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - refunding losses	2,475,181	-	2,475,181	-
Deferred outflow - pension	804,973	-	804,973	-
Deferred outflow - OPEB	32,557	-	32,557	-
<b>Total deferred outflow of resources</b>	<u>3,312,711</u>	<u>-</u>	<u>3,312,711</u>	<u>-</u>

(Continued)

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

City of Cedar Park, Texas

	Business-type Activities			Governmental
	Enterprise Funds			
	Major	Nonmajor		
	Water and Sewer	Solid Waste	Total	Internal Service Funds
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	912,784	337,131	1,249,915	112,015
Accrued interest payable	203,966	1,331	205,297	-
Accrued liabilities	140,895	-	140,895	-
Customer deposits	914,987	-	914,987	-
Other liabilities	68,583	-	68,583	-
Compensated absences	41,686	-	41,686	-
Bonds payable	5,785,000	175,000	5,960,000	-
Total current liabilities	<u>8,067,901</u>	<u>513,462</u>	<u>8,581,363</u>	<u>112,015</u>
Noncurrent liabilities:				
Compensated absences	587,071	-	587,071	-
Total OPEB Liability	219,811	-	219,811	-
Net pension liability	2,759,223	-	2,759,223	-
Bonds payable	38,599,529	180,000	38,779,529	-
Total noncurrent liabilities	<u>42,165,634</u>	<u>180,000</u>	<u>42,345,634</u>	<u>-</u>
<b>Total liabilities</b>	<u>50,233,535</u>	<u>693,462</u>	<u>50,926,997</u>	<u>112,015</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	<u>258,314</u>	<u>-</u>	<u>258,314</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	189,776,175	(156,220)	189,619,955	6,834,608
Restricted for debt service	7,392,671	183,025	7,575,696	-
Restricted for construction	27,980,505	-	27,980,505	-
Unrestricted	22,058,307	299,815	22,358,122	7,389,687
<b>Total net position</b>	<u>\$247,207,658</u>	<u>326,620</u>	<u>247,534,278</u>	<u>14,224,295</u>
Reconciliation to government-wide statement of net position				
Adjustment to reflect the income of the internal service funds that was allocated to enterprise fund functions.	3,016,743	-	3,016,743	
Net position of business type activities	<u>\$250,224,401</u>	<u>326,620</u>	<u>250,551,021</u>	

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

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended September 30, 2018**

**City of Cedar Park, Texas**

	Business-type Activities			Governmental
	Enterprise Funds			
	Major	Nonmajor	Total	
	Water and Sewer	Solid Waste		Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 32,802,789	3,965,500	36,768,289	6,939,146
Total operating revenues	<u>32,802,789</u>	<u>3,965,500</u>	<u>36,768,289</u>	<u>6,939,146</u>
<b>OPERATING EXPENSES</b>				
Distribution services and charges	9,876,448	3,689,252	13,565,700	89,265
Personnel services	6,176,657	-	6,176,657	-
Insurance benefit premiums	-	-	-	3,174,871
Maintenance and repair	579,055	-	579,055	14,600
Supplies and materials	811,477	98,459	909,936	813,418
Depreciation	8,457,864	146,384	8,604,248	1,966,788
Total operating expenses	<u>25,901,501</u>	<u>3,934,095</u>	<u>29,835,596</u>	<u>6,058,942</u>
<b>OPERATING INCOME</b>	<u>6,901,288</u>	<u>31,405</u>	<u>6,932,693</u>	<u>880,204</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and other revenue	843,897	10,251	854,148	162,008
Interest and fiscal charges	(251,847)	(12,523)	(264,370)	-
Gain on disposal of capital assets	-	-	-	111,045
Total nonoperating revenues (expenses)	<u>592,050</u>	<u>(2,272)</u>	<u>589,778</u>	<u>273,053</u>
Income before contributions and transfers	<u>7,493,338</u>	<u>29,133</u>	<u>7,522,471</u>	<u>1,153,257</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions	2,406,188	-	2,406,188	-
Community impact fees	3,651,563	-	3,651,563	-
Transfers in	70,000	-	70,000	-
Transfers out	(5,074,741)	-	(5,074,741)	-
Total contributions and transfers	<u>1,053,010</u>	<u>-</u>	<u>1,053,010</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>8,546,348</u>	<u>29,133</u>	<u>8,575,481</u>	<u>1,153,257</u>
<b>Total net position, beginning-as previously reported</b>	238,766,761	297,487	239,064,248	13,071,038
<b>PRIOR PERIOD ADJUSTMENT</b>	(105,451)	-	(105,451)	-
<b>Total net position, beginning-as restated</b>	<u>238,661,310</u>	<u>297,487</u>	<u>238,958,797</u>	<u>13,071,038</u>
<b>Total net position, ending</b>	<u>\$247,207,658</u>	<u>326,620</u>	<u>247,534,278</u>	<u>14,224,295</u>
Reconciliation to government-wide statement of activities				
Change in net position	\$ 8,546,348	29,133	8,575,481	
Adjustment to consolidate internal service activities	181,272	-	181,272	
Change in net position - business-type activities	<u>\$ 8,727,620</u>	<u>29,133</u>	<u>8,756,753</u>	

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



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**Proprietary Funds  
Statement of Cash Flows  
For the Year Ended September 30, 2018**

**City of Cedar Park, Texas**

	Business-type Activities			Governmental	
	Enterprise Funds		Total		Internal Service Funds
	Major	Nonmajor			
Water and Sewer	Solid Waste				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$32,623,155	3,918,678	36,541,833	6,939,146	
Cash paid to suppliers for goods and services	(11,240,072)	(3,738,862)	(14,978,934)	(812,289)	
Cash paid to employees for services	(5,547,522)	-	(5,547,522)	-	
Cash paid for insurance benefit premiums	-	-	-	(3,174,871)	
Net cash provided by operating activities	<u>15,835,561</u>	<u>179,816</u>	<u>16,015,377</u>	<u>2,951,986</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	70,000	-	70,000	-	
Transfers out	(5,074,741)	-	(5,074,741)	-	
Net cash (used) by noncapital financing activities	<u>(5,004,741)</u>	<u>-</u>	<u>(5,004,741)</u>	<u>-</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Cash received for nonoperating activities	229,103	5,447	234,550	203,840	
Impact Fees	3,651,563	-	3,651,563	-	
Acquisition of capital assets	(5,790,055)	-	(5,790,055)	(3,009,461)	
Principal paid on debt	(5,615,000)	(165,000)	(5,780,000)	-	
Interest and fiscal charges paid on debt	(1,787,264)	(13,111)	(1,800,375)	-	
Net cash (used) by capital and related financing	<u>(9,311,653)</u>	<u>(172,664)</u>	<u>(9,484,317)</u>	<u>(2,805,621)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Earnings on investments	<u>828,193</u>	<u>4,804</u>	<u>832,997</u>	<u>97,575</u>	
Net cash provided by investing activities	<u>828,193</u>	<u>4,804</u>	<u>832,997</u>	<u>97,575</u>	
Net increase in cash and cash equivalents	2,347,360	11,956	2,359,316	243,940	
Cash and cash equivalents, October 1 (including restricted cash accounts)	<u>52,245,202</u>	<u>345,242</u>	<u>52,590,444</u>	<u>7,253,875</u>	
Cash and cash equivalents, September 30 (including restricted cash accounts)	<u>\$54,592,562</u>	<u>357,198</u>	<u>54,949,760</u>	<u>7,497,815</u>	

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

(Continued)

**Proprietary Funds  
Statement of Cash Flows  
For the Year Ended September 30, 2018**

**City of Cedar Park, Texas  
(Continued)**

	Business-type Activities			Governmental Internal Service Funds
	Enterprise Funds		Total	
	Major	Nonmajor		
Water and	Solid Waste			
<b>Reconciliation of cash and cash equivalents to proprietary fund statement of net position</b>				
Cash and investments	\$19,554,278	174,173	19,728,451	7,497,815
Cash and investments - restricted	35,038,284	183,025	35,221,309	-
	<u>\$54,592,562</u>	<u>357,198</u>	<u>54,949,760</u>	<u>7,497,815</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
<b>Operating income</b>	\$ 6,901,288	31,405	6,932,693	880,204
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Other revenues				
Depreciation	8,457,864	146,384	8,604,248	1,966,788
Changes in assets and liabilities:				
Decrease (increase) in assets and deferred outflows:				
Accounts receivable	(237,841)	(46,822)	(284,663)	-
Joint venture	(144,736)	-	(144,736)	-
Inventories/prepaid expenses	22,624	-	22,624	-
Interfund receivable	60,000	-	60,000	-
Other receivables	30,523	-	30,523	(3,887)
Deferred outflows - pensions	160,646	-	160,646	-
Deferred outflows - OPEB	(25,676)	-	(25,676)	-
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	111,770	48,849	160,619	108,881
Accrued liabilities	35,442	-	35,442	-
Compensated absences payable	(10,274)	-	(10,274)	-
Total OPEB Liability	38,822	-	38,822	-
Changes in pension activity	208,053	-	208,053	-
Customer deposits	(32,315)	-	(32,315)	-
Other liabilities	1,807	-	1,807	-
Deferred inflows - pension	257,564	-	257,564	-
Net cash provided by operating activities	<u>\$15,835,561</u>	<u>179,816</u>	<u>16,015,377</u>	<u>2,951,986</u>
<b>Schedule of non-cash capital and related financing activities</b>				
Contribution of capital assets	<u>2,406,188</u>	<u>-</u>	<u>2,406,188</u>	<u>-</u>

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

**Component Units  
Statement of Net Position  
September 30, 2018**

City of Cedar Park, Texas

	Community Development Corporation	Economic Development Corporation	Total
<b>ASSETS</b>			
Receivables, net of allowances for uncollectibles:			
Sales tax receivable	\$ 1,268,551	1,268,551	2,537,102
Cash and investments - restricted	<u>1,673,768</u>	<u>12,083,803</u>	<u>13,757,571</u>
<b>Total assets</b>	<u>2,942,319</u>	<u>13,352,354</u>	<u>16,294,673</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges from bond issuance	<u>3,305</u>	<u>-</u>	<u>3,305</u>
<b>LIABILITIES</b>			
Accounts payable	4,299	676,252	680,551
Accrued interest payable	5,638	-	5,638
Noncurrent liabilities:			
Due within one year			
Notes payable	77,391	77,391	154,782
Bonds payable	710,000	-	710,000
Due in more than one year			
Notes payable	136,529	136,529	273,058
Bonds payable	<u>748,559</u>	<u>-</u>	<u>748,559</u>
<b>Total liabilities</b>	<u>1,682,416</u>	<u>890,172</u>	<u>2,572,588</u>
<b>NET POSITION</b>			
Restricted			
Debt service	748,200	3,218,726	3,966,926
Community and economic development	515,008	9,243,456	9,758,464
<b>Total net position</b>	<u>\$ 1,263,208</u>	<u>12,462,182</u>	<u>13,725,390</u>

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

**Component Units  
Statement of Activities  
For the Year Ended September 30, 2018**

**City of Cedar Park, Texas**

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Community Development Corporation	Economic Development Corporation	Total
Community development	\$ 9,940,177	(9,940,177)	-	(9,940,177)
Economic development	5,283,830	-	(5,283,830)	(5,283,830)
<b>Total component units</b>	<b>\$ 15,224,007</b>	<b>(9,940,177)</b>	<b>(5,283,830)</b>	<b>(15,224,007)</b>
General revenues:				
Sales tax		\$ 7,244,786	7,244,786	14,489,572
Interest and other		50,255	146,510	196,765
Total general revenues		7,295,041	7,391,296	14,686,337
Change in net position		(2,645,136)	2,107,466	(537,670)
Net position, beginning		3,908,344	10,354,716	14,263,060
Net position, ending		\$ 1,263,208	12,462,182	13,725,390

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cedar Park, Texas (the "City"), a Home-Rule Municipal Corporation, organized and existing under the Provisions of the constitution of the State of Texas, adopted its present Charter on May 8, 2010. The City operates under the Council-Manager form of government and provides the following services as authorized by its Charter: Public Safety (e.g., Police and Fire), Planning and Zoning, Streets and Lighting, Water, Sewer, Solid Waste, Cultural and Recreational (e.g., Library and Parks), Maintenance, and General Administrative.

### A. Reporting Entity

As required by generally accepted accounting principles in the United States of America (GAAP), these basic financial statements present the City and its component units, entities for which the City is considered financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

**Discretely presented component units** -- In May 1999, the citizens of Cedar Park approved the formation of an Economic Development Corporation (4A) and a Community Development Corporation (4B), effective October 1, 1999, by the authority of the Development Corporation Act of 1979. The 4A corporation collects three-eighths of a cent and the 4B corporation collects a one-half cent sales tax to support their respective activities and the City. Separate financial statements are not prepared for either Corporation.

The 4A Corporation's purpose is the promotion and development of new and expanded business enterprises in Cedar Park. The 4B Corporation's purpose is to promote economic development within the City, to promote and encourage employment and the public welfare of, for, and on behalf of the City, and for transportation system improvements. These Corporations are both governed by separate Boards, which are appointed by the City Council. The separate boards and designated corporate management have operational responsibility for the corporations. Accordingly, they are discretely presented to emphasize that they are legally separate from the primary government.

**Blended component units** -- In December 2001, the Tax Increment Reinvestment Zone No. One (TIRZ #1) was created to facilitate a program of public improvements to allow and encourage the development of a mixed-use downtown district merging retail, office, entertainment, and civic uses with a wide variety of high quality, high value, high density single and multi-family housing to create a close-knit, pedestrian friendly urban core. Although TIRZ #1 is a legally separate entity, it is, in substance, part of the City's operation for which the City is considered financially accountable. City management has operational responsibility for TIRZ #1, and its services almost exclusively benefit the City. Accordingly, TIRZ #1 is reported as a special revenue fund in the City's financial statements.

In July 2013, the Tax Increment Reinvestment Zone No. Two (TIRZ #2) was created to facilitate a program of public improvements to allow and encourage the development of an entertainment district on 16.638 acres adjacent to the Cedar Park Center. Although the TIRZ #2 is a legally separate entity, it is, in substance, part of the City's operations for which the City is considered financially accountable. City management has operational responsibility for TIRZ #2, and its services almost exclusively benefit the City. Accordingly, TIRZ #2 is reported as a special revenue fund in the City's financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all governmental and business-type activities of the primary government and its component units. Internal service fund asset and liability balances that are not eliminated in the statement of net position are reported in the governmental activities column on the government-wide statements. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, 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 government is financially accountable.

The City's statement of net position includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given 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 properly not included among program revenue are reported instead as *general revenue*.

The fund financial statements provide a separate set of statements for each governmental and proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Major funds are determined by criteria specified by GASB Statement No. 34; the City has elected to present the Solid Waste Fund as a major fund even though it does not meet the minimum criteria. Information on non-major governmental funds is aggregated in a column labeled "Other Governmental Funds."

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

### 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 funds. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

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

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of activities as interfund transfers. Interfund activities between governmental and proprietary funds remain as due to/due from on the government-wide Statement of Net Position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period they are both measurable and available. Revenues, other than grants, are considered to be available by the City when they are available and expected to be collected within the current fiscal year or within 60 days thereafter, to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, regardless of the related cash flows. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when the liability is matured.

Revenues from local sources consist primarily of property taxes and sales taxes. Property, sales and other tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City's availability period is no more than 60 days beyond the end of the fiscal year. Revenues from state and federal grants are recorded as revenue when they are expected to be collected within the current fiscal year, or within 60 days thereafter, and all eligibility requirements have been met. Investment earnings are recorded as earned, since they are both measurable and available.

The Proprietary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred, regardless of the timing of the related cash flow. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted, and unrestricted net position.

**D. Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled. The City has two types of funds: governmental and proprietary. The fund financial statements provide more detailed information about the City's most significant funds, but not on the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements. The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual government or enterprise fund are at least 10% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10% criterion above in the governmental or enterprise fund is at least 5% of the corresponding element total for all governmental and enterprise funds combined.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**  
**D. Fund Accounting, (continued)**

Governmental Funds: Consist of the general fund, debt service fund, capital projects fund and special revenue funds.

The City reports the following major governmental funds:

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.

Debt Service Fund – is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, and related costs.

Capital Projects Fund – to account for financial resources for the acquisition or construction of major capital facilities (other than those reported within proprietary funds). It is funded primarily by general obligation debt, other tax supported debt, interest income, and other intergovernmental revenues.

In addition, the City reports the following non-major governmental funds:

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, including grant funds.

Proprietary Funds: Consist of enterprise funds and internal service funds.

The City reports the following major enterprise fund:

Water and Sewer Fund – to account for the activities necessary for the provision of water and sewer services.

In addition, the City reports the following other proprietary funds:

Solid Waste Fund – to account for solid waste collection services. The Solid Waste Fund was established during fiscal year 2010 to disaggregate solid waste activities that were combined with the Water and Sewer Fund in prior years. The Solid Waste Fund is presented in a separate column as a non-major fund in the proprietary statements.

Internal Service Funds – to account for the financing of goods or services provided by one department to other City departments or to other governmental units on a cost-reimbursement basis. The internal service funds include:

Employee Benefits Fund – to account for activities related to the health, dental, and life insurance costs of City employees and their beneficiaries.

Vehicle & Equipment Services Fund – to account for maintenance and replacement costs of City-owned vehicles and heavy equipment.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. Deferred Inflows and Outflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in the government-wide statement of net position, governmental funds balance sheet, or the proprietary funds statement of net position:

- Deferred outflows - refunding: A deferred charge on refunding results from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt or refunding debt, whichever is shorter.
- Deferred outflows - OPEB: Actuarial losses related to OPEB are reported on the government-wide and the proprietary funds statements of net position. These losses are the result of changes in assumptions. The balance of deferred outflows also includes employer contributions made after the measurement date. A deferred outflow related to actuarial losses is reported in the government-wide and the proprietary funds statements of net position.
- Deferred outflows - pension: Actuarial losses related to pensions are reported on the government-wide and the proprietary funds statements of net position. These losses are the result of differences between the expected and actual experience of the plan, changes in assumptions, and employer contributions made after the measurement date. A deferred outflow related to actuarial losses is reported in the government-wide and the proprietary funds statements of net position.
- Deferred inflows - pension: Actuarial gains related to pensions are reported on the government-wide and the proprietary funds statements of net position. This gain is the result of differences between the projected and actual earnings on pension plan investments.
- Unavailable revenues: Unavailable revenues arise under the modified accrual basis of accounting, and are reported only in the governmental funds balance sheet. The City records unavailable revenues from uncollected property taxes and a note receivable, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

**F. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**G. Fund Balance Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**H. Investments**

Investments, except for certain investment pools that meet the requirements of GASB Statement No. 79, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and strive to maintain a \$1 net asset value (NAV) and are reported at amortized cost. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at cost.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. A primary stated objective of the City of Cedar Park's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the City's adopted Investment Policy includes the following:

- Obligations of the United States Government, its agencies and instrumentalities with a maximum stated maturity of three years.
- Obligations of the State of Texas or other states and the agencies, counties, cities and other political subdivisions, excluding capital appreciation bonds, of those states rated as investment grade by at least one nationally recognized rating agency.
- AAA-rated, constant-dollar Local Government Investment Pools as defined by the Act and authorized by City Council.
- Commercial paper rated A1/P1 or equivalent by two nationally recognized rating agencies with a maximum maturity of three six months. No more than 5% of the total portfolio may be invested in any one issuer's securities.
- AAA-rated, SEC registered money market mutual funds AAA-rated as defined by the Act and striving to maintain a \$1 NAV.
- Brokered CD's must be FDIC insured and delivered versus payment to the City's depository with a maximum maturity of one year. FDIC insurance must be verified for the CD before purchase. In addition, a procedure to monitor continued.
- Collateral is restricted to obligations of the US Government, its agencies or instrumentalities or direct obligations of any state, its subdivisions or agencies rated at least A, or equivalent, as to investment quality by two NRSROs. Independent safekeeping is required outside the bank holding company with monthly reporting.
- Fully FDIC or collateralized depository certificates of deposit of banks doing business in Texas, with a maturity of one year

Securities are primarily rated by Standard & Poor's or Moody's. As of September 30, 2018:

- Municipal obligations represented 1.41% of the total portfolio, rated AA- to Aaa
- fully insured or collateralized CDs represented 14.81% of the total portfolio,
- Commercial paper represented 12.34% of the total portfolio, rated A-1
- investment in local government investment pools represented 42.31% of the total portfolio, rated AAA
- US government agency securities represented 29.13% of the total portfolio, rated AA+

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**H. Investments, (continued)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer.

The City of Cedar Park recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The City's adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are set by Policy as:

- U.S. Obligations	80%
- US Agencies/Instrumentalities	80%
- Municipal Obligations	35%
- Certificates of Deposit	40%
In any one bank	20%
- Repurchase Agreements	50%
- Flex in CIP Funds	100%
- Local Government Investment Pools	100%
- Money Market Funds	100%
- Commercial Paper	25%
Anyone issuer	10%
- Brokered CD Securities	20%

Policy compliance is monitored on a monthly basis and reported to the City Council quarterly. As of September 30, 2018 all parameters and limits of the diversification policy were met. The City has more than 5% of its investments in Federal National Mortgage Association, Federal Home Loan Bank and commercial paper. These investments are 8.3%, 13.5% and 6.2% respectively, of the City's total investments.

**Interest Rate Risk**

Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment.

In order to limit interest and market rate risk from changes in interest rates, the City of Cedar Park's adopted Investment Policy sets a maximum stated maturity limit of three years. The weighted average maturity (WAM) of the total City portfolio is restricted to a maximum of twelve months.

As of September 30, 2018, the portfolio's dollar weighted average maturity was 118 days, and only 11.44% of the total portfolio had maturities longer than one year. No holding in the portfolio had a stated maturity date beyond 02/15/2020 or 503 days.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**  
**H. Investments, (continued)**  
**Interest Rate Risk, (continued)**

As of September 30, 2018, the portfolio held the following investments:

Investment Type	Balance	% of Portfolio	Investment Maturities in Years			
			Less than 1 Year	1-2 Years	2-3 Years	3-5 Years
FAMCA	\$ 4,974,522	2.81%	4,974,522	-	-	-
FFCB	4,893,135	2.76%	4,893,135	-	-	-
FHLB	23,948,669	13.53%	9,059,574	14,889,095	-	-
FHLMC	2,975,292	1.68%	2,975,292	-	-	-
FNMA	14,754,965	8.34%	9,892,770	4,862,195	-	-
Local Government Investment Pools	74,873,376	42.31%	74,873,376	-	-	-
Certificates of Deposit	26,213,198	14.81%	26,213,198	-	-	-
Commercial Paper	21,840,290	12.34%	21,840,290	-	-	-
Municipal Obligations	2,499,325	1.41%	2,005,920	493,405	-	-
Total Value	\$ 176,972,772		156,728,077	20,244,695	-	-
% of Total Portfolio		100.00%	88.56%	11.44%	0.00%	0.00%

Abbreviations: FAMCA Federal Agricultural Mortgage Corporation  
FFCB Federal Farm Credit Bank  
FHLB Federal Home Loan Bank  
FHLMC Federal Home Loan Mortgage Corporation  
FNMA Federal National Mortgage Association

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the City and are held by the counterparty, its trust or agent, but not in the City's name.

The City's investment securities are not exposed to custodial risk because all securities held by the City's custodial banks are in the City's name.

To control custody and safekeeping risk state law and the City of Cedar Park's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian provides original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and all deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of the U.S. Financial Resource and Recovery Enforcement Act (FIRREA). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

Portfolio disclosure as of September 30, 2018:

- all time and demand deposits were fully FDIC insured or collateralized in accordance with statute and policy, except for \$369,922 of uncollateralized demand deposits
- the portfolio contained 14.81 % in fully collateralized or FDIC insured certificates of deposits,
- all pledged collateral was held by an independent institution outside the bank's holding company.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**H. Investments, (continued)**

**Fair Value Measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles in the United States of America (GAAP). GASB Statement No. 72, *Fair Value Measurement and Application*, provides framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The City and its investment advisor utilize an independent pricing service to obtain recurring fair value measurements using quoted prices for similar assets to determine the fair value.

As of September 30, 2018 the securities to be priced in the portfolio were:

<u>Security Type</u>	<u>Level 2</u>	<u>Total</u>
<b>Investments Measured at Fair Value:</b>		
US Government Agencies	\$ 51,546,583	51,546,583
Municipal Obligations	2,499,325	2,499,325
<b>Investments Measured at Amortized Cost:</b>		
TexPool		74,535,490
Commercial Paper		21,840,290
Certificates of Deposit		26,213,198
<b>Investments Measured at Net Asset Value:</b>		
TexSTAR		337,886
Total Investments	<u>\$ 54,045,908</u>	<u>176,972,772</u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**H. Investments, (continued)**

**Texas Local Government Investment Pool**

Texas Local Government Investment Pool (“TexPool”) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor’s and had a weighted average maturity of 28 days as of September 30, 2018.

TexPool meets the requirements of GASB Statement No. 79, and as such, measures and reports its investments at amortized cost. The City carries its investment in TexPool at amortized cost.

**TexSTAR Investment Pool**

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created through a contract among its participating governmental units, and is governed by a board of directors to provide for the joint investment of participants’ public funds and funds under their control. TexSTAR is managed by J.P. Morgan Investment Management, Inc., an affiliate of JP Morgan Chase Bank, N.A. a national banking association, and First Southwest Asset Management, Inc., an affiliate of Texas based First Southwest Company. TexSTAR’s investment manager will maintain the dollar-weighted average maturity of sixty (60) days or less, and the maximum stated maturity for any obligation of the United States, its agencies, or instrumentalities is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR is rated AAAM by Standard and Poor’s and had a weighted average maturity of 30 days at September 30, 2018.

TexSTAR does not meet the requirements of GASB Statement No. 79, and as such, measures and reports its investments at fair value. The City carries its investment in TexSTAR at fair value measured using NAV.

TexSTAR’s strategy is to seek preservation of principal, liquidity and current income through investments in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. TexSTAR has a redemption notice period of one day and may redeem daily.

**I. Receivables and Payables**

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to or due from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statement of net position as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 1% of outstanding property taxes at September 30, 2018.

**J. Inventories**

Inventories are valued at cost. The inventories for all funds are accounted for using the consumption method and expenditures are recorded when consumed. Inventories reported in the General Fund are offset by an equal amount in nonspendable fund balance, which indicates that they do not represent available spendable resources.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**K. Joint Venture**

Investment in joint venture represents an equity interest in the Brushy Creek Regional Utility Authority (BCRUA). The investment account balance represents Cedar Park’s share in the joint venture’s net position at September 30, 2018.

**L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as building and infrastructure additions and improvements with a cost of \$50,000 or more, vehicles, equipment, artworks and furniture with a cost of \$5,000 or more, land and right-of-way acquisitions of any value. In addition, items must have a useful life of at least two years, and ownership of the asset must clearly rest with the City. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30 – 40
Vehicles	3 – 5
Equipment	5 – 10
Infrastructure (streets and drainage)	40 – 50
Water and sewer plants and lines	40 – 50

During fiscal year 2018 the City elected to early implement GASB Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which ended the practice of capitalizing interest during the construction of a capital asset, which had been required under paragraphs 5-22 of GASB Statement Number 62.

**M. Compensated Absences**

It is the City’s policy to permit employees to accumulate earned but unused sick and vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The City shall buy back unused sick leave accumulated since July 1, 2005 (up to 720 hours, or 1,080 hours for shift-work firefighters) at the time such employee terminates employment from the City, including retiring from City service under TMRS. Civil service employees must have one year of continuous service at separation while non-civil service employees must have ten years of continuous service at separation to be eligible for sick leave buyback. As of September 30, 2018, the City’s total compensated absences was \$5,908,469, of which \$3,941,548 represented earned sick-leave benefits. The compensated absences liability is reported on the government-wide and proprietary funds statements of net position.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**N. Fund Balance**

Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund type classifications are as follows:

Nonspendable: The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted: The portion of fund balance that is restricted to specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitution provisions or enabling legislation.

Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of a majority vote by City Council. The City Council is the highest level of decision making authority for the government that can, by adoption of an ordinance (including the adopted budget and budget amendments) prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance or resolution) to remove or revise the limitation. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: The portion of fund balance that is constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. In September 2013, the City Council adopted a policy to grant the City manager or Finance Director authority to assign fund balances. During the year, a portion of General Fund fund balance was assigned by the City's Finance Director for the repayment of a long-term note payable to the State Comptroller. Additional information related to the State Comptroller note can be found in Note 2.F.

Unassigned: The portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes. Deficit fund balances in special revenue or capital project funds are considered unassigned in accordance with GASB Statement No. 54.

**O. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles in the United States of America (GAAP), requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

**P. Pensions**

For the purposes of measuring the net pension liability, deferred inflows/outflows of resources and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to, or deductions from, TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. DETAILED NOTES ON ALL FUNDS

A. Deposits

The City maintains bank accounts with its contracted depository institution and two Texas Local Government Investment Pools. For financial statement purposes, both the bank accounts and pool investments are combined and considered cash and cash equivalents. Each fund's share of the pool balances is reported in the financial statements. Earnings from the pooled accounts are allocated monthly to each participating fund based on the ratio of each fund's month-end balance to the combined balances.

The City's bank deposits were fully insured or collateralized by Federal Depository Insurance Corporation coverage and securities held by the City's agent bank in the City's name, except for two demand deposit accounts with a total of \$369,992 that were not covered by FDIC insurance or by pledged collateral held by the City's agent in the City's name. The total carrying value of all bank deposits was \$9,490,396, including outstanding checks and deposits in transit of \$196,111.

Investments in United States government agency securities are considered short-term and all such investment activity is conducted through a depository bank. During the fiscal year ended September 30, 2018, the City did not invest through any security brokers or dealers.

A summary of the City's cash and investments follows:

<u>Primary Government</u>	<u>Carrying Amount</u>
Petty Cash	\$ 8,260
Cash in Bank (1)	9,490,401
TexPool	60,777,919
TexSTAR	337,886
Certificates of Deposit	26,213,198
Commercial Paper	21,840,290
Municipal Obligations	2,499,325
U. S. Government Securities	51,546,583
Primary Government Cash and Investments	<u>\$ 172,713,862</u>
<u>Component Units</u>	
Texpool	
Community Development Corporation	\$ 1,673,768
Economic Development Corporation	12,083,803
	<u>\$ 13,757,571</u>

(1) Cash in bank includes bank deposits and money market mutual fund balances.

Reconciliation of cash and investments to the statement of net position cash and investments is as follows:

Cash in bank accounts	\$ 9,490,401
Petty cash and change drawers	8,260
Total portfolio value	<u>176,972,772</u>
Total cash and investments	<u>\$ 186,471,433</u>

Statement of net position presentation

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>	<u>Total</u>
Cash and investments	\$ 30,102,145	19,728,451	-	49,830,596
Restricted cash and investments	87,661,957	35,221,309	13,757,571	136,640,837
Total cash and investments	<u>\$ 117,764,102</u>	<u>54,949,760</u>	<u>13,757,571</u>	<u>186,471,433</u>

**2. DETAILED NOTES ON ALL FUNDS**

**A. Deposits, (continued)**

The following table details the cash and investments balances purpose restrictions as of September 30, 2018:

	Governmental Activities	Business-type Activities	Component Unit Activities
Debt service	\$ 9,260,926	7,575,696	13,757,571
Capital projects	73,856,015	27,645,613	-
Occupancy tax	1,939,504	-	-
Tax increment reinvestment zones	618,626	-	-
Law enforcement	236,787	-	-
Restricted grant	1,422,470	-	-
Capital Metro transit	44,009	-	-
Cable equipment acquisition	283,620	-	-
Total restricted cash and investments	<u>\$ 87,661,957</u>	<u>35,221,309</u>	<u>13,757,571</u>

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**B. Receivables**

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

Primary Government	Governmental Funds				Enterprise Funds		Total Governmental & Enterprise Funds
	General	Debt Service	Capital Project Funds	Other Governmental Funds	Water and Sewer	Solid Waste	
Property taxes	\$ 162,510	164,357	-	-	-	-	326,867
Sales taxes	2,564,869	-	-	-	-	-	2,564,869
Franchise taxes	722,955	-	-	-	-	-	722,955
Other taxes	-	-	-	103,676	-	-	103,676
Charges for services	-	-	-	-	5,084,322	512,966	5,597,288
Other	322,248	-	400,000	396,537	-	-	1,118,785
Due from other funds	-	-	-	-	219,920	-	219,920
Notes receivable	-	14,960,000	-	-	3,755,593	-	18,715,593
Allowance for doubtful accounts	(956)	(991)	-	-	(603,341)	(48,862)	(654,150)
Net Receivables	\$ 3,771,626	15,123,366	400,000	500,213	8,456,494	464,104	28,715,803

In fiscal year 2012, the City entered into a pass-through funding agreement with the Texas Department of Transportation (TxDOT). Consequently, the City established a receivable from TxDOT which will be payable over future periods as follows:

- TxDOT will pay the City \$0.035 for each vehicle mile traveled on the project during the previous year;
- The number of vehicle-miles traveled on the project will be based on actual traffic data, to the extent available;
- TxDOT's payments will be no less than \$680,000 and no more than \$1,360,000 per year.
- As of September 30, 2018, the Debt Service Fund receivable balance is \$14,960,000.

The Capital Project Funds include a receivable from Williamson County related to the construction of the City's fifth fire station. The Other Governmental Funds include a grant receivable from FEMA for the purchase and demolition of two homes located in a flood plain.

The Water and Sewer Fund receivable balance includes a note receivable of \$3,755,593 from the City of Leander for their share of the buy-in cost for the Brushy Creek Regional Waste Water System with a stated interest rate of 3.0%. The City of Leander paid \$213,399 toward the note receivable during the fiscal year, and is scheduled to make annual principal and interest payments of \$332,469 through January 2032.

Governmental funds report deferred inflows for which revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred inflows* reported in the governmental funds were as follows:

Deferred inflows	Delinquent property taxes	Notes and other receivables
General fund	\$ 94,681	-
Debt service fund	98,063	14,960,000
Capital Project Funds	-	400,000
Other Governmental Funds	-	341,016
Total governmental funds	\$ 192,744	\$ 15,701,016

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**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**B. Receivables, (continued)**

In accordance with Texas statutes, the City approves a tax rate and an order to levy property taxes in October of each year. Property taxes are billed by the county tax assessor collector as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of the year following the City's order to levy taxes (the assessment date), a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessment date represents the date on which an enforceable legal claim arises and attaches as a lien on the assessed property. In the government-wide financial statements, property tax revenue is recognized in the year for which the taxes are levied, net of an allowance for uncollectible taxes. In the Governmental Fund financial statements, property tax revenues are considered available when they become due and receivable within the current period.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature, which affects the method of property assessment and tax collection in the City. This legislation created a "Property Tax Code" and provides, among other things, for the establishment of countywide appraisal districts and for a State Property Tax Board, which commenced operations in January 1980.

Since 1982, the appraisal of property within the City has been the responsibility of the Williamson County Appraisal District. The Texas Legislature passed HB1010, requiring that property be appraised by the County appraisal district in which it is located. Therefore, a portion of the property appraisals were performed by Travis County Appraisal District. The appraisal districts are required, under the Property Tax Code, to assess all property within the appraisal on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. The City continues to set tax rates on property within the City limits.

However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than 8%.

The tax rate to finance general governmental services, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2018, was \$0.233450 per \$100 of assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2018 was \$0.224050 per \$100 of assessed valuation. The City levied taxes based on a combined tax rate of \$0.457500 per \$100 of assessed valuation for general governmental services and debt service.

2. DETAILED NOTES ON ALL FUNDS, (continued)  
C. Investment in Joint Venture

In September 2009, the cities of Cedar Park, Round Rock, and Leander agreed to jointly pursue a regional water supply system that will ultimately provide treatment capacity for an additional 105.8 million gallons per day of potable water supply needed to meet future water demands of the three cities. In accordance with State law, the City Councils of the three cities authorized and approved the creation of the Brushy Creek Regional Utility Authority (BCRUA). The BCRUA intends to own, design, finance, construct, acquire, maintain, and operate the System in a manner that will allow the BCRUA to deliver potable water to the cities on a regional basis. Construction of Phase 1 of the project began during fiscal year 2010 and the plant opened in July 2012. Operation of the plant was halted temporarily in August 2013, due to low lake levels resulting from an ongoing drought. Mandatory decreased water withdrawals ordered by the Lower Colorado River Authority, and conservation efforts undertaken by the three partner cities have reduced system demand, which allowed the BCRUA facilities to remain off-line throughout 2015. Plant operations resumed in October 2015. The plant has remained in continuous operation since that time, expanding operational staffing in 2017 to allow for 24/7 operations. The City accounts for this partnership as a joint venture in the Water and Sewer Fund. The change in BCRUA's net position for the year is allocated to the City in proportion to the reserve capacity, as defined by the contract, for the financing of construction, ownership and operation of BCRUA. The City's reserve capacity of 14.97% of BCRUA's ultimate production capacity represents an explicit equity interest in the facility.

Condensed financial statements for the BCRUA are presented below:

STATEMENT OF NET POSITION

As of September 30, 2018

ASSETS		LIABILITIES	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 7,567,643	Accounts payable	\$ 437,919
Accounts receivable, net	89,553	Retainage payable	1,582,268
Total current assets	7,657,196	Due to partner cities	206,938
		Total current liabilities	<u>2,227,125</u>
Noncurrent assets:		Current liabilities payable from	
Restricted cash and cash equivalents		restricted assets:	
and investments:		Current portion of revenue bond payable	5,455,000
Debt service	57,799	Accrued interest	1,061,891
Escrow	31,099,101	Total current liabilities payable from	
Reserve	8,512	restricted assets	6,516,891
Land, easements, and construction		Noncurrent liabilities:	
in progress	24,858,779	Revenue bonds payable	179,632,831
Capital assets, net of accumulated depreciation:		Total noncurrent liabilities	<u>179,632,831</u>
Buildings, infrastructure, and equipment	133,032,970	Total liabilities	<u>188,376,847</u>
Total noncurrent assets	<u>189,057,161</u>		
Total assets	196,714,357	NET POSITION	
Deferred outflows of resources - refunding	14,811,692	Unrestricted	4,368,180
Total assets and deferred outflows of resources	<u>\$ 211,526,049</u>	Net investment in capital assets	18,781,022
		Net position	<u>\$ 23,149,202</u>
		<b>Cedar Park share of net position:</b>	<u><b>\$ 3,468,460</b></u>

2. DETAILED NOTES ON ALL FUNDS, (continued)  
C. Investment in Joint Venture, (continued)

**STATEMENT OF ACTIVITIES  
AND CHANGES IN NET POSITION**  
For the Year Ended September 30, 2018

	BCRUA	Cedar Park Share
Operating revenues	\$ 1,859,004	564,232
Operating expenses	12,571,591	2,254,965
Change in net position	(10,712,587)	(1,690,733)
Other income	666,666	108,860
Bond issuance costs	(170,613)	(56,656)
Net position, October, 2017	21,319,648	3,323,724
Net contribution of capital	12,046,088	1,783,265
Net position, September, 2018	\$ 23,149,202	3,468,460

Complete audited financial statements may be obtained at the BCRUA, 450 Cypress Creek Bldg #1, Cedar Park, TX 78613.

2. DETAILED NOTES ON ALL FUNDS, (continued)  
D. Capital Assets

**Governmental Activities**

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

<b>GOVERNMENTAL ACTIVITIES:</b>	Beginning Balance	Increases	Decreases/ (Reclass)	Ending Balance
Capital assets, not depreciated:				
Land and other non-depreciable assets	\$ 23,108,071	27,531,468	-	50,639,539
Construction in progress	13,607,091	54,025,709	49,363,295	18,269,504
Total assets not being depreciated	<u>36,715,162</u>	<u>81,557,177</u>	<u>49,363,295</u>	<u>68,909,043</u>
Capital assets being depreciated:				
Intangible assets	592,042	-	-	592,042
Building and improvements	91,795,785	11,968,934	-	103,764,719
Machinery and equipment	38,346,014	8,006,820	904,710	45,448,124
Infrastructure	250,744,004	13,104,504	108,543	263,739,965
Total capital assets being depreciated	<u>381,477,845</u>	<u>33,080,258</u>	<u>1,013,253</u>	<u>413,544,850</u>
Less accumulated depreciation:				
Intangible assets	592,042	-	-	592,042
Building and improvements	20,852,639	2,362,069	-	23,214,708
Machinery and equipment	26,782,681	3,600,504	654,084	29,729,101
Infrastructure	53,229,268	6,486,723	8,549	59,707,442
Total accumulated depreciation	<u>101,456,630</u>	<u>12,449,296</u>	<u>662,633</u>	<u>113,243,293</u>
Total capital assets being depreciated, net	<u>280,021,215</u>	<u>20,630,962</u>	<u>350,620</u>	<u>300,301,557</u>
Total capital assets, net	<u>\$ 316,736,377</u>	<u>102,188,139</u>	<u>49,713,915</u>	<u>369,210,600</u>
		Related debt <sup>1</sup>		(147,363,542)
		Debt-related deferred outflows		7,788,019
		Net investment in capital assets		<u>229,635,077</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 8,515,432
Public safety	393,387
Culture and recreation	807,807
Streets and lighting	2,732,670
Total depreciation expense - governmental activities	<u>\$ 12,449,296</u>

1 - Related debt is net of debt not associated with capital assets

2. DETAILED NOTES ON ALL FUNDS, (continued)  
D. Capital Assets, (continued)

**Business-type Activities**

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

	Beginning Balance	Increases	Decreases/ (Reclass)	Ending Balance
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>				
Capital assets, not being depreciated:				
Land and other non-depreciable assets	\$ 3,948,355	-	-	3,948,355
Construction in progress	2,855,216	4,711,973	3,505,486	4,061,703
Total assets not being depreciated	<u>6,803,571</u>	<u>4,711,973</u>	<u>3,505,486</u>	<u>8,010,058</u>
Capital assets, being depreciated				
Intangible assets	127,253	-	-	127,253
Building and improvements	29,673,037	-	1	29,673,036
Machinery and equipment	11,685,459	182,317	-	11,867,776
Infrastructure	271,669,776	5,786,152	-	277,455,928
Total capital assets being depreciated	<u>313,155,525</u>	<u>5,968,469</u>	<u>1</u>	<u>319,123,993</u>
Less accumulated depreciation:				
Intangible assets	103,924	23,329	-	127,253
Building and improvements	10,155,087	776,692	-	10,931,779
Machinery and equipment	4,626,831	939,718	-	5,566,549
Infrastructure	75,611,610	6,864,509	-	82,476,119
Total accumulated depreciation	<u>90,497,452</u>	<u>8,604,248</u>	<u>-</u>	<u>99,101,700</u>
Total capital assets being depreciated, net	<u>222,658,073</u>	<u>(2,635,779)</u>	<u>1</u>	<u>220,022,293</u>
Total capital assets, net	<u>\$ 229,461,644</u>	<u>2,076,194</u>	<u>3,505,487</u>	<u>228,032,351</u>
				(40,887,577)
				2,475,181
				<u>189,619,955</u>

Depreciation expense was charged to business-type activities as follows:

Business-type activities:	
Water and sewer	\$ 8,457,864
Solid waste	146,384
Total depreciation expense - business-type activities	<u>\$ 8,604,248</u>

2. DETAILED NOTES ON ALL FUNDS, (continued)  
D. Capital Assets, (continued)  
Commitments

Construction in progress and remaining commitments under related construction contracts for governmental activities at September 30, 2018 are as follows:

Project Description	Governmental Activities:	
	Authorized Project Amount	Remaining Project Balance
Anderson Mill Road	\$ 9,894,600	1,244,054
Sidewalk Gap Ph. III	320,000	111,784
ILSN Sign Replacements and Upgrades	140,000	76,017
Way-Finding/Community Identification	285,000	83,128
Right Turn Lakeline at Old Mill	250,000	164,453
Brushy Creek Regional Trail Connection Project	450,000	405,773
Right Turn WB Brushy Creek and Vista Ridge	250,000	48,785
Right Turn WB Brushy Creek and Lynnwood	250,000	49,762
Discovery Blvd Median Break	200,000	5
Sidewalk Gap Ph. IV	350,000	142,310
Arterial Overlay	6,500,000	2,248,854
Bell Boulevard Road Realignment	20,000,000	15,773,268
Bell Boulevard District Redevelopment	26,400,000	2,707,798
New Hope (Cottonwood Creek to Ronald Reagan)	9,400,000	3,916,879
New Hope (Ronald Reagan to Sam Bass)	5,000,000	4,220,468
Lakeline Boulevard Right Turn Lane Project	700,000	655,432
Whitestone Boulevard Right Turn Lane Project	700,000	655,432
Fire Station 2 Emergency Vehicle Egress Signal	150,000	9,050
Travis County Traffic Signal Standardization	120,000	67,336
Ronald Reagan and Caballo Ranch Right Turn Lane	250,000	232,101
FEMA Flood Mitigation Assistance Project	498,124	87,368
2018 JAG (SWAT Robot)	53,810	-
Park Warning System	50,000	17,952
Parks Land Acquisition	2,325,000	47,336
Milburn Park Improvements	350,000	35,680
Dog Park #2	265,000	233,854
Veteran's Memorial Park Improvements	500,000	447,005
Milburn Pool Rehabilitation	58,000	17,784
Town Center Trail and Pedestrian Bridge	550,000	502,244
Lakeline Park	3,500,000	3,485,884
North Brushy Creek Trail Project	50,000	44,873
Fire Station 5	5,955,000	1,024,038
Library Access Control	9,517	3,908
Library Master Plan	60,000	12,283
Police Dept Phase II Expansion	6,806,000	1,699,393
City Hall Bldg 6 Finishout	1,875,000	(9,271)
Contract Management Software	35,000	20,000
Quint #2 - VES Replacement	1,125,000	3,645
Quint #5	1,125,000	3,645
Brush Truck #5	175,000	4,356
Mobile Command Unit - Fire	830,000	2,227
City Hall Building 3 Reconfig/Remodel	2,800,000	2,565,380
Stormwater and Utility Building	600,000	549,355
FD Heavy Rescue Truck - VES	800,000	795,734
	<u>\$ 112,005,051</u>	<u>44,407,362</u>

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**D. Capital Assets, (continued)**  
**Commitments, (continued)**

Construction in progress and remaining commitments under related construction contracts for business-type activities at September 30, 2018 are as follows:

Project Description	Business-Type Activities:	
	Authorized Project Amount	Remaining Project Balance
Reg Water Plant Phase II	\$ 20,243,228	20,116,514
Little Elm 16" Waterline	721,000	314,419
Anderson Mill Road Waterline	375,000	265,483
33" Waterline Condition Assessment	150,000	116,200
New Hope 16" TM (Cottonwood to Ronald Reagan)	1,130,000	273,422
2017 Water Tank Rehab	250,000	62,700
Water Infrastructure Rehab/Relocation	673,125	204,820
Anderson Mill 16" TM	600,000	595,100
Elevated Storage Tank (Pressure Plane 4)	2,000,000	1,986,839
Fiber Optic Cable	350,000	77,141
WTP Intake Improvements Project	915,000	790,586
Capitalized Interest on water projects	-	-
Cottonwood Wastewater Interceptor Phase II	4,500,000	4,337,778
Ronald Reagan Westside	570,000	96,097
BCRWWS East Plant Re-Rate Improvements	1,890,000	1,637,192
1431 LS Influent Line	475,000	-
Lone Star WW Line Replacement	2,015,000	539
Anderson Mill Road Waterline	375,000	121,070
New Hope WW (Cottonwood to Ronald Reagan)	610,000	176,903
Wastewater Infrastructure Rehab/Relocation	673,125	366,335
WRF Headworks Rehabilitation	795,000	746,396
Capitalized Interest on wastewater projects	-	-
	<u>\$39,310,478</u>	<u>32,285,534</u>

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**E. Interfund Receivables, Payables, and Transfers**

Interfund receivables, payables, and advances at September 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund	\$ 219,920
		<u>\$ 219,920</u>

Interfund receivables, payables, and advances reflect loans between funds. The amount of \$219,920 represents a loan from the Water and Sewer Fund for construction costs related to the City Hall facility.

Interfund transfers for the year ended September 30, 2018 consisted of the following:

	Transfer in:			Total
	Governmental Funds		Enterprise fund	
	General fund	Capital projects fund	Water & sewer fund	
Transfer out:				
General Fund	\$ -	8,575,000	70,000	8,645,000
Capital Projects Fund	6,000,000	-	-	6,000,000
Nonmajor governmental funds	-	350,000	-	350,000
Water & sewer fund	4,674,741	400,000	-	5,074,741
	<u>\$ 10,674,741</u>	<u>9,325,000</u>	<u>70,000</u>	<u>20,069,741</u>

Interfund transfers are authorized through City Council approval. Significant transfers include the Water and Sewer transfer to the General Fund for administrative and contract services provided by the General Fund. Funds transferred from the Capital Project Funds to the General Fund were in reimbursement of an advance from the General Fund from the subsequent debt issuance during the fiscal year.

2. DETAILED NOTES ON ALL FUNDS, (continued)  
F. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018 was as follows:

	October 1, 2017	Increases	Decreases	September 30, 2018	Amounts Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$124,710,000	33,375,000	9,145,000	148,940,000	9,465,000
Certificates of obligation	19,770,000	7,370,000	4,615,000	22,525,000	2,565,000
Economic development bonds	39,125,000	-	1,925,000	37,200,000	2,000,000
Premium on issuance of bonds	13,655,718	5,110,498	4,757,720	14,008,496	-
Total bonds payable	197,260,718	45,855,498	20,442,720	222,673,496	14,030,000
<i>Other long-term liabilities:</i>					
Compensated absences	5,032,655	566,953	319,896	5,279,712	237,505
State Comptroller note	582,621	-	154,781	427,840	154,781
Net pension liability	14,879,345	1,252,606	-	16,131,951	-
Total OPEB Liability, restated	936,647	1,771,997	-	2,708,644	-
Other long-term liabilities total	21,431,268	3,591,556	474,677	24,548,147	392,286
<b>Total governmental activities</b>	<b>\$218,691,986</b>	<b>49,447,054</b>	<b>20,917,397</b>	<b>247,221,643</b>	<b>14,422,286</b>
<b>Business-type Activities</b>					
<i>Water and Sewer activities</i>					
Revenue bonds	\$ 42,880,000	-	4,660,000	38,220,000	4,760,000
General obligation bonds	3,525,000	-	955,000	2,570,000	1,025,000
Premium on issuance of bonds	5,367,904	-	1,773,375	3,594,529	-
Total bonds payable	51,772,904	-	7,388,375	44,384,529	5,785,000
<i>Other long-term liabilities:</i>					
Compensated absences	639,031	10,880	21,154	628,757	41,686
Net pension liability	2,551,170	208,053	-	2,759,223	-
Total OPEB Liability, restated	68,657	151,154	-	219,811	-
Other long-term liabilities total	3,258,858	370,087	21,154	3,607,791	41,686
<b>Water and sewer activities total</b>	<b>55,031,762</b>	<b>370,087</b>	<b>7,409,529</b>	<b>47,992,320</b>	<b>5,826,686</b>
<i>Solid Waste activities</i>					
Revenue bonds	520,000	-	165,000	355,000	175,000
Solid waste activities total	520,000	-	165,000	355,000	175,000
<b>Business-type activities total</b>	<b>\$ 55,551,762</b>	<b>370,087</b>	<b>7,574,529</b>	<b>48,347,320</b>	<b>6,001,686</b>
<b>Component Unit</b>					
Community development bonds	\$ 2,135,000	-	685,000	1,450,000	710,000
Premium on issuance of bonds	17,037	-	8,478	8,559	-
State Comptroller note	582,621	-	154,781	427,840	154,781
<b>Component unit total</b>	<b>\$ 2,734,658</b>	<b>-</b>	<b>848,259</b>	<b>1,886,399</b>	<b>864,781</b>

Governmental liabilities include a note payable of \$427,840 to repay sales tax revenues paid in error to the City in prior years. A summary of debt service requirements for the note repayments is shown on page 57.

The general fund is responsible for liquidating liabilities for compensated absences, other post-employment benefits and pensions in the governmental activities.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**

**F. Long-term Liabilities, (continued)**

Governmental activities bonds and certificates of obligation payable at September 30, 2018, consisted of the following:

\$43,905,000 Series 2008 Combination Tax & Revenue Obligation Bonds, with one installment of \$1,440,000 due August 15, 2019; interest at 5.40%	1,440,000
\$7,705,000 Series 2009 General Obligation Refunding bonds, I&S tax portion, with one installment of \$65,000 due February 15, 2019; interest at 4.00%	65,000
\$8,420,000 Series 2011 General Obligation Refunding & Improvement Bonds due in annual installments of \$70,000 to \$460,000 through February 15, 2027; interest at 3.0% to 4.0%	2,560,000
\$29,475,000 Series 2012 General Obligation Refunding & Improvement Bonds due in installments of \$175,000 to \$2,925,000 through February 15, 2032; interest at 3.25% to 5.0%	18,385,000
\$12,115,000 Series 2012 Unlimited Tax Refunding Bonds due in installments of \$345,000 to \$770,000 through February 15, 2030; interest at 2.70% to 3.75%	6,045,000
\$15,865,000 Series 2013 General Obligation Refunding Bonds due in installments of \$360,000 to \$2,455,000 through February 15, 2027; interest at 1.516% to 3.195%	7,765,000
\$9,055,000 Series 2013A General Obligation Refunding Bonds due in installments of \$195,000 to \$975,000 through February 15, 2030; interest at 2.709%	7,155,000
\$8,585,000 Series 2014 General Obligation Bonds due in installments of \$385,000 to \$670,000 through February 15 2034; interest at 3.00% to 3.75%	8,110,000
\$12,225,000 Series 2014 Pass-Through Toll Revenue and Limited Tax Bonds due in installments of \$305,000 to \$735,000 through February 15, 2031; interest at 3.0% to 4.0%	7,510,000
\$4,175,000 Series 2013 Unlimited Tax Bonds, with one installment of \$100,000 due September 1, 2019; interest at 3.00%	100,000
\$36,260,000 Series 2015 General Obligation Refunding and Improvement Bonds due in installments of \$70,000 to \$3,535,000 through March 1, 2039; interest at 3.00% to 5.00%	33,055,000
\$37,410,000 Series 2015 General Obligation Refunding Bonds due in installments of \$560,000 to \$3,095,000 through August 15, 2033; interest at 1.83% to 4.00%	35,760,000
\$42,775,000 Series 2016 General Obligation Refunding and Improvement Bonds due in installments of \$175,000 to \$2,815,000 through February 15, 2040; interest at 3.00% to 5.00%	38,470,000
\$1,735,000 Series 2017 Limited Tax Notes due in installments \$240,000 to \$260,000 through February 15, 2024; interest at 1.50% to 2.00%	1,500,000
\$6,000,000 Series 2018 Limited Tax Notes, Taxable Series, due in installments of \$1,145,000 to \$1,270,000 through February 15, 2023; interest at 2.47% to 3.35%	6,000,000
\$1,370,000 Series 2018 Limited Tax Notes, due in installments of \$175,000 to \$225,000 through February 15, 2025; interest at 3.00% to 5.00%	1,370,000
\$33,375,000 Series 2018 General Obligation Bonds, due in installments of \$350,000 to \$2,780,000 through February 15, 2038; interest at 5.00%	33,375,000
<b>Total governmental activities</b>	<b>\$ 208,665,000</b>

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**F. Long-term Liabilities, (continued)**

Business-type activities bonds and certificates of obligation payable at September 30, 2018, consisted of the following:

Water and Sewer activities

\$7,705,000 Series 2009 General Obligation Refunding Bonds, due in one installment of \$315,000 on February 15, 2019; interest at 4.0%	315,000
\$29,475,000 Series 2012 General Obligation Refunding and Improvement Bonds due in installments of \$125,000 to \$870,000 through February 15, 2025; interest at 5.00%	2,255,000
\$14,915,000 Series 2013 Utility System Revenue Refunding Bonds due in installments of \$305,000 to \$2,245,000 through August 15, 2025; interest at 1.516% to 2.895%	5,760,000
\$19,760,000 Series 2015 Utility System Revenue Refunding Bonds due in installments of \$285,000 to \$2,395,000 through August 15, 2030; interest at 3.00% to 5.00%	18,795,000
\$16,400,000 Series 2016 Utility System Revenue Refunding Bonds due in installments of \$355,000 to \$2,605,000 through August 15, 2036; interest at 3.0% to 4.0%	13,665,000
Total Water and Sewer activities	<u>\$ 40,790,000</u>

Solid Waste activities

\$5,600,000 Series 2010 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$175,000 to \$180,000 through February 15, 2020; interest at 3.00%	355,000
Total Business-type activities	<u>\$ 355,000</u>

Component Unit debt

\$5,600,000 Series 2010 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$460,000 to \$480,000 through February 15, 2020; interest at 2.85% to 3.0%	\$ 940,000
\$2,425,000 Series 2010 Senior Lien Sales Tax Revenue Refunding Bonds due in annual installments of \$250,000 to \$260,000 through August 15, 2020; interest at 3.250% to 3.375%	510,000
Total Component Unit activities	<u>\$ 1,450,000</u>

All bonded debt and certificates of obligation require semiannual payments of interest. The various bond ordinances provide the City with rights of redemption at par, plus accrued interest, at specified future dates.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**F. Long-term Liabilities, (continued)**

Annual debt service requirements for bonds and certificates of obligation outstanding are as follows:

September 30,	Governmental Activities		Business-type activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 14,030,000	8,088,415	5,960,000	1,615,696	710,000	38,200
2020	13,375,000	7,744,012	6,195,000	1,449,967	740,000	15,975
2021	13,875,000	7,227,830	3,235,000	1,294,148	-	-
2022	14,435,000	6,669,391	3,045,000	1,164,335	-	-
2023	14,640,000	6,094,193	2,585,000	1,038,206	-	-
2024-2028	66,635,000	21,969,882	13,275,000	3,351,840	-	-
2029-2033	47,235,000	10,202,663	5,160,000	762,913	-	-
2034-2039	23,745,000	2,339,219	1,690,000	134,075	-	-
2039-2040	695,000	16,231	-	-	-	-
	<u>\$ 208,665,000</u>	<u>70,351,835</u>	<u>41,145,000</u>	<u>10,811,179</u>	<u>1,450,000</u>	<u>54,175</u>

Annual debt service requirements for the sales tax repayment note payable are as follows:

Fiscal Year	Governmental Activities	Component Unit	Total
	Principal	Principal	Principal
Sales tax repayment			
2019	\$ 154,781	154,781	309,562
2020	154,781	154,781	309,562
2021	118,278	118,278	236,556
Total sales tax repayment	<u>427,840</u>	<u>427,840</u>	<u>855,680</u>

During the current and prior fiscal years, the City defeased certain general obligation bonds, revenue bonds and certificates of obligation by placing funds in an irrevocable trust for the sole purpose of extinguishing the debt. The trust is required to hold only monetary assets that are essentially risk-free. Since the transactions meet the requirements of an in-substance defeasance, the City has removed the debt from its books. On September 30, 2018, defeased bonds and certificates of obligation outstanding are shown below:

Refunded Bonds	Escrow Maturity	Balance (1)
General Obligation Refunding & Improvement Bonds, Series 2011	2/15/2020	1,355,000
WCID 1F Unlimited Tax Bonds, Series 2013	9/1/2019	3,625,000
Pass-Through Toll Revenue & Limited Tax Bonds, Series 2014	2/15/2023	2,935,000
		<u>\$ 7,915,000</u>

(1) The balances shown have been escrowed until their respective call dates.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**F. Long-term Liabilities, (continued)**

Effective October 1, 2016, the City implemented GASB Statement No. 86, Certain Debt Extinguishment Issues.

In September 2018, the City defeased \$2,935,000 of 2014 series pass-through bonds, which constituted an advance refunding with current resources. This refunding provided resources to purchase direct obligations of the United States of America that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$3,425,500 for the outstanding bonds. The acquisition price of \$3,057,328 exceeded the net carrying value of \$2,930,958, which resulted in a refunding loss of \$126,370 that was reported in the government wide statements as a current-year loss as required by GASB 86. The City used its existing debt service capacity for the debt defeased which resulted in a savings of approximately \$1,419,499 to the City.

In September 2018, the City issued \$33,375,000 in general obligation bonds, which combined with a premium of \$4,990,110 provided funding of \$38,365,110 for the improvement and construction of City streets, bridges and intersections, City parks and recreational facilities, and other municipal facilities.

In September 2018, the City issued \$1,370,000 of limited tax notes, which combined with a premium of \$120,388 provided funding of \$1,490,388 for a regional animal shelter and improvements to public safety facilities.

In September 2018, the City issued \$6,000,000 taxable limited tax notes, which provided funding for street improvements, including the acquisition of easements and right of way, and related structures.

Due to the requirements of the Tax Reform Act of 1986, the City contracts for the computations of arbitrage rebate requirements for the City's various bond issues. At September 30, 2018, there was no arbitrage rebate liability.

In November 2015, the City was authorized to issue additional general obligation debt of \$96,700,000. As of September 30, 2018, general obligation bonds authorized and unissued amounted to \$31,332,000. In addition, the City does not have any outstanding special assessment debt and is not obligated in any manner for special assessment debt.

**Pledged Revenues**

The City has pledged future operating revenues net of specified operating expenses of the Water and Sewer Fund for the payment of interest and principal on the outstanding revenue bonds. The bonds are payable from the Water and Sewer fund net revenues, and payable through 2036. The total principal and interest remaining to be paid on the bonds is \$51,590,454. Annual principal and interest payments on the bonds for current year were \$7,400,276, and net revenues available were \$14,804,215.

The City has pledged future operating revenues net of specified operating expenses of the Solid Waste Fund for the payment of interest and principal on the outstanding revenue bonds. The bonds are payable from the Solid Waste fund net revenues, and payable through 2020. The total principal and interest remaining to be paid on the bonds is \$365,725. Annual principal and interest payments on the bonds for current year were \$178,001, and net revenues available were \$188,040.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**

**G. Employees' Retirement System**

**Plan Description**

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com). All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2017	Plan Year 2016
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/ yrs of service)	age 60 with 5 yrs svc, or any age with 20 yrs svc	age 60 with 5 yrs svc, or any age with 20 yrs svc
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating	30% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	233
Active employees	445
Total	795

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**G. Employees' Retirement System, (continued)**  
**Contributions**

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.69 percent and 14.34 percent in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$4,120,528, which were equal to the required contributions.

**Net Pension Liability**

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

**Actuarial Assumptions**

The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies over a four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. No additional changes were made for the 2017 valuation.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**G. Employees' Retirement System, (continued)**  
**Long-Term Expected Rate of Return, (continued)**

The long-term rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the City's actuarial service provider, Gabriel, Roeder, Smith & Company, focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The strategic target allocation and acceptable ranges as determined by the Board to facilitate the achievement of long-term investment objectives within acceptable risk parameters are as follows:

<b>Asset Class</b>	<b>Minimum %</b>	<b>Target %</b>	<b>Maximum %</b>
U.S. Equities	12.50%	17.50%	22.50%
International Equities	12.50%	17.50%	22.50%
Core Fixed Income	5.00%	10.00%	15.00%
Non-Core Fixed Income	15.00%	20.00%	25.00%
Real Estate	5.00%	10.00%	15.00%
Real Return	5.00%	10.00%	15.00%
Absolute Return	5.00%	10.00%	15.00%
Private Equity	0.00%	5.00%	10.00%
Cash Equivalents	0.00%	0.00%	10.00%

**Discount Rate**

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**G. Employees' Retirement System, (continued)**  
**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 4,400,144	-	4,400,144
Interest	5,497,034	-	5,497,034
Change of benefit terms	3,773,420	-	3,773,420
Difference between expected and actual experience	1,361,489	-	1,361,489
Changes of assumptions	-	-	-
Contributions - employer	-	3,504,937	(3,504,937)
Contributions - employee	-	1,949,431	(1,949,431)
Net investment income	-	8,161,466	(8,161,466)
Benefit payments, including refunds of employee contributions	(1,615,265)	(1,615,265)	-
Administrative expense	-	(42,264)	42,264
Other changes	-	(2,142)	2,142
Net changes	13,416,822	11,956,163	1,460,659
Balance at 12/31/2016	76,271,682	58,841,167	17,430,515
Balance at 12/31/2017	<u>\$ 89,688,504</u>	<u>70,797,330</u>	<u>18,891,174</u>

**Sensitivity of the NPL to Changes in the Discount Rate**

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 34,892,357	\$ 18,891,174	\$ 6,066,300

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

2. DETAILED NOTES ON ALL FUNDS, (continued)

G. Employees' Retirement System, (continued)

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

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$8,374,905:

Total service cost	\$ 4,400,144
Interest on the total pension liability	5,497,034
Current period benefit change	3,773,420
Employee contributions (reduction of expense)	(1,949,431)
Projected earnings on plan investments (reduction of expense)	(3,971,779)
Administrative expense	42,264
Other changes in fiduciary net position	2,142
Recognition of current year outflow (inflow) of resources-liabilities	224,668
Recognition of current year outflow (inflow) of resources-assets	(837,937)
Amortization of prior year outflows (inflows) of resources-liabilities	398,838
Amortization of prior year outflows (inflows) of resources-assets	795,542
Total pension expense (income)	<u>\$ 8,374,905</u>

At September 30, 2018, the City reported deferred outflow and inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 2,024,597	-
Changes in actuarial assumptions	390,341	-
Difference between projected and actual investment earnings	-	1,876,508
Current year contributions subsequent to the measurement date	3,244,238	-
Total	<u>\$ 5,659,176</u>	<u>1,876,508</u>

The City reported \$3,244,238 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2019. The remaining balance to be recognized in future years will be impacted by additional future deferred inflows and outflows of resources.

Year Ended September 30	Deferred Outflow of Resources	Deferred Inflow of Resources
2019	\$ 623,506	42,396
2020	623,506	156,973
2021	537,160	839,201
2022	373,603	837,938
2023	243,682	-
Thereafter	13,481	-
Total	<u>\$ 2,414,938</u>	<u>1,876,508</u>

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**H. Other Post-Employment Benefits**

As a result of the adoption of GASB Statement No. 75, the beginning net position of the governmental and business-type activities were restated. The Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75. The effect on the beginning net position is as follows:

	<b>Government-wide</b>		<b>Proprietary Funds</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Water &amp; Sewer</b>
Net position Sept. 30, 2017, as previously reported	\$ 225,367,925	241,899,719	238,766,761
Adjustments to prior year:			
Recording of total OPEB liability as of Sept. 30, 2017	(2,469,124)	(180,989)	(180,989)
Elimination of net OPEB obligation as of Sept. 30, 2017	936,647	68,657	68,657
Deferral for contributions made after the measurement date	60,048	6,881	6,881
Total prior period adjustment	<u>(1,472,429)</u>	<u>(105,451)</u>	<u>(105,451)</u>
Net position Sept. 30, 2017, as restated	<u>\$ 223,895,496</u>	<u>241,794,268</u>	<u>238,661,310</u>

**Post-Employment Healthcare Plan  
Plan Description**

The City's post-employment healthcare benefits plan is a single-employer defined-benefit plan and is available for retirees through the Texas Municipal League Intergovernmental Employee Benefits Pool (TML). The benefits vary depending upon a retiree's years of service. On May 13, 2010, the City Council approved changes to the City's other post-employment benefits (OPEB) plan. Benefits provided for employees who retired on or before September 30, 2010 or employees with 15 years of service, who were eligible for TMRS retirement on October 1, 2010, were unchanged. Benefit payments for these employees are not accumulated in a trust, but are made on a pay-as-you-go basis and are as follows:

- The City pays 100% of premiums of health care coverage for employees who retired with 10 years of full-time service prior to April 1, 2004.
- For employees who retired after March 31, 2004 and employees with at least 15 years of service who were eligible for TMRS retirement as of October 1, 2010, the City pays the following percentages of scheduled insurance premiums:

Years of service	Percentage paid by the City
25+	75%
20-24	50%
15-19	25%
< 15	0%

Employees hired on or before June 1, 2010, who were not eligible to retire with at least 15 years of service as of October 1, 2010, will receive a subsidy of \$250 towards the full cost of medical insurance premiums upon retirement with 30 years of service. The subsidy amount will increase by 3% every year beginning October 1, 2011. Employees hired after June 1, 2010 may purchase medical insurance coverage at full cost upon retirement.

Upon reaching Medicare age, eligibility for medical insurance coverage will cease for all retiree groups. However, the City will provide access to Medicare supplemental coverage through the City's medical insurance provider.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**H. Other Post-Employment Benefits**  
**Post-Employment Healthcare Plan**  
**Plan Description, (continued)**

Membership in the Plan consisted of the following at September 30, 2018:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	-
Active employees	432
<b>Total</b>	<b>443</b>

**Contributions**

Permanent full-time employees of the City are eligible to participate in the retiree healthcare plan, but must contribute to their premiums based upon the premium sharing defined by the OPEB plan. For the year ended September 30, 2018, the City paid \$39,525 related to the healthcare premiums for retirees on a pay-as-you-go basis.

Postretirement healthcare benefits vary depending upon the following criteria:

- The City contributes to a retiree’s medical insurance premium at the same level in which it contributes towards an active, full-time employee’s premium, provided the retiree has at least 10 or 15 years of continuous service (depending on retirement date) with the City immediately prior to retirement or a percentage (75 percent of the coverage, 50 percent of the coverage, and 25 percent of the coverage) based on years of service on the retirement date. A retiree is entirely responsible for the cost of eligible dependent coverage (dependent(s) who were covered at the time of retirement).
- For certain eligible employees not retired as of 10/1/2010, the City contributes \$250 towards the full cost of retiree medical insurance. The City’s \$250 contribution has been adjusted annually by 3% since 10/1/2011. Retirees will be responsible for the difference between City’s contribution and the full cost of retiree medical insurance. The \$250 subsidy does not extend past Medicare eligibility age.

The City’s monthly cost per employee for medical and prescription drug benefits at select ages are shown below:

<b>For Those Not Eligible For Medicare</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
40	\$ 457.97	744.17
50	742.36	914.52
60	1,261.67	1,242.32
64	\$ 1,534.23	1,447.90

Upon reaching Medicare age, eligibility for coverage under the City’s health plans will cease. However, the City will provide access for retirees and dependents to purchase Medicare supplement coverage through the City’s provider.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**

**H. Other Post-Employment Benefits**

**Supplemental Death Benefits Fund**

**Plan Description**

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Inactive employees or beneficiaries currently receiving benefits	91
Inactive employees entitled to but not yet receiving benefits	71
Active employees	445
<b>Total</b>	<u>607</u>

**Contributions**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City’s contributions on behalf of retirees to the TMRS SDBF for the years ended 2018, 2017 and 2016 were \$2,785, \$2,729, and \$2,595 respectively, which equaled the required contributions for each year.

TMRS issues a publicly available CAFR that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at [www.tmr.com](http://www.tmr.com).

**Total OPEB Liability**

The City’s total combined OPEB liability of \$2,928,455, for the healthcare and SDBF plans, was measured as of December 31, 2017, and was determined by an actuary as of that date. Other post-employment liabilities attributable to governmental activities are generally liquidated by the general fund.

**Actuarial Assumptions**

The total OPEB liability was determined as of December 31, 2017 using the following actuarial assumptions:

Inflation rate	2.5%
Salary increase rate	3.5% to 10.5%, including inflation
Discount rate	3.31% as of December 31, 2017

Supplemental death benefit mortality rates were based on the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustments for Males or Females, as appropriate.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**H. Other Post-Employment Benefits**  
**Discount Rate**

The City does not have formal assets, therefore the discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date of December 31, 2017. For this valuation, the municipal bond rate is 3.31% based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the plan's total OPEB liability, calculated using a discount rate of 3.31%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	Current Discount Rate		1% Increase	4.31%
	1% Decrease	Assumption		
Post Employment Healthcare	2,392,515	2,150,841	1,944,510	
Supplemental Death Benefits	974,032	777,614	630,111	
<b>Total</b>	<b>3,366,547</b>	<b>2,928,455</b>	<b>2,574,621</b>	

**Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rate**

The assumed healthcare cost trend rate for non-Medicare costs consists of initial trend rate of 7.50% declining to an ultimate rate of 4.25% after 15 years; for Medicare, an initial rate of 5.25% declining to an ultimate rate of 4.25% after 5 years.

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	Current Healthcare Cost Trend		1% Increase
	1% Decrease	Rate Assumption	
Post Employment Healthcare	1,906,279	2,150,841	2,447,214

**Changes to the Total OPEB Liability**

	Health Care	SDBF	Total OPEB Liability
<b>Balance at 9/30/2017</b>	<b>2,010,796</b>	<b>639,317</b>	<b>2,650,113</b>
<b>Changes for the year:</b>			
Service Cost	44,762	41,774	86,536
Interest on the total OPEB liability	75,797	24,903	100,700
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	107,001	74,405	181,406
Benefit payments	(87,515)	(2,785)	(90,300)
<b>Net changes</b>	<b>140,045</b>	<b>138,297</b>	<b>278,342</b>
<b>Balance at 9/30/2018</b>	<b>2,150,841</b>	<b>777,614</b>	<b>2,928,455</b>

Changes in assumptions reflects a change in the discount rate from 3.81% at the prior measurement date to 3.31% at the current measurement date.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**

**H. Other Post-Employment Benefits**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Changes in assumptions</b>	161,335	-
<b>Employer contributions subsequent to the measurement date</b>	70,704	-
<b>Total</b>	<b>232,039</b>	<b>-</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ending September 30,	Healthcare		Total
	Plan	SDBF	
2019	10,358	9,713	20,071
2020	10,358	9,713	20,071
2021	10,358	9,713	20,071
2022	10,358	9,713	20,071
2023	10,358	9,713	20,071
Thereafter	44,853	16,127	60,980
Total	96,643	64,692	161,335

**2. DETAILED NOTES ON ALL FUNDS, (continued)**

**I. 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 natural disasters. These risks are covered by commercial insurance purchased from independent third parties and through the Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool (the "Pool") is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. Settled claims have not exceeded insurance coverage limits for the past three years.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**J. Commitments and Contingent Liabilities**

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

The City is a defendant in various lawsuits. Legal counsel and City management are of the opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**Leases**

The City is committed under a lease agreement for printer/copier machines. For accounting purposes, the lease is considered an operating lease in the general and utility funds. Lease expenses for the fiscal year ended September 30, 2018 amounted to \$32,812. The lease contract expires in February of 2019, and the minimum lease payments for fiscal year 2019 are \$13,672.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**K. Tax Abatements**

The City enters into economic development agreements with local businesses under Chapter 380 of the Local Government Code, which provides for the offering of grants from any source to promote state and local economic development and to stimulate business and commercial activity.

The agreements are performance based, and rebate of a portion of sales taxes generated by the development, and/or a portion of incremental property taxes.

The City has defined certain criteria that allows for the recipients to be eligible to receive a tax abatement through repayment of collected taxes. The recipient condition for eligibility includes a commitment by the recipient to fund public improvements which allow for reimbursement of specific project costs targeted at commercial and residential improvements that are reimbursed via month, quarterly or annual tax abatements.

For the fiscal year ended September 30, 2018, the City abated sales and property taxes as follows:

Tax Abatement Detail			
Entity	Sales Tax	AV Tax	Total
Costco Wholesale	375,757	41,272	417,029
Cedar Park Town Center LP	47,904	17,475	65,379
1890 Holdings Ltd	727,057	157,660	884,717
CP NEW HOPE LTD	371,389	98,852	470,241
	1,522,107	315,259	1,837,366

As previously discussed on page 32 of this report, the City has entered into two Tax Increment Reinvestment Zone agreements. These agreements were established under The Texas Property Redevelopment and Tax Abatement Act, Chapter 312, Tax Code, V.A.T.S as amended, allowing localities to abate taxes for economic development purposes. During fiscal year 2018, the City rebated property taxes totaling \$706,195 related to TIRZ #1. There were no reimbursements related to TIRZ #2.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**  
**L. Component Units**

**Community Development Corporation**

Revenue bonds payable for the Community Development Corporation totaled \$1,450,000 at year-end. Total principal and interest of \$1,504,175 is payable over the next two years. The Community Development Corporation has pledged future sales tax revenues to service the debt. Bond ratings for the Community Development Corporation were "AA+" (Standard & Poor's) at September 30, 2018.

In fiscal year 2018, the Community Development Corporation contributed funds to the City for operating and capital projects in the following governmental funds:

General fund operating projects	\$	15,000
Parks & Recreation fund		600,000
Streets & lighting fund		8,200,000
Municipal facilities & equipment fund		15,000
	\$	<u>8,830,000</u>

**Economic Development Corporation**

The Economic Development Corporation has pledged future sales tax revenues equal to the principal and interest due on certificates of obligation issued by the City, as they become due and payable. Proceeds from the bonds provided financing for the construction of the Cedar Park Center. Bonds payable at year end totaled \$37,200,000. The total principal and interest remaining at September 30, 2018 is \$48,301,661, payable over the next 15 years. In fiscal year 2018, the Economic Development Corporation contributed an amount equal to its debt service requirement of \$3,223,998 to the City's Debt Service Fund in meeting its obligation.

**2. DETAILED NOTES ON ALL FUNDS, (continued)**

**L. Component Units, (continued)**

**Contingent Liabilities**

The City's Economic Development and Community Development Corporations enter into economic development agreements with various entities for payment of incentive amounts to promote the development of new or expanded enterprises, eliminate unemployment and underemployment, and to promote public welfare within the City of Cedar Park. Payments are contingent upon the entities meeting the specific agreement goals, and are not made in advance of performance.

The Economic Development and Community Development Corporations had \$1,886,221 of outstanding commitments at September 30, 2018, which were expected to be paid, pending performance, over the next six years. Outstanding commitments for each entity were as follows:

	Outstanding Commitment	Fiscal Year 2018 Payments
<u>Community Development Corporation</u>		
Dana Holding Corporation	\$ 150,951	71,332
Pecan Grove (Scottsdale Crossing)	-	622,566
VUV Analytics	112,000	72,000
<u>Economic Development Corporation</u>		
Fifteen Five Corporation	140,170	-
ETS Lindgren	-	50,000
Deleware CPI (La Jaila Business Park)	-	676,251
HEB	500,000	-
Hyllion	645,000	-
Innovative Funding Services	217,500	-
Revenue Cycle, Inc	45,600	372,400
Swagelok	75,000	75,000
Visual Lighting Technologies	-	100,000
	<u>\$ 1,886,221</u>	<u>\$ 2,039,549</u>

**M. Subsequent Events**

**BCRUA Contract Revenue Bonds**

In November 2018, the Brushy Creek Regional Utility Authority (BCRUA) received a \$15,740,000 State Water Implementation Fund for Texas (SWIFT) loan to finance the Phase 2 final design, acquisition of land rights and electrical utility improvements and relocations of the deep water intake and pump station in Lake Travis. Phase 2 includes a deep water intake and pump station in Lake Travis to ensure the capacity and reliability of future water supplies to meet the increasing demands of the three cities. Equity interest in the deep water intake and pump station is based on each participating city's (Cedar Park, Round Rock and Leander) share. Based on the equity share, Cedar Park's portion of the loan payable is \$6,970,000.



**CEDAR**  

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**PARK**

**REQUIRED SUPPLEMENTARY INFORMATION**



**General Fund**  
**Schedule Of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budgetary Basis**  
**For the Year Ended September 30, 2018**

City of Cedar Park, Texas

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and penalties				
Current ad valorem	19,534,766	19,534,766	19,840,178	305,412
Delinquent ad valorem	85,984	85,984	240,762	154,778
Franchise	4,672,736	3,361,254	3,765,147	403,893
Sales	13,762,123	14,162,123	14,491,767	329,644
Beverage	335,023	335,023	329,246	(5,777)
Total taxes and penalties	<u>38,390,632</u>	<u>37,479,150</u>	<u>38,667,101</u>	<u>1,187,951</u>
Licenses and permits				
Building permits	1,660,440	1,660,440	1,489,548	(170,892)
Planning and zoning	140,000	140,000	169,487	29,487
Engineering review	14,000	14,000	18,485	4,485
Professional fee recovery	36,789	36,789	41,316	4,527
Construction inspection fees	110,000	110,000	144,244	34,244
Total licenses and permits	<u>1,961,229</u>	<u>1,961,229</u>	<u>1,863,080</u>	<u>(98,149)</u>
Fines and forfeitures				
Traffic violations	590,000	590,000	585,891	(4,109)
Municipal court security fees	4,613	4,613	4,831	218
Total fines and forfeitures	<u>594,613</u>	<u>594,613</u>	<u>590,722</u>	<u>(3,891)</u>
Charges for services				
Fire protection fees	1,682,296	1,682,296	1,634,828	(47,468)
Parks and recreation fees	1,399,046	1,399,046	1,379,697	(19,350)
Library fines	85,209	85,209	94,958	9,749
Animal control fees	2,521	2,521	2,193	(328)
Police services	437,736	437,736	408,715	(29,021)
Administrative fees	994,485	994,485	971,662	(22,823)
Total charges for services	<u>4,601,293</u>	<u>4,601,293</u>	<u>4,492,053</u>	<u>(109,240)</u>
Interest earnings	<u>179,342</u>	<u>179,342</u>	<u>301,632</u>	<u>122,290</u>
Miscellaneous				
Other	841,436	841,436	1,339,288	497,852
Total miscellaneous	<u>841,436</u>	<u>841,436</u>	<u>1,339,288</u>	<u>497,852</u>
<b>Total Revenues</b>	<u>46,568,545</u>	<u>45,657,063</u>	<u>47,253,875</u>	<u>1,596,812</u>

(1) Variance is actual to final budget.

(Continued)

**General Fund**  
**Schedule Of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budgetary Basis**  
**For the Year Ended September 30, 2018**

**City Of Cedar Park, Texas**  
**(Continued)**

	Budgeted Amounts		Actual	Variance (1)
	Original	Final		Positive (Negative)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
General Administration				
Personnel services	45,000	-	(19)	19
Supplies and materials	18,454	18,454	26,204	(7,750)
Maintenance and repairs	47,000	47,000	66,645	(19,645)
Services and charges	1,522,915	1,522,915	1,471,699	51,216
Loan payments	154,782	154,782	154,781	1
Total General Administration	1,788,151	1,743,151	1,719,310	23,841
Mayor and City Council				
Supplies and materials	3,325	3,325	2,239	1,086
Services and charges	84,206	84,206	84,585	(379)
Total Mayor and City Council	87,531	87,531	86,824	707
City Manager				
Personnel services	585,645	599,645	589,330	10,315
Supplies and materials	2,375	2,375	3,188	(813)
Services and charges	51,142	51,142	49,952	1,190
Total City Manager	639,162	653,162	642,471	10,691
City Attorney				
Personnel services	569,839	579,839	561,365	18,474
Supplies and materials	5,565	5,565	6,626	(1,061)
Maintenance and repairs	46,426	46,426	45,230	1,196
Services and charges	199,101	199,101	160,239	38,862
Capital outlay	1,350	1,350	-	(1,350)
Total City Attorney	822,281	832,281	773,460	56,121
City Secretary				
Personnel services	103,538	106,538	107,880	(1,342)
Supplies and materials	712	712	405	307
Services and charges	72,627	72,627	57,890	14,737
Total City Secretary	176,877	179,877	166,176	13,701
Finance				
Personnel services	743,241	758,241	750,879	7,362
Supplies and materials	5,250	5,250	9,747	(4,497)
Services and charges	358,329	358,329	326,347	31,982
Capital outlay	3,500	3,500	-	3,500
Total Finance	1,110,320	1,125,320	1,086,973	38,347
Information Technology				
Personnel services	960,907	975,907	910,541	65,366
Supplies and materials	11,782	11,782	17,581	(5,799)
Maintenance and repairs	23,675	23,675	7,607	16,068
Services and charges	859,388	859,388	856,995	2,393
Total Information Technology	1,855,752	1,870,752	1,792,724	78,028

(1) Variance is actual to final budget.

(Continued)

**General Fund**  
**Schedule Of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budgetary Basis**  
**For the Year Ended September 30, 2018**

**City Of Cedar Park, Texas**  
**(Continued)**

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>GENERAL GOVERNMENT (Continued)</b>				
Human Resources				
Personnel services	453,863	408,863	437,646	(28,783)
Supplies and materials	2,850	2,850	3,217	(367)
Services and charges	178,381	178,381	148,427	29,954
Total Human Resources	<u>635,094</u>	<u>590,094</u>	<u>589,290</u>	<u>804</u>
Public Information				
Personnel services	439,950	447,950	438,569	9,381
Supplies and materials	4,083	4,083	8,274	(4,191)
Services and charges	86,669	86,669	76,446	10,223
Capital outlay	3,500	3,500	-	(3,500)
Total Public Information	<u>534,202</u>	<u>542,202</u>	<u>523,290</u>	<u>11,912</u>
Economic Development				
Personnel services	264,513	159,513	280,005	(120,492)
Supplies and materials	950	950	35	915
Services and charges	2,525,832	2,525,832	2,043,522	482,310
Total Economic Development	<u>2,791,295</u>	<u>2,686,295</u>	<u>2,323,562</u>	<u>362,733</u>
Public Works, Fleet & Buildings				
Personnel services	1,611,845	1,682,845	1,659,809	23,036
Supplies and materials	39,875	39,875	41,168	(1,293)
Maintenance and repairs	73,925	73,925	78,825	(4,900)
Services and charges	545,548	395,548	322,503	73,045
Total Public Works, Fleet & Buildings	<u>2,271,193</u>	<u>2,192,193</u>	<u>2,102,305</u>	<u>89,888</u>
Planning and Transportation				
Personnel services	804,525	819,525	819,103	422
Supplies and materials	5,795	5,795	5,729	66
Maintenance and repairs	500	500	65	435
Services and charges	87,359	87,359	72,046	15,313
Total Planning and Transportation	<u>898,179</u>	<u>913,179</u>	<u>896,943</u>	<u>16,236</u>
Tourism				
Personnel services	94,294	126,294	98,314	27,980
Supplies and materials	950	950	810	140
Maintenance and repairs	1,207	1,207	56	1,151
Services and charges	8,306	8,306	10,822	(2,516)
Total Tourism	<u>104,757</u>	<u>136,757</u>	<u>110,003</u>	<u>26,754</u>
<b>Total General Government</b>	<u>13,714,794</u>	<u>13,552,794</u>	<u>12,813,331</u>	<u>729,763</u>

(1) Variance is actual to final budget.

(Continued)

**General Fund**  
**Schedule Of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budgetary Basis**  
**For the Year Ended September 30, 2018**

**City Of Cedar Park, Texas**  
**(Continued)**

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b><u>EXPENDITURES (Continued)</u></b>				
<b>PUBLIC SAFETY</b>				
Municipal Court				
Personnel services	516,607	511,607	515,982	(4,375)
Supplies and materials	3,515	3,515	3,149	366
Maintenance and repairs	10,000	10,000	11,525	(1,525)
Services and charges	107,299	107,299	88,003	19,296
Total Municipal Court	<u>637,421</u>	<u>632,421</u>	<u>618,659</u>	<u>13,762</u>
Police				
Personnel services	11,660,163	11,753,163	11,322,605	430,558
Supplies and materials	469,225	469,225	679,687	(210,462)
Maintenance and repairs	198,000	198,000	230,139	(32,139)
Services and charges	2,058,366	2,058,366	2,037,705	20,661
Capital outlay	109,700	109,700	83,162	26,538
Total Police	<u>14,495,454</u>	<u>14,588,454</u>	<u>14,353,297</u>	<u>235,157</u>
Animal Control				
Personnel services	204,518	209,518	212,139	(2,621)
Supplies and materials	14,718	14,718	15,146	(428)
Maintenance and repairs	4,050	4,050	3,389	661
Services and charges	188,457	188,457	162,959	25,498
Total Animal Control	<u>411,743</u>	<u>416,743</u>	<u>393,633</u>	<u>23,110</u>
Building Inspection & Code Enforcement				
Personnel services	803,791	803,791	818,123	(14,332)
Supplies and materials	16,847	16,847	14,945	1,902
Maintenance and repairs	6,110	6,110	4,040	2,070
Services and charges	133,688	133,688	113,372	20,316
Total Building Inspection & Code Enforcement	<u>960,436</u>	<u>960,436</u>	<u>950,481</u>	<u>9,955</u>
Fire				
Personnel services	8,736,287	8,489,287	8,313,804	175,483
Supplies and materials	170,850	170,850	180,942	(10,092)
Maintenance and repairs	406,894	406,894	512,125	(105,231)
Services and charges	1,206,004	1,204,204	1,125,076	79,129
Capital outlay	196,600	126,600	142,590	(15,990)
Total Fire	<u>10,716,635</u>	<u>10,397,835</u>	<u>10,274,536</u>	<u>123,299</u>

(1) Variance is actual to final budget.

(Continued)

**General Fund**  
**Schedule Of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budgetary Basis**  
**For the Year Ended September 30, 2018**

**City Of Cedar Park, Texas**  
**(Continued)**

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Emergency Management				
Personnel services	90,135	90,135	65,501	24,634
Supplies and materials	13,920	13,920	6,801	7,119
Maintenance and repairs	5,500	5,500	653	4,847
Services and charges	123,591	125,391	119,899	5,492
Total Emergency Management	233,146	234,946	192,854	42,092
<b>Total Public Safety</b>	<b>27,454,835</b>	<b>27,230,835</b>	<b>26,783,460</b>	<b>447,375</b>
<b>CULTURE AND RECREATION</b>				
Parks and Recreation				
Personnel services	2,381,275	2,421,275	2,270,822	150,453
Supplies and materials	213,387	213,387	221,532	(8,145)
Maintenance and repairs	270,549	270,549	363,764	(93,215)
Services and charges	1,038,691	1,038,691	1,008,219	30,472
Total Parks and Recreation	3,903,902	3,943,902	3,864,337	79,565
Library				
Personnel services	1,113,427	1,134,427	1,119,886	14,541
Supplies and materials	27,998	27,998	32,968	(4,970)
Maintenance and repairs	79,770	79,770	83,008	(3,238)
Services and charges	452,966	452,966	430,948	22,018
Capital outlay	-	-	15,551	(15,551)
Total Library	1,674,161	1,695,161	1,682,360	12,801
<b>Total Culture and Recreation</b>	<b>5,578,063</b>	<b>5,639,063</b>	<b>5,546,697</b>	<b>92,366</b>

(1) Variance is actual to final budget.

(Continued)

General Fund  
Schedule Of Revenues, Expenditures, and Changes in  
Fund Balances - Budgetary Basis  
For the Year Ended September 30, 2018

City Of Cedar Park, Texas  
(Continued)

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
<b>STREETS AND LIGHTING</b>				
Streets and Lighting				
Personnel services	1,701,621	1,806,621	1,711,212	95,409
Supplies and materials	913,398	913,398	946,917	(33,519)
Maintenance and repairs	369,056	369,056	256,810	112,246
Services and charges	1,037,326	1,037,326	1,036,893	433
Capital outlay	330,000	330,000	418,900	(88,900)
<b>Total Streets and Lighting</b>	<u>4,351,401</u>	<u>4,456,401</u>	<u>4,370,732</u>	<u>85,669</u>
<b>TOTAL EXPENDITURES</b>	<u>51,099,093</u>	<u>50,879,093</u>	<u>49,514,220</u>	<u>1,364,873</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(4,530,548)</u>	<u>(5,222,030)</u>	<u>(2,260,345)</u>	<u>2,961,685</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	3,363,259	10,534,741	10,674,741	140,000
Transfers out	-	(8,860,000)	(8,935,000)	(75,000)
<b>Total other financing sources</b>	<u>3,363,259</u>	<u>1,674,741</u>	<u>1,739,741</u>	<u>65,000</u>
<b>Excess (Deficiency) Of Revenues and other sources over expenditures</b>	<u>(1,167,289)</u>	<u>(3,547,289)</u>	<u>(520,604)</u>	<u>3,026,685</u>
<b>Fund balance, beginning of year</b>			20,947,309	
Reconciliation of fund balance (GAAP basis)				
Perspective differences				
Net effect on consolidated fund excluded from the annual budget			1,727,979	
<b>Fund balance, end of year</b>			<u>22,154,684</u>	

(1) Variance is actual to final budget.

---

The City Council follows these procedures in establishing budgetary data reflected in as RSI:

- (1) Prior to August 31, the City Manager submits a proposed operating budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) On or before September 30, the City Council holds public hearings and adopts the budget.
- (3) Any revisions that alter the total expenditures of any fund must be adopted by the City Council after formal public budget hearings.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, Economic and Community Development Funds, and the Enterprise Fund at the fund and department level. Formal budgetary integration is employed for ten Special Revenue Funds, with the remainder excluded because the amount of revenue and expenditures vary depending on unpredictable availability of resources. Capital Project Funds budgetary control is provided by project length budgets.
- (5) Budgets for the General and the Debt Service Funds are adopted on the modified accrual basis of accounting. The budget for the Enterprise Fund is prepared on an accrual basis of accounting.
- (6) Budget appropriations lapse at year-end and do not carry forward to future periods, except as authorized by City Council action for capital and operating projects that typically have a life span beyond the end of the fiscal year.
- (7) The legal level of budgetary control (level at which the governing body must approve any excess of expenditures over appropriations or transfers of appropriated amounts) is established by the City Charter. Management cannot amend the budget without the approval of the City Council.
- (8) The budget to actual is presented for the general and debt service funds. The City's budget for these funds is presented in accordance with generally accepted accounting principles in the United States of America (GAAP) except for the exclusion of the perspective differences within the general fund. The perspective differences are related to operating project expenditures which are budgeted according to project life cycle rather than an annual basis.

During fiscal year 2018, the General Fund expenditure budget was amended to increase departmental budgets for Police, Field Operations, Parks and Recreation, Development Services, Library, Information Services, Engineering, Finance, City Manager, Legal Services, Human Resources, Municipal Court, Community Affairs, City Secretary, and Tourism. The increases were related to a realignment of employee merit pay compensation, vacancy savings, and a new retirement benefit, originally budgeted as a lump sum in the general administrative non-department budget. The General Fund budget was amended to reflect the actual impact of these initiatives on each department. These adjustments were all within the General Fund, resulting in no change to overall appropriations in the General Fund.

In addition to these adjustments, the General Fund was amended by \$8,640,000 for two capital projects and one operating project. This increase in the expenditure budget was offset by additional sales tax revenue, a transfer from bond proceeds, future payment from the Type B fund, and fund balance.

**Required Supplementary Information**  
**Schedule of Changes in the Net Position Liability and Related Ratios**  
**For the Year Ended September 30, 2018**

City of Cedar Park, Texas

	<b>Measurement Year Ended December 31,</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>				
Service cost	\$ 4,400,144	4,067,173	3,320,371	2,912,024
Interest (on the Total Pension Liability)	5,497,034	4,695,392	4,347,515	3,589,114
Changes of benefit terms	3,773,420	-	4,561,227	-
Difference between expected and actual experience	1,361,489	690,138	176,330	884,323
Change of assumptions	-	-	750,653	-
Benefit payments, including refunds of employee contributions	(1,615,265)	(1,417,599)	(1,610,912)	(1,022,223)
<b>Net Change in Total Pension Liability</b>	<b>13,416,822</b>	<b>8,035,104</b>	<b>11,545,184</b>	<b>6,363,238</b>
Beginning total pension liability	76,271,682	68,236,578	56,691,394	50,328,156
<b>Ending Total Pension Liability</b>	<b>\$ 89,688,504</b>	<b>76,271,682</b>	<b>68,236,578</b>	<b>56,691,394</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 3,504,937	2,969,345	2,173,630	1,877,572
Contributions - employee	1,949,431	1,799,634	1,644,911	1,555,387
Net investment income	8,161,466	3,517,288	73,466	2,565,431
Benefit payments, including refunds of employee contributions	(1,615,265)	(1,417,599)	(1,610,912)	(1,022,223)
Administrative expense	(42,264)	(39,700)	(44,741)	(26,777)
Other	(2,142)	(2,139)	(2,210)	(2,202)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>11,956,163</b>	<b>6,826,829</b>	<b>2,234,144</b>	<b>4,947,188</b>
Beginning plan fiduciary net position	58,841,167	52,014,338	49,780,194	44,833,006
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 70,797,330</b>	<b>58,841,167</b>	<b>52,014,338</b>	<b>49,780,194</b>
<b>Net Pension Liability</b>	<b>\$ 18,891,174</b>	<b>17,430,515</b>	<b>16,222,240</b>	<b>6,911,200</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>78.94%</b>	<b>77.15%</b>	<b>76.23%</b>	<b>87.81%</b>
<b>Covered Payroll</b>	<b>\$ 27,849,016</b>	<b>25,709,056</b>	<b>23,498,730</b>	<b>22,219,816</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>67.83%</b>	<b>67.80%</b>	<b>69.03%</b>	<b>31.10%</b>

Notes to Schedule:

Only four years of information is currently available. The City will build this schedule over the next six years.

**Required Supplementary Information  
Schedule of Contributions  
Employees' Retirement System  
For the Year Ended September 30, 2018**

**City of Cedar Park, Texas**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	\$ 4,120,528	4,120,528	-	29,506,317	13.96%
2017	3,398,614	3,398,614	-	27,285,166	12.46%
2016	2,848,789	2,848,789	-	25,948,666	10.98%
2015	2,130,241	2,130,241	-	23,257,262	9.16%
2014	1,831,299	1,831,299	-	21,938,845	8.35%
2013	1,715,640	1,715,640	-	20,340,592	8.43%
2012	1,634,226	1,634,226	-	19,226,185	8.50%
2011	1,607,207	1,607,207	-	18,123,061	8.87%
2010	839,201	1,681,910	842,709	18,121,935	9.28%
2009	1,603,017	1,603,017	-	16,881,577	9.50%

**Notes to Schedule of Contributions**

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rate multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes

- 1) Increased repeating COLO from 30% to 50%.
- 2) Removed statutory max.

**Required Supplementary Information  
OPEB Schedule of Changes in Total Liability and Related Ratios  
For the Year Ended September 30, 2018**

**City of Cedar Park, Texas**

	<b>Reporting Fiscal Year (Measurement Date)</b>		
	<b>2018 (2017)</b>		
	<b>Health Care</b>	<b>SDBF</b>	<b>Total</b>
Total OPEB Liability			
Service Cost	44,762	41,774	86,536
Interest	75,797	24,903	100,700
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	107,001	74,405	181,406
Benefit payments	(87,515)	(2,785)	(90,300)
Net change in total OPEB liability	140,045	138,297	278,342
Total OPEB liability - beginning	2,010,796	639,317	2,650,113
Total OPEB liability - ending	2,150,841	777,614	2,928,455
Covered-employee payroll	27,760,759	27,849,016	
Total OPEB liability as a percentage of covered-employee payroll	7.75%	2.79%	

Note to the schedule: This OPEB schedule in the required supplementary information is intended to show information for ten years. Additional information will be displayed as it becomes available.



**CEDAR**  

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**PARK**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## NONMAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

***Occupancy Tax*** – to account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. State law restricts the use of these funds to activities that promote or enhance tourism within the City.

***Capital Metro Transit*** – to account for the receipt and expenditure of funds received from the Capital Metropolitan Authority, which are to be used for improvements to facilities.

***Law Enforcement*** – to account for the receipt and expenditure of seized and donated funds to be used exclusively for law enforcement purposes.

***Texas Capital*** – to account for economic development grants through the Texas Department of Commerce Texas Capital Funds program and business contributions to build facilities or infrastructure for businesses located in the Cedar Park area.

***Restricted Grant*** – to account for all grants awarded to the City, and to account for any other funds donated to the City for a restricted purpose.

***Cable*** – to account for franchise fees restricted for Public, Educational, and Governmental (PEG) channel activities including broadcasting services, audio-visual improvements, and programming.

***Tax Increment Reinvestment Zone No. 1*** – to account for activities within the zone that was established by ordinance in 2001. Financing is provided by a portion of the City's ad valorem taxes constituting its tax increment.

***Tax Increment Reinvestment Zone No. 2*** – to account for activities within the zone that was established by ordinance in 2013. Financing is provided by a portion of the City's ad valorem taxes and sales taxes constituting its tax increment.

## INTERNAL SERVICE FUNDS

**Internal Service Funds** are used to account for the financing of goods or services provided by one department to other City departments or to other governmental units on a cost-reimbursement basis.

***Employee Benefits Fund*** – to account for activities related to the health, dental, and life insurance costs of City employees and their beneficiaries.

***Vehicle & Equipment Services Fund*** – to account for maintenance and replacement costs of City-owned vehicles and heavy equipment.



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**Nonmajor Governmental Funds-Special Revenue Funds  
Combining Balance Sheet  
September 30, 2018**

	Occupancy Tax	Capital Metro Transit	Law Enforcement	Texas Capital	Restricted Grant
<b>ASSETS</b>					
Taxes receivable	\$ 103,676	-	-	-	-
Other receivable	-	-	-	25,541	370,996
Cash and investments					
- restricted	1,939,504	44,009	236,787	-	1,422,470
Total assets	<u>2,043,180</u>	<u>44,009</u>	<u>236,787</u>	<u>25,541</u>	<u>1,793,466</u>
<b>LIABILITIES</b>					
Accounts payable	80,947	-	53,944	-	85,702
Other liabilities	-	-	-	25,541	-
Total liabilities	<u>80,947</u>	<u>-</u>	<u>53,944</u>	<u>25,541</u>	<u>85,702</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues other receivables	-	-	-	-	341,016
<b>FUND BALANCES</b>					
Restricted					
Tourism	1,962,233	-	-	-	-
Cable equipment acquisition					
Economic development and other purposes	-	44,009	-	-	1,366,748
Public safety	-	-	182,843	-	-
Total fund balances	<u>1,962,233</u>	<u>44,009</u>	<u>182,843</u>	<u>-</u>	<u>1,366,748</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 2,043,180</u>	<u>44,009</u>	<u>236,787</u>	<u>25,541</u>	<u>1,793,466</u>

	Cable	Tax Increment Reinvestment Zone 1	Tax Increment Reinvestment Zone 2	Totals
<b>ASSETS</b>				
Taxes receivable	\$ -	-	-	103,676
Other receivable	-	-	-	396,537
Cash and investments				
- restricted	283,620	618,164	462	4,545,016
Total assets	<u>283,620</u>	<u>618,164</u>	<u>462</u>	<u>5,045,229</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	220,593
Other liabilities	-	-	-	25,541
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues other receivables	-	-	-	341,016
<b>FUND BALANCES</b>				
Restricted				
Tourism	-	-	-	1,962,233
Cable equipment acquisition	283,620	-	-	283,620
Economic development and other purposes	-	618,164	462	2,029,383
Public safety	-	-	-	182,843
Total fund balances	<u>283,620</u>	<u>618,164</u>	<u>462</u>	<u>4,458,079</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 283,620</u>	<u>618,164</u>	<u>462</u>	<u>5,045,229</u>

**Nonmajor Governmental Funds-Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended September 30, 2018**

	Occupancy Tax	Capital Metro Transit	Law Enforcement	Texas Capital	Restricted Grant
<b>REVENUES</b>					
Taxes	781,501	-	-	-	-
Fines and forfeitures	-	-	-	-	65,255
Intergovernmental	-	-	6,971	-	266,005
Contributions	-	-	-	-	241,102
Interest earnings	24,641	573	3,551	-	21,670
Other	-	-	126,404	-	454,559
<b>Total revenues</b>	<u>806,142</u>	<u>573</u>	<u>136,926</u>	<u>-</u>	<u>1,048,591</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	122,580
Public safety	-	-	105,243	-	157,396
Cultural and recreational	-	-	-	-	136,851
Economic development	639,250	-	-	-	-
Capital outlay	-	-	133,994	-	488,331
<b>Total expenditures</b>	<u>639,250</u>	<u>-</u>	<u>239,237</u>	<u>-</u>	<u>905,158</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>166,892</u>	<u>573</u>	<u>(102,311)</u>	<u>-</u>	<u>143,433</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	-	-	(350,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
<b>Net Change In Fund Balances</b>	<u>166,892</u>	<u>573</u>	<u>(102,311)</u>	<u>-</u>	<u>(206,567)</u>
<b>Fund Balances, Beginning</b>	<u>1,795,341</u>	<u>43,436</u>	<u>285,154</u>	<u>-</u>	<u>1,573,315</u>
<b>Fund Balances, Ending</b>	<u><u>1,962,233</u></u>	<u><u>44,009</u></u>	<u><u>182,843</u></u>	<u><u>-</u></u>	<u><u>1,366,748</u></u>

	Cable	Tax Increment Reinvestment Zone 1	Tax Increment Reinvestment Zone 2	Total
<b>REVENUES</b>				
Taxes	140,742	737,424	-	1,659,667
Fines and forfeitures	-	-	-	65,255
Intergovernmental	-	-	-	272,976
Contributions	-	-	-	241,102
Interest earnings	3,349	11,468	6	65,258
Other	-	-	-	580,963
<b>Total revenues</b>	<b>144,091</b>	<b>748,892</b>	<b>6</b>	<b>2,885,221</b>
<b>EXPENDITURES</b>				
Current:				
General government	76,991	-	-	199,571
Public safety	-	-	-	262,639
Cultural and recreational	-	-	-	136,851
Economic development	-	706,195	-	1,345,445
Capital outlay	-	-	-	622,325
<b>Total expenditures</b>	<b>76,991</b>	<b>706,195</b>	<b>-</b>	<b>2,566,831</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>67,100</b>	<b>42,697</b>	<b>6</b>	<b>318,390</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	(350,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(350,000)</b>
<b>Net Change In Fund Balances</b>	<b>67,100</b>	<b>42,697</b>	<b>6</b>	<b>(31,610)</b>
<b>Fund Balances, Beginning</b>	<b>216,520</b>	<b>575,467</b>	<b>456</b>	<b>4,489,689</b>
<b>Fund Balances, Ending</b>	<b>283,620</b>	<b>618,164</b>	<b>462</b>	<b>4,458,079</b>

**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

City of Cedar Park, Texas

	Budgeted Amounts			Variance (1) Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and penalties	\$ 19,043,368	19,043,368	19,278,301	234,933
Intergovernmental	3,223,998	3,223,998	3,223,998	-
Interest earnings	65,000	65,000	213,193	148,193
Other income	1,050,397	1,050,397	836	(1,049,561)
Total revenues	<u>23,382,763</u>	<u>23,382,763</u>	<u>22,716,328</u>	<u>(666,435)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	12,750,000	12,750,000	12,750,000	-
Interest and fiscal charges	6,976,893	6,976,893	6,959,889	17,004
Payment to bond escrow agent from current resources	3,057,328	3,057,328	3,057,328	-
Bond issue costs	582,730	582,730	10,882	571,848
Total expenditures	<u>23,366,951</u>	<u>23,366,951</u>	<u>22,778,099</u>	<u>588,852</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>15,812</u>	<u>15,812</u>	<u>(61,771)</u>	<u>(77,583)</u>
<b>Net Change In Fund Balance</b>	15,812	15,812	(61,771)	(77,583)
<b>Fund Balance, Beginning</b>	9,388,000	9,388,000	9,388,000	-
<b>Fund Balance, Ending</b>	<u>\$ 9,403,812</u>	<u>9,403,812</u>	<u>9,326,229</u>	<u>(77,583)</u>

(1) Variance is actual to final budget.



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**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2018**

City of Cedar Park, Texas

	Employee Benefits	Vehicle & Equipment Services	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,118,009	6,379,806	7,497,815
Total current assets	<u>1,121,896</u>	<u>6,379,806</u>	<u>7,501,702</u>
Capital assets:			
Depreciable, net	-	6,834,608	6,834,608
Total capital assets	<u>-</u>	<u>6,834,608</u>	<u>6,834,608</u>
<b>Total assets</b>	<u>1,121,896</u>	<u>13,214,414</u>	<u>14,336,310</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	51,669	60,346	112,015
Total current liabilities	<u>51,669</u>	<u>60,346</u>	<u>112,015</u>
Total liabilities	<u>51,669</u>	<u>60,346</u>	<u>112,015</u>
Net investment in capital assets	-	6,834,608	6,834,608
Unrestricted	1,070,227	6,319,460	7,389,687
Total net position	<u>\$ 1,070,227</u>	<u>13,154,068</u>	<u>14,224,295</u>

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended September 30, 2018**

City of Cedar Park, Texas

	Employee Benefits	Vehicle & Equipment Services	Total
<b>OPERATING REVENUES</b>			
Charges for services	3,465,676	3,473,470	6,939,146
Total operating revenues	<u>3,465,676</u>	<u>3,473,470</u>	<u>6,939,146</u>
<b>OPERATING EXPENSES</b>			
Personnel services	3,174,871	-	3,174,871
Distribution services and charges	85,000	4,265	89,265
Maintenance and repair	-	14,600	14,600
Supplies and materials	-	813,418	813,418
Depreciation	-	1,966,788	1,966,788
Total operating expenses	<u>3,259,871</u>	<u>2,799,071</u>	<u>6,058,942</u>
<b>OPERATING INCOME (LOSS)</b>	<u>205,805</u>	<u>674,399</u>	<u>880,204</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenue	12,543	149,465	162,008
Gain on disposal of capital assets	-	111,045	111,045
Total nonoperating revenues (expenses)	<u>12,543</u>	<u>260,510</u>	<u>273,053</u>
<b>CHANGE IN NET POSITION</b>	<u>218,348</u>	<u>934,909</u>	<u>1,153,257</u>
<b>Total net position, beginning</b>	<u>851,879</u>	<u>12,219,159</u>	<u>13,071,038</u>
<b>Total net position, ending</b>	<u><u>1,070,227</u></u>	<u><u>13,154,068</u></u>	<u><u>14,224,295</u></u>

**Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended September 30, 2018**

**City of Cedar Park, Texas**

	Employee Benefits	Vehicle & Equipment Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,465,676	3,473,470	6,939,146
Cash paid to suppliers for goods and services	(40,352)	(771,937)	(812,289)
Cash paid for benefits	(3,174,871)	-	(3,174,871)
Net cash provided (used) by operating activities	<u>250,453</u>	<u>2,701,533</u>	<u>2,951,986</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash received from nonoperating activities	2,294	201,546	203,840
Acquisition of capital assets	-	(3,009,461)	(3,009,461)
Net cash (used) for capital and related financing activities	<u>2,294</u>	<u>(2,807,915)</u>	<u>(2,805,621)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on investments	10,249	87,326	97,575
Net cash provided by investing activities	<u>10,249</u>	<u>87,326</u>	<u>97,575</u>
Net increase (decrease) in cash and cash equivalents	262,996	(19,056)	243,940
Cash and cash equivalents, October 1	<u>855,013</u>	<u>6,398,862</u>	<u>7,253,875</u>
Cash and cash equivalents, September 30	<u>\$ 1,118,009</u>	<u>6,379,806</u>	<u>7,497,815</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
<b>Operating income (loss)</b>	\$ 205,805	674,399	880,204
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>			
Depreciation	-	1,966,788	1,966,788
Increase (decrease) in liabilities:			
Accounts payable	48,535	60,346	108,881
Accounts receivable	(3,887)	-	(3,887)
Net cash provided by operating activities	<u>\$ 250,453</u>	<u>2,701,533</u>	<u>2,951,986</u>



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**STATISTICAL SECTION**  
**(Unaudited)**



## CITY OF CEDAR PARK, TEXAS

### STATISTICAL SECTION (Unaudited)

This part of the City of Cedar Park's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

#### **Contents:**

#### **Financial Trends**

These schedules contain information to assist the reader in obtaining a better understanding of how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to assist the reader in obtaining a better understanding of the City's significant revenue source, the property tax.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting basic financial information include information beginning in that year.



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**Net Position by Component**  
**Last Ten Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Cedar Park, Texas**  
**Table I**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governmental activities</b>										
Net investment in capital assets	229,635	195,201	161,055	145,800	164,866	154,520	136,368	142,762	125,090	117,722
Restricted	34,763	33,482	30,660	33,803	21,333	11,372	10,656	5,961	8,169	4,816
Unrestricted	(5,489)	(3,315)	7,012	9,793	7,432	12,931	18,273	17,338	18,492	16,779
<b>Total governmental activities net position</b>	<b>258,909</b>	<b>225,368</b>	<b>198,727</b>	<b>189,396</b>	<b>193,631</b>	<b>178,823</b>	<b>165,297</b>	<b>166,061</b>	<b>151,751</b>	<b>139,317</b>
<b>Business-type activities</b>										
Net investment in capital assets	189,620	182,796	175,479	173,954	154,336	145,121	133,655	111,952	108,617	113,913
Restricted	35,556	38,463	36,351	18,613	18,658	16,193	14,811	13,449	12,967	13,348
Unrestricted	25,375	20,641	21,448	32,496	27,034	29,234	34,494	38,443	31,903	22,836
<b>Total business-type activities net position</b>	<b>250,551</b>	<b>241,900</b>	<b>233,278</b>	<b>225,063</b>	<b>200,028</b>	<b>190,548</b>	<b>182,960</b>	<b>163,844</b>	<b>153,487</b>	<b>150,097</b>
<b>Primary government</b>										
Net investment in capital assets	419,255	377,997	336,534	319,754	319,202	299,641	270,023	254,714	233,707	231,635
Restricted	70,319	71,945	67,011	52,416	39,991	27,565	25,467	19,410	21,136	18,164
Unrestricted	19,886	17,326	28,460	42,289	34,466	42,165	52,767	55,781	50,395	39,615
<b>Total primary government net position</b>	<b>509,460</b>	<b>467,268</b>	<b>432,005</b>	<b>414,459</b>	<b>393,659</b>	<b>369,371</b>	<b>348,257</b>	<b>329,905</b>	<b>305,238</b>	<b>289,414</b>

**Changes in Net Position**  
**Last Ten Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Cedar Park, Texas**  
**Table II**

	2018	2017	2016	2015	2014	2013	2012	2011	2010 (1)	2009 (2)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>										
Governmental activities										
General government	18,399	19,934	22,822	17,986	16,663	15,616	12,955	13,262	11,618	7,986
Public safety	30,434	25,806	23,838	21,736	19,105	18,278	16,463	15,759	14,996	15,347
Culture and recreation	6,795	6,136	6,008	5,592	5,029	4,773	4,732	4,670	4,136	4,437
Streets and lighting	6,973	8,257	4,949	6,760	5,769	3,439	4,805	4,554	4,066	3,634
Economic development	3,669	-	-	-	-	-	-	-	-	-
Interest on long-term debt	3,081	7,406	6,985	6,324	6,353	6,792	6,987	6,983	7,212	6,995
Total governmental activities	<u>69,350</u>	<u>67,539</u>	<u>64,602</u>	<u>58,398</u>	<u>52,919</u>	<u>48,898</u>	<u>45,942</u>	<u>45,228</u>	<u>42,028</u>	<u>38,399</u>
Business-type activities										
Water and sewer	25,972	26,321	27,120	24,304	23,413	24,623	21,774	23,744	21,456	24,250
Solid waste	3,947	3,678	3,629	3,687	3,602	3,436	3,188	2,746	2,411	-
Total business-type activities	<u>29,919</u>	<u>29,999</u>	<u>30,749</u>	<u>27,991</u>	<u>27,015</u>	<u>28,059</u>	<u>24,962</u>	<u>26,490</u>	<u>23,867</u>	<u>24,250</u>
Total primary government expenses	<u>99,269</u>	<u>97,538</u>	<u>95,351</u>	<u>86,389</u>	<u>79,934</u>	<u>76,957</u>	<u>70,904</u>	<u>71,718</u>	<u>65,895</u>	<u>62,649</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	1,463	1,038	3,178	2,444	2,428	2,458	2,253	1,371	1,298	1,287
Public safety	4,177	4,303	2,770	2,506	2,949	2,737	2,556	2,932	2,650	2,563
Culture and recreation	1,489	1,536	1,437	1,439	1,356	1,318	1,215	1,129	1,023	759
Operating grants and contributions	3,853	3,855	3,600	3,561	3,573	3,640	3,604	734	997	4,133
Capital grants and contributions	23,321	21,350	6,759	11,211	11,849	9,956	8,201	18,250	13,708	13,376
Total governmental activities	<u>34,303</u>	<u>32,082</u>	<u>17,744</u>	<u>21,161</u>	<u>22,155</u>	<u>20,109</u>	<u>17,829</u>	<u>24,416</u>	<u>19,676</u>	<u>22,118</u>
Business-type activities										
Charges for services										
Water and sewer	32,803	31,940	30,093	29,968	28,216	28,197	29,055	31,038	25,297	28,404
Solid waste	3,966	3,702	3,649	3,810	3,623	3,339	3,111	2,773	2,463	-
Capital grants and contributions	6,058	5,595	7,906	5,326	7,579	7,610	4,905	5,701	3,438	4,255
Total business-type activities	<u>42,826</u>	<u>41,237</u>	<u>41,648</u>	<u>39,104</u>	<u>39,418</u>	<u>39,146</u>	<u>37,071</u>	<u>39,512</u>	<u>31,198</u>	<u>32,659</u>
Total primary government program revenues	<u>77,129</u>	<u>73,319</u>	<u>59,392</u>	<u>60,265</u>	<u>61,573</u>	<u>59,255</u>	<u>54,900</u>	<u>63,928</u>	<u>50,874</u>	<u>54,777</u>
Net (expense)/revenue										
Governmental activities	(35,047)	(35,457)	(46,858)	(37,237)	(30,764)	(28,789)	(28,113)	(20,812)	(22,352)	(16,281)
Business-type activities	<u>12,907</u>	<u>11,238</u>	<u>10,899</u>	<u>11,113</u>	<u>12,403</u>	<u>11,087</u>	<u>12,109</u>	<u>13,022</u>	<u>7,331</u>	<u>8,409</u>
Total primary government net revenue (expense)	<u>(22,140)</u>	<u>(24,219)</u>	<u>(35,959)</u>	<u>(26,124)</u>	<u>(18,361)</u>	<u>(17,702)</u>	<u>(16,004)</u>	<u>(7,790)</u>	<u>(15,021)</u>	<u>(7,872)</u>

**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

**City of Cedar Park, Texas**  
**Table II**

	2018	2017	2016	2015	2014	2013	2012	2011	2010 (1)	2009 (2)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Property taxes	40,112	37,656	34,801	31,030	25,839	23,802	21,222	20,103	20,036	19,626
Sales taxes	14,492	13,239	11,948	11,187	10,165	8,699	7,884	7,003	6,538	6,415
Franchise fees	3,906	4,001	4,447	4,453	4,252	3,940	3,843	3,637	3,249	3,193
Other taxes	1,111	1,092	945	846	721	643	504	481	351	289
Interest and other	5,437	2,839	1,033	1,649	1,478	1,953	1,104	922	880	2,387
Transfers	5,005	3,269	3,015	(14,164)	3,117	3,277	(6,941)	2,976	3,733	2,406
Special item	-	-	-	1,546	-	-	-	-	-	-
Total governmental activities	<u>70,061</u>	<u>62,096</u>	<u>56,189</u>	<u>36,547</u>	<u>45,572</u>	<u>42,314</u>	<u>27,616</u>	<u>35,122</u>	<u>34,787</u>	<u>34,316</u>
Business-type activities										
Interest and other	854	653	330	346	195	(222)	562	310	(209)	467
Transfers	(5,005)	(3,269)	(3,015)	14,164	(3,117)	(3,277)	6,941	(2,976)	(3,733)	(2,406)
Total business-type activities	<u>(4,151)</u>	<u>(2,616)</u>	<u>(2,685)</u>	<u>14,510</u>	<u>(2,922)</u>	<u>(3,499)</u>	<u>7,503</u>	<u>(2,666)</u>	<u>(3,942)</u>	<u>(1,939)</u>
Total primary government	<u>65,911</u>	<u>59,480</u>	<u>53,504</u>	<u>51,057</u>	<u>42,650</u>	<u>38,815</u>	<u>35,119</u>	<u>32,456</u>	<u>30,845</u>	<u>32,377</u>
<b>Changes in Net Position</b>										
Governmental activities	35,014	26,641	9,331	(690)	14,808	7,476	(1,108)	7,009	13,975	13,504
Business-type activities	8,757	8,622	8,622	25,624	9,481	7,614	19,906	9,443	9,080	11,083
Total primary government	<u>43,771</u>	<u>35,263</u>	<u>17,953</u>	<u>24,934</u>	<u>24,289</u>	<u>15,090</u>	<u>18,798</u>	<u>16,452</u>	<u>23,055</u>	<u>24,587</u>

(1) Beginning in fiscal year 2010, solid waste activities are reported as a separate activity. Prior to 2010, these activities were combined with water and sewer activities.

(2) Beginning in fiscal year 2009, the Community Development and Economic Development Corporation activities were reported as discretely presented component units. In fiscal year 2009, the City implemented an accounting change to present those corporations discretely.

**Sales Tax by Category**  
**Last Ten Fiscal Years (In thousands)**

**City of Cedar Park, Texas**  
**Table III**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	149	55	68	20	39	29	8	7	3	9
Construction	3,286	435	499	465	266	207	204	179	137	217
Finance, insurance, real estate	105	30	39	40	29	30	79	58	52	74
Manufacturing	1,071	435	237	201	626	276	117	100	80	69
Other	943	383	448	476	481	142	362	263	191	198
Retail trade	1,513	6,727	6,917	6,623	5,116	5,164	4,485	4,043	2,981	2,972
Services	4,860	4,057	3,148	2,821	2,506	2,377	2,156	2,002	1,446	1,337
Transportation, communications, utilities	99	24	19	4	637	19	3	4	5	3
Wholesale trade	1,370	208	217	184	308	340	299	219	181	86
Arts, entertainment, recreation	367	885	356	353	159	115	170	127	108	31
<b>Total</b>	<b>13,762</b>	<b>13,239</b>	<b>11,948</b>	<b>11,187</b>	<b>10,167</b>	<b>8,699</b>	<b>7,883</b>	<b>7,002</b>	<b>5,184</b>	<b>4,996</b>
City sales tax rate (primary government)	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%

(1) Beginning in fiscal year 2009, primary government sales tax revenues do not include the Community Development Corporation and Economic Development Corporation sales tax data. In fiscal year 2009, the City implemented an accounting change to present those corporations discretely.

**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (In thousands)**  
**(Modified accrual basis of accounting)**

**City of Cedar Park, Texas**  
**Table IV**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24	531
Unreserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16,999	14,665
Nonspendable	23	40	41	24	24	32	30	26	N/A	N/A
Restricted	-	-	-	-	-	-	1,334	-	N/A	N/A
Committed	256	142	101	329	-	-	-	-	N/A	N/A
Assigned	155	155	155	155	1,047	1,202	-	-	N/A	N/A
Unassigned	21,721	20,610	21,380	18,846	16,954	14,432	13,615	11,935	N/A	N/A
Total general fund	<u>22,155</u>	<u>20,947</u>	<u>21,677</u>	<u>19,354</u>	<u>18,025</u>	<u>15,666</u>	<u>14,979</u>	<u>11,961</u>	<u>17,023</u>	<u>15,196</u>
All other governmental funds										
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,194	4,098
Unreserved, reported in:										
Special revenue funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,585	2,007
Capital projects funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21,395	16,026
Nonspendable	-	-	-	-	-	1	12	-	N/A	N/A
Restricted	84,140	72,958	66,782	41,587	31,967	22,007	24,097	17,724	N/A	N/A
Committed	-	142	-	29,719	-	-	-	540	N/A	N/A
Assigned	-	-	-	-	-	-	-	4,954	N/A	N/A
Unassigned	-	-	-	-	-	(1)	-	N/A	N/A	N/A
Total all other governmental funds	<u>84,140</u>	<u>72,958</u>	<u>66,782</u>	<u>41,587</u>	<u>31,967</u>	<u>22,007</u>	<u>24,109</u>	<u>23,218</u>	<u>28,174</u>	<u>22,131</u>
Total all governmental funds	<u>106,295</u>	<u>93,905</u>	<u>88,459</u>	<u>60,941</u>	<u>49,992</u>	<u>37,673</u>	<u>39,088</u>	<u>35,179</u>	<u>45,197</u>	<u>37,327</u>

Note: The City implemented GASB Statement No. 54, which changed the reporting requirements for fund balances, in fiscal year 2011.

(1) In FY2009, an accounting change was implemented to discretely present the Community Development Corporation and the Economic Development Corporation. These funds were previously classified as Unreserved Fund Balance reported in Special Revenue funds.

**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (In thousands)**  
**(Modified accrual basis of accounting)**

**City of Cedar Park, Texas**  
**Table V**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>										
Taxes	59,605	56,088	52,112	47,540	40,933	37,112	33,445	31,342	30,132	29,532
Permits, licenses and fees	1,863	1,776	2,234	1,849	1,826	1,913	1,739	1,346	1,273	1,163
Fines and forfeitures	656	733	788	720	1,209	933	963	976	677	753
Charges for services	4,610	4,369	4,092	3,821	3,697	3,666	3,323	3,436	3,350	2,832
Intergovernmental	3,512	3,455	216	1,428	2,885	403	4,768	5,473	852	553
Interest earnings	1,307	912	233	378	172	129	178	148	235	995
Contributions	16,756	17,009	5,861	6,304	6,357	4,880	4,730	4,487	7,988	14,461
Other	3,722	1,405	1,077	1,286	1,916	1,835	800	837	537	684
<b>Total revenues</b>	<b>92,030</b>	<b>85,747</b>	<b>66,613</b>	<b>63,326</b>	<b>58,995</b>	<b>50,871</b>	<b>49,946</b>	<b>48,045</b>	<b>45,044</b>	<b>50,973</b>
<b>EXPENDITURES</b>										
General government	11,105	11,063	10,486	11,066	8,619	8,047	7,236	6,827	6,944	6,095
Public safety	27,316	24,965	23,043	21,498	19,793	18,388	16,834	15,383	14,795	14,273
Culture and recreation	5,668	5,289	5,170	5,117	4,379	4,061	3,878	3,715	3,459	3,960
Streets and lighting	3,952	6,039	3,099	2,874	2,567	2,597	2,110	1,996	1,859	1,638
Economic development	3,669	1,310	1,145	948	859	901	753	1,709	351	301
Capital outlay	55,480	16,797	13,549	10,629	20,115	7,044	17,153	18,600	11,654	58,998
Debt service:										
Principal	12,905	13,060	11,360	9,950	8,445	7,300	7,575	5,610	5,573	4,631
Payment to bond escrow - current	3,057	1,455	5,130							
Interest and fiscal charges	6,960	7,317	6,985	6,303	6,258	6,863	7,253	7,068	7,156	7,822
Bond issuance costs	496	63	-	754	468	198	-	-	-	-
<b>Total expenditures</b>	<b>130,607</b>	<b>87,358</b>	<b>79,967</b>	<b>69,139</b>	<b>71,503</b>	<b>55,399</b>	<b>62,792</b>	<b>60,908</b>	<b>51,791</b>	<b>97,718</b>
<b>Deficiency of revenues over expenditures</b>	<b>(38,577)</b>	<b>(1,611)</b>	<b>(13,354)</b>	<b>(5,813)</b>	<b>(12,846)</b>	<b>(12,863)</b>	<b>(12,863)</b>	<b>(6,747)</b>	<b>(46,745)</b>	<b>(27,782)</b>
<b>Other financing sources (uses)</b>										
Issuance of debt	40,745	1,735	42,775	73,670	29,865	15,865	25,195	(65)	13,345	-
Bond premiums (discounts)	5,110	9	6,171	5,042	820	-	3,942	(23)	102	-
Payment to bond escrow agent	-	-	(10,673)	(67,893)	(8,974)	(15,667)	(26,616)	3,929	(1,362)	-
Bond issuance costs	-	-	(444)	-	-	-	-	-	-	-
Sale of general capital assets	106	88	-	-	-	-	-	-	-	-
Transfers in	20,000	41,462	13,746	21,847	23,259	7,801	14,388	16,195	9,524	51,224
Transfers out	(14,995)	(36,239)	(10,731)	(19,089)	(20,142)	(4,886)	(9,922)	(13,219)	(6,991)	(48,818)
Other	-	-	-	3,213	-	-	1,589	-	-	-
<b>Total other financing sources</b>	<b>50,967</b>	<b>7,055</b>	<b>40,844</b>	<b>16,790</b>	<b>24,828</b>	<b>3,113</b>	<b>8,576</b>	<b>6,817</b>	<b>14,618</b>	<b>2,406</b>
<b>Net change in fund balances</b>	<b>12,390</b>	<b>5,444</b>	<b>27,490</b>	<b>10,977</b>	<b>11,982</b>	<b>(9,750)</b>	<b>(4,287)</b>	<b>70</b>	<b>(32,127)</b>	<b>(25,376)</b>
Debt service as a percentage of noncapital expenditures	26.44%	28.90%	27.62%	27.78%	28.61%	25.41%	29.97%	29.97%	31.71%	32.16%

(1) In FY2009, an accounting change was implemented to discretely present the Community Development Corporation and the Economic Development Corporation.

**Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table VI**

Fiscal Year	Real Property		Personal Property		Total Assessed Value (1)	Total Estimated Actual Value	Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
	\$	\$	\$	\$				
2009	3,688,102,645	3,671,296,868	292,200,548	292,200,548	3,980,303,193	3,980,303,193	0.489001	100%
2010	3,748,717,862	3,684,982,934	314,529,746	314,529,746	4,063,247,608	4,063,247,608	0.489001	100%
2011	3,967,805,242	3,710,745,479	277,609,702	277,609,702	4,245,414,944	4,245,414,944	0.493501	100%
2012	4,139,882,394	3,904,593,732	295,446,592	295,446,592	4,435,328,986	4,435,328,986	0.493501	100%
2013	4,431,117,106	4,382,163,626	324,906,758	324,906,758	4,756,023,864	4,756,023,864	0.493501	100%
2014	4,557,237,308	4,752,830,024	346,454,226	346,454,226	4,903,691,534	4,903,691,534	0.492500	100%
2015	4,658,071,476	5,591,478,822	392,935,063	392,935,063	5,051,006,539	5,051,006,539	0.485000	100%
2016	6,671,486,982	6,251,352,852	445,703,847	445,703,847	7,117,190,829	7,117,190,829	0.479500	100%
2017	7,159,666,608	7,159,666,608	469,082,444	469,082,444	7,628,749,052	7,628,749,052	0.470000	100%
2018	8,340,498,840	8,340,498,840	431,419,512	431,419,512	8,771,918,352	8,771,918,352	0.449000	100%

Source: Williamson Central Appraisal District  
Travis Central Appraisal District

(1) Excludes over-65 property value freeze and values in the designated TIRZ

**Property Tax Rates – Direct and Overlapping Governments  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table VII**

Fiscal Year	City of Cedar Park			Leander Independent School District	Round Rock Independent School District	Travis County	Williamson County
	General Fund	Debt Service Fund	Total City				
	\$	\$	\$	\$	\$	\$	\$
2009	0.243140	0.245861	0.489001	1.3792	1.3324	0.4122	0.4683
2010	0.248783	0.240218	0.489001	1.4223	1.3800	0.4215	0.4900
2011	0.251408	0.242093	0.493501	1.4548	1.3800	0.4658	0.4900
2012	0.261739	0.231762	0.493501	1.4998	1.3350	0.4855	0.4877
2013	0.258464	0.235037	0.493501	1.5119	1.3800	0.5001	0.4890
2014	0.252839	0.239661	0.492500	1.5119	1.3674	0.4563	0.4890
2015	0.242250	0.242750	0.485000	1.5119	1.3643	0.4169	0.4815
2016	0.236750	0.242750	0.479500	1.5119	1.3325	0.3838	0.4765
2017	0.231250	0.238750	0.470000	1.5119	1.3325	0.4943	0.4365
2018	0.232600	0.216400	0.449000	1.5100	1.3048	0.3542	0.4590

Source: Tax office of the respective entities

\*Note: Tax rates are set as an amount per \$100 assessed value.  
The boundaries of the City of Cedar Park fall within two Counties and two School Districts.  
Property taxes are assessed according to each taxing authority's jurisdiction.

**Principal Property Taxpayers  
Current year and Nine Years Ago**

**City of Cedar Park, Texas  
Table VIII**

Name of Taxpayer	Type of Property	2018			2009		
		Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
		\$		%	\$		%
BRE RC 1890 Ranch TX LP	Commercial	113,719,868	1	1.30			
IVT PARKE CEDAR PARK LLC	Commercial	111,821,931	2	1.27			
Cedar Park Health Systems LP	Medical	87,536,324	3	1.00			
MUIR Lake LTD	Real estate	56,749,347	4	0.65			
Allure Acquisition LLC	Real estate	46,535,278	5	0.53			
RPAI Cedar Park Town Center LLC	Commercial	43,592,340	6	0.50			
Northland Lakeline II LLC	Real estate	42,895,815	7	0.49			
UDR Red Stone Ranch LLC	Real estate	41,613,257	8	0.47			
WMCi Austin I LLC	Real estate	38,937,600	9	0.44			
RANGER EXCAVATING	Commercial	38,528,331	10	0.44			
Cedar Park Health System	Medical				86,979,442	1	2.14
1890 Ranch LTD	Commercial				34,749,227	2	0.86
Northland Lakeline LP	Real estate				28,204,176	3	0.69
Ranger Excavating	Industrial				27,510,256	4	0.68
AMFP Altea LLC	Real estate				27,123,183	5	0.67
MidAmerica Apartments of Texas L.P.	Real estate				26,285,881	6	0.65
Cedar Park Regional Medical Center	Medical				24,719,407	7	0.61
Colonial Realty L.P.	Real estate				24,400,000	8	0.60
Whitestone Market Inc.	Retail				23,418,880	9	0.58
G&E Apartment Reir Arboleda LLC	Real estate				23,266,910	10	0.57
	Subtotal	621,930,091		7.09	326,657,362		805.00%
All Other		8,149,988,261		92.90	3,736,590,246		91.95
	<b>Total</b>	<b>8,771,918,352</b>		<b>99.99</b>	<b>4,063,247,608</b>		<b>100.00</b>

Source: Williamson Central Appraisal District

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table IX**

Fiscal Year	Total Tax Levy (1) \$	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years \$	Total Collections to Date	
		Current Tax Collections \$	Percentage of Levy Collected		Amount \$	Percentage of Levy
2010	19,873,264	19,668,121	98.84%	156,712	19,854,856	99.910%
2011	19,953,506	19,803,078	99.00%	127,043	19,943,950	99.904%
2012	21,874,620	21,772,469	99.23%	61,900	21,792,575	99.891%
2013	23,388,661	23,304,583	99.52%	49,458	23,339,633	99.883%
2014	25,371,231	25,285,881	99.86%	50,682	24,129,723	99.860%
2015	31,239,785	31,135,198	99.65%	71,505	29,793,188	99.654%
2016	34,556,044	34,495,678	99.78%	34,466	32,068,184	99.777%
2017	37,486,948	37,448,767	99.82%	15,901	37,419,005	99.862%
2018	39,890,554	39,761,771	99.68%	N/A	39,799,815	99.773%

Source: Williamson County Tax Assessor  
Travis County Tax Office

(1) Levy includes anticipated collection from taxable value plus levy from eligible frozen properties.

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Certificates of Obligations	Community Development Bonds (1)	Economic Development Bonds (1)	Deferred Charges	Capital Lease Payable	State Comptroller Note	Total Governmental Activities
	\$	\$	\$	\$	\$	\$	\$	\$
2009	89,940,002	5,712,500	-	43,605,000	775,310	90,019	42,818	140,165,649
2010	97,900,000	5,130,000	-	42,655,000	765,659	61,329	43,105	146,555,093
2011	99,325,000	2,765,000	-	41,670,000	833,637	31,342	29,926	144,654,905
2012	108,110,000	1,955,000	-	40,640,000	4,889,408	-	1,350,313	156,944,721
2013	103,245,000	1,680,000	-	39,565,000	3,975,134	-	1,204,158	149,669,292
2014	105,940,000	13,015,000	-	38,440,000	4,526,799	-	1,046,964	162,968,763
2015	111,820,000	24,985,000	-	42,755,000	8,893,376	-	892,183	189,345,559
2016	135,465,000	19,690,000	-	40,975,000	14,551,402	-	737,402	211,418,804
2017	124,710,000	19,770,000	-	39,125,000	13,655,718	-	582,621	197,843,339
2018	148,940,000	22,525,000	-	37,200,000	14,008,496	-	427,840	223,101,336

Fiscal Year	Business-Type Activities							
	General Obligation Bonds	Certificates of Obligations	Revenue Bonds	Tax and Revenue Bonds	Deferred Charges	Capital Lease Payable	State Comptroller Note	Total Business-type Activities
	\$	\$	\$	\$	\$	\$	\$	\$
2009	6,230,000	-	41,397,500	-	94,817	-	-	47,722,317
2010	11,395,000	-	55,830,000	-	913,222	-	-	68,138,222
2011	5,660,000	-	57,855,000	-	897,006	-	-	64,412,006
2012	8,535,000	-	50,525,000	-	2,238,969	-	-	61,298,969
2013	7,095,000	-	48,480,000	-	1,706,089	-	-	57,281,089
2014	5,600,000	-	45,920,000	-	1,422,194	-	-	52,942,194
2015	5,360,000	-	43,995,000	-	10,513,084	-	-	98,503,084
2016	4,375,000	-	47,535,000	-	5,860,595	-	-	57,770,595
2017	3,525,000	-	42,880,000	-	5,309,572	-	-	51,714,572
2018	2,570,000	-	38,220,000	-	3,598,215	-	-	44,388,215

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt per Capita
	\$	\$			\$
2008	140,165,649	1,666,510,524	8.41%	51,856	2,658
2009	146,555,093	1,924,716,495	7.61%	54,015	2,713
2010	144,654,905	1,561,324,840	9.26%	54,279	2,580
2011	156,944,721	2,325,288,345	6.75%	55,928	2,704
2012	206,950,381	2,325,288,345	8.90%	58,705	3,541
2013	215,910,957	2,586,242,556	8.35%	60,446	3,572
2014	287,848,643	2,586,242,556	11.13%	65,890	4,706
2015	269,189,399	2,674,061,651	10.07%	67,500	3,986
2016	269,189,399	3,022,582,790	8.91%	69,188	3,891
2017	249,557,911	3,171,496,827	7.87%	76,800	3,249
2018	267,489,551	3,621,828,023	7.39%	79,104	3,381

(1) In FY2009, an accounting change was implemented to discretely present the Community Development Corporation and Economic Development Corporation. Community Development Corporation debt was issued in its name and is not considered debt of the primary government. Economic Development bonds are issued in the City's name and are considered debt of the primary government.

Source: Income per Capita - City of Cedar Park Economic Development Department  
Personal income is the factor of population and income per capita.

**Computation of Direct and Estimated Overlapping Bonded Debt  
As of September 30, 2018**

**City of Cedar Park, Texas  
Table XI**

Name of Governmental Unit	Net General Obligation Debt Outstanding as of September 30, 2018	Estimated Percent Applicable to the City of Cedar Park	City's Overlapping Tax Supported Debt
	\$		\$
<u>Governmental Activities</u>			
General obligation bonds	158,417,558		
Certificates of obligations	23,063,891		
Economic Development bonds	40,839,269		
Note Payable	427,840		
Total governmental activities debt	<u>222,748,558</u> (1)	100.00%	<u>222,748,558</u>
<u>Other Taxing Jurisdictions</u>			
Austin Community College District	418,335,000	4.08%	17,068,068
Leander ISD	1,032,212,533	28.52%	294,387,014
Round Rock ISD	648,305,000	2.47%	16,013,134
Travis County	705,136,179	0.60%	4,230,817
Travis County Healthcare District	9,380,000	0.60%	56,280
Williamson County	878,234,942	13.27%	116,541,777
Williamson-Travis MUD #1	1,950,000	4.28%	83,460
Total other taxing jurisdictions	<u>3,693,553,654</u>		<u>448,380,550</u>
Total Direct and Overlapping Tax Supported Debt			<u>671,129,108</u>
Ratio of Direct and Overlapping Tax Supported Debt to Assessed Valuation (2)		8.80%	
Per Capita Overlapping Tax Supported Debt (3)			8,484

Source: Taxing jurisdictions, Williamson Central Appraisal District, Travis Central Appraisal District, and Municipal Advisory Council of Texas

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 City residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore, responsible for repaying the debt of each overlapping government.

- (1) Excludes general obligation debt of \$3,958,900 reported in proprietary funds which are not tax supported, but are supported by utility system revenues.
- (2) Based on assessed valuation of \$4,903,691,534 provided by the Williamson Central Appraisal District and Travis Central Appraisal District.
- (3) Based on estimated population of 76,800.

**Legal Debt Margin Information  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XII**

Fiscal Year	Assessed Taxable Value	Debt Limit (1)	Amount Expended for General Obligation Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
	\$	\$	\$	\$	
2009	3,980,303,193	59,704,548	12,453,668	47,250,880	20.86%
2010	4,063,247,608	60,948,714	12,728,201	48,220,513	20.88%
2011	4,245,414,944	63,681,224	14,703,102	48,978,122	23.09%
2012	4,435,328,986	66,529,935	15,114,421	51,415,514	22.72%
2013	4,756,023,864	71,340,358	14,360,571	56,979,787	20.13%
2014	4,903,691,534	73,555,373	11,221,303	62,334,070	15.26%
2015	5,051,006,539	75,765,098	12,770,672	62,994,426	16.89%
2016	7,117,190,829	106,757,862	16,459,898	90,297,964	15.42%
2017	7,628,749,052	114,431,236	20,237,099	94,194,137	17.68%
2018	8,771,918,352	131,578,775	19,720,771	111,858,004	14.99%

Note: The City Charter limits general obligation debt of the City of Cedar Park to 10% of the net taxable value of property on the tax rolls of the City. The general obligation debt is further limited by the State of Texas. The State limit is established by Article VI, Section 5 of the Texas Constitution. Article XI, Section 5 limits the maximum ad valorem tax rate to \$2.50 per \$100 per assessed valuation (for all City purposes). Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the maximum tax rate for general obligation debt service.

(1) Debt limit of \$1.50 per \$100 of assessed valuation as established by State Statute.

**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XIII**

General Bonded Debt Outstanding									
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Less: Amounts available in Debt Service Fund (1)	Deferred Charges	Net General Bonded Debt	Population	Assessed Value	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
	\$	\$	\$	\$	\$		\$		\$
2009	96,170,002	5,712,500	3,223,496	821,803	99,480,809	54,015	3,980,303,193	2.4%	1,747
2010	103,820,000	5,130,000	3,466,006	1,929,773	107,413,767	56,072	4,063,247,608	2.5%	1,809
2011	104,985,000	2,765,000	3,973,542	1,910,836	105,687,294	58,035	4,245,414,944	2.4%	1,722
2012	116,645,000	1,955,000	3,537,853	6,545,559	121,607,706	58,450	4,435,328,986	2.5%	1,906
2013	110,340,000	1,680,000	4,017,896	5,522,662	113,524,766	60,446	4,756,023,864	2.2%	1,735
2014	111,540,000	13,015,000	5,124,654	5,152,950	124,583,296	61,163	4,903,691,534	2.4%	1,935
2015	117,180,000	24,985,000	8,108,955	10,549,527	144,605,572	67,537	5,051,006,539	2.7%	2,037
2016	139,840,000	19,690,000	8,949,479	15,035,722	165,616,243	69,188	7,117,190,829	2.3%	2,323
2017	128,235,000	19,770,000	9,384,291	14,089,618	152,710,327	76,800	7,628,749,052	1.9%	1,881
2018	151,510,000	22,525,000	9,388,000	14,184,757	178,831,757	79,104	8,771,918,352	2.0%	2,261

Source: Population from Planning Department, City of Cedar Park, Texas  
Assessed Valuation from Williamson Central Appraisal District  
and Travis Central Appraisal District

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

(1) The General Debt Service fund maintains a reserve that will typically be equivalent to an interest only debt service payment.



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**Schedule Of Revenue Bond Coverage  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XIV**

	Water and Sewer Bonds				
	2018	2017	2016	2015	2014
<b>Gross Revenue (1)</b>					
Charges for services	\$ 32,802,789	30,949,360	28,588,961	28,997,475	27,245,309
Interest and other	843,897	634,024	857,296	344,329	194,446
Total operating revenues:	33,646,686	31,583,384	29,446,257	29,341,804	27,439,755
<b>Operating Expense (2)</b>					
Distribution services	9,876,448	10,306,519	10,955,874	10,112,472	9,908,259
Personnel services	6,264,009	5,502,201	5,614,160	4,590,308	4,511,377
Maintenance and repair	579,055	758,729	588,531	719,040	599,373
Supplies and materials	811,477	791,133	744,480	843,870	871,524
Total operating expenses	17,530,989	17,358,582	17,903,045	16,265,690	15,890,533
Net available for debt service	\$ 16,115,697	14,224,802	11,543,212	13,076,114	11,549,222
<b>Debt Service Requirement (P&amp;I)</b>	7,400,276	7,402,999	7,463,350	7,159,372	7,225,896
<b>Revenue Bond Coverage</b>	2.18	1.92	1.55	1.83	1.60
<b>Metered Water Customers</b>	22,676	22,748	22,007	21,841	21,459
<b>Metered Sewer Customers</b>	21,523	21,396	20,957	20,588	20,361
<b>Average Annual Principal and Interest Requirements, 2018 - 2036</b>				2,866,136	
<b>Coverage of Average Requirements by Fiscal 2018 Net Revenue</b>				5.62 times	
<b>Estimated Maximum Principal and Interest Requirements,</b>				7,462,267	
<b>Estimated Coverage of Maximum Requirements by 2018 Net Revenue</b>				2.16 times	

(1) Gross revenue includes operating revenue plus interest and other income.

(2) Operating expenses, excluding depreciation

**Schedule Of Revenue Bond Coverage (continued)**  
**Last Ten Fiscal Years**

**City of Cedar Park, Texas**  
**Table XIV**

	Water and Sewer Bonds				
	2013	2012	2011	2010	2009
<b>Gross Revenue (1)</b>					
Charges for services	27,167,295	28,049,677	30,107,623	24,426,186	27,497,391
Interest and other	245,188	560,856	309,505	69,234	466,924
Total operating revenues:	27,412,483	28,610,533	30,417,128	24,495,420	27,964,315
<b>Operating Expense (2)</b>					
Distribution services	10,751,560	8,075,804	9,156,193	8,219,770	11,862,626
Personnel services	4,247,102	4,002,905	3,857,683	3,621,446	3,829,808
Maintenance and repair	569,324	646,117	448,198	699,445	383,577
Supplies and materials	781,938	812,715	1,856,776	737,756	1,178,755
Total operating expenses	16,349,924	13,537,541	15,318,850	13,278,417	17,254,766
Net available for debt service	11,062,559	15,072,992	15,098,278	11,217,003	10,709,549
<b>Debt Service Requirement (P&amp;I)</b>	7,057,020	6,904,438	6,186,513	6,230,787	5,467,282
<b>Revenue Bond Coverage</b>	1.57	2.18	2.44	1.80	1.96
<b>Metered Water Customers</b>	21,005	20,275	19,612	18,981	18,434
<b>Metered Sewer Customers</b>	19,908	19,042	18,430	17,811	17,276

**Principal Employers  
Current Year and Nine Years Ago**

**City of Cedar Park, Texas  
Table XV**

Employer	2018			2009	
	Employees	Rank	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Leander Independent School District	5,212	1	14%	4,086	33%
Cedar Park Regional Medical Center	610	2	2%	N/A	N/A
Walmart	470	3	1%	220	2%
Coreslab	320	4	1%	250	2%
National Oilwell Varco	270	5	1%	N/A	N/A
ETS Lindgren	270	6	1%	N/A	N/A
BMC	250	7	1%	275	2%
HEB Grocery	225	8	1%	500	4%
Costco	205	9	1%	N/A	N/A
Target	200	10	1%	N/A	N/A

Source: Economic Development Department, City of Cedar Park

**Demographic Statistics  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XVI**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Income Per Capita</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
		\$	\$		
2009	54,015	1,976,462,865	36,591	28,364	5.8%
2010	56,072	2,118,007,656	37,773	30,321	5.7%
2011	58,035	2,325,288,345	40,067	32,034	6.4%
2012	58,450	2,427,194,700	41,526	34,122	5.6%
2013	60,446	2,586,242,556	42,786	34,381	4.8%
2014	61,163	2,674,061,651	43,720	36,192	3.8%
2015	67,537	3,022,582,790	44,754	37,042	3.0%
2016	69,188	3,171,496,827	45,839	37,158	3.0%
2017	76,800	3,621,828,023	47,159	38,226	3.1%
2018	79,104	3,856,279,877	48,749	39,028	3.1%

Sources: Unemployment Rate from Texas Workforce Commission  
 Population - City of Cedar Park Planning Department  
 Personal income is the factor of population and income per capita.  
 Income per Capita - City of Cedar Park Economic Development Department  
 School Enrollment from Population & Survey Analysts

**Full-Time Equivalent Employees by Function  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XVII**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Function</b>										
<b>Governmental Activities</b>										
General Government										
City Manager	4	5	4	4	4	4	4	4	4	4
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	8	7	7	7	7	7	7	7	7	7
Information Technology	13	10.5	10	7	6	6	5	5	5	5
Human Resources	5	5	5	5	5	5	4	4	4	4
Public Information	5.5	4.5	3.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Economic Development	2	2	2	2	2	2	2	3	2	2
Public Works/Engineering	11	11	8	8	8	8	8	9	8	8
Planning and Transportation	7	7	7	7	7	7	5	7	8	8
Maintenance	9	7	7	7	7	7	7	6	6	5
Legal Services	5	4	4	4	4	4	4	4	3	3
Public Safety										
Municipal Court	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Police	128	128	125	120	112	107	101	100	101	101
Animal Control	4	4	4	4	4	4	3	3	3	3
Building Inspection	13	12	12	12	12	11	10	11	11	11
Fire	87	82	77	72	70	70	72	71	74	74.0
Code Enforcement	4	3	3	3	3	3	3	3	-	-
Emergency Management	1	1	1	1	1	1	1	1	-	-
Cultural and Recreational										
Parks and Recreation	35	35	35	35	33	33	30.5	31.0	31.0	31
Library	20.5	19.5	19	19	18.25	18.25	17.75	17.75	17.75	18.75
Tourism	1.5	1.5	1.5	1.5	1.5	1.5	1.50	-	-	-
Streets and Lighting										
Streets	19	17	13	13	13	13	13	13	12	12
Signal and Light Maintenance	6	5	5	5	5	5	5	2	-	-
<b>Total governmental employees</b>	<b>399</b>	<b>381.5</b>	<b>363.5</b>	<b>349.5</b>	<b>335.75</b>	<b>329.75</b>	<b>316.75</b>	<b>314.75</b>	<b>309.75</b>	<b>309.75</b>
<b>Business-type activities</b>										
Water and Sewer	85.5	83.5	82.5	78	78	78	78	74	70	69
<b>Total business-type employees</b>	<b>85.5</b>	<b>83.5</b>	<b>82.5</b>	<b>78</b>	<b>78</b>	<b>78</b>	<b>78</b>	<b>74</b>	<b>70</b>	<b>69</b>
<b>Total full-time equivalent employees</b>	<b>484.5</b>	<b>465</b>	<b>446</b>	<b>427.5</b>	<b>413.75</b>	<b>407.75</b>	<b>394.75</b>	<b>388.75</b>	<b>379.75</b>	<b>378.75</b>

Source: Budget document of the City of Cedar Park

**Operating Indicators by Function  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XVIII**

	2018	2017	2016	2015	2014	2013	2012 (1)	2011	2010	2009
<b><u>General Government</u></b>										
Ordinances/resolutions enrolled	222	220	233	226	248	219	256	246	251	320
Accounts payable payments issued	22,871	22,802	22,465	5,009	5,996	6,703	7,151	7,571	7,640	7,569
Technology assistance calls	5,885	5,622	4,391	4,141	3,568	3,162	1,038	3,780	2,500	2,400
Budgeted positions	484.50	465.00	446.00	425.75	427.50	413.75	407.75	393.75	388.25	379.25
Site development plans reviewed	51	46	42	46	51	48	28	23	21	31
Vehicles maintained	257	250	237	227	227	217	207	203	181	158
<b><u>Public Safety</u></b>										
Citations filed	5,704	6,054	6,276	6,426	8,718	12,470	13,635	13,788	10,112	12,558
Fire Department emergency calls	6,152	5,815	5,673	5,366	4,821	4,537	4,384	4,433	4,283	4,070
Cases filed		11,888	11,714	9,134	10,097	13,600	14,754	14,763	13,341	12,664
Residential building permits	3,504	4,103	4,249	4,499	648	618	678	626	611	556
Nonresidential building permits	1,394	1,397	1,196	1,082	124	102	103	122	90	114
<b><u>Culture and Recreation</u></b>										
Park acres maintained (1)	722	722	722	722	734	722	722	525	495	487
Recreation programs offered	60	57	60	59	54	54	45	40	40	34
Circulation of volumes	765,701	621,542	689,427	460,759	678,832	689,237	687,669	725,151	781,663	795,325
Catalogued items in library	148,716	121,806	121,122	120,248	120,313	120,302	116,419	112,859	108,354	95,273
Library visits	289,071	279,482	284,357	293,419	283,901	286,546	292,623	278,358	302,479	327,962
<b><u>Streets</u></b>										
Miles of paved streets (excluding ETJ)	291	291	291	291	281	281	281	261	222	217
Miles of drainage ways	172	172	172	172	172	172	172	172	172	172
<b><u>Water and Sewer</u></b>										
Treated gallons of water (in millions)	4,807	4,819	4,422	4,256	4,038	4,461	4,642	5,770	4,524	4,560
Gallons wastewater treated (in millions)-Cedar Park	876	850	806	808	798	806	803	801	803	814
Gallons wastewater treated (in millions)-Regional Plant	1,180	1,294	1,220	1,072	944	909	1,071	1,070	1,100	811
Retail water accounts	22,676	22,748	22,007	21,841	21,459	21,005	20,275	19,612	18,981	18,434
Retail wastewater accounts	21,523	21,396	20,957	20,588	20,361	19,908	19,042	18,430	17,811	17,276

Source: City of Cedar Park

(1) Beginning in 2012, data includes Detention Pond Parks (44 acres) and Cave Preserves (153 acres)

**Capital Asset Statistics by Function  
Last Ten Fiscal Years**

**City of Cedar Park, Texas  
Table XIX**

<b>Function</b>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Public Safety</b>										
Number of Police stations	1	1	1	1	1	1	1	1	1	1
Number of Fire stations	4	4	4	4	4	4	4	4	4	4
<b>Streets</b>										
Area in square miles	24.09	24.09	24.09	24.09	24.09	24.09	23.05	23.05	23.05	23.21
Paved streets in miles (excluding ETJ)	291	291	291	291	281	281	223	223	223	217
<b>Culture and Recreation</b>										
Number of public libraries	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
<b>Water</b>										
Number of water treatment plants	2	2	2	2	2	2	1	1	1	1
Number of miles of water main	394	386	350	350	374	348	348	348	348	313
Number of booster pumps	14	14	14	14	14	14	14	14	14	14
Rated peak capacity (millions of gallons/day)	31	31	31	31	31	31	26	26	26	26
<b>Wastewater</b>										
Number of wastewater treatment plants	3	3	3	3	3	3	2	2	2	2
Number of miles of sewer main	329	305	292	287	294	292	285	285	285	250
Number of lift stations	19	18	18	18	18	18	18	18	18	18
Treatment capacity (millions of gallons/day)	7	6	6	6	6	6	6	6	6	6

Source: The City of Cedar Park





**CEDAR**  

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**PARK**