

# 2011-2012



**CITY OF CEDAR PARK, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDING SEPTEMBER 30, 2012**



# **CITY OF CEDAR PARK, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED SEPTEMBER 30, 2012**



PREPARED BY

FINANCE DEPARTMENT



# **CEDAR PARK**

**CITY OF CEDAR PARK, TEXAS  
PRINCIPAL CITY OFFICIALS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**MATT POWELL – MAYOR**

**MITCHELL FULLER– MAYOR PRO-TEM**

**STEPHEN THOMAS – COUNCIL MEMBER**

**LYLE GRIMES – COUNCIL MEMBER**

**LOWELL MOORE – COUNCIL MEMBER**

**JOHN LUX – COUNCIL MEMBER**

**DON TRACY – COUNCIL MEMBER**

**BRENDA EIVENS – CITY MANAGER**

**CHARLES ROWLAND – CITY ATTORNEY**

**LEANN QUINN – CITY SECRETARY**

**REPORT PREPARED BY**

**FINANCE DEPARTMENT**

**CITY OF CEDAR PARK, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended September 30, 2012**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2012**

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## **INTRODUCTORY SECTION**



March 29, 2012

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 for the fiscal year ended September 30, 2012, 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 are 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 has established and maintains a system of internal accounting controls designed in part to provide a 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 Belt, Harris, Pechacek, a firm of licensed certified public accountants. The independent auditor issued an unqualified opinion on the City of Cedar Park's financial statements for the fiscal year ended September 30, 2012. 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 a 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 almost doubled since the 2000 Census was conducted; growing from a population of 26,049 to a current population of 48,932 according to the 2010 Census with additional 23,000 residents in the City's ETJ. In December 2011, the City annexed a portion of its ETJ for a current year population of 58,450 in the City and 21,461 in the 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, streets and transportation improvements will continue to be a priority in the future.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **New Commercial Development:**

Retail development experienced in previous years has led to a robust sales tax and property tax base. 1890 Ranch was acquired by Inland Western this past year. The development has over 900,000 square feet of retail, restaurants and a 12 screen Cinemark Theater. In addition to the 1890 Ranch development, Cedar Park has enjoyed the opening and expansions of the following developments/businesses:

- Tolteq completed construction on a 25,000 square foot new facility in Brushy Creek Corporate Park.
- Fallbrook Technologies expanded into the former Foxworth Galbraith facility on Brushy Creek Road with plans to create 50 jobs over the next three years. In addition, Fallbrook Technologies acquired Hodyon and relocated their operations including 45 jobs to Cedar Park.
- Cedar Park Surgery Center invested approximately \$10 million to build out a 30,000 square foot facility creating over 65 jobs.
- A 20,000 square foot in-line retail center anchored by a Jimmy John's Gourmet Sandwiches and Dell Taco
- Reunion Grill opened in May 2012 and features family-friendly, gourmet-comfort food dining.
- Wild West opened in September 2012 and features live-country music and dancing.

In addition the following retail/commercial development projects are currently planned or under construction:

- A 300,000 square foot development to be anchored by a Costco Warehouse Store in Town Center is in the planning stages and includes several restaurant sites.
- A 175,000 square foot development to be anchored by a Super Wal-Mart near RM 1431 and Parmer is in the planning stages.
- Scottsdale Crossing broke ground in January 2013 and will be a 27,500 square foot spec commercial building.
- 13,000 square foot in-line retail center in planning stages and will be anchored by Torchy's Tacos.

### **Cedar Park Center:**

In 2008, the City finalized an agreement with Hicks Sports Group, owner of the Dallas Stars American Hockey League team, to build and manage a 6,800 seat multi-purpose event center on city-owned property at the corner of New Hope Drive and Toll Road 183A. The voters of Cedar Park authorized the City to expend 4A Economic Development monies to fund a portion of the \$55 million cost of the construction of the center. To date over 1,000,000 people have attended events in the facility including hockey, concerts, and high school graduations during the first four years of operation.

## **Water Park:**

The City is currently working with developers to bring a Schlitterbahn water park and hotel resort development to Cedar Park. The proposed water park would be located on the eastern edge of the City. The development will provide a unique entertainment venue and is expected to dramatically increase tourism in Cedar Park. The City continues to meet regularly with our partners to keep the project moving forward.

## **Expansions of Other Key Employers:**

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.

- The Cedar Park Regional Medical Center opened a new 8,000 square-foot neonatal intensive care unit. The \$3.5M expansion includes additional staff, 8 new beds, 2 delivery rooms and obstetrical triage room.
- ETS-Lingrent announced it will consolidate its manufacturing facilities and move 12-18 employees to Cedar Park.

All of this commercial development activity has led to marked increases in the City's sales tax revenue over the past several years. Sales tax is received by the City at a rate of one percent of taxable sales to the general fund and one half percent each to the 4A and 4B Corporations.

Finally, the City completed several infrastructure projects during FY 2012, including improvements to Brushy Creek Road. These improvements will enhance the development options and opportunities along another major transportation corridor in the City.

## **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 7 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, special revenue funds, proprietary funds, and capital improvement 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 5-year outlook of the General Fund and CIP budgets to show the expenditure cost over time allowing the City to prepare for future funding challenges.

The budget process begins in April 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 5-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 on-going 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**

### Brushy Creek Regional Utility Authority (BCRUA)

The Brushy Creek Regional Utility Authority (BCRUA) plant began operating in June 2012 and is a local partnership between Cedar Park and the cities of Leander and Round Rock. The purpose of BCRUA is to create a regional water system with ultimate capacity to serve the combined service area's projected population of 609,000. This three phase project is estimated to cost \$375 million, but Phase 1 (\$155 million est.) which began in 2009 will serve as the core of the project with a floating intake structure, new raw water pipeline, new treatment plant, and treated water transmission line across the north side of Cedar Park.

### New City Hall

On February 25<sup>th</sup>, 2011, the City purchased a foreclosed building development on Cypress Creek Road for use as the City's new City Hall campus. The seven building 8.43 acre development, which was valued at approximately \$10 million, was purchased for \$4.95 million. The development consisted of 2.4 undeveloped acres, six buildings with 55,000 square feet of unfinished shell office space and one 12,000 square foot fully occupied retail building. The purchase was funded primarily from General Fund fund balance, while the finish out was funded primarily with proceeds from the sale of the current City hall, which was sold in February 2012 for \$1,700,000, as well as other funding sources. City staff moved into the new City Hall campus on March 19<sup>th</sup>, 2012.

### RM 1431 Pass-Thru-Toll Financing

The City and the Texas Department of Transportation (TX-DoT) have created a joint project for the expansion RM 1431 from Sam Bass to Parmer which is scheduled to begin in FY 15. This project is considered to be one of the largest transportation projects in the City's history. The City will fund the design and upfront costs for the project and will be reimbursed for construction costs by TX-DoT based upon the number of drivers that "pass-thru" the road once it is complete. Design work is scheduled to begin in FY 13 and will cost approximately \$2.3M.

## **Cash Management**

Cash temporarily idle during the year was invested in certificates of deposit, federal government securities, federal agencies, 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 \$220,314 from all investments during this reporting period.

In the wake of the recent economic downturn, market interest rates remain extremely low. Accordingly, the City has reduced the level of its funds held in LGIP's and increased deposits held at various banks within the State of Texas in order to maximize interest earnings while keeping liquidity levels very high. This strategy is designed to protect City funds in the event market rates begin to rise and inversely causing market prices of securities to fall.

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, 2012 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

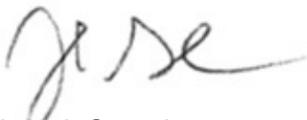
### **Awards and Acknowledgements**

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, 2011. This was the 20<sup>th</sup> 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.

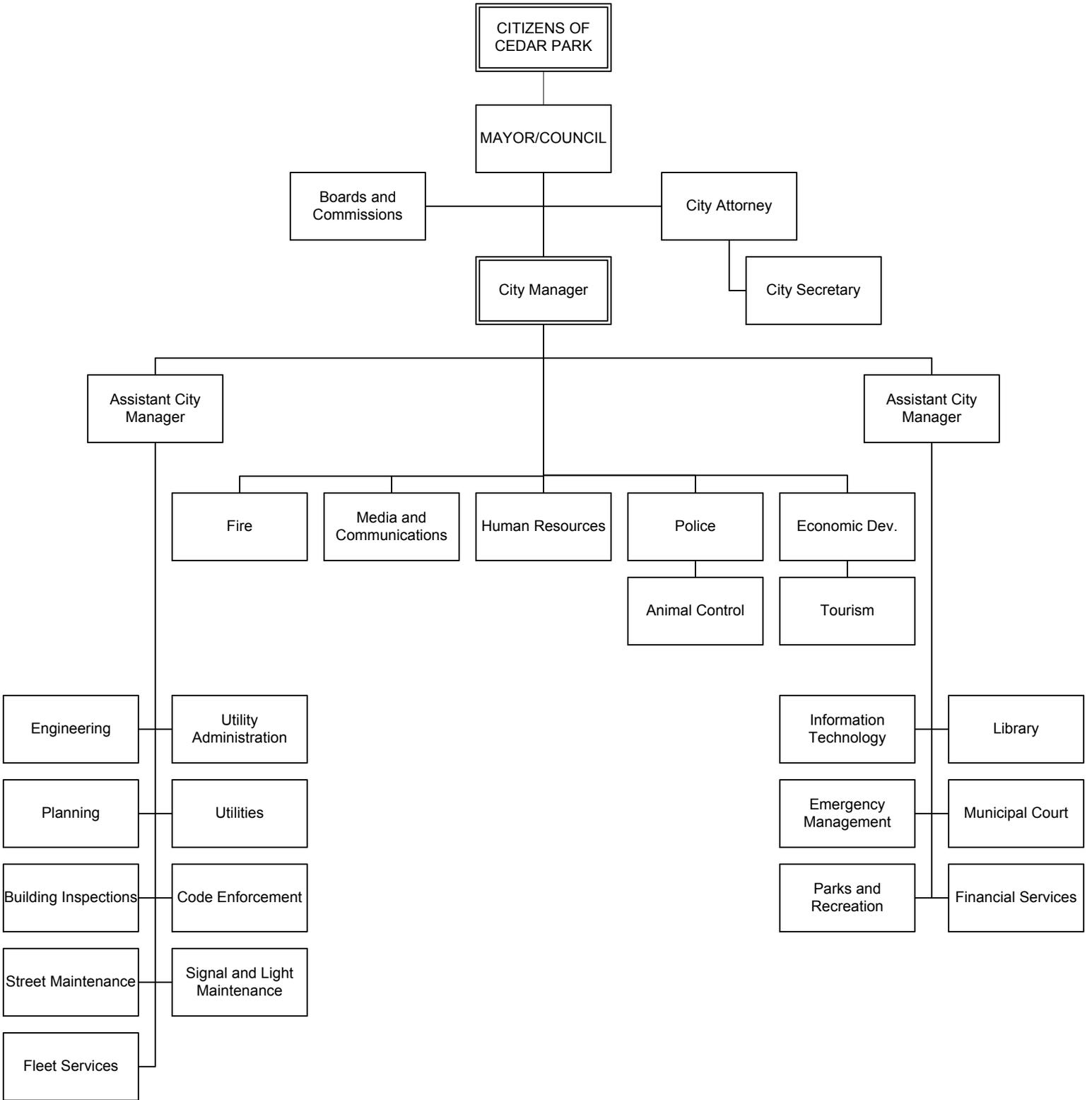
The preparation of the CAFR would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of the CAFR. Credit also must be 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,



Joseph Gonzales  
Director of Finance

# City of Cedar Park



# 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, 2011

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



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director



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**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

### Partners

Robert Belt, CPA  
Stephanie E. Harris, CPA  
Nathan Krupke, CPA

### Houston

3210 Bingle Rd., Ste. 300  
Houston, TX 77055  
713.263.1123

### Bellville

6100 Windy Hill Lane  
Bellville, TX 77418  
979.865.3169

### Austin

100 Congress Ave., Ste. 2000  
Austin, TX 78701  
512.381.0222

### All Offices

www.texasauditors.com  
info@txauditors.com  
713.263.1550 fax



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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the financial statements. The combining 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 29, 2013



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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, 2012.

The financial statements have been prepared in accordance with generally accepted accounting principles (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 2012, resulting in \$348,257,811 of net position. Net position for governmental activities totaled \$165,297,586, while net position for business-type activities are \$182,960,225. The largest portion of net position consists of net investment in capital assets, which is \$270,023,887.

The City's unrestricted net position, which may be used to meet the City's ongoing obligations, are \$52,767,038. Unrestricted net position for governmental and business-type activities are \$18,273,173 and \$34,493,865, respectively.

The City's total net position increased \$19,114,932 or 5.8% during fiscal year 2012 before a special item related to the receipt of net position from annexation, see footnote 3-L (page 54) and prior period adjustments, see footnote 1-C (page 27). The total increase in net position consists of a decrease in governmental net position of \$497,221 or -0.3% and an increase in business-type activities \$19,612,153 or 12.0%.

Total revenues for the City decreased \$6,365,741. The decrease is comprised of a \$4,175,896 decrease in revenues for governmental activities and a decrease of \$2,189,845 in revenues for business-type activities. Total expenses for the City decreased \$814,111; expenses for governmental activities increased \$714,018 while expenses for business-type activities decreased \$1,528,129.

## **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, 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 Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Streets and Lighting 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 non-major 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. 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 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 20 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 26 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 non-major funds are presented immediately following the notes to the financial statements beginning on page 66 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:

**Condensed Statement of Net Position  
as of September 30**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 47,953,630	51,092,774	53,828,264	56,588,735	101,781,894	107,681,509
Capital Assets	281,212,202	270,897,200	195,285,996	177,649,275	476,498,198	448,546,475
Total Assets	329,165,832	321,989,974	249,114,260	234,238,010	578,280,092	556,227,984
Deferred outflows of resources	2,678,707	979,344	1,301,881	1,061,927	3,980,588	2,041,271
Current liabilities	6,374,652	7,651,708	4,362,203	3,973,450	10,736,855	11,625,158
Noncurrent liabilities	160,172,301	151,434,924	63,093,713	67,978,415	223,266,014	219,413,339
Total liabilities	166,546,953	159,086,632	67,455,916	71,951,865	234,002,869	231,038,497
Net position:						
Net investment in capital assets	136,368,263	142,761,979	133,655,624	111,951,855	270,023,887	254,713,834
Restricted	10,656,150	5,960,866	14,810,736	13,448,907	25,466,886	19,409,773
Unrestricted	18,273,173	15,159,841	34,493,865	37,947,310	52,767,038	53,107,151
Total Net Position	\$165,297,586	163,882,686	182,960,225	163,348,072	348,257,811	327,230,758

**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, 2012, the City's assets and deferred outflows of resources exceeded liabilities by \$348,257,811. Total assets increased by \$22,052,108, while total liabilities increased by \$2,964,372. Governmental assets increased \$7,175,858 and business-type assets increased \$14,876,250. Governmental liabilities increased \$7,460,321 and business-type liabilities decreased \$4,495,949.

An increase in net capital assets of \$10,315,002, largely due to the finish out of the new City Hall campus and completed street projects, contributed to the increase in total governmental assets. While an increase in net bonds payable of \$6,945,000 largely from debt assumed from annexation contributed to the increase in governmental liabilities.

Significant factors in the increase business-type total assets include an increase in infrastructure assets received from annexation of \$11,406,764, and an increase in investment in joint venture of \$1,529,798. A decrease in net bonds payable of \$4,590,000 contributed to the decrease in business-type total liabilities.

The largest portion of the City's net position are invested in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets, which are \$270,023,887 or 77.5% 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, \$25,466,886, represents resources that are subject to external restriction on how they may be used. The remaining balance, \$52,767,038 of unrestricted net position may be used to meet the City's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole and for governmental and business-type activities.

**Changes in Net Position**

Total net position of the City increased by \$21,027,053 during the current fiscal year. Governmental net position increased by \$1,414,900, including the annexation special item and restatement of net position. Governmental revenues exceeded expenses by \$6,444,100, however transfers from governmental activities reduced net position by \$6,941,321, largely due to the transfer of water and sewer infrastructure assets of \$11,406,764 that were received as governmental assets and subsequently transferred to business-type activities. Business-type net position increased \$19,116,720 after restatement due to revenues of \$37,632,329 exceeding expenses of \$24,961,497 by \$12,670,832 and transfers from governmental activities of \$6,941,321.

**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, 2012:

**Changes in Net Position  
September 30**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 6,024,139	5,431,631	32,166,094	33,811,019	38,190,233	39,242,650
Operating grants and contributions	3,603,900	733,586	-	-	3,603,900	733,586
Capital grants and contributions	8,201,610	18,250,404	4,904,588	5,701,015	13,106,198	23,951,419
General revenues:						
Property taxes	21,222,422	20,102,960	-	-	21,222,422	20,102,960
Sales taxes	7,884,408	7,003,120	-	-	7,884,408	7,003,120
Franchise taxes	3,842,672	3,637,218	-	-	3,842,672	3,637,218
Other taxes	503,500	480,791	-	-	503,500	480,791
Interest and other	1,103,571	922,408	561,647	310,140	1,665,218	1,232,548
Total revenues	52,386,222	56,562,118	37,632,329	39,822,174	90,018,551	96,384,292
Expenses:						
General government	12,955,225	13,261,526	-	-	12,955,225	13,261,526
Public safety	16,463,190	15,759,302	-	-	16,463,190	15,759,302
Culture and recreation	4,732,191	4,670,367	-	-	4,732,191	4,670,367
Streets and lighting	4,804,665	4,554,118	-	-	4,804,665	4,554,118
Interest on long-term debt	6,986,851	6,982,791	-	-	6,986,851	6,982,791
Water and sewer	-	-	21,773,919	23,744,122	21,773,919	23,744,122
Solid waste	-	-	3,187,578	2,745,504	3,187,578	2,745,504
Total expenses	45,942,122	45,228,104	24,961,497	26,489,626	70,903,619	71,717,730
Excess before transfers	6,444,100	11,334,014	12,670,832	13,332,548	19,114,932	24,666,562
Transfers	(6,941,321)	2,975,912	6,941,321	(2,975,912)	-	-
Increase (decrease) in net position, before special item	(497,221)	14,309,926	19,612,153	10,356,636	19,114,932	24,666,562
Special item-annexed net position	1,912,121	-	-	-	1,912,121	-
Net position, beginning-as previously reported	166,061,083	151,751,157	163,843,505	153,486,869	329,904,588	305,238,026
Restatement adjustment	(2,178,397)	-	(495,433)	-	(2,673,830)	-
Net position, beginning-as restated	163,882,686	151,751,157	163,348,072	153,486,869	327,230,758	305,238,026
Net position, ending	\$165,297,586	166,061,083	182,960,225	163,843,505	348,257,811	329,904,588

**Program revenues and expenses – governmental activities**

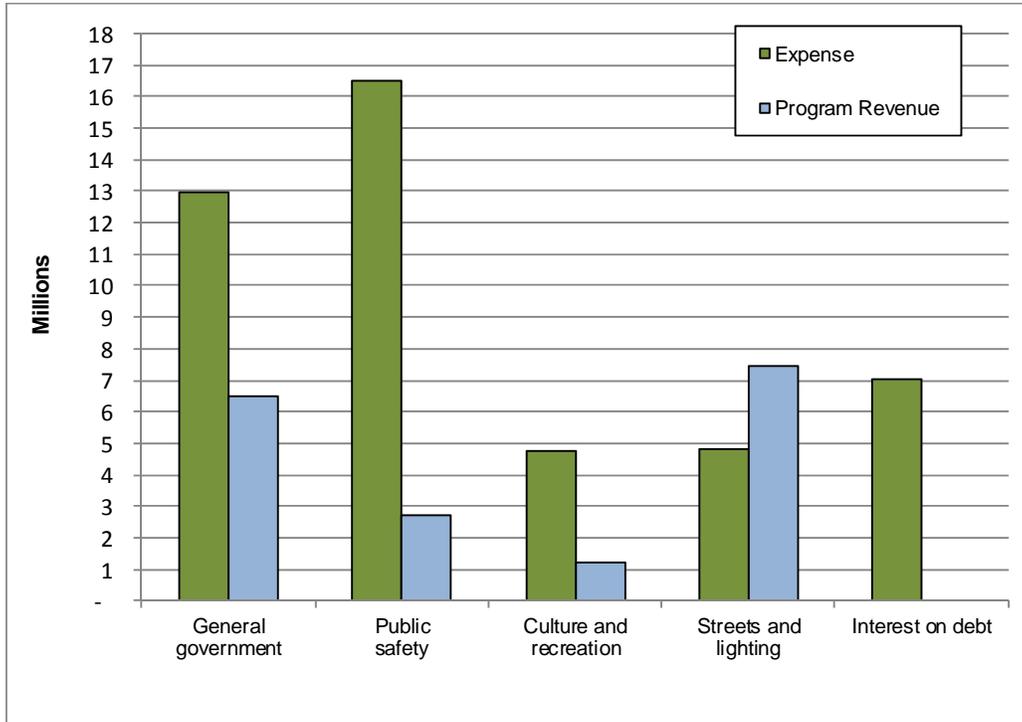
Governmental activities increased the City's net position by \$1,414,900 excluding restatement during fiscal year 2012 or .86%, which included a decrease in revenues for governmental activities of \$4,175,896 and an increase in governmental expenses of \$714,018 as compared to the prior year. Key factors for the decrease in net position are as follows:

- Property tax revenues increased \$1,119,462 due to increases in assessed property value and the annexation of approximately 852 homes.
- The City's sales tax revenues increased \$881,288 from the prior year due to continued economic growth.
- Capital grants and contributions decreased \$10,048,794 due to a decrease in cost sharing agreements for local road projects as many of the related projects were completed in the prior year.
- General government expenses decreased \$306,301, in part due to a decrease in general government compensated absences. Public Safety expenses increased by \$703,888 while street and lighting expenses increased by \$250,547 due to higher depreciation expense.

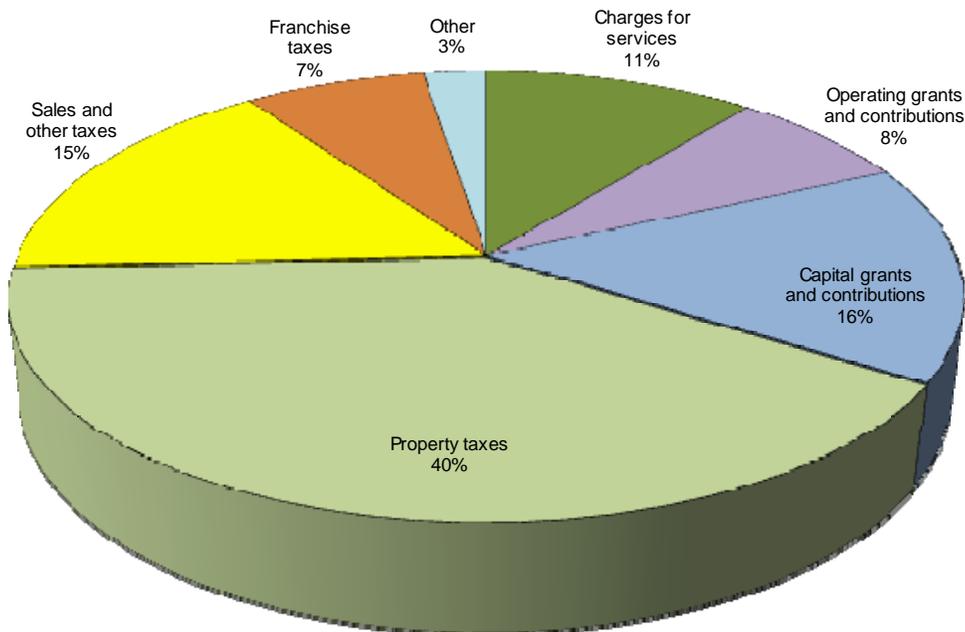
**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS continued**

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 capital grants and contributions and sales and other taxes.



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

**Program revenues and expenses – business-type activities**

Business-type activities increased the City's net position after restatement by \$19,612,153 or 12.0% during fiscal year 2012. Significant factors include:

- Water and sewer net position increased \$19,485,851 for the year. Water and Sewer operating revenues decreased \$1,982,962 due to unusually high water consumption in the prior year related to severe drought conditions. Operating expenses decreased \$1,447,757 largely due to lower purchases of raw water as compared to fiscal year 2011.
- Solid waste net position decreased \$76,153 for the year. Solid Waste revenues increased \$338,037 while expenses were \$412,755 higher than prior year due to increased costs related to garbage bin replacement.

**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 \$39,088,333. Approximately 34.8% of this total amount, \$13,613,911, represents unassigned fund balance. The remainder of the fund balance, \$25,474,422, is nonspendable or restricted to indicate that it is not available for new spending because it is restricted to pay for debt service or to provide for other items.

The General Fund is the chief operating account of the City. Unassigned fund balance for the General fund was \$13,615,015 at the end of the current fiscal year, while total fund balance was \$14,978,766. 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 45.9% and 50.5% of total General Fund expenditures of \$29,636,725.

The General Fund fund balance increased \$1,594,496 before restatement during fiscal year 2012. Significant factors contributing to the increase include:

- Receipt of cash and investments of \$1,752,055 from annexation.
- Public safety expenditures increased \$837,080 due primarily to increased police and fire salaries.
- General Fund transfers out were \$2,463,186 to fund various street and facilities capital projects.
- Property tax revenues increased \$787,270 due to higher assessed property valuations and the annexation of approximately 852 homes.
- Sales tax revenues and franchise fees increased \$881,289 and \$346,738 respectively.

Fund balance in the Debt Service Fund decreased \$1,657,151 before special item for the fiscal year ended September 30, 2012. Property tax collections increased \$195,432 from prior year while principal payments increased \$1,965,000 due to increased debt service requirements resulting from annexation.

Fund balance for the Streets and Lighting Fund increased \$1,062,483 in the current year. Expenditures for the fund increased \$1,276,446 due to expenditures associated with the Brushy Creek Road project while revenues decreased \$600,964 due to reduced funding from the State and County for this project. Transfers in to the Streets and Lighting Fund from capital project bond funds increased \$1,688,750 to fund the City share of the Brushy Creek Road project.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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, including consolidation of the internal service fund activities before restatement increased \$19,612,153.

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**

The original expenditure budget of the General Fund was amended during the year to increase the General Administration department for costs associated with the finish out of the new City Hall. In addition, the Human Resources budget was increased for employee recruiting costs for a new Police Chief. The Planning and Transportation, Maintenance, Police and Fire budgets were also increased during the year. The Police and Fire budgets were increased to fund capital improvement projects. The final expenditure budget of \$31,762,007 was \$1,930,894 higher than the adopted budget of \$29,831,113.

Revenues for fiscal year 2012 were \$2,380,890 more than budgeted. Sales tax and franchise tax revenues exceeded amounts budgeted for the general fund by \$707,670 and \$286,380 respectively due to continued growth in the local economy. Property tax revenues exceeded amounts budgeted for the general fund by \$206,020 due to collections from annexed properties.

Actual expenditures were \$2,125,282 less than budgeted for the fiscal year. The expenditure savings were largely due several transfers that were budgeted as departmental expenditures. In addition, lower than budgeted police personnel of \$144,535 and fire personnel of \$126,146 largely due to vacancy savings, and lower than budgeted streets and lighting supplies and materials of \$329,906 contributed to the variance.

**OTHER INFORMATION, continued**

**Capital Assets**

The City's capital assets for governmental and business-type activities as of September 30, 2012, totaled \$476,498,198 (net of accumulated depreciation). Capital assets include land and other non-depreciable assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

**Capital Assets, Net of Accumulated Depreciation  
September 30**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and other non-depreciable assets	\$ 13,933,604	14,394,967	4,265,440	4,265,440	18,199,044	18,660,407
Construction in progress	13,727,748	27,669,531	13,950,808	9,220,332	27,678,556	36,889,863
Intangible assets	82,891	-	-	-	82,891	-
Building and improvements	90,636,818	89,022,119	19,467,151	13,701,701	110,103,969	102,723,820
Machinery and equipment	6,656,310	7,599,238	3,262,321	2,740,320	9,918,631	10,339,558
Infrastructure	156,174,831	132,211,345	154,340,276	147,721,482	310,515,107	279,932,827
Total net capital assets	<u>\$281,212,202</u>	<u>270,897,200</u>	<u>195,285,996</u>	<u>177,649,275</u>	<u>476,498,198</u>	<u>448,546,475</u>

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

- Governmental capital assets increased \$10,315,002 primarily due to the finish out of a new City Hall campus.
- Business-type capital assets increased \$17,636,721 due in part to the receipt of annexed assets.

Additional information on the City's capital assets can be found in note 3-D of this report.

**Debt Administration**

At the end of the current fiscal year, the City of Cedar Park reported \$219,523,690 outstanding debt. The table below reflects the outstanding debt at September 30.

**Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Primary Government Debt						
General obligation bonds	\$108,110,000	99,325,000	8,535,000	5,660,000	116,645,000	104,985,000
Revenue bonds	-	-	51,805,000	59,270,000	51,805,000	59,270,000
Certificates of obligation	1,955,000	2,765,000	-	-	1,955,000	2,765,000
Economic development bonds	40,640,000	41,670,000	-	-	40,640,000	41,670,000
Premium on issuance of bonds	4,984,027	1,823,921	2,238,969	1,958,933	7,222,996	3,782,854
Discount on issuance of bonds	(94,619)	(10,940)	-	-	(94,619)	(10,940)
Capital lease payable	-	31,342	-	-	-	31,342
State Comptroller note	1,350,313	1,453,863	-	-	1,350,313	1,453,863
Total primary government	<u>\$156,944,721</u>	<u>147,058,186</u>	<u>62,578,969</u>	<u>66,888,933</u>	<u>219,523,690</u>	<u>213,947,119</u>

**OTHER INFORMATION, continued**

The City's general obligation bonds and revenue bonds ratings were unchanged from the prior year. Ratings at September 30, 2012 of the City's general obligation and revenue bonds are as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's	
	2012	2011	2012	2011
General obligation bonds	Aa2	Aa2	AA	AA
Revenue Bonds	Aa3	Aa3	AA	AA
Community Dev Corp	-	-	AA	AA

Additional information on the City of Cedar Park's long term-debt can be found in note 3-G (page 44) of this report.

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

The two primary factors that impacted the Fiscal Year 2012-2013 (FY13) budget were sales tax revenue and property tax revenue growth of the City. Sales tax collections for FY13 are budgeted 5% above the prior year budget, but are generally in line with the actual prior year collections. However, if the year-to-date trend for FY13 collections continues, we project that the actual receipts will be approximately 3% over budget for the year. The consistency and growth of sales tax revenue has been largely due to the City's proactive economic development approach which is discussed in detail in the transmittal letter of this document.

From a global perspective, total assessed property values have been very consistent over the past two years, but in reality, we have seen a 3% to 5% decline in existing property valuations which has been offset by the value of new growth. Consequently, the City is serving a larger population, but without significant revenue increases. As a result, a slight tax rate increase was necessary in FY13 in order to provide resources to support new positions which were necessitated by the City's growth. The outlook for FY14 is that new growth combined with a slight increase in existing property values will result in an increase of approximately 2% in total assessed property values.

Over the next 5 years, the City anticipates spending approximately \$46 million on new and expanded water and wastewater facilities; including \$5 million on a regional water plant, \$30 million on a deep water intake, and \$11 million on a new, expanded and rehabilitated water and sewer facilities throughout the system. A comprehensive rate model was used to analyze different rate structures to generate the needed revenues to support this investment in water and sewer infrastructure. Water and sewer rates were unchanged for fiscal year 2013.

**Requests for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Joseph Gonzales, Director of Finance, at 450 Cypress Creek, Bldg. 1, Cedar Park, Texas 78613, or call (512) 401-5156.



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## **BASIC FINANCIAL STATEMENTS**





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**Statement Of Net Position  
September 30, 2012**

**City Of Cedar Park, Texas**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 21,023,504	19,603,015	40,626,519	16,337,091
Receivables, net of allowances for uncollectibles:				
Taxes	364,970	-	364,970	1,473,810
Accounts	-	4,523,848	4,523,848	-
Other	2,485,602	121,959	2,607,561	-
Internal balances	(1,297,375)	1,297,375	-	-
Inventories and prepaid items	43,445	58,566	102,011	-
Cash and investments-restricted	25,333,484	19,080,083	44,413,567	-
Notes receivable	-	4,946,298	4,946,298	-
Investment in joint venture	-	4,197,120	4,197,120	-
Capital Assets:				
Land and other nondepreciable assets	13,933,604	4,265,440	18,199,044	-
Buildings and improvements	102,331,079	27,839,614	130,170,693	-
Machinery and equipment	23,704,698	5,898,121	29,602,819	-
Infrastructure	183,163,264	199,130,518	382,293,782	-
Intangible assets	82,891	-	82,891	-
Construction in progress	13,727,748	13,950,808	27,678,556	-
Less: accumulated depreciation	(55,731,082)	(55,798,505)	(111,529,587)	-
Total capital assets	281,212,202	195,285,996	476,498,198	-
<b>Total assets</b>	<b>329,165,832</b>	<b>249,114,260</b>	<b>578,280,092</b>	<b>17,810,901</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges from bond issuance	2,678,707	1,301,881	3,980,588	12,171
<b>LIABILITIES</b>				
Accounts payable	2,838,016	1,509,564	4,347,580	255,148
Accrued interest payable	897,425	353,284	1,250,709	17,856
Accrued liabilities	1,221,655	379,974	1,601,629	-
Customer deposits	-	2,034,792	2,034,792	-
Other liabilities	1,417,556	84,589	1,502,145	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	193,036	1,172	194,208	-
Notes payable	133,963	-	133,963	120,000
Bonds payable	7,000,000	4,645,000	11,645,000	585,000
Due in more than one year				
Compensated absences	2,431,727	445,632	2,877,359	-
Notes payable	1,216,350	-	1,216,350	1,213,938
Bonds payable	148,594,408	57,933,969	206,528,377	4,725,020
Other post-employment benefits	602,817	67,940	670,757	-
<b>Total liabilities</b>	<b>166,546,953</b>	<b>67,455,916</b>	<b>234,002,869</b>	<b>6,916,962</b>
<b>NET POSITION</b>				
Net investment in capital assets	136,368,263	133,655,624	270,023,887	-
Restricted for:				
Debt Service	3,537,853	6,384,073	9,921,926	-
Construction	7,118,297	8,426,663	15,544,960	-
Other purposes	-	-	-	10,906,110
Unrestricted	18,273,173	34,493,865	52,767,038	-
<b>Total net position</b>	<b>\$ 165,297,586</b>	<b>182,960,225</b>	<b>348,257,811</b>	<b>10,906,110</b>

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

Statement Of Activities  
For The Year Ended September 30, 2012

City Of Cedar Park Texas

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets						
		Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Government activities:								
General government	\$ 12,955,225	2,252,657	3,484,411	755,046	(6,463,111)	-	(6,463,111)	-
Public safety	16,463,190	2,556,377	119,489	-	(13,787,324)	-	(13,787,324)	-
Culture and recreation	4,732,191	1,215,105	-	-	(3,517,086)	-	(3,517,086)	-
Streets and lighting	4,804,665	-	-	7,446,564	2,641,899	-	2,641,899	-
Interest on long-term debt	6,986,851	-	-	-	(6,986,851)	-	(6,986,851)	-
<b>Total governmental activities</b>	<b>45,942,122</b>	<b>6,024,139</b>	<b>3,603,900</b>	<b>8,201,610</b>	<b>(28,112,473)</b>	<b>-</b>	<b>(28,112,473)</b>	<b>-</b>
<b>Business-type activities:</b>								
Water and Sewer	21,773,919	29,055,461	-	4,904,588	-	12,186,130	12,186,130	-
Solid Waste	3,187,578	3,110,633	-	-	-	(76,945)	(76,945)	-
<b>Total business-type activities</b>	<b>24,961,497</b>	<b>32,166,094</b>	<b>-</b>	<b>4,904,588</b>	<b>-</b>	<b>12,109,185</b>	<b>12,109,185</b>	<b>-</b>
<b>Total Primary Government</b>	<b>70,903,619</b>	<b>38,190,233</b>	<b>3,603,900</b>	<b>13,106,198</b>	<b>(28,112,473)</b>	<b>12,109,185</b>	<b>(16,003,288)</b>	<b>-</b>
<b>Component units:</b>								
Community development	2,069,065	-	-	-	-	-	-	(2,069,065)
Economic development	4,324,152	-	-	-	-	-	-	(4,324,152)
<b>Total component units</b>	<b>\$ 6,393,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,393,217)</b>
General revenues:								
Taxes:								
Property					21,222,422	-	21,222,422	-
Sales					7,884,408	-	7,884,408	7,884,408
Franchise					3,842,672	-	3,842,672	-
Other taxes					503,500	-	503,500	-
Interest and other					1,103,571	561,647	1,665,218	31,449
Transfers					(6,941,321)	6,941,321	-	-
<b>Total general revenues and transfers</b>					<b>27,615,252</b>	<b>7,502,968</b>	<b>35,118,220</b>	<b>7,915,857</b>
Change in net position, before special items					(497,221)	19,612,153	19,114,932	1,522,640
Special item, net position received from annexation					1,912,121	-	1,912,121	-
Net position, beginning-as previously reported					166,061,083	163,843,505	329,904,588	9,479,983
Prior period adjustment					(2,178,397)	(495,433)	(2,673,830)	(96,513)
Net position, beginning-as restated					163,882,686	163,348,072	327,230,758	9,383,470
Net position, ending					<b>\$ 165,297,586</b>	<b>182,960,225</b>	<b>348,257,811</b>	<b>10,906,110</b>

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

**Governmental Funds  
Balance Sheet  
September 30, 2012**

**City Of Cedar Park, Texas**

	General Fund	Debt Service	Streets & Lighting	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 16,584,358	3,540,415	4,199,878	17,755,519	42,080,170
Receivables (net of allowances)					
Property taxes	142,648	138,201	-	-	280,849
Sales taxes	25,447	-	-	-	25,447
Franchise taxes	58,674	-	-	-	58,674
Other	2,254,784	-	-	230,818	2,485,602
Due from other funds	19,000	-	-	1,104	20,104
Inventory and prepaid items	29,814	-	-	12,271	42,085
<b>Total assets</b>	<b>19,114,725</b>	<b>3,678,616</b>	<b>4,199,878</b>	<b>17,999,712</b>	<b>44,992,931</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	1,311,117	-	936,048	164,477	2,411,642
Accrued liabilities	786,756	10,339	410,578	13,982	1,221,655
Due to other funds	579,920	-	-	20,104	600,024
Other liabilities	1,334,870	-	30,270	52,417	1,417,557
<b>Total liabilities</b>	<b>4,012,663</b>	<b>10,339</b>	<b>1,376,896</b>	<b>250,980</b>	<b>5,650,878</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	123,296	130,424	-	-	253,720
Fund balances:					
Nonspendable:					
Inventory and prepaid items	29,814	-	-	12,271	42,085
Restricted					
Debt service	-	3,537,853	-	-	3,537,853
Enabling legislation	-	-	-	1,130,151	1,130,151
General government	1,333,937	-	-	1,198,240	2,532,177
Public safety	-	-	-	363,390	363,390
Capital Projects	-	-	2,822,982	15,045,784	17,868,766
Unassigned	13,615,015	-	-	(1,104)	13,613,911
<b>Total fund balances</b>	<b>14,978,766</b>	<b>3,537,853</b>	<b>2,822,982</b>	<b>17,748,732</b>	<b>39,088,333</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 19,114,725</b>	<b>3,678,616</b>	<b>4,199,878</b>	<b>17,999,712</b>	<b>44,992,931</b>

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

**Governmental Funds**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**September 30, 2012**

City Of Cedar Park, Texas

Total fund balances - Governmental funds \$ 39,088,333

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	328,785,102	
Less: accumulated depreciation	(50,641,905)	
		278,143,197

Other long-term assets and deferred outflows of resources are not available as current-period resources and are not reported in the funds.

Deferred charges from bond issuance	2,678,707	
		2,678,707

Long-term liabilities and deferred inflows of resources are not payable in the current period and are not reported in the funds.

Bonds payable	(155,594,408)	
Deferred inflows-unavailable revenue	253,722	
Notes payable	(1,350,313)	
Interest payable	(897,425)	
Compensated absences	(2,624,763)	
Other post employment benefits payable	(602,817)	
		(160,816,004)

An Internal Service Fund is used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental funds in the Statement of Net Position.

6,203,353

Total net position - Governmental activities

\$ 165,297,586

**The accompanying notes are an integral part of the financial statements.**

## Statement of Revenues, Expenditures and Changes in Fund Balances

For The Year Ended September 30, 2012

	General	Debt Service	Streets & Lighting	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 22,509,775	9,880,513	-	1,054,676	33,444,964
Permits, licenses and fees	1,738,518	-	-	-	1,738,518
Fines and forfeitures	962,984	-	-	-	962,984
Charges for services	3,321,386	-	-	1,251	3,322,637
Intergovernmental	-	-	4,514,301	253,504	4,767,805
Interest earnings	116,260	16,748	671	44,000	177,679
Contributions	-	3,482,411	918,738	328,691	4,729,840
Other	402,986	-	97,000	301,321	801,307
Total revenues	<u>29,051,909</u>	<u>13,379,672</u>	<u>5,530,710</u>	<u>1,983,443</u>	<u>49,945,734</u>
<b>EXPENDITURES</b>					
Current					
General government	7,193,291	-	-	51,944	7,245,235
Public safety	16,552,042	-	-	218,752	16,770,794
Culture and recreation	3,780,797	-	-	119,580	3,900,377
Streets and lighting	2,110,595	-	-	-	2,110,595
Economic development	-	-	-	753,134	753,134
Capital outlay	-	-	11,824,393	5,358,963	17,183,356
Debt service					
Principal	-	7,575,000	-	-	7,575,000
Interest and fiscal charges	-	7,219,937	-	33,322	7,253,259
Total expenditures	<u>29,636,725</u>	<u>14,794,937</u>	<u>11,824,393</u>	<u>6,535,695</u>	<u>62,791,750</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(584,816)</u>	<u>(1,415,265)</u>	<u>(6,293,683)</u>	<u>(4,552,252)</u>	<u>(12,846,016)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of refunding debt	-	22,670,000	-	2,525,000	25,195,000
Premium from issuance of debt	-	3,703,835	-	238,302	3,942,137
Payment to bond escrow agent	-	(26,615,721)	-	-	(26,615,721)
Transfers in	2,890,443	-	7,356,166	4,141,291	14,387,900
Transfers out	(2,463,186)	-	-	(7,459,271)	(9,922,457)
Sale of general capital assets	-	-	-	1,589,003	1,589,003
Total other financing sources (uses)	<u>427,257</u>	<u>(241,886)</u>	<u>7,356,166</u>	<u>1,034,325</u>	<u>8,575,862</u>
<b>Net Change In Fund Balances, before special item</b>	(157,559)	(1,657,151)	1,062,483	(3,517,927)	(4,270,154)
<b>Special Item-Annexation</b>	1,752,055	1,221,462	-	-	2,973,517
<b>Fund Balances Beginning-as previously reported</b>	11,960,333	3,973,542	1,760,499	21,457,243	39,151,617
<b>Prior period adjustment</b>	1,423,937	-	-	(190,584)	1,233,353
<b>Fund Balances, Beginning-as restated</b>	<u>13,384,270</u>	<u>3,973,542</u>	<u>1,760,499</u>	<u>21,266,659</u>	<u>40,384,970</u>
<b>Fund Balances, Ending</b>	<u>\$ 14,978,766</u>	<u>3,537,853</u>	<u>2,822,982</u>	<u>17,748,732</u>	<u>39,088,333</u>

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

**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, 2012**

Net change in fund balances - Governmental funds \$ (4,270,154)

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	17,152,528	
Depreciation	(8,841,504)	
Asset transfers	(11,406,764)	
Loss on disposal of assets	<u>(1,226,158)</u>	
		(4,321,898)

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

Property taxes	8,040	
Capital asset contributions	<u>2,307,866</u>	
		2,315,906

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. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	(25,195,000)	
Principal payments	7,575,000	
Payment to refunding bond escrow	26,615,721	
Bond premiums	(3,942,137)	
Loan/capital lease payments	<u>137,056</u>	
		5,190,640

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	605,328	
Other post employment benefits	(20,048)	
Interest and other	<u>(887,662)</u>	
		(302,382)

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.

890,667

Change in net position of governmental activities \$ (497,221)

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

Proprietary Funds  
Statement of Net Position  
September 30, 2012

City Of Cedar Park, Texas

	Business-type Activities			Governmental
	Water and Sewer	Solid Waste	Total	Activities- Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 19,343,628	259,387	19,603,015	4,276,818
Service receivables, net of allowance for doubtful accounts	4,142,335	381,513	4,523,848	-
Other receivables	121,959	-	121,959	-
Due from other funds	579,920	-	579,920	-
Inventories and prepaid expenses	58,566	-	58,566	1,359
Restricted cash	19,080,083	-	19,080,083	-
<b>Total current assets</b>	<b>43,326,491</b>	<b>640,900</b>	<b>43,967,391</b>	<b>4,278,177</b>
Noncurrent assets:				
Notes receivable	4,946,298	-	4,946,298	-
Investment in joint venture	4,197,120	-	4,197,120	-
Capital assets:				
Land	4,265,440	-	4,265,440	-
Buildings and improvements	27,839,614	-	27,839,614	-
Machinery and equipment	4,434,278	1,463,843	5,898,121	8,117,834
Infrastructure	199,130,518	-	199,130,518	-
Intangible assets	-	-	-	40,346
Construction in progress	13,950,808	-	13,950,808	-
Less: Accumulated depreciation	(55,411,748)	(386,757)	(55,798,505)	(5,089,177)
<b>Total capital assets</b>	<b>194,208,910</b>	<b>1,077,086</b>	<b>195,285,996</b>	<b>3,069,003</b>
<b>Total noncurrent assets</b>	<b>203,352,328</b>	<b>1,077,086</b>	<b>204,429,414</b>	<b>3,069,003</b>
<b>Total assets</b>	<b>246,678,819</b>	<b>1,717,986</b>	<b>248,396,805</b>	<b>7,347,180</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges from bond issuance	1,301,881	-	1,301,881	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,256,379	253,185	1,509,564	426,372
Accrued interest payable	349,267	4,017	353,284	-
Accrued liabilities	379,974	-	379,974	-
Customer deposits	2,034,792	-	2,034,792	-
Other liabilities	84,589	-	84,589	-
Compensated absences	1,172	-	1,172	-
Bonds payable	4,500,000	145,000	4,645,000	-
<b>Total current liabilities</b>	<b>8,606,173</b>	<b>402,202</b>	<b>9,008,375</b>	<b>426,372</b>
Noncurrent liabilities:				
Compensated absences	445,632	-	445,632	-
Other post-employment benefits	67,940	-	67,940	-
Revenue bonds payable	56,798,969	1,135,000	57,933,969	-
<b>Total noncurrent liabilities</b>	<b>57,312,541</b>	<b>1,135,000</b>	<b>58,447,541</b>	<b>-</b>
<b>Total liabilities</b>	<b>65,918,714</b>	<b>1,537,202</b>	<b>67,455,916</b>	<b>426,372</b>
<b>NET POSITION</b>				
Net investment in capital assets	133,862,555	(206,931)	133,655,624	3,069,003
Restricted for debt service	6,384,073	-	6,384,073	-
Restricted for construction	8,426,663	-	8,426,663	-
Unrestricted	33,388,695	387,715	33,776,410	3,851,805
<b>Total net position</b>	<b>\$ 182,061,986</b>	<b>180,784</b>	<b>182,242,770</b>	<b>6,920,808</b>
Reconciliation to government-wide Statement of Net Position				
Adjustment to reflect the income of the internal service fund that was allocated to Enterprise fund functions.	717,455	-	717,455	-
<b>Net position of business type activities</b>	<b>\$ 182,779,441</b>	<b>180,784</b>	<b>182,960,225</b>	<b>-</b>

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, 2012**

**City Of Cedar Park, Texas**

	Business-type Activities			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 29,055,461	3,110,633	32,166,094	2,212,815
Total operating revenues	<u>29,055,461</u>	<u>3,110,633</u>	<u>32,166,094</u>	<u>2,212,815</u>
<b>OPERATING EXPENSES</b>				
Distribution services and charges	8,075,804	2,816,548	10,892,352	-
Personnel services	4,002,905	-	4,002,905	-
Maintenance and repair	646,117	-	646,117	-
Supplies and materials	812,715	157,417	970,132	419,231
Depreciation	5,766,641	146,384	5,913,025	825,047
Total operating expenses	<u>19,304,182</u>	<u>3,120,349</u>	<u>22,424,531</u>	<u>1,244,278</u>
<b>OPERATING INCOME (LOSS)</b>	<u>9,751,279</u>	<u>(9,716)</u>	<u>9,741,563</u>	<u>968,537</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	560,856	791	561,647	124,585
Interest and fiscal charges	(2,672,191)	(67,228)	(2,739,419)	-
Other nonoperating revenues (expenses)	-	-	-	-
Total nonoperating revenues (expenses)	<u>(2,111,335)</u>	<u>(66,437)</u>	<u>(2,177,772)</u>	<u>124,585</u>
Income (loss) before contributions and transfers	<u>7,639,944</u>	<u>(76,153)</u>	<u>7,563,791</u>	<u>1,093,122</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions	12,359,384	-	12,359,384	-
Community Impact Fees	3,951,966	-	3,951,966	-
Transfers out	(4,465,443)	-	(4,465,443)	-
Total contributions and transfers	<u>11,845,907</u>	<u>-</u>	<u>11,845,907</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>19,485,851</u>	<u>(76,153)</u>	<u>19,409,698</u>	<u>1,093,122</u>
<b>Total net position, beginning-as previously reported</b>	<u>163,071,568</u>	<u>256,937</u>	<u>163,328,505</u>	<u>5,827,686</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(495,433)</u>	<u>-</u>	<u>(495,433)</u>	<u>-</u>
<b>Total net position, beginning-as restated</b>	<u>162,576,135</u>	<u>256,937</u>	<u>162,833,072</u>	<u>5,827,686</u>
<b>Total net position, ending</b>	<u>\$ 182,061,986</u>	<u>180,784</u>	<u>182,242,770</u>	<u>6,920,808</u>
Reconciliation to government-wide Statement of Activities				
Change in net position	19,485,851	(76,153)	19,409,698	
Adjustment to consolidate internal service activities	202,455	-	202,455	
Change in net position- Business-type activities	<u>\$ 19,688,306</u>	<u>(76,153)</u>	<u>19,612,153</u>	

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

**Proprietary Funds**  
**Statement Of Cash Flows**  
**For The Year Ended September 30, 2012**

**City Of Cedar Park, Texas**

	Business-type Activities			Governmental Activities Internal Service Fund
	Water and Sewer	Solid Waste	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 29,634,661	3,049,375	32,684,036	2,212,815
Cash paid to suppliers for goods and services	(9,555,024)	(2,941,599)	(12,496,623)	(145,876)
Cash paid to employees for services	(4,082,210)	-	(4,082,210)	-
Net cash provided by operating activities	<u>15,997,427</u>	<u>107,776</u>	<u>16,105,203</u>	<u>2,066,939</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(4,465,443)	-	(4,465,443)	-
Net cash (used) by noncapital financing activities	<u>(4,465,443)</u>	<u>-</u>	<u>(4,465,443)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash received (spent) for nonoperating activities	3,951,966	-	3,951,966	-
Acquisition of capital assets	(12,720,160)	-	(12,720,160)	(1,722,311)
Principal paid on debt	(4,320,000)	(135,000)	(4,455,000)	-
Interest and fiscal charges paid on debt	(2,779,292)	(67,608)	(2,846,900)	-
Proceeds from issuance of debt	4,280,000	-	4,280,000	-
Payment to refunded bond escrow agent	(4,933,133)	-	(4,933,133)	-
Bond Issuance costs	(48,157)	-	(48,157)	-
Bond Premiums	701,290	-	701,290	-
Net cash (used) for capital and related financing activities	<u>(15,867,486)</u>	<u>(202,608)</u>	<u>(16,070,094)</u>	<u>(1,722,311)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Earnings on investments	560,856	791	561,647	124,585
Net cash provided by investing activities	<u>560,856</u>	<u>791</u>	<u>561,647</u>	<u>124,585</u>
Net increase (decrease) in cash and cash equivalents	(3,774,646)	(94,041)	(3,868,687)	469,213
Cash and cash equivalents, October 1 (including \$18,130,358 for the Water and Sewer Fund in restricted accounts)	42,198,357	353,428	42,551,785	3,807,605
Cash and cash equivalents, September 30 (including \$19,080,083 for the Water and Sewer Fund in restricted accounts)	<u>\$ 38,423,711</u>	<u>259,387</u>	<u>38,683,098</u>	<u>4,276,818</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, 2012**

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

	Business-type Activities			Governmental Activities Internal Service Fund
	Water and Sewer	Solid Waste	Total	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
<b>Operating income (loss)</b>	\$ 9,751,279	(9,716)	9,741,563	968,537
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation	5,766,641	146,384	5,913,025	825,047
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	1,069,425	(61,258)	1,008,167	-
Interfund receivable	(579,920)	-	(579,920)	-
Inventories/prepaid expenses	(15,701)	-	(15,701)	(1,359)
Other receivables	(283,942)	-	(283,942)	-
Increase (decrease) in liabilities:				
Accounts payable	276,413	32,366	308,779	274,714
Accrued liabilities	17,868	-	17,868	-
Compensated absences payable	(64,058)	-	(64,058)	-
Other post-employment benefits	(15,247)	-	(15,247)	-
Customer deposits	89,695	-	89,695	-
Other liabilities	(15,026)	-	(15,026)	-
Net cash provided by operating activities	<u>\$ 15,997,427</u>	<u>107,776</u>	<u>16,105,203</u>	<u>2,066,939</u>
<b>Noncash capital activities</b>				
Contribution of capital assets	\$ 12,337,665	-	12,337,665	-
Amortization expense	94,918	-	94,918	-

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

**Component Units  
Statement Of Net Position  
September 30, 2012**

**City Of Cedar Park, Texas**

	Community Development	Economic Development	Total
<b>ASSETS</b>			
Cash and investments	\$ 11,379,944	4,957,147	16,337,091
Receivables, net of allowances for uncollectibles:			
Taxes	736,905	736,905	1,473,810
<b>Total assets</b>	<u>12,116,849</u>	<u>5,694,052</u>	<u>17,810,901</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges from bond issuance	12,171	-	12,171
<b>LIABILITIES</b>			
Accounts payable	255,148	-	255,148
Accrued interest payable	17,856	-	17,856
Noncurrent liabilities:			
Due within one year			
Notes payable	60,000	60,000	120,000
Bonds payable	585,000	-	585,000
Due in more than one year			
Notes payable	606,969	606,969	1,213,938
Bonds payable	4,725,020	-	4,725,020
<b>Total liabilities</b>	<u>6,249,993</u>	<u>666,969</u>	<u>6,916,962</u>
<b>NET POSITION</b>			
Unrestricted	5,879,027	5,027,083	10,906,110
<b>Total net position</b>	<u>\$ 5,879,027</u>	<u>5,027,083</u>	<u>10,906,110</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, 2012**

**City Of Cedar Park Texas**

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets		
		Community Development Corporation	Economic Development Corporation	Total
Community development	\$ 2,069,065	(2,069,065)	-	(2,069,065)
Economic development	4,324,152	-	(4,324,152)	(4,324,152)
<b>Total component units</b>	<b>\$ 6,393,217</b>	<b>(2,069,065)</b>	<b>(4,324,152)</b>	<b>(6,393,217)</b>
General revenues:				
Taxes:				
Property		-	-	
Sales		3,942,204	3,942,204	7,884,408
Franchise		-	-	-
Other taxes		-	-	-
Interest and other		20,441	11,008	31,449
Transfers		-	-	-
Total general revenues and transfers		<u>3,962,645</u>	<u>3,953,212</u>	<u>7,915,857</u>
Change in net position		1,893,580	(370,940)	1,522,640
Net position, beginning-as previously reported		4,081,960	5,398,023	9,479,983
Prior period adjustment		<u>(96,513)</u>	<u>-</u>	<u>(96,513)</u>
Net position, beginning-as restated		<u>3,985,447</u>	<u>5,398,023</u>	<u>9,383,470</u>
Net position, ending		<u>\$ 5,879,027</u>	<u>5,027,083</u>	<u>10,906,110</u>

**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, these 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 organizations' 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 Corporations each collect a half-cent sales tax to support their activities. Separate financial statements are not prepared for either Corporation.

The 4A Corporation's purpose is 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. 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 (TIRZ) No. One 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. However, after nearly ten years of development, the only portion of the district that had developed was the residential portion. As a result, the City took actions to disallow new reimbursable expenditures and to remove any undeveloped land from the TIRZ such that any new development could be completed using more flexible development standards. The Cedar Park City Council makes up the entirety of the TIRZ board. The TIRZ allows the developer to create the infrastructure for the master planned community. Although the TIRZ is a legally separate entity, it is in substance, part of the City's operation, therefore it is reported as a special revenue fund in the City's financial statements.

### 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**  
**B. Government-wide and Fund Financial Statements, (continued)**

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*.

In the fund financial statements, separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Information on non-major governmental funds is aggregated in a column labeled "Other Governmental Funds."

**C. Restatement**

During fiscal year 2012, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to clarifying the reporting of deferred inflows and outflows of resources, GASB 65 also reclassified costs associated with bond issuance as expenses of the current period. The City wrote off a prior year receivable accrual in Other Governmental Funds (Building and Facilities Fund) that had not been properly reversed. Consequently, the City is restating net position for fiscal year 2011 to reflect the write-offs of these two items that were reported in the net position balance at September 30, 2011.

In addition, the City reclassified a note payable due to the State Comptroller, which was previously recorded as a current liability on the Balance Sheet for the General Fund, as a long-term governmental liability on the Government-Wide Statement of Net Position. The liability was established to repay sales tax revenues paid to the City in error in a prior year. There is no impact on total governmental net position, however, the balance was reclassified from a current liability to a long-term note payable.

The impact of these restatements are shown below:

	Statement of Activities			Statement of Revenues, Expenses and Changes In Net Position	Statement of Revenues, Expenditures and Changes In Fund Balances	
	Governmental Activities	Business-Type Activities	Component Units	Water and Sewer	General Fund	Other Governmental Funds
Net position as of September 30, 2011, as previously reported	\$ 166,061,083	163,843,505	9,479,983	163,071,568		
Write-off of deferred bond issuance costs	(1,987,813)	(495,433)	(96,513)	(495,433)		
Write-off of prior year receivable	(190,584)	-	-	-		
Net position as of September 30, 2011, as restated	<u>\$ 163,882,686</u>	<u>163,348,072</u>	<u>9,383,470</u>	<u>162,576,135</u>		
			Fund balance as of September 30, 2011, as previously reported		\$ 11,960,333	21,457,243
			Change in presentation of long-term note payable		1,423,937	
			Write off prior year receivable balance			(190,584)
			Fund balance as of September 30, 2011, as restated		<u>\$ 13,384,270</u>	<u>\$ 21,266,659</u>

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

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

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

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

Franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City.

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

Streets & Lighting Fund – is a capital projects construction fund used to account for expenditures relating to construction or improvement of City streets and lighting.

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 to expenditures for specified purposes, including grant funds.

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

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 this definition 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.

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

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

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

Enterprise Funds: In accordance with GASB Statement No. 20, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The City reports the following major enterprise funds:

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

Solid Waste Fund – to account for solid waste collection services. The Solid Waste was established during fiscal year 2010 to disaggregate Solid Waste activities that were combined with the Water and Sewer Fund in prior years. Although it does not meet the criteria of a major fund as defined in GASB Statement No. 34, the Solid Waste Fund is presented as a major proprietary fund because it is the City's only remaining enterprise fund.

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

Internal Service Fund – 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 City's Vehicle & Equipment Replacement Fund is used 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 revenue. Likewise, general revenue includes all taxes.

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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 only has one item that qualifies for reporting in this category. It is the deferred charge on bond issuance reported in the government-wide Statement of Net Position. This amount is deferred and amortized over the life of the bond.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

**F. Net Position Flow Assumption**

Sometimes the government 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**G. Fund Balance Flow Assumption**

Sometimes the government 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 government’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.

**H. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (investments with original maturities less than 90 days, including restricted assets) to be cash equivalents.

The following table details the cash balances purpose restrictions as of September 30, 2012.

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Debt service fund	\$ 3,540,415	10,653,420
Construction	19,445,170	8,426,663
Hotel tax	825,517	-
Tax Increment Reinvestment Zone	483,962	-
Other	1,038,420	-
	<u>\$ 25,333,484</u>	<u>19,080,083</u>

**I. Investments**

**Credit Risk**

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 only time and demand deposits, obligations of states and their subdivisions, repurchase agreements, AAA rated SEC registered money market mutual funds, and commercial paper. All other investments are rated AAA, or equivalent, by at least one nationally recognized securities rating organization (NRSRO). Investments are made primarily in obligations of the US Government, its agencies or instrumentalities. State law and the City’s adopted Investment Policy requires inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating.

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

**I. Investments, (continued)**

**Credit Risk, (continued)**

State law and the City of Cedar Park's adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD's) to those banks doing business in the State of Texas and further requires full insurance or collateralization from these depositories (banks only). Certificates of deposit are limited to a stated maturity of one year. Brokered CDs must be FDIC insured and delivered versus payment to the City's depository. Maximum maturity is one year and FDIC insurance must be verified before purchase. A procedure to monitor continued FDIC insurance weekly is required by the adopted Investment Policy. Collateral is required at a 102% margin with securities priced at market on a daily basis as a contractual responsibility of the bank. 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.

Municipal obligations must be rated A or better by at least two (2) NRSROs.

Repurchase agreements are limited to those with defined termination dates with a primary dealers (as defined by the Federal Reserve) and require an industry standard written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed six months to stated maturity with the exception of flex repurchase agreements with a stated termination date not to exceed the planned completion date of the project(s).

The City's adopted Investment Policy restricts investment in mutual funds to AAA rated SEC registered mutual funds to money market mutual funds striving to maintain a \$1 net asset value as defined by state law.

Local government investment pools in Texas are required to be rated AAA or equivalent by at least one NRSRO. The City Policy is restricted to AAA-rated, "2a-7 like" (constant dollar) local government investment pools. The City participates in two local government investment pools: TexPool and TexStar.

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. 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 of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

The Texas Short Term Asset Reserve Fund (TexStar) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexPool and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair values of the positions in TexPool and TexSTAR are the same as the values of TexPool and TexSTAR shares.

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

**I. Investments, (continued)**

**Credit Risk, (continued)**

As of September 30, 2012:

- Municipal obligations represented 4.72% of the total portfolio,
- fully insured or collateralized certificates of deposit and money market accounts represented 29.78% of the total portfolio,
- investment in the State Treasurer's local government investment pool (Texpool) represented 50.56% of the total portfolio,
- investment in a AAA-rated local government investment pool (TexSTAR) represented 8.22% of the total portfolio, and
- the remainder of the portfolio, 6.71% was in US Government securities rated AAA by two nationally recognized statistical rating agencies.

**Concentration of Credit Risk**

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%
- State & Local Obligations	30%
- Certificates of Deposit	40%
In any one bank	20%
- Repurchase Agreements	50%
- FlexRepo with CIP Funds	100%
- LGIP	100%
- Money Market Mutual Funds	100%
- Commercial Paper	25%
Any one issuer	5%

As of September 30, 2012,

- Holdings in two local government investment pools represented 58.78% of the total portfolio.
- Holdings in state and local obligations represented 4.72% of the total portfolio.
- Holdings in fully insured and collateralized certificates of deposit and demand deposit accounts represented 29.84% of the total portfolio.
- Holdings in U.S. government securities represented 6.71% of the total portfolio.

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

**I. Investments, (continued)**

**Interest Rate Risk**

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 and compared to the 1 year Treasury Bill. As of September 30, 2012, the portfolio contained no holding in the portfolio with a stated maturity date beyond 272 days, and the dollar-weighted average of the total portfolio was 45 days.

As of September 30, 2012, the portfolio held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>Investment Maturities in Years</u>			
			<u>Less than 1 Year</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-5 Years</u>
US Agencies						
FNMA	\$ 6,879,576	6.71%	-	6,879,576	-	-
Bank deposits	15,051,667	14.68%	15,051,667			
2a-7 like Local Government Pools	60,216,276	58.73%	60,216,276	-	-	-
Money Market Mutual Funds	5,531,350	5.39%	5,531,350	-	-	-
Certificates of Deposit	10,012,568	9.77%	10,012,568	-	-	-
Municipal Obligations	4,837,135	4.72%	4,837,135	-	-	-
Total Value	<u>102,528,572</u>		<u>\$ 95,648,996</u>	<u>6,879,576</u>	<u>-</u>	<u>-</u>
% of Total Portfolio		<u>100.00%</u>	<u>93.29%</u>	<u>6.71%</u>	<u>0.00%</u>	<u>0.00%</u>
Less pool participants excluded from primary government:						
Community Development	(11,379,944)					
Economic Development	<u>(4,957,147)</u>					
Total Primary Government	<u>\$ 86,191,481</u>					

As of September 30, 2012, the portfolio contained no structured notes, which would have been impacted by interest rate risk.

**Custodial Credit Risk**

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 is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed underwritten agreements. Depository agreements are executed under the terms of the US Financial Institutions Resource and Recovery Enforcement Act. The counter-party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of September 30, 2012, the portfolio:

- contained 29.78% in fully collateralized or FDIC insured certificates of deposit. All pledged collateral was held by an independent institution outside the bank's holding company.
- contained no repurchase agreements.
- contained 16.11% in demand deposit accounts that are fully collateralized or fully insured by the FDIC.

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

**J. 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 one percent of outstanding property taxes at September 30, 2012.

Property taxes are levied on October 1 and attached as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

**K. Inventories and Prepaid Items**

Inventories in all funds are valued at the lower of cost or market.

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

**L. 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 assets at September 30, 2012.

**M. 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 assets with a cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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

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

### N. 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), 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 10 years of continuous service at separation to be eligible for sick leave buyback. A liability for these amounts is reported in governmental funds only if they have matured and the employee is eligible to receive this benefit.

### O. 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.

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. The City does not have any balances that are considered assigned, therefore it has not set a formal policy to grant management authority to assign fund balances.

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.

### P. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

### Q. New Accounting Pronouncements

During fiscal year 2012, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

## 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budgetary Information

The City Council follows these procedures in establishing budgetary data reflected in the basic financial statements:

- (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 not employed for the Special Revenue Fund because the amount of revenue and expenditures vary depending on unpredictable availability of resources. Capital Projects Fund 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.
- (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.

During Fiscal Year 2012, the General Fund expenditure budget was amended to increase the departmental budget for General Administration, Human Resources, Police, Planning and Transportation, Fire, Parks and Recreation, Library, and Fleet Services. The Police budget was amended by \$779,521 related to the purchase of a new CAD operating system and the Fire budget was amended by \$552,228 related to the purchase of two new fire vehicles.

Departmental expenditures exceeded appropriations for the following General Fund departments: General Administration, Public Works and Tourism. General Administration was over budget in part, because vacancy savings for the General Fund are budgeted in General Administration but recognized at the department level. In addition note payments of \$90,000, which were recorded as a reduction of the General Fund liability in prior years were recorded as expenditures in the current year but were not budgeted as expenditures. Public Works expenditures also exceeded budget due to construction inspections fees, which were offset by the related revenues. Tourism expenditures exceeded budget due higher than expected personnel expenditures. In addition transfers, out exceeded budget because several transfers out for capital acquisition were budgeted at the department level but presented as general transfers out. In addition, debt service expenditures also exceeded budget due to higher than expected principal payments related to WCID debt.

## 3. 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 collateralized at September 30, 2012, and throughout the year by Federal Depository Insurance Corporation coverage and securities held by the City's agent bank in the City's name. A difference of \$669,368 exists between bank balance and book balance, primarily due to outstanding checks offset by deposits in transit.

Investments in United States government agency securities are considered short-term and all such investment activity is conducted through a depository bank. Investments are valued at their fair market value based upon

quoted market prices. During the fiscal year ended September 30, 2012, the City did not invest through any security brokers or dealers.

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

**A. Deposits, (continued)**

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

<u>Primary Government</u>	Carrying Amount	Fair Value
Petty Cash	\$ 7,963	7,963
Cash in bank (1)	20,583,017	20,583,017
TexPool	35,463,201	35,463,201
TexStar	8,415,984	8,415,984
Certificates of Deposit	10,012,568	10,012,568
Municipal Obligations	4,837,135	4,837,135
U. S. Government Securities	6,879,576	6,879,576
Primary Government cash and investments	<u>86,199,444</u>	<u>86,199,444</u>
<u>Component Units</u>		
Texpool		
Community Development Corporation	11,379,944	11,379,944
Economic Development Corporation	4,957,147	4,957,147
	<u>\$ 16,337,091</u>	<u>16,337,091</u>

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

**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:

	Governmental Activities			Enterprise Funds		Total
	General Fund	Debt Service	Other Funds	Water and Sewer	Solid Waste	
Primary Government						
Property taxes	\$ 143,894	139,519	-	-	-	283,413
Sales taxes	1,497,135	-	-	-	-	1,497,135
Franchise taxes	639,925	-	-	-	-	639,925
Hotel/motel taxes	-	-	-	-	-	-
Charges for services	-	-	-	4,767,510	412,718	5,180,228
Other	201,845	-	230,818	121,959	-	554,622
Notes receivable	-	-	-	4,946,298	-	4,946,298
Allowance for doubtful accounts	(1,246)	(1,318)	-	(625,175)	(31,205)	(658,944)
Net Receivables	<u>\$ 2,481,553</u>	<u>138,201</u>	<u>230,818</u>	<u>9,210,592</u>	<u>381,513</u>	<u>12,442,677</u>

The Water and Sewer Fund receivable balance includes a note receivable of \$4,946,298 from the City of Leander for Leander's share of the buy-in cost for the Brushy Creek Regional Waste Water System. Leander is scheduled to make annual payments of \$332,469 beginning in January 2013 and ending in January 2032.

Governmental funds report deferred inflows for deferred revenue in connection with receivables for revenue that is 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.

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

**B. Receivables, (continued)**

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

<u>Deferred inflows</u>	<u>Delinquent property taxes</u>
General Fund	\$ 123,298
Debt Service Fund	130,424
Total governmental funds	<u>\$ 253,722</u>

The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1, at which time a lien is attached by operation of state law for all real and personal property located in the City. Taxes are due by January 31, following the October 1 levy date. The majority of taxes are collected between October 1 and January 31 of each year. Delinquent property taxes estimated to be collectible within 60 days after the fiscal year are recognized as revenue. Other delinquent property taxes are deferred.

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 percent 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 eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than eight percent.

The assessed value at January 1, 2012, upon which the October 2012 levy was based, was approximately \$4,123,782,564 in Williamson County and \$311,546,422 in Travis County. The City levied taxes based on a combined tax rate of \$0.4935 per \$100 of assessed valuation for general governmental services and debt service.

**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 June 2012. The City accounts for this partnership as a joint venture.

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

Condensed financial statements for the BCRUA are presented below:

**STATEMENT OF NETS ASSETS**

As of September 30, 2012

ASSETS		LIABILITIES	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 6,890,072	Accounts payable	\$ 473,103
Investments	7,977,967	Retainage Payable	2,336,182
Accounts receivable, net	23,945	Due to partner cities	272,594
Accrued interest receivable	65,827	Due to other funds	69,850
Due from partner cities	-	Total current liabilities	<u>3,151,729</u>
Due from other funds	69,850	Current liabilities payable from restricted assets:	
Total current assets	<u>15,027,661</u>	Current portion of revenue bond payable	2,000,000
Noncurrent assets:		Accrued interest	1,378,272
Restricted cash and cash equivalents		Total current liabilities payable from	
and investments:		restricted assets	3,378,272
Debt Service	1,267,017	Noncurrent liabilities:	
Escrow	24,973,615	Revenue bonds payable	178,605,000
Reserve	6,195,151	Total noncurrent liabilities	<u>178,605,000</u>
Deferred charges, net	801,913	Total liabilities	<u>185,135,001</u>
Capital assets not being depreciated:		NET ASSETS	
Land, easements, and construction		Net assets	<u>\$ 18,441,816</u>
in progress	10,268,795	<b>Cedar Park share of net assets:</b>	<b>\$ 4,197,120</b>
Capital assets, net of accumulated depreciation:			
Computer and office equipment	145,042,665		
Total noncurrent assets	<u>188,549,156</u>		
Total Assets	<u>\$203,576,817</u>		

**STATEMENT OF ACTIVITIES  
AND CHANGES IN NET ASSETS**

For the Year ended September 30, 2012

	BCRUA	Cedar Park Share
Operating revenues	\$ 892,950	352,462
Operating expenses	1,372,085	304,696
Change in net assets	(479,135)	47,766
Other Income	7,901	1,183
Net assets, October, 2011	10,363,106	2,641,864
Net Contribution of capital	8,549,944	1,506,307
Net assets, September, 2012	<u>\$ 18,441,816</u>	<u>4,197,120</u>

Complete financial statements may be obtained at the BCRUA, 450 Cypress Creek Bldg1, Cedar Park TX 78613.

3. DETAILED NOTES ON ALL FUNDS, (continued)

D. Capital Assets

Governmental Activities

Capital asset activity for the year ended September 30, 2012, was as follows:

<b>GOVERNMENTAL ACTIVITIES:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land and other non-depreciable assets	\$ 14,394,967	25,001	486,364	13,933,604
Construction in progress	27,669,531	16,621,098	30,562,881	13,727,748
Total assets not being depreciated	<u>42,064,498</u>	<u>16,646,099</u>	<u>31,049,245</u>	<u>27,661,352</u>
Capital assets being depreciated				
Intangible assets	-	82,891	-	82,891
Building and improvements	99,235,162	4,470,151	1,374,234	102,331,079
Machinery and equipment	21,891,333	2,381,612	568,247	23,704,698
Infrastructure	154,927,930	39,647,323	11,411,989	183,163,264
Total capital assets being depreciated	<u>276,054,425</u>	<u>46,581,977</u>	<u>13,354,470</u>	<u>309,281,932</u>
Less accumulated depreciation:				
Building and improvements	10,213,043	2,096,303	615,085	11,694,261
Machinery and Equipment	14,292,096	3,294,041	537,749	17,048,388
Infrastructure	22,716,584	4,276,203	4,354	26,988,433
Total accumulated depreciation	<u>47,221,723</u>	<u>9,666,547</u>	<u>1,157,188</u>	<u>55,731,082</u>
Total capital assets being depreciated, net	<u>228,832,702</u>	<u>36,915,430</u>	<u>12,197,282</u>	<u>253,550,850</u>
Total capital assets, net	<u>\$ 270,897,200</u>	<u>53,561,529</u>	<u>43,246,527</u>	<u>281,212,202</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:

General government	\$ 4,412,979
Public safety	685,751
Culture and recreation	911,436
Streets and lighting	2,831,334
Internal service	825,047
Total depreciation expense - governmental activities	<u>\$ 9,666,547</u>

WCID 1D annexed assets received by governmental activities consisted of \$25,000 in land easements and \$11,406,764 in infrastructure. Annexed infrastructure assets were subsequently contributed from governmental activities to Water and Sewer business-type activities, because these assets will be maintained by the Water and Sewer Fund. See note 3-L on page 53 for further detail.

3. DETAILED NOTES ON ALL FUNDS, (continued)

D. Capital Assets, (continued)

Business-type Activities

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital assets, not being depreciated:				
Land and other non-depreciable assets	\$ 4,265,440	-	-	4,265,440
Construction in progress	9,220,332	10,967,248	6,236,772	13,950,808
Total assets not being depreciated	<u>13,485,772</u>	<u>10,967,248</u>	<u>6,236,772</u>	<u>18,216,248</u>
Capital assets, being depreciated				
Building and improvements	21,504,034	6,335,580	-	27,839,614
Machinery and Equipment	4,831,766	1,066,355	-	5,898,121
Infrastructure	187,713,183	11,417,335	-	199,130,518
Total capital assets being depreciated	<u>214,048,983</u>	<u>18,819,270</u>	<u>-</u>	<u>232,868,253</u>
Less accumulated depreciation:				
Building and improvements	7,802,333	570,130	-	8,372,463
Machinery and Equipment	2,091,446	544,354	-	2,635,800
Infrastructure	39,991,701	4,798,541	-	44,790,242
Total accumulated depreciation	<u>49,885,480</u>	<u>5,913,025</u>	<u>-</u>	<u>55,798,505</u>
Total capital assets being depreciated, net	<u>164,163,503</u>	<u>12,906,245</u>	<u>-</u>	<u>177,069,748</u>
Total capital assets, net	<u>\$177,649,275</u>	<u>23,873,493</u>	<u>6,236,772</u>	<u>195,285,996</u>

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

Business-type activities:	
Water and sewer	\$ 5,766,641
Solid Waste	146,384
Total depreciation expense - business-type activities	<u>\$ 5,913,025</u>

WCID 1D annexed assets received by the General Governmental Fund consisted of \$25,000 in land easements and \$11,406,764 in infrastructure, subsequent to receipt of annexed assets the general government contributed the infrastructure assets to the Enterprise Fund. See note 3-L on page 53 for further detail.

3. 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, 2012 are as follows:

Project Description	Governmental Activities:		
	Authorized	Project	Remaining
	Project Amount	Expenditures To-Date	Project Balance
ILSN Upgrade - Ph II	\$ 350,000	9,555	340,445
Anderson Mill Road South	3,839,254	3,604,866	234,388
FM1431/Hwy 183 Int	342,504	342,504	-
Design Row Brushy Creek Road	6,278,700	4,841,885	1,436,815
Bagdad Road	4,230,000	159,566	4,070,434
CR185/Cottonwood Crk Trail	6,055,000	1,738,504	4,316,496
183 RT Turn Lanes@New Hope	250,000	84,418	165,582
183 Walton Way	100,000	9,052	90,948
Gateway Signage	200,000	17,175	182,825
New Hope Gap Project	3,776,000	3,590,016	185,984
RM1431 (Parmer & Sam Bass)	1,535,000	760,675	774,325
Parks Maintenance Facility	157,500	135,422	22,078
Digital Radio Upgrade	2,894,037	1,538,240	1,355,796
Fire Station 1 Demolition	30,000	19,447	10,553
Fire Station 5	590,000	7,850	582,150
Fire Station 2	381,250	301,928	79,322
Library Building Remodel	53,000	40,693	12,307
Fuel Pump Facility	63,971	22,726	41,245
Court Glass Improvement	50,000	3,000	47,000
	<u>\$ 31,176,216</u>	<u>17,227,522</u>	<u>13,948,694</u>

Construction in progress and remaining commitments under related construction contracts for business-type activities at September 30, 2012 are as follows:

Project Description	Business-Type Activities:		
	Authorized	Project	Remaining
	Project Amount	Expenditures To-Date	Project Balance
Water Meter Program Update	\$ 2,970,551	2,498,730	471,821
Utility Relocation	533,092	533,092	-
Service Center Expansion	3,728,000	3,468,966	259,034
Service Center Lucity Software	116,000	80,495	35,505
Brushy Creek Transmission Main	1,571,171	1,364,851	206,320
Reg Water Plant Phase II	20,243,228	100,865	20,142,363
West/East Park Street Waterline	1,236,779	1,157,741	79,038
NewHope 183A to CR185 Waterline	400,000	76,966	323,034
Floating Raw Water Interceptor	5,236,000	5,236,000	-
Field Operations Miscellaneous Improvements	200,000	22,200	177,800
Clearwell Rehabilitation	500,000	202,083	297,917
New Hope 183A to CR185 Wastewaterline	125,000	105,096	19,904
BCRWWS West Plant Improvements	675,000	188,844	486,156
Buttercup Wastewater Line Replacement	2,756,211	120,611	2,635,600
Wastewater Improvements	100,000	78,908	21,092
Cottonwood Wastewater Interceptor	2,800,000	266,405	2,533,595
	<u>\$ 43,191,032</u>	<u>15,501,853</u>	<u>27,689,179</u>

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

Interfund receivables, payables, and advances at September 30, 2012, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental funds:		
General Fund	Nonmajor Governmental Funds	\$ 19,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,104
Business-type funds:		
Water and Sewer Fund	General Fund	579,920
		<u>\$ 600,025</u>

Interfund receivables, payables, and advances reflect loans between funds. Of the above amount, \$579,920 represents a loan from the Water and Sewer Fund for construction costs related to the new City Hall facility.

Interfund transfers for the year ended September 30, 2012, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	
General Fund	-	225,000	2,665,443	2,890,443
Street Fund	800,000	6,556,166	-	7,356,166
Nonmajor governmental funds	1,663,186	678,105	1,800,000	4,141,291
Total transfers in	<u>\$ 2,463,186</u>	<u>7,459,271</u>	<u>4,465,443</u>	<u>14,387,900</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 and transfers from bond funds to capital project funds for capital activities.

**F. Leases**

The City renegotiated a capital lease agreement for two pieces of Fire Department equipment with SunTrust Equipment Finance and Leasing Corporation during fiscal year 2004. There are no future minimum lease payments under these capital leases.

The City leased office space for the fire and code enforcement administrative staff. Rent paid for the year ended September 30, 2012 was \$ 52,650.

3. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2012, was as follows:

	October 1, 2011	Increases	Decreases	September 30, 2012	Amounts Due Within One Year
<b><u>Governmental Activities</u></b>					
General obligation bonds	\$ 99,325,000	39,105,000	30,320,000	108,110,000	5,650,000
Certificates of obligation	2,765,000	-	810,000	1,955,000	275,000
Economic development bonds	41,670,000	-	1,030,000	40,640,000	1,075,000
Premium on issuance of bonds	1,823,921	3,942,137	782,030	4,984,027	-
Discount on issuance of bonds	(10,940)	25,149	108,828	(94,619)	-
General obligation bonds and other tax supported debt total	<u>145,572,981</u>	<u>43,072,286</u>	<u>33,050,858</u>	<u>155,594,408</u>	<u>7,000,000</u>
Other long-term liabilities					
Capital lease payable	31,342	-	31,342	-	-
Compensated absences	3,230,092	56,845	662,174	2,624,763	193,036
State Comptroller note	1,453,863	-	103,550	1,350,313	133,963
Other post-employment benefits	582,769	20,063	-	602,832	-
Other long-term liabilities total	<u>5,298,066</u>	<u>76,908</u>	<u>797,067</u>	<u>4,577,907</u>	<u>326,999</u>
<b>Total governmental activities</b>	<u><u>150,871,047</u></u>	<u><u>43,149,194</u></u>	<u><u>33,847,925</u></u>	<u><u>160,172,316</u></u>	<u><u>7,326,999</u></u>
<b><u>Business-type Activities</u></b>					
Water and Sewer activities					
Revenue bonds	57,855,000	-	7,330,000	50,525,000	3,060,000
General obligation bonds	5,660,000	4,280,000	1,405,000	8,535,000	1,440,000
Premium on issuance of bonds	1,958,933	543,295	263,259	2,238,969	-
General obligation bonds and other tax supported debt total	<u>65,473,933</u>	<u>4,823,295</u>	<u>8,998,259</u>	<u>61,298,969</u>	<u>4,500,000</u>
Compensated absences	510,862	11,050	75,108	446,804	1,172
Other post-employment benefits	83,187	-	15,247	67,940	-
Other long-term liabilities total	<u>594,049</u>	<u>11,050</u>	<u>90,355</u>	<u>514,744</u>	<u>1,172</u>
<b>Water and Sewer activities total</b>	<u><u>66,067,982</u></u>	<u><u>4,834,345</u></u>	<u><u>9,088,614</u></u>	<u><u>61,813,713</u></u>	<u><u>4,501,172</u></u>
<b><u>Solid Waste activities</u></b>					
Revenue bonds	1,415,000	-	135,000	1,280,000	145,000
Solid Waste activities total	<u>1,415,000</u>	<u>-</u>	<u>135,000</u>	<u>1,280,000</u>	<u>145,000</u>
<b>Business-type activities total</b>	<u><u>\$ 67,482,982</u></u>	<u><u>4,834,345</u></u>	<u><u>9,223,614</u></u>	<u><u>63,093,713</u></u>	<u><u>4,646,172</u></u>
<b><u>Component Unit</u></b>					
Community development bonds	\$ 5,835,000	-	570,000	5,265,000	585,000
Premium on issuance of bonds	50,647	-	5,627	45,020	-
State Comptroller Note	1,423,937	-	90,000	1,333,937	120,000
<b>Component unit total</b>	<u><u>\$ 7,309,584</u></u>	<u><u>-</u></u>	<u><u>665,627</u></u>	<u><u>6,643,957</u></u>	<u><u>705,000</u></u>

The governmental balance of the State Comptroller note includes a note payable of \$1,333,937 to repay sales tax revenues paid to the City in error in prior years. The total repayment amount due is \$2,667,873. Fifty percent of the total liability is being repaid by the General Fund, while the remaining fifty percent is split evenly between the Community Development and Economic Development Component Units. The repayment amount due for fiscal year 2013 is \$240,000 and the note is scheduled to be paid in full in September 2020. The governmental portion of the liability, which was previously recorded as a General Fund liability, has been restated as a long-term governmental liability on the Government-Wide Statement of Net Position. See note 2-C on page 33 for further detail.

3. DETAILED NOTES ON ALL FUNDS (continued)

G. Long-term Liabilities, (continued)

Employment related liabilities and capital lease liabilities attributable to the governmental activities will be liquidated primarily by the General Fund.

Governmental activities bonds payable at September 30, 2012, consisted of the following:

\$6,915,000 Series 2003 General Refunding Bonds, due in annual installments of \$205,000 to \$210,000 through February 15, 2014; interest at 3.45% to 3.55%	\$ 415,000
\$6,590,000 Series 2004 General Obligation Bonds, due in annual installments of \$335,000 to \$355,000 through February 15, 2015; interest at 3.25% to 3.50%	1,035,000
\$34,965,000 Series 2005 General Obligation Refunding and Improvement Bonds due in annual installments of \$480,000 to \$2,960,000 through February 15, 2025; interest at 4.25% to 5.0%	17,890,000
\$2,770,000 Series 2005 Combination Tax and Revenue Certificates of Obligation; due in annual installments of \$120,000 to \$160,000 through February 15, 2020; interest at 4.00% to 4.375%	1,115,000
\$1,535,000 Series 2006 Combination Tax and Revenue Certificates of Obligation; due in annual installments of \$155,000 to \$180,000 through February 15, 2017; interest at 4.0%	840,000
\$20,355,000 Series 2006 General Obligation Refunding and Improvement Bonds; due in annual installments of \$605,000 to \$2,180,000 through February 15, 2027; interest at 4.0% to 5.0%	18,095,000
\$3,430,000 Series 2006 General Obligation Tax Bonds, due in annual installments of \$100,000 to \$115,000 through September 1, 2014; interest at 3.8% to 5.375%	215,000
\$8,715,000 Series 2007 General Obligation Bonds, due in annual installments of \$345,000 to \$440,000 through February 15, 2018; interest at 4.25% to 5.25%	2,345,000
\$2,795,000 Series 2007 General Obligation Tax Bonds, due in annual installments of \$65,000 to \$335,000 through September 1, 2027; interest at 4% to 4.2%	2,655,000
\$19,615,000 Series 2008 General Obligation Bonds, due in annual installments of \$870,000 to \$1,655,000 through February 15, 2028; interest at 4.00% to 4.75%	19,395,000
\$3,010,000 Series 2008 General Obligation Tax Bonds, due in annual installments of \$95,000 to \$210,000 through September 1, 2030; interest at 3.15% to 4.375%	2,605,000
\$43,905,000 Economic Development Tax & Revenue Certificates of Obligation, Series 2008, due in installments of \$1,030,000 to \$3,275,000 through August 15, 2033; interest at 4.44% to 6.31%	40,640,000
\$7,705,000 Series 2009 General Obligation Refunding; due in annual installments of \$65,000 to \$80,000 through February 15, 2019; interest at 2.0% to 4.0%	510,000
\$11,985,000 Series 2009 General Obligation Bonds, due in installments of \$530,000 to \$1,020,000 through February 15, 2029; interest at 2.5% to 5.0%	11,345,000
\$8,420,000 Series 2011 General Obligation Refunding & Improvement Bonds, due in installments of \$215,000 to \$945,000 through February 15, 2031; interest at 2.0% to 4.0%	6,410,000
\$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 2.0% to 5.0%	<u>25,195,000</u>
<b>Total governmental activities</b>	<b><u><u>\$ 150,705,000</u></u></b>

**3. DETAILED NOTES ON ALL FUNDS, (continued)**  
**G. Long-term Liabilities, (continued)**

Business-type activities bonds payable at September 30, 2012, consisted of the following:

Water and Sewer activities

\$28,725,000 Series 2005 Utility System Revenue and Refunding Bonds, due in annual installments of \$375,000 to \$2,490,000 through August 15, 2025; interest at 4.25% to 5.0%	\$ 17,400,000
\$20,355,000 Series 2006 General Obligation Refunding and Improvement Bonds; due in installments of \$365,000 to \$390,000 through February 15, 2014; interest at 4.0%	755,000
\$14,080,000 Series 2007 Utility System Revenue Refunding Bonds, due in annual installments of \$660,000 to \$1,695,000 through February 15, 2022; interest at 4.0% to 5.0%	10,430,000
\$7,705,000 Series 2009 General Obligation Refunding; due in annual installments of \$235,000 to \$795,000 through February 15, 2019; interest at 2.0% to 4.0%	2,885,000
\$23,195,000 Series 2009 Utility System Revenue Bonds, due in installments of \$505,000 to \$2,085,000 through August 15, 2029; interest at 2.0% to 5.0%	22,695,000
\$8,420,000 Series 2011 General Obligation Refunding & Improvement Bonds, due in installments of \$305,000 to \$310,000 through February 15, 2014; interest at 2.0%	615,000
\$29,475,000 Series 2012 General Obligation Refunding & Improvement Bonds, due in installments of \$125,000 to \$870,000 through February 15, 2025; interest at 4.0% to 5.0%	<u>4,280,000</u>
Total Water and Sewer activities	<u>\$ 59,060,000</u>

Solid Waste activities

\$5,600,000, Series 2010 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$145,000 to \$180,000 through February 15, 2020; interest at 2.0% to 3.0%	<u>1,280,000</u>
Total Business-type activities	<u>\$ 60,340,000</u>

Discretely presented component unit bonds payable at September 30, 2012, consisted of the following:

Component Unit debt

\$5,600,000, Series 2010 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$380,000 to \$480,000 through February 15, 2020; interest at 2.0% to 3.0%	\$ 3,415,000
\$2,425,000, Series 2010 Senior Lien Sales Tax Revenue Refunding Bonds, due in annual installments of \$205,000 to \$260,000 through August 15, 2020; interest at 3.0% to 3.375%	<u>1,850,000</u>
Total Component Unit activities	<u>\$ 5,265,000</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.

3. DETAILED NOTES ON ALL FUNDS, (continued)  
G. Long-term Liabilities, (continued)

Annual debt service requirements for bonds outstanding are as follows:

September 30,	Governmental Activities		Business-type activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 7,000,000	7,150,471	4,645,000	2,698,423	585,000	139,048
2014	7,760,000	6,844,705	4,815,000	2,526,435	610,000	125,148
2015	8,355,000	6,497,879	4,995,000	2,362,410	625,000	110,698
2016	8,960,000	6,132,739	5,220,000	2,118,876	650,000	95,113
2017	9,540,000	5,728,634	4,875,000	1,885,535	660,000	77,580
2018-2022	46,335,000	22,065,019	21,470,000	6,130,614	2,135,000	112,816
2023-2027	38,700,000	12,029,351	10,250,000	2,506,375	-	-
2028-2032	20,780,000	4,108,000	4,070,000	307,750	-	-
2033	3,275,000	206,653	-	-	-	-
	<u>\$ 150,705,000</u>	<u>70,763,449</u>	<u>60,340,000</u>	<u>20,536,418</u>	<u>5,265,000</u>	<u>660,401</u>

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

September 30,	Governmental	Component	Total
	Activities	Unit	Principal
2013	\$ 120,000	120,000	240,000
2014	154,781	154,781	309,562
2015	154,781	154,781	309,562
2016	154,781	154,781	309,562
2017	154,781	154,781	309,562
2018-2020	594,813	594,813	1,189,625
	<u>\$ 1,333,937</u>	<u>1,333,937</u>	<u>2,667,873</u>

During the fiscal year, the City defeased certain certificates of obligation and revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2012, defeased bonds remaining unredeemed or unmatured are provided below:

Refunded Bonds	Escrow	
	Maturity	Balance (1)
WCID 1D, Unlimited Tax Bonds, Series 2006	09/01/13	\$ 2,690,000
General obligation bonds, Series 2004	02/15/14	4,040,000
General obligation refunding & improvement bonds, Series 2005	02/15/14	6,925,000
Certificate of obligation bonds, Series 2005	02/15/15	545,000
General obligation bonds, Series 2007	02/15/15	5,155,000
Utility System revenue & refunding Bonds, Series 2005	08/05/14	4,415,000
		<u>\$ 23,770,000</u>

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

The City issued \$29,475,000 of general obligation refunding and improvements bonds for a current refunding of \$5,230,000 of general obligation bonds, an advanced refunding of \$19,355,000 of general obligation bonds and \$4,415,000 of utility system revenue and refunding bonds. In addition, the bond issue included \$2,525,000 to construct and improve city roadways. The refunding was undertaken to reduce total future debt service payments by \$3,235,426 and resulted in an economic gain of \$2,816,141.

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

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

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, 2012, there was not a liability for arbitrage rebate.

General obligation bonds authorized and unissued amounted to \$27,064,000 at September 30, 2012. The City is compliant with all bond ordinances. In addition, the does not have any outstanding special assessment debt and is not obligated in any manner for special assessment debt.

**Pledged Revenues**

The net revenue of the Water and Sewer Fund and the Solid Waste Fund are pledged for the payment of interest and principal on the outstanding revenue bonds. Water and Sewer bonds and Solid Waste bonds are payable through 2029 and 2020, respectively. The table below represents the pledged amounts at September 30, 2012:

	Gross Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
Water and Sewer	\$ 29,055,461	\$ 13,537,541	\$ 15,517,920	\$ 7,167,738	216.50%
Solid Waste	3,110,633	2,973,965	136,668	175,685	77.79%

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation.

**H. Employees' Retirement System**

**Plan Description**

The City provides pension benefits for all of its fulltime employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

**3. DETAILED NOTES ON ALL FUNDS, (continued)**  
**H. Employees' Retirement System, (continued)**

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

	Plan Year 2011	Plan Year 2012
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility	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)	0% of CPI	0% of CPI

*CPI=Consumer Price Index*

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation are as follows:

	2010	2011	2012
Net Pension Obligation, beginning of year	\$ -	-	-
Annual Required Contribution	1,681,910	1,607,207	1,634,226
Contributions Made	1,681,910	1,607,207	1,634,226
Net Pension Obligation, end of year	\$ -	-	-

**3. DETAILED NOTES ON ALL FUNDS, (continued)**  
**H. Employees' Retirement System, (continued)**

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Actuarial Valuation Date	12/31/2009	12/31/2010- Restructured	12/31/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll, open	Level percent of payroll, open	Level percent of payroll, open
GASB 25 Equivalent Single Amortization Period	23.3 years; closed period	22.4 years; closed period	21.5 years; closed period
Remaining Amortization Period	25 years	25 years	25 years
Asset Valuation Method	10-yr Smoothed Mkt	10-yr Smoothed Mkt	10-yr Smoothed Mkt
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3%	3%	3%
Cost-of-living Adjustments	0%	0%	0%

**Funded Status and Funding Progress**

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of the last valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 33,019,915	38,159,600	86.5%	5,139,685	19,226,185	26.7%

The schedule of funding progress, presented as Required Supplementary Information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

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

**I. Other Post-employment Benefits**

The City's post-retirement healthcare benefits plan is a single-employer defined-benefit plan. 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 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. Benefits for these employees are as follows:

- The City pays 100 percent 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 three percent 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.

**Funding policy**

The contribution requirements of the employees/retirees and the City are established in the annual operating budget and may be amended in subsequent years. During 2012, the City contributed 100% of the premium for employees. Retiree premiums were funded as specified above. Employees and retirees contributed 100% of the premiums for dependents.

The employer contribution to the OPEB plan for 2012 totaled \$70,949; premiums contributed for the City's cost of existing retirees' coverage; approximately .38% of gross payroll. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which totaled \$19,640 in fiscal year 2012.

As of September 30, 2012, there were 7 retired employees receiving benefits from the plan. The City finances the plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially liabilities over the actual amortization period. The ARC was calculated as part of the December 31, 2009 actuarial valuation performed by an outside actuary consultant.

**3. DETAILED NOTES ON ALL FUNDS, (continued)**  
**I. Other Post-employment Benefits, (continued)**

The following table shows components of the City's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	Governmental Activities	Business-type Activities	Total OPEB Plan
Annual required contribution (ARC)	\$ 79,131	16,753	95,884
Interest on net OPEB obligation	26,011	3,957	29,968
Adjustment to ARC	(43,500)	(6,617)	(50,117)
Annual OPEB Cost	61,642	14,093	75,735
Contributions made	(41,594)	(29,340)	(70,934)
Change in net OPEB obligation	20,048	(15,247)	4,801
Net obligation-beginning of year	582,769	83,187	665,956
Net obligation-end of year	\$ 602,817	67,940	670,757

**Trend Information for OPEB Plan**

Fiscal Year Ended September 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 75,735	93.66%	\$ 670,757
2011	68,402	100.22%	665,956
2010	19,640	414.09%	666,104

As of December 31, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability (AAL) for benefits was \$1,020,510 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan, and the annual required contributions of the employer are subject to continual revision. Actual results are compared with past expectations and new estimates are made about the future.

The funded status as of the last valuation date, is as follows:

Fiscal Year Ended September 30	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	December 31, 2011	\$ -	\$ 1,020,510	\$ 1,020,510	0.0%	\$ 19,226,185	5.31%

**Actuarial methods and assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan and include benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the City and employees/retirees.

The Projected Unit Credit, Level Percent of Payroll cost method was used for the valuation. Because the City currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the City's general assets (short term bonds and cash) that are expected to be used in financing the payment of benefits. The actuarial assumptions included a four and one-half percent (4.5%) investment rate of return, a 3% annual inflation rate and a health care trend inflation rate beginning at 8.5% in 2012 and dropping .5% annually to 4.5% in 2020 and after.

The amortization method for the plan is a level percentage of payroll with an open fifteen year amortization. The expected long-term payroll growth rate was estimated at three percent, compounded annually.

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

**I. Other Post-employment Benefits, (continued)**

**Actuarial methods and assumptions, (continued)**

The Net OPEB Obligation (NOO) as of September 30, 2012 is essentially the same as it was on September 30, 2011. This is due to the following factors:

- a. The ARC is based on plan changes which provide lower benefits for future employees, but the cash costs are based on the more expensive benefits the current retirees receive. Over time, the difference between the accrual and the cash costs will increase as the benefits in payment more closely match the benefits being earned.
- b. The City already has a considerable percentage of the accrued liability on its books. This acts to lower the City's GASB 45 cost because the calculation of the cost includes an ARC adjustment which reflects the portion of the liability which is already on the books.

The estimated employer contribution of \$70,949 for FYE 2012 is based on not only the City's explicit cash costs but also the implicit rate subsidy the City should take credit for.

**Supplemental Death Benefits**

The city also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500.

**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 to the TMRS SDBF for the years ended 2012, 2011 and 2010 were \$1,453.78, \$0 and \$0, respectively, which equaled the required contributions for each year.

**J. 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 ("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. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements. Settled claims have not exceeded insurance coverage limits for the past three years.

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

**K. Commitments / 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. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**L. Annexation**

On December 31, 2011, the City of Cedar Park annexed the Williamson-Travis Counties Water Control Improvement District (WCID 1D) after residents of WCID 1D requested to be voluntarily annexed into the City. The annexation included approximately 415 acres along the City’s western border. WCID 1D ceased to exist on this date and WCID 1D assets and liabilities were transferred to the City as governmental assets and liabilities. After receipt of the assets, the City transferred infrastructure assets totaling \$11,406,764 to the Water and Sewer Utility Fund, since these assets will be maintained by the Utility Fund to continue to serve water and sewer utility customers in the annexed area. The City recognized the following assets, liabilities, and special item in accordance with GASB Statement 69 related to the annexation.

	<u>Carrying Value</u>
<b>Transferred Assets (Net)</b>	
Cash & Investments	\$ 3,170,575
Infrastructure	11,406,764
Land – easement	25,000
Total assets	<u>14,602,339</u>
<b>Transferred Liabilities</b>	
Long-term debt	<u>12,690,218</u>
<b>Net Position of Transferred Operations</b>	
Special item-Transferred assets and liabilities	<u>\$ 1,912,121</u>

**M. Deficits in Fund Balances**

At September 30, 2012, the Texas Capital Fund had a negative fund balance of \$1,104 due to the timing of revenues versus expenditures. Management intends to recover the deficit through future revenues.

3. DETAILED NOTES ON ALL FUNDS, (continued)

N. Component units

Activity for the fiscal year ended September 30, 2012 for the Economic Development and Community Development Corporation is summarized as follows:

	Community Development	Economic Development
<b>REVENUES</b>		
Sales tax	\$ 3,942,204	3,942,204
Interest earnings	20,441	11,008
<b>Total Revenues</b>	<u>3,962,645</u>	<u>3,953,212</u>
<b>EXPENDITURES</b>		
Community development programs	2,027,741	-
Economic development programs	-	460,062
Payments for/to Primary Government		
City support services	48,398	381,679
City sponsored debt	-	3,482,411
<b>Total Expenditures</b>	<u>2,076,139</u>	<u>4,324,152</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 1,886,506</u>	<u>(370,940)</u>

**Community Development Debt**

Revenue bonds payable for the Community Development Corporation totaled \$5,294,199 at year-end. 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, 2012.

**Economic Development Corporation Revenues Pledged**

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. The total principal and interest remaining at September 30, 2012 is \$73,116,337, payable over the next 21 years. The Economic Development Corporation made payments totaling \$3,482,411 to the primary government during the fiscal year to service this debt.

**Contingent Liabilities**

The City's Economic Development and Community Development Corporations have signed agreements with various entities for payment of incentive amounts to enhance the City's property and sales tax bases. Payments are contingent upon the entities meeting construction and employment goals.

	Maximum Commitment 9/30/2012
<u>Community Development Corporation</u>	
Pecan Grove-SPVEF, L.P.	\$ 275,000
Fallbrook Technologies	662,500
<u>Economic Development Corporation</u>	
BMC West Corporation	900,000
	<u>\$ 1,837,500</u>



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**REQUIRED SUPPLEMENTARY INFORMATION**



**General Fund**  
**Schedule Of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget And Actual**  
**For The Year Ended September 30, 2012**

**City Of Cedar Park, Texas**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance (1)</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and penalties				
Current ad valorem	\$ 10,538,890	10,538,890	10,763,709	224,819
Delinquent ad valorem	105,000	105,000	86,201	(18,799)
Franchise	3,412,161	3,412,161	3,698,541	286,380
Sales	6,886,327	7,176,739	7,884,409	707,670
Beverage	50,000	50,000	76,915	26,915
Total taxes and penalties	<u>20,992,378</u>	<u>21,282,790</u>	<u>22,509,775</u>	<u>1,226,985</u>
Licenses and permits				
Building permits	900,000	900,000	1,354,105	454,105
Planning and zoning	72,905	72,905	120,981	48,076
Engineering review	18,000	18,000	41,888	23,888
Professional fee recovery	11,796	11,796	30,172	18,376
Construction inspection fees	99,000	99,000	191,372	92,372
Total licenses and permits	<u>1,101,701</u>	<u>1,101,701</u>	<u>1,738,518</u>	<u>636,817</u>
Fines and forfeitures				
Traffic violations	882,500	907,500	958,920	51,420
Municipal court security fees	4,132	4,132	4,064	(68)
Total fines and forfeitures	<u>886,632</u>	<u>911,632</u>	<u>962,984</u>	<u>51,352</u>
Charges for services				
Fire protection fees	1,109,513	1,109,513	1,226,406	116,893
Parks and recreation fees	853,600	918,600	1,097,596	178,996
Library fines	100,000	100,000	116,258	16,258
Animal control fees	9,000	9,000	8,788	(212)
Police services	348,108	348,108	358,199	10,091
Administrative fees	592,060	592,060	514,139	(77,921)
Total charges for services	<u>3,012,281</u>	<u>3,077,281</u>	<u>3,321,386</u>	<u>244,105</u>
Interest earnings	<u>66,000</u>	<u>66,000</u>	<u>116,260</u>	<u>50,260</u>
Miscellaneous				
Other	107,616	167,616	286,677	119,061
Fire protection - insurance recovery	64,000	64,000	116,309	52,309
Total miscellaneous	<u>171,616</u>	<u>231,616</u>	<u>402,986</u>	<u>171,370</u>
<b>Total Revenues</b>	<u>\$ 26,230,608</u>	<u>26,671,020</u>	<u>29,051,909</u>	<u>2,380,889</u>

(1) Variance is actual to final budget.

(Continued)

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

**General Fund**  
**Schedule Of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget And Actual**  
**For The Year Ended September 30, 2012**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance (1) Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
General Administration				
Personnel services	\$ (78,026)	(78,026)	(2,068)	(75,958)
Supplies and materials	17,650	17,650	45,341	(27,691)
Maintenance and repairs	43,725	43,725	66,268	(22,543)
Services and charges	745,995	810,995	857,542	(46,547)
Loan payments	14,298	14,298	104,298	(90,000)
Capital outlay	-	113,971	-	113,971
Total General Administration	<u>743,642</u>	<u>922,613</u>	<u>1,071,381</u>	<u>(148,768)</u>
Mayor and City Council				
Supplies and materials	3,750	3,750	4,066	(316)
Maintenance and repairs	-	-	-	-
Services and charges	49,995	49,995	39,917	10,078
Total Mayor and City Council	<u>53,745</u>	<u>53,745</u>	<u>43,983</u>	<u>9,762</u>
City Manager				
Personnel services	469,727	469,727	386,062	83,665
Supplies and materials	1,800	1,800	2,463	(663)
Services and charges	26,731	26,731	21,698	5,033
Total City Manager	<u>498,258</u>	<u>498,258</u>	<u>410,223</u>	<u>88,035</u>
City Attorney				
Personnel services	378,784	378,784	391,041	(12,257)
Supplies and materials	2,500	2,500	4,620	(2,120)
Services and charges	118,405	118,405	103,355	15,050
Total City Attorney	<u>499,689</u>	<u>499,689</u>	<u>499,016</u>	<u>673</u>
City Secretary				
Personnel services	75,042	75,042	73,780	1,262
Supplies and materials	500	500	280	220
Services and charges	87,669	87,669	44,453	43,216
Total City Secretary	<u>163,211</u>	<u>163,211</u>	<u>118,513</u>	<u>44,698</u>
Finance				
Personnel services	563,218	563,218	459,499	103,719
Supplies and materials	3,750	3,750	7,558	(3,808)
Services and charges	218,311	218,311	235,113	(16,802)
Total Finance	<u>785,279</u>	<u>785,279</u>	<u>702,170</u>	<u>83,109</u>
Information Technology				
Personnel services	367,737	367,737	365,987	1,750
Supplies and materials	9,600	9,600	6,018	3,582
Maintenance and repairs	19,800	19,800	18,220	1,580
Services and charges	508,339	508,339	449,702	58,637
Total Information Technology	<u>\$ 905,476</u>	<u>905,476</u>	<u>839,927</u>	<u>65,549</u>

(1) Variance is actual to final budget.

(Continued)

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

**General Fund**  
**Schedule Of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget And Actual**  
**For The Year Ended September 30, 2012**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance (1) Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>GENERAL GOVERNMENT (Continued)</b>				
Human Resources				
Personnel services	\$ 268,066	268,066	267,463	603
Supplies and materials	2,250	2,250	2,641	(391)
Services and charges	98,719	128,719	121,092	7,627
Total Human Resources	<u>369,035</u>	<u>399,035</u>	<u>391,196</u>	<u>7,839</u>
Public Information				
Personnel services	149,088	149,088	140,969	8,119
Supplies and materials	(5,684)	(5,684)	2,395	(8,079)
Maintenance and repairs	-	-	29	(29)
Services and charges	65,574	65,574	56,236	9,338
Total Public Information	<u>208,978</u>	<u>208,978</u>	<u>199,629</u>	<u>9,349</u>
Economic Development				
Personnel services	213,294	213,294	215,243	(1,949)
Supplies and materials	2,000	2,000	447	1,553
Services and charges	1,033,857	1,033,857	941,552	92,305
Capital outlay	-	-	1,552	(1,552)
Total Economic Development	<u>1,249,151</u>	<u>1,249,151</u>	<u>1,158,794</u>	<u>90,357</u>
Public Works				
Personnel services	637,088	637,088	589,774	47,314
Supplies and materials	7,500	7,500	6,851	649
Maintenance and repairs	700	700	310	390
Services and charges	145,891	145,891	195,477	(49,586)
Total Public Works	<u>791,179</u>	<u>791,179</u>	<u>792,412</u>	<u>(1,233)</u>
Planning and Transportation				
Personnel services	374,020	374,020	377,388	(3,368)
Supplies and materials	5,950	5,950	4,336	1,614
Maintenance and repairs	1,300	1,300	660	640
Services and charges	101,898	226,898	61,898	165,000
Total Planning and Transportation	<u>483,168</u>	<u>608,168</u>	<u>444,282</u>	<u>163,886</u>
Maintenance				
Personnel services	358,910	358,910	300,463	58,447
Supplies and materials	19,550	19,550	30,217	(10,667)
Maintenance and repairs	5,600	5,600	8,281	(2,681)
Services and charges	28,867	28,867	28,581	286
Capital outlay	46,700	88,954	61,137	27,817
Total Maintenance	<u>459,627</u>	<u>501,881</u>	<u>428,679</u>	<u>73,202</u>
Tourism				
Personnel services	66,330	66,330	86,363	(20,033)
Supplies and materials	1,000	1,000	-	1,000
Maintenance and repairs	-	-	1,345	(1,345)
Services and charges	2,370	2,370	5,378	(3,008)
Total Tourism	<u>69,700</u>	<u>69,700</u>	<u>93,086</u>	<u>(23,386)</u>
<b>Total General Government</b>	<b>\$ 7,280,138</b>	<b>7,656,363</b>	<b>7,193,291</b>	<b>463,072</b>

(1) Variance is actual to final budget.

(Continued)

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

General Fund  
Schedule Of Revenues, Expenditures and Changes in  
Fund Balances - Budget And Actual  
For The Year Ended September 30, 2012

City Of Cedar Park, Texas  
(Continued)

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>PUBLIC SAFETY</b>				
Municipal Court				
Personnel services	\$ 410,088	410,088	403,695	6,393
Supplies and materials	4,100	4,100	2,999	1,101
Maintenance and repairs	6,200	6,200	2,910	3,290
Services and charges	86,395	86,395	75,851	10,544
Total Municipal Court	506,783	506,783	485,455	21,328
Police				
Personnel services	6,673,774	6,673,774	6,529,239	144,535
Supplies and materials	330,250	330,250	411,787	(81,537)
Maintenance and repairs	112,700	112,700	143,215	(30,515)
Services and charges	1,166,996	1,166,996	1,166,621	375
Capital outlay	31,800	736,800	62,442	674,358
Total Police	8,315,520	9,020,520	8,313,304	707,216
Animal Control				
Personnel services	123,134	123,134	122,634	500
Supplies and materials	8,548	8,548	10,187	(1,639)
Maintenance and repairs	3,650	3,650	5,138	(1,488)
Services and charges	151,053	151,053	137,404	13,649
Total Animal Control	286,385	286,385	275,363	11,022
Building Inspection				
Personnel services	486,996	486,996	480,909	6,087
Supplies and materials	13,090	13,090	11,717	1,373
Maintenance and repairs	3,400	3,400	4,385	(985)
Services and charges	45,681	45,681	50,438	(4,757)
Total Building Inspection	549,167	549,167	547,449	1,718
Fire				
Personnel services	5,168,022	5,168,022	5,041,876	126,146
Supplies and materials	155,658	177,658	164,777	12,881
Maintenance and repairs	296,987	265,987	294,718	(28,731)
Services and charges	601,830	1,163,058	1,165,125	(2,067)
Capital outlay	1,900	151,900	-	151,900
Lease payments	32,759	32,759	32,759	-
Total Fire	6,257,156	6,959,384	6,699,255	260,129
Code Enforcement				
Personnel services	137,750	137,750	129,231	8,519
Supplies and materials	7,330	7,330	6,880	450
Maintenance and repairs	2,700	2,700	2,053	647
Services and charges	19,494	19,494	17,076	2,418
Total Code Enforcement	\$ 167,274	167,274	155,240	12,034

(1) Variance is actual to final budget.

(Continued)

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

General Fund  
Schedule Of Revenues, Expenditures and Changes in  
Fund Balances - Budget And Actual  
For The Year Ended September 30, 2012

City Of Cedar Park, Texas  
(Continued)

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Emergency Management				
Personnel services	\$ 71,495	71,495	47,681	23,814
Supplies and materials	7,500	7,500	5,102	2,398
Maintenance and repairs	-	-	748	(748)
Services and charges	28,555	28,555	22,445	6,110
Capital outlay	-	-	-	-
Total Emergency Management	107,550	107,550	75,976	31,574
<b>Total Public Safety</b>	<b>16,189,835</b>	<b>17,597,063</b>	<b>16,552,042</b>	<b>1,045,021</b>
<b>CULTURE AND RECREATION</b>				
Parks and Recreation				
Personnel services	1,751,300	1,751,300	1,666,161	85,139
Supplies and materials	185,785	185,785	177,861	7,924
Maintenance and repairs	172,074	172,074	199,078	(27,004)
Services and charges	711,453	711,453	665,138	46,315
Capital outlay	10,000	95,000	45,188	49,812
Total Parks and Recreation	2,830,612	2,915,612	2,753,426	162,186
Library				
Personnel services	754,834	787,980	775,960	12,020
Supplies and materials	21,475	21,475	19,831	1,644
Maintenance and repairs	36,100	36,100	40,506	(4,406)
Services and charges	191,816	191,816	185,134	6,682
Capital outlay	-	29,295	5,940	23,355
Total Library	1,004,225	1,066,666	1,027,371	39,295
<b>Total Culture and Recreation</b>	<b>\$ 3,834,837</b>	<b>3,982,278</b>	<b>3,780,797</b>	<b>201,481</b>

(1) Variance is actual to final budget.

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

General Fund  
Schedule Of Revenues, Expenditures and Changes in  
Fund Balances - Budget And Actual  
For The Year Ended September 30, 2012

City Of Cedar Park, Texas  
(Continued)

	Budgeted Amounts		Actual	Variance (1) Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>STREETS AND LIGHTING</b>				
Streets and Lighting				
Personnel services	\$ 808,941	808,941	705,209	103,732
Supplies and materials	798,222	798,222	468,316	329,906
Maintenance and repairs	213,700	213,700	244,399	(30,699)
Services and charges	686,440	686,440	675,721	10,719
Capital outlay	19,000	19,000	16,950	2,050
<b>Total Streets and Lighting</b>	<b>2,526,303</b>	<b>2,526,303</b>	<b>2,110,595</b>	<b>415,708</b>
<b>TOTAL EXPENDITURES</b>	<b>29,831,113</b>	<b>31,762,007</b>	<b>29,636,725</b>	<b>2,125,282</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(3,600,505)</b>	<b>(5,090,987)</b>	<b>(584,816)</b>	<b>4,506,171</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	3,068,041	3,068,041	2,890,443	(177,598)
Transfers out	(800,000)	(800,000)	(2,463,186)	(1,663,186)
<b>Total other financing sources</b>	<b>2,268,041</b>	<b>2,268,041</b>	<b>427,257</b>	<b>(1,840,784)</b>
<b>Excess (Deficiency) Of Revenues and other sources over expenditures, before special item</b>	<b>(1,332,464)</b>	<b>(2,822,946)</b>	<b>(157,559)</b>	<b>2,665,387</b>
<b>Special Item-Annexation</b>	<b>-</b>	<b>-</b>	<b>1,752,055</b>	<b>-</b>
<b>Fund balance, beginning of year-as previously reported</b>	<b>12,169,491</b>	<b>16,335,475</b>	<b>11,960,333</b>	<b>(4,375,142)</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>1,423,937</b>	<b>1,423,937</b>
<b>Fund balance, beginning-as restated</b>	<b>12,169,491</b>	<b>16,335,475</b>	<b>13,384,270</b>	<b>(2,951,205)</b>
<b>Fund balance, end of year</b>	<b>\$ 10,837,027</b>	<b>13,512,529</b>	<b>14,978,766</b>	<b>1,466,237</b>

(1) Variance is actual to final budget.

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

**Retirement Plans-Trend Information**

Trend information pertaining to the latest actuarial valuation for the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 33,019,915	\$ 38,159,600	86.5%	\$ 5,139,685	\$ 19,226,185	26.7%
12/31/2010	28,841,245	34,515,204	83.6%	5,673,959	18,123,061	31.3%
12/31/2009	22,143,037	28,467,661	77.8%	6,324,624	18,121,935	34.9%

Additional information for the plan can be found in Footnote 3-H (page 48).

**Other Post Employment Benefits-Trend Information**

Under GAAP, the City is required to have an actuarial valuation of its other post employment benefits program every other year. The Schedule of Funding Progress for other post employment benefits is as follows:

Fiscal Year Ended September 30	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	December 31, 2011	\$ -	\$ 1,020,510	\$ 1,020,510	0.0%	\$ 19,226,185	5.31%
2010	December 31, 2009	-	926,427	926,427	0.0%	18,123,061	5.11%

2009 was the first year the City was required to implement GASB Statement No. 45 and the requirements have been implemented prospectively; therefore, the illustration does not reflect similar information for the preceding years. Additional information for the plan can be found in Footnote 3-I (page 51).



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds** are used to account for specific revenue that is 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.

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

***Tax Increment Reinvestment Zone*** – 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.

## NONMAJOR GOVERNMENTAL FUNDS

**Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Parks and Recreation** – to account for all activities necessary for the acquisition and development of land for public parks and facilities. Financing is provided by general government resources and bond proceeds.

**Building and Facilities** – to account for all activities necessary for the construction or improvement of City buildings. Financing is provided by general government resources and bond proceeds.

**2005 Certificate of Obligation Bonds** – to account for the bond proceeds restricted for construction of drainage improvement projects within the City, for the purchase of a city-wide phone system and to construct, improve and equip City fire-fighting facilities. As the projects progress in the construction funds, transfers from this bond fund reimburse them.

**2006 General Obligation Bonds Fund** – to account for the bond proceeds restricted for improvement, construction and extension of City streets, bridges and intersections. As the projects progress in the Streets and Lighting Fund, transfers from this fund will reimburse them.

**2006 Certificate of Obligation Bonds** – to account for the bond proceeds restricted for improvement, construction and extension of City streets, bridges and intersections. As the projects progress in the construction fund, transfers from this fund will reimburse them.

**2007 General Obligation Bonds** – to account for the bond proceeds restricted for improvements to and construction of City streets, bridges and intersections; and City parks and recreational facilities. As the projects progress in the construction fund, transfers from this fund will reimburse them.

**2008 General Obligation Bonds** – to account for the bond proceeds restricted for improvements to and construction of City streets, bridges and intersections; City parks and recreational facilities; and for public safety facilities. As the projects progress in the construction fund, transfers from this fund will reimburse them.

**2008 Certificates of Obligation Fund** – to account for bond proceeds restricted to construction of the Cedar Park Events Center. As the project progresses in the construction fund, transfers from this bond fund reimburse them.

**2009 General Obligation Bonds** – to account for the bond proceeds restricted for improvements to and construction of City streets, bridges and intersections; City parks and recreational facilities; and for public safety facilities. As the projects progress in the construction fund, transfers from this fund will reimburse them.

**2011 General Obligation Bonds** – to account for the bond proceeds restricted for improvement, construction and extension of City streets, bridges and intersections. As the projects progress in the construction fund, transfers from this fund will reimburse them.

**2012 General Obligation Bonds** – to account for the bond proceeds restricted for improvement, construction and extension of City streets, bridges and intersections. As the projects progress in the construction fund, transfers from this fund will reimburse them.

## DISCRETELY PRESENTED COMPONENT UNITS

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

***Community Development Corporation*** – to account for the receipt and expenditure of funds received by the Corporation for Community Development.

***Economic Development Corporation*** – to account for the receipt and expenditure of funds received by the Corporation for Economic Development.



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**Nonmajor Governmental Funds  
Combining Balance Sheet  
September 30, 2012**

City Of Cedar Park, Texas

	Special Revenue	Capital Projects	Totals
<b>ASSETS</b>			
Cash and investments	\$ 2,510,226	15,245,293	17,755,519
Other receivable	230,818	-	230,818
Due from other funds	1,104	-	1,104
Prepaid items	12,271	-	12,271
Total assets	<u>2,754,419</u>	<u>15,245,293</u>	<u>17,999,712</u>
<b>LIABILITIES</b>			
Accounts payable	29,185	135,292	164,477
Accrued liabilities	726	13,256	13,982
Due to other funds	20,104	-	20,104
Other liabilities	1,456	50,961	52,417
Total liabilities	<u>51,471</u>	<u>199,509</u>	<u>250,980</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories and prepaid items	12,271	-	12,271
Restricted			
Enabling legislation	1,130,151	-	1,130,151
General government	1,198,240	-	1,198,240
Public safety	363,390	-	363,390
Capital Projects	-	15,045,784	15,045,784
Unassigned	(1,104)	-	(1,104)
Total fund balances	<u>2,702,948</u>	<u>15,045,784</u>	<u>17,748,732</u>
Total liabilities and fund balance	<u>\$ 2,754,419</u>	<u>15,245,293</u>	<u>17,999,712</u>

**Nonmajor Governmental Funds**  
**Combining Statement Of Revenues, Expenditures**  
**And Changes In Fund Balances**  
**For The Year Ended September 30, 2012**

**CITY OF CEDAR PARK, TEXAS**

	Special Revenue	Capital Projects	Totals
<b>REVENUES</b>			
Taxes	\$ 1,054,676	-	1,054,676
Charges for services	1,251	-	1,251
Intergovernmental	210,729	42,775	253,504
Interest earnings	2,610	41,390	44,000
Contributions	-	328,691	328,691
Other	301,320	1	301,321
<b>Total revenues</b>	<b>1,570,586</b>	<b>412,857</b>	<b>1,983,443</b>
<b>EXPENDITURES</b>			
Current:			
General government	51,944	-	51,944
Public safety	218,752	-	218,752
Cultural and recreational	119,580	-	119,580
Economic development	753,134	-	753,134
Capital Outlay	213,216	5,145,747	5,358,963
Debt Service:			
Interest and fiscal charges	-	33,322	33,322
<b>Total expenditures</b>	<b>1,356,626</b>	<b>5,179,069</b>	<b>6,535,695</b>
<b>Excess (Deficiency) Of Revenues</b>			
<b>Over (Under) Expenditures</b>	<b>213,960</b>	<b>(4,766,212)</b>	<b>(4,552,252)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of refunding debt	-	2,525,000	2,525,000
Premium from issuance of debt	-	238,302	238,302
Transfers in	379,988	3,761,303	4,141,291
Transfers out	(139,963)	(7,319,308)	(7,459,271)
Sale of general capital assets	-	1,589,003	1,589,003
<b>Total other financing (uses)</b>	<b>240,025</b>	<b>794,300</b>	<b>1,034,325</b>
<b>Net Change In Fund Balances</b>	<b>453,985</b>	<b>(3,971,912)</b>	<b>(3,517,927)</b>
<b>Fund Balances, Beginning-as previously reported</b>	<b>2,248,963</b>	<b>19,208,280</b>	<b>21,457,243</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(190,584)</b>	<b>(190,584)</b>
<b>Fund Balances, Beginning-as restated</b>	<b>2,248,963</b>	<b>19,017,696</b>	<b>21,266,659</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,702,948</b>	<b>15,045,784</b>	<b>17,748,732</b>

**Nonmajor Governmental Funds-Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2012**

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	Occupancy Tax	Capital Metro Transit	Law Enforcement	Texas Capital
<b>ASSETS</b>				
Cash and investments	\$ 825,517	42,644	87,400	-
Other receivable	75,254	-	-	-
Due from other funds	-	-	-	-
Prepaid expenditures	9,897	-	-	-
Total assets	<u>910,668</u>	<u>42,644</u>	<u>87,400</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	1,781	-	10,796	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	1,104
Other liabilities	-	-	-	-
Total liabilities	<u>1,781</u>	<u>-</u>	<u>10,796</u>	<u>1,104</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories and prepaid items	9,897	-	-	-
Restricted				
Enabling legislation	898,990	-	76,604	-
General government	-	42,644	-	-
Public safety	-	-	-	-
Unassigned	-	-	-	(1,104)
Total fund balances	<u>908,887</u>	<u>42,644</u>	<u>76,604</u>	<u>(1,104)</u>
Total liabilities and fund balance	<u>\$ 910,668</u>	<u>42,644</u>	<u>87,400</u>	<u>-</u>

	Restricted Grant	Cable	Tax Increment Reinvestment Zone	Totals
<b>ASSETS</b>				
Cash and investments	909,966	160,738	483,961	2,510,226
Other receivable	155,564	-	-	230,818
Due from other funds	1,104	-	-	1,104
Prepaid expenditures	2,374	-	-	12,271
Total assets	<u>1,069,008</u>	<u>160,738</u>	<u>483,961</u>	<u>2,754,419</u>
<b>LIABILITIES</b>				
Accounts payable	10,427	6,181	-	29,185
Accrued liabilities	726	-	-	726
Due to other funds	19,000	-	-	20,104
Other liabilities	1,456	-	-	1,456
Total liabilities	<u>31,609</u>	<u>6,181</u>	<u>-</u>	<u>51,471</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories and prepaid items	2,374	-	-	12,271
Restricted				
Enabling legislation	-	154,557	-	1,130,151
General government	671,635	-	483,961	1,198,240
Public safety	363,390	-	-	363,390
Unassigned	-	-	-	(1,104)
Total fund balances	<u>1,037,399</u>	<u>154,557</u>	<u>483,961</u>	<u>2,702,948</u>
Total liabilities and fund balance	<u>1,069,008</u>	<u>160,738</u>	<u>483,961</u>	<u>2,754,419</u>

**Nonmajor Governmental Funds-Special Revenue Funds**  
**Combining Statement Of Revenues, Expenditures**  
**And Changes In Fund Balances**  
**For The Year Ended September 30, 2012**

	Occupancy Tax	Capital Metro Transit	Law Enforcement	Texas Capital
<b>REVENUES</b>				
Taxes	\$ 426,584	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Interest earnings	1,422	85	130	-
Other	-	-	49,008	-
Total revenues	<u>428,006</u>	<u>85</u>	<u>49,138</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	19,424	-
Cultural and recreational	-	-	-	-
Economic development	268,577	-	-	1,111
Capital Outlay	-	-	-	-
Total expenditures	<u>268,577</u>	<u>-</u>	<u>19,424</u>	<u>1,111</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	159,429	85	29,714	(1,111)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(139,963)	-	-	-
Total other financing (uses)	<u>(139,963)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<u>19,466</u>	<u>85</u>	<u>29,714</u>	<u>(1,111)</u>
<b>Fund Balances, Beginning</b>	<u>889,421</u>	<u>42,559</u>	<u>46,890</u>	<u>7</u>
<b>Fund Balances, Ending</b>	<u>\$ 908,887</u>	<u>42,644</u>	<u>76,604</u>	<u>(1,104)</u>

	Restricted Grant	Cable	Tax Increment Reinvestment Zone	Totals
<b>REVENUES</b>				
Taxes	-	144,131	483,961	1,054,676
Charges for services	1,251	-	-	1,251
Intergovernmental	210,729	-	-	210,729
Interest earnings	973	-	-	2,610
Other	252,312	-	-	301,320
Total revenues	<u>465,265</u>	<u>144,131</u>	<u>483,961</u>	<u>1,570,586</u>
<b>EXPENDITURES</b>				
Current:				
General government	(1,666)	53,610	-	51,944
Public safety	199,328	-	-	218,752
Cultural and recreational	119,580	-	-	119,580
Economic development	7,792	-	475,654	753,134
Capital Outlay	213,216	-	-	213,216
Total expenditures	<u>538,250</u>	<u>53,610</u>	<u>475,654</u>	<u>1,356,626</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	(72,985)	90,521	8,307	213,960
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	379,988	-	-	379,988
Transfers out	-	-	-	(139,963)
Total other financing (uses)	<u>379,988</u>	<u>-</u>	<u>-</u>	<u>240,025</u>
<b>Net Change In Fund Balances</b>	<u>307,003</u>	<u>90,521</u>	<u>8,307</u>	<u>453,985</u>
<b>Fund Balances, Beginning</b>	<u>730,396</u>	<u>64,036</u>	<u>475,654</u>	<u>2,248,963</u>
<b>Fund Balances, Ending</b>	<u><u>1,037,399</u></u>	<u><u>154,557</u></u>	<u><u>483,961</u></u>	<u><u>2,702,948</u></u>

**Nonmajor Governmental Funds-Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2012**

	Parks and Recreation	Building & Facilities	2005 Certificate of Obligation Bonds	2006 General Obligation Bonds	2006 Certificate of Obligation Bonds	2007 General Obligation Bonds
<b>ASSETS</b>						
Cash and investments	\$ 1,468,876	1,464,182	92,874	346,325	33,745	2,119,463
Other receivable	-	-	-	-	-	-
<b>Total assets</b>	<u>1,468,876</u>	<u>1,464,182</u>	<u>92,874</u>	<u>346,325</u>	<u>33,745</u>	<u>2,119,463</u>
<b>LIABILITIES</b>						
Accounts payable	-	133,711	-	-	-	-
Accrued liabilities	-	13,256	-	-	-	-
Other liabilities	50,961	-	-	-	-	-
<b>Total liabilities</b>	<u>50,961</u>	<u>146,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	1,417,915	1,317,215	92,874	346,325	33,745	2,119,463
<b>Total fund balances</b>	<u>1,417,915</u>	<u>1,317,215</u>	<u>92,874</u>	<u>346,325</u>	<u>33,745</u>	<u>2,119,463</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,468,876</u>	<u>1,464,182</u>	<u>92,874</u>	<u>346,325</u>	<u>33,745</u>	<u>2,119,463</u>

	2008 General Obligation Bonds	Certificate of Obligation Bonds	2009 General Obligation Bonds	2011 General Obligation Bonds	2012 General Obligation Bonds	Totals
<b>ASSETS</b>						
Cash and investments	2,793,109	218,194	3,915,336	60,839	2,732,350	15,245,293
Other receivable	-	-	-	-	-	-
<b>Total assets</b>	<u>2,793,109</u>	<u>218,194</u>	<u>3,915,336</u>	<u>60,839</u>	<u>2,732,350</u>	<u>15,245,293</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	1,581	135,292
Accrued liabilities	-	-	-	-	-	13,256
Other liabilities	-	-	-	-	-	50,961
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,581</u>	<u>199,509</u>
<b>FUND BALANCES</b>						
Restricted	2,793,109	218,194	3,915,336	60,839	2,730,769	15,045,784
Total fund balances	<u>2,793,109</u>	<u>218,194</u>	<u>3,915,336</u>	<u>60,839</u>	<u>2,730,769</u>	<u>15,045,784</u>
<b>Total liabilities and fund balance</b>	<u>2,793,109</u>	<u>218,194</u>	<u>3,915,336</u>	<u>60,839</u>	<u>2,732,350</u>	<u>15,245,293</u>

**Nonmajor Governmental Funds-Capital Projects Funds**  
**Combining Statement Of Revenues, Expenditures And Changes In Fund Balances**  
**For The Year Ended September 30, 2012**

	Parks and Recreation	Buildings & Facilities	2005 Certificate of Obligation Bonds	2006 General Obligation Bonds	2006 Certificate of Obligation Bonds	2007 General Obligation Bonds
<b>REVENUES</b>						
Intergovernmental	\$ 42,775	-	-	-	-	-
Interest earnings	3,498	7,165	185	1,476	67	6,983
Contributions	-	328,691	-	-	-	-
Other	1	-	-	-	-	-
<b>Total revenues</b>	<b>46,274</b>	<b>335,856</b>	<b>185</b>	<b>1,476</b>	<b>67</b>	<b>6,983</b>
<b>EXPENDITURES</b>						
Capital Outlay	47,312	5,098,435	-	-	-	-
Debt Service:						
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>47,312</b>	<b>5,098,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(1,038)</b>	<b>(4,762,579)</b>	<b>185</b>	<b>1,476</b>	<b>67</b>	<b>6,983</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of refunding debt	-	-	-	-	-	-
Premium from issuance of debt	-	-	-	-	-	-
Transfers in	235,304	3,525,999	-	-	-	-
Transfers out	(379,988)	-	-	(829,469)	-	(1,666,624)
Sale of general capital assets	-	1,589,003	-	-	-	-
<b>Total other financing (uses)</b>	<b>(144,684)</b>	<b>5,115,002</b>	<b>-</b>	<b>(829,469)</b>	<b>-</b>	<b>(1,666,624)</b>
<b>Net Change In Fund Balances</b>	<b>(145,722)</b>	<b>352,423</b>	<b>185</b>	<b>(827,993)</b>	<b>67</b>	<b>(1,659,641)</b>
<b>Fund Balances, Beginning-as previously reported</b>	<b>1,563,637</b>	<b>1,155,376</b>	<b>92,689</b>	<b>1,174,318</b>	<b>33,678</b>	<b>3,779,104</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(190,584)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning-as restated</b>	<b>1,563,637</b>	<b>964,792</b>	<b>92,689</b>	<b>1,174,318</b>	<b>33,678</b>	<b>3,779,104</b>
<b>Fund Balances, Ending</b>	<b>\$ 1,417,915</b>	<b>1,317,215</b>	<b>92,874</b>	<b>346,325</b>	<b>33,745</b>	<b>2,119,463</b>

	2008 General Obligation Bonds	Certificate of Obligation Bonds	2009 General Obligation Bonds	2011 General Obligation Bonds	2012 General Obligation Bonds	Totals
<b>REVENUES</b>						
Intergovernmental	-	-	-	-	-	42,775
Interest earnings	6,017	434	8,566	6,210	789	41,390
Contributions	-	-	-	-	-	328,691
Other	-	-	-	-	-	1
Total revenues	<u>6,017</u>	<u>434</u>	<u>8,566</u>	<u>6,210</u>	<u>789</u>	<u>412,857</u>
<b>EXPENDITURES</b>						
Capital Outlay	-	-	-	-	-	5,145,747
Debt Service:						
Interest and fiscal charges	-	-	-	-	33,322	33,322
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,322</u>	<u>5,179,069</u>
<b>Excess (Deficiency) Of Revenues</b>						
<b>Over (Under) Expenditures</b>	<u>6,017</u>	<u>434</u>	<u>8,566</u>	<u>6,210</u>	<u>(32,533)</u>	<u>(4,766,212)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of refunding debt	-	-	-	-	2,525,000	2,525,000
Premium from issuance of debt	-	-	-	-	238,302	238,302
Transfers in	-	-	-	-	-	3,761,303
Transfers out	(236,209)	-	(963,934)	(3,243,084)	-	(7,319,308)
Sale of general capital assets	-	-	-	-	-	1,589,003
Total other financing (uses)	<u>(236,209)</u>	<u>-</u>	<u>(963,934)</u>	<u>(3,243,084)</u>	<u>2,763,302</u>	<u>794,300</u>
<b>Net Change In Fund Balances</b>	<u>(230,192)</u>	<u>434</u>	<u>(955,368)</u>	<u>(3,236,874)</u>	<u>2,730,769</u>	<u>(3,971,912)</u>
<b>Fund Balances, Beginning-as previously reported</b>	<u>3,023,301</u>	<u>217,760</u>	<u>4,870,704</u>	<u>3,297,713</u>	<u>-</u>	<u>19,208,280</u>
<b>Prior Period Adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,584)</u>
<b>Fund Balances, Beginning-as restated</b>	<u>3,023,301</u>	<u>217,760</u>	<u>4,870,704</u>	<u>3,297,713</u>	<u>-</u>	<u>19,017,696</u>
<b>Fund Balances, Ending</b>	<u><u>2,793,109</u></u>	<u><u>218,194</u></u>	<u><u>3,915,336</u></u>	<u><u>60,839</u></u>	<u><u>2,730,769</u></u>	<u><u>15,045,784</u></u>

**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balances - Budget and Actual**  
**For The Year Ended September 30, 2012**

**City Of Cedar Park, Texas**

	Budgeted Amounts			Variance (1) Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and penalties	\$ 9,468,157	9,468,157	9,880,513	412,356
Interest earnings	22,000	22,000	16,748	(5,252)
Contributions	3,482,411	3,482,411	3,482,411	-
Total revenues	<u>12,972,568</u>	<u>12,972,568</u>	<u>13,379,672</u>	<u>407,104</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	5,920,000	7,520,000	7,575,000	(55,000)
Interest and fiscal charges	6,946,066	6,946,066	7,219,937	(273,871)
Total expenditures	<u>12,866,066</u>	<u>14,466,066</u>	<u>14,794,937</u>	<u>(328,871)</u>
<b>Excess (Deficiency) Of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>106,502</u>	<u>(1,493,498)</u>	<u>(1,415,265)</u>	<u>78,233</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of bonds	-	-	22,670,000	22,670,000
Premium from issuance of bonds	-	-	3,703,835	3,703,835
Payment to refunded bond escrow agent	-	-	(26,615,721)	(26,615,721)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(241,886)</u>	<u>(241,886)</u>
<b>Net Change In Fund Balances, before</b>				
<b>special item</b>	106,502	(1,493,498)	(1,657,151)	(163,653)
<b>Special item-Annexation</b>	-	-	1,221,462	1,221,462
<b>Fund Balances, Beginning</b>	3,358,300	3,358,300	3,973,542	(615,242)
<b>Fund Balances, Ending</b>	<u>\$ 3,464,802</u>	<u>1,864,802</u>	<u>3,537,853</u>	<u>(778,895)</u>

(1) Variance is actual to final budget.



**CEDAR**  

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**PARK**

Discretely Presented Component Units-Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2012

CITY OF CEDAR PARK, TEXAS

	Community Development Corporation	Economic Development Corporation	Totals
<b>ASSETS</b>			
Cash and investments	11,379,944	4,957,147	16,337,091
Taxes receivable	736,905	736,905	1,473,810
Total assets	<u>12,116,849</u>	<u>5,694,052</u>	<u>17,810,901</u>
<b>LIABILITIES</b>			
Accounts payable	255,148	-	255,148
Accrued liabilities	666,969	666,969	1,333,938
Other liabilities	17,856	-	17,856
Total liabilities	<u>939,973</u>	<u>666,969</u>	<u>1,606,942</u>
<b>FUND BALANCES</b>			
Restricted			
Community development	11,176,876	-	11,176,876
Economic development	-	5,027,083	5,027,083
Total fund balances	<u>11,176,876</u>	<u>5,027,083</u>	<u>16,203,959</u>
Total liabilities and fund balance	<u>\$ 12,116,849</u>	<u>5,694,052</u>	<u>17,810,901</u>

Amounts reported for component unit governmental activities  
 in the statement of net position (page 30) are different because:

Long-term liabilities and deferred items are not due and  
 payable in the current period and therefore are not  
 reported in the funds.

	(5,297,849)	-	(5,297,849)
Net position of component unit governmental activities	<u>\$ 5,879,027</u>	<u>5,027,083</u>	<u>10,906,110</u>

**Discretely Presented Component Units-Special Revenue Funds  
Combining Statement Of Revenues, Expenditures  
And Changes In Fund Balances  
For The Year Ended September 30, 2012**

**City Of Cedar Park Texas**

	Community Development Corporation	Economic Development Corporation	Totals
<b>REVENUES</b>			
Taxes	\$ 3,942,204	3,942,204	7,884,408
Interest earnings	20,441	11,008	31,449
Total revenues	<u>3,962,645</u>	<u>3,953,212</u>	<u>7,915,857</u>
<b>EXPENDITURES</b>			
Current:			
Community development	1,915,961	-	1,915,961
Economic development	-	4,324,152	4,324,152
Debt Service:			
Principal	570,000	-	570,000
Interest and fiscal charges	153,104	-	153,104
Total expenditures	<u>2,639,065</u>	<u>4,324,152</u>	<u>6,963,217</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	1,323,580	(370,940)	952,640
<b>Fund Balances, beginning</b>	<u>9,853,296</u>	<u>5,398,023</u>	<u>15,251,319</u>
<b>Fund Balances, ending</b>	<u>\$ 11,176,876</u>	<u>5,027,083</u>	<u>16,203,959</u>
Net change in fund balances	\$ 1,323,580	(370,940)	952,640
Amounts reported for governmental activities in the statement of activities (page 31) are different because:			
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. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal payments	570,000	-	570,000
Change in net position of governmental activities	<u>\$ 1,893,580</u>	<u>(370,940)</u>	<u>1,522,640</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.

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governmental activities</b>										
Net investment in capital assets	136,368	142,762	125,090	117,722	103,639	78,705	44,224	22,702	30,101	24,340
Restricted	10,656	5,961	8,169	4,816	19,553	18,364	30,026	20,579	888	3,684
Unrestricted	18,273	17,338	18,492	16,779	12,969	16,556	12,532	17,441	13,702	10,919
<b>Total governmental activities net position</b>	<b>165,297</b>	<b>166,061</b>	<b>151,751</b>	<b>139,317</b>	<b>136,161</b>	<b>113,625</b>	<b>86,782</b>	<b>60,722</b>	<b>44,691</b>	<b>38,943</b>
<b>Business-type activities</b>										
Net investment in capital assets	133,655	111,952	108,617	113,913	114,551	101,228	82,484	67,451	70,765	67,859
Restricted	14,811	13,449	12,967	13,348	18,966	11,538	22,107	14,047	2,286	3,579
Unrestricted	34,494	38,443	31,903	22,836	10,111	16,946	7,464	12,103	8,867	4,403
<b>Total business-type activities net position</b>	<b>182,960</b>	<b>163,844</b>	<b>153,487</b>	<b>150,097</b>	<b>143,628</b>	<b>129,712</b>	<b>112,055</b>	<b>93,601</b>	<b>81,918</b>	<b>75,841</b>
<b>Primary government</b>										
Net investment in capital assets	270,023	254,714	233,707	231,635	218,190	179,933	126,708	90,153	100,866	92,199
Restricted	25,467	19,410	21,136	18,164	38,519	29,902	52,133	34,626	3,174	7,263
Unrestricted	52,767	55,781	50,395	39,615	23,080	33,502	19,996	29,544	22,569	15,322
<b>Total primary government net position</b>	<b>348,257</b>	<b>329,905</b>	<b>305,238</b>	<b>289,414</b>	<b>279,789</b>	<b>243,337</b>	<b>198,837</b>	<b>154,323</b>	<b>126,609</b>	<b>114,784</b>

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

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

	2012	2011	2010 (1)	2009 (2)	2008	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>										
Governmental activities										
General government	12,955	13,262	11,618	7,986	8,575	10,180	6,515	9,368	7,056	6,617
Public safety	16,463	15,759	14,996	15,347	13,736	11,635	10,185	9,710	10,541	8,268
Culture and recreation	4,732	4,670	4,136	4,437	2,769	3,148	2,884	2,706	3,394	2,381
Streets and lighting	4,805	4,554	4,066	3,634	4,700	3,735	3,354	5,067	2,773	979
Interest on long-term debt	6,987	6,983	7,212	6,995	5,298	3,493	3,501	2,936	2,838	3,177
Total governmental activities	<u>45,942</u>	<u>45,228</u>	<u>42,028</u>	<u>38,399</u>	<u>35,078</u>	<u>32,191</u>	<u>26,439</u>	<u>29,787</u>	<u>26,602</u>	<u>21,422</u>
Business-type activities										
Water and sewer	21,774	23,744	21,456	24,250	23,358	19,867	19,150	17,451	13,670	14,206
Solid waste	3,188	2,746	2,411	-	-	-	-	-	-	-
Total business-type activities	<u>24,962</u>	<u>26,490</u>	<u>23,867</u>	<u>24,250</u>	<u>23,358</u>	<u>19,867</u>	<u>19,150</u>	<u>17,451</u>	<u>13,670</u>	<u>14,206</u>
Total primary government expenses	<u>70,904</u>	<u>71,718</u>	<u>65,895</u>	<u>62,649</u>	<u>58,436</u>	<u>52,058</u>	<u>45,589</u>	<u>47,238</u>	<u>40,272</u>	<u>35,628</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	2,253	1,371	1,298	1,287	2,208	2,879	3,046	2,712	2,296	1,416
Public safety	2,556	2,932	2,650	2,563	2,683	2,409	1,844	1,735	1,253	608
Culture and recreation	1,215	1,129	1,023	759	618	540	515	474	417	364
Operating grants and contributions	3,604	734	997	4,133	768	293	369	278	533	6,438
Capital grants and contributions	8,201	18,250	13,708	13,376	11,941	15,511	17,670	12,916	5,354	5,400
Total governmental activities	<u>17,829</u>	<u>24,416</u>	<u>19,676</u>	<u>22,118</u>	<u>18,218</u>	<u>21,632</u>	<u>23,444</u>	<u>18,115</u>	<u>9,853</u>	<u>14,226</u>
Business-type activities										
Charges for services										
Water and sewer	29,055	31,038	25,297	28,404	26,689	20,257	21,290	19,090	20,672	18,361
Solid waste	3,111	2,773	2,463	-	-	-	-	-	-	-
Capital grants and contributions	4,905	5,701	3,438	4,255	11,872	17,282	16,351	11,359	1,403	3,514
Total business-type activities	<u>37,071</u>	<u>39,512</u>	<u>31,198</u>	<u>32,659</u>	<u>38,561</u>	<u>37,539</u>	<u>37,641</u>	<u>30,449</u>	<u>22,075</u>	<u>21,875</u>
Total primary government program revenues	<u>54,900</u>	<u>63,928</u>	<u>50,874</u>	<u>54,777</u>	<u>56,779</u>	<u>59,171</u>	<u>61,085</u>	<u>48,564</u>	<u>31,928</u>	<u>36,101</u>
Net (expense)/revenue										
Governmental activities	(28,113)	(20,812)	(22,352)	(16,281)	(16,860)	(10,559)	(2,995)	(11,672)	(16,749)	(7,196)
Business-type activities	12,109	13,022	7,331	8,409	15,203	17,672	18,491	12,998	8,405	7,669
Total primary government net revenue (expense)	<u>(16,004)</u>	<u>(7,790)</u>	<u>(15,021)</u>	<u>(7,872)</u>	<u>(1,657)</u>	<u>7,113</u>	<u>15,496</u>	<u>1,326</u>	<u>(8,344)</u>	<u>473</u>

(continued)

**Changes in Net Assets  
Last Eight Fiscal Years  
(Accrual basis of accounting)**

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

	2012	2011	2010 (1)	2009 (2)	2008	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Property taxes	21,222	20,103	20,036	19,626	17,097	14,085	12,354	10,795	9,422	8,781
Sales taxes	7,884	7,003	6,538	6,415	13,629	11,389	9,600	8,156	7,392	6,807
Franchise fees	3,843	3,637	3,249	3,193	2,919	2,583	2,518	2,158	1,410	1,117
Other taxes	504	481	351	289	308	296	243	188	168	186
Interest and other	1,104	922	880	2,387	3,101	6,756	2,392	4,494	355	887
Transfers	(6,941)	2,976	3,733	2,406	2,341	2,170	1,970	2,061	2,480	2,605
Total governmental activities	<u>27,616</u>	<u>35,122</u>	<u>34,787</u>	<u>34,316</u>	<u>39,395</u>	<u>37,279</u>	<u>29,077</u>	<u>27,852</u>	<u>21,227</u>	<u>20,383</u>
Business-type activities										
Interest and other	562	310	(209)	467	1,055	1,851	1,753	746	240	293
Transfers	6,941	(2,976)	(3,733)	(2,406)	(2,341)	(2,170)	(1,970)	(2,061)	(2,480)	(2,605)
Total business-type activities	<u>7,503</u>	<u>(2,666)</u>	<u>(3,942)</u>	<u>(1,939)</u>	<u>(1,286)</u>	<u>(319)</u>	<u>(217)</u>	<u>(1,315)</u>	<u>(2,240)</u>	<u>(2,312)</u>
Total primary government	<u>35,119</u>	<u>32,456</u>	<u>30,845</u>	<u>32,377</u>	<u>38,109</u>	<u>36,960</u>	<u>28,860</u>	<u>26,537</u>	<u>18,987</u>	<u>18,071</u>
<b>Changes in Net Position</b>										
Governmental activities	(497)	14,310	12,435	18,035	22,535	26,720	26,082	16,180	4,478	13,187
Business-type activities	19,612	10,356	3,389	6,470	13,917	17,353	18,274	11,683	6,165	5,357
Total primary government	<u>19,115</u>	<u>24,666</u>	<u>15,824</u>	<u>24,505</u>	<u>36,452</u>	<u>44,073</u>	<u>44,356</u>	<u>27,863</u>	<u>10,643</u>	<u>18,544</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.

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

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

	2012	2011	2010	2009 (1)	2008	2007	2006	2005	2004	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	805	701	349	906	-	-	-	-	-	-	2
Construction	20,391	17,945	13,660	21,691	30,186	25,041	19,714	10,448	10,859	5,032	5
Finance, insurance, real estate	7,937	5,849	5,166	7,430	10,221	13,402	12,086	12,155	11,375	8,658	6
Manufacturing	11,738	10,006	7,964	6,909	12,164	9,488	13,137	8,557	6,019	7,506	4
Other	36,189	26,338	19,114	19,828	16,853	17,557	11,590	6,548	5,210	4,772	11
Retail trade	448,521	404,279	298,135	297,158	262,125	219,834	208,890	175,750	160,963	133,106	83
Services	215,568	200,221	144,573	133,723	143,346	101,485	87,789	77,367	66,992	60,331	6,166
Transportation, communications, utilities	332	406	522	308	219	156	-	297	-	14	1
Wholesale trade	29,943	21,889	18,084	8,637	16,282	14,926	12,124	10,862	12,866	21,244	14
Arts, entertainment, recreation	17,015	12,666	10,758	3,143	1,444	1,035	974	2,003	1,776	1,420	1
<b>Total</b>	<b>788,441</b>	<b>700,300</b>	<b>518,325</b>	<b>499,733</b>	<b>492,840</b>	<b>402,924</b>	<b>366,304</b>	<b>303,987</b>	<b>276,060</b>	<b>242,083</b>	<b>6,293</b>
City sales tax rate (primary government)	1%	1%	1%	1%	2%	2%	2%	2%	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.

Source: Texas Comptroller of Public Accounts

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

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

	2012	2011	2010	2009 (1)	2008	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Reserved	N/A	N/A	24	531	58	39	1	20	35	51
Unreserved	N/A	N/A	16,999	14,665	14,436	13,293	9,727	6,697	5,260	4,310
Nonspendable	30	26	N/A							
Restricted	1,334	-	N/A							
Unassigned	13,615	11,935	N/A							
Total general fund	<u>14,979</u>	<u>11,961</u>	<u>17,023</u>	<u>15,196</u>	<u>14,494</u>	<u>13,332</u>	<u>9,728</u>	<u>6,717</u>	<u>5,295</u>	<u>4,361</u>
All other governmental funds										
Reserved	N/A	N/A	4,194	4,098	2,765	1,990	1,278	965	845	857
Unreserved, reported in:										
Special revenue funds	N/A	N/A	2,585	2,007	18,072	16,236	13,847	9,414	235	171
Capital projects funds	N/A	N/A	21,395	16,026	63,764	29,408	14,936	19,452	11,355	9,065
Restricted	24,110	27,191	N/A							
Total all other governmental funds	<u>24,109</u>	<u>27,191</u>	<u>28,174</u>	<u>22,131</u>	<u>84,601</u>	<u>47,634</u>	<u>30,061</u>	<u>29,831</u>	<u>12,435</u>	<u>10,093</u>
Total all governmental funds	<u>39,088</u>	<u>39,152</u>	<u>45,197</u>	<u>37,327</u>	<u>99,095</u>	<u>60,966</u>	<u>39,789</u>	<u>36,548</u>	<u>17,730</u>	<u>14,454</u>

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

(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**

	2012	2011	2010	2009 (1)	2008	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>										
Taxes	33,445	31,342	30,132	29,532	33,986	28,300	24,617	21,322	14,599	13,401
Permits, licenses and fees	1,739	1,346	1,273	1,163	2,087	2,767	2,949	2,659	2,374	2,409
Fines and forfeitures	963	976	677	753	1,001	1,155	939	886	781	755
Charges for services	3,323	3,436	3,350	2,832	2,429	1,863	1,412	1,148	867	657
Intergovernmental	4,768	5,473	852	553	420	203	426	342	327	4,394
Interest earnings	178	148	235	995	2,435	2,938	1,609	934	239	424
Contributions	4,730	4,487	7,988	14,461	996	-	-	-	-	-
Other	800	837	537	684	981	1,616	866	3,734	415	483
<b>Total revenues</b>	<b>49,946</b>	<b>48,045</b>	<b>45,044</b>	<b>50,973</b>	<b>44,335</b>	<b>38,842</b>	<b>32,818</b>	<b>31,025</b>	<b>19,602</b>	<b>22,523</b>
<b>EXPENDITURES</b>										
General government	7,182	6,827	6,944	6,095	6,728	5,542	4,904	5,409	4,131	4,160
Public safety	16,709	15,383	14,795	14,273	13,206	11,198	9,837	9,177	8,141	7,849
Culture and recreation	3,849	3,715	3,459	3,960	3,522	2,864	2,656	2,525	2,444	2,210
Streets and lighting	2,094	1,996	1,859	1,638	2,610	1,455	1,577	1,089	1,091	1,022
Economic development	753	1,709	351	301	739	1,244	659	3,544	188	630
Capital outlay	17,377	18,600	11,654	58,998	35,670	11,684	8,512	11,911	4,816	13,885
Debt service:										
Principal	7,575	5,610	5,573	4,631	4,460	3,259	2,839	2,572	2,449	2,641
Interest and fiscal charges	7,253	7,068	7,156	7,822	3,924	3,328	3,380	2,910	2,742	3,035
Bond issuance costs	-	-	-	-	1,258	427	72	557	-	-
<b>Total expenditures</b>	<b>62,792</b>	<b>60,908</b>	<b>51,791</b>	<b>97,718</b>	<b>72,117</b>	<b>41,001</b>	<b>34,436</b>	<b>39,694</b>	<b>26,002</b>	<b>35,432</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(12,846)</b>	<b>(12,863)</b>	<b>(6,747)</b>	<b>(46,745)</b>	<b>(27,782)</b>	<b>(2,159)</b>	<b>(1,618)</b>	<b>(8,669)</b>	<b>(6,400)</b>	<b>(12,909)</b>
<b>Other financing sources (uses)</b>										
Issuance of debt	25,195	(65)	13,345	-	63,520	29,850	2,770	34,965	6,590	4,170
Bond premiums (discounts)	3,942	(23)	102	-	49	653	(16)	2,024	103	-
Payment to bond escrow agent	(26,616)	3,929	(1,362)	-	-	(9,335)	-	(22,003)	-	(4,170)
Transfers in	14,388	16,195	9,524	51,224	34,959	12,968	10,423	8,777	5,186	15,576
Transfers out	(9,922)	(13,219)	(6,991)	(48,818)	(32,617)	(10,800)	(8,443)	(6,717)	(2,706)	(12,786)
Other	1,589	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,576</b>	<b>6,817</b>	<b>14,618</b>	<b>2,406</b>	<b>65,911</b>	<b>23,336</b>	<b>4,734</b>	<b>17,046</b>	<b>9,173</b>	<b>2,790</b>
<b>Net change in fund balances</b>	<b>(4,270)</b>	<b>(6,046)</b>	<b>7,871</b>	<b>(44,339)</b>	<b>38,129</b>	<b>21,177</b>	<b>3,116</b>	<b>8,377</b>	<b>2,773</b>	<b>(10,119)</b>
Debt service as a percentage of noncapital expenditures	32.65%	29.97%	31.71%	32.16%	23.00%	22.47%	23.99%	19.73%	24.50%	26.34%

(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	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				
	\$	\$	\$	\$				
2003	1,786,143,385	1,786,143,385	134,485,895	134,485,895	1,920,629,280	1,920,629,280	0.448240	100%
2004	1,830,222,538	1,830,222,538	133,977,244	133,977,244	1,964,199,782	1,964,199,782	0.468070	100%
2005	2,000,786,014	2,000,786,014	156,388,487	156,388,487	2,157,174,501	2,157,174,501	0.488070	100%
2006	2,158,882,934	2,158,882,934	176,003,548	176,003,548	2,334,886,482	2,334,886,482	0.518070	100%
2007	2,473,349,254	2,473,349,254	200,799,156	200,799,156	2,674,148,410	2,674,148,410	0.518070	100%
2008	3,034,100,645	3,034,100,645	236,137,255	236,137,255	3,270,237,900	3,270,237,900	0.508070	100%
2009	3,688,102,645	3,688,102,645	292,200,548	292,200,548	3,980,303,193	3,980,303,193	0.489001	100%
2010	3,748,717,862	3,748,717,862	314,529,746	314,529,746	4,063,247,608	4,063,247,608	0.489001	100%
2011	3,967,805,242	3,967,805,242	277,609,702	277,609,702	4,245,414,944	4,245,414,944	0.493501	100%
2012	4,139,882,394	4,139,882,394	295,446,592	295,446,592	4,435,328,986	4,435,328,986	0.493501	100%

Source: Williamson Central Appraisal District  
Travis Central Appraisal District

**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				
	\$	\$	\$	\$	\$	\$	\$
2003	0.223220	0.225020	0.448240	1.7220	1.7924	0.4918	0.4583
2004	0.223220	0.244850	0.468070	1.8300	1.8643	0.4872	0.4818
2005	0.248170	0.239900	0.488070	1.7900	1.8572	0.4993	0.5122
2006	0.258160	0.259910	0.518070	1.7500	1.8334	0.4993	0.4997
2007	0.260000	0.258070	0.518070	1.6438	1.6406	0.4216	0.4997
2008	0.244870	0.263200	0.508070	1.3334	1.3238	0.4216	0.4891
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

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	2012			2003		
		Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
		\$		%	\$		%
Inland Western Cedar Park 1890 Ranch LP	Commercial	95,508,877	1	2.15			
Northland Lakeline II LLC	Real Estate	28,417,350	2	0.64			
AMFP I Altea LLC	Real Estate	25,140,000	3	0.57			
Ranger Excavating	Equipment	24,409,300	4	0.55			
National Oilwell Varco LP	Manufacturing	24,311,649	5	0.55			
MidAmerica Apartments of Texas L.P.	Real Estate	24,001,498	6	0.54			
UDR Red Stone Ranch LLC	Real Estate	23,873,446	7	0.54			
Colonial Realty Limited Partnership	Real Estate	22,711,680	8	0.51			
G&E Apartment Reit Arboleda LLC	Real estate	21,500,000	9	0.48			
UDR Lakeline Villas LLC	Real estate	21,458,954	10	0.48			
Metropolitan Tower Realty Co	Real Estate				16,703,929	1	0.85
8 Heritage-1440 Montfort LP	Real Estate				14,891,694	2	0.76
Wal-Mart	Real Estate				12,617,043	3	0.64
Lakeline Properties	Real Estate				9,623,410	4	0.49
MD Totco Instrumentation	Manufacturing				5,210,640	5	0.27
Wal-Mart Stores East	Retail				8,021,641	6	0.41
Lumbermans Investment	Financial				7,525,546	7	0.38
H E Butt, Inc	Retail				7,265,322	8	0.37
Randall's Food & Drug, Inc	Retail				7,161,510	9	0.36
Cedar Park Townhouses	Real estate				7,119,000	10	0.36
	Subtotal	311,332,754		7.01	96,139,735		4.89
	All Other	4,123,996,232		92.98	1,868,860,265		95.10
	Total	4,435,328,986		99.99	1,965,000,000		99.99

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 \$	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
2003	8,682,443	8,549,853	98.47%	124,913	8,674,766	99.912%
2004	9,330,899	9,131,709	97.87%	193,561	9,325,270	99.940%
2005	10,675,442	10,508,787	98.44%	157,913	10,666,700	99.918%
2006	12,267,523	12,033,510	98.09%	223,674	12,257,184	99.916%
2007	13,853,961	13,745,716	99.22%	97,933	13,843,649	99.926%
2008	16,615,098	16,491,985	99.26%	103,279	16,595,264	99.881%
2009	19,478,993	19,252,453	98.84%	204,939	19,457,392	99.889%
2010	19,867,593	19,668,121	99.00%	163,418	19,831,539	99.819%
2011	19,956,358	19,802,782	99.23%	101,290	19,904,072	99.738%
2012*	21,810,370	21,705,277	99.52%	N/A	21,705,277	99.518%

Source: Williamson County Tax Assessor  
Travis County Tax Office

\* Includes annexed area of WCID 1D.

**Ratios Of Outstanding Debt By Type  
Last Ten Fiscal Years**

Governmental Activities								
Fiscal Year	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
	\$	\$	\$	\$	\$	\$	\$	\$
2003	41,712,881	9,725,000	3,225,000	2,850,000	(124,227)	570,755	-	57,959,409
2004	46,222,562	9,410,000	-	-	54,457	517,266	-	56,204,285
2005	62,589,075	4,320,000	2,975,000	-	879,719	425,854	-	71,189,648
2006	60,300,151	6,675,000	2,840,000	-	807,316	328,976	92,848	71,044,291
2007	77,107,828	7,571,250	2,700,000	-	833,093	143,730	81,206	88,437,107
2008	93,727,690	6,256,250	2,550,000	43,905,000	829,524	110,970	66,909	147,446,343
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

Business-Type Activities								
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Revenue Bonds	Tax and Revenue Bonds	Deferred Charges	Capital Lease Payable	State Comptroller Note	Total Business-type Activities
	\$	\$	\$	\$	\$	\$	\$	\$
2003	750,000	-	43,810,000	11,912,232	(288,881)	-	-	56,183,351
2004	675,000	-	42,495,000	11,065,646	(385,862)	-	-	53,849,784
2005	600,000	-	29,006,000	30,124,926	194,239	-	-	59,925,165
2006	9,569,849	-	47,495,000	-	233,822	-	-	57,298,671
2007	7,897,174	-	46,363,750	-	49,253	-	-	54,310,177
2008	7,127,312	-	43,878,750	-	72,542	-	-	51,078,604
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

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt per Capita
	\$	\$		\$	\$
2003	57,959,409	947,641,440	6.12%	35,176	1,648
2004	56,204,285	1,007,584,713	5.58%	37,347	1,505
2005	71,189,648	1,200,890,004	5.93%	42,618	1,670
2006	71,044,291	1,369,142,226	5.19%	45,594	1,558
2007	88,437,107	1,449,449,640	6.10%	50,220	1,761
2008	147,446,343	1,666,510,524	8.85%	52,731	2,796
2009	140,165,649	1,924,716,495	7.28%	54,015	2,595
2010	146,555,093	1,561,324,840	9.39%	56,072	2,614
2011	144,654,905	2,169,580,440	6.67%	58,035	2,493
2012	218,243,690	1,909,912,200	11.43%	58,450	3,734

(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 it's name and are 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, 2012**

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

Name of Governmental Unit	Net General Obligation Debt Outstanding as of September 30, 2012	Estimated Percent Applicable to the City of Cedar Park	City's Overlapping Tax Supported Debt
	\$		\$
<u>Governmental Activities</u>			
General obligation bonds	111,617,473		
Certificates of Obligations	2,018,427		
Economic Development bonds	41,958,507		
Total governmental activities debt	<u>155,594,407</u> (1)	100.00%	<u>155,594,407</u>
<u>Other Taxing Jurisdictions</u>			
Austin Community College District	89,903,659	3.79%	3,407,349
Leander ISD	930,715,014	29.45%	274,095,572
Round Rock ISD	705,365,000	0.83%	5,854,530
Travis County	640,674,987	0.05%	320,337
Travis County Healthcare District	15,070,000	0.05%	7,535
Williamson County	789,719,942	11.68%	92,239,289
Williamson-Travis MUD #1	<u>6,710,000</u>	3.93%	<u>263,703</u>
Total other taxing jurisdictions	<u>3,178,158,602</u>		<u>376,188,315</u>
Total Direct and Overlapping Tax Supported Debt			<u>531,782,722</u>
Ratio of Direct and Overlapping Tax Supported Debt to Assessed Valuation (2)		13.36%	
Per Capita Overlapping Tax Supported Debt (3)			9,163

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 reported in proprietary funds.

(2) Based on assessed valuation of \$4,245,414,944 provided by the Williamson County Appraisal District and Travis County Appraisal District.

(3) Based on estimated population of 58,450.

**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
	\$	\$	\$	\$	
2003	1,920,629,280	28,809,439	5,555,236	23,254,203	19.28%
2004	1,964,199,782	29,462,997	4,908,147	24,554,850	16.66%
2005	2,157,174,501	32,357,618	5,322,533	27,035,085	16.45%
2006	2,334,886,482	35,023,297	6,058,656	28,964,641	17.30%
2007	2,674,148,410	40,112,226	6,433,654	33,678,572	16.04%
2008	3,270,237,900	49,053,569	8,238,728	40,814,841	16.80%
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	12,678,422	51,002,802	19.91%
2012	4,435,328,986	66,529,935	15,114,421	51,415,514	22.72%

Note: The City Charter limits general obligation debt of the City of Cedar Park to ten (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**

Fiscal Year	General Bonded Debt Outstanding				Population	Assessed Value	Bonded Debt to Assessed Value	Bonded per Capita
	General Obligation Bonds	Certificates of Obligation	Deferred Charges	Net General Bonded Debt				
	\$	\$	\$	\$				
2003	42,462,881	9,725,000	(114,942)	52,072,939	35,176	1,920,629,280	2.7%	1,480.35
2004	46,897,562	9,410,000	49,655	56,357,217	37,347	1,964,199,782	2.9%	1,509.02
2005	63,189,075	4,320,000	844,220	68,353,295	42,618	2,157,174,501	3.2%	1,603.86
2006	69,870,000	6,675,000	813,688	77,358,688	45,594	2,334,886,482	3.3%	1,696.69
2007	85,005,002	7,571,250	814,519	93,390,771	50,220	2,674,148,410	3.5%	1,859.63
2008	100,855,002	6,256,250	576,510	107,687,762	52,731	3,270,237,900	3.3%	2,042.21
2009	96,170,002	5,712,500	544,944	102,427,446	54,015	3,980,303,193	2.6%	1,896.28
2010	109,295,000	5,130,000	696,278	103,571,482	56,072	4,063,247,608	2.5%	1,847.12
2011	104,985,000	2,765,000	671,935	108,421,935	58,035	4,245,414,944	2.6%	1,868.22
2012	116,645,000	1,955,000	3,894,464	122,494,464	58,450	4,435,328,986	2.8%	2,095.71

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

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

Water and Sewer Bonds					
Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements- Principal and Interest	Revenue Bond Coverage
	\$	\$	\$	\$	
2003	18,653,732	7,405,781	11,247,951	5,285,212	2.128
2004	20,911,807	8,411,826	12,499,981	5,132,776	2.435
2005	19,575,384	10,989,747	8,585,637	5,417,483	1.585
2006	23,038,386	12,404,424	10,633,962	5,687,848	1.870
2007	22,119,760	13,303,900	8,815,860	5,801,453	1.520
2008	27,743,576	16,166,582	11,576,994	5,769,894	2.006
2009	28,791,190	17,254,766	11,536,424	5,766,902	2.000
2010	25,365,706	13,278,417	12,087,289	5,466,750	2.211
2011	31,038,423	15,318,995	15,719,428	5,624,413	2.795
2012	29,055,461	13,537,541	15,517,920	7,167,738	2.165
Solid Waste Bonds (3)					
Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements- Principal and Interest	Revenue Bond Coverage
	\$	\$	\$	\$	
2010	2,464,085	2,296,579	167,506	162,096	1.033
2011	2,772,596	2,563,116	209,480	168,654	1.242
2012	3,110,633	2,973,965	136,668	175,685	0.778

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Operating expenses, excluding depreciation
- (3) The Solid Waste Fund was created in fiscal year 2010.

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

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

Employer	2012		Percentage of Total City Employment	2003
	Employees	Rank		Employees
LISD	3,984	1	15%	1,076
HEB Grocery	495	2	2%	600
MD Totco	400	3	2%	215
City of Cedar Park	371	4	1%	284
Cedar Park Regional Medical Center	355	5	1%	N/A
ETS Lindgren	275	6	1%	170
BMC Corporation	275	7	1%	N/A
Wal-Mart	225	8	1%	400
CoreSlab	215	9	1%	200
Baker Drywall	200	10	1%	160

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>
		\$	\$		
2003	35,176	947,641,440	26,940	16,753	5.3%
2004	37,347	1,007,584,713	26,979	18,116	4.2%
2005	42,618	1,200,890,004	28,178	19,877	3.0%
2006	45,594	1,369,142,226	30,029	22,114	4.0%
2007	50,220	1,449,449,640	28,862	24,230	3.3%
2008	52,731	1,474,675,146	27,966	26,443	4.0%
2009	54,015	1,515,012,720	28,048	28,364	5.8%
2010	56,072	1,772,099,488	31,604	30,321	5.7%
2011	58,035	2,169,580,440	37,384	32,034	6.4%
2012	58,450	1,909,912,200	32,676	34,122	6.8%

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**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Function</b>										
<b>Governmental Activities</b>										
General Government										
City Manager	4	4	4	4	4	4	6	5	3	3
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	7	7	7	7	7	5	4	4	4	14
Information Technology	5	5	5	5	4	4	3	3	3	-
Human Resources	4	4	4	4	4	4	4	4	4	4
Public Information	2.5	2.5	2.5	2.5	2.5	2.5	-	-	-	-
Economic Development	2	3	2	2	2	2	1	1	-	-
Public Works/Engineering	8	9	8	8	8	8	7	10	11	12
Planning and Transportation	5	7	8	8	8	8	8	8	8	11
Maintenance	7	6	6	5	5	4	4	4	3	3
Legal Services	4	4	3	3	3	3	2	-	-	-
Public Safety										
Municipal Court	9.5	9.5	9.5	9.5	8.5	7.5	7.5	7.5	7.5	6
Police	104	103	101	101	94	84	74	72	72	66
Animal Control	3	3	3	3	3	3	3	2.5	2.5	3
Building Inspection	10	11	11	11	11	11	10	11	11	14
Fire	72	71	74	74	73.5	66.5	61.5	54.5	54.5	50
Code Enforcement	3	3	-	-	-	-	-	-	-	-
Emergency Management	1	1	-	-	-	-	-	-	-	-
Cultural and Recreational										
Parks and Recreation	30.5	30.5	30.5	30.5	22	21	20	20	20	19
Library	16.75	17.75	17.75	18.75	18.75	17.75	17.75	16.75	16.75	14
Tourism	2	-	-	-	-	-	-	-	-	-
Streets and Lighting										
Streets	13	13	12	12	12	12	12	12	12	12
Signal and Light Maintenance	3	2	-	-	-	-	-	-	-	-
<b>Total Governmental employees</b>	<b>317.25</b>	<b>317.25</b>	<b>309.25</b>	<b>309.25</b>	<b>291.25</b>	<b>268.25</b>	<b>245.75</b>	<b>236.25</b>	<b>233.25</b>	<b>232</b>
<b>Business-type activities</b>										
Water and Sewer	78	74	70	69	69	67	69	66	67	58
<b>Total business-type employees</b>	<b>78</b>	<b>74</b>	<b>70</b>	<b>69</b>	<b>69</b>	<b>67</b>	<b>69</b>	<b>66</b>	<b>67</b>	<b>58</b>
<b>Total full-time equivalent employees</b>	<b>395.25</b>	<b>391.25</b>	<b>379.25</b>	<b>378.25</b>	<b>360.25</b>	<b>335.25</b>	<b>314.75</b>	<b>302.25</b>	<b>300.25</b>	<b>290</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**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b><u>General Government</u></b>										
Ordinances/resolutions enrolled	256	246	251	320	322	275	299	272	229	245
Accounts payable checks issued	7,151	7,571	7,640	7,569	10,929	7,500	7,176	7,576	7,419	5,790
Technology assistance calls	1,038	3,780	2,500	2,400	1,900	1,873	1,370	1,200	1,511	1,400
Budgeted positions	395.25	391.25	379.25	378.75	359.75	335	315	302	300	291
Site Development plans reviewed	28	23	21	31	25	31	27	20	20	40
Vehicles maintained	207	203	181	158	151	189	176	176	160	74
<b><u>Public Safety</u></b>										
Citations filed	13,635	13,788	10,112	12,558	11,631	17,329	12,734	12,434	11,118	11,744
Fire Department emergency calls	4,384	4,433	4,283	4,070	4,040	3,857	3,417	3,241	3,039	2,801
Cases filed	14,754	14,763	13,341	12,664	11,680	17,369	12,775	12,488	11,158	11,824
Residential building permits	678	626	611	556	702	1,022	1,363	1,075	1,011	964
Nonresidential building permits	103	122	90	114	182	208	145	133	125	108
<b><u>Culture and Recreation</u></b>										
Park acres maintained (1)	722	525	495	487	487	452	452	455	458	343
Recreation programs offered	45	40	40	34	29	28	27	27	23	23
Circulation of volumes	687,669	725,151	781,663	795,325	678,843	573,685	560,000	496,109	475,151	390,000
Catalogued items in library	116,419	112,859	108,354	95,273	94,000	96,407	93,475	87,122	79,746	74,300
Library visits	292,623	278,358	302,479	327,962	300,000	336,000	318,024	300,546	273,991	270,816
<b><u>Streets</u></b>										
Miles of paved streets (excluding ETJ)	492	261	222	217	213	200	195	195	161	146
Miles of drainage ways	60	60	60	60	60	57	52	52	40	34
<b><u>Water and Sewer</u></b>										
Treated gallons of water (in millions)	4,642	5,770	4,524	4,560	4,700	4,000	4,250	3,400	3,264	2,800
Gallons wastewater treated (in millions)-Cedar Park	803	801	803	814	814	814	780	832	840	820
Gallons wastewater treated (in millions)-Regional Plant	1,071	1,070	1,100	811	788	751	550	242	220	204
Retail water accounts	20,275	19,612	18,981	18,434	18,017	17,524	16,340	14,760	13,724	12,982
Retail wastewater accounts	19,042	18,430	17,811	17,276	16,870	16,420	15,254	13,986	12,799	12,110

Source: City of Cedar Park

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

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Function</b>										
Public Safety										
Number of Police stations	1	1	1	1	1	1	1	1	1	1
Number of Fire stations	4	4	4	4	4	3	3	3	3	3
Streets										
Area in square miles	23.05	23.05	23.05	23.21	23.16	23.15	23.05	20.49	18.26	18.26
Paved streets in miles (excluding ETJ)	223	223	223	217	213	200	190	157	157	157
Culture and Recreation										
Number of public libraries	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	4	3	3	3	2	2
Water										
Number of water treatment plants	1	1	1	1	1	1	1	1	1	1
Number of miles of water main	348	348	348	313	300	300	300	295	230	230
Number of booster pumps	14	14	14	14	14	14	14	14	14	14
Rated peak capacity (millions of gallons/day)	26	26	26	26	26	26	23	23	23	23
Wastewater										
Number of wastewater treatment plants	2	2	2	2	2	2	2	2	2	2
Number of miles of sewer main	285	285	285	250	240	240	230	227	176	176
Number of lift stations	18	18	18	18	18	18	20	20	19	17
Treatment capacity (millions of gallons/day)	6	6	6	6	6	5	5	5	5	5

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Source: Budget document of the City of Cedar Park