

# CITY OF CEDAR HILLS, UTAH



Photo by: Trent Augustus

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013





# **CITY OF CEDAR HILLS, UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prepared by:  
Department of Finance**



# INTRODUCTORY SECTION





**CITY OF CEDAR HILLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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October 18, 2013

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, 2013.

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, 2013. 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 2013 was 4.4 percent compared to 7.6 percent nationally. A leveling off in unemployment rates are anticipated in fiscal calendar year 2013-2014.

Median household incomes within the City of Cedar Hills are significantly higher than for the state as a whole. For 2011, according to the federal returns on the Utah State Tax Commission's website, the City's household median gross income was \$79,375; Utah County's was \$43,977, while the state's was \$43,706. The census has the government's population at 10,063 as of 2012. The population growth has slowed down, because the lack of undeveloped land within the City limits.

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 current population base.

Over the past ten years, the government has experienced a period of significant 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 \$235,382 to \$1,050,218, and as a percentage of total expenditures in governmental funds (from 13.2 percent to currently 29.0 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 a loss of contracted ambulance revenues to the City of American Fork.

During this same ten-year period, sales taxes related to governmental funds have increased from \$319,340 to \$1,112,911. 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 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 estimated revenues. In the general fund, at year end, unrestricted fund balance was approximately 22% of the total estimated general fund revenues. This amount follows close to the policy guidelines set by the governing body for budgetary and planning purposes (i.e., at least 5% and a target amount of 18%). The Council will review the City's strategic plan in the upcoming year, including policy guidelines, and may plan to raise the target to 25 percent of total general fund revenues to reduce the amount that otherwise would need to be borrowed to finance future construction.

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 in October of 2012.

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 2013-2014 Capital Improvement Plan anticipates \$350,000 in capital projects related to finishing the basement and an elevator addition at the recreation center, \$36,000 for an impact fee analysis, \$20,000 for sidewalk improvements, and \$12,000 for a trench box. Other park and street improvements were also budgeted.

Because of fiscal constraints, the government's 2013-2014 equipment and vehicles program will not fund the replacement of bobtails. The replacement of three public work trucks were funded.

The City has adopted a comprehensive set of financial policies. The City has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). For governmental funds, a deficit may be budgeted, which the policy allows when the appropriation of fund balance is used to close the gap. As a result of careful financial management, and an improving economy 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, 2013. This is the 11th 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.

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 first 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.

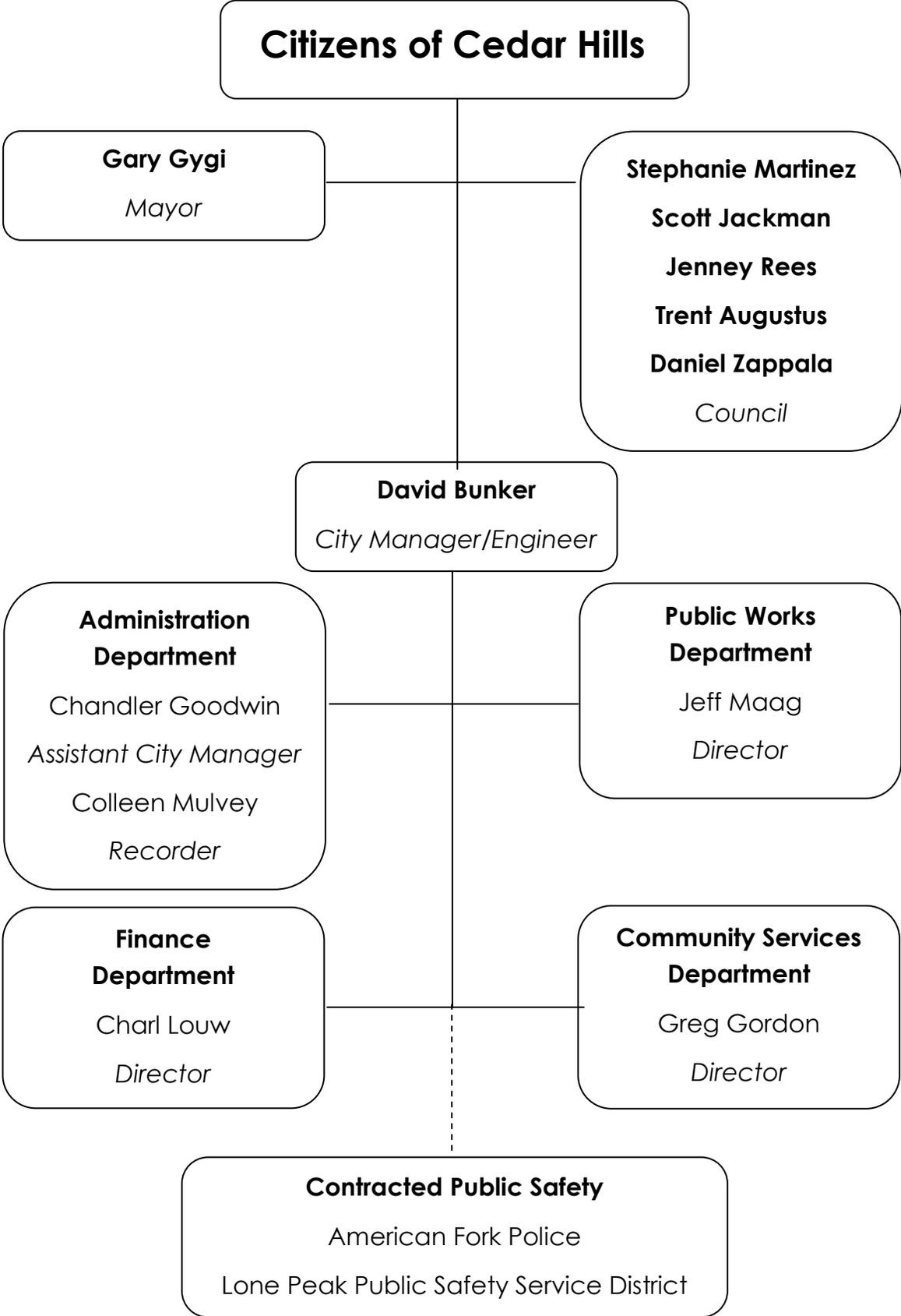
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Charl Louw". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charl Louw, CPA, MBA  
Finance Director

# City of Cedar Hills Organization Chart

As of June 30, 2013



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# FINANCIAL SECTION







## INDEPENDENT AUDITOR'S REPORT

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

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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

## **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 15, 2013, 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.

*ALLRED JACKSON*

November 15, 2013

## 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, 2013.

### 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 \$40,868,448 (net position). Of this amount, \$2,812,877 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 \$217,148.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$2,758,160. A decrease of \$1,909,981 in comparison with the prior year because of a \$2.2 million transfer to proprietary funds to offset the Golf fund cash deficit.
- In the general fund, revenues exceeded expenditures by \$573,397 before inter-fund transfers.
- At the close of the fiscal year, the fund balance of the general fund totaled \$903,008 of which \$4,328 is nonspendable, \$73,051 is restricted, and \$801,629 is unassigned. State statutes allow a maximum unrestricted fund balance of 25 percent of estimated general fund revenues.
- The City anticipates cash savings from the general obligation partial refunding and a utility revenue bond rate restructuring of approximately \$740,000.

### 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 two 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 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 three 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, and golf funds. 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, golf course, 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 \$40,868,448 (net position) at the close of the most recent fiscal year.

**CITY OF CEDAR HILL'S Net Position**  
**June 30, 2013 and 2012**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2013-2012
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 3,836.8	\$ 6,097.1	\$ 2,933.1	\$ 1,012.6	\$ 6,769.9	\$ 7,109.7	\$ (339.8)
Capital assets	12,603.4	12,701.1	38,288.8	39,245.2	50,892.2	51,946.3	(1,054.1)
Total assets	16,440.2	18,798.2	41,221.9	40,257.8	57,662.1	59,056.0	(1,393.9)
Total deferred outflows of resources	-	-	742.7	-	742.7	-	742.7
Other liabilities	308.0	732.9	385.4	860.5	693.4	1,593.4	(900.0)
Long-term liabilities outstanding	2,002.8	2,062.7	13,834.8	13,696.0	15,837.6	15,758.7	78.9
Total liabilities	2,310.8	2,795.6	14,220.2	14,556.5	16,531.0	17,352.1	(821.1)
Total deferred inflows of resources	677.3	665.0	328.0	384.6	1,005.3	1,049.6	(44.3)
Net position:							
Net investment in capital assets	10,633.4	10,666.0	25,236.6	25,597.4	35,870.0	36,263.4	(393.4)
Restricted	1,569.8	1,449.1	615.8	652.5	2,185.6	2,101.6	84.0
Unrestricted	1,248.9	3,222.5	1,564.0	(936.2)	2,812.9	2,286.3	526.6
Total net position	<u>\$ 13,452.1</u>	<u>\$ 15,337.6</u>	<u>\$27,416.4</u>	<u>\$25,313.7</u>	<u>\$40,868.5</u>	<u>\$40,651.3</u>	<u>\$ 217.2</u>

The majority of the City's net position (approximately 87.8 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 \$2,812,877 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2013, 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 \$217,148, because higher than estimated revenues.

## GOVERNMENTAL ACTIVITIES

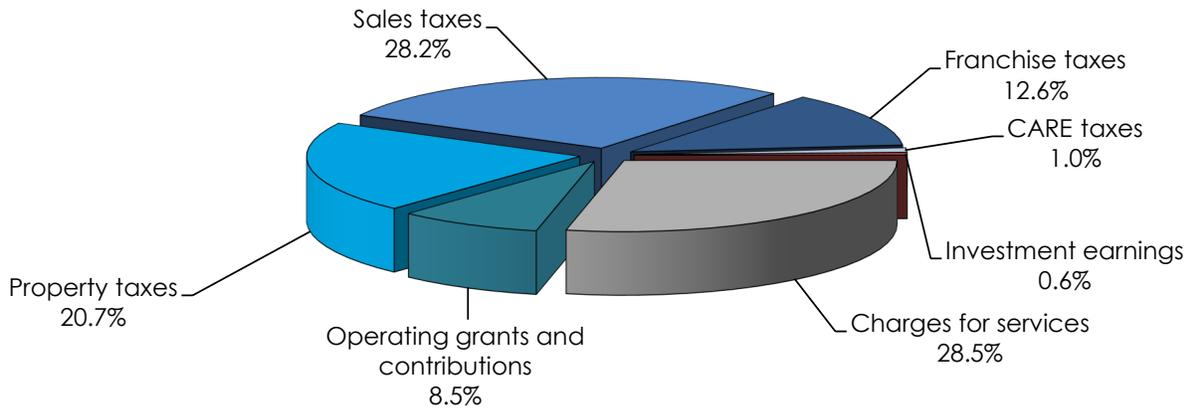
Governmental activities decreased the City's net position by \$1,885,516, because of a planned transfer of approximately \$2.2 million to business-type activities to fund the cash deficit for the City's golf course.

### CITY OF CEDAR HILL'S Changes in Net Position Years Ended June 30, 2013 and 2012 (in thousands of dollars)

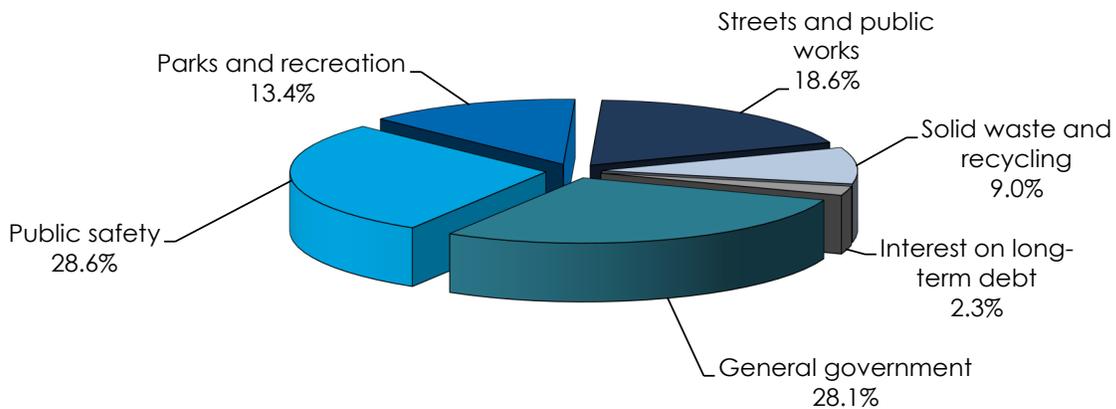
	Governmental Activities		Business-type Activities		Total		Change 2013-2012
	2013	2012	2013	2012	2013	2012	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 1,124.0	\$ 916.6	\$ 3,709.8	\$ 3,458.7	\$ 4,833.8	\$ 4,375.3	\$ 458.5
Operating grants and contributions	335.9	302.9	-	-	335.9	302.9	33.0
Capital grants and contributions	-	11.3	-	-	-	11.3	(11.3)
General revenues:							
Property taxes	815.9	870.9	392.3	394.2	1,208.2	1,265.1	(56.9)
Sales taxes	1,112.9	1,050.3	-	-	1,112.9	1,050.3	62.6
Franchise taxes	497.7	462.4	-	-	497.7	462.4	35.3
CARE taxes	38.8	35.9	-	-	38.8	35.9	2.9
Investment earnings	22.5	35.8	9.6	8.8	32.1	44.6	(12.5)
<b>Total revenues</b>	<b>3,947.7</b>	<b>3,686.1</b>	<b>4,111.7</b>	<b>3,861.7</b>	<b>8,059.4</b>	<b>7,547.8</b>	<b>511.6</b>
<b>Expenses:</b>							
Governmental activities:							
General government	1,033.2	1,311.2	-	-	1,033.2	1,311.2	(278.0)
Public safety	1,050.2	888.6	-	-	1,050.2	888.6	161.6
Parks and recreation	492.4	495.6	-	-	492.4	495.6	(3.2)
Streets and public works	681.1	785.9	-	-	681.1	785.9	(104.8)
Solid waste and recycling	330.8	258.4	-	-	330.8	258.4	72.4
Interest on long-term debt	83.0	104.3	-	-	83.0	104.3	(21.3)
Business-type activities:							
Golf	-	-	1,339.2	1,423.6	1,339.2	1,423.6	(84.4)
Water and sewer	-	-	2,832.3	2,965.5	2,832.3	2,965.5	(133.2)
<b>Total expenses</b>	<b>3,670.7</b>	<b>3,844.0</b>	<b>4,171.5</b>	<b>4,389.1</b>	<b>7,842.2</b>	<b>8,233.1</b>	<b>(390.9)</b>
Changes in net position before transfers	277.0	(157.9)	(59.8)	(527.4)	217.2	(685.3)	902.5
Transfers	(2,162.5)	(2,325.7)	2,162.5	2,325.7	-	-	-
Changes in net position	(1,885.5)	(2,483.6)	2,102.7	1,798.3	217.2	(685.3)	902.5
Net position - beginning, as restated	15,337.6	17,821.2	25,313.7	23,515.4	40,651.3	41,336.6	(685.3)
Net position - ending	<u>\$ 13,452.1</u>	<u>\$ 15,337.6</u>	<u>\$27,416.4</u>	<u>\$25,313.7</u>	<u>\$40,868.5</u>	<u>\$40,651.3</u>	<u>\$ 217.2</u>

Charges for services increased due to a developer settlement and substantial prosecutor splits received from Utah County and the State of Utah's District Attorney offices. Property taxes revenue for governmental activities decreased by \$55,034 from \$870,913 in 2012 to \$815,879 in 2013. This decrease is the result of personal property taxes decreasing slightly, and motor vehicle taxes also declining. Sales and use tax collections increased by \$62,596 from \$1,050,315 in 2012 to \$1,112,911 in 2013. Sales taxes improved slightly due to Cedar Hill's population growth, the addition of Hart's food and gas, and Utah's improved economy.

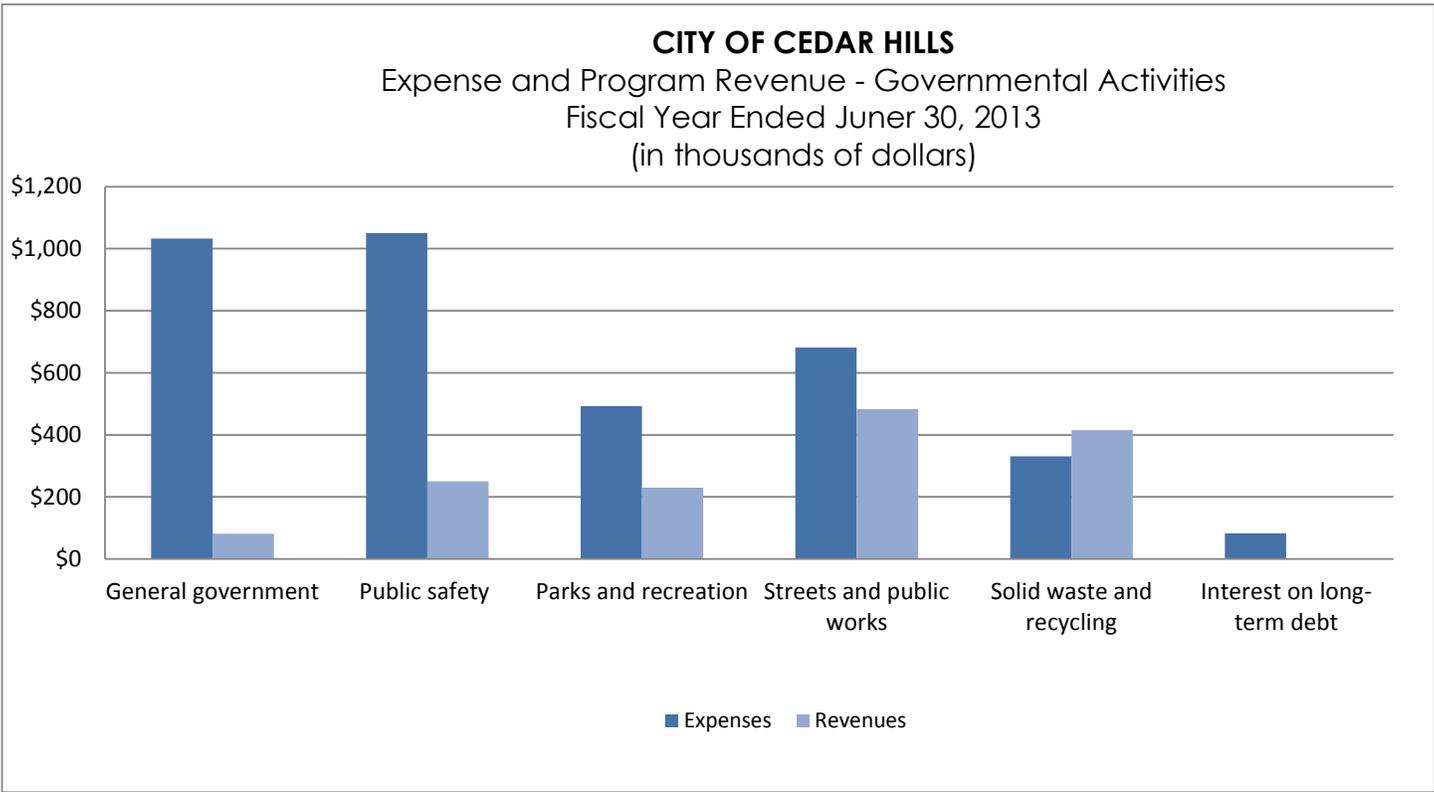
**CITY OF CEDAR HILLS**  
 Revenues by Source - Governmental Activities  
 Fiscal Year Ended June 30, 2013



**CITY OF CEDAR HILLS**  
 Expenses by Function - Governmental Activities  
 Fiscal Year Ended June 30, 2013



General governmental expenses decreased due to City staffing changes from May 2012 to August 2013. Public Safety increased due to more expensive contracts with Lone Peak Public Safety Service District's Fire Department and the City of American Fork's Police. Streets and public works expenses decreased because prior years' collections of Class C road funds were completely spent during 2012. Street funding in 2013 relied on current year's Class C road revenues only. Solid waste and recycling increased due to higher rates for collection. Interest on debt decreased due to paying off the bonds for the public safety building during 2012.



**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the City's net position by 2,102,664 due to the transfer from governmental activities to cover the Golf course cash deficit.

Charges for services increased from \$3,458,655 in 2012 to \$3,709,808 in 2013 due to higher green fee collections, event rentals, and utility rates adjustments to fund long-term water, storm drain, and sewer system repairs and improvements. Property taxes revenue decreased by \$4,586 from \$396,862 in 2012 to \$392,276 in 2013 partially due to anticipation of a smaller debt service payment.

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 \$2,758,160. Approximately 29 percent of this amount, \$801,629 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) \$517,948 to pay for roads, 2) \$1,030,027 to pay for parks and recreation, 3) \$307,712 to pay for debt service, 4) \$96,516 for other capital improvements, and 5) \$4,328 is for prepaid expenditures.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$801,629. Total fund balance was \$903,008. 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 18 percent in 2012 to almost 22 percent in 2013 of budgeted revenues. Most of this increase in fund balance is from a conservative budgeting process, and higher than anticipated one-time revenues from the County and State of Utah related to prosecutor sharing.

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 25 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 \$1,395,922, Golf \$100,954, and Motor Pool Fund \$134,235. 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. The Golf fund increased their unrestricted fund balance due to a transfer of \$2,069,358 from the Capital Projects fund and \$140,000 from the General fund used to cover prior years' cash deficit and to subsidize current year's operations respectively.

## **BUDGETARY HIGHLIGHTS**

The difference between the original general fund budget (adopted June 2012) and the final general fund expenditures amended budget was \$39,470. The significant changes are summarized as follows:

- \$75,000 increase in General Government—legal services related to GRAMA
- \$3,000 decrease in General Government—planning commission wages
- \$28,000 increase in General Government—unemployment and severance costs
- \$115,000 decrease in Streets and Public Works—Class C Road projects
- \$8,000 decrease in Streets and Public Works—contracted labor for building plans

## 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:

- \$218,706 for the community recreation center's unfinished basement
- \$86,834 for vehicle replacements
- \$42,380 for water improvements

These expenses do not include over \$400,000 in capital maintenance projects and operational costs related to water meters, streets, lights, sidewalks, gutters, and building repairs.

**CITY OF CEDAR HILL'S Capital Assets**  
**June 30, 2013 and 2012**  
(net of accumulated depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		
	2013	2012	2013	2012	2013	2012	Change 2013-2012
Land	\$ 3,416.7	\$ 3,416.7	\$ 3,810.0	\$ 3,810.0	\$ 7,226.7	\$ 7,226.7	\$ -
Water stock	-	-	3,311.5	3,311.5	3,311.5	3,311.5	-
Construction in progress	218.7	-	16.9	16.9	235.6	16.9	218.7
Buildings	2,333.5	2,395.9	2,560.8	2,620.7	4,894.3	5,016.6	(122.3)
Improvements	3,027.9	3,165.2	6,321.0	6,476.5	9,348.9	9,641.7	(292.8)
Vehicles	168.9	204.3	168.9	204.3	337.8	408.6	(70.8)
Equipment	4.0	7.8	115.5	258.0	119.5	265.8	(146.3)
Water, sewer, and storm drain systems Infrastructure (Roads, Sidewalks)	3,433.7	3,511.2	-	-	3,433.7	3,511.2	(77.5)
<b>Total</b>	<b>\$ 12,603.4</b>	<b>\$ 12,701.1</b>	<b>\$38,288.8</b>	<b>\$39,245.2</b>	<b>\$28,908.0</b>	<b>\$29,399.0</b>	<b>\$ (491.0)</b>

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

## LONG-TERM DEBT

The City of Cedar Hills has \$5,985,000 of general obligation debt as of June 30, 2013. 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 \$480,000. 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 \$5,505,000. 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 \$4,900,000.

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 \$1,667,000.

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 \$815,000. In April, Wells Fargo agreed to restructure the fixed rate from 5.99% to 3.02%, which will provide the City approximately \$240,000 in cash savings.

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 \$1,970,000.

**CITY OF CEDAR HILL'S Outstanding Debt**  
**June 30, 2013 and 2012**  
(net of unamortized deferrals, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2013-2012
	2013	2012	2013	2012	2013	2012	
General obligation bonds	\$ -	\$ -	\$ 6,155.2	\$ 5,510.0	\$ 6,155.2	\$ 5,510.0	\$ 645.2
Excise tax revenue bonds	1,970.0	2,035.0	-	-	1,970.0	2,035.0	(65.0)
Utility revenue bonds	-	-	7,382.0	7,681.0	7,382.0	7,681.0	(299.0)
Obligations under capital leases	-	-	-	120.7	-	120.7	(120.7)
Notes payable	-	-	257.7	336.1	257.7	336.1	(78.4)
Total	<u>\$ 1,970.0</u>	<u>\$ 2,035.0</u>	<u>\$13,794.9</u>	<u>\$13,647.8</u>	<u>\$15,764.9</u>	<u>\$15,682.8</u>	<u>\$ 82.1</u>

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

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

- The City of Cedar Hills new residential housing has slowed down the last few years, because of the recession and 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 should improve with the recent widening of North County Boulevard, which is a major north/south transportation corridor to the interstate freeway for northern Utah County. The City's commercial property also added the City's first gas station during 2012—Hart's Food & Gas.
  - The national fiscal uncertainty and flattening population growth of the City may slow down improved sales tax revenue growth generated statewide.
  - For the 2013-2014 Budget, the estimated General Fund revenues are \$3,745,300 and the budgeted expenditures are \$3,426,747. The revenues are projected to be slightly higher overall than last year because of growth in the economy. The overall funding is less, because of expenditures is less because of a conservative subsidy to Golf and there was no restricted fund balance to drawdown compared to the prior year, which planned for \$200,000 in restricted fund balance to balance the original budget.
  - In addition, the General budget includes planned transfers out of \$318,553. \$114,732 to the Capital Project's fund for part of the debt service on the public works/administration building, and \$37,000 in CARE tax revenue to the Capital Project fund towards some of the community recreation center's basement improvements. Also, \$115,716 will be transferred out of the General fund to the Golf fund as an operating subsidy. \$88,105 will be transferred to the Motor Pool fund to fund expenses in the internal service fund for maintenance, gas, and vehicle replacement of three public work's trucks.
  - The most significant capital project is finishing the basement at the community recreation center, which began during 2013.
  - Other significant capital maintenance budget appropriations include \$363,500 for street and sidewalk maintenance, and snow removal in the General fund. And approximately \$150,000 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 fund, because the related debt was refunded during 2012.

## 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, 2013

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,096,656	\$ 1,415,561	\$ 2,512,217
Restricted cash and cash equivalents	1,569,792	615,785	2,185,577
Tax receivables	737,109	328,020	1,065,129
Intergovernmental receivables	279,959	-	279,959
Other receivables (net of allowance for uncollectibles)	79,544	223,096	302,640
Inventories and prepaid items	8,271	36,046	44,317
Capital assets:			
Land, water stock, and construction in progress	3,635,356	7,138,448	10,773,804
Buildings, improvements, equipment, and other depreciable assets, net of accumulated depreciation	8,968,059	31,150,389	40,118,448
Bond issuance costs, net of accumulated amortization	65,443	314,510	379,953
Total assets	<u>16,440,189</u>	<u>41,221,855</u>	<u>57,662,044</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	742,656	742,656
Total deferred outflows of resources	<u>-</u>	<u>742,656</u>	<u>742,656</u>
<b>Liabilities:</b>			
Accounts payable	196,784	177,848	374,632
Accrued expenses	71,996	46,175	118,171
Accrued interest	39,252	161,336	200,588
Long-term liabilities:			
Portion due or payable within one year	86,397	531,931	618,328
Portion due or payable after one year	1,916,397	13,302,844	15,219,241
Total liabilities	<u>2,310,825</u>	<u>14,220,134</u>	<u>16,530,959</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue-property taxes	677,273	328,020	1,005,293
Total deferred inflows of resources	<u>677,273</u>	<u>328,020</u>	<u>1,005,293</u>
<b>Net position:</b>			
Net investment in capital assets	10,633,416	25,236,580	35,869,995
Restricted for:			
Debt service	307,712	340,750	648,462
Parks and recreation	671,616	-	671,616
Streets	517,948	-	517,948
Water and sewer improvements	-	267,434	267,434
Other purposes	72,516	7,600	80,116
Unrestricted	1,248,884	1,563,994	2,812,877
Total net position	<u>\$ 13,452,091</u>	<u>\$ 27,416,357</u>	<u>\$ 40,868,448</u>

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

# CITY OF CEDAR HILLS

## Statement of Activities

Year Ended June 30, 2013

Activities / Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 1,033,196	\$ 81,268	\$ -	\$ -	\$ (951,928)		\$ (951,928)
Public safety	1,050,218	187,832	62,578	-	(799,808)		(799,808)
Parks and recreation	492,407	229,613	535	-	(262,259)		(262,259)
Streets and public works	681,059	209,909	272,763	-	(198,387)		(198,387)
Solid waste and recycling	330,845	415,384	-	-	84,539		84,539
Interest on long-term debt	82,947	-	-	-	(82,947)		(82,947)
Total governmental activities	3,670,672	1,124,006	335,876	-	(2,210,790)		(2,210,790)
<b>Business-type activities:</b>							
Golf course	1,339,179	810,409	-	-	-	\$ (528,770)	(528,770)
Water and sewer	2,832,349	2,899,399	-	-	-	67,050	67,050
Total business-type activities	4,171,528	3,709,808	-	-	-	(461,720)	(461,720)
Total County	<u>\$ 7,842,200</u>	<u>\$ 4,833,814</u>	<u>\$ 335,876</u>	<u>\$ -</u>	(2,210,790)	(461,720)	(2,672,510)
<b>General revenue:</b>							
Property taxes					815,879	392,276	1,208,155
Sales taxes					1,112,911	-	1,112,911
Franchise taxes					497,713	-	497,713
CARE taxes					38,828	-	38,828
Total taxes					2,465,331	392,276	2,857,607
Unrestricted investment earnings					22,451	9,600	32,051
<b>Transfers</b>					(2,162,508)	2,162,508	-
Total general revenue and transfers					325,274	2,564,384	2,889,658
Changes in net position					(1,885,516)	2,102,664	217,148
<b>Net position - beginning, as restated</b>					15,337,607	25,313,693	40,651,300
<b>Net position - ending</b>					<u>\$ 13,452,091</u>	<u>\$ 27,416,357</u>	<u>\$ 40,868,448</u>

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

# CITY OF CEDAR HILLS

## Balance Sheet

### Governmental Funds

June 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 571,617	\$ 460,291	\$ 1,031,908
Restricted cash and cash equivalents	73,051	1,496,741	1,569,792
Tax receivables	737,109	-	737,109
Intergovernmental receivables	279,959	-	279,959
Other receivables (net of allowance for uncollectibles)	78,652	892	79,544
Prepaid items	4,328	-	4,328
Total assets	<u>\$ 1,744,716</u>	<u>\$ 1,957,924</u>	<u>\$ 3,702,640</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 92,439	\$ 102,772	\$ 195,211
Accrued salaries, wages, and benefits	29,227	-	29,227
Other payables	42,769	-	42,769
Total liabilities	164,435	102,772	267,207
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue-property taxes	677,273	-	677,273
Total deferred inflows of resources	677,273	-	677,273
<b>FUND BALANCES:</b>			
Nonspendable:			
Prepaid expenditures	4,328	-	4,328
Restricted for:			
Debt service--public works building	-	307,712	307,712
Parks and recreation	535	671,081	671,616
Streets	-	517,948	517,948
Other capital improvements	72,516	-	72,516
Assigned to:			
Parks and recreation	-	358,411	358,411
Other capital improvements	24,000	-	24,000
Unassigned	801,629	-	801,629
Total fund balances	903,008	1,855,152	2,758,160
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,744,716</u>	<u>\$ 1,957,924</u>	<u>\$ 3,702,640</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, 2013

**Total fund balances for governmental funds** \$ 2,758,160

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	\$ 3,416,650	
Construction in progress	218,706	
Buildings, net of accumulated depreciation of \$512,629	2,333,474	
Improvements, net of accumulated depreciation of \$1,163,516	3,027,941	
Equipment, net of accumulated depreciation of \$30,508	4,050	
Infrastructure (roads and sidewalks), net of accumulated depreciation of \$440,787	3,433,730	12,434,551

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: 235,982

Bond issuance costs are reported as current expenditures at the fund level, but are deferred and

amortized over the life of the bonds in the statement of net assets, net of accumulated amortization of \$25,873

65,443

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:

(39,252)

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.

Excise tax revenue bonds	(1,970,000)	
Compensated absences payable	(32,793)	(2,002,793)

**Total net position of governmental activities**

\$ 13,452,091

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

### Governmental Funds

Year Ended June 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Property taxes	\$ 815,879	\$ -	\$ 815,879
Sales taxes	1,112,911	-	1,112,911
Franchise taxes	497,713	-	497,713
CARE taxes	38,828	-	38,828
Licenses and permits	94,298	-	94,298
Intergovernmental and grants	335,341	-	335,341
Charges for services	596,519	-	596,519
Fees	121,765	138,320	260,085
Investment earnings	3,780	18,671	22,451
Miscellaneous	173,639	-	173,639
Total revenues	<u>3,790,673</u>	<u>156,991</u>	<u>3,947,664</u>
<b>EXPENDITURES:</b>			
Current:			
General government	953,069	2,157	955,226
Public safety	1,050,218	-	1,050,218
Streets and public works	531,545	-	531,545
Solid waste and recycling	330,845	-	330,845
Parks and recreation	351,599	-	351,599
Debt service:			
Principal	-	65,000	65,000
Interest and fiscal charges	-	88,243	88,243
Capital outlay:			
Streets and public works	-	26,254	26,254
Parks and recreation	-	221,207	221,207
Total expenditures	<u>3,217,276</u>	<u>402,861</u>	<u>3,620,137</u>
Excess (deficiency) of revenues over (under) expenditures	573,397	(245,870)	327,527
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	246,700	246,700
Transfers out	(414,850)	(2,069,358)	(2,484,208)
Total other financing sources (uses)	<u>(414,850)</u>	<u>(1,822,658)</u>	<u>(2,237,508)</u>
Net change in fund balances	158,547	(2,068,528)	(1,909,981)
Fund balances - beginning	<u>744,461</u>	<u>3,923,680</u>	<u>4,668,141</u>
Fund balances - ending	<u>\$ 903,008</u>	<u>\$ 1,855,152</u>	<u>\$ 2,758,160</u>

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, 2013

**Net change in fund balances - total governmental funds** \$ (1,909,981)

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

Capital outlays	\$ 218,706	
Depreciation expense	<u>(280,858)</u>	(62,152)

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	5,296	
Principal retirement of bonds and obligations under capital leases	65,000	
Amortization of bond issuance costs	<u>(3,653)</u>	66,643

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		(5,089)
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individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

25,063

**Change in net position of governmental activities**

\$ (1,885,516)

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 839,000	\$ 850,000	\$ 815,879	\$ (34,121)
Sales taxes	1,050,000	1,100,000	1,112,911	12,911
Other	520,000	520,000	536,541	16,541
Total taxes	2,409,000	2,470,000	2,465,331	(4,669)
Licenses and permits	142,000	142,000	94,298	(47,702)
Intergovernmental and grants	315,000	315,000	335,341	20,341
Charges for services	703,000	717,000	718,284	1,284
Investment earnings	5,000	5,000	3,780	(1,220)
Miscellaneous	26,000	26,530	173,639	147,109
Total revenues	3,600,000	3,675,530	3,790,673	115,143
<b>Expenditures:</b>				
Current:				
General government	921,400	1,009,400	953,069	56,331
Public safety	1,040,000	1,040,000	1,050,218	(10,218)
Streets and public works	736,000	608,000	531,545	76,455
Solid waste and recycling	337,250	337,250	330,845	6,405
Parks and recreation	400,500	401,030	351,599	49,431
Total expenditures	3,435,150	3,395,680	3,217,276	178,404
Excess (deficiency) of revenues over (under) expenditures	164,850	279,850	573,397	293,547
<b>Other financing uses:</b>				
Transfers out	(364,850)	(663,271)	(414,850)	248,421
Total other financing uses	(364,850)	(663,271)	(414,850)	248,421
Net change in fund balance	(200,000)	(383,421)	158,547	541,968
<b>Fund balances - beginning</b>	744,461	744,461	744,461	-
<b>Fund balances - ending</b>	\$ 544,461	\$ 361,040	\$ 903,008	\$ 541,968

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, 2013**

	Business-type Activities		Total Enterprise Funds	Governmental Activities
	Water & Sewer	Golf		Internal Service Fund Motor Pool
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 1,329,311	\$ 21,502	\$ 1,350,813	\$ 129,496
Property tax receivable	-	328,020	328,020	-
Accounts receivable, net of allowance	221,556	1,540	223,096	-
Inventories	-	24,905	24,905	-
Prepaid items	4,730	2,468	7,198	7,886
Total current assets	1,555,597	378,435	1,934,032	137,382
Noncurrent assets:				
Restricted cash and cash equivalents	615,785	-	615,785	-
Capital assets:				
Land	-	3,810,023	3,810,023	-
Buildings and improvements	-	10,475,678	10,475,678	-
Vehicles and equipment	-	539,660	539,660	656,402
Water, sewer, and storm drain systems	29,057,596	-	29,057,596	-
Construction-in-progress	16,866	-	16,866	-
Accumulated depreciation	(7,073,436)	(2,017,974)	(9,091,410)	(318,673)
Bond costs, net	134,740	179,770	314,510	-
Water stock	3,311,559	-	3,311,559	-
Total noncurrent assets	26,063,110	12,987,157	39,050,267	337,729
Total assets	27,618,707	13,365,592	40,984,299	475,111
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	11,265	731,391	742,656	-
Total deferred outflows of resources	11,265	731,391	742,656	-
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	141,194	35,080	176,274	3,147
Accrued wages payable	25,982	20,193	46,175	-
Accrued interest payable	95,040	66,296	161,336	-
Compensated absences	16,100	3,831	19,931	-
Bonds payable - current	307,000	205,000	512,000	-
Total current liabilities	585,316	330,400	915,716	3,147
Noncurrent liabilities:				
Compensated absences	16,100	3,831	19,931	-
Notes payable	257,746	-	257,746	-
Bonds payable net of premium	7,075,000	5,950,167	13,025,167	-
Total noncurrent liabilities	7,348,846	5,953,998	13,302,844	-
Total liabilities	7,934,162	6,284,398	14,218,560	3,147
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue-property taxes	-	328,020	328,020	-
Total deferred outflows of resources	-	328,020	328,020	-
<b>Net position:</b>				
Net investment in capital assets	17,684,104	7,383,611	25,067,715	337,729
Restricted for capital improvements	267,434	-	267,434	-
Restricted for debt service	340,750	-	340,750	-
Restricted for water shares	7,600	-	7,600	-
Unrestricted	1,395,922	100,954	1,496,876	134,235
Total net position	\$ 19,695,810	\$ 7,484,565	\$ 27,180,375	\$ 471,964
Total net position - enterprise funds			\$ 27,180,375	
An internal charge between the governmental and business-type activities is not recorded at the fund level			235,982	
Total net position - business-type activities			\$ 27,416,357	

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, 2013

	Business-Type Activities			Governmental Activities
	Water & Sewer	Golf	Total Enterprise Funds	Internal Service Fund Motor Pool
<b>Operating revenues:</b>				
Charges for services:				
Water & Sewer	\$ 2,899,399	\$ -	\$ 2,899,399	\$ -
Events	-	151,934	151,934	-
Golf course	-	698,585	698,585	-
Total operating revenues	2,899,399	850,519	3,749,918	-
<b>Operating expenses:</b>				
Salaries, wages, and benefits	724,605	399,902	1,124,507	-
Materials, supplies and services	1,113,232	487,878	1,601,110	65,741
Other operating expenses	16,749	24,800	41,549	-
Amortization	7,710	40,516	48,226	-
Depreciation	605,519	264,268	869,787	79,778
Total operating expenses	2,467,815	1,217,364	3,685,179	145,519
Operating income (loss)	431,584	(366,845)	64,739	(145,519)
<b>Nonoperating revenues (expenses):</b>				
Interest income	9,600	-	9,600	-
Gain (loss) on sale of capital assets	-	(40,110)	(40,110)	45,647
Property taxes	-	392,276	392,276	-
Interest expense and fiscal charges	(314,597)	(121,815)	(436,412)	-
Total nonoperating revenues (expenses)	(304,997)	230,351	(74,646)	45,647
Income (loss) before transfers	126,587	(136,494)	(9,907)	(99,872)
<b>Transfers in</b>	-	2,209,358	2,209,358	150,000
<b>Transfers out</b>	(118,850)	(3,000)	(121,850)	-
Total transfers	(118,850)	2,206,358	2,087,508	150,000
Changes in net position	7,737	2,069,864	2,077,601	50,128
<b>Total net position - beginning, as restated</b>	19,688,073	5,414,701	25,102,774	421,836
<b>Total net position - ending</b>	<u>\$ 19,695,810</u>	<u>\$ 7,484,565</u>	<u>\$ 27,180,375</u>	<u>\$ 471,964</u>
Change in net position - enterprise funds			\$ 2,077,601	
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			25,064	
Change in net position of business-type activities			<u>\$ 2,102,665</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, 2013

	Business-Type Activities			Governmental
	Water & Sewer	Golf	Total Enterprise Funds	Internal Service Fund Motor Pool
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 2,932,833	\$ 848,979	\$ 3,781,812	\$ -
Payments to suppliers	(882,023)	(511,070)	(1,393,093)	(147,874)
Payments to employees	(728,171)	(404,836)	(1,133,007)	-
Intergovernmental payments	(613,936)	(2,069,358)	(2,683,294)	-
Net cash provided by operating activities	708,703	(2,136,285)	(1,427,582)	(147,874)
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	2,209,358	2,209,358	150,000
Transfers out	(118,850)	(3,000)	(121,850)	-
Property taxes	-	387,596	387,596	-
Net cash provided (used) by noncapital financing activities	(118,850)	2,593,954	2,475,104	150,000
<b>Cash flows from capital and related financing activities:</b>				
Payments for acquisition of capital assets	(42,380)	(38,000)	(80,380)	(86,835)
Principal paid on capital debt	(402,584)	(335,651)	(738,235)	-
Proceeds from sale of capital assets	-	85,503	85,503	123,575
Interest paid on capital debt	(321,166)	(148,019)	(469,185)	-
Net cash used by capital and related financing activities	(766,130)	(436,167)	(1,202,297)	36,740
<b>Cash flows from investing activities:</b>				
Interest received	9,600	-	9,600	-
Net change in cash and cash equivalents	(166,677)	21,502	(145,175)	38,866
<b>Cash and cash equivalents - beginning</b>	2,111,773	-	2,111,773	90,630
<b>Cash and cash equivalents - ending</b>	<u>\$ 1,945,096</u>	<u>\$ 21,502</u>	<u>\$ 1,966,598</u>	<u>\$ 129,496</u>
Displayed on the statement of net position as:				
Pooled cash and investments	\$ 1,329,311	\$ 21,502	\$ 1,350,813	\$ 129,496
Restricted cash and investments	615,785	-	615,785	-
	<u>\$ 1,945,096</u>	<u>\$ 21,502</u>	<u>\$ 1,966,598</u>	<u>\$ 129,496</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 431,584	\$ (366,845)	\$ 64,739	\$ (145,519)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	605,519	264,268	869,787	79,778
Amortization expense	7,710	40,516	48,226	-
Changes in operating assets and liabilities:				
Accounts receivable	33,434	(1,540)	31,894	-
Inventories	-	8,430	8,430	-
Prepaid items	6,355	9,260	15,615	(31)
Accounts payable	(372,333)	(16,082)	(388,415)	(82,102)
Accrued wages payable	2,216	(2,314)	(98)	-
Due to other funds	-	(2,069,358)	(2,069,358)	-
Compensated absences payable	(5,782)	(2,620)	(8,402)	-
Total adjustments	277,119	(1,769,440)	(1,492,321)	(2,355)
Net cash provided by operating activities	708,703	(2,136,285)	(1,427,582)	(147,874)
<b>Noncash investing, capital, and financing activities:</b>				

The Golf Fund entered into an agreement to swap all golf carts and the related capital leases for a four-year operating lease, which costs \$6,200 a month.

The Golf Fund partially refunded the 2005 general obligation bonds and used the \$5,749,474 of bond proceeds to fund the escrow amount of \$5,559,871 and the issuance costs of \$189,603.

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

# NOTES TO FINANCIAL STATEMENTS





# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2013

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### 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 as described in GASB Statement 39.

#### 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, 2013.

#### Principles Used in Determining Scope of Reporting Entity

The City, for financial purposes, includes all of the funds and account groups 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 is excluded from the accompanying financial statements because the entity is autonomous and has a self-elected board of directors 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.

#### 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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

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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.

#### **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).

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 funds:

#### **Sewer and Water Fund**

The Sewer and Water 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.

#### **Golf Course Fund**

The Golf Course Fund is used to account for the activity of the golf course and the accumulation of resources for, and the payment of long-term debt. Costs are financed through charges to golf course customers.

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 con-

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2013

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nection 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.

### **Motor Pool Fund**

The Motor Pool 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 measurable 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.

### **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 2013. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

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### 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, 2013, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at June 30, 2013 was \$17,034.

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

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2013

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### **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.

### **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. 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.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

### Reclassifications and Restatements

Implementing GASB Statement 63 required amounts presented in the prior year as net assets to be reclassified as net position. Levied property tax revenues for future fiscal year were restated as deferred inflows of resources in proprietary funds and the government-wide statements. Deferred property tax revenues have been reclassified deferred inflows of resources in the governmental funds, and deferred refundings have been reclassified as deferred outflows of resources in order to be consistent with the current year's presentation, which implements recent changes in accounting principles.

	Government-Wide		Proprietary Funds
	Governmental Activities	Business-Type Activities	Golf Fund
Net position, as originally stated July 1, 2012	\$ 16,002,604	\$ 25,701,289	\$ 5,802,297
GASB Statement 63 implementation changed levied property tax revenues to deferred inflows of resources	(664,997)	(387,596)	(387,596)
Net position, as restated July 1, 2012	\$ 15,337,607	\$ 25,313,693	\$ 5,414,701

### 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, 2013, \$253,113 of the City's bank balances were insured and \$490,733 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 organiza-

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2013

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tions, 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.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>	<b>Credit Quality</b>
PTIF	\$ 3,330,419	74 days	Not rated
Externally Managed Investments			
First American Treasury Obligations	\$ 314,476	53 days	AAA
First American Prime Obligations	\$ 26,274	47 days	AAA
US Bank Government Money Market	\$ 307,712	74 days	Not rated
Total	<u>\$ 3,978,881</u>		

### 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 \$2,185,577 of restricted cash. The City has \$177,792 restricted for well improvements, \$1,278,672 restricted for impact fees, \$72,516 for other capital improvements, \$648,462 restricted for debt service, and \$8,135 for various other purposes.

### NOTE 3 – WATER SHARES

At June 30, 2013, 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 \$223,096 for all proprietary funds includes an allowance for doubtful accounts of \$86,443. The City established an allowance for accounts that may not be collectible due to changes in the economic environment. Net accounts receivable of \$79,544 for the governmental funds includes an allowance for doubtful accounts of \$47,365.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

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### NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

The City has \$279,959 of intergovernmental receivables at June 30, 2013 in the General Fund resulting from \$198,913 due in sales tax revenue, \$58,439 due in Class C Road Funds, \$15,427 in telecommunication taxes, and \$7,180 in CARE tax 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.

### NOTE 7 – INTERFUND ACTIVITY

Interfund transfers for the year ended June 30, 2013 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 414,850
Capital Projects Fund	246,700	2,069,358
Water & Sewer Fund	-	118,850
Golf Fund	2,209,358	3,000
Motor Pool Fund	150,000	-
Total	<u>\$ 2,606,058</u>	<u>\$ 2,606,058</u>

During the year ended June 30, 2013, the City made the following significant transfers: A transfer out of \$2,069,358 from the Capital Projects fund to the Golf fund to cover prior years' cash deficit. A transfer out of \$170,850 from the General fund to the Capital Projects fund was CARE tax used for the community recreation center basement and debt service. A transfer out of \$140,000 from the General fund to the Golf fund as a current year estimated subsidy to Golf operations. A transfer out of \$104,000 from the General fund to the Motor Pool fund for vehicle maintenance and replacement. A transfer out of \$75,850 from the Water & Sewer fund to the Capital Projects fund was used to fund the debt service for the Public Works/Administration building. A transfer out of \$43,000 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, 2013

### NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,416,650	\$ -	\$ -	\$ 3,416,650
Construction in progress	-	218,706	-	218,706
Total capital assets not being depreciated	3,416,650	218,706	-	3,635,356
Capital assets being depreciated:				
Buildings	2,846,103	-	-	2,846,103
Improvements	4,191,457	-	-	4,191,457
Vehicles	372,887	43,417	(88,103)	328,201
Equipment	34,558	-	-	34,558
Infrastructure	3,874,517	-	-	3,874,517
Total capital assets being depreciated	11,319,522	43,417	(88,103)	11,274,836
Accumulated depreciation for:				
Buildings	(450,217)	(62,412)	-	(512,629)
Improvements	(1,026,298)	(137,218)	-	(1,163,516)
Vehicles	(168,587)	(39,889)	49,139	(159,337)
Equipment	(26,769)	(3,739)	-	(30,508)
Infrastructure	(363,298)	(77,489)	-	(440,787)
Total accumulated depreciation	(2,035,169)	(320,747)	49,139	(2,306,777)
Total capital assets being depreciated, net	9,284,353	(277,330)	(38,964)	8,968,059
Total governmental activity capital assets, net	<u>\$ 12,701,003</u>	<u>\$ (58,624)</u>	<u>\$ (38,964)</u>	<u>\$ 12,603,415</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,810,023	\$ -	\$ -	\$ 3,810,023
Water Stock	3,311,559	-	-	3,311,559
Construction in progress	16,866	-	-	16,866
Total capital assets not being depreciated	7,138,448	-	-	7,138,448
Capital assets being depreciated:				
Buildings	2,697,035	-	-	2,697,035
Improvements	7,778,644	-	-	7,778,644
Vehicles	372,887	43,417	(88,103)	328,201
Equipment	824,572	38,000	(322,912)	539,660
Water, sewer, and storm drain systems	29,015,218	42,378	-	29,057,596
Total capital assets being depreciated	40,688,356	123,795	(411,015)	40,401,136
Accumulated depreciation for:				
Buildings	(76,255)	(59,957)	-	(136,212)
Improvements	(1,302,092)	(155,573)	-	(1,457,665)
Vehicles	(168,587)	(39,889)	49,139	(159,337)
Equipment	(566,729)	(48,737)	191,369	(424,097)
Water, sewer, and storm drain systems	(6,467,917)	(605,519)	-	(7,073,436)
Total accumulated depreciation	(8,581,580)	(909,675)	240,508	(9,250,747)
Total capital assets being depreciated, net	32,106,776	(785,880)	(170,507)	31,150,389
Total business-type activity capital assets, net	<u>\$ 39,245,224</u>	<u>\$ (785,880)</u>	<u>\$ (170,507)</u>	<u>\$ 38,288,837</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

Governmental activities:	
General government	\$ 62,412
Streets and public works	81,228
Parks and recreation	137,218
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	39,889
Total depreciation expense - governmental activities	\$ 320,747
Business-type activities:	
Golf course	\$ 264,267
Water and sewer	605,519
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	39,889
Total depreciation expense - business-type activities	\$ 909,675

### NOTE 9 – LONG-TERM DEBT

The legal general obligation debt limit for the City is \$41,267,203. The City had \$5,985,000 in general obligation debt and \$9,352,000 in other debt at June 30, 2013.

<b>General Obligation Bonds</b>	<b>Governmental</b>	<b>Business-Type</b>
<p>\$6,250,000 General Obligation Refunding Bond, Series 2005 due in annual installments on February 1 of \$155,000 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.</p>	\$ -	\$ 480,000
<p>\$5,570,000 General Obligation Refunding Bond, Series 2012 due in annual installments on February 1 of \$50,000 to \$350,000. Interest at 2.00% to 3.00% is due in semi-annual payments on February 1 and August 1, secured by the revenues of the golf course.</p>		\$ 5,505,000
Total general obligation bonds	\$ -	\$ 5,985,000

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

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### Utility Revenue Bonds

\$6,215,000 Utility Revenue and Refunding Bonds, Series 2006 due in annual installments on March 1 of \$185,000 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.	\$	4,900,000
\$2,090,000 Utility Revenue Bonds, Series 2007 due in annual installments on March 1 of \$92,000 to \$133,000. Interest at 2.71% due in annual installments on March 1, secured by utility revenues.	\$	1,667,000
\$930,000 Utility Revenue Bonds, Series 2009 due in annual installments on March 1 of \$30,000 to \$75,000. Interest at 3.02% due in semi-annual payments on March 1 and September 1.	\$	815,000

### Excise Tax Revenue Bonds

\$2,325,000 Excise Tax Revenue Bonds due in annual installments on July 1 of \$70,000 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.	\$	1,970,000	
Total revenue bonds	\$	1,970,000	\$ 7,382,000

### Note payable

	<u>Governmental</u>	<u>Business-Type</u>
\$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	\$ 1,970,000	\$ 8,119,746

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

Transactions for the year ended June 30, 2013 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Excise tax revenue bonds	\$ 2,035,000	\$ -	\$ (65,000)	\$ 1,970,000	\$ 70,000
Compensated absences	27,704	18,941	(13,852)	32,793	16,397
Total governmental activity long-term liabilities	<u>\$ 2,062,704</u>	<u>\$ 18,941</u>	<u>\$ (78,852)</u>	<u>\$ 2,002,793</u>	<u>\$ 86,397</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 5,510,000	\$ 5,570,000	\$ (5,095,000)	\$ 5,985,000	\$ 205,000
Unamortized premiums	-	179,471	(9,304)	170,167	-
Net general obligation bonds	5,510,000	5,749,471	(5,104,304)	6,155,167	205,000
Utility revenue bonds	7,681,000	-	(299,000)	7,382,000	307,000
Net lease revenue bonds	7,679,310	-	(299,000)	7,382,000	307,000
Notes payable	336,133	-	(78,387)	257,746	-
Obligations under capital leases	120,651	-	(120,651)	-	-
Compensated absences	48,264	15,730	(24,132)	39,862	19,931
Total business-type activity long-term liabilities	<u>\$ 13,694,358</u>	<u>\$ 5,765,201</u>	<u>\$ (5,626,474)</u>	<u>\$ 13,834,775</u>	<u>\$ 531,931</u>

Revenue bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 70,000	\$ 83,963	\$ 307,000	\$ 282,925
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
2019-2023	460,000	302,361	2,046,000	986,508
2024-2028	575,000	190,655	2,492,000	561,769
2029-2032	555,000	51,413	1,175,000	105,634
<b>Total</b>	<u>\$ 1,970,000</u>	<u>\$ 934,144</u>	<u>\$ 7,382,000</u>	<u>\$ 2,967,770</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

General obligation bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014			\$ 205,000	\$ 155,020
2015			210,000	147,820
2016			220,000	140,420
2017			230,000	132,720
2018			230,000	128,120
2019-2023			1,240,000	561,500
2024-2028			1,400,000	413,600
2029-2033			1,560,000	244,240
2034-2035			690,000	31,200
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,985,000</b>	<b>\$ 1,954,640</b>

### Advance Refundings

In December 2012, the City issued \$5,570,000 in general obligation refunding bonds (with a premium of \$179,471) used to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$5,611,220 of 2005 general obligation bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$771,381. This amount is reported as a deferred outflow of resources and will be amortized over the remaining life of the new debt issued, which has the same life as the refunded debt. The advance refunding was undertaken to reduce the total debt service payments over the next 23 years by \$506,544 and resulted in an economic gain of \$393,241.

### Interest Rate Change

In April 2013, the City and Wells Fargo Bank agreed to modify the interest rate on the 2009 utility revenue bond from 5.99% to 3.02%. The modified agreement was undertaken to reduce the total debt service payments over the next 16 years by \$236,224, and resulted in an economic gain of \$195,483.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

### NOTE 10 – NET POSITION

Net position at June 30, 2013 consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>
<b>Net investment in capital assets</b>		
Net capital assets	\$ 12,603,415	\$ 38,288,837
Less: Outstanding debt issued	(1,970,000)	(13,052,258)
Net investment in capital assets	<u>10,633,416</u>	<u>25,236,580</u>
<b>Restricted for:</b>		
Debt service	307,712	340,750
Parks and recreation	671,616	-
Streets	517,948	-
Water and sewer improvements	-	267,434
Other purposes	72,516	7,600
Total restricted net position	<u>1,569,792</u>	<u>615,784</u>
<b>Unrestricted net position</b>	<u>1,248,884</u>	<u>1,563,994</u>
Total net position	<u>\$ 13,452,091</u>	<u>\$ 27,416,357</u>

### NOTE 11 – RETIREMENT PLANS

The City contributes to the Local Governmental Noncontributory 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 16.040% of Tier 1 and 12.740% 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.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

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The City's contributions to the Noncontributory System for the years ending June 30, 2013, 2012, and 2011 were \$155,664, \$165,398, and \$148,970 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, 2013 was \$7,727.

### 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 \$2440, \$246, and \$618 for the fiscal years ended June 30, 2013, 2012, and 2011, respectively. Employee contributions of \$0, \$641, and \$3,847 were made to the plan for the years ended June 30, 2013, 2012, and 2011. Employer contributions were made to the 401(k) plan in the amount of \$1,441, \$0, and \$0 for the fiscal years ended June 30, 2013, 2012, and 2011, respectively. Employee contributions of \$3,473, \$5,025, and \$14,934 were made to the 401(k) plan for the years ended June 30, 2013, 2012, and 2011, respectively. Employee contributions of \$3,250, \$9,400, and \$1,000 were made to the Roth IRA plan for the years ended June 30, 2013, 2012, and 2011 respectively.

### 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 2013.

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 \$24,800 for lease payments in 2013.

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

<u>Year Ended June 30,</u>	<u>Total</u>	<u>Year Ended June 30,</u>	<u>Total</u>
2014	\$ 180,372	2024-2028	\$ 529,860
2015	\$ 180,372	2029-2033	\$ 529,860
2016	\$ 180,372	2034-2038	\$ 529,860
2017	\$ 155,572	2039-2043	\$ 529,860
2018	\$ 105,972	2044-2047	\$ 376,151
2019-2023	\$ 529,860		
		<b>Total</b>	<u>\$ 3,828,111</u>

# SUPPLEMENTARY INFORMATION





# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

### General Fund

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 650,000	\$ 661,000	\$ 656,549	\$ (4,451)
Delinquent property taxes	70,000	70,000	42,143	(27,857)
Penalty & interest on property taxes	4,000	4,000	2,186	(1,814)
Motor Vehicle Taxes	115,000	115,000	115,001	1
Sales taxes	1,050,000	1,100,000	1,112,911	12,911
CARE tax	35,000	35,000	38,828	3,828
Franchise taxes	365,000	365,000	395,601	30,601
Telecom taxes	120,000	120,000	102,112	(17,888)
Total	2,409,000	2,470,000	2,465,331	(4,669)
Licenses and permits				
Building permits	80,000	80,000	42,980	(37,020)
Plan check fees	35,000	35,000	25,155	(9,845)
Other licenses and permits	27,000	27,000	26,163	(837)
Total	142,000	142,000	94,298	(47,702)
Intergovernmental revenue				
Lone Peak Public Safety District rent income	50,000	50,000	57,323	7,323
Class C Roads allotments	260,000	260,000	272,763	12,763
Liquor fund allotments	5,000	5,000	5,255	255
Total	315,000	315,000	335,341	20,341
Fees				
Garbage fees	360,000	360,000	361,373	1,373
Recycling fees	50,000	50,000	54,011	4,011
Paramedic fees	180,000	180,000	178,920	(1,080)
Other	3,000	3,000	2,215	(785)
Total	593,000	593,000	596,519	3,519
Recreation and culture revenue				
Family festival income	10,000	24,000	25,958	1,958
Recreation programs	100,000	100,000	95,807	(4,193)
Total	110,000	124,000	121,765	(2,235)
Miscellaneous revenues				
Interest earnings	5,000	5,000	3,780	(1,220)
Other revenue	26,000	26,530	173,639	147,109
Total	31,000	31,530	177,419	145,889
Total revenues	3,600,000	3,675,530	3,790,673	115,143

(Continued)

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Continued) General Fund Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Mayor & council	73,800	70,700	66,453	4,247
Administrative operations	309,000	337,000	332,383	4,617
City Recorder	68,600	68,600	55,727	12,873
Finance	137,000	137,000	123,343	13,657
Other materials, supplies, and contracted services	333,000	396,100	375,163	20,937
Total	<u>921,400</u>	<u>1,009,400</u>	<u>953,069</u>	<u>56,331</u>
Public safety				
Police department	362,500	362,500	362,476	24
Fire department	620,000	620,000	635,839	(15,839)
Other	57,500	57,500	51,903	5,597
Total	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,050,218</u>	<u>(10,218)</u>
Streets and public works				
Building and zoning	142,000	129,000	95,045	33,955
Public works	186,000	186,000	158,316	27,684
Streets	408,000	293,000	278,184	14,816
Total	<u>736,000</u>	<u>608,000</u>	<u>531,545</u>	<u>76,455</u>
Solid waste and recycling				
Solid Waste	285,000	285,000	278,571	6,429
Recycling	50,000	50,000	49,771	229
Other	2,250	2,250	2,503	(253)
Total	<u>337,250</u>	<u>337,250</u>	<u>330,845</u>	<u>6,405</u>
Parks and recreation				
Parks	135,000	135,000	125,476	9,524
Community recreation	248,500	248,500	17,084	231,416
Other	17,000	17,530	209,039	(191,509)
Total	<u>400,500</u>	<u>401,030</u>	<u>351,599</u>	<u>49,431</u>
Total expenditures	<u>3,435,150</u>	<u>3,395,680</u>	<u>3,217,276</u>	<u>178,404</u>
Excess of revenues over expenditures	164,850	279,850	573,397	293,547
Other financing uses				
Operating transfers out	(364,850)	(663,271)	(414,850)	248,421
Total other financing uses	<u>(364,850)</u>	<u>(663,271)</u>	<u>(414,850)</u>	<u>248,421</u>
Net change in fund balance*	(200,000)	(383,421)	158,547	541,968
Fund balance at beginning of year	744,461	744,461	744,461	-
Fund balance at end of year	<u>\$ 544,461</u>	<u>\$ 361,040</u>	<u>\$ 903,008</u>	<u>\$ 541,968</u>

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Capital Projects Fund Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees:				
Park development	\$ 23,400	\$ 23,400	\$ 19,052	\$ (4,348)
Park land	87,575	87,575	82,772	(4,803)
Recreation	32,800	32,800	6,560	(26,240)
Public safety	11,725	11,725	8,912	(2,813)
Streets	65,700	65,700	21,024	(44,676)
Interest earnings	15,000	15,000	18,671	3,671
Grant revenues	5,000	5,000	-	(5,000)
Other	21,500	21,500	-	(21,500)
Total revenues	<u>262,700</u>	<u>262,700</u>	<u>156,991</u>	<u>(105,709)</u>
<b>EXPENDITURES</b>				
General government	-	-	2,157	(2,157)
Streets and public works	525,000	525,000	26,254	498,746
Parks and recreation	3,347,000	3,347,000	221,207	3,125,793
Debt service:				
Principal	65,000	65,000	65,000	-
Interest and fiscal charges	88,200	88,200	88,243	(43)
Total expenditures	<u>4,025,200</u>	<u>4,025,200</u>	<u>402,861</u>	<u>3,622,339</u>
Excess (deficiency) of revenues over expenditures	(3,762,500)	(3,762,500)	(245,870)	3,516,630
Other financing sources (uses)				
Operating transfers in	271,700	445,121	246,700	(198,421)
Operating transfers out	-	(2,069,358)	(2,069,358)	-
Total other financing sources (uses)	<u>271,700</u>	<u>(1,624,237)</u>	<u>(1,822,658)</u>	<u>(198,421)</u>
Net change in fund balances	(3,490,800)	(5,386,737)	(2,068,528)	3,318,209
Fund balance at beginning of year	<u>3,923,680</u>	<u>3,923,680</u>	<u>3,923,680</u>	<u>-</u>
Fund balance at end of year	<u>\$ 432,880</u>	<u>\$ (1,463,057)</u>	<u>\$ 1,855,152</u>	<u>\$ 3,318,209</u>

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# STATISTICAL SECTION





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## CITY OF CEDAR HILLS

### Net Position By Component

#### Last Ten Years

*(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 7,127,899	\$ 8,050,689	\$ 9,485,874	\$ 10,965,083
Restricted	3,941,204	4,234,249	4,662,042	4,722,479
Unrestricted	563,576	1,326,009	1,630,837	1,446,613
Total governmental activities net position	<u>\$ 11,632,679</u>	<u>\$ 13,610,947</u>	<u>\$ 15,778,753</u>	<u>\$ 17,134,175</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 19,286,602	\$ 19,330,501	\$ 20,920,874	\$ 20,452,444
Restricted	1,064,822	1,153,324	787,452	853,426
Unrestricted	1,353,298	1,165,486	1,412,001	1,559,221
Total business-type activities net position	<u>\$ 21,704,722</u>	<u>\$ 21,649,311</u>	<u>\$ 23,120,327</u>	<u>\$ 22,865,091</u>
<b>Total City:</b>				
Net investment in capital assets	\$ 26,414,501	\$ 27,381,190	\$ 30,406,748	\$ 31,417,527
Restricted	5,006,026	5,387,573	5,449,494	5,575,905
Unrestricted	1,916,874	2,491,495	3,042,838	3,005,834
Total City net position	<u>\$ 33,337,401</u>	<u>\$ 35,260,258</u>	<u>\$ 38,899,080</u>	<u>\$ 39,999,266</u>

Source: City statement of net position at June 30, 2004 through 2013.

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 11,244,557	\$ 11,143,031	\$ 10,475,412	\$ 10,317,082	\$ 10,666,004	\$ 10,633,416
5,142,430	5,699,688	4,906,151	4,164,309	1,449,079	1,569,792
1,852,484	1,506,908	2,935,231	3,374,792	3,887,521	1,248,883
<u>\$ 18,239,471</u>	<u>\$ 18,349,627</u>	<u>\$ 18,316,794</u>	<u>\$ 17,856,183</u>	<u>\$ 16,002,604</u>	<u>\$ 13,452,091</u>
\$ 20,716,646	\$ 21,235,285	\$ 23,270,251	\$ 23,255,396	\$ 25,597,441	\$ 25,236,580
870,032	794,792	1,199,087	864,268	652,446	615,784
1,411,550	1,747,769	(402,699)	(219,254)	(548,598)	1,563,993
<u>\$ 22,998,228</u>	<u>\$ 23,777,846</u>	<u>\$ 24,066,639</u>	<u>\$ 23,900,410</u>	<u>\$ 25,701,289</u>	<u>\$ 27,416,357</u>
\$ 31,961,203	\$ 32,378,316	\$ 33,745,663	\$ 33,572,478	\$ 36,263,445	\$ 35,869,996
6,012,462	6,494,480	6,105,238	5,028,577	2,101,525	2,185,576
3,264,034	3,254,677	2,532,532	3,155,538	3,338,923	2,812,876
<u>\$ 41,237,699</u>	<u>\$ 42,127,473</u>	<u>\$ 42,383,433</u>	<u>\$ 41,756,593</u>	<u>\$ 41,703,893</u>	<u>\$ 40,868,448</u>

# CITY OF CEDAR HILLS

## Changes in Net Position Last Ten Years

*(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 1,254,435	\$ 1,454,474	\$ 1,666,698	\$ 1,899,991
Public safety	235,382	366,317	415,023	468,442
Parks and recreation	219,399	236,627	201,108	249,365
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Interest on long-term debt	71,944	44,960	54,875	135,693
Total governmental activities	<u>1,781,160</u>	<u>2,102,378</u>	<u>2,337,704</u>	<u>2,753,491</u>
Business-type activities:				
Water and sewer	1,206,424	1,365,810	1,684,080	1,964,829
Golf Course	1,126,047	1,319,493	1,232,934	1,146,626
Total business-type activities	<u>2,332,471</u>	<u>2,685,303</u>	<u>2,917,014</u>	<u>3,111,455</u>
Total City expenses	<u>\$ 4,113,631</u>	<u>\$ 4,787,681</u>	<u>\$ 5,254,718</u>	<u>\$ 5,864,946</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,028,734	\$ 1,150,108	\$ 1,114,464	\$ 788,189
Public safety	-	-	-	-
Parks and recreation	19,165	34,371	31,178	80,950
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Operating grants and contributions	180,011	150,057	195,054	236,967
Capital grants and contributions	1,422,788	1,538,021	1,422,611	520,486
Total governmental activities	<u>2,650,698</u>	<u>2,872,557</u>	<u>2,763,307</u>	<u>1,626,592</u>
Business-type activities:				
Charges for services:				
Water and sewer	1,055,639	1,353,378	1,678,169	1,618,393
Golf Course	582,906	710,763	639,625	652,176
Capital grants and contributions	459,542	520,472	2,037,900	289,990
Total business-type activities	<u>2,098,087</u>	<u>2,584,613</u>	<u>4,355,694</u>	<u>2,560,559</u>
Total City program revenues	<u>\$ 4,748,785</u>	<u>\$ 5,457,170</u>	<u>\$ 7,119,001</u>	<u>\$ 4,187,151</u>

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$	2,111,097	\$ 2,179,488	\$ 2,073,764	\$ 2,191,800	\$ 1,311,205	\$ 1,033,196
	495,569	580,522	575,232	775,455	888,591	1,050,218
	327,239	466,877	409,000	454,437	495,620	492,407
	-	-	-	-	785,921	681,059
	-	-	-	-	258,396	330,845
	130,145	106,149	107,013	103,491	104,271	82,947
	<u>3,064,050</u>	<u>3,333,036</u>	<u>3,165,009</u>	<u>3,525,183</u>	<u>3,844,004</u>	<u>3,670,672</u>
	2,025,766	2,157,725	2,511,875	2,890,749	2,965,490	2,832,349
	1,252,222	1,217,445	1,238,869	1,258,176	1,423,647	1,339,179
	<u>3,277,988</u>	<u>3,375,170</u>	<u>3,750,744</u>	<u>4,148,925</u>	<u>4,389,137</u>	<u>4,171,528</u>
\$	<u>6,342,038</u>	<u>6,708,206</u>	<u>6,915,753</u>	<u>7,674,108</u>	<u>8,233,141</u>	<u>7,842,200</u>
\$	637,265	\$ 541,033	\$ 546,041	\$ 557,656	\$ 55,225	\$ 81,268
	-	-	-	-	184,564	187,832
	50,672	82,324	45,439	68,383	172,664	229,613
	-	-	-	-	93,972	209,909
	-	-	-	-	410,158	415,384
	256,189	229,689	246,682	263,084	302,851	335,876
	668,005	50,107	164,526	95,999	11,307	-
	<u>1,612,131</u>	<u>903,153</u>	<u>1,002,688</u>	<u>985,122</u>	<u>1,230,741</u>	<u>1,459,882</u>
	2,016,177	2,050,184	2,383,938	2,634,734	2,754,599	2,899,399
	800,274	750,734	679,970	651,211	704,056	810,409
	105,175	161,300	62,986	22,590	-	-
	<u>2,921,626</u>	<u>2,962,218</u>	<u>3,126,894</u>	<u>3,308,535</u>	<u>3,458,655</u>	<u>3,709,808</u>
\$	<u>4,533,757</u>	<u>3,865,371</u>	<u>4,129,582</u>	<u>4,293,657</u>	<u>4,689,396</u>	<u>5,169,690</u>

**CITY OF CEDAR HILLS**

**Changes in Net Position (Continued)**

**Last Ten Years**

*(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ 869,538	\$ 770,179	\$ 425,603	\$ (1,126,899)
Business-type activities	(234,384)	(100,690)	1,438,680	(550,896)
Total City net (expense) revenue	<u>\$ 635,154</u>	<u>\$ 669,489</u>	<u>\$ 1,864,283</u>	<u>\$ (1,677,795)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 489,840	\$ 464,866	\$ 525,316	\$ 842,000
Sales taxes	319,340	367,099	576,664	770,586
Franchise taxes	156,179	221,327	283,016	280,527
CARE taxes	-	-	-	-
Investment earnings	75,310	132,555	242,378	399,912
Miscellaneous	46,159	37,071	86,723	37,283
Transfers	(5,300,721)	(14,829)	28,106	152,013
Total governmental activities	(4,213,893)	1,208,089	1,742,203	2,482,321
Business-type activities:				
Investment earnings	25,147	30,450	60,807	77,700
Property taxes	-	-	-	385,791
Miscellaneous	-	-	(365)	(15,818)
Transfers	5,300,721	14,829	(28,106)	(152,013)
Total business-type activities	5,325,868	45,279	32,336	295,660
Total City general revenues and other changes in net position	<u>\$ 1,111,975</u>	<u>\$ 1,253,368</u>	<u>\$ 1,774,539</u>	<u>\$ 2,777,981</u>
<b>Changes in Net Position:</b>				
Governmental activities	\$ (3,344,355)	\$ 1,978,268	\$ 2,167,806	\$ 1,355,422
Business-type activities	5,091,484	(55,411)	1,471,016	(255,236)
Total City changes in net position	<u>\$ 1,747,129</u>	<u>\$ 1,922,857</u>	<u>\$ 3,638,822</u>	<u>\$ 1,100,186</u>

Source City of Cedar Hills statements of activities for years ended June 30, 2004 through 2013.

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ (1,451,919)	\$ (2,429,883)	\$ (2,162,321)	\$ (2,540,061)	\$ (2,613,263)	\$ (2,210,790)
(356,362)	(412,952)	(623,850)	(840,390)	(930,482)	(461,720)
<u>\$ (1,808,281)</u>	<u>\$ (2,842,835)</u>	<u>\$ (2,786,171)</u>	<u>\$ (3,380,451)</u>	<u>\$ (3,543,745)</u>	<u>\$ (2,672,510)</u>
\$ 944,820	\$ 939,554	\$ 872,432	\$ 835,359	\$ 870,913	\$ 815,879
825,890	825,298	933,049	987,371	1,050,315	1,112,911
405,318	432,005	446,750	471,635	462,371	497,713
-	-	-	-	35,949	38,828
302,636	136,713	42,212	34,844	35,810	22,451
63,086	92,899	36,948	45,286	-	-
15,465	113,570	-	(295,045)	(2,325,675)	(2,162,508)
<u>2,557,215</u>	<u>2,540,039</u>	<u>2,331,391</u>	<u>2,079,450</u>	<u>129,683</u>	<u>325,274</u>
118,019	56,454	10,764	6,963	8,823	9,600
386,945	385,195	385,260	398,339	396,862	392,276
-	864,491	21,463	(26,187)	-	-
(15,465)	(113,570)	-	295,045	2,325,675	2,162,508
<u>489,499</u>	<u>1,192,570</u>	<u>417,487</u>	<u>674,160</u>	<u>2,731,360</u>	<u>2,564,384</u>
<u>\$ 3,046,714</u>	<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>
\$ 1,105,296	\$ 110,156	\$ 169,070	\$ (460,611)	\$ (2,483,580)	\$ (1,885,516)
133,137	779,618	(206,363)	(166,230)	1,800,878	2,102,664
<u>\$ 1,238,433</u>	<u>\$ 889,774</u>	<u>\$ (37,293)</u>	<u>\$ (626,841)</u>	<u>\$ (682,702)</u>	<u>\$ 217,148</u>

**CITY OF CEDAR HILLS**

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

*(modified accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund:				
Nonspendable				
Prepaid	\$ -	\$ -	\$ -	\$ -
Restricted	244,768	311,154	447,728	684,951
Assigned	-	-	-	-
Unassigned	79,257	255,239	355,926	301,114
Total general fund	<u>\$ 324,025</u>	<u>\$ 566,393</u>	<u>\$ 803,654</u>	<u>\$ 986,065</u>
All other governmental funds:				
Nonspendable				
Prepaid	\$ -	\$ -	\$ -	\$ -
Restricted	3,379,629	3,923,095	6,504,062	4,792,703
Assigned	826,752	1,083,880	1,275,409	1,186,904
Total all other governmental funds	<u>\$ 4,206,381</u>	<u>\$ 5,006,975</u>	<u>\$ 7,779,471</u>	<u>\$ 5,979,607</u>
Total Fund Balances - Government Funds	<u>\$ 4,530,406</u>	<u>\$ 5,573,368</u>	<u>\$ 8,583,125</u>	<u>\$ 6,965,672</u>

Source: City of Cedar Hills balance sheets - governmental funds at December 31, 2004 through 2013.

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ -	\$ -	\$ 27,880	\$ 21,904	\$ 13,193	\$ 4,328
832,633	349,505	381,509	192,957	83,421	73,051
-	-	-	-	-	24,000
523,327	1,114,841	461,547	709,202	647,847	801,629
<u>\$ 1,355,960</u>	<u>\$ 1,464,346</u>	<u>\$ 870,936</u>	<u>\$ 924,063</u>	<u>\$ 744,461</u>	<u>\$ 903,008</u>
\$ -	\$ -	\$ -	\$ 12,957	\$ -	\$ -
4,819,057	4,517,848	4,524,642	3,971,352	1,365,658	1,496,741
1,221,244	1,631,612	2,497,858	2,663,720	2,558,022	358,411
<u>\$ 6,040,301</u>	<u>\$ 6,149,460</u>	<u>\$ 7,022,500</u>	<u>\$ 6,648,029</u>	<u>\$ 3,923,680</u>	<u>\$ 1,855,152</u>
<u>\$ 7,396,261</u>	<u>\$ 7,613,806</u>	<u>\$ 7,893,436</u>	<u>\$ 7,572,092</u>	<u>\$ 4,668,141</u>	<u>\$ 2,758,160</u>

# CITY OF CEDAR HILLS

## Changes in Fund Balances, Governmental Funds Last Ten Years

(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues:</b>			
Taxes	\$ 965,359	\$ 1,053,292	\$ 1,384,996
Licenses and permits	521,704	546,160	516,054
Intergovernmental	180,011	197,671	195,054
Charges for services	507,031	603,948	598,410
Fees	1,441,953	1,462,146	981,759
Investment earnings	75,310	132,555	242,378
Miscellaneous	49,470	96,775	83,834
Total revenues	<u>3,740,838</u>	<u>4,092,547</u>	<u>4,002,485</u>
<b>Expenditures:</b>			
General government	1,062,777	1,176,336	1,274,996
Public Safety	235,382	366,317	415,023
Streets and public works	148,188	236,503	223,541
Solid waste and recycling	-	-	-
Parks and recreation	166,901	174,782	137,333
Capital Outlay	917,901	885,578	979,015
Debt Service:			
Principal retirement	70,000	72,000	75,000
Interest and fiscal charges	56,599	45,756	55,761
Total expenditures	<u>2,657,748</u>	<u>2,957,272</u>	<u>3,160,669</u>
Excess of revenues over (under) expenditures	1,083,090	1,135,275	841,816
<b>Other financing sources (uses):</b>			
Excise tax revenue bonds issued	-	-	2,325,000
Transfers in	730,217	175,674	332,883
Transfers out	<u>(2,151,597)</u>	<u>(267,987)</u>	<u>(489,942)</u>
Total other financing sources (uses)	<u>(1,421,380)</u>	<u>(92,313)</u>	<u>2,167,941</u>
Net change in fund balances	<u>\$ (338,290)</u>	<u>\$ 1,042,962</u>	<u>\$ 3,009,757</u>
Debt service as a percentage of noncapital expenditures	7.2%	5.8%	5.6%

Source: City of Cedar Hills statements of revenues, expenditures, and changes in fund balances - governmental funds for years ending December 31, 2004 through 2013.

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

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012(1)</b>	<b>2013</b>
\$ 1,893,113	\$ 2,176,028	\$ 2,205,691	\$ 2,252,232	\$ 2,294,365	\$ 2,384,551	\$ 2,465,331
264,760	153,601	71,116	83,834	70,245	73,247	94,298
236,967	256,189	229,690	246,682	263,084	314,159	335,341
523,429	483,664	469,917	462,207	487,410	589,552	596,519
592,907	718,677	132,431	199,420	158,773	220,218	260,085
399,912	302,636	136,714	42,212	34,844	35,810	22,451
33,895	45,462	88,817	35,816	44,161	33,565	173,639
<u>3,944,983</u>	<u>4,136,257</u>	<u>3,334,376</u>	<u>3,322,403</u>	<u>3,352,882</u>	<u>3,651,102</u>	<u>3,947,664</u>
1,435,021	1,470,336	1,626,477	1,535,270	1,438,114	1,220,417	955,226
468,442	495,569	558,750	575,232	775,455	888,591	1,050,218
243,659	268,580	323,803	281,177	501,945	653,114	531,545
-	-	-	-	-	258,396	330,845
193,655	260,954	330,697	262,750	291,084	346,546	351,599
<u>2,968,326</u>	<u>781,646</u>	<u>61,960</u>	<u>124,612</u>	<u>96,182</u>	<u>191,747</u>	<u>247,461</u>
82,000	232,000	95,000	95,000	100,000	465,000	65,000
86,819	126,537	113,823	108,612	105,147	109,567	88,243
<u>5,477,922</u>	<u>3,635,622</u>	<u>3,110,510</u>	<u>2,982,653</u>	<u>3,307,927</u>	<u>4,133,378</u>	<u>3,620,137</u>
(1,532,939)	500,635	223,866	339,750	44,955	(482,276)	327,527
-	-	-	-	-	-	-
502,548	531,906	152,963	1,026,067	171,858	422,303	246,700
<u>(587,062)</u>	<u>(601,952)</u>	<u>(161,248)</u>	<u>(1,086,189)</u>	<u>(538,159)</u>	<u>(2,843,978)</u>	<u>(2,484,208)</u>
<u>(84,514)</u>	<u>(70,046)</u>	<u>(8,285)</u>	<u>(60,122)</u>	<u>(366,301)</u>	<u>(2,421,675)</u>	<u>(2,237,508)</u>
<u>\$ (1,617,453)</u>	<u>\$ 430,589</u>	<u>\$ 215,581</u>	<u>\$ 279,628</u>	<u>\$ (321,346)</u>	<u>\$ (2,903,951)</u>	<u>\$ (1,909,981)</u>
6.6%	12.1%	6.8%	7.0%	6.3%	14.5%	4.5%

# 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>
2004	\$ 416,988,822	\$ 12,052,271	\$ 185,279,949	\$ 243,761,144	56.50%	\$ 431,406,114	0.001700
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	N/A	N/A	N/A	N/A	N/A	N/A	0.002873

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
2004	\$ 414,394	\$ 360,112	86.90%	\$ 54,282	\$ 414,394	100.00%
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%	\$ 59,519	1,126,275	99.96%
2010	1,100,578	1,047,191	95.15%	\$ 50,150	1,097,341	99.71%
2011	1,106,211	1,056,859	95.54%	\$ 44,537	1,101,396	99.56%
2012	1,094,613	1,049,661	95.89%	N/A	1,086,104	99.22%
2013	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. 2013 settlement numbers are were not finalized 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>City rates:</b>				
General operations	0.001700	0.001690	0.001690	0.001690
Interest and sinking fund	N/A	N/A	0.001167	0.000926
	<u>0.001700</u>	<u>0.001690</u>	<u>0.002857</u>	<u>0.002616</u>
<b>Utah County rates:</b>				
General operations	0.000878	0.000866	0.000794	0.000648
Interest and sinking fund	0.000187	0.000174	0.000155	0.000098
Other	0.000000	0.000000	0.000130	0.000097
Assessing and collecting	0.000360	0.000351	0.000183	0.000157
	<u>0.001425</u>	<u>0.001391</u>	<u>0.001262</u>	<u>0.001000</u>
<b>Alpine School district rates:</b>				
Tort liability	0.000032	0.000031	0.000028	0.000022
Recreation	0.000110	0.000107	0.000097	0.000106
Transportation	0.000182	0.000177	0.000161	0.000135
Leeway	0.001700	0.001652	0.001500	0.000400
Other	0.000929	0.000902	0.000819	0.000718
Capital	0.000022	0.000021	0.000019	0.000360
GO bond payments	0.003344	0.003472	0.002744	0.002485
Levy	0.001800	0.001720	0.001515	0.002711
	<u>0.008119</u>	<u>0.008082</u>	<u>0.006883</u>	<u>0.006937</u>
<b>North Utah County Water Conservancy district rate:</b>				
Water conservancy	0.000035	0.000033	0.000028	0.000022
	<u>0.000035</u>	<u>0.000033</u>	<u>0.000028</u>	<u>0.000022</u>
<b>Total direct rate</b>	<u><u>0.011279</u></u>	<u><u>0.011196</u></u>	<u><u>0.011030</u></u>	<u><u>0.010575</u></u>

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

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
0.001690	0.001690	0.001856	0.001957	0.001994	0.001922
0.000906	0.001078	0.001138	0.001196	0.001189	0.000951
0.002596	0.002768	0.002994	0.003153	0.003183	0.002873
0.000632	0.000682	0.000747	0.000793	0.000803	0.000779
0.000082	0.000093	0.000072	0.000045	0.000011	0.000000
0.000095	0.000103	0.000289	0.000305	0.000313	0.000227
0.000296	0.000325	0.000186	0.000199	0.000197	0.000253
0.001105	0.001203	0.001294	0.001342	0.001324	0.001259
0.000020	0.000020	0.000023	0.000025	0.000000	0.000000
0.000100	0.000097	0.000109	0.000117	0.000000	0.000000
0.000123	0.000122	0.000137	0.000148	0.000000	0.000000
0.000391	0.000400	0.000400	0.000431	0.000000	0.000000
0.000718	0.000743	0.000836	0.000494	0.000000	0.000000
0.000349	0.000368	0.000415	0.000850	0.000771	0.000848
0.002638	0.002758	0.003205	0.003437	0.003350	0.003286
0.002718	0.003033	0.003095	0.003310	0.004707	0.004565
0.007057	0.007541	0.008220	0.008812	0.008828	0.008699
0.000022	0.000024	0.000026	0.000028	0.000029	0.000028
0.010780	0.011536	0.012534	0.013335	0.013364	0.012859

# CITY OF CEDAR HILLS

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayers	2013		
	Taxable Value	Rank	Percentage of Total Taxable Values (4)
Wal-Mart	\$ 8,097,700	1	2.3%
The Charleston at Cedar Hills	3,279,925	2	1.0%
Lexington Heights Professional Offices	2,097,100	3	0.6%
Pacificorp	1,959,407	4	0.6%
Hart's Gas and Food	1,312,000	5	0.4%
Questar Gas	1,227,865	6	0.4%
JPMorgan Chase Bank	1,223,700	7	0.4%
McDonald's	1,102,900	8	0.3%
Amsource Cedar Hills	711,800	9	0.2%
SLML LLC.	604,500	10	0.2%
LPI LLC	-		-
Property Reserve Inc	-		-
Lone Peak Links LC	-		-
Deseret Title Holding Corp	-		-
Panda Bear Homes INC	-		-
Totals	<u>\$ 21,616,897</u>		<u>6.4%</u>

Source: Utah County Treasurer custom report by Cary McConnell.

Notes:

- (1) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$344,848,776.
- (2) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$209,567,639.

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**2004**

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<b>Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Values (5)</b>
\$ -		-
-		-
1,783,072	1	0.9%
1,403,206	2	0.7%
-		
753,152	4	0.4%
526,485	8	0.3%
-		
-		
517,934	9	0.2%
1,113,200	3	0.5%
664,000	5	0.3%
588,750	6	0.3%
532,400	7	0.3%
487,500	10	0.2%
-		-
<hr/> <b>\$ 8,369,699</b> <hr/>		<hr/> <b>4.1%</b> <hr/>

**CITY OF CEDAR HILLS**

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

<u>Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	<u>Excise Tax Revenue Bonds</u>	<u>Lease Revenue Bonds</u>	<u>Capital Lease Obligations</u>	<u>Notes Payable</u>
2004	\$ 4,780	\$ 261,000	\$ 665,000	\$ 477,387	\$ 263,227
2005	-	224,000	630,000	416,481	200,245
2006	-	2,509,000	595,000	140,863	-
2007	-	2,467,000	555,000	275,226	-
2008	-	2,275,000	515,000	259,816	-
2009	-	2,220,000	475,000	308,417	-
2010	-	2,160,000	440,000	406,357	-
2011	-	2,100,000	400,000	289,554	-
2012	-	2,035,000	-	120,651	-
2013	-	1,970,000	-	-	-

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

<b>Business-Type Activities (continued)</b>					
<b>Lines of Credit</b>	<b>General Obligation Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Utility Revenue Bonds</b>	<b>Total City</b>	<b>Per Capita</b>
\$ 6,000,000	\$ -	\$ 6,427,000	\$ -	\$ 14,098,394	\$ 6,727
5,841,391	-	6,427,000	-	\$ 13,739,117	7,943
-	6,250,000	-	6,215,000	\$ 15,709,863	8,950
-	6,185,000	-	6,005,000	\$ 15,487,226	9,391
-	6,060,000	-	7,885,000	\$ 16,994,816	9,704
-	5,930,000	-	8,545,000	\$ 17,478,417	9,788
-	5,795,000	-	8,238,000	\$ 17,039,357	9,796
-	5,655,000	-	7,973,000	\$ 16,417,554	9,933
-	5,510,000	-	7,681,000	\$ 15,346,651	10,063
-	5,985,000	-	7,382,000	\$ 15,337,000	10,063

**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>
2004	\$ -	\$ 431,406,114	0.00%	6,727	\$ -
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%	9,796	592
2011	5,655,000	607,876,838	0.93%	9,933	575
2012	5,510,000	596,449,819	0.92%	10,063	547
2013	5,985,000	N/A	N/A	10,063	595

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, 2013**

Entity	2012 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Debt Outstanding	City's Portion of Debt
Utah County	\$ 25,023,214,096	\$ 343,893,360	1.374%	\$ 241,010,000	\$ 3,311,477
Alpine School District	15,216,528,244	\$ 343,893,360	2.260%	390,308,700	8,820,977
Central Utah Water Conservancy District	109,745,468,301 (2)	\$ 343,893,360	0.313%	636,385,487 (3)	1,991,887
Total Overlapping Debt (Excluding the State) (4)					<u>\$ 14,124,341</u>
Total Direct Bonded Indebtedness (5)					<u>\$ 15,337,000</u>
Total Direct and Overlapping Debt (Excluding the State) (5)					<u>\$ 29,461,341</u>

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) 2012 taxable value as established by Utah State Tax Commission  
 (3) Amount of debt as of December 31, 2012 per taxing entity  
 (4) The State's debt is not included in overlapping debt because the State currently levies no property tax.  
 (5) Includes the Series 2012 Bonds.

# CITY OF CEDAR HILLS

## Legal Debt Margin Information Last Ten Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit (12%)	\$ 29,251,337	\$ 32,147,121	\$ 45,306,198	\$ 56,443,282
Total general obligation debt applicable to the limit	-	-	6,250,000	6,185,000
Legal debt margin	<u>\$ 29,251,337</u>	<u>\$ 32,147,121</u>	<u>\$ 39,056,198</u>	<u>\$ 50,258,282</u>
Percentage of net debt contracting margin available	100.00%	100.00%	86.20%	89.04%

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 2012 used, since 2013 assessed value not available:

	<u>Taxable Value (2)</u>
Residential values	\$ 561,236,575
Non-residential values	\$ 35,213,244
Exempt property	<u>(252,556,459)</u>
Totals	<u>\$ 343,893,360</u>
Debt limit (adjusted fair market value x 0.12)	\$ 41,267,203
Debt applicable to limit:	
General obligation bonds	<u>5,510,000</u>
Legal debt margin	<u>\$ 35,757,203</u>

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 56,852,925	\$ 48,847,491	\$ 44,111,328	\$ 42,101,279	\$ 41,267,203	N/A
6,060,000	5,930,000	5,795,000	5,655,000	5,510,000	5,985,000
<u>\$ 50,792,925</u>	<u>\$ 42,917,491</u>	<u>\$ 38,316,328</u>	<u>\$ 36,446,279</u>	<u>\$ 35,757,203</u>	<u>N/A</u>
89.34%	87.86%	86.86%	86.57%	86.65%	N/A

CITY OF CEDAR HILLS

Debt Service Schedule of Outstanding Bonds (By Year)  
June 30, 2013

			2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Obligations Bonds</b>											
Series 2005	Refunded 2001 MBA Bonds and was	Principal	\$ 155,000	\$ 160,000	\$ 165,000						
\$ 6,250,000	partially refunded by 2012 GO Bonds.	Interest	19,200	13,000	6,600						
Series 2012	Partially refunded 2005 GO Bonds, which	Principal	\$ 50,000	\$ 50,000	\$ 55,000	\$ 230,000	\$ 230,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000
\$ 5,570,000	was used for Golf Course improvements.	Interest	135,820	134,820	133,820	132,720	128,120	123,520	118,720	113,920	106,420
	Total principal		205,000	210,000	220,000	230,000	230,000	240,000	240,000	250,000	250,000
	Total interest		155,020	147,820	140,420	132,720	128,120	123,520	118,720	113,920	106,420
	Total		<u>\$ 360,020</u>	<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>
<b>Excise Tax Revenue Bonds</b>											
Series 2006	Used to finance the construction of the	Principal	\$ 70,000	\$ 75,000	\$ 75,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 90,000	\$ 90,000	\$ 95,000
\$ 6,845,000	public works building.	Interest	83,963	81,063	78,063	74,963	71,663	68,156	64,438	60,613	56,681
	Total		<u>\$ 153,963</u>	<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>
<b>Utility Revenue Bonds</b>											
Series 2006	Refunded \$5.8 million line of credit, 1998	Principal	\$ 185,000	\$ 195,000	\$ 200,000	\$ 210,000	\$ 215,000	\$ 230,000	\$ 240,000	\$ 250,000	\$ 260,000
\$ 6,215,000	and 2000 Note payables used for water	Interest	216,212	208,812	201,012	193,012	184,612	175,476	165,700	155,500	144,250
	system improvements, and funded										
	\$190,000 in new water pumps.										
Series 2007	Used to finance the construction of a new	Principal	92,000	94,000	97,000	99,000	102,000	105,000	107,000	110,000	113,000
\$ 2,090,000	well.	Interest	45,176	42,683	40,135	37,506	34,824	32,059	29,214	26,314	23,333
Series 2009	Used to finance pressured irrigation	Principal	30,000	35,000	35,000	40,000	40,000	45,000	45,000	50,000	50,000
\$ 930,000	improvements.	Interest	22,425	23,707	22,650	21,593	20,385	19,177	17,818	16,459	14,949
	Total principal		307,000	324,000	332,000	349,000	357,000	380,000	392,000	410,000	423,000
	Total interest		283,813	275,202	263,797	252,111	239,821	226,712	212,732	198,273	182,532
	Total		<u>\$ 590,813</u>	<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>
<b>Total All Bonds</b>											
	Total principal		\$ 582,000	\$ 609,000	\$ 627,000	\$ 659,000	\$ 667,000	\$ 705,000	\$ 722,000	\$ 750,000	\$ 768,000
	Total interest		522,796	504,085	482,280	459,794	439,604	418,388	395,890	372,806	345,633
	Total all bonds		<u>\$ 1,104,796</u>	<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>

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034-2035	Total
												\$ 480,000 38,800
\$ 260,000 98,920	\$ 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	\$ 690,000 31,200	\$ 5,505,000 1,915,840
260,000 98,920	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	690,000 31,200	5,985,000 1,954,640
<u>\$ 358,920</u>	<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>\$ 721,200</u>	<u>\$ 7,939,640</u>
\$ 100,000 52,475	\$ 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		\$ - -	\$ 1,970,000 934,144
<u>\$ 152,475</u>	<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>\$ 2,904,144</u>
\$ 270,000 132,550	\$ 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	\$ - -	\$ - -	\$ - -	\$ 4,900,000 2,349,082
116,000 20,271	120,000 17,127	123,000 13,875	126,000 10,542	130,000 7,127	133,000 3,604	- -	- -	- -	- -	- -	- -	1,667,000 383,790
55,000 13,439	55,000 11,778	60,000 10,117	65,000 8,305	65,000 6,342	70,000 4,379	75,000 2,265	- -	- -	- -	- -	- -	815,000 235,788
441,000 166,260	460,000 149,305	478,000 131,568	501,000 113,147	515,000 93,819	538,000 73,933	425,000 53,141	365,000 34,688	385,000 17,806	- -	- -	- -	7,382,000 2,968,660
<u>\$ 607,260</u>	<u>\$ 609,305</u>	<u>\$ 609,568</u>	<u>\$ 614,147</u>	<u>\$ 608,819</u>	<u>\$ 611,933</u>	<u>\$ 478,141</u>	<u>\$ 399,688</u>	<u>\$ 402,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,350,660</u>
\$ 801,000 317,655	\$ 835,000 291,016	\$ 863,000 263,176	\$ 896,000 234,333	\$ 920,000 204,264	\$ 953,000 173,241	\$ 850,000 140,331	\$ 800,000 109,426	\$ 840,000 77,356	\$ 470,000 43,575	\$ 330,000 30,600	\$ 690,000 31,200	\$ 15,337,000 5,857,444
<u>\$ 1,118,655</u>	<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>\$ 990,331</u>	<u>\$ 909,426</u>	<u>\$ 917,356</u>	<u>\$ 513,575</u>	<u>\$ 360,600</u>	<u>\$ 721,200</u>	<u>\$ 21,194,444</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 Revenues (2)	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2004	\$ 156,179	\$ -	\$ -	N/A	\$1,055,639	\$ -	\$ -	N/A
2005	221,327	-	-	N/A	1,353,378	-	-	N/A
2006	283,016	-	-	N/A	1,678,169	-	-	N/A
2007	280,527	-	54,206	5.2	1,618,393	210,000	253,240	3.5
2008	405,318	50,000	98,563	2.7	2,016,177	210,000	281,129	4.1
2009	432,005	55,000	96,463	2.9	2,050,184	270,000	306,189	3.6
2010	446,750	60,000	91,763	2.9	2,383,938	307,000	350,902	3.6
2011	471,635	60,000	91,763	3.1	2,634,734	265,000	341,385	4.3
2012	462,371	65,000	89,263	3.0	2,754,599	292,000	331,884	4.4
2013	497,713	65,000	86,663	3.3	2,908,999	299,000	321,166	4.7

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, 2013.

(2) Includes impact fees.

**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>School Enrollment (4)</u>	<u>Unemployment % Rate (2)</u>
2004	6,727	111,688,108	\$ 67,579	1,562	4.8
2005	7,879	120,038,780	70,553	1,741	4.0
2006	8,736	151,037,544	76,082	1,779	2.8
2007	9,185	165,565,947	80,819	1,901	2.5
2008	9,487	156,649,517	78,742	1,969	3.3
2009	9,607	159,580,419	74,951	2,021	7.4
2010	9,796	163,864,560	76,545	1,924	8.0
2011	9,933	175,184,399	79,375	1,980	6.5
2012	10,063	N/A	N/A	1,975	5.5
2013	N/A	N/A	N/A	N/A	5.0

Sources:

- (1) [tax.utah.gov/econstats/income/fed-returns-2000](http://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/jsp/wi/utalmis/](http://www.jobs.utah.gov/jsp/wi/utalmis/).
- (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 (Note: School statistics)
- (5) [tax.utah.gov/econstats/income/fed-returns-2000](http://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>2012</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 Regional Medical Center	Health Care	4,000 - 4,999	3	1.88% - 2.34%
Utah Valley University	Higher Education	4,000 - 4,999	3	1.88% - 2.34%
Nebo School District	Public Education	3,000 - 3,999	4	1.41% - 1.88%
State of Utah	State Government	3,000 - 3,999	4	1.41% - 1.88%
Wal-Mart	Discount Department Store	2,000 - 2,999	7	0.94% - 1.41%
Provo School District	Public Education	1,000 - 1,999	8	0.47% - 0.94%
IM Flash Technologies	Electronic Product Manufacturing	1,000 - 1,999	8	0.47% - 0.94%
Nestle USA	Food Manufacturing	1,000 - 1,999	8	0.47% - 0.94%
United States Government	Federal Government	1,000 - 1,999	8	0.47% - 0.94%
Utah County	Local Government	1,000 - 1,999	8	0.47% - 0.94%
Provo City	Local Government	1,000 - 1,999	8	0.47% - 0.94%
Vivint/APX Alarm Security Solutions	Electrical Contractors	1,000 - 1,999	8	0.47% - 0.94%
Utah Office Supply	Office supplies			
<b>Total</b>		<u>43,000 - 61,986</u>		<u>20.16% - 29.07%</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. 2012 and 2011 statistics were used because the 2013 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 2012 was 213,251.

<b>2011</b>		
<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
15,000 - 19,999	1	7.33% - 9.78%
5,000 - 6,999	2	2.44% - 3.42%
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%
3,000 - 3,999	4	1.47% - 1.96%
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%
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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	6.5	7.0	6.5	7.5	7.5	7.5	8.0	9.0	9.0	8.5
Streets and public works	7.8	9.0	9.0	10.0	10.0	11.0	11.0	10.0	10.0	9.0
Parks and recreation	1.0	1.0	-	1.0	1.0	1.5	1.5	1.5	2.5	3.0
Golf	-	-	-	-	3.0	3.0	4.0	4.0	3.0	3.0
Total	15.3	17.0	15.5	18.5	21.5	23.0	24.5	24.5	24.5	23.5

Source: Various City of Cedar Hills Budget Documents

# CITY OF CEDAR HILLS

## Capital Asset Statistics Last Ten Years

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	<u>2004</u>	<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>
Highways and streets:										
Miles of road	22	22	28	28	28	28	28	28	28	28
Recreation:										
Neighbor Pocket Parks	-	-	1	1	1	1	1	1	1	1
Community Parks	3	3	3	4	4	5	5	5	5	5
Golf Course	1	1	1	1	1	1	1	1	1	1
Recreation/Event Center	-	-	-	-	-	-	-	-	1	1

Source: City of Cedar Hills budget document

# CITY OF CEDAR HILLS

## Operating Indicators By Organization Last Two Fiscal Years

	<u>2012</u>	<u>2013</u>
Administration:		
Staff trainings held	10	11
Employees receiving performance evaluation	100%	100%
Finance:		
Checks processed	2,335	2,196
Electronic fund transfers processed	66	119
Paper utility statements processed per month	2,187	2,164
Electronic utility statements processed per month	1,037	1,337
Utility customers	2,328	2,385
GFOA budget award	Yes	Yes
General obligation bond rating	AA-	AA-
Public Works Department		
Meter re-reads/reads	25	15
Water inspections	15	10
Sewer inspections	15	10
Inspections completed	1,095	590
Building permits processed	73	54
Building plans approved	66	50
Meters read electronically	96%	96%
Recreation:		
Jr. Jazz teams	70	84
Flag football teams	31	31
Family festival donations raised	\$14,250	\$17,855
Season golf passes sold	\$35,436	\$40,434

Source: City of Cedar Hills budget document and general ledger

# ADDITIONAL INFORMATION







November 15, 2013

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

Dear Mayor and Council:

In planning and performing our audit of 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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered City of Cedar Hills, Utah's internal control over financial reporting (internal control) as a basis for designing 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 of Cedar Hills, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cedar Hills, Utah's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in City of Cedar Hills, Utah's internal control to be a significant deficiency:

## **CURRENT 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 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.

**PRIOR YEAR FINDING**

**Finding 2012-1:** *Budgetary Compliance (State Compliance)*

During our review of the budget to actual for the departments of the City, we became aware that the general fund's general government department actual expenditures exceeded the appropriations.

**Recommendation:**

We recommend that the City monitor the general fund balances throughout the year and only spend funds that have been approved by the Council in the budget.

**Management response:**

The City monitored and revised the budget for legal services in the spring of 2012, but legal services ended up almost \$40,000 more than the revision. The legal services expenditure line item caused the administrative department to exceed their budget by approximately \$10,000.

Also, for financial reporting purposes, the annual report grouped public works, building and zoning, solid waste and recycling into the general government department in prior years. In 2012, these functional expenditures were broken down to provide more detail for the users of the financial statements. In public works and solid waste functions the City expended approximately \$125,000 less than budgeted to keep the general fund under budget overall.

**Status:**

All funds were in compliance with the budgetary requirements for fiscal year 2013.

In conclusion, we wish to recognize Charl Louw and the accounting staff for their excellent services provided to Cedar Hills City. They have been most cooperative in assisting us in the performance of the audit for the 2012-2013 fiscal year. The performance of the Cedar Hills City annual fiscal year audit has been an enjoyable experience for us and we would like to thank the City for the opportunity to serve as independent auditors.

Very truly yours,

ALLRED JACKSON





**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, 2013, 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 15, 2013.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying letter to management as finding 2013-1 that we consider to be a significant deficiency.

## **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*.

## **City of Cedar Hills, Utah's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying management letter. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

*ALLRED JACKSON*

North Logan, UT  
November 15, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS  
OVER COMPLIANCE IN ACCORDANCE WITH THE *STATE OF UTAH LEGAL COMPLIANCE  
AUDIT GUIDE***

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

**REPORT ON COMPLIANCE**

We have audited the City of Cedar Hills, Utah the (City)'s compliance with general and major State program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to the City are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Impact fees
- Utah Retirement Systems
- Transfers from Utility Enterprise Funds
- Government Records Access Management Act
- Conflicts of Interest
- Nepotism
- Utah Public Finance Website

The City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2013.

**Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of the City's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal 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 could have a material effect on the City and its major programs occurred. 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

### **Opinion**

In our opinion, the City of Cedar Hills, Utah, complied in all material respect, with the general compliance requirements identified above and the compliance requirements that applicable to each of its major state programs for the year ended June 30, 2013.

### **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, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 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 type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### **Purpose of 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*ALLRED JACKSON*

Logan, UT  
November 15, 2013





