

# CITY OF CEDAR HILLS, UTAH



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



# **CITY OF CEDAR HILLS, UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by:  
Department of Finance**



# INTRODUCTORY SECTION





**CITY OF CEDAR HILLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
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November 18, 2015

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, 2015.

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.

Keddington & Christensen, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Cedar Hill's financial statements for the year ended June 30, 2015. 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 in May. 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 2015 was 3.5 percent compared to 5.3 percent nationally. A leveling off in unemployment rates are anticipated in fiscal calendar year 2015-2016.

Median household incomes within the City of Cedar Hills are significantly higher than for the state as a whole. For 2013, according to the federal returns on the Utah State Tax Commission's website, the City's household median gross income was \$82,828; Utah County's was \$47,521, while the state's was \$46,811. The census has the government's population at 10,261 as of 2014. The population growth has slowed down, because the City is getting close to build out.

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

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

During the past ten years, the government's expenditures related to public safety contracts have increased from \$415,023 to \$1,158,157, and as a percentage of total expenses (from 7.9 percent to currently 14.2 percent). The growth of the City and a desire by the governing body to improve the level of service provided through the years contributed to the large increase in expenditures. Also, some of this increase reflects lower ambulance revenues.

During this same ten-year period, sales taxes related to governmental funds have increased from \$576,664 to \$1,213,288. The increase in sales taxes is due to a few factors, population growth, a favorable change in 2006 that had less of an emphasis on point of sale, and more on population of a city, and the recent addition of

commercial development/Walmart in 2008. This growth has been necessary to offset the increased costs of public safety, and decreases in other revenue sources (e.g., building permits).

### **Long-term financial planning and major initiatives**

The maximum unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) allowed by the State of Utah is 25% of actual revenues. In the general fund, at year end, unrestricted fund balance was approximately 28.9% of the total actual general fund revenues. This amount follows close to the policy guidelines set by the governing body for budgetary and planning purposes (i.e. a minimum target amount of 16% or two months of revenues). The higher fund balance amount, is for rainy day type expenditures that should help the city maintain core services , if it were to experience a significant downturn in sales tax revenues.

As part of its strategic plan, the governing body also envisions the additional commercial development of its Cedar Hills Drive/North County Boulevard corridor, which began with the addition of Hart's food and gas. An Amsource development was approved in the Fall of 2014, which includes some retail and a credit union.

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

The fiscal year 2015-2016 capital Improvement plan anticipates \$300,000 for constructing a golf maintenance building, \$550,000 for Harvey Boulevard improvements, \$15,000 for sidewalk projects, and \$235,000 for Bayhill Trailhead Park improvements. Other park and street improvements were also budgeted.

The government's 2015-2016 equipment and vehicles program will replace two trucks and a pool car.

As a result of careful financial management, revenues were greater than expenditures for the prior fiscal year.

In addition, the City has a policy that nonrecurring (i.e., "one-time") resource inflows not be used for operating purposes. During the current year, Utah 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 Bayhill park.

### **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, 2015. This is the 13th year that the city has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The GFOA awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the city for its comprehensive annual financial report for fiscal year ended December 31, 2014. This is the second year the city achieved this prestigious award. In order to achieve this award, a government must publish an easily

readable an efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the finance and administration department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and the council for their 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", written in a cursive style.

Charl Louw, CPA, MBA  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Cedar Hills  
Utah**

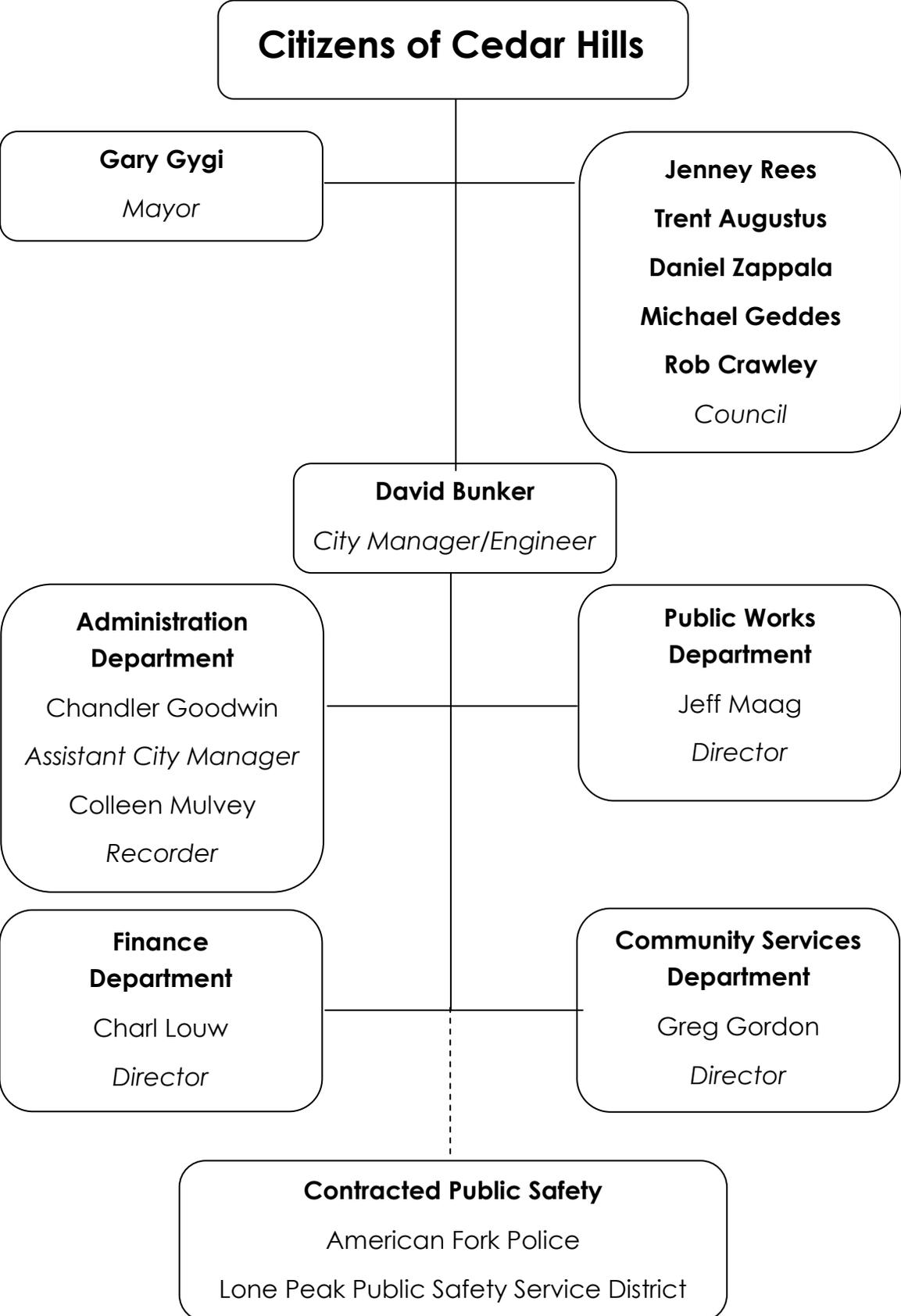
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# City of Cedar Hills Organization Chart

As of June 30, 2015



# FINANCIAL SECTION







**Keddington & Christensen**  
Certified Public Accountants, LLC

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cedar Hills (the City) as of and for the fiscal years ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Golf Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, and the schedule of contributions as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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's basic financial statements. The introductory section, schedule of revenues, expenditures, and changes in fund balance – budget and actual on pages 65 - 69, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balance – budget and actual on pages 65 - 69 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.

*Keddington & Christensen, LLC*

December 23, 2015

## 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, 2015.

### 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 \$52,571,082 (net position). Of this amount, \$3,303,468 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 \$483,550.
- At the close of the current fiscal year, the city's governmental funds reported combined fund balances of \$3,564,135. An increase of \$568,159 in comparison with the prior year because of higher sales tax revenues, growth in Vista room rentals, and less legal expenses than prior years.
- In the general fund, revenues exceeded expenditures by \$675,361 before inter-fund transfers.
- At the close of the fiscal year, the fund balance of the general fund totaled \$1,201,147 of which \$3,882 is nonspendable, \$1,498 is restricted, and \$1,195,767 is unassigned. State statutes allow a maximum unrestricted fund balance of 25 percent of estimated general fund revenues. Once it was determined there was fund balance exceeding the 25 percent threshold, and there was a projected shortage for Bayhill park, the city transferred \$175,000 to the capital projects fund during September 2015.

### 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, golf, parks and recreation. The business-type activities of the city include water and sewer, and motor pool.

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

## **FUND FINANCIAL STATEMENTS**

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

## **GOVERNMENTAL FUNDS**

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

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

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

The city adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund, golf special revenue fund, and the golf debt service fund to demonstrate compliance with the budget.

## **PROPRIETARY FUNDS**

The city maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water and sewer fund. The city uses an internal service fund for its motor pool fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, and motor pool funds which are all considered to be major funds of the city.

## NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

## OTHER INFORMATION

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the city of Cedar Hills, assets and deferred outflows of resources exceed liabilities by \$52,571,082 (net position) at the close of the most recent fiscal year.

**CITY OF CEDAR HILL'S Net Position**  
**June 30, 2015 and 2014**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2015-2014
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 5,034.7	\$ 4,655.9	\$ 3,053.5	\$ 2,747.0	\$ 8,088.2	\$ 7,402.9	\$ 685.3
Capital assets	36,393.1	36,806.3	24,316.4	24,892.2	60,709.5	61,698.5	(989.0)
Total assets	41,427.8	41,462.2	27,369.9	27,639.2	68,797.7	69,101.4	(303.7)
Total deferred outflows of resources	666.9	716.7	301.9	44.2	968.8	760.9	207.9
Other liabilities	482.2	695.5	282.1	272.9	764.3	968.4	(204.1)
Long-term liabilities outstanding	7,872.0	8,236.9	7,490.3	7,595.2	15,362.3	15,832.1	(469.8)
Total liabilities	8,354.2	8,932.4	7,772.4	7,868.1	16,126.6	16,800.5	(673.9)
Total deferred inflows of resources	1,044.5	974.3	24.3	-	1,068.8	974.3	94.5
Net position:							
Net investment in capital assets	29,460.3	29,636.8	17,308.4	17,576.4	46,768.7	47,213.2	(444.5)
Restricted	1,811.5	1,754.2	687.3	586.5	2,498.8	2,340.7	158.1
Unrestricted	1,424.1	881.2	1,879.4	1,652.4	3,303.5	2,533.6	769.9
Total net position	<u>\$ 32,695.9</u>	<u>\$ 32,272.2</u>	<u>\$19,875.1</u>	<u>\$19,815.3</u>	<u>\$52,571.0</u>	<u>\$52,087.5</u>	<u>\$ 483.5</u>

The majority of the city's net position (approximately 93.7 percent) represents resources that are invested in capital assets, or are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,303,468 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2015, 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 \$483,550, because higher than estimated sales taxes and program revenues related to event rentals.

**CITY OF CEDAR HILL'S Changes in Net Position**  
**Years Ended June 30, 2015 and 2014**  
(in thousands of dollars)

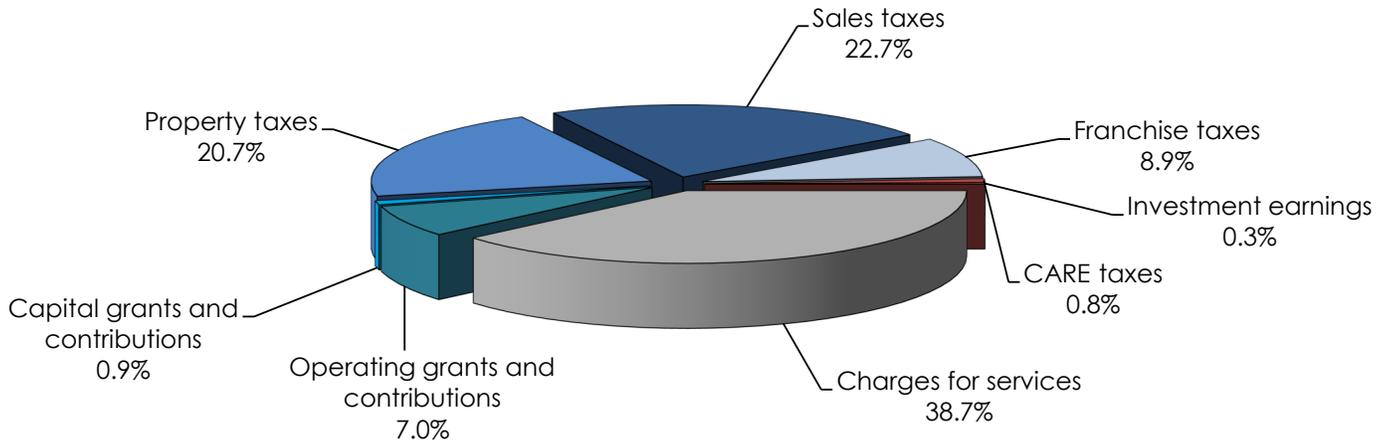
	Governmental Activities		Business-type Activities		Total		Change 2015-2014
	2015	2014	2015	2014	2015	2014	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 2,071.2	\$ 1,852.3	\$ 3,155.8	\$ 3,077.3	\$ 5,227.0	\$ 4,929.6	\$ 297.4
Operating grants and contributions	376.4	351.4	-	-	376.4	351.4	25.0
Capital grants and contributions	47.9	278.7	34.2	85.1	82.1	363.8	(281.7)
General revenues:							
Property taxes	1,106.4	1,160.8	-	-	1,106.4	1,160.8	(54.4)
Sales taxes	1,213.3	1,159.5	-	-	1,213.3	1,159.5	53.8
Franchise taxes	474.8	503.1	-	-	474.8	503.1	(28.3)
CARE taxes	43.6	41.2	-	-	43.6	41.2	2.4
Investment earnings	15.2	13.3	9.4	7.5	24.6	20.8	3.8
Total revenues	5,348.8	5,360.3	3,199.4	3,169.9	8,548.2	8,530.2	18.0
<b>Expenses:</b>							
Governmental activities:							
General government	838.2	938.8	-	-	838.2	938.8	(100.6)
Public safety	1,158.2	1,109.6	-	-	1,158.2	1,109.6	48.6
Parks and recreation	1,733.6	1,721.9	-	-	1,733.6	1,721.9	11.7
Streets and public works	710.5	840.1	-	-	710.5	840.1	(129.6)
Solid waste and recycling	328.1	324.3	-	-	328.1	324.3	3.8
Interest on long-term debt	274.9	287.4	-	-	274.9	287.4	(12.5)
Business-type activities:							
Water and sewer	-	-	3,021.2	2,851.8	3,021.2	2,851.8	169.4
Total expenses	5,043.5	5,222.1	3,021.2	2,851.8	8,064.7	8,073.9	(9.2)
Changes in net position before transfers	305.3	138.2	178.2	318.1	483.5	456.3	27.2
Transfers	118.4	101.5	(118.4)	(101.5)	-	-	-
Changes in net position	423.7	239.7	59.8	216.6	483.5	456.3	27.2
Net position, beginning, as restated	32,272.2	32,032.5	19,815.3	19,598.7	52,087.5	51,631.2	456.3
Net position, ending	\$ 32,695.9	\$ 32,272.2	\$ 19,875.1	\$ 19,815.3	\$ 52,571.0	\$ 52,087.5	\$ 483.5

**GOVERNMENTAL ACTIVITIES**

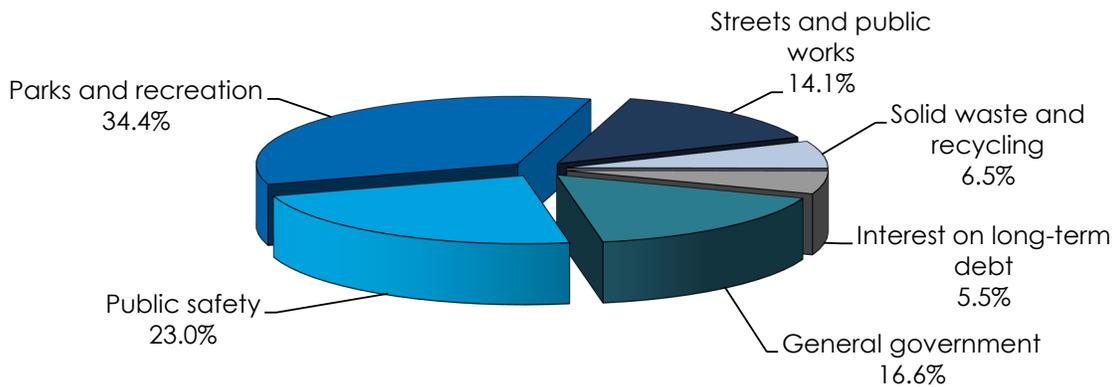
Governmental activities increased the city's net position by \$423,738, because of an increase in sales tax revenues, increased charges for services related to increased Vista room rentals, recreation programs, and lower street maintenance expenses for streets and public works.

Charges for services increased due to event rentals. Property taxes revenue for governmental activities decreased by \$54,436 from \$1,160,816 in 2014 to \$1,106,380 in 2015. This decrease is the result of the property tax levy related to the general obligations decreasing due to the restricted fund balance used in the current fiscal year to offset the property tax levy. Sales and use tax collections increased by \$53,764 from \$1,159,524 in 2014 to \$1,213,288. Sales taxes improved slightly due to Utah's robust economy. Capital grants and contributions decreased because of the amount of impact fees from the Bridgestone subdivision received in the prior fiscal year.

**CITY OF CEDAR HILLS**  
 Revenues by Source - Governmental Activities  
 Fiscal Year Ended June 30, 2015

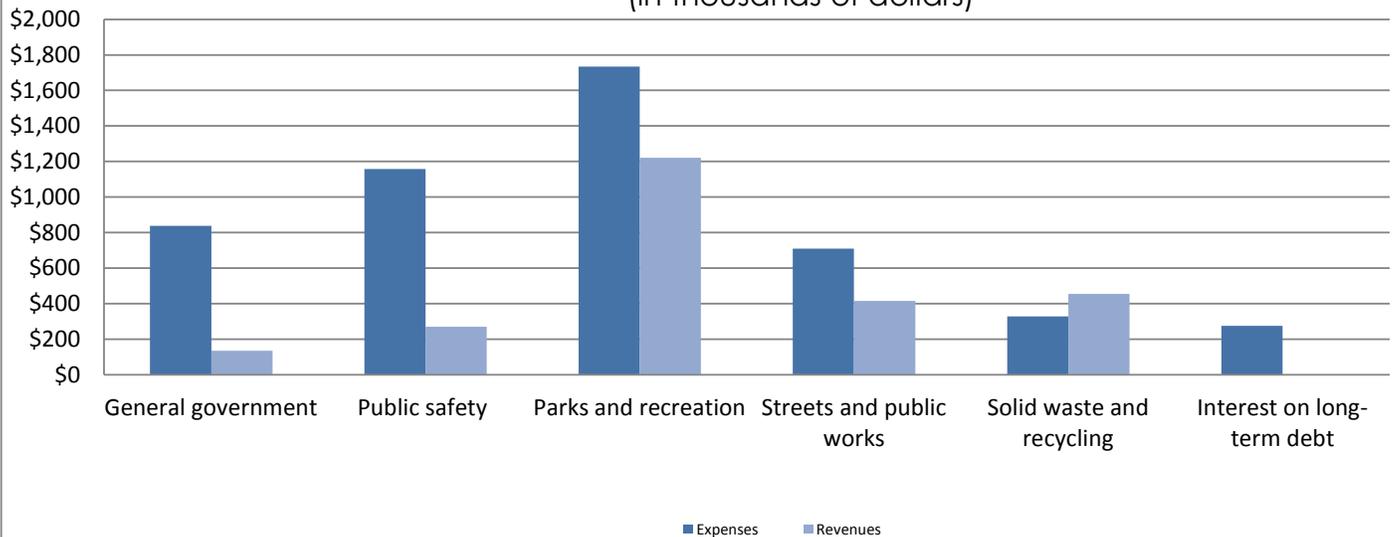


**CITY OF CEDAR HILLS**  
 Expenses by Function - Governmental Activities  
 Fiscal Year Ended June 30, 2015



General governmental expenses decreased due to lower bad debt expenses, no decisions survey funded and no election expenses. Public Safety increased due to the city's contribution towards the new Utah Valley dispatch building, slightly higher contracts with Lone Peak Public Safety Service District's Fire Department and the city of American Fork's Police. Streets and public works expenses decreased because less maintenance projects incurred issues. Solid waste and recycling increased slightly due to the city's additional housing units. Interest on debt decreased due to no new debt and the additional principal paid on general obligation bonds and excise tax bonds.

**CITY OF CEDAR HILLS**  
Expense and Program Revenue - Governmental Activities  
Fiscal Year Ended June 30, 2015  
(in thousands of dollars)



**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the city's net position \$59,812 by following the 2012 Bowen, Collins & associates utility study, which recommended annual increases to rates to fund operating and capital maintenance projects without additional debt.

Charges for services increased from \$3,077,340 in 2014 to \$3,155,808 in 2015 due to utility rates adjustments to fund long-term water, storm drain, and sewer system repairs and improvements.

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

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

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

**GOVERNMENTAL FUNDS**

The focus of the city's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the year, the city of Cedar Hills' governmental funds reported combined ending fund balances of \$3,564,135. Approximately 34 percent of this amount, \$1,195,767 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) \$570,212 to pay for roads, 2) \$1,443,023 to pay for parks and recreation, 3) \$315,294 to pay for debt service, 4) \$3,882 is for prepaid expenditures, and 5) \$35,957 is golf inventory.

The general fund is the chief operating fund of the city. Including the general fund, there are four governmental funds included in this report, which are all considered major funds—general fund, golf fund, golf debt service fund, and the capital projects fund. At the end of the current year, unassigned fund balance of the general fund was \$1,195,767. Total fund balance was \$1,201,147. The City increased its unrestricted fund balance from approximately 25 percent of actual revenues in 2014 to almost 29 percent of actual revenues in 2015. Most of this increase in fund balance is from a conservative budgeting process, and higher than anticipated revenues from event rentals and lower legal expenses than anticipated. The total fund balance for the golf fund, the golf debt service fund, and capital projects fund grew slightly during the fiscal year from impact fees, transfers, and increased golf revenues.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 35 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 \$1,789,912, and motor pool fund \$160,203. 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.

## **BUDGETARY HIGHLIGHTS**

The difference between the original general fund budget (adopted June 2014) and the final general fund expenditures amended budget was \$244,627. The significant changes are summarized as follows:

- \$81,566 increase in parks and recreation—events part-time staffing and benefits to handle the Vista room demand, recreation programs because of higher demand, and a larger investment in arts, summer concerts, the family festival carnival and dinner.
- \$45,750 increase in public safety—Utah valley dispatch building contribution and animal control contract increase.
- \$60,870 increase in streets and public works—reclass of motor pool charges from a transfer out to an expenditure by the department.
- \$21,287 increase in general government—reclass of motor pool charges from a transfer out to an expenditure by the department and increase in professional contracted services.

## 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:

- \$15,000 new signs for the community events center and clubhouse.
- \$15,877 to complete Cottonwood lots utility improvements.
- \$93,502 for vehicle replacements.
- \$104,150 for two green's mowers and a pump sprayer.
- \$38,500 for Harvey well motor rebuild.

These expenses do not include almost \$800,000 in capital maintenance projects related to parks, the golf course, water meters, streets, street lights, sidewalks, gutters, and building repairs.

**CITY OF CEDAR HILL'S Capital Assets**  
**June 30, 2015 and 2014**  
 (net of accumulated depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2015-2014
	2015	2014	2015	2014	2015	2014	
Land	\$ 7,226.7	\$ 7,226.7	\$ -	\$ -	\$ 7,226.7	\$ 7,226.7	\$ -
Water Stock	-	-	3,311.5	3,311.5	3,311.5	3,311.5	-
Construction in progress	-	18.8	16.9	16.9	16.9	35.7	(18.8)
Buildings	5,123.5	5,253.2	-	-	5,123.5	5,253.2	(129.7)
Improvements	8,809.6	9,056.1	-	-	8,809.6	9,056.1	(246.5)
Vehicles	145.2	149.8	145.2	149.8	290.4	299.6	(9.2)
Equipment	168.5	104.6	-	-	168.5	104.6	63.9
Water, sewer, and storm drain systems	-	-	20,842.8	21,414.0	-	-	-
Infrastructure (Roads, Sidewalks)	14,919.6	14,997.1	-	-	14,919.6	14,997.1	(77.5)
<b>Total</b>	<b>\$ 36,393.1</b>	<b>\$ 36,806.3</b>	<b>\$24,316.4</b>	<b>\$24,892.2</b>	<b>\$39,866.7</b>	<b>\$40,284.5</b>	<b>\$ (417.8)</b>

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

## LONG-TERM DEBT

The city of Cedar Hills has \$5,570,000 of general obligation debt as of June 30, 2015. The city also has utility revenue bonds, an excise tax revenue bonds, and a note payable.

The general obligation bonds were 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 these bonds is \$165,000. The city partially refinanced these bonds in December 2012 to save future cash outflows by taking advantage of lower interest rates. The current balance on the 2012 general obligation bonds is \$5,405,000. 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 bonds were obtained in 2006 in the amount of \$6,215,000 to construct the pressurized irrigation system. The current principal balance of these bonds is \$200,000. In October 2014, the city partially refunded the 2006 utility bonds directly through JPMorgan Chase Bank to capture savings with a lower interest rate. The current principal balance on the 2014 utility revenue bonds is \$4,608,000.

The second utility revenue bonds were obtained in 2007 in the amount of \$2,090,000 for the development of a redundant culinary well. The current principal balance of these bonds is \$1,481,000.

The third utility revenue bonds were obtained in 2009 in the amount of \$930,000 for improvements to the pressurized irrigation system. The current principal balance of these bonds is \$720,000. The city paid an extra \$23,000 towards the principal amount during the last fiscal year.

The excise tax revenue bonds were obtained in 2006 in the amount of \$2,325,000 for the construction of a public works/administration facility. The current principal balance of these bonds are \$1,825,000. In October 2015, the city refunded these bonds directly through JPMorgan Chase Bank to capture savings with a lower interest rate.

	Governmental Activities		Business-type Activities		Total		Change 2015-2014
	2015	2014	2015	2014	2015	2014	
General obligation bonds	\$ 5,710.1	\$ 5,934.8	\$ -	\$ -	\$ 5,710.1	\$ 5,934.8	\$ (224.7)
Excise tax revenue bonds	1,825.0	1,900.0	-	-	1,825.0	1,900.0	(75.0)
Utility revenue bonds	-	-	7,009.0	7,068.0	7,009.0	7,068.0	(59.0)
Notes payable	-	-	257.7	257.7	257.7	257.7	-
<b>Total</b>	<b>\$ 7,535.1</b>	<b>\$ 7,834.8</b>	<b>\$ 7,266.7</b>	<b>\$ 7,325.7</b>	<b>\$14,801.8</b>	<b>\$15,160.5</b>	<b>\$ (358.7)</b>

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

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

- The city of Cedar Hills new residential housing is limited, because there is very little land left in the city to develop cost effectively.
- Most of the city's undeveloped land is in the commercial district, and the business growth in the district may improve with the widening of North County Boulevard, which is a major north/south transportation corridor to the interstate freeway for northern Utah County.
- The minimal population growth of the city may slow down sales tax revenue growth experienced statewide the last few years.
- For the 2015-2016 fiscal budget, the estimated general fund revenues and transfers in are \$3,886,925 and the budgeted expenditures and transfers out are \$3,918,925. \$32,000 of unrestricted fund balance will be used for the city's allocation of the Utah Valley Dispatch building project. The revenues are budgeted to be slightly higher overall than last year's original budget because of growth in sales tax revenues, property taxes growth from new housing units, and community event center rentals. Expenditures grew from a new contract for legal services, which estimated at least a 25% increase, public safety contract increases of 3.5% for police and Utah Valley Dispatch increased over 100% because the related building project. Approximately 3% was budgeted for city staff merit increases. There were also slight benefit cost increases to maintain the same level of benefits for full-time permanent employees.
- In addition, the general fund budget includes planned transfers out of \$205,532. \$76,532 to the capital project's fund 50 percent of the debt service on the public works/administration building. Also, \$129,000 will be transferred out of the general fund to the golf fund as an operating subsidy.
- The most significant capital projects are \$235,000 for Bayhill park, \$200,000 for the golf maintenance shed and \$100,000 for related storm drain improvements.
- Other significant capital maintenance budget appropriations include \$50,000 for a street reconfiguration, \$283,400 for street and sidewalk maintenance/projects, and snow removal in the general fund. And approximately \$370,000 was appropriated for water, storm drain, and sewer maintenance projects in the Water and Sewer fund.
- The city council adopted the certified tax rate for the general fund operations, which provides the city the same property tax revenue that was budgeted in the prior year plus an adjustment for new residential and commercial growth. The city adopted the property tax debt levy based on what was needed to fund the general obligation debt in the golf debt service fund utilizing the available fund balance to offset some of the debt service.

## **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, 2015

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,785,718	2,131,776	\$ 3,917,494
Restricted cash and cash equivalents	1,806,343	687,374	2,493,717
Tax receivables	1,056,070	-	1,056,070
Intergovernmental receivables	280,135	-	280,135
Other receivables (net of allowance for uncollectibles)	63,095	219,450	282,545
Inventories and prepaid items	43,358	14,947	58,305
Capital assets:			
Land, water stock, and construction in progress	7,226,673	3,328,425	10,555,098
Buildings, improvements, equipment, and other depreciable assets, net of accumulated depreciation	29,166,377	20,987,982	50,154,359
Total assets	41,427,769	27,369,954	68,797,723
<b>Deferred Outflows of Resources:</b>			
Deferred outflows of resources related to pensions	64,490	43,210	107,700
Deferred charge on refunding	602,361	258,734	861,095
Total deferred outflows of resources	666,851	301,944	968,795
<b>Liabilities:</b>			
Accounts payable	250,729	188,912	439,641
Accrued expenses	131,534	28,820	160,354
Accrued interest	99,929	64,379	164,308
Long-term liabilities:			
Portion due or payable within one year	323,920	393,130	717,050
Portion due or payable after one year	7,548,063	7,097,210	14,645,273
Total liabilities	8,354,174	7,772,451	16,126,625
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources related to pensions	36,282	24,310	60,592
Deferred revenue-property taxes	1,008,219	-	1,008,219
Total deferred inflows of resources	1,044,501	24,310	1,068,811
<b>Net position:</b>			
Net investment in capital assets	29,460,264	17,308,394	46,768,658
Restricted for:			
Debt service	315,294	423,014	738,308
Parks and recreation	926,076	-	926,076
Streets	570,212	-	570,212
Water and sewer improvements	-	256,760	256,760
Other purposes	-	7,600	7,600
Unrestricted	1,424,099	1,879,369	3,303,468
Total net position	\$ 32,695,945	19,875,137	\$ 52,571,082

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

# CITY OF CEDAR HILLS

## Statement of Activities Year Ended June 30, 2015

Activities / Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 838,231	\$ 134,131	\$ -	\$ -	\$ (704,101)		\$ (704,101)
Public safety	1,158,157	182,245	80,363	7,922	(887,627)		(887,627)
Parks and recreation	1,733,589	1,168,713	20,691	32,268	(511,917)		(511,917)
Streets and public works	710,455	131,933	275,332	7,721	(295,470)		(295,470)
Solid waste and recycling	328,097	454,150	-	-	126,053		126,053
Interest on long-term debt	274,907	-	-	-	(274,907)		(274,907)
Total governmental activities	5,043,436	2,071,171	376,386	47,911	(2,547,968)		(2,547,968)
<b>Business-type activities:</b>							
Water and sewer	3,021,152	3,155,808	-	34,161	-	168,817	168,817
Total business-type activities	3,021,152	3,155,808	-	34,161	-	168,817	168,817
Total County	<u>\$ 8,064,588</u>	<u>\$ 5,226,979</u>	<u>\$ 376,386</u>	<u>\$ 82,072</u>	<u>(2,547,968)</u>	<u>168,817</u>	<u>(2,379,151)</u>
<b>General revenue:</b>							
Property taxes					1,106,380	-	1,106,380
Sales taxes					1,213,288	-	1,213,288
Franchise taxes					474,814	-	474,814
CARE taxes					43,552	-	43,552
Total taxes					2,838,034	-	2,838,034
Unrestricted investment earnings					15,316	9,351	24,667
<b>Transfers</b>					118,356	(118,356)	-
Total general revenue and transfers					2,971,706	(109,005)	2,862,701
Changes in net position					423,738	59,812	483,550
<b>Net position - beginning, as restated</b>					32,272,207	19,815,325	52,087,532
<b>Net position - ending</b>					<u>\$ 32,695,945</u>	<u>\$ 19,875,137</u>	<u>\$ 52,571,082</u>

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

# CITY OF CEDAR HILLS

## Balance Sheet

### Governmental Funds

June 30, 2015

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,102,134	\$ 166,590	\$ -	\$ 439,269	\$ 1,707,993
Restricted cash and cash equivalents	1,498	-	10,857	1,793,988	1,806,343
Tax receivables	736,824	-	319,246	-	1,056,070
Intergovernmental receivables	280,135	-	-	-	280,135
Other receivables (net of allowance for uncollectibles)	62,963	-	-	132	63,095
Prepaid and Inventory items	3,882	35,957	-	-	39,839
Total assets	<u>\$ 2,187,436</u>	<u>\$ 202,547</u>	<u>\$ 330,103</u>	<u>\$ 2,233,389</u>	<u>\$ 4,953,475</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 182,160	\$ 66,527	\$ -	\$ 900	\$ 249,587
Accrued salaries, wages, and benefits	35,148	21,617	-	-	56,765
Other payables	74,769	-	-	-	74,769
Total liabilities	292,077	88,144	-	900	381,121
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred revenue-property taxes	694,212	-	314,007	-	1,008,219
Total deferred inflows of resources	<u>694,212</u>	<u>-</u>	<u>314,007</u>	<u>-</u>	<u>1,008,219</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory and prepaid expenditures	3,882	35,957	-	-	39,839
Restricted for:					
Debt service	-	-	16,096	299,198	315,294
Parks and recreation	1,498	-	-	924,578	926,076
Streets	-	-	-	570,212	570,212
Assigned to:					
Parks and recreation	-	78,446	-	438,501	516,947
Unassigned	1,195,767	-	-	-	1,195,767
Total fund balances	<u>1,201,147</u>	<u>114,403</u>	<u>16,096</u>	<u>2,232,489</u>	<u>3,564,135</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,187,436</u>	<u>\$ 202,547</u>	<u>\$ 330,103</u>	<u>\$ 2,233,389</u>	<u>\$ 4,953,475</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, 2015

**Total fund balances for governmental funds** \$ 3,564,135

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

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

Land	\$ 7,226,673	
Construction in progress	-	
Buildings, net of accumulated depreciation of \$899,631	5,123,480	
Improvements, net of accumulated depreciation of \$3,207,813	8,809,606	
Equipment, net of accumulated depreciation of \$528,441	68,281	
Infrastructure (roads and sidewalks), net of accumulated depreciation of \$595,768	<u>14,919,592</u>	36,147,632

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:

325,520

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:

(99,929)

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

General obligation bonds, net of unamortized premiums of \$140,147	(5,710,147)	
Excise tax revenue bonds	(1,825,000)	
Deferred amount on refundings, net of accumulated amortization of \$169,020	602,361	
Net pension liability	(278,996)	
Deferred amount related to pensions	28,208	
Compensated absences payable	<u>(57,839)</u>	(7,241,413)

**Total net position of governmental activities**

\$ 32,695,945

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2015

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 783,909	\$ -	\$ 322,471	\$ -	\$ 1,106,380
Sales taxes	1,213,288	-	-	-	1,213,288
Franchise taxes	474,814	-	-	-	474,814
CARE taxes	43,552	-	-	-	43,552
Licenses and permits	107,277	-	-	-	107,277
Intergovernmental and grants	363,695	-	-	-	363,695
Charges for services	638,910	-	-	-	638,910
Fees	439,770	717,658	-	47,911	1,205,339
Investment earnings	5,352	291	45	9,628	15,316
Miscellaneous	68,522	31,684	-	4	100,210
Total revenues	4,139,089	749,633	322,516	57,543	5,268,781
<b>EXPENDITURES:</b>					
Current:					
General government	810,407	-	-	-	810,407
Public safety	1,158,157	-	-	-	1,158,157
Streets and public works	615,697	-	-	-	615,697
Solid waste and recycling	328,097	-	-	-	328,097
Parks and recreation	551,370	805,086	-	2,900	1,359,356
Debt service:					
Principal	-	-	210,000	75,000	285,000
Interest and fiscal charges	-	-	148,670	82,713	231,383
Capital outlay:					
Streets and public works	-	-	-	30,881	30,881
Total expenditures	3,463,728	805,086	358,670	191,494	4,818,978
Excess (deficiency) of revenues over (under) expenditures	675,361	(55,453)	(36,154)	(133,951)	449,803
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	8,500	147,863	-	454,713	611,076
Transfers out	(492,720)	-	-	-	(492,720)
Total other financing sources (uses)	(484,220)	147,863	-	454,713	118,356
Net change in fund balances	191,141	92,410	(36,154)	320,762	568,159
Fund balances - beginning	1,010,006	21,993	52,250	1,911,727	2,995,976
Fund balances - ending	<u>\$ 1,201,147</u>	<u>\$ 114,403</u>	<u>\$ 16,096</u>	<u>\$ 2,232,489</u>	<u>\$ 3,564,135</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, 2015

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**Net change in fund balances - total governmental funds** \$ 568,159

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

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

Capital outlays	\$ 28,536	
Depreciation expense	<u>(537,332)</u>	(508,796)

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

Accrued interest	4,781	
Principal retirement of bonds and obligations under capital leases	285,000	
Amortization of bond premiums and discounts	14,646	
Amortization of deferred amounts on refundings	<u>(62,951)</u>	241,476

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	(3,194)
Net pension expense adjustment	45,206

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

80,887

**Change in net position of governmental activities** \$ 423,738

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 764,700	\$ 764,700	\$ 783,909	\$ 19,209
Sales taxes	1,150,000	1,152,375	1,213,288	60,913
Other	535,000	535,000	518,366	(16,634)
Total taxes	2,449,700	2,452,075	2,515,563	63,488
Licenses and permits	98,000	98,000	107,277	9,277
Intergovernmental and grants	329,800	347,800	363,695	15,895
Charges for services	906,300	1,033,700	1,078,680	44,980
Investment earnings	7,500	7,500	5,352	(2,148)
Miscellaneous	26,000	29,000	68,522	39,522
Total revenues	3,817,300	3,968,075	4,139,089	171,014
<b>Expenditures:</b>				
Current:				
General government	843,164	864,451	810,407	54,044
Public safety	1,116,571	1,162,321	1,158,157	4,164
Streets and public works	664,661	725,531	615,697	109,834
Solid waste and recycling	342,250	342,250	328,097	14,153
Parks and recreation	532,236	613,802	551,370	62,432
Total expenditures	3,498,882	3,708,355	3,463,728	244,627
Excess (deficiency) of revenues over (under) expenditures	318,418	259,720	675,361	415,641
<b>Other financing sources(uses):</b>				
Transfers in	-	8,500	8,500	-
Transfers out	(318,418)	(492,720)	(492,720)	-
Total other financing sources(uses)	(318,418)	(484,220)	(484,220)	-
Net change in fund balance	-	(224,500)	191,141	415,641
<b>Fund balances - beginning</b>	1,010,006	1,010,006	1,010,006	-
<b>Fund balances - ending</b>	\$ 1,010,006	\$ 785,506	\$ 1,201,147	\$ 415,641

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

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Golf Special Revenue Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees	\$ 661,500	\$ 704,136	\$ 717,658	\$ 13,522
Investment Earnings	-	-	291	291
Miscellaneous	-	-	31,684	31,684
Total revenues	<u>661,500</u>	<u>704,136</u>	<u>749,633</u>	<u>45,497</u>
<b>EXPENDITURES</b>				
Parks and recreation	<u>768,863</u>	<u>851,999</u>	<u>805,086</u>	<u>46,913</u>
Total expenditures	<u>768,863</u>	<u>851,999</u>	<u>805,086</u>	<u>46,913</u>
Excess of revenues over expenditures	(107,363)	(147,863)	(55,453)	92,410
Other financing sources (uses):				
Operating transfers in	110,363	147,863	147,863	-
Operating transfers out	(3,000)	-	-	-
Total other financing sources (uses)	<u>107,363</u>	<u>147,863</u>	<u>147,863</u>	<u>-</u>
Net change in fund balance	-	-	92,410	92,410
Fund balance at beginning of year	<u>21,993</u>	<u>21,993</u>	<u>21,993</u>	<u>-</u>
Fund balance at end of year	<u>\$ 21,993</u>	<u>\$ 21,993</u>	<u>\$ 114,403</u>	<u>\$ 92,410</u>

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

# CITY OF CEDAR HILLS

## Statement of Net Position Proprietary Funds June 30, 2015

	<b>Business-type Activities Enterprise Fund Water &amp; Sewer</b>	<b>Governmental Activities Internal Service Fund Motor Pool</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,054,052	\$ 155,449
Accounts receivable, net of allowance	219,450	-
Prepaid items	11,428	7,038
Total current assets	2,284,930	162,487
Noncurrent assets:		
Restricted cash and cash equivalents	687,374	-
Capital assets:		
Equipment	-	104,150
Vehicles	-	668,320
Water, sewer, and storm drain systems	29,133,871	-
Construction-in-progress	16,866	-
Accumulated depreciation	(8,291,068)	(381,873)
Water stock	3,311,559	-
Total noncurrent assets	24,858,602	390,597
Total assets	27,143,532	553,084
<b>Deferred Outflows of Resources:</b>		
Deferred outflows of resources relating to pensions	43,210	-
Deferred charge on refunding, net of amortization	258,734	-
Total deferred outflows of resources	301,944	-
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	187,770	2,284
Accrued wages payable	28,820	-
Accrued interest payable	64,379	-
Notes payable - current	2,802	-
Compensated absences	18,328	-
Bonds payable - current	372,000	-
Total current liabilities	674,099	2,284
Noncurrent liabilities:		
Compensated absences	18,328	-
Net pension liability	186,938	-
Notes payable	254,944	-
Bonds payable, net of premium	6,637,000	-
Total noncurrent liabilities	7,097,210	-
Total liabilities	7,771,309	2,284
<b>Deferred Inflows of Resources:</b>		
Deferred inflows of resources relating to pensions	24,310	-
Total deferred outflows of resources	24,310	-
<b>Net position:</b>		
Net investment in capital assets	17,163,216	390,597
Restricted for capital improvements	256,760	-
Restricted for debt service	423,014	-
Restricted for water shares	7,600	-
Unrestricted	1,799,267	160,203
Total net position	<u>\$ 19,649,857</u>	<u>\$ 550,800</u>
Total net position - enterprise funds	\$ 19,649,857	
An internal charge between the governmental and business-type activities is not recorded at the fund level	225,280	
Total net position - business-type activities	<u>\$ 19,875,137</u>	

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

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds Year Ended June 30, 2015

	<b>Business Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Water &amp; Sewer</b>	<b>Motor Pool</b>
<b>Operating revenues:</b>		
Charges for services:		
Water & Sewer	\$ 3,155,808	\$ -
Motor Pool	-	160,074
Total operating revenues	3,155,808	160,074
<b>Operating expenses:</b>		
Salaries, wages, and benefits	680,742	-
Materials, supplies and services	1,484,627	74,290
Other operating expenses	2,446	-
Amortization	25,616	-
Depreciation	609,675	80,924
Total operating expenses	2,803,106	155,214
Operating income (loss)	352,702	4,860
<b>Nonoperating revenues (expenses):</b>		
Interest income	9,351	-
Gain (loss) on sale of capital assets	-	56,675
Interest expense and fiscal charges	(198,693)	-
Total nonoperating revenues (expenses)	(189,342)	56,675
Income (loss) before transfers	163,360	61,535
<b>Capital contributions</b>	34,161	-
<b>Transfers in</b>	-	-
<b>Transfers out</b>	(118,356)	-
Changes in net position	79,165	61,535
<b>Total net position - beginning, as restated</b>	19,570,692	489,265
<b>Total net position - ending</b>	<u>\$ 19,649,857</u>	<u>\$ 550,800</u>
Change in net position - enterprise funds	\$ 79,165	
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		(19,353)
Change in net position of business-type activities	<u>\$ 59,812</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, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water &amp; Sewer</u>	<u>Internal Service Fund Motor Pool</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 3,156,417	\$ 160,074
Payments to suppliers	(722,751)	(77,851)
Payments to employees	(680,953)	-
Intergovernmental payments	(736,387)	-
Net cash provided by operating activities	1,016,326	82,223
<b>Cash flows from noncapital financing activities:</b>		
Payments on long-term pension	(30,289)	-
Transfers out	(118,356)	-
Net cash used by noncapital financing activities	(148,645)	-
<b>Cash flows from capital and related financing activities:</b>		
Receipts from impact fees	34,161	-
Payments for acquisition of capital assets	(41,450)	(193,152)
Proceeds from issuance of debt	4,633,000	-
Payment to refunded bond escrow	(4,596,466)	-
Principal paid on capital debt	(372,000)	-
Proceeds from sale of capital assets	-	77,961
Interest paid on capital debt	(220,562)	-
Net cash used by capital and related financing activities	(563,317)	(115,191)
<b>Cash flows from investing activities:</b>		
Interest received	9,351	-
Net change in cash and cash equivalents	313,715	(32,968)
<b>Cash and cash equivalents - beginning</b>	<u>2,427,711</u>	<u>188,417</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 2,741,426</u>	<u>\$ 155,449</u>
Displayed on the statement of net position as:		
Pooled cash and investments	\$ 2,054,052	\$ 155,449
Restricted cash and investments	687,374	-
	<u>\$ 2,741,426</u>	<u>\$ 155,449</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 352,702	\$ 4,860
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	609,675	80,924
Amortization expense	25,616	-
Changes in operating assets and liabilities:		
Accounts receivable	609	-
Prepaid items	(11,428)	2,931
Accounts payable	39,363	(6,492)
Accrued wages payable	(55)	-
Compensated absences payable	(156)	-
Total adjustments	<u>663,624</u>	<u>77,363</u>
Net cash provided by operating activities	1,016,326	82,223

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

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# NOTES TO FINANCIAL STATEMENTS





# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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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.

#### 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, 2015. No financials are available for the Municipal Building Authority.

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

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

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

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

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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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### **Basis of Presentation**

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

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

### **Fund Financial Statements**

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

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

#### **General Fund**

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

#### **Golf Fund**

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

#### **Golf Debt Service Fund**

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

#### **Capital Projects Fund**

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

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2015

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

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

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

### **Water and Sewer Fund**

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

### **Motor Pool Fund**

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

### **Measurement Focus/Basis of Accounting**

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

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

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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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

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

### **Budgetary Control**

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

The City Council approves by resolution the total budget appropriation by fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. A public hearing is held anytime an increase in total appropriations is made. The budget was amended in fiscal year 2015. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

### **Cash and Cash Equivalents**

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

### **Inventories**

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

### **Compensated Absences**

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

### **Property Taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied and tax notices are sent on November 1. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by the City when they are collected. Property taxes and fees on licensed motor vehicles are collected on a monthly basis in the month in which the individual motor vehicle license is renewed. Property taxes are billed and collected by Utah County on behalf of the City and remitted to the City monthly. At June 30, 2015, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at June 30, 2015 was \$11,232.

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2015

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

### Capital Assets

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

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

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

### Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has pension and refunding items that qualify for reporting in this category. Resources related to pension and the deferred charge on refunding are reported in the government-wide statement of net position.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, levied property taxes for the future fiscal year, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet, and the statement of net position for proprietary funds and the government-wide statements. These levied amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

### Transactions Between Funds

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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Fund Balance/Net position

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

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

### Reclassifications and Restatements

Implementing GASB Statement 68 required pension related changes presented in the prior year as net position to be reclassified as a deferred outflows of resources, and net pension liability per the URS allocation. The

	<b>Government-Wide</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Net position, as originally stated July 1, 2014	\$ 20,927,357	\$ 20,013,652
Adjustment for other depreciable assets relating to roads and sidewalks	11,640,843	-
GASB Statement 68 implementation changed accounting for pensions	(295,994)	(198,327)
Net position, as restated July 1, 2014	<u>\$ 32,272,206</u>	<u>\$ 19,815,325</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2015

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city also estimated the roads and sidewalks that were understated as depreciable assets under governmental activities, and restated the assets based on the miles of roads in the city and the most relevant road and sidewalk project costs.

### **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, 2015,, \$250,000 of the City's bank balances were insured and \$405,096 were uninsured and uncollateralized.

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

#### **Credit Risk**

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

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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

Investment Type	Fair Value	Maturity	Credit Quality
PTIF	\$ 5,133,149	66 days	Not rated
Externally Managed Investments			
First American Treasury Obligations	\$ 349,601	14 days	AAA
First American Prime Obligations	\$ 73,417	38 days	AAA
US Bank Government Money Market	\$ 286,135	N/A	Not rated
Total	<u>\$ 5,842,302</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 \$2,480,613 of restricted cash. The City has \$256,760 restricted for well improvements, \$1,451,169 restricted for impact fees, \$738,308 restricted for debt service, and \$34,376 for various other purposes.

### NOTE 3 – WATER SHARES

At June 30, 2015, 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 \$219,450 for all proprietary funds includes an allowance for doubtful accounts of \$90,325. The City established an allowance for accounts that may not be collectible due to historical trends. Net accounts receivable of \$63,095 for the governmental funds includes an allowance for doubtful accounts of \$48,196.

### NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

The City has \$280,135 of intergovernmental receivables at June 30, 2015 in the governmental funds resulting from \$211,850 due in sales tax revenue, \$52,766 due in Class C Road Funds, \$7,345 in telecommunication taxes, and \$8,174 in CARE tax revenue,

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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### 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, 2015 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 8,500	\$ 492,720
Capital Projects Fund	454,713	-
Water & Sewer Fund	-	118,356
Golf Fund	147,863	-
Total	<u>\$ 611,076</u>	<u>\$ 611,076</u>

During the year ended June 30, 2015, the City made the following significant transfers: . The following transfers from the General fund to the Capital Projects fund included the following: A transfer out of \$375,857 was set aside as part of the capital improvements plan, which includes projects like Bayhill Park and \$78,856 was used for debt service on the Public Works/Administration building. A transfer out of \$116,863 from the General fund to the Golf fund as an estimated operating subsidy. A transfer out of \$31,000 from the Water & Sewer Fund to the Golf fund was a utility reimbursement. A \$8,500 transfer out of the Water and Sewer fund to the General fund was for a utility reimbursement. A transfer out of \$78,856 from the Water & Sewer fund to the Capital Projects fund was used to fund the debt service for the Public Works/Administration building.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

### NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 7,226,673	\$ -	\$ -	\$ 7,226,673
Construction in progress	18,782	28,536	(47,318)	-
Total capital assets not being depreciated	7,245,455	28,536	(47,318)	7,226,673
Capital assets being depreciated:				
Buildings	6,023,111	-	-	6,023,111
Improvements	11,970,101	47,318	-	12,017,419
Vehicles	329,312	46,751	(41,903)	334,160
Equipment	596,722	104,150	-	700,872
Infrastructure	15,515,360	-	-	15,515,360
Total capital assets being depreciated	34,434,606	198,219	(41,903)	34,590,922
Accumulated depreciation for:				
Buildings	(769,948)	(129,683)	-	(899,631)
Improvements	(2,913,970)	(293,843)	-	(3,207,813)
Vehicles	(179,485)	(38,507)	29,011	(188,981)
Equipment	(492,125)	(40,227)	-	(532,352)
Infrastructure	(518,278)	(77,490)	-	(595,768)
Total accumulated depreciation	(4,873,806)	(579,750)	29,011	(5,424,545)
Total capital assets being depreciated, net	29,560,800	(381,531)	(12,892)	29,166,377
Total governmental activity capital assets, net	\$ 36,806,255	\$ (352,995)	\$ (60,210)	\$ 36,393,050
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Water Stock	3,311,559	-	-	3,311,559
Construction in progress	16,866	38,500	(38,500)	16,866
Total capital assets not being depreciated	3,328,425	38,500	(38,500)	\$ 3,328,425
Capital assets being depreciated:				
Buildings	-	-	-	-
Improvements	-	-	-	-
Vehicles	329,312	46,751	(41,903)	334,160
Equipment	-	-	-	-
Water, sewer, and storm drain systems	29,095,371	38,500	-	29,133,871
Total capital assets being depreciated	29,424,683	85,251	(41,903)	29,468,031
Accumulated depreciation for:				
Buildings	-	-	-	-
Improvements	-	-	-	-
Vehicles	(179,485)	(38,507)	29,011	(188,981)
Equipment	-	-	-	-
Water, sewer, and storm drain systems	(7,681,393)	(609,675)	-	(8,291,068)
Total accumulated depreciation	(7,860,878)	(648,182)	29,011	(8,480,049)
Total capital assets being depreciated, net	21,563,805	(562,931)	(12,892)	20,987,982
Total business-type activity capital assets, net	\$ 24,892,230	\$ (562,931)	\$ (12,892)	\$ 24,316,407

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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Governmental activities:

General government	\$ 62,412
Streets and public works	77,803
Parks and recreation	397,117
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	<u>42,418</u>
Total depreciation expense - governmental activities	<u><u>\$ 579,750</u></u>

Business-type activities:

Water and sewer	609,675
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	<u>38,507</u>
Total depreciation expense - business-type activities	<u><u>\$ 648,182</u></u>

### NOTE 9 – LONG-TERM DEBT

The legal general obligation debt limit for the City is \$49,615,121. The City had \$5,570,000 in general obligation debt and \$9,091,000 in other debt at June 30, 2015.

#### General Obligation Bonds

	<u>Governmental</u>	<u>Business-Type</u>
\$6,250,000 General Obligation Refunding Bond, Series 2005 due in annual installments on February 1 of \$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.	\$ 165,000	
 \$5,570,000 General Obligation Refunding Bond, Series 2012 due in annual installments on February 1 of \$55,000 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.	 5,405,000	
Total general obligation bonds	<u><u>\$ 5,570,000</u></u>	<u><u>\$ -</u></u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2015

### Utility Revenue Bonds

\$6,215,000 Utility Revenue and Refunding Bonds, Series 2006 due in annual installments on March 1 of \$200,000. Interest at 4.00% due in semi-annual payments on March 1 and September 1, secured by the pressurized irrigation system.

\$ 200,000

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

1,481,000

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

720,000

\$4,633,000 Utility Revenue Bonds, Series 2014 due in annual installments on March 1 of \$25,000 to \$364,000. Interest at 2.68% due in semi-annual payments on March 1 and September 1. Total debt service for debt refunded in advance was anticipated to be \$6,743,463, and total debt service for the new debt is \$6,247,356. Present value of debt service savings from advance refunding is \$402,777.

4,608,000

### Excise Tax Revenue Bonds

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

1,825,000

Total revenue bonds

\$ 1,825,000

\$ 7,009,000

### Note payable

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

\$ 257,746

Total note payable

-

257,746

Total debt

\$ 7,395,000

\$ 7,266,746

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

Transactions for the year ended June 30, 2015 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Excise tax revenue bonds	\$ 1,900,000	\$ -	\$ (75,000)	\$ 1,825,000	\$ 75,000
General obligation bonds	5,780,000		(210,000)	5,570,000	220,000
Unamortized premiums	154,793		(14,646)	140,147	-
Net general obligation bonds	5,934,793	-	(224,646)	5,710,147	220,000
Net pension liability	347,402		(68,406)	278,996	
Compensated absences	54,645	30,517	(27,323)	57,839	28,920
Total governmental activity long-term liabilities	<u>\$ 8,236,840</u>	<u>\$ 30,517</u>	<u>\$ (395,375)</u>	<u>\$ 7,871,982</u>	<u>\$ 323,920</u>
<b>Business-type activities:</b>					
Utility revenue bonds	\$ 7,068,000	\$ 4,633,000	\$ (4,692,000)	\$ 7,009,000	\$ 372,000
Notes payable	257,746	-	-	257,746	2,802
Net pension liability	232,772	-	(45,834)	186,938	-
Compensated absences	36,812	18,250	(18,406)	36,656	18,328
Claims and judgments payable	-	-	-	-	-
Net OPEB obligation	-	-	-	-	-
Total business-type activity long-term liabilities	<u>\$ 7,595,330</u>	<u>\$ 4,651,250</u>	<u>\$ (4,756,240)</u>	<u>\$ 7,490,340</u>	<u>\$ 393,130</u>

Revenue bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 75,000	\$ 78,063	\$ 372,000	\$ 263,798
2017	80,000	74,963	391,000	252,112
2018	80,000	71,663	397,000	239,821
2019	85,000	68,156	418,000	226,712
2020	90,000	68,156	427,000	226,712
2021-2025	500,000	261,047	2,332,000	557,226
2026-2030	625,000	137,516	2,308,000	224,396
2031-2032	290,000	13,275	364,000	9,755
<b>Total</b>	<u>\$ 1,825,000</u>	<u>\$ 772,839</u>	<u>\$ 7,009,000</u>	<u>\$ 2,000,533</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

General obligation bonds future debt service requirements:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 220,000	\$ 140,420		
2017	230,000	132,720		
2018	230,000	128,120		
2019	240,000	123,520		
2020	240,000	118,720		
2021-2025	1,305,000	501,300		
2026-2030	1,450,000	355,350		
2031-2035	1,655,000	151,650		
<b>Total</b>	<b>\$ 5,570,000</b>	<b>\$ 1,651,800</b>	<b>\$ -</b>	<b>\$ -</b>

### NOTE 10 – NET POSITION

Net position at June 30, 2015 consisted of the following:

	Governmental	Business-Type
<b>Net investment in capital assets</b>		
Net capital assets	\$ 36,393,050	\$ 24,316,407
Less: Outstanding debt issued	(6,932,786)	(7,008,013)
Net investment in capital assets	29,460,264	17,308,394
<b>Restricted for:</b>		
Debt service	315,294	423,014
Parks and recreation	926,076	-
Streets	570,212	-
Water and sewer improvements	-	256,760
Other purposes	-	7,600
Total restricted net position	1,811,582	687,374
<b>Unrestricted net position</b>	1,424,099	1,879,369
Total net position	\$ 32,695,945	\$ 19,875,137

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

### NOTE 11 – RETIREMENT PLANS/PENSIONS

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

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

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

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

<b>System</b>	<b>Final Average Salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2013

**Contributions:** As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System	N/A	N/A	14.830%
111 - Local Governmental Division Tier 2			
Noncontributory System	N/A	N/A	18.470%
15 - Local Governmental Division Tier 1			

The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City's contributions to the Noncontributory System for the years ending June 30, 2015, 2014, and 2013 were \$177,810, \$162,010, and \$155,664 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, 2015, 2014, and 2013 were \$12,877, \$9,279 and \$7,727 respectively.

### ***Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2014, we reported a net pension asset of \$772 and a net pension liability of \$466,706.

Utah Retirement Systems	Proportionate Share	Net Pension Asset	Net Pension Liability
Contributory System	0.1074806%	\$772	\$0
111 - Local Governmental Division Tier 2			
Noncontributory System	0.0254699%	\$0	\$466,706
15 - Local Governmental Division Tier 1			

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

For the year ended December 31, 2014, we recognized pension expense of \$114,999. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$14,886
Changes in assumptions	\$0	\$45,706
Net difference between projected and actual earnings on pension plan investments	\$10,597	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$97,103	\$0
Total	\$107,700	\$60,592

\$97,103 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	(\$12,437)
2016	(\$12,437)
2017	(\$12,437)
2018	(\$11,839)
2019	(\$135)
Thereafter	(\$709)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75 percent

Salary increases 3.50-10.50 percent, average, including inflation

Investment rate of return 7.50 percent, net of pension plan investment expense, including inflation

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

### Retired Member Mortality

Class of Member

#### Local Government, Public Employees

Men RP 2000m WC (100%)

Women EDUF (120%)

EDUF= Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000m WC= RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net Pension (asset)/ liability	\$1,125,487	\$465,934	(\$83,100)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

### 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 \$54,451, \$33,094, and \$246 for the fiscal years ended June 30, 2015, 2014, and 2013, respectively. Employee contributions of \$36,982, \$20,422, and \$0 were made to the plan for the years ended June 30, 2015, 2014, and 2013. Employer contributions were made to the 401(k) plan in the amount of \$2,766, \$1,746, and \$1,441 for the fiscal years ended June 30, 2015, 2014, and 2013, respectively. Employee contributions of \$21,239, \$13,819, and \$3,473 were made to the 401(k) plan for the years ended June 30, 2015, 2014, and 2013, respectively. Employee contributions of \$33,087, \$22,184, and \$3,250 were made to the Roth IRA plan for the years ended June 30, 2015, 2014, and 2013 respectively. Employee contributions of \$486 were made to the Traditional IRA plan for the year ended June 30, 2014.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2015

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### 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 2015.

On March 8, 2013, the City entered into a 48-month agreement with RMT Equipment and PNC Equipment Finance, LLC to lease 80 electric golf carts for \$6,200 a month. The City paid \$74,400 for lease payments in 2015.

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

<b>Year Ended June 30,</b>	<b>Total</b>	<b>Year Ended June 30,</b>	<b>Total</b>
2016	\$ 180,372	2026-2030	\$ 529,860
2017	155,572	2031-2035	529,860
2018	105,972	2036-2040	529,860
2019	105,972	2041-2045	529,860
2020	105,972	2046-2047	164,207
2021-2025	529,860		
		<b>Total</b>	<b>\$ 3,467,367</b>

### NOTE 14 – SUBSEQUENT EVENTS

The City issued excise tax revenue bonds of \$1,644,000 on October 14, 2015 to be used to refinance the 2006 excise tax revenue bonds, which were used originally by the City to finance the public works facility and related improvements.

# REQUIRED SUPPLEMENTARY INFORMATION





# CITY OF CEDAR HILLS

## Required Supplementary Information Schedule of the Proportionate Share of the Net Pension Liability Utah Retirement Systems Last Fiscal Year

	Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	0.1074806%	0.0254699%
Proportionate share of the net pension liability (asset) \$	466,706	\$ (772)
Covered employee payroll \$	902,092	\$ 125,018
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.7%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	103.5%

General Note: Only one year of information was available from URS.

# CITY OF CEDAR HILLS

## Required Supplementary Information Schedule of Contributions Utah Retirement Systems Last Fiscal Year

	Noncontributory System	Tier 2 Public Employees System
Contractually required contribution	\$ 168,929	\$ 10,508
Contributions in relation to the contractually required contribution	<u>\$ (168,929)</u>	<u>\$ (10,508)</u>
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 902,092	\$ 125,018
Contributions as a percentage of covered-employee payroll **	18.73%	8.41%

\* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10- years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

\*\* Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

# SUPPLEMENTARY INFORMATION





# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 674,400	\$ 674,400	\$ 668,830	\$ (5,570)
Delinquent property taxes	20,000	20,000	37,596	17,596
Penalty & interest on property taxes	300	300	1,340	1,040
Motor vehicle taxes	70,000	70,000	76,143	6,143
Sales taxes	1,150,000	1,152,375	1,213,288	60,913
CARE tax	40,000	40,000	43,552	3,552
Franchise taxes	405,000	405,000	392,939	(12,061)
Telecom taxes	90,000	90,000	81,875	(8,125)
Total	2,449,700	2,452,075	2,515,563	63,488
Licenses and permits				
Building permits	40,000	40,000	49,030	9,030
Plan check fees	22,000	22,000	20,658	(1,342)
Other licenses and permits	36,000	36,000	37,589	1,589
Total	98,000	98,000	107,277	9,277
Intergovernmental revenue				
Lone Peak Public Safety District rent income	57,300	57,300	57,323	23
Emergency Management Grant	7,500	17,500	17,500	-
Forestry Grant	-	8,000	8,000	-
Class C Roads allotments	260,000	260,000	275,332	15,332
Liquor fund allotments	5,000	5,000	5,540	540
Total	329,800	347,800	363,695	15,895
Fees				
Garbage fees	385,000	385,000	394,196	9,196
Recycling fees	55,000	55,000	59,954	4,954
Paramedic fees	180,000	180,000	182,245	2,245
Other	300	300	2,515	2,215
Total	620,300	620,300	638,910	18,610
Recreation and culture revenue				
Family festival income	15,000	35,000	34,796	(204)
Youth City Council	-	1,300	1,464	164
Recreation programs	90,000	90,000	112,481	22,481
Recreation Classes	25,000	25,000	18,168	(6,832)
Event center rentals and concessions	154,400	260,500	267,949	7,449
Park Reservations	1,600	1,600	4,912	3,312
Total	286,000	413,400	439,770	26,370
Miscellaneous revenues				
Interest earnings	7,500	7,500	5,352	(2,148)
Other revenue	26,000	29,000	68,522	39,522
Total	33,500	36,500	73,874	37,374
Total revenues	3,817,300	3,968,075	4,139,089	171,014

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Continued) General Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Mayor & council	74,281	74,281	66,291	7,990
Administrative operations	263,863	263,863	248,562	15,301
City Recorder	60,498	60,498	56,993	3,505
Finance	164,572	164,572	161,456	3,116
Other materials, supplies, and contracted services	279,950	301,237	277,105	24,132
Total	<u>843,164</u>	<u>864,451</u>	<u>810,407</u>	<u>54,044</u>
Public safety				
Police department	388,319	388,319	387,215	1,104
Fire department	673,265	673,265	673,265	-
Other	54,987	100,737	97,677	3,060
Total	<u>1,116,571</u>	<u>1,162,321</u>	<u>1,158,157</u>	<u>4,164</u>
Streets and public works				
Building and zoning	104,353	110,993	99,933	11,060
Public works	203,308	257,538	230,523	27,015
Streets	357,000	357,000	285,241	71,759
Total	<u>664,661</u>	<u>725,531</u>	<u>615,697</u>	<u>109,834</u>
Solid waste and recycling				
Solid Waste	290,000	290,000	279,967	10,033
Recycling	50,000	50,000	47,762	2,238
Other	2,250	2,250	368	1,882
Total	<u>342,250</u>	<u>342,250</u>	<u>328,097</u>	<u>14,153</u>
Parks and recreation				
Parks	158,700	175,200	154,900	20,300
Community services	357,622	422,688	385,126	37,562
Library	15,914	15,914	11,344	4,570
Total	<u>532,236</u>	<u>613,802</u>	<u>551,370</u>	<u>62,432</u>
Total expenditures	<u>3,498,882</u>	<u>3,708,355</u>	<u>3,463,728</u>	<u>244,627</u>
Excess of revenues over expenditures	318,418	259,720	675,361	415,641
Other financing sources(uses)				
Operating transfers in	-	8,500	8,500	-
Operating transfers out	(318,418)	(492,720)	(492,720)	-
Total other financing sources(uses)	<u>(318,418)</u>	<u>(484,220)</u>	<u>(484,220)</u>	<u>-</u>
Net change in fund balance*	-	(224,500)	191,141	415,641
Fund balance at beginning of year	1,010,006	1,010,006	1,010,006	-
Fund balance at end of year	<u>\$ 1,010,006</u>	<u>\$ 785,506</u>	<u>\$ 1,201,147</u>	<u>\$ 415,641</u>

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Golf Special Revenue Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees:				
Green Fees	\$ 545,000	\$ 545,000	\$ 546,954	\$ 1,954
Practice Range	20,000	20,000	25,228	5,228
Pro shop	50,000	50,400	63,501	13,101
Concessions	7,500	7,500	8,844	1,344
Season passes	39,000	81,236	73,131	(8,105)
Investment earnings	-	-	291	291
Other	-	-	31,684	31,684
Total revenues	<u>661,500</u>	<u>704,136</u>	<u>749,633</u>	<u>45,497</u>
<b>EXPENDITURES</b>				
Parks and recreation				
Salaries, wages, and employee benefits	434,463	434,463	398,740	35,723
Materials, supplies, and services	334,400	417,536	406,346	11,190
Total	<u>768,863</u>	<u>851,999</u>	<u>805,086</u>	<u>46,913</u>
Excess of revenues over expenditures	(107,363)	(147,863)	(55,453)	92,410
Other financing sources (uses):				
Operating transfers in	110,363	147,863	147,863	
Operating transfers out	(3,000)	-	-	-
Total other financing sources (uses)	<u>107,363</u>	<u>147,863</u>	<u>147,863</u>	<u>-</u>
Net change in fund balance	-	-	92,410	92,410
Fund balance at beginning of year	<u>21,993</u>	<u>21,993</u>	<u>21,993</u>	<u>-</u>
Fund balance at end of year	<u>\$ 21,993</u>	<u>\$ 21,993</u>	<u>\$ 114,403</u>	<u>\$ 92,410</u>

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Golf Debt Service Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 278,020	\$ 278,020	\$ 274,696	\$ (3,324)
Delinquent property taxes	7,500	7,500	15,608	8,108
Penalty & Interest on property taxes	250	250	556	306
Motor vehicle taxes	26,500	26,500	31,611	5,111
Total tax revenues	312,270	312,270	322,471	10,201
Investment earnings	-	-	45	171
Total revenues	312,270	312,270	322,516	10,372
<b>EXPENDITURES</b>				
Debt Service:				
Principal	210,000	210,000	210,000	-
Interest	147,820	147,820	147,820	-
Trustee fees	850	850	850	-
Total expenditures	358,670	358,670	358,670	-
Excess of revenues over expenditures	(46,400)	(46,400)	(36,154)	10,372
Fund balance at beginning of year	52,250	52,250	52,250	-
Fund balance at end of year	\$ 5,850	\$ 5,850	\$ 16,096	\$ -

\*The net change in fund balances was included as an appropriation(i.e., spenddown) of fund balance.

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Capital Projects Fund Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees:				
Park development	\$ 11,280	\$ 11,280	\$ 32,268	\$ 20,988
Public safety	5,320	5,320	7,922	2,602
Streets	15,623	15,623	7,721	(7,902)
Investment earnings	15,000	15,000	9,628	(5,372)
Grant revenues	5,000	5,000	-	(5,000)
Other	21,500	21,510	4	(21,506)
Total revenues	<u>73,723</u>	<u>73,733</u>	<u>57,543</u>	<u>(16,190)</u>
<b>EXPENDITURES</b>				
Streets and public works	815,000	835,010	30,881	804,129
Parks and recreation	2,722,000	2,722,000	2,900	2,719,100
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	81,063	81,063	81,063	-
Trustee fees	1,650	1,650	1,650	-
Total expenditures	<u>3,694,713</u>	<u>3,714,723</u>	<u>191,494</u>	<u>3,523,229</u>
Excess (deficiency) of revenues over expenditures	(3,620,990)	(3,640,990)	(133,951)	3,507,039
Other financing sources				
Operating transfers in	<u>204,713</u>	<u>454,713</u>	<u>454,713</u>	<u>-</u>
Total other financing sources	<u>204,713</u>	<u>454,713</u>	<u>454,713</u>	<u>-</u>
Net change in fund balances	(3,416,277)	(3,186,277)	320,762	3,507,039
Fund balance at beginning of year	<u>1,911,727</u>	<u>1,911,727</u>	<u>1,911,727</u>	<u>-</u>
Fund balance at end of year	<u>\$ (1,504,550)</u>	<u>\$ (1,274,550)</u>	<u>\$ 2,232,489</u>	<u>\$ 3,507,039</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 9,485,874	\$ 10,965,083	\$ 11,244,557	\$ 11,143,031
Restricted	4,662,042	4,722,479	5,142,430	5,699,688
Unrestricted	1,630,837	1,446,613	1,852,484	1,506,908
Total governmental activities net position	<u>\$ 15,778,753</u>	<u>\$ 17,134,175</u>	<u>\$ 18,239,471</u>	<u>\$ 18,349,627</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 20,920,874	\$ 20,452,444	\$ 20,716,646	\$ 21,235,285
Restricted	787,452	853,426	870,032	794,792
Unrestricted	1,412,001	1,559,221	1,411,550	1,747,769
Total business-type activities net position	<u>\$ 23,120,327</u>	<u>\$ 22,865,091</u>	<u>\$ 22,998,228</u>	<u>\$ 23,777,846</u>
<b>Total City:</b>				
Net investment in capital assets	\$ 30,406,748	\$ 31,417,527	\$ 31,961,203	\$ 32,378,316
Restricted	5,449,494	5,575,905	6,012,462	6,494,480
Unrestricted	3,042,838	3,005,834	3,264,034	3,254,677
Total City net position	<u>\$ 38,899,080</u>	<u>\$ 39,999,266</u>	<u>\$ 41,237,699</u>	<u>\$ 42,127,473</u>

Source: City statement of net position at June 30, 2006 through 2015.

Notes: (1) For 2013-2015, the City's golf assets and golf related activities are reported in governmental activities instead of business activities.

(2) For 2015 the city re-evaluated the capitalized amount of roads and sidewalks, and the adjustment changed governmental activities by almost \$12 million.

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 10,475,412	\$ 10,317,082	\$ 10,666,004	\$ 18,017,027	\$ 17,995,931	\$ 29,460,264
4,906,151	4,164,309	1,449,079	1,601,342	1,754,107	1,811,582
2,935,231	3,374,792	3,887,521	1,069,322	1,177,319	1,424,099
<u>\$ 18,316,794</u>	<u>\$ 17,856,183</u>	<u>\$ 16,002,604</u>	<u>\$ 20,687,691</u>	<u>\$ 20,927,357</u>	<u>\$ 32,695,945</u>
\$ 23,270,251	\$ 23,255,396	\$ 25,597,441	\$ 17,852,968	\$ 17,576,369	\$ 17,308,394
1,199,087	864,268	652,446	615,784	586,496	687,374
(402,699)	(219,254)	(548,598)	1,328,300	1,850,787	1,879,369
<u>\$ 24,066,639</u>	<u>\$ 23,900,410</u>	<u>\$ 25,701,289</u>	<u>\$ 19,797,052</u>	<u>\$ 20,013,652</u>	<u>\$ 19,875,137</u>
\$ 33,745,663	\$ 33,572,478	\$ 36,263,445	\$ 35,869,995	\$ 35,572,300	\$ 46,768,658
6,105,238	5,028,577	2,101,525	2,217,126	2,340,603	2,498,956
2,532,532	3,155,538	3,338,923	2,397,622	3,028,106	3,303,468
<u>\$ 42,383,433</u>	<u>\$ 41,756,593</u>	<u>\$ 41,703,893</u>	<u>\$ 40,484,743</u>	<u>\$ 40,941,009</u>	<u>\$ 52,571,082</u>

## CITY OF CEDAR HILLS

### Changes in Net Position

#### Last Ten Years

(accrual basis of accounting)

	2006	2007	2008	2009
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 1,666,698	\$ 1,899,991	\$ 2,111,097	\$ 2,179,488
Public safety	415,023	468,442	495,569	580,522
Parks and recreation	201,108	249,365	327,239	466,877
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Interest on long-term debt	54,875	135,693	130,145	106,149
Total governmental activities	2,337,704	2,753,491	3,064,050	3,333,036
Business-type activities:				
Water and sewer	1,684,080	1,964,829	2,025,766	2,157,725
Golf Course	1,232,934	1,146,626	1,252,222	1,217,445
Total business-type activities	2,917,014	3,111,455	3,277,988	3,375,170
Total City expenses	<u>\$ 5,254,718</u>	<u>\$ 5,864,946</u>	<u>\$ 6,342,038</u>	<u>\$ 6,708,206</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,114,464	\$ 788,189	\$ 637,265	\$ 541,033
Public safety	-	-	-	-
Parks and recreation	31,178	80,950	50,672	82,324
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Operating grants and contributions	195,054	236,967	256,189	229,689
Capital grants and contributions	1,422,611	520,486	668,005	50,107
Total governmental activities	2,763,307	1,626,592	1,612,131	903,153
Business-type activities:				
Charges for services:				
Water and sewer	1,678,169	1,618,393	2,016,177	2,050,184
Golf Course	639,625	652,176	800,274	750,734
Capital grants and contributions	2,037,900	289,990	105,175	161,300
Total business-type activities	4,355,694	2,560,559	2,921,626	2,962,218
Total City program revenues	<u>\$ 7,119,001</u>	<u>\$ 4,187,151</u>	<u>\$ 4,533,757</u>	<u>\$ 3,865,371</u>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 2,073,764	\$ 2,191,800	\$ 1,311,205	\$ 1,033,196	\$ 938,806	\$ 838,231
575,232	775,455	888,591	1,050,218	1,109,591	1,158,157
409,000	454,437	495,620	1,941,304	1,721,870	1,733,589
-	-	785,921	681,059	840,146	710,455
-	-	258,396	330,845	324,306	328,097
107,013	103,491	104,271	229,323	287,398	274,907
<u>3,165,009</u>	<u>3,525,183</u>	<u>3,844,004</u>	<u>5,265,945</u>	<u>5,222,117</u>	<u>5,043,436</u>
2,511,875	2,890,749	2,965,490	2,844,998	2,851,845	3,021,152
1,238,869	1,258,176	1,423,647	-	-	-
<u>3,750,744</u>	<u>4,148,925</u>	<u>4,389,137</u>	<u>2,844,998</u>	<u>2,851,845</u>	<u>3,021,152</u>
<u>\$ 6,915,753</u>	<u>\$ 7,674,108</u>	<u>\$ 8,233,141</u>	<u>\$ 8,110,943</u>	<u>\$ 8,073,962</u>	<u>\$ 8,064,588</u>
\$ 546,041	\$ 557,656	\$ 55,225	\$ 81,268	\$ 72,655	\$ 134,131
-	-	184,564	178,920	179,774	182,245
45,439	68,383	172,664	931,638	1,026,940	1,168,713
-	-	93,972	188,885	126,207	131,933
-	-	410,158	415,384	446,711	454,150
246,682	263,084	302,851	335,876	351,394	376,386
164,526	95,999	11,307	138,320	278,679	47,911
<u>1,002,688</u>	<u>985,122</u>	<u>1,230,741</u>	<u>2,270,291</u>	<u>2,482,360</u>	<u>2,495,468</u>
2,383,938	2,634,734	2,754,599	2,899,399	3,077,340	3,155,808
679,970	651,211	704,056	-	-	-
62,986	22,590	-	-	85,146	34,161
<u>3,126,894</u>	<u>3,308,535</u>	<u>3,458,655</u>	<u>2,899,399</u>	<u>3,162,486</u>	<u>3,189,969</u>
<u>\$ 4,129,582</u>	<u>\$ 4,293,657</u>	<u>\$ 4,689,396</u>	<u>\$ 5,169,690</u>	<u>\$ 5,644,846</u>	<u>\$ 5,685,437</u>

**CITY OF CEDAR HILLS**

**Changes in Net Position (Continued)**

**Last Ten Years**

*(accrual basis of accounting)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ 425,603	\$ (1,126,899)	\$ (1,451,919)	\$ (2,429,883)
Business-type activities	1,438,680	(550,896)	(356,362)	(412,952)
Total City net (expense) revenue	<u>\$ 1,864,283</u>	<u>\$ (1,677,795)</u>	<u>\$ (1,808,281)</u>	<u>\$ (2,842,835)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 525,316	\$ 842,000	\$ 944,820	\$ 939,554
Sales taxes	576,664	770,586	825,890	825,298
Franchise taxes	283,016	280,527	405,318	432,005
CARE taxes	-	-	-	-
Investment earnings	242,378	399,912	302,636	136,713
Miscellaneous	86,723	37,283	63,086	92,899
Transfers	28,106	152,013	15,465	113,570
Total governmental activities	1,742,203	2,482,321	2,557,215	2,540,039
Business-type activities:				
Investment earnings	60,807	77,700	118,019	56,454
Property taxes	-	385,791	386,945	385,195
Miscellaneous	(365)	(15,818)	-	864,491
Transfers	(28,106)	(152,013)	(15,465)	(113,570)
Total business-type activities	32,336	295,660	489,499	1,192,570
Total City general revenues and other changes in net position	<u>\$ 1,774,539</u>	<u>\$ 2,777,981</u>	<u>\$ 3,046,714</u>	<u>\$ 3,732,609</u>
<b>Changes in Net Position:</b>				
Governmental activities	\$ 2,167,806	\$ 1,355,422	\$ 1,105,296	\$ 110,156
Business-type activities	1,471,016	(255,236)	133,137	779,618
Total City changes in net position	<u>\$ 3,638,822</u>	<u>\$ 1,100,186</u>	<u>\$ 1,238,433</u>	<u>\$ 889,774</u>

Source City of Cedar Hills statements of activities for years ended June 30, 2006 through 2015.

Notes: For 2013-2015, the City's golf related activities were reclassified from business-type activities to governmental activities in the category parks and recreation.

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ (2,162,321)	\$ (2,540,061)	\$ (2,613,263)	\$ (2,995,654)	\$ (2,739,757)	\$ (2,547,968)
(623,850)	(840,390)	(930,482)	54,401	310,641	168,817
<u>\$ (2,786,171)</u>	<u>\$ (3,380,451)</u>	<u>\$ (3,543,745)</u>	<u>\$ (2,941,253)</u>	<u>\$ (2,429,116)</u>	<u>\$ (2,379,151)</u>
\$ 872,432	\$ 835,359	\$ 870,913	\$ 1,208,155	\$ 1,160,816	\$ 1,106,380
933,049	987,371	1,050,315	1,112,911	1,159,524	1,213,288
446,750	471,635	462,371	497,713	503,111	474,814
-	-	35,949	38,828	41,154	43,552
42,212	34,844	35,810	22,451	13,314	15,316
36,948	45,286	-	-	-	-
-	(295,045)	(2,325,675)	43,850	101,503	118,356
<u>2,331,391</u>	<u>2,079,450</u>	<u>129,683</u>	<u>2,923,908</u>	<u>2,979,422</u>	<u>2,971,706</u>
10,764	6,963	8,823	9,600	7,461	9,351
385,260	398,339	396,862	-	-	-
21,463	(26,187)	-	-	-	-
-	295,045	2,325,675	(43,850)	(101,503)	(118,356)
<u>417,487</u>	<u>674,160</u>	<u>2,731,360</u>	<u>(34,250)</u>	<u>(94,042)</u>	<u>(109,005)</u>
<u>\$ 2,748,878</u>	<u>\$ 2,753,610</u>	<u>\$ 2,861,043</u>	<u>\$ 2,889,658</u>	<u>\$ 2,885,380</u>	<u>\$ 2,862,701</u>
\$ 169,070	\$ (460,611)	\$ (2,483,580)	\$ (71,746)	\$ 239,665	\$ 423,738
(206,363)	(166,230)	1,800,878	20,151	216,599	59,812
<u>\$ (37,293)</u>	<u>\$ (626,841)</u>	<u>\$ (682,702)</u>	<u>\$ (51,595)</u>	<u>\$ 456,264</u>	<u>\$ 483,550</u>

**CITY OF CEDAR HILLS**

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

*(modified accrual basis of accounting)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund:				
Nonspendable				
Inventory and prepaid	\$ -	\$ -	\$ -	\$ -
Restricted	447,728	684,951	832,633	349,505
Assigned	-	-	-	-
Unassigned	355,926	301,114	523,327	1,114,841
Total general fund	<u>\$ 803,654</u>	<u>\$ 986,065</u>	<u>\$ 1,355,960</u>	<u>\$ 1,464,346</u>
All other governmental funds:				
Nonspendable				
Inventory and prepaid	\$ -	\$ -	\$ -	\$ -
Restricted	6,504,062	4,792,703	4,819,057	4,517,848
Assigned	1,275,409	1,186,904	1,221,244	1,631,612
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,779,471</u>	<u>\$ 5,979,607</u>	<u>\$ 6,040,301</u>	<u>\$ 6,149,460</u>
Total Fund Balances - Government Funds	<u>\$ 8,583,125</u>	<u>\$ 6,965,672</u>	<u>\$ 7,396,261</u>	<u>\$ 7,613,806</u>

Source: City of Cedar Hills balance sheets - governmental funds at December 31, 2006 through 2015.

Notes: For 2013-2015, the City's Golf fund balances were reclassified to governmental funds from enterprise funds.

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 27,880	\$ 21,904	\$ 13,193	\$ 4,328	\$ 612	\$ 3,882
381,509	192,957	83,421	73,051	1,074	1,498
-	-	-	24,000	-	-
461,547	709,202	647,847	801,629	1,008,320	1,195,767
<u>\$ 870,936</u>	<u>\$ 924,063</u>	<u>\$ 744,461</u>	<u>\$ 903,008</u>	<u>\$ 1,010,006</u>	<u>\$ 1,201,147</u>
\$ -	\$ 12,957	\$ -	\$ 27,373	\$ 34,782	\$ 35,957
4,524,642	3,971,352	1,365,658	1,528,291	1,753,033	1,810,084
2,497,858	2,663,720	2,558,022	358,411	210,944	516,947
-	-	-	(63,782)	(12,789)	-
<u>\$ 7,022,500</u>	<u>\$ 6,648,029</u>	<u>\$ 3,923,680</u>	<u>\$ 1,850,293</u>	<u>\$ 1,985,970</u>	<u>\$ 2,362,988</u>
<u>\$ 7,893,436</u>	<u>\$ 7,572,092</u>	<u>\$ 4,668,141</u>	<u>\$ 2,753,301</u>	<u>\$ 2,995,976</u>	<u>\$ 3,564,135</u>

# CITY OF CEDAR HILLS

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

(modified accrual basis of accounting)

	2006	2007	2008	2009
<b>Revenues:</b>				
Taxes	\$ 1,384,996	\$ 1,893,113	\$ 2,176,028	\$ 2,205,691
Licenses and permits	516,054	264,760	153,601	71,116
Intergovernmental	195,054	236,967	256,189	229,690
Charges for services	598,410	523,429	483,664	469,917
Fees (2)	981,759	592,907	718,677	132,431
Investment earnings	242,378	399,912	302,636	136,714
Miscellaneous	83,834	33,895	45,462	88,817
Total revenues	<u>4,002,485</u>	<u>3,944,983</u>	<u>4,136,257</u>	<u>3,334,376</u>
<b>Expenditures:</b>				
General government	1,274,996	1,435,021	1,470,336	1,626,477
Public Safety	415,023	468,442	495,569	558,750
Streets and public works	223,541	243,659	268,580	323,803
Solid waste and recycling	-	-	-	-
Parks and recreation (2)	137,333	193,655	260,954	330,697
Capital Outlay	979,015	2,968,326	781,646	61,960
Debt Service:				
Principal retirement (2)	75,000	82,000	232,000	95,000
Interest and fiscal charges (2)	55,761	86,819	126,537	113,823
Total expenditures	<u>3,160,669</u>	<u>5,477,922</u>	<u>3,635,622</u>	<u>3,110,510</u>
Excess of revenues over (under) expenditures	841,816	(1,532,939)	500,635	223,866
<b>Other financing sources (uses):</b>				
Refunding bond issued	-	-	-	-
Excise tax revenue bonds issued	2,325,000	-	-	-
Premium (discount) on bonds issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	332,883	502,548	531,906	152,963
Transfers out	(489,942)	(587,062)	(601,952)	(161,248)
Total other financing sources (uses)	<u>2,167,941</u>	<u>(84,514)</u>	<u>(70,046)</u>	<u>(8,285)</u>
Net change in fund balances	<u>\$ 3,009,757</u>	<u>\$ (1,617,453)</u>	<u>\$ 430,589</u>	<u>\$ 215,581</u>
Debt service as a percentage of noncapital expenditures	5.58%	6.59%	12.08%	6.79%

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

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

(2) For 2013-2015, the City's golf operational and debt service activities were reclassified to a special revenue and debt service fund, instead of a business-type activity in an enterprise fund.

<b>2010</b>	<b>2011</b>	<b>2012(1)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 2,252,232	\$ 2,294,365	\$ 2,384,551	\$ 2,857,607	\$ 2,864,605	\$ 2,838,034
83,834	70,245	73,247	94,298	157,245	107,277
246,682	263,084	314,159	335,341	342,878	363,695
462,207	487,410	589,552	596,519	628,459	638,910
199,420	158,773	220,218	1,070,494	1,314,135	1,205,339
42,212	34,844	35,810	22,451	13,314	15,316
35,816	44,161	33,565	173,639	39,643	100,210
3,322,403	3,352,882	3,651,102	5,150,349	5,360,279	5,268,781
1,535,270	1,438,114	1,220,417	955,226	853,322	810,407
575,232	775,455	888,591	1,050,218	1,109,591	1,158,157
281,177	501,945	653,114	531,545	720,469	615,697
-	-	258,396	330,845	324,306	328,097
262,750	291,084	346,546	1,423,547	1,291,224	1,359,356
124,612	96,182	191,747	285,461	339,837	30,881
95,000	100,000	465,000	280,000	275,000	285,000
108,612	105,147	109,567	233,969	241,283	231,383
2,982,653	3,307,927	4,133,378	5,090,811	5,155,032	4,818,978
339,750	44,955	(482,276)	59,538	205,247	449,803
-	-	-	5,570,000	-	-
-	-	-	-	-	-
-	-	-	179,471	-	-
-	-	-	(5,559,871)	-	-
1,026,067	171,858	422,303	2,456,058	565,481	611,076
(1,086,189)	(538,159)	(2,843,978)	(2,487,208)	(528,053)	(492,720)
(60,122)	(366,301)	(2,421,675)	158,450	37,428	118,356
\$ 279,628	\$ (321,346)	\$ (2,903,951)	\$ 217,988	\$ 242,675	\$ 568,159
6.97%	6.28%	14.45%	10.63%	10.64%	10.78%

# CITY OF CEDAR HILLS

## Assessed Value and Actual Value of Taxable Property Last Ten Years

<b>Year Ended June 30,</b>	<b>Primary Residential Property</b>	<b>Secondary or Non-Residential Property</b>	<b>Less: Tax-Exempt Real Property (1)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Taxable Assessed Value as a Percentage of Actual Value</b>	<b>Estimated Total Fair Market Value (2)</b>	<b>Total Direct Rate</b>
2006	\$ 666,600,800	\$ 8,029,497	\$ 297,078,644	\$ 377,551,653	55.73%	\$ 677,461,477	0.002857
2007	833,417,418	8,973,736	372,030,474	470,360,680	55.64%	845,398,518	0.002616
2008	831,591,915	13,058,235	370,875,773	473,774,377	55.87%	847,990,739	0.002596
2009	662,907,922	38,606,727	294,452,224	407,062,425	57.71%	705,370,990	0.002768
2010	604,890,929	30,843,787	268,140,320	367,594,396	57.45%	639,795,314	0.002994
2011	571,184,109	32,628,197	252,968,317	350,843,989	57.72%	607,876,838	0.003153
2012	561,236,575	35,213,244	252,556,459	343,893,360	57.66%	596,449,819	0.003183
2013	600,566,864	35,563,641	270,255,089	365,875,416	57.52%	636,130,505	0.002873
2014	679,594,884	39,682,159	305,817,698	413,459,345	57.48%	719,277,043	0.002410
2015	N/A	N/A	N/A	N/A	N/A	N/A	0.002315

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  
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
2006	\$ 1,078,665	\$ 993,830	92.14%	\$ 84,835	\$ 1,078,665	100.00%
2007	1,230,464	1,136,774	92.39%	93,690	1,230,464	100.00%
2008	1,229,918	1,120,641	91.12%	109,277	1,229,918	100.00%
2009	1,126,749	1,066,756	94.68%	59,993	1,126,749	100.00%
2010	1,100,578	1,047,191	95.15%	53,381	1,100,572	100.00%
2011	1,106,211	1,056,859	95.54%	48,977	1,105,836	99.97%
2012	1,094,613	1,049,661	95.89%	44,150	1,093,811	99.93%
2013	1,052,887	1,002,033	95.17%	48,019	1,050,052	99.73%
2014	947,474	940,148	99.23%	112	940,259	99.24%
2015	995,035	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. 2015 settlement numbers are were not available at the time this report was finalized.
- (2) Amounts collected to do not include penalties and interest.

**CITY OF CEDAR HILLS**

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>City rates:</b>				
General operations	0.001690	0.001690	0.001690	0.001690
Interest and sinking fund	0.001167	0.000926	0.000906	0.001078
	<u>0.002857</u>	<u>0.002616</u>	<u>0.002596</u>	<u>0.002768</u>
<b>Utah County rates:</b>				
General operations	0.000794	0.000648	0.000632	0.000682
Interest and sinking fund	0.000155	0.000098	0.000082	0.000093
Other	0.000130	0.000097	0.000095	0.000103
Assessing and collecting	0.000183	0.000157	0.000296	0.000325
	<u>0.001262</u>	<u>0.001000</u>	<u>0.001105</u>	<u>0.001203</u>
<b>Alpine School district rates:</b>				
Tort liability	0.000028	0.000022	0.000020	0.000020
Recreation	0.000097	0.000106	0.000100	0.000097
Transportation	0.000161	0.000135	0.000123	0.000122
Leeway	0.001500	0.000400	0.000391	0.000400
Other	0.000819	0.000718	0.000718	0.000743
Capital	0.000019	0.000360	0.000349	0.000368
GO bond payments	0.002744	0.002485	0.002638	0.002758
Levy	0.001515	0.002711	0.002718	0.003033
	<u>0.006883</u>	<u>0.006937</u>	<u>0.007057</u>	<u>0.007541</u>
<b>Central Utah Water Conservancy District rate:</b>				
Water conservancy	0.000357	0.000302	0.000286	0.000400
<b>North Utah County Water Conservancy district rate:</b>				
Water conservancy	0.000028	0.000022	0.000022	0.000022
<b>Total direct rate</b>	<u><u>0.011387</u></u>	<u><u>0.010877</u></u>	<u><u>0.011066</u></u>	<u><u>0.011934</u></u>

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

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
0.001856	0.001957	0.001994	0.001922	0.001703	0.001594
0.001138	0.001196	0.001189	0.000951	0.000707	0.000721
0.002994	0.003153	0.003183	0.002873	0.002410	0.002315
0.000747	0.000793	0.000803	0.000779	0.000714	0.000682
0.000072	0.000045	0.000011	0.000000	0.000000	0.000000
0.000289	0.000305	0.000313	0.000227	0.000202	0.000188
0.000186	0.000199	0.000197	0.000253	0.000233	0.000228
0.001294	0.001342	0.001324	0.001259	0.001149	0.001098
0.000023	0.000025	0.000000	0.000000	0.000000	0.000000
0.000109	0.000117	0.000000	0.000000	0.000000	0.000000
0.000137	0.000148	0.000000	0.000000	0.000000	0.000000
0.000400	0.000431	0.000000	0.000000	0.000000	0.000000
0.000836	0.000494	0.000000	0.000000	0.000000	0.000000
0.000415	0.000850	0.000771	0.000848	0.000759	0.000697
0.003205	0.003437	0.003350	0.003286	0.003188	0.003215
0.003095	0.003310	0.004707	0.004565	0.004149	0.004265
0.008220	0.008812	0.008828	0.008699	0.008096	0.008177
0.000421	0.000436	0.000455	0.000446	0.000422	0.000405
0.000024	0.000026	0.000028	0.000029	0.000025	0.000024
0.012953	0.013769	0.013818	0.013306	0.012102	0.012019

# CITY OF CEDAR HILLS

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayers	2015		
	Taxable Value	Rank	Percentage of Total Taxable Values (1)
Wal-Mart	\$ 11,713,200	1	2.8%
The Charleston at Cedar Hills	3,285,150	2	0.8%
Pacificorp	2,210,131	3	0.5%
Lexington Heights Professional Offices	2,035,900	4	0.5%
Questar Gas	1,959,596	5	0.5%
Hart's Gas and Food	1,504,900	6	0.4%
JPMorgan Chase Bank	1,246,700	7	0.3%
McDonald's	1,153,800	8	0.3%
Amsource Cedar Hills	893,000	9	0.2%
Philips Edison	627,800	10	0.1%
SLML LLC.	618,900	11	0.1%
Ellis Holdings	-		-
Property Reserve Inc	-		-
Deseret Title Holding Corp	-		-
Totals	<u>\$ 27,249,077</u>		<u>6.5%</u>

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

Notes:

- (1) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$423,818,342.
- (2) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$377,551,653.

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**2006**

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<b>Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Values (2)</b>
\$ -		-
-		-
1,590,832	3	0.4%
1,783,072	2	0.5%
808,014	4	0.2%
-		-
-		-
-		-
-		-
-		-
2,050,705	1	0.5%
664,000	5	0.2%
630,600	6	0.2%
<hr/>		<hr/>
\$ 7,527,223		2.0%
<hr/>		<hr/>

## CITY OF CEDAR HILLS

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

Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Excise Tax Revenue Bonds	Lease Revenue Bonds	Capital Lease Obligations	Notes Payable	Utility Revenue Bonds
2006	\$ 6,250,000	\$ 2,509,000	\$ (35,000)	\$ 140,863	\$ 438,889	\$ 6,215,000
2007	6,185,000	2,467,000	(75,000)	275,226	378,967	6,005,000
2008	6,060,000	2,275,000	(115,000)	259,816	339,961	7,885,000
2009	5,930,000	2,220,000	(155,000)	308,417	338,300	8,545,000
2010	5,795,000	2,160,000	(190,000)	406,357	336,133	8,238,000
2011	5,655,000	2,100,000	(230,000)	289,554	336,133	7,973,000
2012	5,510,000	2,035,000	-	120,651	336,133	7,681,000
2013	6,155,167	1,970,000	-	-	257,746	7,382,000
2014	5,934,793	1,900,000	-	-	257,746	7,068,000
2015	5,710,147	1,825,000	-	-	257,746	7,009,000

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

General Note: For general obligation bonds in 2013-2015 the amortized bond premium is included. No other outstanding bonds have a premium or discount.

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<b>Total City</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
\$ 15,518,752	0.0103%	\$ 1,734
15,236,193	0.0092%	1,622
16,704,777	0.0107%	1,721
17,186,717	0.0108%	1,756
16,745,490	0.0102%	1,709
16,123,687	0.0092%	1,628
15,682,784	0.0074%	1,565
15,764,913	0.0073%	1,551
15,160,539	N/A	1,477
14,801,893	N/A	N/A

**CITY OF CEDAR HILLS**

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

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Estimated Actual Value of Property</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Population</u>	<u>G.O. Bonded Debt Per Capita</u>
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%	9,903	575
2012	5,510,000	596,449,819	0.92%	10,023	547
2013	6,155,167	636,130,505	0.97%	10,165	606
2014	5,934,793	719,277,043	0.83%	10,261	578
2015	5,710,147	N/A	N/A	N/A	N/A

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

**CITY OF CEDAR HILLS**

**Computation of Direct and Overlapping Debt  
June 30, 2015**

<b>Entity</b>	<b>2014 Taxable Value (1)</b>	<b>City's Portion of Taxable Value</b>	<b>City's Percentage</b>	<b>Debt Outstanding (2)</b>	<b>City's Portion of Debt</b>
Utah County	\$ 29,205,236,928	\$ 413,459,345	1.416%	\$ 226,590,000	\$ 3,207,841
Alpine School District	18,252,345,158	413,459,345	2.265%	374,285,000	8,478,452
North Utah County Water Conservancy District	10,346,554,350	413,459,345	3.996%	-	-
Central Utah Water Conservancy District	29,205,236,928	413,459,345	1.416%	719,120,046	10,180,602
Total Overlapping Debt (Excluding the State) (3)					\$ 21,866,895
Total Direct Bonded Indebtedness (4)					\$ 7,535,147
Total Direct and Overlapping Debt (Excluding the State)					\$ 29,402,042

Sources: Utah State Tax commission and taxing entities

General Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Cedar Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

- Notes:
- (1) Taxable value per Utah State Tax Commission Assessor Report 510-233b List of Final Values
  - (2) Amount of principal debt as of June 30, 2015 per taxing entity's most recent financial statements.
  - (3) The State's debt is not included in overlapping debt because the State currently levies no property tax.
  - (4) Does not include enterprise related debt. City's general obligation and excise tax bond debt net of premiums.

# CITY OF CEDAR HILLS

## Legal Debt Margin Information Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit (12%)	\$ 45,306,198	\$ 56,443,282	\$ 56,852,925	\$ 48,847,491
Total general obligation debt applicable to the limit	<u>6,250,000</u>	<u>6,185,000</u>	<u>6,060,000</u>	<u>5,930,000</u>
Legal debt margin	<u>\$ 39,056,198</u>	<u>\$ 50,258,282</u>	<u>\$ 50,792,925</u>	<u>\$ 42,917,491</u>
Percentage of net debt contracting margin available	100.00%	89.04%	89.34%	87.86%

### 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 2014 used, since 2015 assessed value not available:

	<u>Taxable Value (2)</u>
Residential values	\$ 679,594,884
Non-residential values	\$ 39,682,159
Exempt property	<u>(305,817,698)</u>
Totals	<u>\$ 413,459,345</u>
Debt limit (adjusted fair market value x 0.12)	\$ 49,615,121
Debt applicable to limit:	
General obligation bonds	<u>5,934,793</u>
Legal debt margin	<u>\$ 43,680,328</u>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 44,111,328	\$ 42,101,279	\$ 41,267,203	\$ 43,905,050	\$ 49,615,121	N/A
5,795,000	5,655,000	5,510,000	6,155,167	5,934,793	5,710,147
<u>\$ 38,316,328</u>	<u>\$ 36,446,279</u>	<u>\$ 35,757,203</u>	<u>\$ 37,749,883</u>	<u>\$ 43,680,328</u>	<u>N/A</u>
86.86%	86.57%	86.65%	85.98%	88.04%	N/A

**CITY OF CEDAR HILLS**

**Debt Service Schedule of Outstanding Bonds (By Year)  
June 30, 2015**

			2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Obligations Bonds</b>											
Series 2005 \$ 6,250,000	Refunded 2001 MBA Bonds and was partially refunded by 2012 GO Bonds.	Principal Interest	\$ 165,000 6,600	\$ - -	\$ - -						
Series 2012 \$ 5,570,000	Partially refunded 2005 GO Bonds, which was used for Golf Course improvements.	Principal Interest	\$ 55,000 133,820	230,000 132,720	230,000 128,120	240,000 123,520	240,000 118,720	250,000 113,920	250,000 106,420	260,000 98,920	270,000 93,720
	Total principal		220,000	230,000	230,000	240,000	240,000	250,000	250,000	260,000	270,000
	Total interest		140,420	132,720	128,120	123,520	118,720	113,920	106,420	98,920	93,720
	Total		<u>\$ 360,420</u>	<u>\$ 362,720</u>	<u>\$ 358,120</u>	<u>\$ 363,520</u>	<u>\$ 358,720</u>	<u>\$ 363,920</u>	<u>\$ 356,420</u>	<u>\$ 358,920</u>	<u>\$ 363,720</u>
<b>Excise Tax Revenue Bonds</b>											
Series 2006 \$ 6,845,000	Used to finance the construction of the public works building.	Principal Interest	\$ 75,000 78,063	\$ 80,000 74,963	\$ 80,000 71,663	\$ 85,000 68,156	\$ 90,000 64,438	\$ 90,000 60,613	\$ 95,000 56,681	\$ 100,000 52,475	\$ 105,000 47,991
	Total		<u>\$ 153,063</u>	<u>\$ 154,963</u>	<u>\$ 151,663</u>	<u>\$ 153,156</u>	<u>\$ 154,438</u>	<u>\$ 150,613</u>	<u>\$ 151,681</u>	<u>\$ 152,475</u>	<u>\$ 152,991</u>
<b>Utility Revenue Bonds</b>											
Series 2006 \$ 6,215,000	Refunded \$5.8 million line of credit, 1998 and 2000 Note payables used for water system improvements, and funded \$190,000 in new water pumps.	Principal Interest	\$ 200,000 4,000	\$ - -	\$ - -						
Series 2007 \$ 2,090,000	Used to finance the construction of a new well.	Principal Interest	97,000 40,135	99,000 37,506	102,000 34,824	105,000 32,059	107,000 29,214	110,000 26,314	113,000 23,333	116,000 20,271	120,000 17,127
Series 2009 \$ 930,000	Used to finance pressured irrigation improvements.	Principal Interest	35,000 21,744	40,000 20,687	40,000 19,479	45,000 18,271	45,000 16,912	50,000 15,553	50,000 14,043	55,000 12,533	55,000 10,872
Series 2014 \$ 4,633,000	Partially refunded 2006 utility revenue bonds used for water improvements.	Principal Interest	40,000 123,494	252,000 122,422	255,000 115,669	268,000 108,835	275,000 101,652	282,000 94,282	288,000 86,725	294,000 79,006	305,000 71,127
	Total principal		372,000	391,000	397,000	418,000	427,000	442,000	451,000	465,000	480,000
	Total interest		189,373	180,615	169,972	159,165	147,778	136,149	124,101	111,810	99,126
	Total		<u>\$ 561,373</u>	<u>\$ 571,615</u>	<u>\$ 566,972</u>	<u>\$ 577,165</u>	<u>\$ 574,778</u>	<u>\$ 578,149</u>	<u>\$ 575,101</u>	<u>\$ 576,810</u>	<u>\$ 579,126</u>
<b>Total All Bonds</b>											
	Total principal		\$ 667,000	\$ 701,000	\$ 707,000	\$ 743,000	\$ 757,000	\$ 782,000	\$ 796,000	\$ 825,000	\$ 855,000
	Total interest		407,856	388,298	369,754	350,841	330,936	310,682	287,202	263,205	240,837
	Total all bonds		<u>\$ 1,074,856</u>	<u>\$ 1,089,298</u>	<u>\$ 1,076,754</u>	<u>\$ 1,093,841</u>	<u>\$ 1,087,936</u>	<u>\$ 1,092,682</u>	<u>\$ 1,083,202</u>	<u>\$ 1,088,205</u>	<u>\$ 1,095,837</u>

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,000
-	-	-	-	-	-	-	-	-	-	-	6,600
275,000	280,000	285,000	290,000	295,000	300,000	315,000	320,000	330,000	340,000	350,000	\$ 5,405,000
88,320	82,820	77,220	71,520	65,140	58,650	49,650	40,200	30,600	20,700	10,500	1,645,200
275,000	280,000	285,000	290,000	295,000	300,000	315,000	320,000	330,000	340,000	350,000	5,570,000
88,320	82,820	77,220	71,520	65,140	58,650	49,650	40,200	30,600	20,700	10,500	1,651,800
<u>\$ 363,320</u>	<u>\$ 362,820</u>	<u>\$ 362,220</u>	<u>\$ 361,520</u>	<u>\$ 360,140</u>	<u>\$ 358,650</u>	<u>\$ 364,650</u>	<u>\$ 360,200</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 7,221,800</u>
\$ 110,000	\$ 115,000	\$ 120,000	\$ 125,000	\$ 130,000	\$ 135,000	\$ 140,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 1,825,000
43,288	38,366	33,225	27,788	22,050	16,088	9,900	3,375	-	-	-	769,119
<u>\$ 153,288</u>	<u>\$ 153,366</u>	<u>\$ 153,225</u>	<u>\$ 152,788</u>	<u>\$ 152,050</u>	<u>\$ 151,088</u>	<u>\$ 149,900</u>	<u>\$ 153,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,594,119</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
-	-	-	-	-	-	-	-	-	-	-	4,000
123,000	126,000	130,000	133,000	-	-	-	-	-	-	-	1,481,000
13,875	10,542	7,127	3,604	-	-	-	-	-	-	-	295,931
60,000	65,000	65,000	70,000	45,000	-	-	-	-	-	-	720,000
9,211	7,399	5,436	3,473	1,359	-	-	-	-	-	-	176,972
311,000	321,000	325,000	334,000	343,000	351,000	364,000	-	-	-	-	4,608,000
62,953	54,618	46,016	37,306	28,354	19,162	9,755	-	-	-	-	1,161,378
494,000	512,000	520,000	537,000	538,000	351,000	364,000	-	-	-	-	7,009,000
86,039	72,559	58,579	44,383	29,713	19,162	9,755	-	-	-	-	1,638,281
<u>\$ 580,039</u>	<u>\$ 584,559</u>	<u>\$ 578,579</u>	<u>\$ 581,383</u>	<u>\$ 417,713</u>	<u>\$ 370,162</u>	<u>\$ 373,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,647,281</u>
\$ 879,000	\$ 907,000	\$ 925,000	\$ 952,000	\$ 813,000	\$ 786,000	\$ 819,000	\$ 470,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 14,404,000
217,647	193,745	169,024	143,690	116,903	93,900	69,305	43,575	30,600	20,700	10,500	4,059,200
<u>\$ 1,096,647</u>	<u>\$ 1,100,745</u>	<u>\$ 1,094,024</u>	<u>\$ 1,095,690</u>	<u>\$ 929,903</u>	<u>\$ 879,900</u>	<u>\$ 888,305</u>	<u>\$ 513,575</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 18,463,200</u>

**CITY OF CEDAR HILLS**

**Pledged-Revenue Coverage  
Last Ten Years**

Year	Excise Tax Revenue Bonds (1)				Utility Net Revenues (2)	Utility Revenue Bonds			
	Franchise Taxes	Debt Service		Coverage		Principal	Debt Service		Coverage
		Principal	Interest				Principal	Interest	
2006	\$ 283,016	\$ -	\$ -	N/A	\$ 776,177	\$ -	\$ -	N/A	
2007	280,527	-	54,206	5.2	508,501	210,000	253,240	1.10	
2008	405,318	50,000	98,563	2.7	806,882	210,000	281,129	1.64	
2009	432,005	55,000	96,463	2.9	766,396	270,000	306,189	1.33	
2010	446,750	60,000	91,763	2.9	876,755	307,000	350,902	1.33	
2011	471,635	60,000	91,763	3.1	763,670	265,000	341,385	1.26	
2012	462,371	65,000	89,263	3.0	792,924	292,000	331,884	1.27	
2013	497,713	65,000	86,663	3.3	1,044,813	299,000	321,166	1.68	
2014	503,111	70,000	83,963	3.3	1,180,343	314,000	290,085	1.95	
2015	474,814	75,000	81,063	3.0	825,399	324,000	275,202	1.38	

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, 2015.

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

**CITY OF CEDAR HILLS**

**Demographic and Economic Statistics  
Last Ten Years**

<u>Year</u>	<u>Population (3)</u>	<u>Adjusted Gross Income Income (amounts in thousands) (5)</u>	<u>Household Median Adjusted Gross Income (1)</u>	<u>District School Enrollment (4)</u>	<u>Unemployment % Rate (2)</u>
2006	8,950	\$151,037,544	\$ 76,082	56,051	2.9
2007	9,391	165,565,947	80,819	58,665	2.4
2008	9,704	156,649,517	78,742	61,223	3.5
2009	9,788	159,580,419	74,951	64,351	7.0
2010	9,796	163,864,560	76,545	66,044	7.4
2011	9,903	175,184,399	79,375	68,233	6.3
2012	10,023	212,132,333	79,415	70,811	5.0
2013	10,165	215,469,537	82,828	72,467	4.3
2014	10,261	N/A	N/A	73,724	3.5
2015	N/A	N/A	N/A	N/A	N/A

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](http://www.jobs.utah.gov)
- (3) Utah Population Estimates Committee, Utah Governor's Office of Planning and Budget website. 2014 Data - US Census Bureau
- (4) Utah State Office of Education—Superintendent's Annual Report- Enrollment by Alpine School District
- (5) [tax.utah.gov/econstats/income/fed-returns-2000](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 Three Years Ago**

<u>Employer</u>	<u>Industry</u>	<u>2014</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Brigham Young University	Higher Education	15,000 - 19,999	1	5.87% - 7.83%
Alpine School District	Public Education	5,000 - 6,999	2	1.96% - 2.74%
Utah Valley University	Higher Education	5,000 - 6,999	2	1.96% - 2.74%
Utah Valley Regional Medical Center	Health Care	4,000 - 4,999	4	1.57% - 1.96%
Nebo School District	Public Education	3,000 - 3,999	5	1.17% - 1.56%
State of Utah	State Government	3,000 - 3,999	5	1.17% - 1.56%
Vivint	Electrical Contractors	2,000 - 2,999	7	0.78% - 1.17%
Wal-Mart	Warehouse Clubs and Supercenters	2,000 - 2,999	7	0.78% - 1.17%
Bluefin Office Group/Utah Office Supply	Office Supplies	2,000 - 2,999	7	0.78% - 1.17%
Provo School District	Public Education	1,000 - 1,999	10	0.39% - 0.78%
IM Flash Technologies	Electronic Product Manufacturing	1,000 - 1,999	10	0.39% - 0.78%
ESG	Human Resources Management	1,000 - 1,999	10	0.39% - 0.78%
Nexeo Staffing	Employment Services	1,000 - 1,999	10	0.39% - 0.78%
Pyne Floor Coverings	Construction Flooring Contractors	1,000 - 1,999	10	0.39% - 0.78%
Provo City	Local Government	1,000 - 1,999	10	0.39% - 0.78%
Nestle USA	Food Manufacturing	1,000 - 1,999	10	0.39% - 0.78%
Payday Resources	Human Resources Management	1,000 - 1,999	10	0.39% - 0.78%
Central Utah Medical Clinic	Health Care	1,000 - 1,999	10	0.39% - 0.78%
Nu Skin	Wholesale Skin Care Products	1,000 - 1,999	10	0.39% - 0.78%
Utah County	Local Government	1,000 - 1,999	10	0.39% - 0.78%
United States Government	Federal Government	1,000 - 1,999	10	0.39% - 0.78%
Total		<u>53,000 - 79,979</u>		<u>20.74% - 31.29%</u>

Source: Utah Department of Workforce Services--County Annual Profiles--Major Employers.

Notes:

- (1) Information for Utah County was used, since information is not available for the City. 2014 and 2011 statistics were used because the 2015 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 2014 was 255,571.

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

## CITY OF CEDAR HILLS

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

FUNCTION	Full-Time Equivalent Employees as of December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	6.5	7.5	7.5	7.5	8.0	9.0	9.0	8.5	9.0	9.5
Streets and public works	9.0	10.0	10.0	11.0	11.0	10.0	10.0	9.0	8.5	9.5
Community Services	-	1.0	1.0	1.5	1.5	1.5	2.5	3.0	3.5	4.0
Golf	-	-	3.0	3.0	4.0	4.0	3.0	3.0	3.0	3.0
Total	15.5	18.5	21.5	23.0	24.5	24.5	24.5	23.5	24.0	26.0

Source: Various City of Cedar Hills Budget Documents

# CITY OF CEDAR HILLS

## Capital Asset Statistics Last Ten Years

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	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Highways and streets:										
Miles of road	28	28	28	28	28	28	28	28	28	28
Recreation:										
Neighbor Pocket Parks	1	1	1	1	1	1	1	1	1	1
Community Parks	3	4	4	5	5	5	5	5	5	5
Golf Course	1	1	1	1	1	1	1	1	1	1
Community Event Center	-	-	-	-	-	-	1	1	1	1

Source: City of Cedar Hills budget document

# CITY OF CEDAR HILLS

## Operating Indicators By Organization Last Three Fiscal Years

	2012	2013	2014	2015
Administration:				
Staff trainings held	10	11	11	11
Employees receiving performance evaluation	100%	100%	100%	100%
Finance:				
Checks processed	2,168	1,557	1,474	1,354
Electronic fund transfers processed	66	119	96	174
Paper utility statements processed per month	2,187	2,164	2,129	2,081
Utility customers	2,328	2,385	2,404	2,444
GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes	N/A
GFOA Certificate of Achievement in Financial Reporting	No	Yes	Yes	N/A
General obligation bond rating	AA-	AA-	AA-	AA-
Public Works:				
Water inspections	15	10	30	15
Sewer inspections	15	10	30	17
Inspections completed	1,095	590	1,091	619
Building permits processed	73	54	65	100
Building plans approved	66	50	60	70
Meters read electronically	96%	96%	98%	98%
Community Services:				
Jr. Jazz teams	70	84	82	87
Flag football teams	31	31	34	33
Family festival donations raised	\$14,250	\$17,855	\$19,480	\$17,440
Season golf passes sold, or traded for services	\$35,436	\$42,153	\$78,114	\$73,132

Source: City of Cedar Hills budget document and general ledger

# ADDITIONAL INFORMATION



Photo by Trent Augustus





**Keddington & Christensen**  
Certified Public Accountants, LLC

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

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  
Members of the 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, each major fund, and the aggregate remaining fund information of City of Cedar Hills, Utah (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the City'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 the City'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 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 the attention by those charged with governance.

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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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.

*Keddington & Christensen, LLC*

December 23, 2015



**Keddington & Christensen**  
Certified Public Accountants, LLC

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

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

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

**Report on Compliance with General State Compliance Requirements and for Each Major State Program**

We have audited City of Cedar Hills' (the City) compliance with general and major state program compliance requirements described in the *State of Utah Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2015.

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

- Budgetary Compliance
- Fund Balance
- Utah Retirement System
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Tax levy Revenue Recognition
- Restricted Taxes
- Open and Public Meetings Act
- Cash Management
- Nepotism

The City did not have any state funding classified as a major program during the year ended June 30, 2015:

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City 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 on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion***

In our opinion, City of Cedar Hills complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the *Schedule of Findings and Recommendations* as items 2015-1. Our Opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

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

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

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

**Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information the City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Keddington & Christensen, LLC*

December 23, 2015

**CITY OF CEDAR HILLS  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 For the Year Ended June 30, 2015**

<u>Grant Name</u>	<u>Award/Contract # (if applicable)</u>	<u>Year of Last Audit</u>	<u>Expenditures</u>
<b><u>Utah State Tax Commission</u></b>			
State Liquor Fund Allotment	N/A	2014	<u>\$ 5,802</u>
<b><u>Utah Department of Transportation</u></b>			
Class C Road Funds	N/A	2014	<u>326,087</u>
<b>TOTAL - CITY OF CEDAR HILLS</b>			<u><u>\$ 331,889</u></u>

**CITY OF CEDAR HILLS  
STATE OF UTAH COMPLIANCE  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**STATE COMPLIANCE FINDINGS**

2015-1. BUDGETARY COMPLIANCE – *Significant Deficiency*

Finding

During the test work at the City we noted that the unrestricted fund balance of the General Fund exceeded the limit of 25% of current year revenues in the General Fund. According to UCA 10-6-116(2), “Accumulation of a fund balance in the city general fund may not exceed 25% of the total revenue of the city general fund for the current fiscal period.” The City has accumulated more unrestricted fund balance (\$1,195,767) than what the Utah Code Annotated relating to cities will allow (\$1,034,773 = \$4,139,090 x 25%). The City is not in compliance with the Utah Code Annotated referenced above by \$160,995 (\$1,195,767 – \$1,034,773).

Recommendation

We recommend that the City monitor the level of unrestricted fund balance more closely to ensure compliance with this requirement.

City Response

The City is aware of this compliance requirement and Management has taken steps to reduce unrestricted fund balance.