

CITY OF CEDAR HILLS UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014



CITY OF CEDAR HILLS, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Prepared by:
Department of Finance**

INTRODUCTORY SECTION



CITY OF CEDAR HILLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	<u>3</u>
Certificate of Achievement for Excellence in Financial Reporting	<u>7</u>
Organizational Chart	<u>8</u>
 FINANCIAL SECTION	
Independent Auditor's Report	<u>11</u>
Management's Discussion and Analysis (MD&A)	<u>13</u>
 <u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Statement of Net Position	<u>25</u>
Statement of Activities	<u>26</u>
 Governmental Fund Financial Statements:	
Balance Sheet	<u>27</u>
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	<u>28</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>29</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	<u>30</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual--General Fund	<u>31</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual--Golf Special Revenue Fund	<u>32</u>
 Proprietary Fund Financial Statements:	
Statement of Net Position	<u>33</u>
Statement of Revenues, Expenses, and Changes in Net Position	<u>34</u>
Statement of Cash Flows	<u>35</u>
 Notes to Financial Statements	 <u>37</u>

CITY OF CEDAR HILLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Information—Individual Fund Statements and Other Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—	
General Fund	<u>57</u>
Golf Special Revenue Fund	<u>59</u>
Golf Debt Service Fund	<u>60</u>
Capital Projects Fund	<u>61</u>
STATISTICAL SECTION	
Net Position by Component—Last Ten years	<u>66</u>
Changes in Net Position—Last Ten Years	<u>68</u>
Fund Balances, Governmental Funds—Last Ten Years	<u>72</u>
Changes in Fund Balances, Governmental Funds—Last Ten Years	<u>74</u>
Assessed Value and Actual Value of Taxable Property—Last Ten Years	<u>76</u>
Property Tax Levies and Collections—Last Ten Fiscal Years	<u>77</u>
Property Tax Rates—Direct and Overlapping Governments—Last Ten Years	<u>78</u>
Principal Property Taxpayers—Current and Nine Years Ago	<u>80</u>
Ratios of Outstanding Debt by Type—Last Ten Years	<u>82</u>
Ratios of General Bonded Debt Outstanding—Last Ten Years	<u>84</u>
Computation of Direct and Overlapping Debt	<u>85</u>
Legal Debt Margin Information—Last Ten Years	<u>86</u>
Debt Service Schedule of Outstanding Bonds (By Year)	<u>88</u>
Pledged-Revenue Coverage-Last Ten Years	<u>90</u>
Demographic and Economic Statistics—Last Ten Years	<u>91</u>
Principal Employers-Most Current Calendar and Two Years Ago	<u>92</u>
Full-time Equivalent City Government Employees by Function—Last Ten Years	<u>94</u>
Capital Asset Statistics—Last Ten Years	<u>95</u>
Operating Indicators by Organization—Last Two Fiscal Years	<u>96</u>
ADDITIONAL INFORMATION	
Schedule of Audit Findings	<u>99</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards	<u>101</u>
Utah State Compliance Report Based on the Requirements, Special Tests, and Provisions Required by the State of Utah's Legal Compliance Audit Guide	<u>103</u>



November 24, 2014

To the Honorable Mayor, Members of the Governing Council and Citizens of the City of Cedar Hills:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Allred Jackson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Cedar Hill's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the government

Cedar Hills is built upon an alluvial fan or bench, created thousands of years ago when it was a shore-line of Lake Bonneville. Early settlers referred to the area as "the Bench." Because of the growth of cedar trees (later becoming Manila's source of Christmas trees), the area was later referred to as Cedar Hills. The bench provides a beautiful view of the surrounding mountains, Utah Lake, and Utah Valley. Cedar Hills was established as a community in 1977. The surrounding cities such as Pleasant Grove and Alpine were settled in 1849 and 1850. Cedar Hills is located 35 miles south of Salt Lake City, eight miles north of the Orem/Provo area, and east of Alpine and Highland on the slopes of Mount Timpanogos.

The City of Cedar Hills has operated under the mayor-council form of government. A mayor and five council members are elected at-large for four-year, staggered terms. The Mayor, with Council approval, appoints the City of Cedar Hills's manager, who in turn appoints its department heads.

The City of Cedar Hills provides a wide range of services, water, sewer, and pressurized irrigation services; garbage and recycling; snow removal; code enforcement; building inspections; licenses and permits; the maintenance of streets, and other infrastructure; recreational and cultural activities; police and fire services

are provided through American Fork City and Lone Peak Safety respectively. Electricity is provided by Rocky Mountain Power, gas by Questar Gas, telephone by CenturyLink, and cable by Comcast.

The Council is required to adopt an initial budget for the fiscal year no later than the first Tuesday May 31 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Cedar Hills financial planning and control. The budget is prepared by fund. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Local economy

The City of Cedar Hills is an affluent area in the center of the Wasatch front. Within 10 to 15 minutes residents have access to growing clusters of businesses and major shopping outlets. Major businesses located in close proximity include Adobe, IM Flash Technologies, Cabelas, Thanksgiving Point, the Meadows, and Tanger's shopping outlet. Recent transportation improvements in the area include widening the Timpanogos Highway and North County Boulevard, the I-15 Core project, and the addition of commuter rail.

Because of its location in a region with a strong economic base, unemployment had been relatively stable. During the past ten years, the unemployment rate in the County rose from an initial low of 2.5 percent (2007) to a decade high of 8.0 percent for (2010). Although unemployment rates rose nationwide during the recession, Utah County continues to experience unemployment rates consistently lower than national averages. The County's unemployment rate as of June 2014 was 3.6 percent compared to 6.1 percent nationally. A leveling off in unemployment rates are anticipated in fiscal calendar year 2014-2015.

Median household incomes within the City of Cedar Hills are significantly higher than for the state as a whole. For 2012, according to the federal returns on the Utah State Tax Commission's website, the City's household median gross income was \$79,415; Utah County's was \$46,068, while the state's was \$45,454. The census has the government's population at 10,179 as of 2013. The population growth has slowed down, because the City is getting close to build out.

Due to the stronger local economy and its conservative financial management, the City of Cedar Hills received an improved credit rating of AA- from Fitch and Standard and Poor's Investor Service during 2012, which is probably the highest general obligation bond rating the City will be able to receive based on its lack of commercial development within city limits.

Over the past ten years, the government has experienced a period of steady economic growth and investment. The City's first supermarket, bank, gas station, and McDonald's were all constructed. This development, combined with high quality transportation systems, the presence of retail and service industries, and the presence of recreational, educational and health facilities in the nearby proximity have further strengthened the City's already strong economic base.

During the past ten years, the government's expenditures related to public safety contracts have increased from \$366,317 to \$1,109,591, and as a percentage of total expenses (from 7.7 percent to currently 13.7 percent). The growth of the City and a desire by the governing body to improve the level of service provided through the years contributed to the large increase in expenditures. Also, some of this increase reflects lower ambulance revenues.

During this same ten-year period, sales taxes related to governmental funds have increased from \$367,099 to \$1,159,524. The increase in sales taxes is due to a few factors, population growth, the a favorable change in

2006 that had less of an emphasis on point of sale and more on population of a city, and the recent addition of commercial development/Walmart in 2008. This growth has been necessary to offset the increased costs of public safety, and decreases in other revenue sources (e.g., building permits).

Long-term financial planning and major initiatives

The maximum unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) allowed by the State of Utah changed during the 2013 legislative session from 18% to 25% of actual revenues. In the general fund, at year end, unrestricted fund balance was approximately 25.3% of the total actual general fund revenues. This amount follows close to the policy guidelines set by the governing body for budgetary and planning purposes (i.e. a minimum target amount of 16% or two months of revenues). The Council reviewed the City's strategic plan in August 2014, including fiscal policy guidelines, and raised the target from 10 percent to 16 percent of total general fund revenues. The higher fund balance amount, is for rainy day type expenditures that should help the City maintain core services, if it were to experience a significant downturn in sales tax revenues.

As part of its strategic plan, the governing body also envisions the additional commercial development of its Cedar Hills Drive/North County Boulevard corridor, which began with the addition of Hart's food and gas. Additional commercial development was approved in the Fall of 2014, including an America First Credit Union.

The City maintains a Capital Improvement Plan, which serves as its planning document to ensure that its parks, facilities, equipment, and infrastructure are well maintained and operating in peak condition. This budget process gives the City the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. In addition, the Public works department monitors the condition of all government equipment and vehicles and makes recommendations on their replacement.

The fiscal year 2014-2015 Capital Improvement Plan anticipates \$200,000 in capital projects related to constructing a maintenance shed, \$300,000 for Harvey Boulevard improvements, \$15,000 for sign projects, and \$50,000 for Bayhill Trailhead Park Phase 1 improvements. Other park and street improvements were also budgeted.

The government's 2014-2015 equipment and vehicles program will replace four public work trucks and one ATV.

As a result of careful financial management, revenues were greater than expenditures for the prior fiscal year. In addition, the City has a policy that nonrecurring (i.e., "one-time") resource inflows not be used for operating purposes. During the current year, the County informed the government that it would provide approximately \$5,500 for park and recreation improvements. The Council, in accordance with its policy, plans to use the grant towards a park restroom.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the government the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year ended June 30, 2014. This is the 12th year that the City has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The GFOA awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report for fiscal year ended December 31, 2013. This is the first year the City achieved this prestigious award. In order to achieve this award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe this current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the City's second financial reporting certificate award.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Charl Louw".

Charl Louw, CPA, MBA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Cedar Hills
Utah**

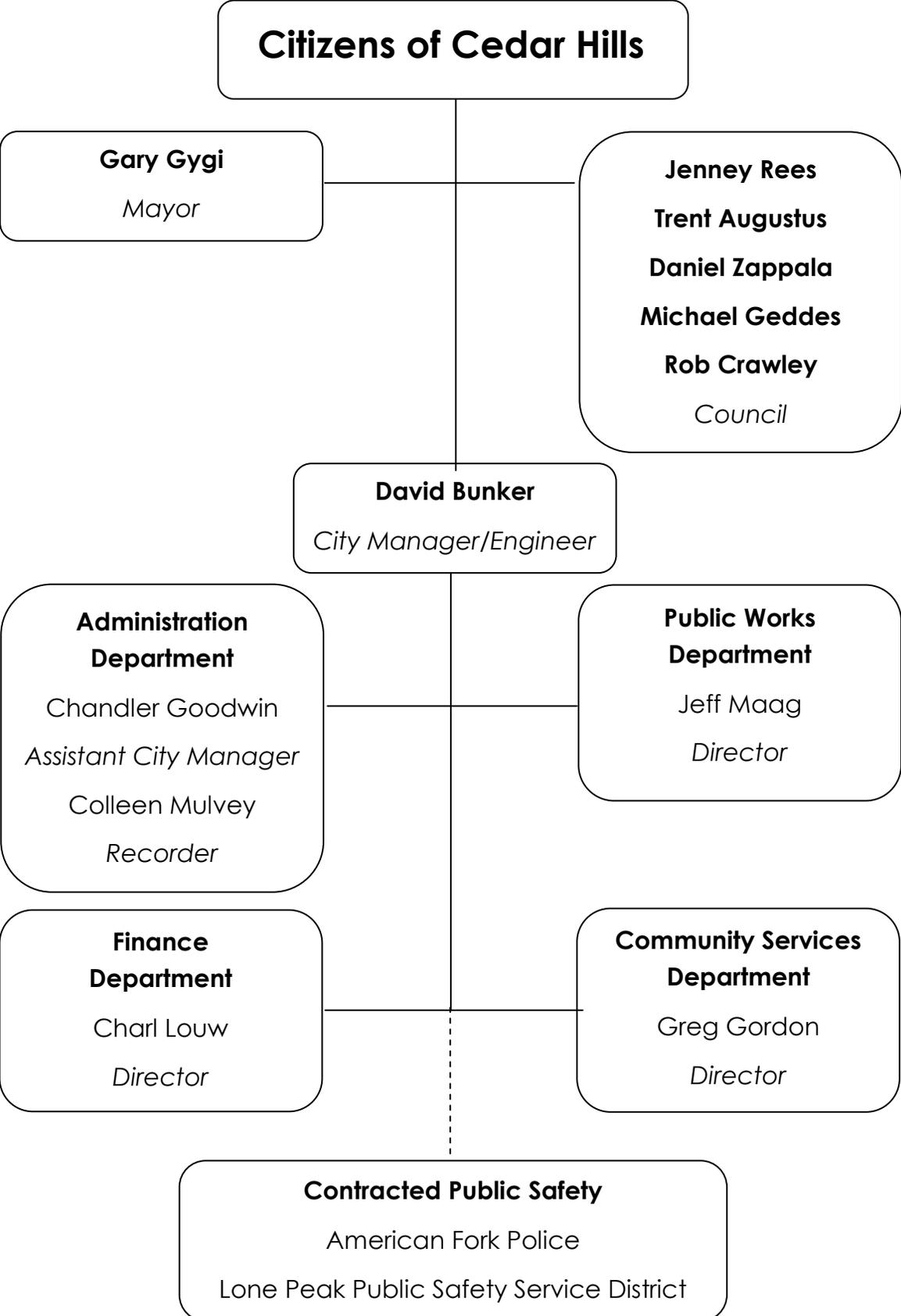
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

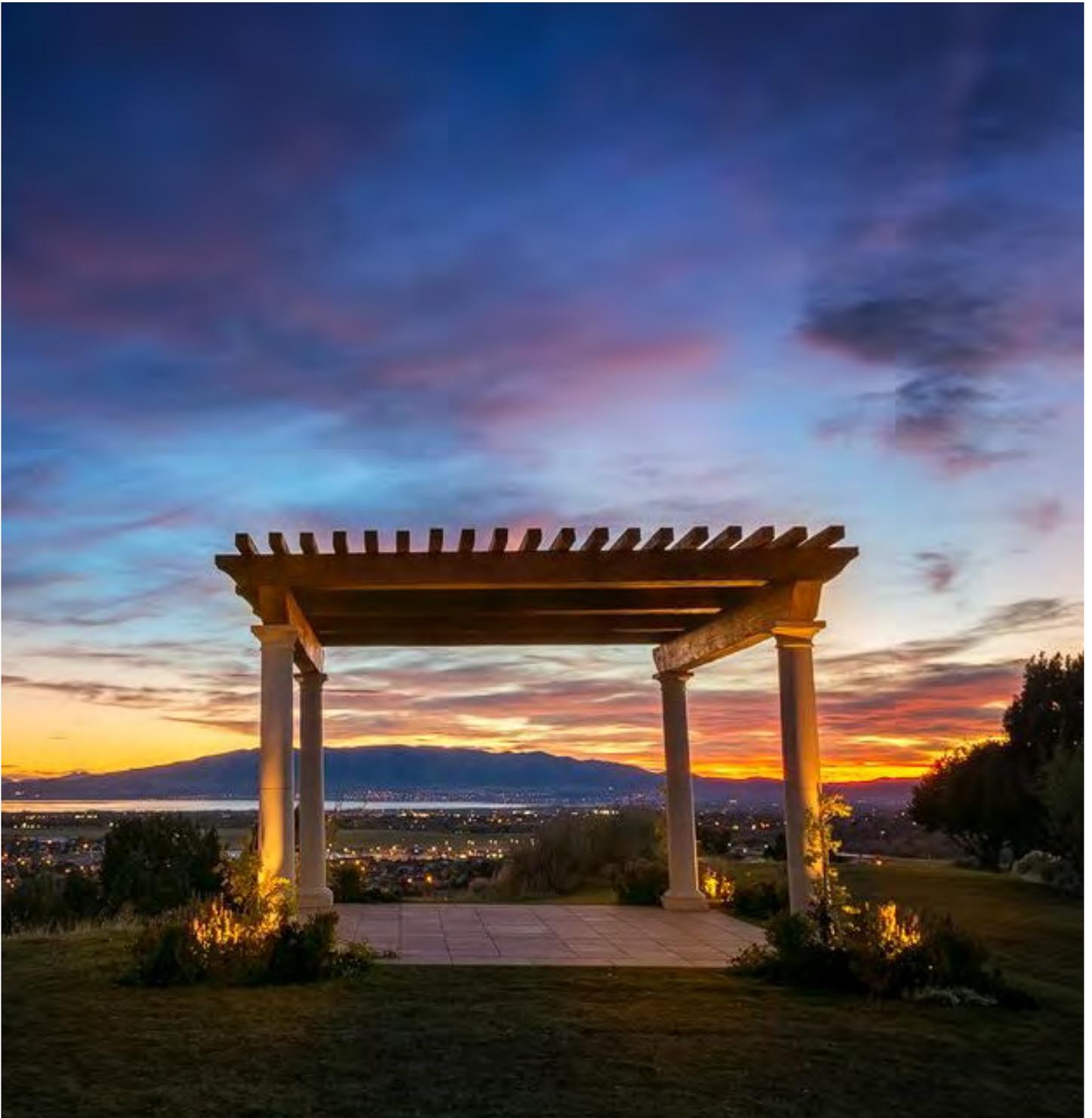
Executive Director/CEO

City of Cedar Hills Organization Chart

As of June 30, 2014



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cedar Hills
Cedar Hills, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Cedar Hills, Utah, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Cedar Hills, Utah, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13-22 and 55-57 be presented to supplement the basic financial statements. 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 management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

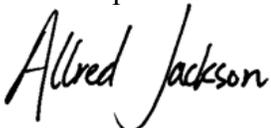
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cedar Hills, Utah's basic financial statements. The introductory section, and individual fund financial statements, and statistical section are presented for purposes of additional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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of the City of Cedar Hills, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cedar Hill, Utah's internal control over financial reporting and compliance.



North Logan, Ut

November 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cedar Hills, we offer readers of the City's financial statements this narrative, discussion, overview and analysis of the financial activities of the City of Cedar Hills for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Cedar Hills exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$40,941,009 (net position). Of this amount, \$3,028,106 unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$456,264.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$2,995,976. An increase of \$242,675 in comparison with the prior year because of significant construction activity in the Bridgestone subdivision, higher sales tax revenues, growth in Vista room rentals, and less legal expenses than prior years.
- In the general fund, revenues exceeded expenditures by \$593,771 before inter-fund transfers.
- At the close of the fiscal year, the fund balance of the general fund totaled \$1,010,006 of which \$612 is nonspendable, \$1,074 is restricted, and \$1,008,320 is unassigned. State statutes allow a maximum unrestricted fund balance of 25 percent of estimated general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 are designed to provide readers with a broad overview of the City'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 liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from 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, streets and public works, solid waste and recycling, parks and recreation. The business-type activities of the City include water and sewer, motor pool, and golf.

Please refer to the table of contents for the location of the government-wide financial statements.

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 of the 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 near-term inflows and outflows 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 financial requirements.

Because the focus of government 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, golf, golf debt service, and capital projects funds, each of which are considered to be major funds.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

PROPRIETARY FUNDS

The City maintains two 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 its water and sewer fund. The City uses an internal service fund for its motor pool fund.

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, and motor pool funds which are all considered to be major funds of the City.

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 are part of the basic financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents other *supplementary information* concerning the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cedar Hills, assets and deferred outflows of resources exceed liabilities by \$40,941,009 (net position) at the close of the most recent fiscal year.

CITY OF CEDAR HILL'S Net Position
June 30, 2014 and 2013
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 4,655.9	\$ 4,149.8	\$ 2,747.0	\$ 2,240.1	\$ 7,402.9	\$ 6,389.9	\$ 1,013.0
Capital assets	25,165.4	25,410.8	24,892.2	25,481.4	50,057.6	50,892.2	(834.6)
Total assets	29,821.3	29,560.6	27,639.2	27,721.5	57,460.5	57,282.1	178.4
Total deferred outflows of resources	665.3	731.4	9.9	11.3	675.2	742.7	(67.5)
Other liabilities	695.5	433.4	272.9	263.7	968.4	697.1	271.3
Long-term liabilities outstanding	7,889.5	8,165.6	7,362.5	7,672.0	15,252.0	15,837.6	(585.6)
Total liabilities	8,585.0	8,599.0	7,635.4	7,935.7	16,220.4	16,534.7	(314.3)
Total deferred inflows of resources	974.3	1,005.3	-	-	974.3	1,005.3	(31.0)
Net position:							
Net investment in capital assets	17,995.9	18,017.0	17,576.4	17,853.0	35,572.3	35,870.0	(297.7)
Restricted	1,754.2	1,601.4	586.5	615.8	2,340.7	2,217.2	123.5
Unrestricted	1,177.3	1,069.3	1,850.8	1,328.3	3,028.1	2,397.6	630.5
Total net position	<u>\$ 20,927.4</u>	<u>\$ 20,687.7</u>	<u>\$20,013.7</u>	<u>\$19,797.1</u>	<u>\$40,941.1</u>	<u>\$40,484.8</u>	<u>\$ 456.3</u>

The majority of the City's net position (approximately 86.9 percent) represents resources that are invested in capital assets, or are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,028,106 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2014, the City is able to report positive balances in all three categories of net position for the government as a whole as well as for its separate governmental activities. The overall net position of the government increased by \$456,264, because higher than estimated construction activity, sales tax and franchise tax revenues.

GOVERNMENTAL ACTIVITIES

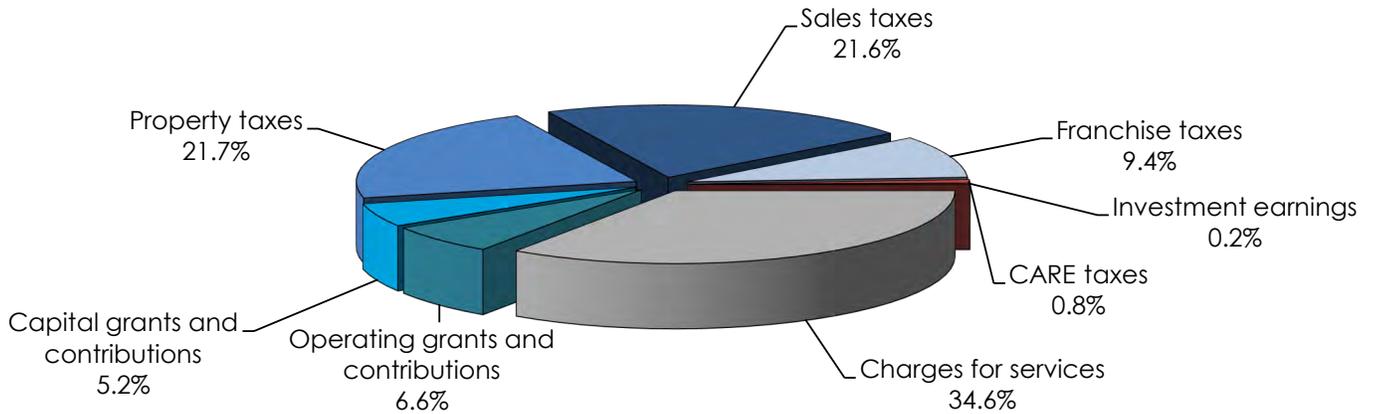
Governmental activities increased the City's net position by \$239,665, because of higher sales tax revenues, construction activity, and lower legal expenses.

CITY OF CEDAR HILL'S Changes in Net Position
Years Ended June 30, 2014 and 2013
(in thousands of dollars)

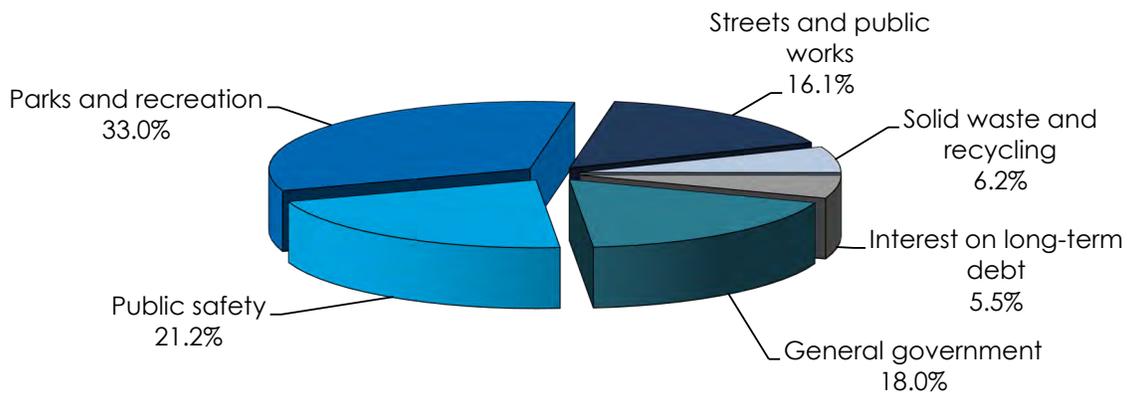
	Governmental Activities		Business-type Activities		Total		Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Revenues:							
Program revenues:							
Charges for services	\$ 1,852.3	\$ 1,796.1	\$ 3,077.3	\$ 2,899.4	\$ 4,929.6	\$ 4,695.5	\$ 234.1
Operating grants and contributions	351.4	335.9	-	-	351.4	335.9	15.5
Capital grants and contributions	278.7	138.3	85.1	-	363.8	138.3	225.5
General revenues:							
Property taxes	1,160.8	1,208.2	-	-	1,160.8	1,208.2	(47.4)
Sales taxes	1,159.5	1,112.9	-	-	1,159.5	1,112.9	46.6
Franchise taxes	503.1	497.7	-	-	503.1	497.7	5.4
CARE taxes	41.2	38.8	-	-	41.2	38.8	2.4
Investment earnings	13.3	22.5	7.5	9.6	20.8	32.1	(11.3)
Total revenues	5,360.3	5,150.4	3,169.9	2,909.0	8,530.2	8,059.4	470.8
Expenses:							
Governmental activities:							
General government	938.8	1,033.2	-	-	938.8	1,033.2	(94.4)
Public safety	1,109.6	1,050.2	-	-	1,109.6	1,050.2	59.4
Parks and recreation	1,721.9	1,941.3	-	-	1,721.9	1,941.3	(219.4)
Streets and public works	840.1	681.1	-	-	840.1	681.1	159.0
Solid waste and recycling	324.3	330.9	-	-	324.3	330.9	(6.6)
Interest on long-term debt	287.4	229.3	-	-	287.4	229.3	58.1
Business-type activities:							
Water and sewer	-	-	2,851.8	2,844.9	2,851.8	2,844.9	6.9
Total expenses	5,222.1	5,266.0	2,851.8	2,844.9	8,073.9	8,110.9	(37.0)
Changes in net position before transfers	138.2	(115.6)	318.1	64.1	456.3	(51.5)	507.8
Transfers	101.5	43.9	(101.5)	(43.9)	-	-	-
Changes in net position	239.7	(71.7)	216.6	20.2	456.3	(51.5)	507.8
Net position, beginning, as restated	20,687.7	20,759.4	19,797.1	19,776.9	40,484.8	40,536.3	(51.5)
Net position, ending	\$ 20,927.4	\$ 20,687.7	\$20,013.7	\$19,797.1	\$40,941.1	\$40,484.8	\$ 456.3

Charges for services increased due to building related permits and event rentals. Property taxes revenue for governmental activities decreased by \$47,339 from \$1,208,155 in 2013 to \$1,160,816 in 2014. This decrease is the result of the property tax levy related to the general obligations decreasing due to the advanced refunding of the bonds in the prior year. Sales and use tax collections increased by \$46,613 from \$1,112,911 in 2013 to \$1,159,524 in 2014. Sales taxes improved slightly due to Utah's growing economy and inflation. Capital grants and contributions increased because of impact fees from the Bridgestone subdivision.

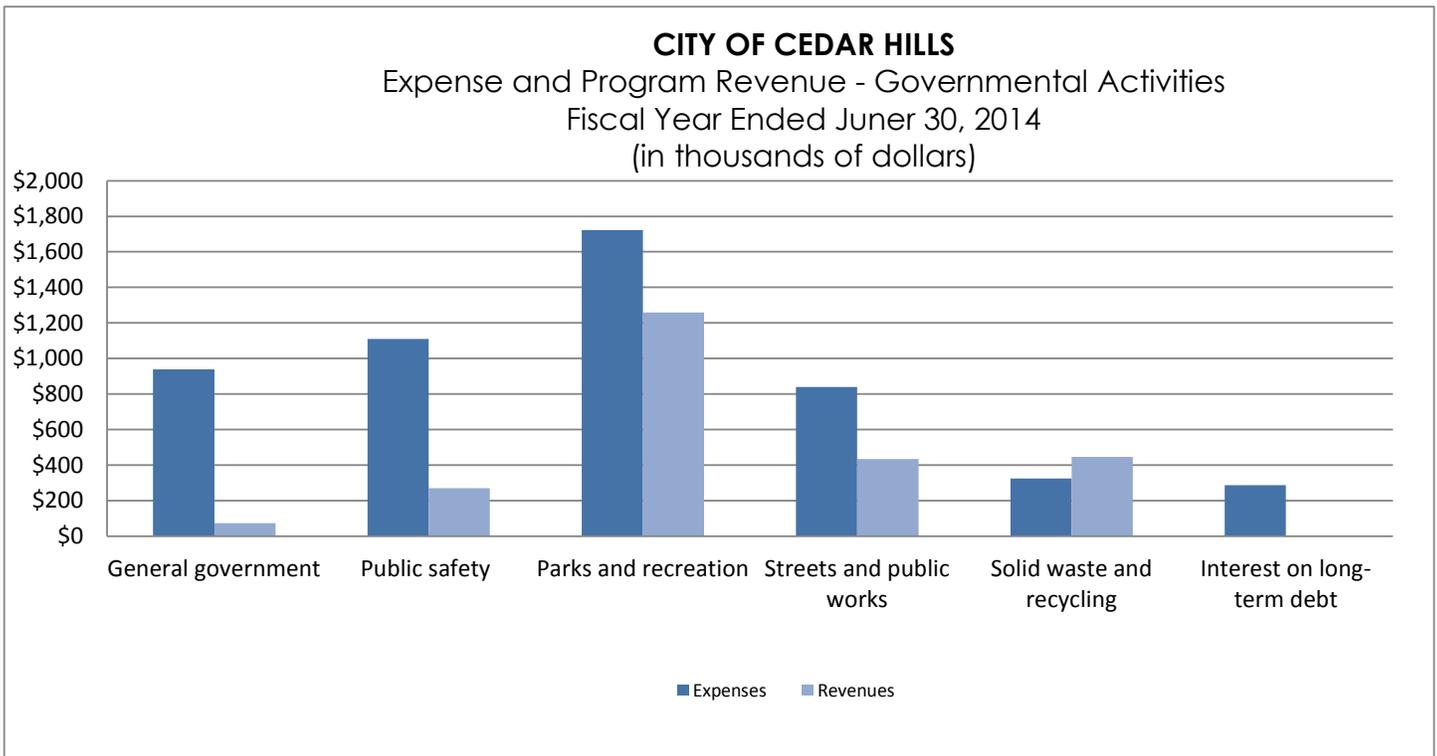
CITY OF CEDAR HILLS
 Revenues by Source - Governmental Activities
 Fiscal Year Ended June 30, 2014



CITY OF CEDAR HILLS
 Expenses by Function - Governmental Activities
 Fiscal Year Ended June 30, 2014



General governmental expenses decreased due to lower legal expenses, and reductions in Community Services full-time staff. Public Safety increased due to higher contracts with Lone Peak Public Safety Service District's Fire Department and the City of American Fork's Police. Streets and public works expenses increased because general revenues were used to supplement Class C road funding, instead of Class C road funding in the prior year. Solid waste and recycling increased due to higher rates for collection. Interest on debt increased due to the increased deferred amount amortized from the 2012 general obligation refunding.



BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position \$216,599 by following the 2012 Bowen, Collins & associates Utility study, which recommended annually increases to rates to fund operating and capital maintenance projects without additional debt.

Charges for services increased from \$2,899,399 in 2013 to \$3,077,340 due to utility rates adjustments to fund long-term water, storm drain, and sewer system repairs and improvements.

For more details, see the Statement of Revenues, Expenses, and Changes in Net Position.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's 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 year, the City of Cedar Hills' governmental funds reported combined ending fund balances of \$2,995,976. Approximately 33 percent of this amount, \$995,531 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has an external restriction, or it has been designated by the governing body 1) \$559,599 to pay for roads, 2) \$1,056,334 to pay for parks and recreation, 3) \$349,118 to pay for debt service, 4) \$612 is for prepaid expenditures, and 5) \$34,782 is golf inventory.

The general fund is the chief operating fund of the City. Including the General Fund, there are four governmental funds included in this report, which are all considered major funds—General Fund, Golf Fund, Golf Debt Service Fund, and the Capital Projects Fund. At the end of the current year, unassigned fund balance of the general fund was \$1,008,320. Total fund balance was \$1,010,006. The State of Utah changed the percentage of unrestricted fund balance allowed in the general fund from 18 percent to 25 percent of estimated revenues during the 2013 legislative session. The City increased its unrestricted fund balance from approximately 22 percent in 2013 to 25 percent of actual revenues in 2014. Most of this increase in fund balance is from a conservative budgeting process, and higher than anticipated revenues from construction fees and event rentals. The total fund balance for the Golf Fund, the Golf Debt Service Fund, and Capital Projects Fund grew slightly during the fiscal year from impact fees, and increased golf revenues.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 30 percent of the total general fund expenditures.

PROPRIETARY FUNDS

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary funds are Water and Sewer \$1,755,982, and Motor Pool Fund \$189,610. The Water and Sewer fund unrestricted net position increased because of the utility rate increases for future water, storm drain, and sewer system repairs and improvements and a decrease in monthly sewer utilization.

BUDGETARY HIGHLIGHTS

The difference between the original general fund budget (adopted June 2013) and the final general fund expenditures amended budget was \$104,137. The significant changes are summarized as follows:

- \$57,000 increase in Public Safety—Lone Peak Public Safety admin fees and equipment maintenance.
- \$20,000 decrease in General Government—insurance and IT support reductions.
- \$45,500 increase in Streets and Public Works—street maintenance projects.
- \$21,637 increase in Parks and recreation—building maintenance, and linens.

CAPITAL ASSETS

The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities and procuring equipment necessary for providing programs for the citizens of the City.

Major capital asset events during the year included the following:

- \$167,210 to complete the community recreation center's basement.
- \$76,856 to complete restrooms at Mesquite soccer park.
- \$70,114 for vehicle replacements.
- \$37,775 for water improvements.

These expenses do not include over \$700,000 in capital maintenance projects and operational costs related to water meters, streets, lights, sidewalks, gutters, building repairs, and impact fee updates.

CITY OF CEDAR HILL'S Capital Assets June 30, 2014 and 2013

(net of accumulated depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2014-2013
	2014	2013	2014	2013	2014	2013	
	Land	\$ 7,226.7	\$ 7,226.7	\$ -	\$ -	\$ 7,226.7	\$ 7,226.7
Water Stock	-	-	3,311.5	3,311.5	3,311.5	3,311.5	-
Construction in progress	18.8	218.7	16.9	16.9	35.7	235.6	(199.9)
Buildings	5,253.2	4,894.3	-	-	5,253.2	4,894.3	358.9
Improvements	9,056.1	9,348.9	-	-	9,056.1	9,348.9	(292.8)
Vehicles	149.8	168.9	149.8	168.9	299.6	337.8	(38.2)
Equipment	104.6	119.6	-	-	104.6	119.6	(15.0)
Water, sewer, and storm drain systems	-	-	21,414.0	21,984.1	21,414.0	21,984.1	(570.1)
Infrastructure (Roads, Sidewalks)	3,356.2	3,433.7	-	-	3,356.2	3,433.7	(77.5)
Total	<u>\$ 25,165.4</u>	<u>\$ 25,410.8</u>	<u>\$24,892.2</u>	<u>\$25,481.4</u>	<u>\$50,057.6</u>	<u>\$50,892.2</u>	<u>\$ (834.6)</u>

Additional information on the City of Cedar Hills' capital assets can be found in Note 8 to the financial statements.

LONG-TERM DEBT

The City of Cedar Hills has \$5,780,000 of general obligation debt as of June 30, 2014. The City also has three utility revenue bonds, an excise tax revenue bond, and a note payable.

The general obligation bond was obtained in 2005 in the amount of \$6,250,000 to replace a line of credit. The original debt was used to construct the City's golf course. The current principal balance on this bond is \$325,000. The City partially refinanced this bond in December 2012 to take advantage of cash savings of approximately \$500,000. The current balance on the 2012 general obligation bond is \$5,455,000. General obligation indebtedness is limited by Utah law to 12 percent of the fair value of the taxable property in the City—4 percent for general purposes and 8 percent for sewer, water, or lighting.

The first utility revenue bond was obtained in 2006 in the amount of \$6,215,000 to construct the pressurized irrigation system. The current principal balance of this bond is \$4,715,000. In October 2014, the City partially refunded this bond directly through JPMorgan Chase Bank to save almost \$500,000.

The second utility revenue bond was obtained in 2007 in the amount of \$2,090,000 for the development of a redundant culinary well. The current principal balance of this bond is \$1,575,000.

The third utility revenue bond was obtained in 2009 in the amount of \$930,000 for improvements to the pressurized irrigation system. The current principal balance of this bond is \$778,000. The City paid an extra \$7,000 towards the principal amount during the last fiscal year.

The excise tax revenue bond was obtained in 2006 in the amount of \$2,325,000 for the construction of a public works/administration facility. The current principal balance of this bond is \$1,900,000.

CITY OF CEDAR HILL'S Outstanding Debt June 30, 2014 and 2013

(net of unamortized deferrals, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2014-2013
	2014	2013	2014	2013	2014	2013	
General obligation bonds	\$ 5,934.8	\$ 6,155.2	\$ -	\$ -	\$ 5,934.8	\$ 6,155.2	\$ (220.4)
Excise tax revenue bonds	1,900.0	1,970.0	-	-	1,900.0	1,970.0	(70.0)
Utility revenue bonds	-	-	7,068.0	7,382.0	7,068.0	7,382.0	(314.0)
Notes payable	-	-	257.7	257.7	257.7	257.7	-
Total	\$ 7,834.8	\$ 8,125.2	\$ 7,325.7	\$ 7,639.7	\$15,160.5	\$15,764.9	\$ (604.4)

Additional information on the City's long-term debt can be found in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City of Cedar Hills new residential housing is limited, because there is very little land left in the City to develop cost effectively.
- Most of the City's undeveloped land is in the commercial district, and the business growth in the district may improve with the widening of North County Boulevard, which is a major north/south transportation corridor to the interstate freeway for northern Utah County.
- The stagnant population growth of the City may slow down improved sales tax revenue growth experienced statewide the last few years.
- For the 2014-2015 Budget, the estimated General Fund revenues are \$3,817,300 and the budgeted expenditures are \$3,498,882. The revenues are budgeted to be slightly higher overall than last year's original budget because of growth in sales tax revenues and event rentals. Expenditures grew mainly from public safety contract increases of 3.5% for police and 7% for paramedic and fire. Approximately 3% was budgeted for City staff merit increases. There was approximately a 7% increase in healthcare costs, and 1% increases in pension costs for the City's full-time staff too.
- In addition, the General budget includes planned transfers out of \$318,418. \$125,857 to the Capital Project's fund for part of the debt service on the public works/administration building, and \$40,000 in CARE tax revenue to the Capital Project fund towards some of the community recreation center's basement improvements. Also, \$110,363 will be transferred out of the General fund to the Golf fund as an operating subsidy. \$82,198 will be transferred to the Motor Pool fund to fund expenses in the internal service fund for maintenance, gas, and vehicle replacement of four public work's trucks.
- The most significant capital projects are \$200,000 for the golf maintenance shed and \$100,000 for related storm drain improvements.
- Other significant capital maintenance budget appropriations include \$300,000 for a street reconfiguration, \$357,000 for street and sidewalk maintenance, and snow removal in the General fund. And approximately \$370,000 was appropriated for water, storm drain, and sewer maintenance projects in the Water and Sewer fund.

The City Council adopted the certified tax rate for the General fund operations, which provides the City the same property tax revenue that was budgeted in the prior year plus an adjustment for new growth. The City adopted a lower property tax debt levy for the general obligation debt in the Golf debt service fund, because the related debt was refunded during 2012, and the available fund balance.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of The City of Cedar Hills' finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Cedar Hills, City Manager, 10246 N Canyon Road, Cedar Hills, Utah 84062.

BASIC FINANCIAL STATEMENTS



CITY OF CEDAR HILLS

Statement of Net Position June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,502,319	1,935,423	\$ 3,437,742
Restricted cash and cash equivalents	1,744,435	586,496	2,330,931
Tax receivables	1,029,314	-	1,029,314
Intergovernmental receivables	278,714	-	278,714
Other receivables (net of allowance for uncollectibles)	60,751	220,059	280,810
Inventories and prepaid items	40,378	4,985	45,363
Capital assets:			
Land, water stock, and construction in progress	7,245,455	3,328,425	10,573,880
Buildings, improvements, equipment, and other depreciable assets, net of accumulated depreciation	17,919,957	21,563,806	39,483,763
Total assets	29,821,323	27,639,194	57,460,517
Deferred Outflows of Resources:			
Deferred charge on refunding	665,312	9,884	675,196
Total deferred outflows of resources	665,312	9,884	675,196
Liabilities:			
Accounts payable	464,239	152,795	617,034
Accrued expenses	126,633	28,875	155,508
Accrued interest	104,710	91,198	195,908
Long-term liabilities:			
Portion due or payable within one year	312,323	342,406	654,729
Portion due or payable after one year	7,577,116	7,020,152	14,597,268
Total liabilities	8,585,020	7,635,426	16,220,446
Deferred Inflows of Resources:			
Deferred revenue-property taxes	974,258	-	974,258
Total deferred inflows of resources	974,258	-	974,258
Net position:			
Net investment in capital assets	17,995,931	17,576,369	35,572,300
Restricted for:			
Debt service	349,118	352,914	702,032
Parks and recreation	845,390	-	845,390
Streets	559,599	-	559,599
Water and sewer improvements	-	225,982	225,982
Other purposes	-	7,600	7,600
Unrestricted	1,177,319	1,850,787	3,028,106
Total net position	\$ 20,927,357	20,013,652	\$ 40,941,009

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

CITY OF CEDAR HILLS

Statement of Activities Year Ended June 30, 2014

Activities / Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 938,806	\$ 72,655	\$ -	\$ -	\$ (866,151)		\$ (866,151)
Public safety	1,109,591	179,774	70,497	20,239	(839,081)		(839,081)
Parks and recreation	1,721,870	1,026,940	20,052	211,264	(463,614)		(463,614)
Streets and public works	840,146	126,207	260,845	47,176	(405,918)		(405,918)
Solid waste and recycling	324,306	446,711	-	-	122,405		122,405
Interest on long-term debt	287,398	-	-	-	(287,398)		(287,398)
Total governmental activities	5,222,117	1,852,287	351,394	278,679	(2,739,757)		(2,739,757)
Business-type activities:							
Water and sewer	2,851,845	3,077,340	-	85,146	-	310,641	310,641
Total business-type activities	2,851,845	3,077,340	-	85,146	-	310,641	310,641
Total County	\$ 8,073,962	\$ 4,929,627	\$ 351,394	\$ 363,825	(2,739,757)	310,641	(2,429,116)
General revenue:							
Property taxes					1,160,816	-	1,160,816
Sales taxes					1,159,524	-	1,159,524
Franchise taxes					503,111	-	503,111
CARE taxes					41,154	-	41,154
Total taxes					2,864,605	-	2,864,605
Unrestricted investment earnings					13,314	7,461	20,775
Transfers					101,503	(101,503)	-
Total general revenue and transfers					2,979,422	(94,042)	2,885,380
Changes in net position					239,665	216,599	456,264
Net position - beginning, as restated					20,687,692	19,797,053	40,484,745
Net position - ending					\$ 20,927,357	\$ 20,013,652	\$ 40,941,009

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

CITY OF CEDAR HILLS

Balance Sheet

Governmental Funds

June 30, 2014

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 1,107,295	\$ 61,386	\$ -	\$ 239,409	\$ 1,408,090
Restricted cash and cash equivalents	1,074	-	42,598	1,700,783	1,744,455
Tax receivables	734,413	-	294,901	-	1,029,314
Intergovernmental receivables	273,002	-	-	5,712	278,714
Other receivables (net of allowance for uncollectibles)	60,637	-	-	114	60,751
Prepaid and Inventory items	612	34,782	-	-	35,394
Total assets	<u>\$ 2,177,033</u>	<u>\$ 96,168</u>	<u>\$ 337,499</u>	<u>\$ 1,946,018</u>	<u>\$ 4,556,718</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	\$ 373,110	\$ 52,450	\$ -	\$ 34,291	\$ 459,851
Accrued salaries, wages, and benefits	35,139	21,725	-	-	56,864
Other payables	69,769	-	-	-	69,769
Total liabilities	478,018	74,175	-	34,291	586,484
DEFERRED INFLOWS OF RESOURCES:					
Deferred revenue-property taxes	689,009	-	285,249	-	974,258
Total deferred inflows of resources	<u>689,009</u>	<u>-</u>	<u>285,249</u>	<u>-</u>	<u>974,258</u>
FUND BALANCES:					
Nonspendable:					
Inventory and prepaid expenditures	612	34,782	-	-	35,394
Restricted for:					
Debt service	-	-	52,250	296,868	349,118
Parks and recreation	1,074	-	-	844,316	845,390
Streets	-	-	-	559,599	559,599
Assigned to:					
Parks and recreation	-	-	-	210,944	210,944
Unassigned	1,008,320	(12,789)	-	-	995,531
Total fund balances	<u>1,010,006</u>	<u>21,993</u>	<u>52,250</u>	<u>1,911,727</u>	<u>2,995,976</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,177,033</u>	<u>\$ 96,168</u>	<u>\$ 337,499</u>	<u>\$ 1,946,018</u>	<u>\$ 4,556,718</u>

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

CITY OF CEDAR HILLS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2014

Total fund balances for governmental funds \$ 2,995,976

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 7,226,673	
Construction in progress	18,782	
Buildings, net of accumulated depreciation of \$769,948	5,253,163	
Improvements, net of accumulated depreciation of \$2,913,970	9,056,131	
Equipment, net of accumulated depreciation of \$492,125	104,597	
Infrastructure (roads and sidewalks), net of accumulated depreciation of \$518,278	3,356,239	25,015,585

Internal service funds are used by the City to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position. Internal service fund net position are:

244,632

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. Accrued interest for long-term debt is:

(104,710)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. All liabilities-net of premiums are reported in the statement of net position.

General obligation bonds, net of unamortized premiums of \$154,793	(5,934,793)	
Excise tax revenue bonds	(1,900,000)	
Deferred amount on refundings, net of accumulated amortization of \$106,069	665,312	
Compensated absences payable	(54,645)	(7,224,126)

Total net position of governmental activities \$ 20,927,357

CITY OF CEDAR HILLS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2014

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
REVENUES:					
Property taxes	\$ 779,467	\$ -	\$ 381,349	\$ -	\$ 1,160,816
Sales taxes	1,159,524	-	-	-	1,159,524
Franchise taxes	503,111	-	-	-	503,111
CARE taxes	41,154	-	-	-	41,154
Licenses and permits	157,245	-	-	-	157,245
Intergovernmental and grants	331,342	-	-	11,536	342,878
Charges for services	628,459	-	-	-	628,459
Fees	339,185	707,807	-	267,143	1,314,135
Investment earnings	4,095	-	171	9,048	13,314
Miscellaneous	39,643	-	-	-	39,643
Total revenues	3,983,225	707,807	381,520	287,727	5,360,279
EXPENDITURES:					
Current:					
General government	828,621	-	-	24,701	853,322
Public safety	1,109,591	-	-	-	1,109,591
Streets and public works	640,469	-	-	80,000	720,469
Solid waste and recycling	324,306	-	-	-	324,306
Parks and recreation	486,467	804,757	-	-	1,291,224
Debt service:					
Principal	-	-	205,000	70,000	275,000
Interest and fiscal charges	-	-	155,820	85,463	241,283
Capital outlay:					
Streets and public works	-	-	-	30,686	30,686
Parks and recreation	-	47,885	-	261,266	309,151
Total expenditures	3,389,454	852,642	360,820	552,116	5,155,032
Excess (deficiency) of revenues over (under) expenditures	593,771	(144,835)	20,700	(264,389)	205,247
OTHER FINANCING SOURCES (USES):					
Transfers in	8,280	206,237	-	350,964	565,481
Transfers out	(495,053)	(3,000)	-	(30,000)	(528,053)
Total other financing sources (uses)	(486,773)	203,237	-	320,964	37,428
Net change in fund balances	106,998	58,402	20,700	56,575	242,675
Fund balances - beginning	903,008	(36,409)	31,550	1,855,152	2,753,301
Fund balances - ending	\$ 1,010,006	\$ 21,993	\$ 52,250	\$ 1,911,727	\$ 2,995,976

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

CITY OF CEDAR HILLS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 242,675

The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, capital assets are capitalized and depreciated over their useful lives. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Capital outlays	\$ 302,553	
Depreciation expense	<u>(528,907)</u>	(226,354)

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Accrued interest	4,590	
Principal retirement of bonds and obligations under capital leases	275,000	
Amortization of bond premiums and discounts	15,374	
Amortization of deferred amounts on refundings	<u>(66,079)</u>	228,885

In the statement of activities, certain operating expenses for compensated absences (for unpaid vacation and compensatory time) are recorded as costs are incurred during the year. In the governmental funds, these obligations are recorded when they mature or when they are paid. Changes in these obligations during the year are as follows:

Compensated absence obligation		(14,190)
--------------------------------	--	----------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

		<u>8,649</u>
--	--	--------------

Change in net position of governmental activities \$ 239,665

CITY OF CEDAR HILLS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 808,300	\$ 780,294	\$ 779,467	\$ (827)
Sales taxes	1,100,000	1,130,000	1,159,524	29,524
Other	507,000	539,000	544,265	5,265
Total taxes	2,415,300	2,449,294	2,483,256	33,962
Licenses and permits	98,800	148,800	157,245	8,445
Intergovernmental and grants	322,300	340,800	331,342	(9,458)
Charges for services	878,900	951,400	967,644	16,244
Investment earnings	5,000	5,000	4,095	(905)
Miscellaneous	25,000	35,000	39,643	4,643
Total revenues	3,745,300	3,930,294	3,983,225	52,931
Expenditures:				
Current:				
General government	883,458	863,458	828,621	34,837
Public safety	1,056,639	1,113,639	1,109,591	4,048
Streets and public works	656,367	701,867	640,469	61,398
Solid waste and recycling	337,250	337,250	324,306	12,944
Parks and recreation	493,033	514,670	486,467	28,203
Total expenditures	3,426,747	3,530,884	3,389,454	141,430
Excess (deficiency) of revenues over (under) expenditures	318,553	399,410	593,771	194,361
Other financing sources(uses):				
Transfers in	-	-	8,280	8,280
Transfers out	(318,553)	(495,053)	(495,053)	-
Total other financing sources(uses)	(318,553)	(495,053)	(486,773)	8,280
Net change in fund balance	-	(95,643)	106,998	202,641
Fund balances - beginning	903,008	903,008	903,008	-
Fund balances - ending	\$ 903,008	\$ 807,365	\$ 1,010,006	\$ 202,641

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

CITY OF CEDAR HILLS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Golf Special Revenue Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fees	\$ 656,000	\$ 701,700	\$ 707,807	\$ 6,107
EXPENDITURES				
Parks and recreation	768,716	785,716	804,757	(19,041)
Capital outlay	-	48,500	47,885	615
Total expenditures	<u>768,716</u>	<u>834,216</u>	<u>852,642</u>	<u>(18,426)</u>
Excess of revenues over expenditures	(112,716)	(132,516)	(144,835)	(12,319)
Other financing sources (uses):				
Operating transfers in	115,716	175,716	206,237	-
Operating transfers out	(3,000)	(3,000)	(3,000)	-
Total other financing sources (uses)	<u>112,716</u>	<u>172,716</u>	<u>203,237</u>	<u>-</u>
Net change in fund balance	-	40,200	58,402	(12,319)
Fund balance at beginning of year	<u>(36,409)</u>	<u>(36,409)</u>	<u>(36,409)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (36,409)</u>	<u>\$ 3,791</u>	<u>\$ 21,993</u>	<u>\$ (12,319)</u>

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

CITY OF CEDAR HILLS

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Water & Sewer	Motor Pool
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,841,215	\$ 188,417
Accounts receivable, net of allowance	220,059	-
Prepaid items	-	9,969
Total current assets	2,061,274	198,386
Noncurrent assets:		
Restricted cash and cash equivalents	586,496	-
Capital assets:		
Vehicles and equipment	-	658,624
Water, sewer, and storm drain systems	29,095,371	-
Construction-in-progress	16,866	-
Accumulated depreciation	(7,681,393)	(358,969)
Water stock	3,311,559	-
Total noncurrent assets	25,328,899	299,655
Total assets	27,390,173	498,041
Deferred Outflows of Resources:		
Deferred charge on refunding, net of amortization	9,884	-
Total deferred outflows of resources	9,884	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	148,407	8,776
Accrued wages payable	28,875	-
Accrued interest payable	91,198	-
Compensated absences	18,406	-
Bonds payable - current	324,000	-
Total current liabilities	610,886	8,776
Noncurrent liabilities:		
Compensated absences	18,406	-
Notes payable	257,746	-
Bonds payable, net of premium	6,744,000	-
Total noncurrent liabilities	7,020,152	-
Total liabilities	7,631,038	8,776
Net position:		
Net investment in capital assets	17,426,541	299,655
Restricted for capital improvements	225,982	-
Restricted for debt service	352,914	-
Restricted for water shares	7,600	-
Unrestricted	1,755,982	189,610
Total net position	<u>\$ 19,769,019</u>	<u>\$ 489,265</u>
Total net position - enterprise funds	\$ 19,769,019	
An internal charge between the governmental and business-type activities is not recorded at the fund level	244,633	
Total net position - business-type activities	<u>\$ 20,013,652</u>	

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

CITY OF CEDAR HILLS

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds Year Ended June 30, 2014

	Business Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Water & Sewer	Motor Pool
Operating revenues:		
Charges for services:		
Water & Sewer	\$ 3,077,340	\$ -
Total operating revenues	3,077,340	-
Operating expenses:		
Salaries, wages, and benefits	699,748	-
Materials, supplies and services	1,184,086	68,036
Other operating expenses	13,163	-
Amortization	1,382	-
Depreciation	607,956	74,242
Total operating expenses	2,506,335	142,278
Operating income (loss)	571,005	(142,278)
Nonoperating revenues (expenses):		
Interest income	7,461	-
Gain (loss) on sale of capital assets	-	31,429
Interest expense and fiscal charges	(290,085)	-
Total nonoperating revenues (expenses)	(282,624)	31,429
Income (loss) before transfers	288,381	(110,849)
Capital contributions	85,146	-
Transfers in	-	128,150
Transfers out	(165,578)	-
Changes in net position	207,949	17,301
Total net position - beginning, as restated	19,561,070	471,964
Total net position - ending	<u>\$ 19,769,019</u>	<u>\$ 489,265</u>
Change in net position - enterprise funds	\$ 207,949	
The change in internal balances between the governmental activities and the business-type activities relating to internal service funds is not reported at the fund level	8,650	
Change in net position of business-type activities	<u>\$ 216,599</u>	

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

CITY OF CEDAR HILLS

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Internal Service Fund Motor Pool</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,078,837	\$ -
Payments to suppliers	(571,370)	(64,490)
Payments to employees	(692,243)	-
Intergovernmental payments	(613,936)	-
Net cash provided by operating activities	1,201,288	(64,490)
Cash flows from noncapital financing activities:		
Transfers in	-	128,150
Transfers out	(165,578)	-
Net cash provided (used) by noncapital financing activities	(165,578)	128,150
Cash flows from capital and related financing activities:		
Receipts from impact fees	85,146	
Payments for acquisition of capital assets	(42,675)	(70,114)
Principal paid on capital debt	(314,000)	-
Proceeds from sale of capital assets	-	65,375
Interest paid on capital debt	(289,027)	-
Net cash used by capital and related financing activities	(560,556)	(4,739)
Cash flows from investing activities:		
Interest received	7,461	-
Net change in cash and cash equivalents	482,615	58,921
Cash and cash equivalents - beginning	<u>1,945,096</u>	<u>129,496</u>
Cash and cash equivalents - ending	<u>\$ 2,427,711</u>	<u>\$ 188,417</u>
Displayed on the statement of net position as:		
Pooled cash and investments	\$ 1,841,215	\$ 188,417
Restricted cash and investments	586,496	-
	<u>\$ 2,427,711</u>	<u>\$ 188,417</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 571,005	\$ (142,278)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	607,956	74,242
Amortization expense	1,382	-
Changes in operating assets and liabilities:		
Accounts receivable	1,497	-
Prepaid items	4,730	(2,083)
Accounts payable	7,213	5,629
Accrued wages payable	2,893	-
Compensated absences payable	4,612	-
Total adjustments	<u>630,283</u>	<u>77,788</u>
Net cash provided by operating activities	1,201,288	(64,490)

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

This page is intentionally blank.

NOTES TO FINANCIAL STATEMENTS



Public Safety Building photo taken by: Trent Augustus

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cedar Hills ("The City") have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies followed by the City are described below.

Reporting Entity

The City was incorporated under the laws of the State of Utah on October 31, 1977. The City operates under a Council-Mayor form of government and provides the following broad range of services to citizens: general administrative services, sanitation, public safety, highways and streets, recreation and parks, public improvements, planning, zoning, water and sewer utilities, and golf course services. The financial statements include all funds and activities that are financially accountable to the City.

Blended Component Unit

The Municipal Building Authority was created by the City during fiscal year 1999 and is governed by the City's Mayor and Council. The Authority used the proceeds of its tax exempt bonds to finance the construction of general capital assets for the City. The financial activity of the Municipal Building Authority is included as part of the capital projects fund. There were no outstanding lease revenue bonds as of June 30, 2014.

Principles Used in Determining Scope of Reporting Entity

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Cedar Hills. The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of Timpanogos Special Service District and Lone Peak Public Safety District are excluded from the accompanying financial statements because they are autonomous and their board of directors are responsible for its operations and the hiring of its management personnel.

The City pays Timpanogos Special Service District for its share of services received. Timpanogos Special Service District receives payments from other nearby cities receiving these same services. The City collects impact fees on behalf of Timpanogos Special Service District and then remits them back to the District.

The Lone Peak Public Safety District was created by the Cities of Highland and Alpine in 1996 to independently provide fire, emergency medical services (EMS), and police services. In 2002, the City of Cedar Hills joined the District as a member of the fire and EMS portions. The District was formed as an interlocal agreement rather than a taxing district. The District is governed by a Board of Public Safety Commissioners composed of two elected or appointed officials from Alpine and Cedar Hills, and three elected or appointed officials from Highland for a total of seven board members. The financial activities of the District are funded by payments from member cities and allocated on a population basis.

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

Basis of Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities.

Governmental funds are those funds through which most of the governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Golf Fund

The Golf Fund is used to account for the activity of the golf course. Costs are financed through charges to golf course customers and an operating transfer from the General Fund.

Golf Debt Service Fund

The Golf Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term debt.

Capital Projects Fund

The Capital Projects Fund is used to account for funds received and expended for the acquisition or construction of capital facilities, improvements, and equipment (other than those financed by proprietary funds).

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

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 or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, materials and supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City also has an internal service fund which is accounted for like proprietary funds using the economic resources measurement focus.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of sewer and water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer and water system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt, and capital improvements. Costs are financed through charges to utility customers.

Motor Pool Fund

The Motor Pool (internal service) Fund is used to account for the operation and maintenance of vehicles provided by one department to other departments of the City on a cost measurement basis. The fund activities are reported on the proprietary fund statements, and based on their use, are appropriately allocated between governmental and business-type activities on the government-wide statements.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measura-

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

ble and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers amounts collected within 60 days after year end to be available. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days of year-end are reported as deferred inflows of resources until collected. Sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred. All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Control

Budgets are prepared for City funds on the cash basis while the modified accrual or accrual basis is used to account and prepare fund financial reports.

The City Council approves by resolution the total budget appropriation by fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. A public hearing is held anytime an increase in total appropriations is made. The budget was amended in fiscal year 2014. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

Cash and Cash Equivalents

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents for reporting purposes in the Statement of Cash Flows for the Proprietary Funds.

Inventories

Inventories of golf equipment held at the pro shop are recorded at cost.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts. Sick leave accrues to full-time permanent employees to specified maximums. Employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied and tax notices are sent on November 1. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by the City when they are collected. Property taxes and fees on licensed motor vehicles are collected on a monthly basis in the month in which the individual motor vehicle license is renewed. Property taxes are billed and collected by Utah County on behalf of the City and remitted to the City monthly. At June 30, 2014, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at June 30, 2014 was \$24,772.10.

CITY OF CEDAR HILLS

Notes to Financial Statements

June 30, 2014

In accordance with government accounting standards, a receivable and deferred inflows of resources have been recorded for property taxes levied for the future fiscal year.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment in the governmental funds.

Assets, having an original cost of \$10,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	50 years
Improvements other than buildings	30 - 50 years
Machinery and equipment	6 - 20 years
Infrastructure	50 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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, levied property taxes for the future fiscal year, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet, and the statement of net position for proprietary funds and the government-wide statements. These levied amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations in both Governmental and Proprietary Funds.

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

Fund Balance/Net position

In the proprietary fund financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City first utilizes restricted resources to finance qualifying activities.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally constrained due to state or federal laws, or externally imposed conditions by grantors or creditors. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Assigned fund balance is constrained by the City Council's intent to be used for specific purposes. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Unassigned are residual balances in the General Fund. The City first utilizes restricted resources to finance qualifying activities, except for donations raised by the Youth City Council, which are utilized after unrestricted resources assigned for Youth City Council expenditures. 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.

Reclassifications and Restatements

Implementing GASB Statement 65 required amounts presented in the prior year as assets, like bond issuance costs, to be reclassified as an expense or a reduction in net position. The City reclassified golf related transactions and debt service from a proprietary fund to a governmental special revenue fund and debt service fund, so that the operational and debt subsidy was more transparent. An adjustment to accrued interest on the outstanding excise revenue bonds was also made.

	Government-Wide	
	Governmental Activities	Business-Type Activities
Net position, as originally stated July 1, 2013	\$ 13,452,091	\$ 27,416,357
Change in presentation of golf operations and debt service activity	7,484,565	(7,484,565)
GASB Statement 65 implementation changed accounting for bond issuance costs	(245,212)	(134,739)
Accrued interest payable adjustment	(3,752)	-
Net position, as restated July 1, 2013	<u>\$ 20,687,692</u>	<u>\$ 19,797,053</u>

CITY OF CEDAR HILLS

Notes to Financial Statements

June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) and the rules of the Utah Money Management Council (the Council). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured, up to a mandatory limit, by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2014, \$250,000 of the City's bank balances were insured and \$644,187 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As with Deposits, the City's policy for managing custodial credit risk of investments is to adhere to the Money Management Act.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investments securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rate "A" or higher by two nationally recognized statistical rating organizations defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Investment Type	Fair Value	Maturity	Credit Quality
PTIF	\$ 4,174,586	66 days	Not rated
Externally Managed Investments			
First American Treasury Obligations	\$ 333,413	14 days	AAA
First American Prime Obligations	\$ 19,501	38 days	AAA
US Bank Government Money Market	\$ 296,868	N/A	Not rated
Total	<u>\$ 4,824,368</u>		

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above.

The City's cash and cash equivalents include \$2,330,951 of restricted cash. The City has \$216,627 restricted for well improvements, \$1,413,270 restricted for impact fees, \$692,381 restricted for debt service, and \$8,674 for various other purposes.

NOTE 3 – WATER SHARES

At June 30, 2014, the City had water shares recorded at \$3,311,559. The water shares are stated at cost. Utah State law allows the trading of water shares but precludes the sale or disposition of water shares or rights acquired or otherwise controlled by the City.

NOTE 4 – ACCOUNTS RECEIVABLE

Net accounts receivable of \$220,059 for all proprietary funds includes an allowance for doubtful accounts of \$88,465. The City established an allowance for accounts that may not be collectible due to changes in the economic environment. Net accounts receivable of \$60,751 for the governmental funds includes an allowance for doubtful accounts of \$58,223.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

The City has \$278,714 of intergovernmental receivables at June 30, 2014 in the governmental funds resulting from \$202,863 due in sales tax revenue, \$48,413.80 due in Class C Road Funds, \$14,613 in telecommunication taxes, \$7,112 in CARE tax revenue, and \$5,712 Utah County grant revenue.

NOTE 6 – 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. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies which the City pays in the event of any loss. There have been no significant reductions in the coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The City also has purchased a workers' compensation policy.

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

NOTE 7 – INTERFUND ACTIVITY

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 8,280	\$ 495,053
Capital Projects Fund	350,964	30,000
Water & Sewer Fund	-	165,578
Golf Fund	206,237	3,000
Motor Pool Fund	128,150	-
Total	<u>\$ 693,631</u>	<u>\$ 693,631</u>

During the year ended June 30, 2014, the City made the following significant transfers: . The following transfers from the General fund to the Capital Projects fund included the following: A transfer out of \$37,000 in estimated CARE tax revenues for the community recreation center basement project, \$80,000 was utilized for Avanyu Acres improvements, \$77,732 was used for debt service on the Public Works/Administration building, \$10,000 for Cottonwood utility improvements, and \$56,500 was for miscellaneous capital outlay. A transfer out of \$145,716 from the General fund to the Golf fund as a current year operating subsidy and to improve the fund balance. A transfer out of \$88,105 from the General fund to the Motor Pool fund for vehicle maintenance and replacement. A transfer out of \$30,000 from the Capital Projects Fund to the Golf fund was for driving range net repairs. A transfer out of \$30,521 from the Water & Sewer Fund to the Golf fund was a utility reimbursement. A \$8,280 transfer out of the Water and Sewer fund to the General fund was for a utility reimbursement. A transfer out of \$89,732 from the Water & Sewer fund to the Capital Projects fund was used to fund the debt service for the Public Works/Administration building and a \$12,000 trench box. A transfer out of \$37,045 from the Water & Sewer fund to the Motor Pool fund for vehicle maintenance and replacement. A transfer out of \$3,000 from Golf fund to the Motor Pool fund for vehicle maintenance and fuel.

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 7,226,673	\$ -	\$ -	\$ 7,226,673
Construction in progress	218,706	18,782	(218,706)	18,782
Total capital assets not being depreciated	7,445,379	18,782	(218,706)	7,245,455
Capital assets being depreciated:				
Buildings	5,543,138	479,973	-	6,023,111
Improvements	11,970,101	-	-	11,970,101
Vehicles	328,201	35,057	(33,946)	329,312
Equipment	574,218	22,504	-	596,722
Infrastructure	3,874,517	-	-	3,874,517
Total capital assets being depreciated	22,290,175	537,534	(33,946)	22,793,763
Accumulated depreciation for:				
Buildings	(648,841)	(121,107)	-	(769,948)
Improvements	(2,621,181)	(292,789)	-	(2,913,970)
Vehicles	(159,337)	(37,121)	16,973	(179,485)
Equipment	(454,605)	(37,520)	-	(492,125)
Infrastructure	(440,787)	(77,491)	-	(518,278)
Total accumulated depreciation	(4,324,751)	(566,028)	16,973	(4,873,806)
Total capital assets being depreciated, net	17,965,424	(28,494)	(16,973)	17,919,957
Total governmental activity capital assets, net	\$ 25,410,803	\$ (9,712)	\$ (235,679)	\$ 25,165,412
Business-type activities				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Water Stock	3,311,559	-	-	3,311,559
Construction in progress	16,866	-	-	16,866
Total capital assets not being depreciated	3,328,425	-	-	3,328,425
Capital assets being depreciated:				
Buildings	-	-	-	-
Improvements	-	-	-	-
Vehicles	328,201	35,057	(33,946)	329,312
Equipment	-	-	-	-
Water, sewer, and storm drain systems	29,057,596	37,775	-	29,095,371
Total capital assets being depreciated	29,385,797	72,832	(33,946)	29,424,683
Accumulated depreciation for:				
Buildings	-	-	-	-
Improvements	-	-	-	-
Vehicles	(159,337)	(37,121)	16,973	(179,485)
Equipment	-	-	-	-
Water, sewer, and storm drain systems	(7,073,436)	(607,957)	-	(7,681,393)
Total accumulated depreciation	(7,232,773)	(645,078)	16,973	(7,860,878)
Total capital assets being depreciated, net	22,153,024	(572,246)	(16,973)	21,563,805
Total business-type activity capital assets, net	\$ 25,481,449	\$ (572,246)	\$ (16,973)	\$ 24,892,230

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

Governmental activities:	
General government	\$ 62,412
Streets and public works	82,221
Parks and recreation	384,274
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	37,121
Total depreciation expense - governmental activities	\$ 566,028
Business-type activities:	
Golf course	\$ -
Water and sewer	607,957
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	37,121
Total depreciation expense - business-type activities	\$ 645,078

NOTE 9 – LONG-TERM DEBT

The legal general obligation debt limit for the City is \$43,905,050. The City had \$5,780,000 in general obligation debt and \$8,968,000 in other debt at June 30, 2014.

General Obligation Bonds

\$6,250,000 General Obligation Refunding Bond, Series 2005 due in annual installments on February 1 of \$160,000 to \$165,000. Interest at 4.00% is due in semi-annual payments on February 1 and August 1, secured by the revenues of the golf course.

<u>Governmental</u>	<u>Business-Type</u>
\$ 325,000	
5,455,000	
\$ 5,780,000	\$ -

Total general obligation bonds

CITY OF CEDAR HILLS

Notes to Financial Statements

June 30, 2014

Utility Revenue Bonds

\$6,215,000 Utility Revenue and Refunding Bonds, Series 2006 due in annual installments on March 1 of \$195,000 to \$385,000. Interest at 4.00% to 4.625% due in semi-annual payments on March 1 and September 1, secured by the pressurized irrigation system. \$ 4,715,000

\$2,090,000 Utility Revenue Bonds, Series 2007 due in annual installments on March 1 of \$94,000 to \$133,000. Interest at 2.71% due in annual installments on March 1, secured by utility revenues. 1,575,000

\$930,000 Utility Revenue Bonds, Series 2009 due in annual installments on March 1 of \$35,000 to \$70,000. Interest at 3.02% due in semi-annual payments on March 1 and September 1. 778,000

Excise Tax Revenue Bonds

\$2,325,000 Excise Tax Revenue Bonds due in annual installments on July 1 of \$75,000 to \$150,000. Interest at 4.0% to 4.5% due in semi-annual payments on January 1 and July 1, secured by the public works building. 1,900,000

Total revenue bonds	\$ 1,900,000	\$ 7,068,000
---------------------	--------------	--------------

Note payable

	Governmental	Business-Type
\$957,500 due as a reimbursement of impact fees as they are collected, to Lone Peak links, for the cost of constructing a new water storage and delivery system for the upper pressure zone.		\$ 257,746

Total note payable	-	257,746
Total debt	\$ 7,680,000	\$ 7,325,746

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

Transactions for the year ended June 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Excise tax revenue bonds	\$ 1,970,000	\$ -	\$ (70,000)	\$ 1,900,000	\$ 75,000
General obligation bonds	5,985,000		(205,000)	5,780,000	210,000
Unamortized premiums	170,167		(15,374)	154,793	-
Net general obligation bonds	6,155,167	-	(220,374)	5,934,793	210,000
Compensated absences	40,455	34,418	(20,228)	54,645	27,323
Total governmental activity long-term liabilities	<u>\$ 8,165,622</u>	<u>\$ 34,418</u>	<u>\$ (310,602)</u>	<u>\$ 7,889,438</u>	<u>\$ 312,323</u>
Business-type activities:					
Utility revenue bonds	\$ 7,382,000	\$ -	\$ (314,000)	\$ 7,068,000	\$ 324,000
Notes payable	257,746	-	-	257,746	-
Compensated absences	32,200	20,712	(16,100)	36,812	18,406
Total business-type activity long-term liabilities	<u>\$ 7,671,946</u>	<u>\$ 20,712</u>	<u>\$ (330,100)</u>	<u>\$ 7,362,558</u>	<u>\$ 342,406</u>

Revenue bonds future debt service requirements:

Year Ending June 30,	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	Principal	Interest	Principal	Interest
2015	\$ 75,000	\$ 81,063	\$ 324,000	\$ 275,202
2016	75,000	78,063	332,000	263,798
2017	80,000	74,963	349,000	252,112
2018	80,000	71,663	357,000	239,821
2019	85,000	68,156	380,000	226,712
2020-2024	480,000	282,197	2,126,000	909,102
2025-2029	600,000	164,716	2,450,000	465,608
2030-2032	425,000	29,363	750,000	52,494
Total	<u>\$ 1,900,000</u>	<u>\$ 850,184</u>	<u>\$ 7,068,000</u>	<u>\$ 2,684,850</u>

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

General obligation bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 210,000	\$ 147,820		
2016	220,000	140,420		
2017	230,000	132,720		
2018	230,000	128,120		
2019	240,000	123,520		
2020-2024	1,270,000	531,700		
2025-2029	1,425,000	385,020		
2030-2034	1,605,000	199,800		
2035	350,000	10,500		
Total	\$ 5,780,000	\$ 1,799,620	\$ -	\$ -

NOTE 10 – NET POSITION

Net position at June 30, 2014 consisted of the following:

	Governmental	Business-Type
Net investment in capital assets		
Net capital assets	\$ 25,165,412	\$ 24,892,231
Less: Outstanding debt issued	(7,169,481)	(7,315,862)
Net investment in capital assets	17,995,931	17,576,369
Restricted for:		
Debt service	349,118	352,914
Parks and recreation	845,390	-
Streets	559,599	-
Water and sewer improvements	-	225,982
Other purposes	-	7,600
Total restricted net position	1,754,107	586,496
Unrestricted net position	1,177,319	1,850,787
Total net position	\$ 20,927,357	\$ 20,013,652

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2014

NOTE 11 – RETIREMENT PLANS

The City contributes to the Local Governmental Noncontributory and Contributory Retirement System (Noncontributory System) which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (System). The System provides retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1958 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the System, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah, 84102, or by calling 1-800-365-8772.

The City is required to contribute 17.290% of Tier 1 and 13.990% of Tier 2 eligible employees' earnings for the fiscal year to the noncontributory and contributory systems. The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City's contributions to the Noncontributory System for the years ending June 30, 2014, 2013, and 2012 were \$162,010, \$155,664, and \$165,398 respectively. The contributions were equal to the required contributions for each year. The City's contribution to the contributory plan for the year ending June 30, 2014, and 2013 were \$9,279 and \$7,727 respectively.

NOTE 12 – DEFERRED COMPENSATION PLANS

The City of Cedar Hills offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code* Section 457 and a 401(k) plan. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants or their beneficiaries by Utah Retirement Systems.

Employer contributions were made to the 457 plan in the amount of \$33,094, \$2440, and \$246 for the fiscal years ended June 30, 2014, 2013, and 2012, respectively. Employee contributions of \$20,422, \$0, and \$641 were made to the plan for the years ended June 30, 2014, 2013, and 2012. Employer contributions were made to the 401(k) plan in the amount of \$1,746, \$1,441, and \$0 for the fiscal years ended June 30, 2014, 2013, and 2012, respectively. Employee contributions of \$13,819, \$3,473, and \$5,025 were made to the 401(k) plan for the years ended June 30, 2014, 2013, and 2012, respectively. Employee contributions of \$22,184, \$3,250, and \$9,400 were made to the Roth IRA plan for the years ended June 30, 2014, 2013, and 2012 respectively. Employee contributions of \$486 were made to the Traditional IRA plan for the year ended June 30, 2014.

CITY OF CEDAR HILLS

Notes to Financial Statements June 30, 2013

NOTE 13 – LESSEE LEASING ARRANGEMENTS

On June 10, 1997, the City entered into an agreement with Central Utah Water Conservancy District to lease 710 acre feet of municipal and industrial project water. The City received a 100-acre foot allotment during August 2002, August 2003, two allotments in September 2003 and the remaining 310 acre foot allotment in August 2007, for a total of 710 acre feet. The total cost of the water is \$4,529,812, financed at 3% interest, payable in 40–45 annual installments. The annual installment payment is determined at the current price per acre foot times the number allotted. The City began payment for all 710 acre feet in 2008. The City paid \$105,972 for lease payments in 2014.

On March 8, 2013, the City entered into a 48-month agreement with RMT Equipment and PNC Equipment Finance, LLC to lease 80 electric golf carts for \$6,200 a month. The City paid \$74,400 for lease payments in 2014.

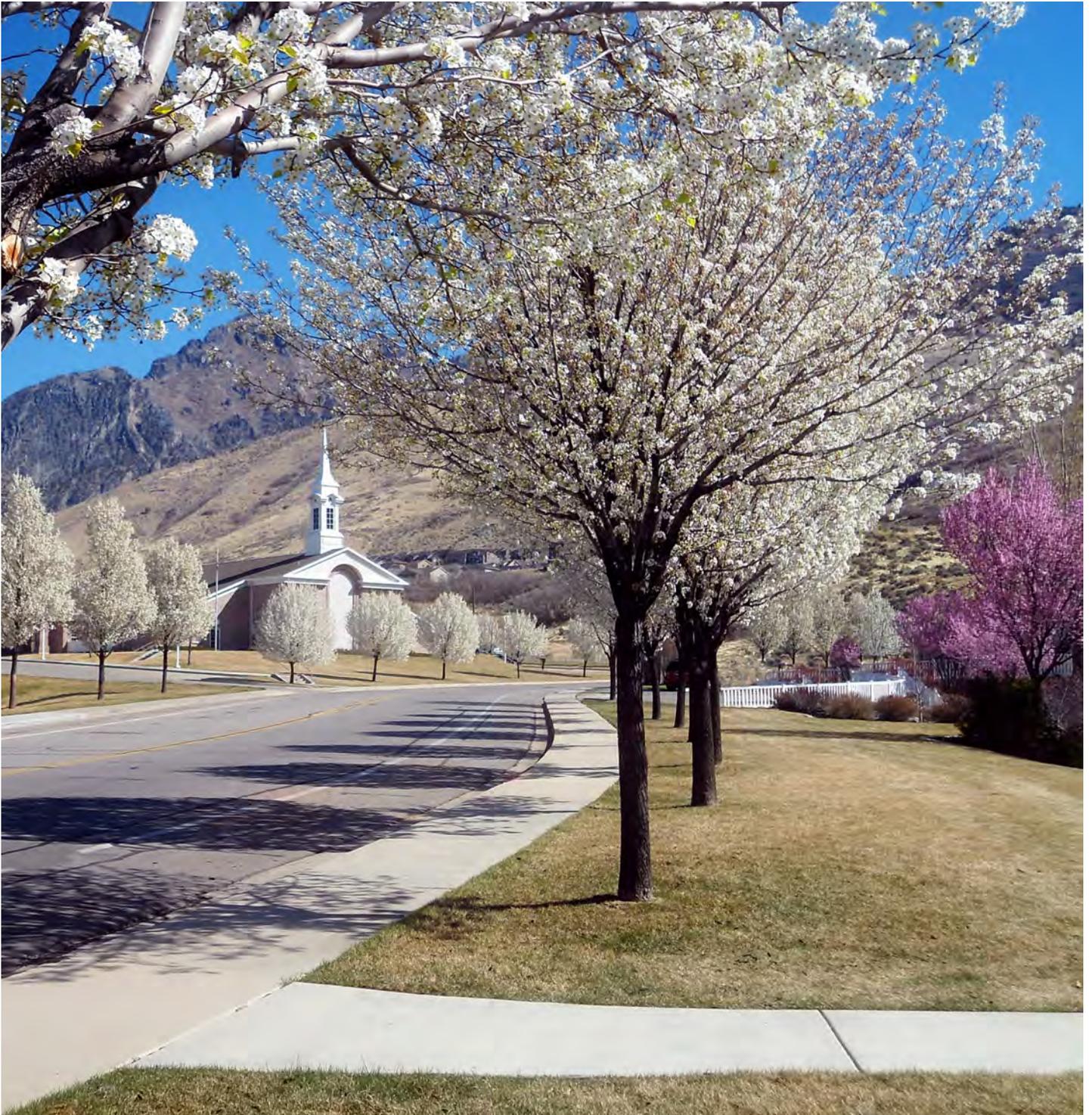
The following is a schedule by year of future minimum lease payments required under operating lease agreements:

Year Ended June 30,	Total	Year Ended June 30,	Total
2015	\$ 180,372	2025-2029	\$ 529,860
2016	180,372	2030-2034	529,860
2017	155,572	2035-2039	529,860
2018	105,972	2040-2044	529,860
2019	105,972	2045-2047	270,179
2020-2024	529,860		
		Total	\$ 3,647,739

NOTE 14 – SUBSEQUENT EVENTS

The City issued utility revenue bonds of \$4,633,000 on October 29, 2014 to be used to refinance callable portions of the 2006 utility revenue bonds, which were used originally by the City to acquire and construct culinary water facilities and secondary pressurized irrigation water facilities, and improvements to existing water facilities.

SUPPLEMENTARY INFORMATION



CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Current property taxes	\$ 667,800	\$ 678,800	\$ 679,319	\$ 519
Delinquent property taxes	30,000	23,070	23,354	284
Penalty & interest on property taxes	500	334	955	621
Motor vehicle taxes	110,000	78,090	75,839	(2,251)
Sales taxes	1,100,000	1,130,000	1,159,524	29,524
CARE tax	37,000	37,000	41,154	4,154
Franchise taxes	365,000	397,000	411,064	14,064
Telecom taxes	105,000	105,000	92,047	(12,953)
Total	2,415,300	2,449,294	2,483,256	33,962
Licenses and permits				
Building permits	40,000	75,000	79,769	4,769
Plan check fees	25,000	36,000	38,567	2,567
Other licenses and permits	33,800	37,800	38,909	1,109
Total	98,800	148,800	157,245	8,445
Intergovernmental revenue				
Lone Peak Public Safety District rent income	57,300	57,300	57,323	23
Emergency Management Grant	-	7,500	7,500	
Class C Roads allotments	260,000	271,000	260,845	(10,155)
Liquor fund allotments	5,000	5,000	5,674	674
Total	322,300	340,800	331,342	(9,458)
Fees				
Garbage fees	362,000	390,000	390,185	185
Recycling fees	50,000	55,000	56,526	1,526
Paramedic fees	180,000	180,000	179,774	(226)
Other	1,300	1,300	1,974	674
Total	593,300	626,300	628,459	2,159
Recreation and culture revenue				
Family festival income	15,000	25,000	28,343	3,343
Youth City Council	-	-	825	825
Recreation programs	100,000	100,000	101,475	1,475
Fitness Classes	20,000	20,000	22,769	2,769
Event center rentals and concessions	150,600	177,600	181,383	3,783
Park Reservations	-	2,500	4,390	1,890
Total	285,600	325,100	339,185	14,085
Miscellaneous revenues				
Interest earnings	5,000	5,000	4,095	(905)
Other revenue	25,000	35,000	39,643	4,643
Total	30,000	40,000	43,738	3,738
Total revenues	3,745,300	3,930,294	3,983,225	52,931

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Continued) General Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General government				
Mayor & council	73,500	70,500	68,450	2,050
Administrative operations	266,684	266,684	244,176	22,508
City Recorder	70,625	73,625	72,550	1,075
Finance	158,849	158,849	154,984	3,865
Other materials, supplies, and contracted services	313,800	293,800	288,461	5,339
Total	<u>883,458</u>	<u>863,458</u>	<u>828,621</u>	<u>34,837</u>
Public safety				
Police department	375,188	375,188	374,121	1,067
Fire department	626,500	683,500	682,643	857
Other	54,951	54,951	52,827	2,124
Total	<u>1,056,639</u>	<u>1,113,639</u>	<u>1,109,591</u>	<u>4,048</u>
Streets and public works				
Building and zoning	116,997	116,997	98,535	18,462
Public works	175,870	175,870	155,231	20,639
Streets	363,500	409,000	386,703	22,297
Total	<u>656,367</u>	<u>701,867</u>	<u>640,469</u>	<u>61,398</u>
Solid waste and recycling				
Solid Waste	285,000	285,000	282,455	2,545
Recycling	50,000	50,000	40,733	9,267
Other	2,250	2,250	1,118	1,132
Total	<u>337,250</u>	<u>337,250</u>	<u>324,306</u>	<u>12,944</u>
Parks and recreation				
Parks	140,000	142,500	143,222	(722)
Community services	342,833	361,970	335,775	26,195
Library	10,200	10,200	7,470	2,730
Total	<u>493,033</u>	<u>514,670</u>	<u>486,467</u>	<u>28,203</u>
Total expenditures	<u>3,426,747</u>	<u>3,530,884</u>	<u>3,389,454</u>	<u>141,430</u>
Excess of revenues over expenditures	318,553	399,410	593,771	194,361
Other financing sources(uses)				
Operating transfers in	-	-	8,280	8,280
Operating transfers out	(318,553)	(495,053)	(495,053)	-
Total other financing sources(uses)	<u>(318,553)</u>	<u>(495,053)</u>	<u>(486,773)</u>	<u>8,280</u>
Net change in fund balance*	-	(95,643)	106,998	202,641
Fund balance at beginning of year	<u>903,008</u>	<u>903,008</u>	<u>903,008</u>	<u>-</u>
Fund balance at end of year	<u>\$ 903,008</u>	<u>\$ 807,365</u>	<u>\$ 1,010,006</u>	<u>\$ 202,641</u>

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Golf Special Revenue Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fees:				
Green Fees	\$ 540,000	\$ 540,000	\$ 533,478	\$ (6,522)
Practice Range	20,000	20,000	24,920	4,920
Pro shop	60,000	60,000	58,466	(1,534)
Concessions	1,000	6,500	8,461	1,961
Season passes	35,000	75,200	78,114	2,914
Other	-	-	4,368	4,368
Total revenues	<u>656,000</u>	<u>701,700</u>	<u>707,807</u>	<u>6,107</u>
EXPENDITURES				
Parks and recreation				
Salaries, wages, and employee benefits	424,316	414,316	409,556	4,760
Materials, supplies, and services	344,400	371,400	395,201	(23,801)
Capital outlay	-	48,500	47,885	615
Total	<u>768,716</u>	<u>834,216</u>	<u>852,642</u>	<u>(18,426)</u>
Excess of revenues over expenditures	(112,716)	(132,516)	(144,835)	(12,319)
Other financing sources (uses):				
Operating transfers in	115,716	175,716	206,237	
Operating transfers out	(3,000)	(3,000)	(3,000)	-
Total other financing sources (uses)	<u>112,716</u>	<u>172,716</u>	<u>203,237</u>	<u>-</u>
Net change in fund balance*	-	40,200	58,402	(12,319)
Fund balance at beginning of year	<u>(36,409)</u>	<u>(36,409)</u>	<u>(36,409)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (36,409)</u>	<u>\$ 3,791</u>	<u>\$ 21,993</u>	<u>\$ (12,319)</u>

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Golf Debt Service Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Current property taxes	\$ 328,020	\$ 328,020	\$ 330,577	\$ 2,557
Delinquent property taxes	-	9,930	12,774	2,844
Penalty & Interest on property taxes	-	166	473	307
Motor vehicle taxes	-	36,410	37,525	1,115
Total tax revenues	328,020	374,526	381,349	6,823
Investment earnings	-	-	171	171
Total revenues	328,020	374,526	381,520	6,994
EXPENDITURES				
Debt Service:				
Principal	205,000	205,000	205,000	-
Interest	155,020	155,020	155,020	-
Trustee fees	800	800	800	-
Total expenditures	360,820	360,820	360,820	-
Excess of revenues over expenditures	(32,800)	13,706	20,700	6,994
Fund balance at beginning of year	31,550	31,550	31,550	-
Fund balance at end of year	\$ (1,250)	\$ 45,256	\$ 52,250	\$ -

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Capital Projects Fund Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact fees:				
Park development	\$ 10,530	\$ 42,530	\$ 49,224	\$ 6,694
Park land	39,402	149,402	150,504	1,102
Public safety	5,817	18,817	20,239	1,422
Streets	38,106	45,106	47,176	2,070
Interest earnings	15,000	15,000	9,048	(5,952)
Grant revenues	5,000	5,000	11,536	6,536
Other	21,500	21,500	-	(21,500)
Total revenues	<u>135,355</u>	<u>297,355</u>	<u>287,727</u>	<u>(9,628)</u>
EXPENDITURES				
General government	36,000	26,000	24,701	1,299
Streets and public works	532,000	632,000	110,686	521,314
Parks and recreation	2,860,000	2,917,200	261,266	2,655,934
Debt service:				
Principal	70,000	70,000	70,000	-
Interest	83,963	83,963	83,963	-
Trustee fees	1,500	1,500	1,500	-
Total expenditures	<u>3,583,463</u>	<u>3,730,663</u>	<u>552,116</u>	<u>3,178,547</u>
Excess (deficiency) of revenues over expenditures	(3,448,108)	(3,433,308)	(264,389)	3,168,919
Other financing sources (uses)				
Operating transfers in	204,464	350,964	350,964	-
Operating transfers out	-	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>204,464</u>	<u>320,964</u>	<u>320,964</u>	<u>-</u>
Net change in fund balances	(3,243,644)	(3,112,344)	56,575	3,168,919
Fund balance at beginning of year	<u>1,855,152</u>	<u>1,855,152</u>	<u>1,855,152</u>	<u>-</u>
Fund balance at end of year	<u>\$ (1,388,492)</u>	<u>\$ (1,257,192)</u>	<u>\$ 1,911,727</u>	<u>\$ 3,168,919</u>

This page is intentionally blank.

STATISTICAL SECTION



This page is intentionally blank.

CITY OF CEDAR HILLS

Net Position By Component

Last Ten Years

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:				
Net investment in capital assets	\$ 8,050,689	\$ 9,485,874	\$ 10,965,083	\$ 11,244,557
Restricted	4,234,249	4,662,042	4,722,479	5,142,430
Unrestricted	1,326,009	1,630,837	1,446,613	1,852,484
Total governmental activities net position	<u>\$ 13,610,947</u>	<u>\$ 15,778,753</u>	<u>\$ 17,134,175</u>	<u>\$ 18,239,471</u>
Business-type activities:				
Net investment in capital assets	\$ 19,330,501	\$ 20,920,874	\$ 20,452,444	\$ 20,716,646
Restricted	1,153,324	787,452	853,426	870,032
Unrestricted	1,165,486	1,412,001	1,559,221	1,411,550
Total business-type activities net position	<u>\$ 21,649,311</u>	<u>\$ 23,120,327</u>	<u>\$ 22,865,091</u>	<u>\$ 22,998,228</u>
Total City:				
Net investment in capital assets	\$ 27,381,190	\$ 30,406,748	\$ 31,417,527	\$ 31,961,203
Restricted	5,387,573	5,449,494	5,575,905	6,012,462
Unrestricted	2,491,495	3,042,838	3,005,834	3,264,034
Total City net position	<u>\$ 35,260,258</u>	<u>\$ 38,899,080</u>	<u>\$ 39,999,266</u>	<u>\$ 41,237,699</u>

Source: City statement of net position at June 30, 2005 through 2014.

Notes: For 2013 and 2014, the City's golf assets and golf related activities were reclassified from business-type activities to governmental activities.

2009	2010	2011	2012	2013	2014
\$ 11,143,031	\$ 10,475,412	\$ 10,317,082	\$ 10,666,004	\$ 18,017,027	\$ 17,995,931
5,699,688	4,906,151	4,164,309	1,449,079	1,601,342	1,754,107
1,506,908	2,935,231	3,374,792	3,887,521	1,069,322	1,177,319
<u>\$ 18,349,627</u>	<u>\$ 18,316,794</u>	<u>\$ 17,856,183</u>	<u>\$ 16,002,604</u>	<u>\$ 20,687,691</u>	<u>\$ 20,927,357</u>
\$ 21,235,285	\$ 23,270,251	\$ 23,255,396	\$ 25,597,441	\$ 17,852,968	\$ 17,576,369
794,792	1,199,087	864,268	652,446	615,784	586,496
1,747,769	(402,699)	(219,254)	(548,598)	1,328,300	1,850,787
<u>\$ 23,777,846</u>	<u>\$ 24,066,639</u>	<u>\$ 23,900,410</u>	<u>\$ 25,701,289</u>	<u>\$ 19,797,052</u>	<u>\$ 20,013,652</u>
\$ 32,378,316	\$ 33,745,663	\$ 33,572,478	\$ 36,263,445	\$ 35,869,995	\$ 35,572,300
6,494,480	6,105,238	5,028,577	2,101,525	2,217,126	2,340,603
3,254,677	2,532,532	3,155,538	3,338,923	2,397,622	3,028,106
<u>\$ 42,127,473</u>	<u>\$ 42,383,433</u>	<u>\$ 41,756,593</u>	<u>\$ 41,703,893</u>	<u>\$ 40,484,743</u>	<u>\$ 40,941,009</u>

CITY OF CEDAR HILLS

Changes in Net Position Last Ten Years

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:				
Governmental activities:				
General government	\$ 1,454,474	\$ 1,666,698	\$ 1,899,991	\$ 2,111,097
Public safety	366,317	415,023	468,442	495,569
Parks and recreation	236,627	201,108	249,365	327,239
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Interest on long-term debt	44,960	54,875	135,693	130,145
Total governmental activities	<u>2,102,378</u>	<u>2,337,704</u>	<u>2,753,491</u>	<u>3,064,050</u>
Business-type activities:				
Water and sewer	1,365,810	1,684,080	1,964,829	2,025,766
Golf Course	1,319,493	1,232,934	1,146,626	1,252,222
Total business-type activities	<u>2,685,303</u>	<u>2,917,014</u>	<u>3,111,455</u>	<u>3,277,988</u>
Total City expenses	<u>\$ 4,787,681</u>	<u>\$ 5,254,718</u>	<u>\$ 5,864,946</u>	<u>\$ 6,342,038</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 1,150,108	\$ 1,114,464	\$ 788,189	\$ 637,265
Public safety	-	-	-	-
Parks and recreation	34,371	31,178	80,950	50,672
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Operating grants and contributions	150,057	195,054	236,967	256,189
Capital grants and contributions	1,538,021	1,422,611	520,486	668,005
Total governmental activities	<u>2,872,557</u>	<u>2,763,307</u>	<u>1,626,592</u>	<u>1,612,131</u>
Business-type activities:				
Charges for services:				
Water and sewer	1,353,378	1,678,169	1,618,393	2,016,177
Golf Course	710,763	639,625	652,176	800,274
Capital grants and contributions	520,472	2,037,900	289,990	105,175
Total business-type activities	<u>2,584,613</u>	<u>4,355,694</u>	<u>2,560,559</u>	<u>2,921,626</u>
Total City program revenues	<u>\$ 5,457,170</u>	<u>\$ 7,119,001</u>	<u>\$ 4,187,151</u>	<u>\$ 4,533,757</u>

	2009	2010	2011	2012	2013	2014
\$	2,179,488	\$ 2,073,764	\$ 2,191,800	\$ 1,311,205	\$ 1,033,196	\$ 938,806
	580,522	575,232	775,455	888,591	1,050,218	1,109,591
	466,877	409,000	454,437	495,620	1,941,304	1,721,870
	-	-	-	785,921	681,059	840,146
	-	-	-	258,396	330,845	324,306
	106,149	107,013	103,491	104,271	229,323	287,398
	<u>3,333,036</u>	<u>3,165,009</u>	<u>3,525,183</u>	<u>3,844,004</u>	<u>5,265,945</u>	<u>5,222,117</u>
	2,157,725	2,511,875	2,890,749	2,965,490	2,844,998	2,851,845
	<u>1,217,445</u>	<u>1,238,869</u>	<u>1,258,176</u>	<u>1,423,647</u>	-	-
	<u>3,375,170</u>	<u>3,750,744</u>	<u>4,148,925</u>	<u>4,389,137</u>	<u>2,844,998</u>	<u>2,851,845</u>
\$	<u><u>6,708,206</u></u>	<u><u>6,915,753</u></u>	<u><u>7,674,108</u></u>	<u><u>8,233,141</u></u>	<u><u>8,110,943</u></u>	<u><u>8,073,962</u></u>
\$	541,033	\$ 546,041	\$ 557,656	\$ 55,225	\$ 81,268	\$ 72,655
	-	-	-	184,564	178,920	179,774
	82,324	45,439	68,383	172,664	931,638	1,026,940
	-	-	-	93,972	188,885	126,207
	-	-	-	410,158	415,384	446,711
	229,689	246,682	263,084	302,851	335,876	351,394
	50,107	164,526	95,999	11,307	138,320	278,679
	<u>903,153</u>	<u>1,002,688</u>	<u>985,122</u>	<u>1,230,741</u>	<u>2,270,291</u>	<u>2,482,360</u>
	2,050,184	2,383,938	2,634,734	2,754,599	2,899,399	3,077,340
	750,734	679,970	651,211	704,056	-	-
	<u>161,300</u>	<u>62,986</u>	<u>22,590</u>	-	-	85,146
	<u>2,962,218</u>	<u>3,126,894</u>	<u>3,308,535</u>	<u>3,458,655</u>	<u>2,899,399</u>	<u>3,162,486</u>
\$	<u><u>3,865,371</u></u>	<u><u>4,129,582</u></u>	<u><u>4,293,657</u></u>	<u><u>4,689,396</u></u>	<u><u>5,169,690</u></u>	<u><u>5,644,846</u></u>

CITY OF CEDAR HILLS

**Changes in Net Position (Continued)
Last Ten Years**

(accrual basis of accounting)

	2005	2006	2007	2008
Net (expense) revenue:				
Governmental activities	\$ 770,179	\$ 425,603	\$ (1,126,899)	\$ (1,451,919)
Business-type activities	(100,690)	1,438,680	(550,896)	(356,362)
Total City net (expense) revenue	<u>\$ 669,489</u>	<u>\$ 1,864,283</u>	<u>\$ (1,677,795)</u>	<u>\$ (1,808,281)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 464,866	\$ 525,316	\$ 842,000	\$ 944,820
Sales taxes	367,099	576,664	770,586	825,890
Franchise taxes	221,327	283,016	280,527	405,318
CARE taxes	-	-	-	-
Investment earnings	132,555	242,378	399,912	302,636
Miscellaneous	37,071	86,723	37,283	63,086
Transfers	(14,829)	28,106	152,013	15,465
Total governmental activities	1,208,089	1,742,203	2,482,321	2,557,215
Business-type activities:				
Investment earnings	30,450	60,807	77,700	118,019
Property taxes	-	-	385,791	386,945
Miscellaneous	-	(365)	(15,818)	-
Transfers	14,829	(28,106)	(152,013)	(15,465)
Total business-type activities	45,279	32,336	295,660	489,499
Total City general revenues and other changes in net position	<u>\$ 1,253,368</u>	<u>\$ 1,774,539</u>	<u>\$ 2,777,981</u>	<u>\$ 3,046,714</u>
Changes in Net Position:				
Governmental activities	\$ 1,978,268	\$ 2,167,806	\$ 1,355,422	\$ 1,105,296
Business-type activities	(55,411)	1,471,016	(255,236)	133,137
Total City changes in net position	<u>\$ 1,922,857</u>	<u>\$ 3,638,822</u>	<u>\$ 1,100,186</u>	<u>\$ 1,238,433</u>

Source City of Cedar Hills statements of activities for years ended June 30, 2005 through 2014.

Notes: For 2013 and 2014, the City's golf related activities were reclassified from business-type activities to governmental activities in the category parks and recreation.

2009	2010	2011	2012	2013	2014
\$ (2,429,883)	\$ (2,162,321)	\$ (2,540,061)	\$ (2,613,263)	\$ (2,995,654)	\$ (2,739,757)
(412,952)	(623,850)	(840,390)	(930,482)	54,401	310,641
<u>\$ (2,842,835)</u>	<u>\$ (2,786,171)</u>	<u>\$ (3,380,451)</u>	<u>\$ (3,543,745)</u>	<u>\$ (2,941,253)</u>	<u>\$ (2,429,116)</u>
\$ 939,554	\$ 872,432	\$ 835,359	\$ 870,913	\$ 1,208,155	\$ 1,160,816
825,298	933,049	987,371	1,050,315	1,112,911	1,159,524
432,005	446,750	471,635	462,371	497,713	503,111
-	-	-	35,949	38,828	41,154
136,713	42,212	34,844	35,810	22,451	13,314
92,899	36,948	45,286	-	-	-
113,570	-	(295,045)	(2,325,675)	43,850	101,503
2,540,039	2,331,391	2,079,450	129,683	2,923,908	2,979,422
56,454	10,764	6,963	8,823	9,600	7,461
385,195	385,260	398,339	396,862	-	-
864,491	21,463	(26,187)	-	-	-
(113,570)	-	295,045	2,325,675	(43,850)	(101,503)
1,192,570	417,487	674,160	2,731,360	(34,250)	(94,042)
<u>\$ 3,732,609</u>	<u>\$ 2,748,878</u>	<u>\$ 2,753,610</u>	<u>\$ 2,861,043</u>	<u>\$ 2,889,658</u>	<u>\$ 2,885,380</u>
\$ 110,156	\$ 169,070	\$ (460,611)	\$ (2,483,580)	\$ (71,746)	\$ 239,665
779,618	(206,363)	(166,230)	1,800,878	20,151	216,599
<u>\$ 889,774</u>	<u>\$ (37,293)</u>	<u>\$ (626,841)</u>	<u>\$ (682,702)</u>	<u>\$ (51,595)</u>	<u>\$ 456,264</u>

CITY OF CEDAR HILLS

**Fund Balances, Governmental Funds
Last Ten Years**

(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund:				
Nonspendable				
Inventory and prepaid	\$ -	\$ -	\$ -	\$ -
Restricted	311,154	447,728	684,951	832,633
Assigned	-	-	-	-
Unassigned	255,239	355,926	301,114	523,327
Total general fund	<u>\$ 566,393</u>	<u>\$ 803,654</u>	<u>\$ 986,065</u>	<u>\$ 1,355,960</u>
All other governmental funds:				
Nonspendable				
Inventory and prepaid	\$ -	\$ -	\$ -	\$ -
Restricted	3,923,095	6,504,062	4,792,703	4,819,057
Assigned	1,083,880	1,275,409	1,186,904	1,221,244
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 5,006,975</u>	<u>\$ 7,779,471</u>	<u>\$ 5,979,607</u>	<u>\$ 6,040,301</u>
Total Fund Balances - Government Funds	<u>\$ 5,573,368</u>	<u>\$ 8,583,125</u>	<u>\$ 6,965,672</u>	<u>\$ 7,396,261</u>

Source: City of Cedar Hills balance sheets - governmental funds at December 31, 2005 through 2014.

Notes: For 2013 and 2014, the City's Golf fund balances were reclassified to governmental funds from enterprise funds.

2009	2010	2011	2012	2013	2014
\$ -	\$ 27,880	\$ 21,904	\$ 13,193	\$ 4,328	\$ 612
349,505	381,509	192,957	83,421	73,051	1,074
-	-	-	-	24,000	-
1,114,841	461,547	709,202	647,847	801,629	1,008,320
<u>\$ 1,464,346</u>	<u>\$ 870,936</u>	<u>\$ 924,063</u>	<u>\$ 744,461</u>	<u>\$ 903,008</u>	<u>\$ 1,010,006</u>
\$ -	\$ -	\$ 12,957	\$ -	\$ 27,373	\$ 34,782
4,517,848	4,524,642	3,971,352	1,365,658	1,528,291	1,753,033
1,631,612	2,497,858	2,663,720	2,558,022	358,411	210,944
-	-	-	-	(63,782)	(12,789)
<u>\$ 6,149,460</u>	<u>\$ 7,022,500</u>	<u>\$ 6,648,029</u>	<u>\$ 3,923,680</u>	<u>\$ 1,850,293</u>	<u>\$ 1,985,970</u>
<u>\$ 7,613,806</u>	<u>\$ 7,893,436</u>	<u>\$ 7,572,092</u>	<u>\$ 4,668,141</u>	<u>\$ 2,753,301</u>	<u>\$ 2,995,976</u>

CITY OF CEDAR HILLS

Changes in Fund Balances, Governmental Funds Last Ten Years

(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:				
Taxes	\$ 1,053,292	\$ 1,384,996	\$ 1,893,113	\$ 2,176,028
Licenses and permits	546,160	516,054	264,760	153,601
Intergovernmental	197,671	195,054	236,967	256,189
Charges for services	603,948	598,410	523,429	483,664
Fees (2)	1,462,146	981,759	592,907	718,677
Investment earnings	132,555	242,378	399,912	302,636
Miscellaneous	96,775	83,834	33,895	45,462
Total revenues	<u>4,092,547</u>	<u>4,002,485</u>	<u>3,944,983</u>	<u>4,136,257</u>
Expenditures:				
General government	1,176,336	1,274,996	1,435,021	1,470,336
Public Safety	366,317	415,023	468,442	495,569
Streets and public works	236,503	223,541	243,659	268,580
Solid waste and recycling	-	-	-	-
Parks and recreation (2)	174,782	137,333	193,655	260,954
Capital Outlay	885,578	979,015	2,968,326	781,646
Debt Service:				
Principal retirement (2)	72,000	75,000	82,000	232,000
Interest and fiscal charges (2)	45,756	55,761	86,819	126,537
Total expenditures	<u>2,957,272</u>	<u>3,160,669</u>	<u>5,477,922</u>	<u>3,635,622</u>
Excess of revenues over (under) expenditures	1,135,275	841,816	(1,532,939)	500,635
Other financing sources (uses):				
Refunding bond issued	-	-	-	-
Excise tax revenue bonds issued	-	2,325,000	-	-
Premium (discount) on bonds issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	175,674	332,883	502,548	531,906
Transfers out	(267,987)	(489,942)	(587,062)	(601,952)
Total other financing sources (uses)	<u>(92,313)</u>	<u>2,167,941</u>	<u>(84,514)</u>	<u>(70,046)</u>
Net change in fund balances	<u>\$ 1,042,962</u>	<u>\$ 3,009,757</u>	<u>\$ (1,617,453)</u>	<u>\$ 430,589</u>
Debt service as a percentage of noncapital expenditures	5.81%	5.58%	6.59%	12.08%

Source: City of Cedar Hills statements of revenues, expenditures, and changes in fund balances - governmental funds for years ending December 31, 2005 through 2014.

Notes: (1) City retired lease revenue bonds early during fiscal year 2012.

(2) For 2013 and 2014, the City's golf operational and debt service activities were reclassified to a special revenue and debt service fund, instead of a business-type activity in an enterprise fund.

2009	2010	2011	2012(1)	2013	2014
\$ 2,205,691	\$ 2,252,232	\$ 2,294,365	\$ 2,384,551	\$ 2,857,607	\$ 2,864,605
71,116	83,834	70,245	73,247	94,298	157,245
229,690	246,682	263,084	314,159	335,341	342,878
469,917	462,207	487,410	589,552	596,519	628,459
132,431	199,420	158,773	220,218	1,070,494	1,314,135
136,714	42,212	34,844	35,810	22,451	13,314
88,817	35,816	44,161	33,565	173,639	39,643
<u>3,334,376</u>	<u>3,322,403</u>	<u>3,352,882</u>	<u>3,651,102</u>	<u>5,150,349</u>	<u>5,360,279</u>
1,626,477	1,535,270	1,438,114	1,220,417	955,226	853,322
558,750	575,232	775,455	888,591	1,050,218	1,109,591
323,803	281,177	501,945	653,114	531,545	720,469
-	-	-	258,396	330,845	324,306
330,697	262,750	291,084	346,546	1,423,547	1,291,224
61,960	124,612	96,182	191,747	285,461	339,837
95,000	95,000	100,000	465,000	280,000	275,000
113,823	108,612	105,147	109,567	233,969	241,283
<u>3,110,510</u>	<u>2,982,653</u>	<u>3,307,927</u>	<u>4,133,378</u>	<u>5,090,811</u>	<u>5,155,032</u>
223,866	339,750	44,955	(482,276)	59,538	205,247
-	-	-	-	5,570,000	-
-	-	-	-	-	-
-	-	-	-	179,471	-
-	-	-	-	(5,559,871)	-
152,963	1,026,067	171,858	422,303	2,456,058	565,481
(161,248)	(1,086,189)	(538,159)	(2,843,978)	(2,487,208)	(528,053)
<u>(8,285)</u>	<u>(60,122)</u>	<u>(366,301)</u>	<u>(2,421,675)</u>	<u>158,450</u>	<u>37,428</u>
<u>\$ 215,581</u>	<u>\$ 279,628</u>	<u>\$ (321,346)</u>	<u>\$ (2,903,951)</u>	<u>\$ 217,988</u>	<u>\$ 242,675</u>
6.79%	6.97%	6.28%	14.45%	10.63%	10.64%

CITY OF CEDAR HILLS

Assessed Value and Actual Value of Taxable Property Last Ten Years

<u>Year Ended June 30,</u>	<u>Primary Residential Property</u>	<u>Secondary or Non-Residential Property</u>	<u>Less: Tax-Exempt Real Property (1)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Taxable Assessed Value as a Percentage of Actual Value</u>	<u>Estimated Total Fair Market Value (2)</u>	<u>Total Direct Rate</u>
2005	\$ 461,014,095	\$ 11,745,893	\$ 204,867,312	\$ 267,892,676	56.36%	\$ 475,349,019	0.001690
2006	666,600,800	8,029,497	297,078,644	377,551,653	55.73%	677,461,477	0.002857
2007	833,417,418	8,973,736	372,030,474	470,360,680	55.64%	845,398,518	0.002616
2008	831,591,915	13,058,235	370,875,773	473,774,377	55.87%	847,990,739	0.002596
2009	662,907,922	38,606,727	294,452,224	407,062,425	57.71%	705,370,990	0.002768
2010	604,890,929	30,843,787	268,140,320	367,594,396	57.45%	639,795,314	0.002994
2011	571,184,109	32,628,197	252,968,317	350,843,989	57.72%	607,876,838	0.003153
2012	561,236,575	35,213,244	252,556,459	343,893,360	57.66%	596,449,819	0.003183
2013	600,566,864	35,563,641	270,255,089	365,875,416	57.52%	636,130,505	0.002873
2014	N/A	N/A	N/A	N/A	N/A	N/A	0.002410

Source(s): Utah State Tax Commission--Entity Year-End Value Reports. Values at <http://propertytax.utah.gov/reports-and-statistics.html>, and total direct rate at <http://www.taxrates.utah.gov>.

- Notes: (1) Statute 59-2-103 states 45% of the value of primary residential property is specifically exempt under the constitution of Utah.
 (2) Estimated actual value of real property is a net market value--property value subject to tax after reductions made for greenbelt, full or part exemptions.

CITY OF CEDAR HILLS

**Property Tax Levies and Collections (4)
Last Ten Fiscal Years**

Fiscal Year Ended June 30 (1)	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
		Collected	of Levy		Collected (2)	of Levy
2005	\$ 452,739	\$ 406,918	89.88%	\$ 45,821	\$ 452,739	100.00%
2006	1,078,665	993,830	92.14%	\$ 84,835	1,078,665	100.00%
2007	1,230,464	1,136,774	92.39%	\$ 93,690	1,230,464	100.00%
2008	1,229,918	1,120,641	91.12%	\$ 109,277	1,229,918	100.00%
2009	1,126,749	1,066,756	94.68%	\$ 59,993	1,126,749	100.00%
2010	1,100,578	1,047,191	95.15%	\$ 51,541	1,098,732	99.83%
2011	1,106,211	1,056,859	95.54%	\$ 46,121	1,102,980	99.71%
2012	1,094,613	1,049,661	95.89%	\$ 40,090	1,089,751	99.56%
2013	1,052,887	1,002,033	95.17%	\$ 36,020	1,038,053	98.59%
2014	N/A	N/A	N/A	N/A	N/A	N/A

Source(s): County Treasurer Annual Tax Settlement

<http://utahcounty.gov/dept/treas/fiscalreport.html>--Tax Entity - Delinquent Balances by Year

Notes:

- (1) Total tax levy is based on the County's annual settlement report. 2014 settlement numbers are were not available at the time this report was finalized.
- (2) Amounts collected to do not include penalties and interest.

CITY OF CEDAR HILLS

**Property Tax Rates - Direct and Overlapping Governments
Last Ten Years (Per \$1 of Assessed/Taxable Value)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City rates:				
General operations	0.001690	0.001690	0.001690	0.001690
Interest and sinking fund	N/A	0.001167	0.000926	0.000906
	<u>0.001690</u>	<u>0.002857</u>	<u>0.002616</u>	<u>0.002596</u>
Utah County rates:				
General operations	0.000866	0.000794	0.000648	0.000632
Interest and sinking fund	0.000174	0.000155	0.000098	0.000082
Other	0.000000	0.000130	0.000097	0.000095
Assessing and collecting	0.000351	0.000183	0.000157	0.000296
	<u>0.001391</u>	<u>0.001262</u>	<u>0.001000</u>	<u>0.001105</u>
Alpine School district rates:				
Tort liability	0.000031	0.000028	0.000022	0.000020
Recreation	0.000107	0.000097	0.000106	0.000100
Transportation	0.000177	0.000161	0.000135	0.000123
Leeway	0.001652	0.001500	0.000400	0.000391
Other	0.000902	0.000819	0.000718	0.000718
Capital	0.000021	0.000019	0.000360	0.000349
GO bond payments	0.003472	0.002744	0.002485	0.002638
Levy	0.001720	0.001515	0.002711	0.002718
	<u>0.008082</u>	<u>0.006883</u>	<u>0.006937</u>	<u>0.007057</u>
Central Utah Water Conservancy District rate:				
Water conservancy	0.000400	0.000357	0.000302	0.000286
North Utah County Water Conservancy district rate:				
Water conservancy	0.000033	0.000028	0.000022	0.000022
Total direct rate	<u>0.011596</u>	<u>0.011387</u>	<u>0.010877</u>	<u>0.011066</u>

Source: website--www.taxrates.utah.gov

2009	2010	2011	2012	2013	2014
0.001690	0.001856	0.001957	0.001994	0.001922	0.001703
0.001078	0.001138	0.001196	0.001189	0.000951	0.000707
0.002768	0.002994	0.003153	0.003183	0.002873	0.002410
0.000682	0.000747	0.000793	0.000803	0.000779	0.000714
0.000093	0.000072	0.000045	0.000011	0.000000	0.000000
0.000103	0.000289	0.000305	0.000313	0.000227	0.000202
0.000325	0.000186	0.000199	0.000197	0.000253	0.000233
0.001203	0.001294	0.001342	0.001324	0.001259	0.001149
0.000020	0.000023	0.000025	0.000000	0.000000	0.000000
0.000097	0.000109	0.000117	0.000000	0.000000	0.000000
0.000122	0.000137	0.000148	0.000000	0.000000	0.000000
0.000400	0.000400	0.000431	0.000000	0.000000	0.000000
0.000743	0.000836	0.000494	0.000000	0.000000	0.000000
0.000368	0.000415	0.000850	0.000771	0.000848	0.000759
0.002758	0.003205	0.003437	0.003350	0.003286	0.003188
0.003033	0.003095	0.003310	0.004707	0.004565	0.004149
0.007541	0.008220	0.008812	0.008828	0.008699	0.008096
0.000400	0.000421	0.000436	0.000455	0.000446	0.000422
0.000022	0.000024	0.000026	0.000028	0.000029	0.000025
0.011934	0.012953	0.013769	0.013818	0.013306	0.012102

CITY OF CEDAR HILLS

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayers	2014		
	Taxable Value	Rank	Percentage of Total Taxable Values (1)
Wal-Mart	\$ 11,513,900	1	2.9%
The Charleston at Cedar Hills	3,318,700	2	0.8%
Lexington Heights Professional Offices	2,052,100	3	0.5%
Pacificcorp	1,951,807	4	0.5%
Hart's Gas and Food	1,384,300	5	0.4%
McDonald's	1,135,900	8	0.3%
JPMorgan Chase Bank	1,099,200	7	0.3%
Questar Gas	1,088,592	6	0.3%
Amsource Cedar Hills	784,100	9	0.2%
SLML LLC.	623,100	10	0.2%
LPI LLC	-		-
Property Reserve Inc	-		-
G & J Construction Inc	-		-
Deseret Title Holding Corp	-		-
Totals	<u>\$ 24,951,699</u>		<u>6.4%</u>

Source(s): Top taxpayers Utah County Treasurer custom report by Cary McConnell. Total proposed tax rate value on tax rate summary report at taxrates.utah.gov.

Notes:

(1) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$393,102,545.

(2) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$232,104,230.

2005

Taxable Value	Rank	Percentage of Total Taxable Values (2)
\$ -		-
-		-
1,783,072	1	0.8%
1,432,374	2	0.6%
-		-
-		-
-		0.0%
727,757	4	0.3%
-		-
517,934	8	0.2%
881,930	3	0.4%
664,000	5	0.3%
624,150	6	0.3%
532,400	7	0.2%
<hr/> \$ 7,163,617 <hr/>		<hr/> 3.1% <hr/>

CITY OF CEDAR HILLS

Ratios of Outstanding Debt by Type Last Ten Years

Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Excise Tax Revenue Bonds	Lease Revenue Bonds	Capital Lease Obligations	Notes Payable
2005	\$ -	\$ 224,000	\$ 630,000	\$ 416,481	\$ 789,374
2006	6,250,000	2,509,000	595,000	140,863	438,889
2007	6,185,000	2,467,000	555,000	275,226	378,967
2008	6,060,000	2,275,000	515,000	259,816	339,961
2009	5,930,000	2,220,000	475,000	308,417	338,300
2010	5,795,000	2,160,000	440,000	406,357	336,133
2011	5,655,000	2,100,000	400,000	289,554	336,133
2012	5,510,000	2,035,000	-	120,651	336,133
2013	6,155,167	1,970,000	-	-	257,746
2014	5,934,793	1,900,000	-	-	257,746

Source: For outstanding debt details, see the notes to the basic financial statements.

General Note: For general obligation bonds in 2013 & 2014 the amortized bond premium is included. No other outstanding bonds have a premium or discount.

Business-Type Activities (continued)

Lines of Credit	Lease Revenue Bonds	Utility Revenue Bonds	Total City	Per Capita
\$ 5,841,391	\$ 6,427,000	\$ -	\$ 14,328,246	\$ 1,804
-	-	6,215,000	\$ 16,148,752	\$ 1,804
-	-	6,005,000	\$ 15,866,193	\$ 1,690
-	-	7,885,000	\$ 17,334,777	\$ 1,786
-	-	8,545,000	\$ 17,816,717	\$ 1,820
-	-	8,238,000	\$ 17,375,490	\$ 1,773
-	-	7,973,000	\$ 16,753,687	\$ 1,691
-	-	7,681,000	\$ 15,682,784	\$ 1,562
-	-	7,382,000	\$ 15,764,913	\$ 1,549
-	-	7,068,000	\$ 15,160,539	N/A

CITY OF CEDAR HILLS

Ratios of General Bonded Debt Outstanding Last Ten Years

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Estimated Actual Value of Property</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Population</u>	<u>G.O. Bonded Debt Per Capita</u>
2005	\$ -	\$475,349,019	0.00%	7,943	\$ -
2006	6,250,000	677,461,477	0.92%	8,950	698
2007	6,185,000	845,398,518	0.73%	9,391	659
2008	6,060,000	847,990,739	0.71%	9,704	624
2009	5,930,000	705,370,990	0.84%	9,788	606
2010	5,795,000	639,795,314	0.91%	9,798	592
2011	5,655,000	607,876,838	0.93%	9,910	575
2012	5,510,000	596,449,819	0.92%	10,038	547
2013	5,985,000	636,130,505	N/A	10,179	588
2014	5,780,000	N/A	N/A	N/A	N/A

Source: For outstanding debt details, see notes to the basic financial statements and statistical section, Debt Service Schedule of Outstanding Bonds.

CITY OF CEDAR HILLS

Computation of Direct and Overlapping Debt June 30, 2014

Entity	2013 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Debt Outstanding	City's Portion of Debt
Utah County	\$ 26,357,678,150	\$ 365,875,416	1.388%	\$ 234,695,000	\$ 3,257,841
Alpine School District	16,245,007,528	\$ 365,875,416	2.252%	337,085,000	7,591,940
North Utah County Water Conservancy District	9,091,695,594	\$ 365,875,416	4.024%	-	-
Central Utah Water Conservancy District	26,357,678,150 (2)	\$ 365,875,416	1.388%	747,831,944 (3)	10,380,782
Total Overlapping Debt (Excluding the State) (4)					\$ 21,230,563
Total Direct Bonded Indebtedness (5)					\$ 7,680,000
Total Direct and Overlapping Debt (Excluding the State) (5)					\$ 28,910,563

Sources: Utah State Tax commission and taxing entities

- Notes: (1) Taxable value used in this table includes the taxable value used to determine uniform fees on tangible personal property.
 (2) 2013 taxable value as established by Utah State Tax Commission
 (3) Amount of debt as of June 30, 2014 per taxing entity's most recent financial statements.
 (4) The State's debt is not included in overlapping debt because the State currently levies no property tax.
 (5) Does not include enterprise related debt.

CITY OF CEDAR HILLS

**Legal Debt Margin Information
Last Ten Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit (12%)	\$ 32,147,121	\$ 45,306,198	\$ 56,443,282	\$ 56,852,925
Total general obligation debt applicable to the limit	-	6,250,000	6,185,000	6,060,000
Legal debt margin	<u>\$ 32,147,121</u>	<u>\$ 39,056,198</u>	<u>\$ 50,258,282</u>	<u>\$ 50,792,925</u>
Percentage of net debt contracting margin available	100.00%	100.00%	89.04%	89.34%

Notes:

- (1) The general obligation indebtedness of the City is limited by Utah law to twelve percent of the "reasonable fair cash value" of taxable property in the City. 4% for general purposes and 8% for sewer, water, or lighting.
- (2) Statute 59-2-103 states 45% of the value of primary residential property is specifically exempt under the Constitution of Utah.
- (3) Legal debt margin calculation for 2013 used, since 2014 assessed value not available:

	<u>Taxable Value (2)</u>
Residential values	\$ 600,566,864
Non-residential values	\$ 35,563,641
Exempt property	<u>(270,255,089)</u>
Totals	<u>\$ 365,875,416</u>
Debt limit (adjusted fair market value x 0.12)	\$ 43,905,050
Debt applicable to limit:	
General obligation bonds	<u>5,985,000</u>
Legal debt margin	<u>\$ 37,920,050</u>

2009	2010	2011	2012	2013	2014
\$ 48,847,491	\$ 44,111,328	\$ 42,101,279	\$ 41,267,203	\$ 43,905,050	N/A
5,930,000	5,795,000	5,655,000	5,510,000	5,985,000	5,780,000
<u>\$ 42,917,491</u>	<u>\$ 38,316,328</u>	<u>\$ 36,446,279</u>	<u>\$ 35,757,203</u>	<u>\$ 37,920,050</u>	<u>N/A</u>
87.86%	86.86%	86.57%	86.65%	86.37%	N/A

CITY OF CEDAR HILLS

**Debt Service Schedule of Outstanding Bonds (By Year)
June 30, 2014**

			2015	2016	2017	2018	2019	2020	2021	2022	2023
General Obligations Bonds											
Series 2005	Refunded 2001 MBA Bonds and was partially refunded by 2012 GO Bonds.	Principal	\$ 160,000	\$ 165,000							
\$ 6,250,000		Interest	13,000	6,600							
Series 2012	Partially refunded 2005 GO Bonds, which was used for Golf Course improvements.	Principal	\$ 50,000	\$ 55,000	\$ 230,000	\$ 230,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000	\$ 260,000
\$ 5,570,000		Interest	134,820	133,820	132,720	128,120	123,520	118,720	113,920	106,420	98,920
	Total principal		210,000	220,000	230,000	230,000	240,000	240,000	250,000	250,000	260,000
	Total interest		147,820	140,420	132,720	128,120	123,520	118,720	113,920	106,420	98,920
	Total		<u>\$ 357,820</u>	<u>\$ 360,420</u>	<u>\$ 362,720</u>	<u>\$ 358,120</u>	<u>\$ 363,520</u>	<u>\$ 358,720</u>	<u>\$ 363,920</u>	<u>\$ 356,420</u>	<u>\$ 358,920</u>
Excise Tax Revenue Bonds											
Series 2006	Used to finance the construction of the public works building.	Principal	\$ 75,000	\$ 75,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 90,000	\$ 90,000	\$ 95,000	\$ 100,000
\$ 6,845,000		Interest	81,063	78,063	74,963	71,663	68,156	64,438	60,613	56,681	52,475
	Total		<u>\$ 156,063</u>	<u>\$ 153,063</u>	<u>\$ 154,963</u>	<u>\$ 151,663</u>	<u>\$ 153,156</u>	<u>\$ 154,438</u>	<u>\$ 150,613</u>	<u>\$ 151,681</u>	<u>\$ 152,475</u>
Utility Revenue Bonds											
Series 2006	Refunded \$5.8 million line of credit, 1998 and 2000 Note payables used for water system improvements, and funded \$190,000 in new water pumps.	Principal	\$ 195,000	\$ 200,000	\$ 210,000	\$ 215,000	\$ 230,000	\$ 240,000	\$ 250,000	\$ 260,000	\$ 270,000
\$ 6,215,000		Interest	208,812	201,012	193,012	184,612	175,476	165,700	155,500	144,250	132,550
Series 2007	Used to finance the construction of a new well.	Principal	94,000	97,000	99,000	102,000	105,000	107,000	110,000	113,000	116,000
\$ 2,090,000		Interest	42,683	40,135	37,506	34,824	32,059	29,214	26,314	23,333	20,271
Series 2009	Used to finance pressured irrigation improvements.	Principal	35,000	35,000	40,000	40,000	45,000	45,000	50,000	50,000	55,000
\$ 930,000		Interest	23,707	22,650	21,593	20,385	19,177	17,818	16,459	14,949	13,439
	Total principal		324,000	332,000	349,000	357,000	380,000	392,000	410,000	423,000	441,000
	Total interest		275,202	263,797	252,111	239,821	226,712	212,732	198,273	182,532	166,260
	Total		<u>\$ 599,202</u>	<u>\$ 595,797</u>	<u>\$ 601,111</u>	<u>\$ 596,821</u>	<u>\$ 606,712</u>	<u>\$ 604,732</u>	<u>\$ 608,273</u>	<u>\$ 605,532</u>	<u>\$ 607,260</u>
Total All Bonds											
	Total principal		\$ 609,000	\$ 627,000	\$ 659,000	\$ 667,000	\$ 705,000	\$ 722,000	\$ 750,000	\$ 768,000	\$ 801,000
	Total interest		504,085	482,280	459,794	439,604	418,388	395,890	372,806	345,633	317,655
	Total all bonds		<u>\$ 1,113,085</u>	<u>\$ 1,109,280</u>	<u>\$ 1,118,794</u>	<u>\$ 1,106,604</u>	<u>\$ 1,123,388</u>	<u>\$ 1,117,890</u>	<u>\$ 1,122,806</u>	<u>\$ 1,113,633</u>	<u>\$ 1,118,655</u>

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
												\$ 325,000 19,600
\$ 270,000 93,720	\$ 275,000 88,320	\$ 280,000 82,820	\$ 285,000 77,220	\$ 290,000 71,520	\$ 295,000 65,140	\$ 300,000 58,650	\$ 315,000 49,650	\$ 320,000 40,200	\$ 330,000 30,600	\$ 340,000 20,700	\$ 350,000 10,500	\$ 5,455,000 1,780,020
270,000 93,720	275,000 88,320	280,000 82,820	285,000 77,220	290,000 71,520	295,000 65,140	300,000 58,650	315,000 49,650	320,000 40,200	330,000 30,600	340,000 20,700	350,000 10,500	5,780,000 1,799,620
<u>\$ 363,720</u>	<u>\$ 363,320</u>	<u>\$ 362,820</u>	<u>\$ 362,220</u>	<u>\$ 361,520</u>	<u>\$ 360,140</u>	<u>\$ 358,650</u>	<u>\$ 364,650</u>	<u>\$ 360,200</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 7,579,620</u>
\$ 105,000 47,991	\$ 110,000 43,288	\$ 115,000 38,366	\$ 120,000 33,225	\$ 125,000 27,788	\$ 130,000 22,050	\$ 135,000 16,088	\$ 140,000 9,900	\$ 150,000 3,375		\$ -	\$ -	\$ 1,900,000 850,181
<u>\$ 152,991</u>	<u>\$ 153,288</u>	<u>\$ 153,366</u>	<u>\$ 153,225</u>	<u>\$ 152,788</u>	<u>\$ 152,050</u>	<u>\$ 151,088</u>	<u>\$ 149,900</u>	<u>\$ 153,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,750,181</u>
\$ 285,000 120,400	\$ 295,000 107,576	\$ 310,000 94,300	\$ 320,000 80,350	\$ 335,000 65,950	\$ 350,000 50,876	\$ 365,000 34,688	\$ 385,000 17,806	\$ -	\$ -	\$ -	\$ -	\$ 4,715,000 2,132,870
120,000 17,127	123,000 13,875	126,000 10,542	130,000 7,127	133,000 3,604	-	-	-	-	-	-	-	1,575,000 338,614
55,000 11,778	60,000 10,117	65,000 8,305	65,000 6,342	70,000 4,379	68,000 2,265	-	-	-	-	-	-	778,000 213,363
460,000 149,305	478,000 131,568	501,000 113,147	515,000 93,819	538,000 73,933	418,000 53,141	365,000 34,688	385,000 17,806	-	-	-	-	7,068,000 2,684,847
<u>\$ 609,305</u>	<u>\$ 609,568</u>	<u>\$ 614,147</u>	<u>\$ 608,819</u>	<u>\$ 611,933</u>	<u>\$ 471,141</u>	<u>\$ 399,688</u>	<u>\$ 402,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,752,847</u>
\$ 835,000 291,016	\$ 863,000 263,176	\$ 896,000 234,333	\$ 920,000 204,264	\$ 953,000 173,241	\$ 843,000 140,331	\$ 800,000 109,426	\$ 840,000 77,356	\$ 470,000 43,575	\$ 330,000 30,600	\$ 340,000 20,700	\$ 350,000 10,500	\$ 14,748,000 5,334,648
<u>\$ 1,126,016</u>	<u>\$ 1,126,176</u>	<u>\$ 1,130,333</u>	<u>\$ 1,124,264</u>	<u>\$ 1,126,241</u>	<u>\$ 983,331</u>	<u>\$ 909,426</u>	<u>\$ 917,356</u>	<u>\$ 513,575</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 20,082,648</u>

CITY OF CEDAR HILLS

**Pledged-Revenue Coverage
Last Ten Years**

Year	Excise Tax Revenue Bonds (1)				Utility Revenue Bonds			
	Franchise Taxes	Debt Service		Coverage	Utility Net Revenues (2)	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2005	\$ 221,327	\$ -	\$ -	N/A	\$ 682,946	\$ -	\$ -	N/A
2006	283,016	-	-	N/A	776,177	-	-	N/A
2007	280,527	-	54,206	5.2	508,501	210,000	253,240	1.10
2008	405,318	50,000	98,563	2.7	806,882	210,000	281,129	1.64
2009	432,005	55,000	96,463	2.9	766,396	270,000	306,189	1.33
2010	446,750	60,000	91,763	2.9	876,755	307,000	350,902	1.33
2011	471,635	60,000	91,763	3.1	763,670	265,000	341,385	1.26
2012	462,371	65,000	89,263	3.0	792,924	292,000	331,884	1.27
2013	497,713	65,000	86,663	3.3	1,044,813	299,000	321,166	1.68
2014	503,111	70,000	83,963	3.3	1,180,343	314,000	290,085	1.95

Source: For outstanding debt details, see the notes to the basic financial statements.

Notes: (1) Only includes excise tax revenue bonds there were outstanding as of June 30, 2014.

(2) Operating revenues minus operating expenses, excluding depreciation and amortization, equals net revenues available for debt service.

CITY OF CEDAR HILLS

**Demographic and Economic Statistics
Last Ten Years**

<u>Year</u>	<u>Population (3)</u>	<u>Adjusted Gross Income Income (amounts in thousands) (5)</u>	<u>Household Median Adjusted Gross Income (1)</u>	<u>District School Enrollment (4)</u>	<u>Unemployment % Rate (2)</u>
2005	7,943	\$120,038,780	\$ 70,553	54,773	4.0
2006	8,950	151,037,544	76,082	56,051	2.8
2007	9,391	165,565,947	80,819	58,665	2.5
2008	9,704	156,649,517	78,742	61,223	3.3
2009	9,788	159,580,419	74,951	64,351	7.4
2010	9,798	163,864,560	76,545	66,044	8.0
2011	9,910	175,184,399	79,375	68,233	6.6
2012	10,038	212,132,333	79,415	70,811	5.2
2013	10,179	N/A	N/A	N/A	4.3
2014	N/A	N/A	N/A	N/A	3.6

Sources:

- (1) tax.utah.gov/econstats/income/fed-returns-2000. The Utah State Tax Commission website provides these statistics in an income tax report titled "Federal returns 2000 & newer", Table 13-Summary of Mean and Median AGI by City for Returns and Households.
- (2) Utah County Labor Force, Not Seasonally Adjusted (Annual Average) Data 2003-2012 are revised based on statistical information provided by Utah Department of Workforce Services — www.jobs.utah.gov
- (3) Utah Population Estimates Committee, Utah Governor's Office of Planning and Budget website. 2010 Data - US Census Bureau
- (4) Utah State Office of Education--Superintendent's Annual Report- Enrollment by Alpine School District
- (5) tax.utah.gov/econstats/income/fed-returns-2000. The Utah State Tax Commission website provides these statistics in an income tax report titled "Federal returns 2000 & newer", Table 7-Ranking of Utah Cities by Number of returns, AGI, Net Exemptions, and Federal Taxes

CITY OF CEDAR HILLS

**Principal Employers (2)
Most Current Calendar Year and Two Years Ago**

<u>Employer</u>	<u>Industry</u>	<u>2013</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Brigham Young University	Higher Education	15,000 - 19,999	1	7.03% - 9.38%
Alpine School District	Public Education	5,000 - 6,999	2	2.34% - 3.28%
Utah Valley University	Higher Education	4,000 - 4,999	3	1.88% - 2.34%
Utah Valley Regional Medical Center	Health Care	4,000 - 4,999	3	1.88% - 2.34%
Nebo School District	Public Education	3,000 - 3,999	5	1.41% - 1.88%
State of Utah	State Government	2,000 - 2,999	6	0.94% - 1.41%
Vivint	Electrical Contractors	2,000 - 2,999	6	0.94% - 1.41%
Wal-Mart	Warehouse Clubs and Supercenters	2,000 - 2,999	6	0.94% - 1.41%
Bluefin Office Group/Utah Office Supply	Office Supplies	2,000 - 2,999	6	0.94% - 1.41%
Provo School District	Public Education	1,000 - 1,999	10	0.47% - 0.94%
ESG	Human Resources Management	1,000 - 1,999	10	0.47% - 0.94%
IM Flash Technologies	Electronic Product Manufacturing	1,000 - 1,999	10	0.47% - 0.94%
Provo College	Higher Education	1,000 - 1,999	10	0.47% - 0.94%
Nexeo Staffing	Employment Services	1,000 - 1,999	10	0.47% - 0.94%
Nestle USA	Food Manufacturing	1,000 - 1,999	10	0.47% - 0.94%
Payday Resources	Human Resources Management	1,000 - 1,999	10	0.47% - 0.94%
Utah County	Local Government	1,000 - 1,999	10	0.47% - 0.94%
Provo City	Local Government	1,000 - 1,999	10	0.47% - 0.94%
Central Utah Medical Clinic	Health Care	1,000 - 1,999	10	0.47% - 0.94%
Macey's	Grocery	1,000 - 1,999	10	0.47% - 0.94%
United States Government	Federal Government	1,000 - 1,999	10	0.47% - 0.94%
Total		<u>51,000 - 76,979</u>		<u>23.92% - 36.10%</u>

Source: Utah Department of Workforce Services--County eProfiles--Largest Employers.

Notes:

- (1) Information for Utah County was used, since information is not available for the City. 2013 and 2011 statistics were used because the 2014 and prior to 2011 statistics were not available.
- (2) Workforce Services compiled the numbers. Total employed labor force for the County in 2011 was 204,526. Total employed labor force for 2013 was 231,132.

2011		
Employees	Rank	Percentage of Total County Employment
15,000 - 19,999	1	7.33% - 9.78%
5,000 - 6,999	2	2.44% - 3.42%
3,000 - 3,999	4	1.47% - 1.96%
4,000 - 4,999	3	1.96% - 2.44%
3,000 - 3,999	4	1.47% - 1.96%
3,000 - 3,999	4	1.47% - 1.96%
1,000 - 1,999	8	0.49% - 0.98%
2,000 - 2,999	7	0.98% - 1.47%
1,000 - 1,999	8	0.49% - 0.98%
1,000 - 1,999	8	0.49% - 0.98%
1,000 - 1,999	8	0.49% - 0.98%
1,000 - 1,999	8	0.49% - 0.98%
1,000 - 1,999	8	0.49% - 0.98%
1,000 - 1,999	8	0.49% - 0.98%
1,000 - 1,999	8	0.49% - 0.98%
<u>43,000 - 62,985</u>		<u>21.02% - 30.80%</u>

CITY OF CEDAR HILLS

Full-Time Equivalent City Government Employees By Function Last Ten Years

FUNCTION	Full-Time Equivalent Employees as of December 31,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	7.0	6.5	7.5	7.5	7.5	8.0	9.0	9.0	8.5	8.5
Streets and public works	9.0	9.0	10.0	10.0	11.0	11.0	10.0	10.0	9.0	10.0
Parks and recreation	1.0	-	1.0	1.0	1.5	1.5	1.5	2.5	3.0	3.0
Golf	-	-	-	3.0	3.0	4.0	4.0	3.0	3.0	3.0
Total	17.0	15.5	18.5	21.5	23.0	24.5	24.5	24.5	23.5	24.5

Source: Various City of Cedar Hills Budget Documents

CITY OF CEDAR HILLS

**Capital Asset Statistics
Last Ten Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Highways and streets:										
Miles of road	22	28	28	28	28	28	28	28	28	28
Recreation:										
Neighbor Pocket Parks	-	1	1	1	1	1	1	1	1	1
Community Parks	3	3	4	4	5	5	5	5	5	5
Golf Course	1	1	1	1	1	1	1	1	1	1
Community Event Center	-	-	-	-	-	-	-	1	1	1

Source: City of Cedar Hills budget document

CITY OF CEDAR HILLS

Operating Indicators By Organization Last Three Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administration:			
Staff trainings held	10	11	11
Employees receiving performance evaluation	100%	100%	100%
Finance:			
Checks processed	2,335	2,196	2,013
Electronic fund transfers processed	66	119	96
Paper utility statements processed per month	2,187	2,164	2,129
Utility customers	2,328	2,385	2,404
GFOA Distinguished Budget Presentation Award	Yes	Yes	N/A
GFOA Certificate of Achievement in Financial Reporting	No	Yes	N/A
General obligation bond rating	AA-	AA-	AA-
Public Works:			
Water inspections	15	10	30
Sewer inspections	15	10	30
Inspections completed	1,095	590	1,091
Building permits processed	73	54	65
Building plans approved	66	50	60
Meters read electronically	96%	96%	98%
Community Services:			
Jr. Jazz teams	70	84	82
Flag football teams	31	31	34
Family festival donations raised	\$14,250	\$17,855	\$19,480
Season golf passes sold, or traded for services	\$35,436	\$42,153	\$78,114

Source: City of Cedar Hills budget document and general ledger

ADDITIONAL INFORMATION





SCHEDULE OF AUDIT FINDINGS

CURRENT YEAR FINDING

No findings in the current year.

PRIOR YEAR FINDING

Finding 2013-1: *Year end accrual (Significant deficiency)*

During our review of the subsequent events for the City, we became aware that one large payable accrual had not been initially recognized in the capital projects fund. Accounts payable are tracked and maintained throughout the year.

Recommendation:

We recommend that the City monitor the year end cutoff throughout the year, especially relating to construction projects, and book transactions in the proper period.

Management response:

We will try to emphasize to each department, as part of a year-end checklist, to post transactions in the period of the transaction takes place and not when the payment is due. The finance department will also make every effort, as part of the financial audit preparation, to review and update coding of invoices, as necessary, that were processed by department heads.

Status:

All material year-end accruals were properly recorded.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Cedar Hills
Cedar Hills, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Cedar Hills, Utah, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Cedar Hills, Utah's basic financial statements and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Cedar Hills, Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Cedar Hills, Utah's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cedar Hills, Utah's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Alfred Jackson". The signature is written in a cursive style with a large initial 'A'.

North Logan, UT
November 24, 2014



INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE* ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and City Council
City of Cedar Hills
Cedar Hills, Utah

Report On Compliance with General State Compliance Requirements

We have audited Cedar Hills City, Utah the (City)'s compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Impact Fees
- Transfers from Utility Enterprise Funds
- Utah Retirement System
- Utah Public Finance Website
- Government Records Access Management Act

The City did not have any state funding classified as a major program during the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the

State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion, Cedar Hills City, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2014.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



North Logan, UT

November 24, 2014

