

# CITY OF CEDAR HILLS, UTAH



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



# **CITY OF CEDAR HILLS, UTAH**

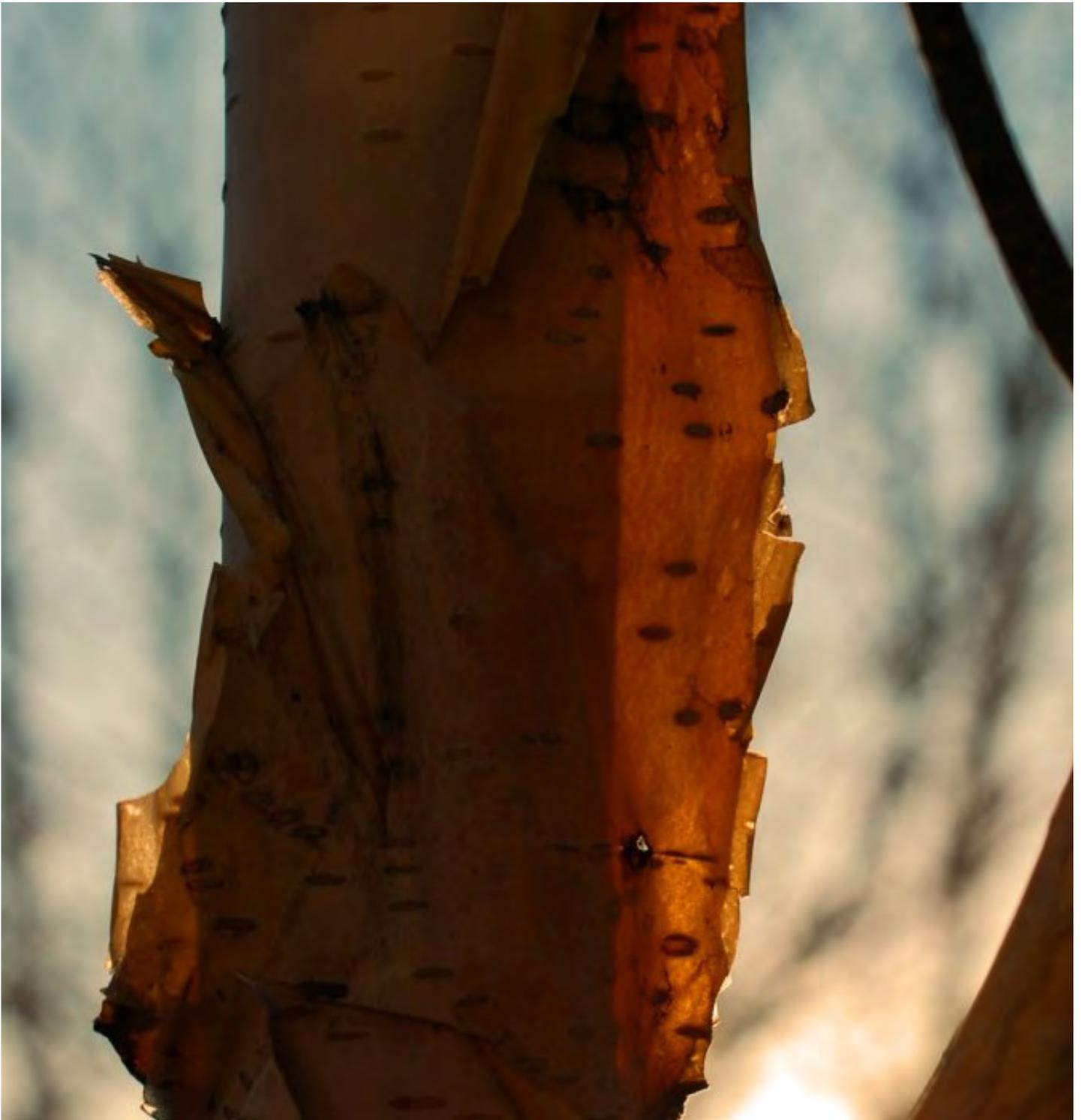
## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by:  
Department of Finance**



# INTRODUCTORY SECTION





**CITY OF CEDAR HILLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
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November 17, 2017

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, 2017.

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, 2017. 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, 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 2017 was 3.1 percent compared to 4.4 percent nationally. A leveling off in unemployment rates are anticipated in fiscal calendar year 2017-2018.

Median household incomes within the City of Cedar Hills are significantly higher than for the state as a whole. For 2016, according to the federal returns on the Utah State Tax Commission's website, the City's household median gross income was \$87,086; Utah County's was \$52,480, while the state's was \$51,184. The census has the government's population at 10,374 as of 2016. The population growth has slowed down, because the City is getting close to build out, and families are getting old enough to have children move out on their own.

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 during 2017, which was an upgrade from AA- and the highest general obligation bond rating the City has earned. Its small population base and lack of commercial development within city limits have always been challenges to improve the rating, but its conservative budgeting and healthy fund balances helped the upgrade in the last evaluation.

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 \$495,569 to \$1,158,970, and as a percentage of total expenses (from 7.8 percent to currently 13.3 percent). The growth of the City and a desire by the governing body to improve the level of service provided through the years by moving fire/emergency management services to the Cedar Hills public safety building from Highland and Alpine contributed to the large increase in expenditures. Also, some of this increase reflects lower ambulance revenues in recent years that are used to offset costs.

During this same ten-year period, sales taxes related to governmental funds have increased from \$825,890 to \$1,309,420. 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 growth of commercial development/Walmart in the city and statewide until now. This growth has been necessary and didn't quite 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 22.3% of the total actual general fund revenues. This amount follows close to the policy guidelines set by the governing body for budgetary and planning purposes (i.e. a minimum target amount of 16% or two months of revenues). The 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 now includes a Dollar Tree store, a Great Clips, and a Marcos Pizza.

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 2017-2018 capital Improvement plan anticipates \$10,000 for finishing a golf maintenance building, \$600,000 for Harvey Boulevard improvements, \$2,850,000 for Deerfield park, \$50,000 for Heritage Park Amphitheater improvements, \$27,000 for parks & recreation master plan, and \$200,000 to complete Bayhill Trailhead Park.

The government's 2017-2018 equipment and vehicles program will replace two trucks and a vehicle.

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 park improvements at 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, 2017. This is the 15th 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, 2016. This is the fourth year the city achieved this prestigious award. In order to achieve this award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

Charl Louw, CPA, MBA  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Cedar Hills  
Utah**

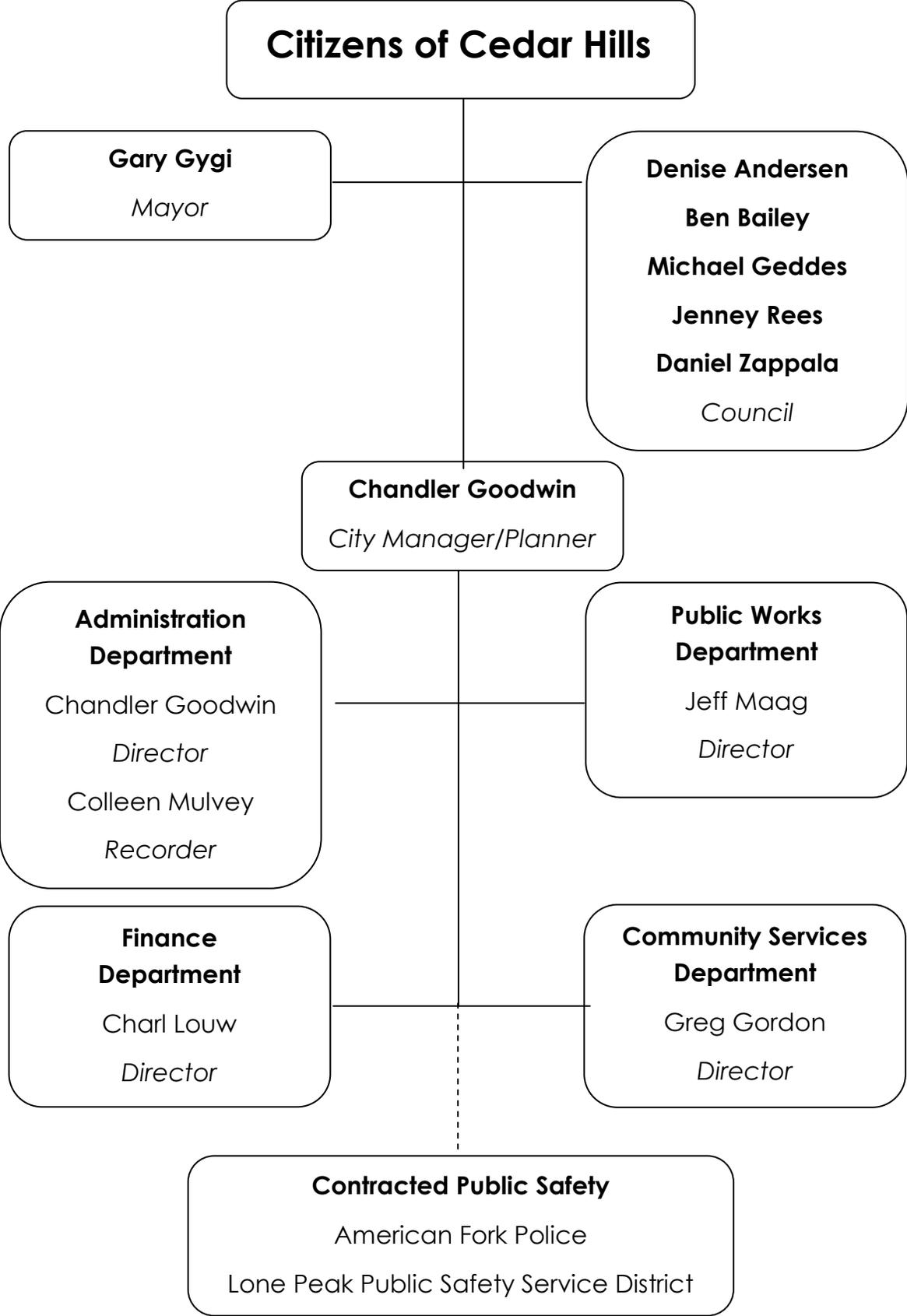
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

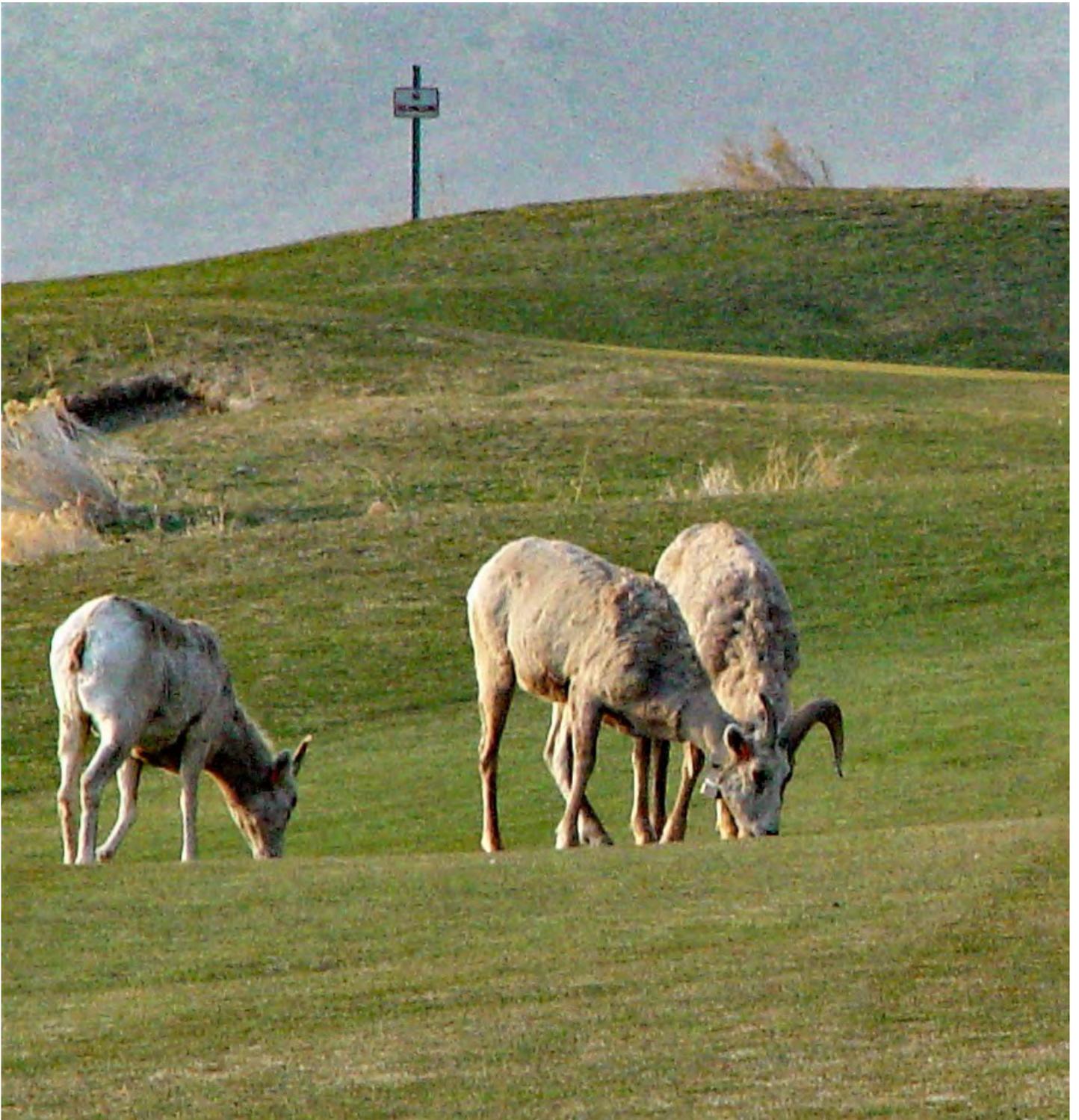
Executive Director/CEO

# City of Cedar Hills Organization Chart

As of June 30, 2017



# FINANCIAL SECTION







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

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbutnot, 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 the City of Cedar Hills, Utah (the City) as of and for the fiscal years ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 of Cedar Hills, Utah as of June 30, 2017, 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, and the related notes to the required supplementary information 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 – general fund in the supplementary information as noted in the table of contents, 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 – general fund in the supplementary information as noted in the table of contents is the responsibility of management and was derived from and relates 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 schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund is 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*

Keddington & Christensen, LLC  
November 17, 2017

# 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, 2017.

## 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 \$55,027,895 (net position). Of this amount, \$5,368,189 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 \$1,090,526.
- At the close of the current fiscal year, the city's governmental funds reported combined fund balances of \$4,825,405. An increase of \$810,944 in comparison with the prior year because of pass-port revenues and the proceeds from the sale of land.
- In the general fund, revenues exceeded expenditures by \$691,941 before inter-fund transfers.
- At the close of the fiscal year, the fund balance of the general fund totaled \$994,397 of which \$26,763 is non-spendable, \$4,436 is committed, and \$963,198 is unassigned. State statutes allow a maximum unrestricted fund balance of 25 percent of actual general fund revenues.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the city's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the city's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The *statement of activities* presents information regarding 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 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 \$55,027,895 (net position) at the close of the most recent fiscal year.

The majority of the city's net position (approximately 86.1 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 \$5,368,189 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF CEDAR HILL'S Net Position**  
**June 30, 2017 and 2016**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2017-2016
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 6,869.3	\$ 5,805.4	\$ 3,471.9	\$ 3,379.6	\$10,341.2	\$ 9,185.0	\$ 1,156.2
Capital assets	35,595.7	35,988.9	23,992.3	24,081.5	59,588.0	60,070.4	(482.4)
Total assets	42,465.0	41,794.3	27,464.2	27,461.1	69,929.2	69,255.4	673.8
Total deferred outflows of resources	767.6	804.9	348.6	358.1	1,116.2	1,163.0	(46.8)
Other liabilities	769.4	660.6	363.0	292.6	1,132.4	953.2	179.2
Long-term liabilities outstanding	7,245.0	7,562.4	6,525.9	6,911.4	13,770.9	14,473.8	(702.9)
Total liabilities	8,014.4	8,223.0	6,888.9	7,204.0	14,903.3	15,427.0	(523.7)
Total deferred inflows of resources	1,075.8	1,047.7	38.5	26.3	1,114.3	1,074.0	40.3
Net position:							
Net investment in capital assets	29,379.3	29,479.3	17,985.3	17,693.4	47,364.6	47,172.7	191.9
Restricted	1,637.6	1,748.9	657.5	626.3	2,295.1	2,375.2	(80.1)
Unrestricted	3,125.6	2,120.2	2,242.6	2,269.3	5,368.2	4,389.5	978.7
Total net position	<u>\$ 34,142.5</u>	<u>\$ 33,348.4</u>	<u>\$20,885.4</u>	<u>\$20,589.0</u>	<u>\$55,027.9</u>	<u>\$53,937.4</u>	<u>\$ 1,090.5</u>

As of June 30, 2017, 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 \$1,090,526, because developer's contributions of infrastructure, saving for utility projects, higher than estimated sales taxes, permits, and program revenues related to recreation.

## GOVERNMENTAL ACTIVITIES

Governmental activities increased the city's net position by \$794,034, because of an increase in property tax revenues, sales tax revenues, increased charges for services growth related to solar permits and plan check fees, recreation programs, and developer donations of new installed infrastructure. Streets and public works costs increased due to an increase in planned street projects, and contracted services needed for solar inspections and plan reviews.

**CITY OF CEDAR HILL'S Changes in Net Position**  
**Years Ended June 30, 2017 and 2016**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2017-2016
	2017	2016	2017	2016	2017	2016	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 2,195.9	\$ 2,180.0	\$ 3,273.2	\$ 3,552.4	\$ 5,469.1	\$ 5,732.4	\$ (263.3)
Operating grants and contributions	425.8	380.7	-	-	425.8	380.7	45.1
Capital grants and contributions	92.7	344.9	154.9	321.1	247.6	666.0	(418.4)
General revenues:							
Property taxes	1,171.2	1,152.9	-	-	1,171.2	1,152.9	18.3
Sales taxes	1,309.4	1,248.8	-	-	1,309.4	1,248.8	60.6
Franchise taxes	471.4	487.0	-	-	471.4	487.0	(15.6)
CARE taxes	34.2	43.8	-	-	34.2	43.8	(9.6)
Other	654.8	167.8	31.0	19.6	685.8	187.4	498.4
Total revenues	6,355.4	6,005.9	3,459.1	3,893.1	9,814.5	9,899.0	(84.5)
<b>Expenses:</b>							
Governmental activities:							
General government	957.6	807.2	-	-	957.6	807.2	150.4
Public safety	1,159.0	1,168.2	-	-	1,159.0	1,168.2	(9.2)
Parks and recreation	1,857.8	1,827.3	-	-	1,857.8	1,827.3	30.5
Streets and public works	1,128.0	1,070.7	-	-	1,128.0	1,070.7	57.3
Solid waste and recycling	354.3	350.7	-	-	354.3	350.7	3.6
Interest on long-term debt	222.2	245.3	-	-	222.2	245.3	(23.1)
Business-type activities:							
Water and sewer	-	-	3,045.1	3,063.2	3,045.1	3,063.2	(18.1)
Total expenses	5,678.9	5,469.4	3,045.1	3,063.2	8,724.0	8,532.6	191.4
Changes in net position before transfers	676.5	536.5	414.0	829.9	1,090.5	1,366.4	(275.9)
Transfers	117.6	116.0	(117.6)	(116.0)	-	-	-
Changes in net position	794.1	652.5	296.4	713.9	1,090.5	1,366.4	(275.9)
Net position, beginning	33,348.4	32,695.9	20,589.0	19,875.1	53,937.4	52,571.0	1,366.4
Net position, ending	\$ 34,142.5	\$ 33,348.4	\$20,885.4	\$20,589.0	\$55,027.9	\$53,937.4	\$ 1,090.5

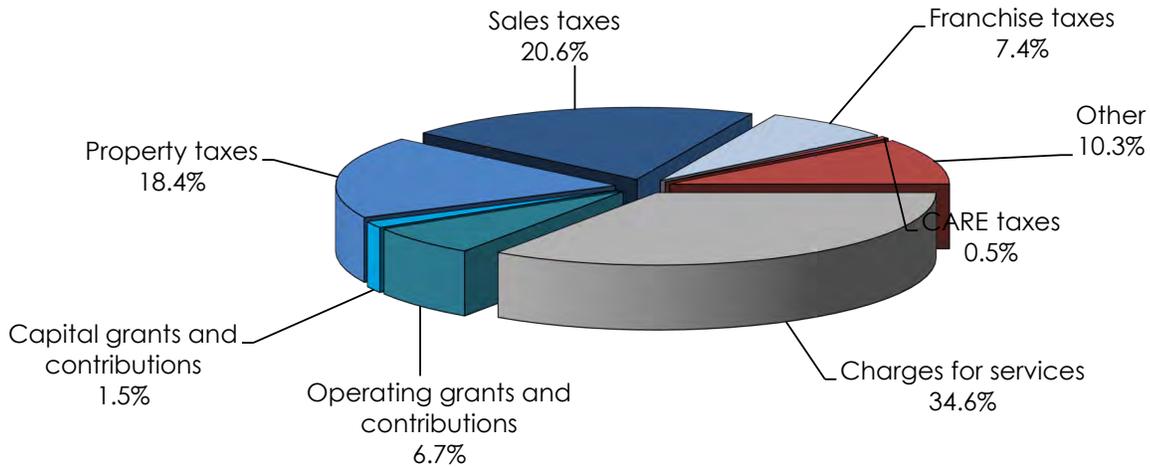
Property taxes revenue for governmental activities increased by \$18,314 from \$1,152,914 in 2016 to \$1,171,228 in 2017. This increase is the result of the property tax levy related to the general obligations increasing due to the lower restricted fund balance used in the current fiscal year to offset the property tax levy. Sales and use tax collections increased by \$60,582 from \$1,248,838 in 2016 to \$1,309,420 in 2017. Sales taxes improved slightly due to Utah's economy and the state adding more sources of sales tax, like Amazon. Capital grants and contributions increased because of the amount of developer contributions from the finalized Bridgestone plats.

General governmental expenses increased from actuarial pension expense adjustments, a prior year reduction of expense from a motor pool adjustment. General governmental fund expenses decreased in governmental funds during 2017 in most departments besides the new passport program. Public Safety slightly increased due to prior year contributions to a new dispatch facility and small contractual increases from Lone

Peak Fire. Parks and recreation costs increased due to the growth in the Jr. Jazz program. Streets and public works expenses decreased because less developments were planned that required contracting engineering supervision. Solid waste and recycling increased slightly due to the city's additional housing units. Interest on debt decreased due to a shift to paying more principal and less interest on the current outstanding bonds.

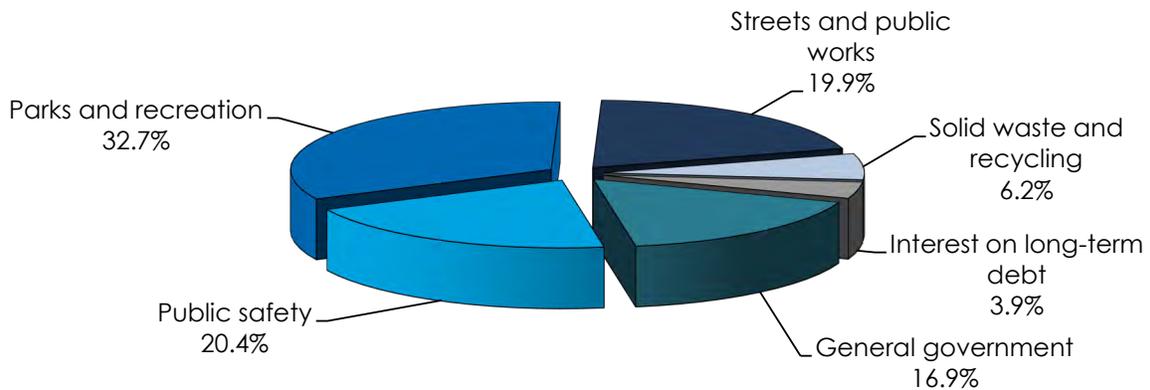
**CITY OF CEDAR HILLS**

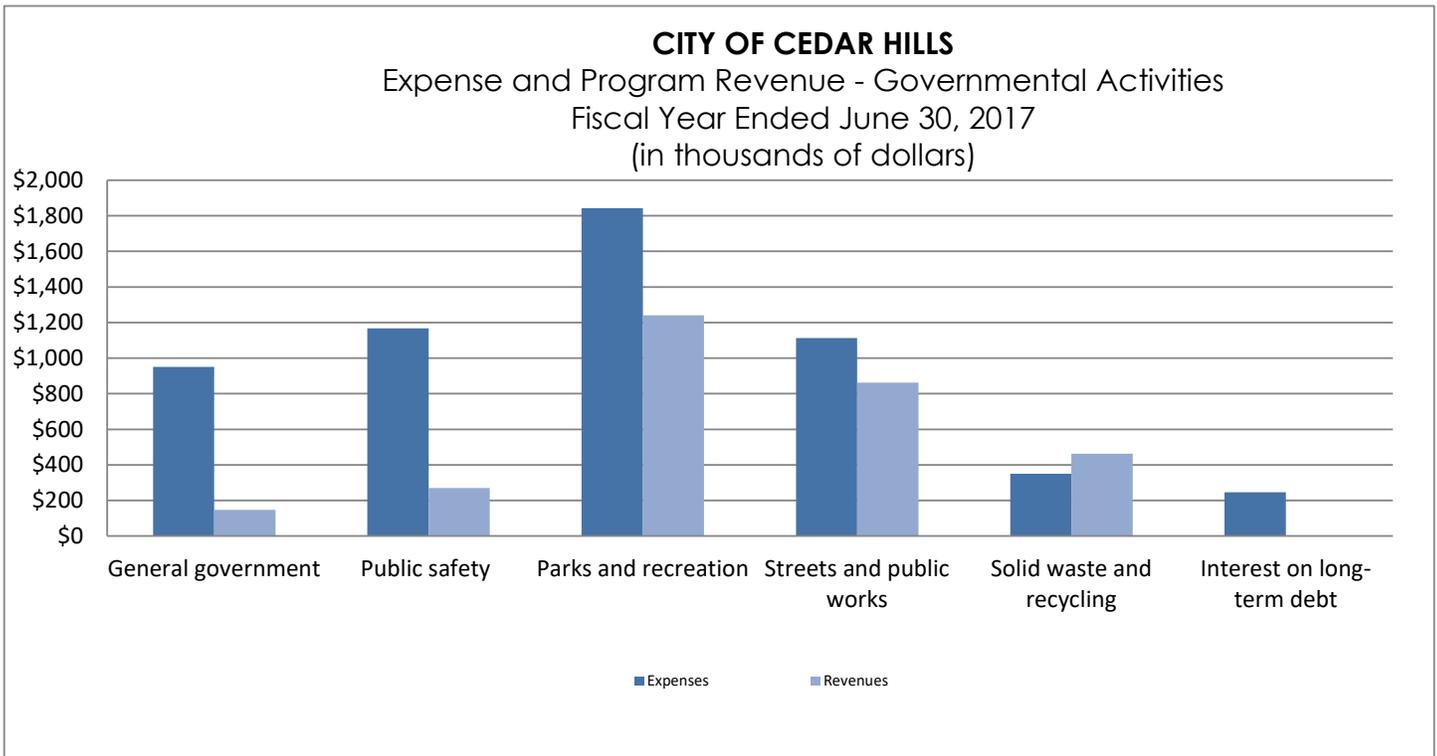
Revenues by Source - Governmental Activities  
Fiscal Year Ended June 30, 2017



**CITY OF CEDAR HILLS**

Expenses by Function - Governmental Activities  
Fiscal Year Ended June 30, 2017





**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the city's net position \$296,492 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 decreased from \$3,552,420 in 2016 to \$3,273,216 in 2017 due to other income from expiration of note payable in the prior year, and culinary water usage being conserved better because a commercial property repaired a significant water leak. Besides the loss of revenue from one customer due to a water leak repair, overall fees collected were slightly higher.

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 \$4,825,405. Approximately 20 percent of this amount, \$963,198 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, 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) \$601,736 to pay for road widening, 2)

\$2,991,257 to pay for parks and recreation, 3) \$199,127 to pay for debt service, 4) \$26,763 is for prepaid expenditures, and 5) \$42,265 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 \$963,198. Total fund balance was \$994,397. The City maintained its unrestricted fund balance at approximately 22 percent of actual revenues in 2017, due to the transfers out to support park capital outlays. The general fund also is required to be under the 25 percent of actual revenues threshold to be in compliance with the state of Utah's code. The total fund balance for the golf fund decreased due to capital outlays, and the capital projects fund grew during the fiscal year from the sale of land, impact fees, and transfers in. The golf debt service fund's fund balance increased slightly from a transfer in from the general fund.

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 26 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 \$2,196,364, and motor pool fund \$363,461. The water and sewer fund unrestricted net position decreased because of water utility repairs. The city council would like to save up for future water, storm drain, and sewer system repairs and improvements, instead of issuing additional debt.

## **BUDGETARY HIGHLIGHTS**

The difference between the original general fund budget (adopted June 2016) and the final amended budget for expenditures and capital assets was \$252,000 and for transfers out was \$450,000. The significant changes are summarized as follows:

- \$217,000 increase in general government—mostly due to a \$200,000 increase in legal services, and a \$17,000 increase for a passport program
- \$30,000 increase in streets and public works—\$30,000 increase in contracted labor for solar and other building permits.
- \$230,000 increase in parks and recreation—\$225,000 increase for park capital outlays related to Bayhill park and the Golf maintenance building, and a \$5,000 increase to related to the growth of recreation programs supply and credit card fee costs.
- \$50,000 increase for water and sewer—\$50,000 in storm drain improvements
- \$400,000 increase in transfers out to the capital projects fund to help fund pending capital improvements like the Bayhill park and \$50,000 transfer to the golf debt service fund to maintain the same debt levy with a positive fund balance.

## 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. The golf fund and water & sewer fund also incurred acquisition costs for equipment and improvements.

Major capital asset events during the year included the following:

- \$208,693 Bayhill park landscaping installation and engineering.
- \$189,064 golf maintenance partial building installation.
- \$37,825 for practice range fencing extension project.
- \$96,509 two fairway mowers.
- \$20,681 culinary motor replacement.
- \$78,880 for replacement of three public works trucks.
- \$405,283 various storm drain and grading improvements at park projects.
- \$125,569 various developer contributions of roads, water, sewer, and storm drain improvements.

These expenses do not include approximately \$811,000 in capital maintenance projects related to parks, the golf course, water, pressurized irrigation, water meters, streets, street lights, sidewalks, gutters, and building repairs.

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

### CITY OF CEDAR HILL'S Capital Assets June 30, 2017 and 2016

(net of accumulated depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2017-2016
	2017	2016	2017	2016	2017	2016	
Land	\$ 7,185.7	\$ 7,226.7	\$ -	\$ -	\$ 7,185.7	\$ 7,226.7	\$ (41.0)
Water Stock	-	-	3,311.5	3,311.5	3,311.5	3,311.5	-
Construction in progress	189.1	-	140.9	16.9	330.0	16.9	313.1
Buildings	4,867.3	4,993.8	-	-	4,867.3	4,993.8	(126.5)
Improvements	8,465.8	8,515.5	-	-	8,465.8	8,515.5	(49.7)
Vehicles	211.0	283.6	-	-	211.0	283.6	(72.6)
Equipment	204.1	152.0	-	-	204.1	152.0	52.1
Water, sewer, and storm drain systems	-	-	20,539.9	20,753.1	20,539.9	20,753.1	(213.2)
Infrastructure (Roads, Sidewalks)	14,472.7	14,817.3	-	-	14,472.7	14,817.3	(344.6)
Total	<u>\$ 35,595.7</u>	<u>\$ 35,988.9</u>	<u>\$23,992.3</u>	<u>\$24,081.5</u>	<u>\$59,588.0</u>	<u>\$60,070.4</u>	<u>\$ (482.4)</u>

## LONG-TERM DEBT

The city of Cedar Hills has \$5,120,000 of general obligation debt and \$113,037 in unamortized bond premiums as of June 30, 2017. The city also has utility revenue bonds, an excise tax revenue bonds, and a note payable.

The general obligation bonds were refinanced 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 \$5,120,000. 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.

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 \$4,316,000.

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 \$1,285,000.

The third utility revenue bonds were obtained in 2009 in the amount of \$930,000 for improvements to the pressurized irrigation system. The fixed interest rate was lowered from 5.99% to 3.02% in 2013 as a goodwill gesture by Wells Fargo. The interest savings has been used to pay down the bonds faster. The current principal balance of these bonds is \$602,000. The city paid an extra \$21,000 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 city refunded these bonds in October 2015 to save interest and pay the bonds off faster. The current principal balance of these bonds are \$1,527,000.

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

	Governmental Activities		Business-type Activities		Total		Change 2017-2016
	2017	2016	2017	2016	2017	2016	
General obligation bonds	\$ 5,233.0	\$ 5,476.2	\$ -	\$ -	\$ 5,233.0	\$ 5,476.2	\$ (243.2)
Excise tax revenue bonds	1,527.0	1,644.0	-	-	1,527.0	1,644.0	(117.0)
Utility revenue bonds	-	-	6,204.0	6,615.0	6,204.0	6,615.0	(411.0)
<b>Total</b>	<b>\$ 6,760.0</b>	<b>\$ 7,120.2</b>	<b>\$ 6,204.0</b>	<b>\$ 6,615.0</b>	<b>\$12,964.0</b>	<b>\$13,735.2</b>	<b>\$ (771.2)</b>

## **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 2017-2018 fiscal budget, the estimated general fund revenues and transfers in are \$4,196,006 and the budgeted expenditures and transfers out are \$4,195,072. One full-time position was absorbed between admin and finance. The revenues are budgeted to be slightly higher overall than last year's original budget because of growth in sales tax revenues, class c roads gas tax revenues, and passport fees. Expenditures grew primarily from legal services, election expenses, police contract increases, and park maintenance contract costs. Other expenditure increases include a new passport program, solid waste and recycling costs, and part-time recreation staffing. 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.
- The general fund budget includes planned transfers out of \$283,233. \$76,233 to fund 50 percent of the excise tax bond debt service on the public works/administration building. \$65,000 to the capital projects fund for future park projects. Also, \$142,000 will be transferred out of the general fund to the golf fund as an operating subsidy.
- The most significant capital projects are \$2,850,000 for park land purchase and development, \$600,000 for Harvey Boulevard widening, \$200,000 for the Bayhill park completion and \$500,000 for related storm drain improvements for the park land. \$400,000 for a vacuum truck and \$400,000 for sewer improvements.
- Other significant capital maintenance budget appropriations include \$367,000 for street, street light, and sidewalk related maintenance/projects in the general fund. \$191,500 for park maintenance and \$129,000 for golf course maintenance. And approximately \$290,200 was appropriated for water, storm drain, and sewer maintenance and contracted services in the Water and Sewer fund. \$187,700 was set aside for supplementary water purchases.
- 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, 2017

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,684,762	\$ 2,501,617	\$ 6,186,379
Restricted cash and cash equivalents	1,635,166	657,529	2,292,695
Tax receivables	1,067,643	-	1,067,643
Intergovernmental receivables	333,973	-	333,973
Other receivables (net of allowance for uncollectibles)	108,441	235,923	344,364
Internal balances	(46,194)	46,194	-
Inventories and prepaid items	85,502	30,588	116,090
Capital assets:			
Land, water stock, and construction in progress	7,374,800	3,452,429	10,827,229
Buildings, improvements, equipment, and other depreciable assets, net of accumulated depreciation	28,220,920	20,539,835	48,760,755
Total assets	42,465,013	27,464,115	69,929,128
<b>Deferred Outflows of Resources:</b>			
Deferred outflows of resources related to pensions	224,064	151,575	375,639
Deferred charge on refunding	543,571	197,074	740,645
Total deferred outflows of resources	767,635	348,649	1,116,284
<b>Liabilities:</b>			
Accounts payable	579,459	296,390	875,849
Accrued expenses	117,217	10,678	127,895
Accrued interest	72,704	55,916	128,620
Long-term liabilities:			
Portion due or payable within one year	376,228	415,052	791,280
Portion due or payable after one year	6,868,772	6,110,819	12,979,591
Total liabilities	8,014,380	6,888,855	14,903,235
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources related to pensions	57,139	38,484	95,623
Property taxes levied for future year	1,018,659	-	1,018,659
Total deferred inflows of resources	1,075,798	38,484	1,114,282
<b>Net position:</b>			
Net investment in capital assets	29,379,254	17,985,338	47,364,592
Restricted for:			
Debt service	199,127	331,743	530,870
Parks and recreation	836,722	-	836,722
Streets	601,736	-	601,736
Water and sewer improvements	-	318,186	318,186
Other purposes	-	7,600	7,600
Unrestricted	3,125,631	2,242,558	5,368,189
Total net position	<u>\$ 34,142,470</u>	<u>\$ 20,885,425</u>	<u>\$ 55,027,895</u>

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

# CITY OF CEDAR HILLS

## Statement of Activities Year Ended June 30, 2017

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	\$ 957,640	\$ 147,323	\$ -	\$ -	\$ (810,317)		\$ (810,317)
Public safety	1,158,970	186,590	71,395	5,942	(895,043)		(895,043)
Parks and recreation	1,857,780	1,211,239	18,689	38,033	(589,819)		(589,819)
Streets and public works	1,128,041	175,803	335,700	48,697	(567,841)		(567,841)
Solid waste and recycling	354,319	474,987	-	-	120,668		120,668
Interest on long-term debt	222,277	-	-	-	(222,277)		(222,277)
Total governmental activities	5,679,027	2,195,942	425,784	92,672	(2,964,629)		(2,964,629)
<b>Business-type activities:</b>							
Water and sewer	3,045,078	3,273,216	-	154,947	-	383,085	383,085
Total business-type activities	3,045,078	3,273,216	-	154,947	-	383,085	383,085
Total City	\$ 8,724,105	\$ 5,469,158	\$ 425,784	\$ 247,619	(2,964,629)	383,085	(2,581,544)
<b>General revenue:</b>							
Property taxes					1,171,228	-	1,171,228
Sales taxes					1,309,420	-	1,309,420
Franchise taxes					471,415	-	471,415
CARE taxes					34,151	-	34,151
Total taxes					2,986,214	-	2,986,214
Unrestricted investment earnings					54,665	31,020	85,685
Gain on sale of capital assets					600,171	-	600,171
<b>Transfers</b>					117,613	(117,613)	-
Total general revenue and transfers					3,758,663	(86,593)	3,672,070
Changes in net position					794,034	296,492	1,090,526
<b>Net position - beginning</b>					33,348,436	20,588,933	53,937,369
<b>Net position - ending</b>					\$ 34,142,470	\$ 20,885,425	\$ 55,027,895

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

# CITY OF CEDAR HILLS

## Balance Sheet Governmental Funds June 30, 2017

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 860,240	\$ 192,052	\$ -	\$ 2,279,712	\$ 3,332,004
Restricted cash and cash equivalents	-	-	51,161	1,584,005	1,635,166
Tax receivables	750,719	-	316,924	-	1,067,643
Intergovernmental receivables	328,478	-	-	5,495	333,973
Other receivables (net of allowance for uncollectibles)	108,441	-	-	-	108,441
Prepaid and Inventory items	26,763	42,265	-	-	69,028
Total assets	<u>\$ 2,074,641</u>	<u>\$ 234,317</u>	<u>\$ 368,085</u>	<u>\$ 3,869,212</u>	<u>\$ 6,546,255</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 255,054	\$ 59,250	\$ -	\$ 259,384	\$ 573,688
Accrued salaries, wages, and benefits	12,981	7,467	-	-	20,448
Other payables	96,769	-	-	-	96,769
Total liabilities	364,804	66,717	-	259,384	690,905
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable property tax revenues	10,622	-	4,735	-	15,357
Property taxes levied for future year	704,818	-	309,770	-	1,014,588
Total deferred inflows of resources	<u>715,440</u>	<u>-</u>	<u>314,505</u>	<u>-</u>	<u>1,029,945</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory and prepaid expenditures	26,763	42,265	-	-	69,028
Restricted for:					
Debt service	-	-	53,580	145,547	199,127
Parks and recreation	-	-	-	836,722	836,722
Streets and Public Works	-	-	-	601,736	601,736
Committed to:					
Parks and recreation	4,436	-	-	2,024,764	2,029,200
Streets and Public Works	-	-	-	1,059	1,059
Assigned to:					
Parks and recreation	-	125,335	-	-	125,335
Unassigned	963,198	-	-	-	963,198
Total fund balances	<u>994,397</u>	<u>167,600</u>	<u>53,580</u>	<u>3,609,828</u>	<u>4,825,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,074,641</u>	<u>\$ 234,317</u>	<u>\$ 368,085</u>	<u>\$ 3,869,212</u>	<u>\$ 6,546,255</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, 2017

<b>Total fund balances for governmental funds</b>		\$ 4,825,405
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	\$ 7,185,736	
Construction in progress	189,064	
Buildings, net of accumulated depreciation of \$1,155,780	4,867,331	
Improvements, net of accumulated depreciation of \$3,798,129	8,465,808	
Equipment, net of accumulated depreciation of \$225,880	129,903	
Infrastructure (roads and sidewalks), net of accumulated depreciation of \$1,339,448	<u>14,472,658</u>	35,310,500
Property taxes that will be collected after year end, but not available soon enough to pay current period's expenditures, and are therefore reported as deferred inflows.		11,286
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:		648,681
Internal balances:		(46,194)
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:		(72,704)
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 \$113,037	(5,233,037)	
Excise tax revenue bonds	(1,527,000)	
Deferred amount on refundings, net of accumulated amortization of \$304,373	543,571	
Net pension liability	(424,507)	
Deferred amount related to pensions	166,925	
Compensated absences payable	<u>(60,456)</u>	(6,534,504)
<b>Total net position of governmental activities</b>		<u><u>\$ 34,142,470</u></u>

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

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2017

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 811,684	\$ -	\$ 360,249	\$ -	\$ 1,171,933
Sales taxes	1,309,420	-	-	-	1,309,420
Franchise taxes	471,415	-	-	-	471,415
CARE taxes	-	-	-	34,151	34,151
Licenses and permits	196,014	-	-	-	196,014
Intergovernmental and grants	407,095	-	-	10,961	418,056
Charges for services	747,364	-	-	-	747,364
Fees	453,416	754,990	-	40,512	1,248,918
Investment earnings	16,501	1,733	-	36,431	54,665
Miscellaneous	41,326	21,522	-	10,706	73,554
Total revenues	4,454,235	778,245	360,249	132,761	5,725,490
<b>EXPENDITURES:</b>					
Current:					
General government	917,195	-	-	-	917,195
Public safety	1,158,970	-	-	-	1,158,970
Streets and public works	731,830	-	-	-	731,830
Solid waste and recycling	354,319	-	-	-	354,319
Parks and recreation	599,980	841,252	-	444,831	1,886,063
Debt service:					
Principal	-	-	230,000	117,000	347,000
Interest and fiscal charges	-	-	133,070	39,076	172,146
Capital outlay:					
Streets and public works	-	-	-	9,235	9,235
Parks and recreation	-	96,509	-	-	96,509
Total expenditures	3,762,294	937,761	363,070	610,142	5,673,267
Excess (deficiency) of revenues over (under) expenditures	691,941	(159,516)	(2,821)	(477,381)	52,223
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	-	-	-	641,108	641,108
Refunding excise tax revenue bonds issued	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Transfers in	14,500	147,000	50,000	590,226	801,726
Transfers out	(678,113)	-	-	(6,000)	(684,113)
Total other financing sources (uses)	(663,613)	147,000	50,000	1,225,334	758,721
Net change in fund balances	28,328	(12,516)	47,179	747,953	810,944
Fund balances - beginning	966,069	180,116	6,401	2,861,875	4,014,461
Fund balances - ending	\$ 994,397	\$ 167,600	\$ 53,580	\$ 3,609,828	\$ 4,825,405

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, 2017

**Net change in fund balances - total governmental funds** \$ 810,944

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	\$ 562,582	
Depreciation expense	<u>(829,291)</u>	(307,646)

Certain revenues (property taxes) that are collected several months after the City's fiscal year end are not considered as available revenues in the governmental funds and are, instead, counted as deferred revenues. They are however, recorded as revenues in the statement of activities. Also, any amount reported as unavailable at the beginning of the fiscal period that was already recognized as revenue would be eliminated. (705)

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	3,810	
Principal retirement of bonds and obligations under capital leases	347,000	
Amortization of bond premiums and discounts	13,191	
Amortization of deferred amounts on refundings	<u>(67,132)</u>	296,869

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

Compensated absence obligation		5,154
Net pension expense adjustment		(36,087)

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

		<u>25,505</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>794,034</u></b>

# CITY OF CEDAR HILLS

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 795,954	\$ 795,954	\$ 811,684	\$ 15,730
Sales taxes	1,207,000	1,207,000	1,309,420	102,420
Other	475,000	475,000	471,415	(3,585)
Total taxes	2,477,954	2,477,954	2,592,519	114,565
Licenses and permits	132,000	162,000	196,014	34,014
Intergovernmental and grants	370,400	370,400	407,095	36,695
Charges for services	1,048,800	1,118,800	1,200,780	81,980
Investment earnings	10,000	10,000	16,501	6,501
Miscellaneous	31,000	31,000	41,326	10,326
Total revenues	4,070,154	4,170,154	4,454,235	284,081
<b>Expenditures:</b>				
Current:				
General government	913,896	1,125,896	917,195	208,701
Public safety	1,151,086	1,151,086	1,158,970	(7,884)
Streets and public works	787,401	822,401	731,830	90,571
Solid waste and recycling	347,250	347,250	354,319	(7,069)
Parks and recreation	656,908	661,908	599,980	61,928
Total expenditures	3,856,541	4,108,541	3,762,294	346,247
Excess (deficiency) of revenues over (under) expenditures	213,613	61,613	691,941	630,328
<b>Other financing sources(uses):</b>				
Transfers in	14,500	14,500	14,500	-
Transfers out	(228,113)	(678,113)	(678,113)	-
Total other financing sources(uses)	(213,613)	(663,613)	(663,613)	-
Net change in fund balance	-	(602,000)	28,328	630,328
<b>Fund balances - beginning</b>	966,069	966,069	966,069	-
<b>Fund balances - ending</b>	\$ 966,069	\$ 364,069	\$ 994,397	\$ 630,328

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees	\$ 688,200	\$ 703,200	\$ 754,990	\$ 51,790
Investment Earnings	-	-	1,733	1,733
Miscellaneous	7,500	7,500	21,522	14,022
Total revenues	<u>695,700</u>	<u>710,700</u>	<u>778,245</u>	<u>67,545</u>
<b>EXPENDITURES</b>				
Parks and recreation	842,700	857,700	841,252	16,448
Capital outlay	96,509	96,509	96,509	-
Total expenditures	<u>939,209</u>	<u>954,209</u>	<u>937,761</u>	<u>16,448</u>
Excess of revenues over expenditures	(243,509)	(243,509)	(159,516)	83,993
Other financing sources:				
Transfers in	147,000	147,000	147,000	-
Total other financing sources	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>	<u>-</u>
Net change in fund balance	(96,509)	(96,509)	(12,516)	83,993
Fund balance at beginning of year	<u>180,116</u>	<u>180,116</u>	<u>180,116</u>	<u>-</u>
Fund balance at end of year	<u>\$ 83,607</u>	<u>\$ 83,607</u>	<u>\$ 167,600</u>	<u>\$ 83,993</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, 2017

	<u>Business-type Activities Enterprise Fund Water &amp; Sewer</u>	<u>Governmental Activities Internal Service Fund Motor Pool</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,501,617	\$ 352,758
Accounts receivable, net of allowance	235,923	-
Prepaid items	30,588	16,474
Total current assets	<u>2,768,128</u>	<u>369,232</u>
Noncurrent assets:		
Restricted cash and cash equivalents	657,529	-
Capital assets:		
Equipment	-	104,150
Vehicles	-	639,357
Water, sewer, and storm drain systems	30,096,774	-
Construction-in-progress	140,870	-
Accumulated depreciation	(9,556,939)	(458,287)
Water stock	3,311,559	-
Total noncurrent assets	<u>24,649,793</u>	<u>285,220</u>
Total assets	<u>27,417,921</u>	<u>654,452</u>
<b>Deferred Outflows of Resources:</b>		
Deferred outflows of resources relating to pensions	151,575	-
Deferred charge on refunding, net of amortization	197,074	-
Total deferred outflows of resources	<u>348,649</u>	<u>-</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	296,390	5,771
Accrued wages payable	10,678	-
Accrued interest payable	55,916	-
Notes payable - current	-	-
Compensated absences	18,052	-
Bonds payable - current	361,000	-
Total current liabilities	<u>742,036</u>	<u>5,771</u>
Noncurrent liabilities:		
Compensated absences	18,052	-
Net pension liability	285,767	-
Notes payable	-	-
Bonds payable, net of premium	5,843,000	-
Total noncurrent liabilities	<u>6,146,819</u>	<u>-</u>
Total liabilities	<u>6,888,855</u>	<u>5,771</u>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows of resources relating to pensions	38,484	-
Total deferred outflows of resources	<u>38,484</u>	<u>-</u>
<b>Net position:</b>		
Net investment in capital assets	17,985,338	285,220
Restricted for capital improvements	318,186	-
Restricted for debt service	331,743	-
Restricted for water shares	7,600	-
Unrestricted	2,196,364	363,461
Total net position	<u>\$ 20,839,231</u>	<u>\$ 648,681</u>
Total net position - enterprise funds	\$ 20,839,231	
An internal charge between the governmental and business-type activities is not recorded at the fund level	46,194	
Total net position - business-type activities	<u>\$ 20,885,425</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, 2017

	<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	\$ 3,273,216	\$ -
Motor pool	-	155,903
Miscellaneous	-	-
Total operating revenues	<u>3,273,216</u>	<u>155,903</u>
<b>Operating expenses:</b>		
Salaries, wages, and benefits	795,817	-
Materials, supplies and services	1,348,739	57,792
Other operating expenses	44,733	-
URS pension expense allocation	24,527	-
Amortization	29,782	-
Depreciation	640,787	89,509
Total operating expenses	<u>2,884,385</u>	<u>147,301</u>
Operating income (loss)	388,831	8,602
<b>Nonoperating revenues (expenses):</b>		
Interest income	31,020	-
Gain (loss) on sale of capital assets	-	37,372
Interest expense and fiscal charges	(181,162)	-
Total nonoperating revenues (expenses)	<u>(150,142)</u>	<u>37,372</u>
Income (loss) before transfers	238,689	45,974
<b>Capital contributions</b>	154,947	-
<b>Transfers in</b>	-	-
<b>Transfers out</b>	(117,613)	-
Changes in net position	<u>276,023</u>	<u>45,974</u>
<b>Total net position - beginning</b>	<u>20,563,208</u>	<u>602,707</u>
<b>Total net position - ending</b>	<u>\$ 20,839,231</u>	<u>\$ 648,681</u>
Change in net position - enterprise funds	\$ 276,023	
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	<u>20,469</u>	
Change in net position of business-type activities	<u>\$ 296,492</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, 2017

	<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	\$ 3,272,505	\$ 155,903
Payments to suppliers	(679,338)	(63,997)
Payments to employees	(810,844)	-
Intergovernmental payments	(662,774)	-
Net cash provided by operating activities	1,119,549	91,906
<b>Cash flows from noncapital financing activities:</b>		
Transfers out	(117,613)	-
Net cash used by noncapital financing activities	(117,613)	-
<b>Cash flows from capital and related financing activities:</b>		
Receipts from impact fees	29,378	-
Payments for acquisition of capital assets	(427,224)	(78,880)
Principal paid on capital debt	(411,000)	-
Proceeds from sale of capital assets	-	112,250
Interest paid on capital debt	(183,644)	-
Net cash used by capital and related financing activities	(992,490)	33,370
<b>Cash flows from investing activities:</b>		
Interest received	31,020	-
Net change in cash and cash equivalents	40,466	125,276
<b>Cash and cash equivalents - beginning</b>	<u>3,118,680</u>	<u>227,482</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 3,159,146</u>	<u>\$ 352,758</u>
Displayed on the statement of net position as:		
Pooled cash and investments	\$ 2,501,617	\$ 352,758
Restricted cash and investments	657,529	-
	<u>\$ 3,159,146</u>	<u>\$ 352,758</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 388,831	\$ 8,602
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
URS Pension expense allocation	24,527	-
Depreciation expense	640,787	89,509
Amortization expense	29,782	-
Changes in operating assets and liabilities:		
Accounts receivable	(711)	-
Prepaid items	(30,588)	(9,460)
Accounts payable	81,948	3,255
Accrued wages payable	(7,857)	-
Compensated absences payable	(7,170)	-
Total adjustments	730,718	83,304
Net cash provided by operating activities	\$ 1,119,549	\$ 91,906
<b>Noncash investing, capital, and financing activities:</b>		
Contributions of capital assets	\$ 125,569	\$ -

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, 2017

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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, 2017. 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, 2017

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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, 2017

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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, 2017

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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, class "C" road funds, 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 2016. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

### **Cash, Cash Equivalents and Investments**

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

### **Inventories and Prepaids**

Inventories of golf equipment held at the pro shop are valued at cost using the first-in/first-out (FIFO) method and the cost of inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **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.

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2017

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### 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, 2017, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at June 30, 2017 was \$11,337.

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 acquisition 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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

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resources (revenue) until that time. The government has levied property taxes for the future fiscal year and deferred inflows related to pensions, which qualifies for reporting in this category. Accordingly, the unavailable revenues, are 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.

### **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.

### **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), a five-member body,

# CITY OF CEDAR HILLS

## Notes to Financial Statements

June 30, 2017

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appointed by the Governor of the State, which exercises oversight of public deposits and investments. 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, 2017, \$250,000 of the City's bank balances were insured and \$543,263 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 & Poor's; 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.

### **Fair Value of Investments**

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and "brokered" or securitized certificates of deposit.

- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2017, the City had the following recurring fair value measurements.

Investments by fair value level	6/30/2017	Fair Value Measurements		
		Level 1	Level 2	Level 3
Moreton Asset Investments				
Agency	\$ 767,439	\$ 767,439	\$ -	\$ -
Corporate	1,258,484	-	1,258,484	-
MM fund	20,508	20,508	-	-
Total Moreton Asset Investments	2,046,431	787,947	1,258,484	-
U.S. Bank Trustee Investments				
First American Treasury Obligations	188,070	-	188,070	-
First American Government Obligation	143,673	-	143,673	-
US Bank Government Money Market	145,547	-	145,547	-
Total U.S. Bank Trustee Investments	477,290	-	477,290	-
PTIF	5,098,010	-	5,098,010	-
Total investments by fair value level	\$7,621,731	\$ 787,947	\$6,833,784	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a "consensus price" or a weighted average price for each security. Moreton Asset Management receives market prices for these securities from a variety of industry standard data providers (e.g. Bloomberg), security master files from large financial institutions, and other third-party sources. Moreton Asset Management uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, U.S. Agencies: quoted prices for identical securities in markets that are active.

Debt and equity securities classified in Level 2 are valued using the following approaches. Some securities have a structure that implies a standard expected market price. Examples include a floating-rate note with frequent resets that make it reasonable to expect the price to stay at par or an open ended money market fund expected to maintain a Net Asset Value of \$1 per share. These securities are priced at the expected market price.

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

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pricing based on the securities' relationship to benchmark quoted prices;

- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2017 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund; and,

The City also invests with Moreton Financial Advisors (Moreton). Moreton invests in money market funds, short and intermediate-term fixed income securities (including taxable, tax-exempt, or tax advantaged). Moreton meets the requirements of the Utah Money Management Act.

As of June 30, 2017, the City's fair value investments in Moreton were \$1,565 more than the amortized cost of \$2,043,866. The City's Moreton investment has been adjusted to show this increase in value. As of June 30, 2017, the City's \$2,045,431 investment with Moreton had a weighted average life of 1.520 years and average final maturity of 1.678 years.

As of June 30, 2017, the City's fair value investments in the PTIF were \$23,946 more than the amortized cost of \$5,074,064. The City's investments have been adjusted to show this increase in value. As of June 30, 2017, the City's \$5,098,010 investment in the PTIF had an average adjusted maturity of less than one year.

### 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.

Investment Type	Fair Value	Weighted-Average	
		Maturity (Years)	Credit Quality
Moreton Asset Management	\$ 2,046,431	1.520	A
U.S. Bank Trustee Investments			
First American Treasury Obligations	\$ 188,070	0.071	AAA
First American Government Obligations	\$ 143,673	0.093	AAA
US Bank Government Money Market	\$ 145,547	N/A	Not rated
PTIF	\$ 5,098,010	0.150	Not rated
Total	<u>\$ 7,621,731</u>		

The City's cash and cash equivalents include \$2,292,695 of restricted cash. The City has \$318,186 restricted for well & sewer improvements, \$1,438,458 restricted for impact fees, \$528,451 restricted for debt service, and \$7,600 for other purposes.

### NOTE 3 – WATER SHARES

At June 30, 2017, 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.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

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### NOTE 4 – ACCOUNTS RECEIVABLE

Net accounts receivable of \$235,923 for all proprietary funds includes an allowance for doubtful accounts of \$95,552. The City established an allowance for accounts that may not be collectible due to historical trends. Net accounts receivable of \$108,441 for the governmental funds includes an allowance for doubtful accounts of \$42,882.

### NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

The City has \$333,973 of intergovernmental receivables at June 30, 2017 in the governmental funds resulting from \$234,481 due in sales tax revenue, \$82,210 due in Class C Road Funds, \$11,787 in telecommunication taxes, and \$76 in CARE tax revenue.

### NOTE 6 – RISK MANAGEMENT

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

### NOTE 7 – INTERFUND ACTIVITY

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 14,500	\$ 678,113
Capital Projects Fund	590,226	6,000
Water & Sewer Fund	-	117,613
Golf Fund	147,000	
Golf Debt Service Fund	50,000	-
Total	<u>\$ 801,726</u>	<u>\$ 801,726</u>

During the year ended June 30, 2017, 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 \$434,000 was set aside to help fund pending parks projects in the capital improvements plan. \$78,113 was used for debt service on the Public Works/Admin. building. A transfer out of \$116,000 from the General fund to the Golf fund as an estimated operating subsidy. A transfer out of \$50,000 from the General fund to the Golf debt service fund to minimize the debt levy. A transfer out of the Capital Projects fund of \$6,000 for CARE tax related activities in the General fund. A transfer out of \$31,000 from the Water & Sewer Fund to the Golf fund was for a water & sewer subsidy. A \$8,500 transfer out of the Water and Sewer fund to the General fund was for a water & sewer subsidy related to park and open space. A transfer out of \$78,113 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, 2017

### NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 7,226,673	\$ -	\$ (40,937)	\$ 7,185,736
Construction in progress	-	189,064	-	189,064
Total capital assets not being depreciated	7,226,673	189,064	(40,937)	7,374,800
Capital assets being depreciated:				
Buildings	6,023,111	-	-	6,023,111
Improvements	12,017,419	246,518	-	12,263,937
Vehicles	680,714	78,880	(120,237)	639,357
Equipment	399,625	96,508	(36,200)	459,933
Infrastructure	15,781,614	30,492	-	15,812,106
Total capital assets being depreciated	34,902,483	452,398	(156,437)	35,198,444
Accumulated depreciation for:				
Buildings	(1,029,314)	(126,466)	-	(1,155,780)
Improvements	(3,501,868)	(296,261)	-	(3,798,129)
Vehicles	(397,207)	(76,490)	45,359	(428,338)
Equipment	(247,614)	(44,415)	36,200	(255,829)
Infrastructure	(964,280)	(375,168)	-	(1,339,448)
Total accumulated depreciation	(6,140,283)	(918,800)	81,559	(6,977,524)
Total capital assets being depreciated, net	28,762,200	(466,402)	(74,878)	28,220,920
Total governmental activity capital assets, net	<u>\$ 35,988,873</u>	<u>\$ (277,338)</u>	<u>\$ (115,815)</u>	<u>\$ 35,595,720</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Water Stock	\$ 3,311,559	\$ -	\$ -	\$ 3,311,559
Construction in progress	16,866	124,004	-	\$ 140,870
Total capital assets not being depreciated	3,328,425	124,004	-	\$ 3,452,429
Capital assets being depreciated:				
Water, sewer, and storm drain systems	29,669,243	427,531	-	\$ 30,096,774
Total capital assets being depreciated	29,669,243	427,531	-	\$ 30,096,774
Accumulated depreciation for:				
Water, sewer, and storm drain systems	(8,916,153)	(640,786)	-	\$ (9,556,939)
Total accumulated depreciation	(8,916,153)	(640,786)	-	\$ (9,556,939)
Total capital assets being depreciated, net	20,753,090	(213,255)	-	\$ 20,539,835
Total business-type activity capital assets, net	<u>\$ 24,081,515</u>	<u>\$ (213,255)</u>	<u>\$ -</u>	<u>\$ 23,992,264</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

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Governmental activities:

General government	\$ 59,193
Streets and public works	375,168
Parks and recreation	394,930
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	<u>89,509</u>
Total depreciation expense - governmental activities	<u><u>\$ 918,800</u></u>

Business-type activities:

Water and sewer	<u>\$ 640,786</u>
Total depreciation expense - business-type activities	<u><u>\$ 640,786</u></u>

### NOTE 9 – LONG-TERM DEBT

The legal general obligation debt limit for the City is \$57,992,408. The City had \$5,120,000 in general obligation debt and \$7,730,000 in other debt at June 30, 2017.

#### General Obligation Bonds

	<u>Governmental</u>	<u>Business-Type</u>
\$5,570,000 General Obligation Refunding Bond, Series 2012 due in annual installments on February 1 of \$230,000 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.	\$ 5,120,000	
Total general obligation bonds	<u>\$ 5,120,000</u>	<u>\$ -</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

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### Utility Revenue Bonds

\$2,090,000 Utility Revenue Bonds, Series 2007 due in annual installments on March 1 of \$102,000 to \$133,000. Interest at 2.71% due in annual installments on March 1, secured by utility revenues.

1,285,000

\$930,000 Utility Revenue Bonds, Series 2009 due in annual installments on March 1 of \$40,000 to \$70,000. Interest at 3.02% due in semi-annual payments on March 1 and September 1.

602,000

\$4,633,000 Utility Revenue Bonds, Series 2014 due in annual installments on March 1 of \$255,000 to \$364,000. Interest at 2.68% due in semi-annual payments on March 1 and September 1.

4,317,000

### Excise Tax Revenue Bonds

\$1,644,000 Excise Tax Revenue Bonds, Series 2015 due in annual installments on July 1 of \$68,000 to \$149,000. Interest at 2.37% due in semi-annual payments on January 1 and July 1, secured by the public works building.

1,527,000

Total revenue bonds

\$ 1,527,000

\$ 6,204,000

Total debt

\$ 6,647,000

\$ 6,204,000

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

Transactions for the year ended June 30, 2017 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Excise tax revenue bonds	\$ 1,644,000	\$ -	\$ (117,000)	\$ 1,527,000	\$ 116,000
General obligation bonds	5,350,000		(230,000)	5,120,000	230,000
Unamortized premiums	126,228		(13,191)	113,037	-
Net general obligation bonds	<u>5,476,228</u>	<u>-</u>	<u>(243,191)</u>	<u>5,233,037</u>	<u>230,000</u>
Net pension liability	376,524	47,983		424,507	-
Compensated absences	65,610	25,074	(30,228)	60,456	30,228
Total governmental activity long-term liabilities	<u>\$ 7,562,362</u>	<u>\$ 73,057</u>	<u>\$ (390,419)</u>	<u>\$ 7,245,000</u>	<u>\$ 376,228</u>
<b>Business-type activities:</b>					
Utility revenue bonds	6,615,000		(411,000)	6,204,000	397,000
Net pension liability	253,156	32,611		285,767	-
Compensated absences	36,656	17,500	(18,052)	36,104	18,052
Total business-type activity long-term liabilities	<u>\$ 6,904,812</u>	<u>\$ 50,111</u>	<u>\$ (429,052)</u>	<u>\$ 6,525,871</u>	<u>\$ 415,052</u>

Revenue bonds future debt service requirements:

Year Ending June 30,	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	Principal	Interest	Principal	Interest
2018	\$ 116,000	\$ 34,815	\$ 397,000	\$ 168,700
2019	121,000	32,007	418,000	157,893
2020	125,000	29,092	427,000	146,507
2021	124,000	26,141	442,000	134,878
2022	128,000	23,155	451,000	122,829
2023-2027	696,000	67,782	2,471,000	421,755
2028-2031	217,000	4,183	1,598,000	100,433
<b>Total</b>	<u>\$ 1,527,000</u>	<u>\$ 217,175</u>	<u>\$ 6,204,000</u>	<u>\$ 1,252,996</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

General obligation bonds future debt service requirements:

Year Ending June 30,	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	Principal	Interest	Principal	Interest
2018	\$ 230,000	\$ 128,120		
2019	240,000	123,520		
2020	240,000	118,720		
2021	250,000	113,920		
2022	250,000	106,420		
2023-2027	1,370,000	441,000		
2028-2032	1,520,000	285,160		
2033-2036	1,020,000	61,800		
<b>Total</b>	<b>\$ 5,120,000</b>	<b>\$ 1,378,660</b>	<b>\$ -</b>	<b>\$ -</b>

### NOTE 10 – NET POSITION

Net position at June 30, 2017 consisted of the following:

	<b>Governmental</b>	<b>Business-Type</b>
<b>Net investment in capital assets</b>		
Net capital assets	\$ 35,595,720	\$ 23,992,264
Less: Outstanding debt issued	(6,216,466)	(6,006,926)
Net investment in capital assets	<u>29,379,254</u>	<u>17,985,338</u>
<b>Restricted for:</b>		
Debt service	199,127	331,743
Parks and recreation	836,722	-
Streets	601,736	-
Water and sewer improvements	-	318,186
Other purposes	-	7,600
Total restricted net position	<u>1,637,585</u>	<u>657,529</u>
<b>Unrestricted net position</b>	<u>3,125,631</u>	<u>2,242,558</u>
Total net position	<u>\$ 34,142,470</u>	<u>\$ 20,885,425</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

### NOTE 11 – RETIREMENT PLANS/PENSIONS

The City contributes to the Local Governmental Noncontributory and Contributory Retirement Systems which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Tier 2 Contributory Retirement System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the URS, are members of the Tier 2 Retirement Systems. The Systems provide 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.

<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%

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

\* 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, 2017

**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	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System	N/A	14.91%	1.78%
111 - Local Governmental Division			
Noncontributory System	N/A	18.47%	N/A
15 - Local Governmental Division			
Tier 1			
Tier 2 DC Only	N/A	6.69%	10.00%
211 Local Government			

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

The City's contributions to the Noncontributory System for the years ending June 30, 2017, 2016, and 2015 were \$171,764, \$174,603, and \$167,592 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, 2017, 2016, and 2015 were \$26,113, \$23,972, and \$23,048 respectively. Contributions in Tier 2 systems are used to finance the unfunded liabilities in the Tier 1 systems.

Utah Retirement Systems (URS)	Proportionate Share	Net Pension Asset	Net Pension Liability
Contributory System	0.0191998%	\$0	\$2,142
111 - Local Governmental Division Tier 2			
Noncontributory System	0.1102801%	\$0	\$708,133
15 - Local Governmental Division Tier 1			
		Total \$0	\$710,275

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

At June 30, 2017, we reported a net pension asset of \$0 and a net pension liability of \$710,275.

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

and liability is equal to the ratio of the employer's actual contributions to URS during the plan year over the total of all employer contributions to the URS during the plan year. For the year ended June 30, 2017, we recognized pension expense of \$258,490.

At June 30, 2017, 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	\$15,382	\$21,048
Changes in assumptions	\$97,035	\$23,243
Net difference between projected and actual earnings on pension plan investments	\$158,186	\$46,911
Changes in proportion and differences between contributions and proportionate share of contributions	\$10,337	\$4,421
Contributions subsequent to the measurement date	\$94,698	\$0
<b>Total</b>	<b>\$375,639</b>	<b>\$95,623</b>

\$94,698 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, 2016. 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
2017	\$57,209
2018	\$57,823
2019	\$70,354
2020	\$(782)
2021	\$65
Thereafter	\$647

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.35-10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016, 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	2.60%
		Expected arithmetic nominal return	7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.20 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 pen-

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

sion plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from the 7.50 percent from the prior measurement period.

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 7.20 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:

System	1% Decrease	Discount Rate	1% Increase
Noncontributory System	\$1,466,784	\$708,133	\$75,081
Tier 2 Public Employees System	\$14,578	\$2,142	(\$7,319)
Total	\$1,481,362	\$710,275	\$67,762

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.

401(k) Plan	2017	2016	2015
Employer Contributions	\$4,113	\$2,879	\$2,742
Employee Contributions	\$23,154	\$24,915	\$21,239
<b>457 Plan</b>			
Employer Contributions	\$55,131	\$56,860	\$54,451
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2017

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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 2017.

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 2017. The city extended this lease during 2016 by 12 months to cover the cost of replacing batteries in June.

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>
2018	\$ 155,572	2028-2032	\$ 529,860
2019	105,972	2033-2037	529,860
2020	105,972	2038-2042	529,860
2021	105,972	2043-2047	482,123
2022	105,972		
2023-2027	529,860		
		<b>Total</b>	<b>\$ 3,181,023</b>



# REQUIRED SUPPLEMENTARY INFORMATION





# CITY OF CEDAR HILLS

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

<u>For the year ended December 31,</u>		<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll</u>	<u>Plan fiduciary net position as a percentage of its covered- employee payroll</u>
Noncontributory Retirement System						
	2014	0.1074806%	\$ 466,706	\$ 902,092	51.70%	90.2%
	2015	0.1112910%	629,739	929,189	67.77%	87.8%
	2016	0.1102801%	708,133	962,934	73.54%	87.3%
Tier 2 Public Employees Retirement System						
	2014	0.0254699%	(772)	\$ 125,018	-0.60%	103.5%
	2015	0.0268669%	(59)	173,564	-0.03%	100.2%
	2016	0.0191998%	2,142	157,454	1.36%	95.1%

Notes:

(1) Only three years of information were available from URS.

(2) Changes in Assumptions--The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

# CITY OF CEDAR HILLS

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

<u>For the fiscal year ended June 30,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
Noncontributory Retirement System					
2014	\$ 156,017	\$ 156,017	\$ -	\$ 902,353	17.29%
2015	167,592	167,592	-	907,374	18.47%
2016	174,603	174,603	-	945,336	18.47%
2017	171,764	171,764	-	934,916	18.37%
Tier 2 Public Employees Retirement System (1)					
2014	\$ 15,273	\$ 15,273	\$ -	\$ 110,127	13.87%
2015	23,048	23,048	-	154,280	14.94%
2016	23,972	23,972	-	160,768	14.91%
2017	26,113	26,113	-	175,139	14.91%

Note(s):

- (1) Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 retirement systems. Tier 2 retirement systems were created effective July 1, 2011.
- (2) Only four years of information were available from Utah Retirement Systems.
- (3) Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administratives.
- (4) Changes in Assumptions--The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

# SUPPLEMENTARY INFORMATION





# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 700,654	\$ 700,654	\$ 706,213	\$ 5,559
Delinquent property taxes	20,000	20,000	26,885	6,885
Penalty & interest on property taxes	300	300	915	615
Motor vehicle taxes	75,000	75,000	77,671	2,671
Sales taxes	1,207,000	1,207,000	1,309,420	102,420
Franchise taxes	405,000	405,000	399,090	(5,910)
Telecom taxes	70,000	70,000	72,325	2,325
Total	2,477,954	2,477,954	2,592,519	114,565
Licenses and permits				
Building permits	50,000	65,000	84,787	19,787
Plan check fees	25,000	40,000	65,672	25,672
Other licenses and permits	57,000	57,000	45,555	(11,445)
Total	132,000	162,000	196,014	34,014
Intergovernmental revenue				
Lone Peak Public Safety District rent income	57,300	57,300	58,252	952
Emergency Management Grant	7,500	7,500	7,500	-
Class C Roads allotments	300,000	300,000	335,700	35,700
Liquor fund allotments	5,600	5,600	5,643	43
Total	370,400	370,400	407,095	36,695
Fees				
Garbage fees	394,000	394,000	407,448	13,448
Recycling fees	60,000	60,000	67,540	7,540
Paramedic fees	180,000	180,000	186,590	6,590
Passports	-	50,000	61,864	11,864
Other	15,300	15,300	23,922	8,622
Total	649,300	699,300	747,364	48,064
Recreation and culture revenue				
Family festival income	30,000	30,000	36,787	6,787
Youth City Council	-	-	175	175
Community Arts	-	-	1,964	1,964
Recreation programs	115,000	135,000	155,149	20,149
Recreation Classes	14,000	14,000	11,082	(2,918)
Event center rentals and concessions	236,000	236,000	241,427	5,427
Park Reservations	4,500	4,500	6,832	2,332
Total	399,500	419,500	453,416	33,916
Miscellaneous revenues				
Interest earnings	10,000	10,000	16,501	6,501
Other revenue	31,000	31,000	41,326	10,326
Total	41,000	41,000	57,827	16,827
Total revenues	4,070,154	4,170,154	4,454,235	284,081

(Continued)

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Continued) General Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Mayor & council	74,597	74,597	66,855	7,742
Administrative operations	275,025	280,025	246,888	33,137
City Recorder	66,323	66,323	62,988	3,335
Finance	178,069	178,069	166,884	11,185
Other materials, supplies, and contracted services	319,882	526,882	373,580	153,302
Total	<u>913,896</u>	<u>1,125,896</u>	<u>917,195</u>	<u>208,701</u>
Public safety				
Police department	406,368	406,368	405,894	474
Fire department	683,185	683,185	693,985	(10,800)
Other	61,533	61,533	59,091	2,442
Total	<u>1,151,086</u>	<u>1,151,086</u>	<u>1,158,970</u>	<u>(7,884)</u>
Streets and public works				
Building and zoning	139,406	169,406	136,288	33,118
Public works	292,995	297,995	266,893	31,102
Streets	355,000	355,000	328,649	26,351
Total	<u>787,401</u>	<u>822,401</u>	<u>731,830</u>	<u>90,571</u>
Solid waste and recycling				
Solid Waste	295,000	290,000	296,521	(6,521)
Recycling	50,000	55,000	57,574	(2,574)
Other	2,250	2,250	224	2,026
Total	<u>347,250</u>	<u>347,250</u>	<u>354,319</u>	<u>(7,069)</u>
Parks and recreation				
Parks	193,512	193,512	176,256	17,256
Community services	446,396	451,396	411,479	39,917
Library	17,000	17,000	12,245	4,755
Total	<u>656,908</u>	<u>661,908</u>	<u>599,980</u>	<u>61,928</u>
Total expenditures	<u>3,856,541</u>	<u>4,108,541</u>	<u>3,762,294</u>	<u>346,247</u>
Excess of revenues over expenditures	213,613	61,613	691,941	630,328
Other financing sources(uses)				
Transfers in	14,500	14,500	14,500	-
Transfers out	(228,113)	(678,113)	(678,113)	-
Total other financing sources(uses)	<u>(213,613)</u>	<u>(663,613)</u>	<u>(663,613)</u>	<u>-</u>
Net change in fund balance	-	(602,000)	28,328	630,328
Fund balance at beginning of year	<u>966,069</u>	<u>966,069</u>	<u>966,069</u>	<u>-</u>
Fund balance at end of year	<u>\$ 966,069</u>	<u>\$ 364,069</u>	<u>\$ 994,397</u>	<u>\$ 630,328</u>

\*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 Balances - Budget and Actual Golf Special Revenue Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees:				
Green Fees	\$ 560,000	\$ 560,000	\$ 561,636	\$ 1,636
Practice Range	25,000	25,000	26,152	1,152
Pro shop	62,200	62,200	84,065	21,865
Concessions	2,000	2,000	7,585	5,585
Season passes	39,000	54,000	75,552	21,552
Investment earnings	-	-	1,733	1,733
Other	7,500	7,500	21,522	14,022
Total revenues	<u>695,700</u>	<u>710,700</u>	<u>778,245</u>	<u>67,545</u>
<b>EXPENDITURES</b>				
Parks and recreation				
Salaries, wages, and employee benefits	450,380	450,380	416,616	33,764
Materials, supplies, and services	392,320	407,320	424,636	(17,316)
Capital outlay	96,509	96,509	96,509	-
Total	<u>939,209</u>	<u>954,209</u>	<u>937,761</u>	<u>16,448</u>
Excess of revenues over expenditures	(243,509)	(243,509)	(159,516)	83,993
Other financing sources:				
Transfers in	147,000	147,000	147,000	-
Total other financing sources	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>	<u>-</u>
Net change in fund balance	(96,509)	(96,509)	(12,516)	83,993
Fund balance at beginning of year	<u>180,116</u>	<u>180,116</u>	<u>180,116</u>	<u>-</u>
Fund balance at end of year	<u>\$ 83,607</u>	<u>\$ 83,607</u>	<u>\$ 167,600</u>	<u>\$ 83,993</u>

\*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 Balances - Budget and Actual Golf Debt Service Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 309,770	\$ 309,770	\$ 311,856	\$ 2,086
Delinquent property taxes	12,000	12,000	13,405	1,405
Penalty & Interest on property taxes	300	300	365	65
Motor vehicle taxes	31,000	31,000	34,623	3,623
Total revenues	<u>353,070</u>	<u>353,070</u>	<u>360,249</u>	<u>7,179</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	230,000	230,000	230,000	-
Interest	132,720	132,720	132,720	-
Trustee fees	350	350	350	-
Total expenditures	<u>363,070</u>	<u>363,070</u>	<u>363,070</u>	<u>-</u>
Excess of revenues over expenditures	(10,000)	(10,000)	(2,821)	7,179
Other financing sources:				
Transfers in	-	50,000	50,000	-
Total other financing sources	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	(10,000)	40,000	47,179	7,179
Fund balance at beginning of year	<u>6,401</u>	<u>6,401</u>	<u>6,401</u>	<u>-</u>
Fund balance at end of year	<u>\$ (3,599)</u>	<u>\$ 46,401</u>	<u>\$ 53,580</u>	<u>\$ 7,179</u>

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Capital Projects Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees:				
Park development	\$ 11,280	\$ 11,280	\$ 27,072	\$ 15,792
Public safety	5,320	5,320	5,941	621
Streets	15,623	15,623	7,499	(8,124)
CARE taxes	40,000	40,000	34,151	(5,849)
Investment earnings	15,000	15,000	36,431	21,431
Grant revenues	5,000	5,000	10,961	5,961
Other	21,500	21,500	10,706	(10,794)
Total revenues	<u>113,723</u>	<u>113,723</u>	<u>132,761</u>	<u>19,038</u>
<b>EXPENDITURES</b>				
Streets and public works	555,000	555,000	9,235	545,765
Parks and recreation	3,206,049	3,471,049	444,831	3,026,218
Debt service:				
Principal	117,000	117,000	117,000	-
Interest	37,576	37,576	37,576	-
Trustee fees and other charges	1,650	1,650	1,500	150
Total expenditures	<u>3,917,275</u>	<u>4,182,275</u>	<u>610,142</u>	<u>3,572,133</u>
Excess (deficiency) of revenues over expenditures	(3,803,552)	(4,068,552)	(477,381)	3,591,171
Other financing sources				
Proceeds from sale of capital assets	-	520,000	641,108	121,108
General obligation bonds issued	1,020,000	1,020,000	-	(1,020,000)
Transfers in	190,226	590,226	590,226	-
Transfers out	(6,000)	(6,000)	(6,000)	-
Total other financing sources	<u>1,204,226</u>	<u>2,124,226</u>	<u>1,225,334</u>	<u>(898,892)</u>
Net change in fund balances	(2,599,326)	(1,944,326)	747,953	2,692,279
Fund balance at beginning of year	<u>2,861,875</u>	<u>2,861,875</u>	<u>2,861,875</u>	<u>-</u>
Fund balance at end of year	<u>\$ 262,549</u>	<u>\$ 917,549</u>	<u>\$ 3,609,828</u>	<u>\$ 2,692,279</u>

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

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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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 11,244,557	\$ 11,143,031	\$ 10,475,412	\$ 10,317,082
Restricted	5,142,430	5,699,688	4,906,151	4,164,309
Unrestricted	1,852,484	1,506,908	2,935,231	3,374,792
Total governmental activities net position	<u>\$ 18,239,471</u>	<u>\$ 18,349,627</u>	<u>\$ 18,316,794</u>	<u>\$ 17,856,183</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 20,716,646	\$ 21,235,285	\$ 23,270,251	\$ 23,255,396
Restricted	870,032	794,792	1,199,087	864,268
Unrestricted	1,411,550	1,747,769	(402,699)	(219,254)
Total business-type activities net position	<u>\$ 22,998,228</u>	<u>\$ 23,777,846</u>	<u>\$ 24,066,639</u>	<u>\$ 23,900,410</u>
<b>Total City:</b>				
Net investment in capital assets	\$ 31,961,203	\$ 32,378,316	\$ 33,745,663	\$ 33,572,478
Restricted	6,012,462	6,494,480	6,105,238	5,028,577
Unrestricted	3,264,034	3,254,677	2,532,532	3,155,538
Total City net position	<u>\$ 41,237,699</u>	<u>\$ 42,127,473</u>	<u>\$ 42,383,433</u>	<u>\$ 41,756,593</u>

Source: City statement of net position at June 30, 2008 through 2017.

Notes: (1) For 2013-2017, 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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 10,666,004	\$ 18,017,027	\$ 17,995,931	\$ 29,460,264	\$ 29,479,348	\$ 29,379,254
1,449,079	1,601,342	1,754,107	1,811,582	1,748,889	1,637,585
3,887,521	1,069,322	1,177,319	1,424,099	2,120,199	3,125,631
<u>\$ 16,002,604</u>	<u>\$ 20,687,691</u>	<u>\$ 20,927,357</u>	<u>\$ 32,695,945</u>	<u>\$ 33,348,436</u>	<u>\$ 34,142,470</u>
\$ 25,597,441	\$ 17,852,968	\$ 17,576,369	\$ 17,308,394	\$ 17,693,371	\$ 17,985,338
652,446	615,784	586,496	687,374	626,271	657,529
(548,598)	1,328,300	1,850,787	1,879,369	2,269,291	2,242,558
<u>\$ 25,701,289</u>	<u>\$ 19,797,052</u>	<u>\$ 20,013,652</u>	<u>\$ 19,875,137</u>	<u>\$ 20,588,933</u>	<u>\$ 20,885,425</u>
\$ 36,263,445	\$ 35,869,995	\$ 35,572,300	\$ 46,768,658	\$ 47,172,719	\$ 47,364,592
2,101,525	2,217,126	2,340,603	2,498,956	2,375,160	2,295,114
3,338,923	2,397,622	3,028,106	3,303,468	4,389,490	5,368,189
<u>\$ 41,703,893</u>	<u>\$ 40,484,743</u>	<u>\$ 40,941,009</u>	<u>\$ 52,571,082</u>	<u>\$ 53,937,369</u>	<u>\$ 55,027,895</u>

# CITY OF CEDAR HILLS

## Changes in Net Position

### Last Ten Years

(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 2,111,097	\$ 2,179,488	\$ 2,073,764	\$ 2,191,800
Public safety	495,569	580,522	575,232	775,455
Parks and recreation	327,239	466,877	409,000	454,437
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Interest on long-term debt	130,145	106,149	107,013	103,491
Total governmental activities	<u>3,064,050</u>	<u>3,333,036</u>	<u>3,165,009</u>	<u>3,525,183</u>
Business-type activities:				
Water and sewer	2,025,766	2,157,725	2,511,875	2,890,749
Golf Course	1,252,222	1,217,445	1,238,869	1,258,176
Total business-type activities	<u>3,277,988</u>	<u>3,375,170</u>	<u>3,750,744</u>	<u>4,148,925</u>
Total City expenses	<u>\$ 6,342,038</u>	<u>\$ 6,708,206</u>	<u>\$ 6,915,753</u>	<u>\$ 7,674,108</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	\$ 637,265	\$ 541,033	\$ 546,041	\$ 557,656
Public safety	-	-	-	-
Parks and recreation	50,672	82,324	45,439	68,383
Streets and public works	-	-	-	-
Solid waste and recycling	-	-	-	-
Operating grants and contributions	256,189	229,689	246,682	263,084
Capital grants and contributions	668,005	50,107	164,526	95,999
Total governmental activities	<u>1,612,131</u>	<u>903,153</u>	<u>1,002,688</u>	<u>985,122</u>
Business-type activities:				
Charges for services:				
Water and sewer	2,016,177	2,050,184	2,383,938	2,634,734
Golf Course	800,274	750,734	679,970	651,211
Capital grants and contributions	105,175	161,300	62,986	22,590
Total business-type activities	<u>2,921,626</u>	<u>2,962,218</u>	<u>3,126,894</u>	<u>3,308,535</u>
Total City program revenues	<u>\$ 4,533,757</u>	<u>\$ 3,865,371</u>	<u>\$ 4,129,582</u>	<u>\$ 4,293,657</u>

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	1,311,205	\$ 1,033,196	\$ 938,806	\$ 838,231	\$ 807,242	\$ 957,640
	888,591	1,050,218	1,109,591	1,158,157	1,168,200	1,158,970
	495,620	1,941,304	1,721,870	1,733,589	1,827,222	1,857,780
	785,921	681,059	840,146	710,455	1,070,747	1,128,041
	258,396	330,845	324,306	328,097	350,724	354,319
	104,271	229,323	287,398	274,907	245,326	222,277
	<u>3,844,004</u>	<u>5,265,945</u>	<u>5,222,117</u>	<u>5,043,436</u>	<u>5,469,461</u>	<u>5,679,027</u>
	2,965,490	2,844,998	2,851,845	3,021,152	3,063,328	3,045,078
	1,423,647	-	-	-	-	-
	<u>4,389,137</u>	<u>2,844,998</u>	<u>2,851,845</u>	<u>3,021,152</u>	<u>3,063,328</u>	<u>3,045,078</u>
\$	<u><u>8,233,141</u></u>	<u><u>\$ 8,110,943</u></u>	<u><u>\$ 8,073,962</u></u>	<u><u>\$ 8,064,588</u></u>	<u><u>\$ 8,532,789</u></u>	<u><u>\$ 8,724,105</u></u>
\$	55,225	\$ 81,268	\$ 72,655	\$ 134,131	\$ 98,178	\$ 147,323
	184,564	178,920	179,774	182,245	184,400	186,590
	172,664	931,638	1,026,940	1,168,713	1,186,748	1,211,239
	93,972	188,885	126,207	131,933	247,480	175,803
	410,158	415,384	446,711	454,150	463,175	474,987
	302,851	335,876	351,394	376,386	380,710	425,784
	11,307	138,320	278,679	47,911	344,932	92,672
	<u>1,230,741</u>	<u>2,270,291</u>	<u>2,482,360</u>	<u>2,495,468</u>	<u>2,905,623</u>	<u>2,714,398</u>
	2,754,599	2,899,399	3,077,340	3,155,808	3,552,420	3,273,216
	704,056	-	-	-	-	-
	-	-	85,146	34,161	321,142	154,947
	<u>3,458,655</u>	<u>2,899,399</u>	<u>3,162,486</u>	<u>3,189,969</u>	<u>3,873,562</u>	<u>3,428,163</u>
\$	<u><u>4,689,396</u></u>	<u><u>\$ 5,169,690</u></u>	<u><u>\$ 5,644,846</u></u>	<u><u>\$ 5,685,437</u></u>	<u><u>\$ 6,779,185</u></u>	<u><u>\$ 6,142,561</u></u>

## CITY OF CEDAR HILLS

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

(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Net (expense) revenue:</b>				
Governmental activities	\$ (1,451,919)	\$ (2,429,883)	\$ (2,162,321)	\$ (2,540,061)
Business-type activities	(356,362)	(412,952)	(623,850)	(840,390)
Total City net (expense) revenue	<u>\$ (1,808,281)</u>	<u>\$ (2,842,835)</u>	<u>\$ (2,786,171)</u>	<u>\$ (3,380,451)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 944,820	\$ 939,554	\$ 872,432	\$ 835,359
Sales taxes	825,890	825,298	933,049	987,371
Franchise taxes	405,318	432,005	446,750	471,635
CARE taxes	-	-	-	-
Investment earnings	302,636	136,713	42,212	34,844
Miscellaneous	63,086	92,899	36,948	45,286
Transfers	15,465	113,570	-	(295,045)
Total governmental activities	2,557,215	2,540,039	2,331,391	2,079,450
Business-type activities:				
Investment earnings	118,019	56,454	10,764	6,963
Property taxes	386,945	385,195	385,260	398,339
Miscellaneous	-	864,491	21,463	(26,187)
Transfers	(15,465)	(113,570)	-	295,045
Total business-type activities	489,499	1,192,570	417,487	674,160
Total City general revenues and other changes in net position	<u>\$ 3,046,714</u>	<u>\$ 3,732,609</u>	<u>\$ 2,748,878</u>	<u>\$ 2,753,610</u>
<b>Changes in Net Position:</b>				
Governmental activities	\$ 1,105,296	\$ 110,156	\$ 169,070	\$ (460,611)
Business-type activities	133,137	779,618	(206,363)	(166,230)
Total City changes in net position	<u>\$ 1,238,433</u>	<u>\$ 889,774</u>	<u>\$ (37,293)</u>	<u>\$ (626,841)</u>

Source City of Cedar Hills statements of activities for years ended June 30, 2008 through 2017.

Notes: For 2013-2017, the City's golf related activities were reclassified from business-type activities to governmental activities in the category parks and recreation.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ (2,613,263)	\$ (2,995,654)	\$ (2,739,757)	\$ (2,547,968)	\$ (2,563,838)	\$ (2,964,629)
(930,482)	54,401	310,641	168,817	810,234	383,085
<u>\$ (3,543,745)</u>	<u>\$ (2,941,253)</u>	<u>\$ (2,429,116)</u>	<u>\$ (2,379,151)</u>	<u>\$ (1,753,604)</u>	<u>\$ (2,581,544)</u>
\$ 870,913	\$ 1,208,155	\$ 1,160,816	\$ 1,106,380	\$ 1,152,914	\$ 1,171,228
1,050,315	1,112,911	1,159,524	1,213,288	1,248,838	1,309,420
462,371	497,713	503,111	474,814	486,996	471,415
35,949	38,828	41,154	43,552	43,757	34,151
35,810	22,451	13,314	15,316	46,981	54,665
-	-	-	-	120,811	600,171
(2,325,675)	43,850	101,503	118,356	116,032	117,613
129,683	2,923,908	2,979,422	2,971,706	3,216,329	3,758,663
8,823	9,600	7,461	9,351	19,594	31,020
396,862	-	-	-	-	-
-	-	-	-	-	-
2,325,675	(43,850)	(101,503)	(118,356)	(116,032)	(117,613)
2,731,360	(34,250)	(94,042)	(109,005)	(96,438)	(86,593)
<u>\$ 2,861,043</u>	<u>\$ 2,889,658</u>	<u>\$ 2,885,380</u>	<u>\$ 2,862,701</u>	<u>\$ 3,119,891</u>	<u>\$ 3,672,070</u>
\$ (2,483,580)	\$ (71,746)	\$ 239,665	\$ 423,738	\$ 652,491	\$ 794,034
1,800,878	20,151	216,599	59,812	713,796	296,492
<u>\$ (682,702)</u>	<u>\$ (51,595)</u>	<u>\$ 456,264</u>	<u>\$ 483,550</u>	<u>\$ 1,366,287</u>	<u>\$ 1,090,526</u>

**CITY OF CEDAR HILLS**

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

*(modified accrual basis of accounting)*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund:				
Nonspendable				
Inventory and prepaid	\$ -	\$ -	\$ 27,880	\$ 21,904
Restricted	832,633	349,505	381,509	192,957
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	523,327	1,114,841	461,547	709,202
Total general fund	<u>\$ 1,355,960</u>	<u>\$ 1,464,346</u>	<u>\$ 870,936</u>	<u>\$ 924,063</u>
All other governmental funds:				
Nonspendable				
Inventory and prepaid	\$ -	\$ -	\$ -	\$ 12,957
Restricted	4,819,057	4,517,848	4,524,642	3,971,352
Committed	-	-	-	-
Assigned	1,221,244	1,631,612	2,497,858	2,663,720
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 6,040,301</u>	<u>\$ 6,149,460</u>	<u>\$ 7,022,500</u>	<u>\$ 6,648,029</u>
Total Fund Balances - Government Funds	<u>\$ 7,396,261</u>	<u>\$ 7,613,806</u>	<u>\$ 7,893,436</u>	<u>\$ 7,572,092</u>

Source: City of Cedar Hills balance sheets - governmental funds at December 31, 2008 through 2017.

Notes: For 2013-2017, the City's Golf fund balances were reclassified to governmental funds from enterprise funds.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 13,193	\$ 4,328	\$ 612	\$ 3,882	\$ 453	\$ 26,763
83,421	73,051	1,074	1,498	-	-
-	-	-	-	2,297	4,436
-	24,000	-	-	-	-
647,847	801,629	1,008,320	1,195,767	963,319	963,198
<u>\$ 744,461</u>	<u>\$ 903,008</u>	<u>\$ 1,010,006</u>	<u>\$ 1,201,147</u>	<u>\$ 966,069</u>	<u>\$ 994,397</u>
\$ -	\$ 27,373	\$ 34,782	\$ 35,957	\$ 37,138	\$ 42,265
1,365,658	1,528,291	1,753,033	1,810,084	1,748,889	1,637,585
-	-	-	-	1,119,387	2,025,823
2,558,022	358,411	210,944	516,947	142,978	125,335
-	(63,782)	(12,789)	-	-	-
<u>\$ 3,923,680</u>	<u>\$ 1,850,293</u>	<u>\$ 1,985,970</u>	<u>\$ 2,362,988</u>	<u>\$ 3,048,392</u>	<u>\$ 3,831,008</u>
<u>\$ 4,668,141</u>	<u>\$ 2,753,301</u>	<u>\$ 2,995,976</u>	<u>\$ 3,564,135</u>	<u>\$ 4,014,461</u>	<u>\$ 4,825,405</u>

# CITY OF CEDAR HILLS

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

(modified accrual basis of accounting)

	2008	2009	2010	2011
<b>Revenues:</b>				
Taxes	\$ 2,176,028	\$ 2,205,691	\$ 2,252,232	\$ 2,294,365
Licenses and permits	153,601	71,116	83,834	70,245
Intergovernmental	256,189	229,690	246,682	263,084
Charges for services	483,664	469,917	462,207	487,410
Fees (2)	718,677	132,431	199,420	158,773
Investment earnings	302,636	136,714	42,212	34,844
Miscellaneous	45,462	88,817	35,816	44,161
Total revenues	<u>4,136,257</u>	<u>3,334,376</u>	<u>3,322,403</u>	<u>3,352,882</u>
<b>Expenditures:</b>				
General government	1,470,336	1,626,477	1,535,270	1,438,114
Public Safety	495,569	558,750	575,232	775,455
Streets and public works	268,580	323,803	281,177	501,945
Solid waste and recycling	-	-	-	-
Parks and recreation (2)	260,954	330,697	262,750	291,084
Capital Outlay	781,646	61,960	124,612	96,182
Debt Service:				
Principal retirement (2)	232,000	95,000	95,000	100,000
Interest and fiscal charges (2)	126,537	113,823	108,612	105,147
Total expenditures	<u>3,635,622</u>	<u>3,110,510</u>	<u>2,982,653</u>	<u>3,307,927</u>
Excess of revenues over (under) expenditures	500,635	223,866	339,750	44,955
<b>Other financing sources (uses):</b>				
Proceeds from the sale of capital assets	-	-	-	-
Refunding bond issued	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	531,906	152,963	1,026,067	171,858
Transfers out	(601,952)	(161,248)	(1,086,189)	(538,159)
Total other financing sources (uses)	<u>(70,046)</u>	<u>(8,285)</u>	<u>(60,122)</u>	<u>(366,301)</u>
Net change in fund balances	<u>\$ 430,589</u>	<u>\$ 215,581</u>	<u>\$ 279,628</u>	<u>\$ (321,346)</u>
Debt service as a percentage of noncapital expenditures	12.08%	6.79%	6.97%	6.28%

Source: City of Cedar Hills statements of revenues, expenditures, and changes in fund balances - governmental funds for years ending December 31, 2008 through 2017.

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

(2) For 2013-2017, 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>2012(1)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 2,384,551	\$ 2,857,607	\$ 2,864,605	\$ 2,838,034	\$ 2,920,514	\$ 2,986,919
73,247	94,298	157,245	107,277	271,224	196,014
314,159	335,341	342,878	363,695	371,973	418,056
589,552	596,519	628,459	638,910	672,927	747,364
220,218	1,070,494	1,314,135	1,205,339	1,261,977	1,248,918
35,810	22,451	13,314	15,316	46,981	54,665
33,565	173,639	39,643	100,210	61,268	73,554
3,651,102	5,150,349	5,360,279	5,268,781	5,606,864	5,725,490
1,220,417	955,226	853,322	810,407	1,003,621	917,195
888,591	1,050,218	1,109,591	1,158,157	1,168,200	1,158,970
653,114	531,545	720,469	615,697	701,674	731,830
258,396	330,845	324,306	328,097	350,724	354,319
346,546	1,423,547	1,291,224	1,359,356	1,448,810	1,886,063
191,747	285,461	339,837	30,881	28,350	105,744
465,000	280,000	275,000	285,000	295,000	347,000
109,567	233,969	241,283	231,383	214,440	172,146
4,133,378	5,090,811	5,155,032	4,818,978	5,210,819	5,673,267
(482,276)	59,538	205,247	449,803	396,045	52,223
-	-	-	-	120,811	641,108
-	5,570,000	-	-	1,644,000	-
-	179,471	-	-	-	-
-	(5,559,871)	-	-	(1,826,562)	-
422,303	2,456,058	565,481	611,076	902,564	801,726
(2,843,978)	(2,487,208)	(528,053)	(492,720)	(786,532)	(684,113)
(2,421,675)	158,450	37,428	118,356	54,281	758,721
\$ (2,903,951)	\$ 217,988	\$ 242,675	\$ 568,159	\$ 450,326	\$ 810,944
14.45%	10.63%	10.64%	10.78%	10.35%	10.16%

# 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>
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	747,083,218	40,313,931	336,187,448	451,209,701	57.30%	787,397,149	0.002315
2016	793,101,018	47,064,503	356,895,458	483,270,063	57.52%	840,165,521	0.002186
2017	N/A	N/A	N/A	N/A	N/A	N/A	0.002024

Source(s): Utah State Tax Commission--Entity Year-End Value Reports. Values 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
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%	49,352	1,106,211	100.00%
2012	1,094,613	1,049,661	95.89%	44,951	1,094,613	100.00%
2013	1,052,887	1,002,033	95.17%	50,406	1,052,439	99.96%
2014	947,474	940,148	99.23%	6,425	946,573	99.90%
2015	995,035	987,820	99.27%	3,507	991,328	99.63%
2016	1,005,624	999,343	99.38%	-	999,343	99.38%
2017	1,014,588	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 City's proposed tax levy. The 2017 property tax levy collections were not available.
- (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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>City rates:</b>				
General operations	0.001690	0.001690	0.001856	0.001957
Interest and sinking fund	0.000906	0.001078	0.001138	0.001196
	<u>0.002596</u>	<u>0.002768</u>	<u>0.002994</u>	<u>0.003153</u>
<b>Utah County rates:</b>				
General operations	0.000632	0.000682	0.000747	0.000793
Interest and sinking fund	0.000082	0.000093	0.000072	0.000045
Other	0.000095	0.000103	0.000289	0.000305
Assessing and collecting	0.000296	0.000325	0.000186	0.000199
	<u>0.001105</u>	<u>0.001203</u>	<u>0.001294</u>	<u>0.001342</u>
<b>Alpine School district rates:</b>				
Tort liability	0.000020	0.000020	0.000023	0.000025
Recreation	0.000100	0.000097	0.000109	0.000117
Transportation	0.000123	0.000122	0.000137	0.000148
Leeway	0.000391	0.000400	0.000400	0.000431
Other	0.000718	0.000743	0.000836	0.000494
Capital	0.000349	0.000368	0.000415	0.000850
GO bond payments	0.002638	0.002758	0.003205	0.003437
Levy	0.002718	0.003033	0.003095	0.003310
	<u>0.007057</u>	<u>0.007541</u>	<u>0.008220</u>	<u>0.008812</u>
<b>Central Utah Water Conservancy District rate:</b>				
Water conservancy	0.000286	0.000400	0.000421	0.000436
<b>North Utah County Water Conservancy district rate:</b>				
Water conservancy	0.000022	0.000022	0.000024	0.000026
	<u>0.011066</u>	<u>0.011934</u>	<u>0.012953</u>	<u>0.013769</u>

Source: website--[www.taxrates.utah.gov](http://www.taxrates.utah.gov)

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
0.001994	0.001922	0.001703	0.001594	0.001512	0.001406
0.001189	0.000951	0.000707	0.000721	0.000674	0.000618
0.003183	0.002873	0.002410	0.002315	0.002186	0.002024
0.000803	0.000779	0.000714	0.000682	0.000654	0.000611
0.000011	0.000000	0.000000	0.000000	0.000000	0.000000
0.000313	0.000227	0.000202	0.000188	0.000180	0.000168
0.000197	0.000253	0.000233	0.000228	0.000215	0.000190
0.001324	0.001259	0.001149	0.001098	0.001049	0.000969
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000771	0.000848	0.000759	0.000697	0.000661	0.000613
0.003350	0.003286	0.003188	0.003215	0.002967	0.002745
0.004707	0.004565	0.004149	0.004265	0.004090	0.003809
0.008828	0.008699	0.008096	0.008177	0.007718	0.007167
0.000455	0.000446	0.000422	0.000405	0.000400	0.000400
0.000028	0.000029	0.000025	0.000024	0.000023	0.000021
0.013818	0.013306	0.012102	0.012019	0.011376	0.010581

# CITY OF CEDAR HILLS

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayers	2017		
	Taxable Value	Rank	Percentage of Total Taxable Values (1)
Wal-Mart	\$ 12,348,300	1	2.6%
Questar Gas	4,214,394	2	0.9%
The Charleston at Cedar Hills	3,482,490	3	0.7%
Pacificorp	2,571,322	4	0.5%
Lexington Heights Professional Offices	2,005,600	5	0.4%
Hart's Gas and Food	1,915,600	6	0.4%
Amsource Cedar Hills	1,691,700	7	0.4%
JPMorgan Chase Bank	1,329,500	8	0.3%
McDonald's	1,192,400	9	0.2%
America First Credit Union	725,900	10	0.2%
SLML LLC.	719,200	11	0.1%
Philips Edison	658,800	12	0.1%
Property Reserve Inc	-		-
Totals	<u>\$ 32,855,206</u>		<u>6.8%</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 \$483,270,063.
- (2) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$470,693,905.

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**2008**

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<b>Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Values (2)</b>
\$ 3,131,311	1	-
926,282	5	0.2%
2,470,160	2	-
1,662,819	4	0.4%
2,067,300	3	0.4%
-		-
-		-
-		-
-		-
-		-
-		-
-		-
-		-
796,800	6	0.2%
\$ 11,054,672		1.2%

**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
2008	\$ 6,060,000	\$ 2,275,000	\$ 515,000	\$ 259,816	\$ 339,961	\$ 7,885,000
2009	5,930,000	2,220,000	475,000	308,417	338,300	8,545,000
2010	5,795,000	2,160,000	440,000	406,357	336,133	8,238,000
2011	5,655,000	2,100,000	400,000	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
2016	5,476,228	1,644,000	-	-	-	6,615,000
2017	5,233,037	1,527,000	-	-	-	6,204,000

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

General Note: For general obligation bonds in 2013-2017 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>
\$ 16,704,777	0.0105%	\$ 1,721
17,186,717	0.0105%	1,756
16,745,490	0.0096%	1,709
16,123,687	0.0076%	1,622
15,682,784	0.0073%	1,559
15,764,913	0.0069%	1,545
15,160,539	0.0066%	1,473
14,801,893	0.0058%	1,443
13,735,228	0.0053%	1,324
12,964,037	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>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Obligations Bonds Total</u>	<u>Population</u>	<u>G.O. Net Bonded Debt Per Capita</u>
2008	\$ 6,060,000	\$ -	\$ 6,060,000	9,704	\$ 624
2009	5,930,000	-	5,930,000	9,788	606
2010	5,795,000	-	5,795,000	9,796	592
2011	5,655,000	-	5,655,000	9,943	569
2012	5,510,000	-	5,510,000	10,060	548
2013	6,155,167	-	6,155,167	10,203	603
2014	5,934,793	42,598	5,892,195	10,295	572
2015	5,710,147	10,857	5,699,290	10,256	556
2016	5,476,228	3,984	5,472,244	10,374	527
2017	5,233,037	51,161	5,181,876	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.

General Note: Golf Debt Service fund for general obligation debt has been in place since 2014.

**CITY OF CEDAR HILLS**

**Computation of Direct and Overlapping Debt  
June 30, 2017**

Entity	2016 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Debt Outstanding (2)	City's Portion of Debt
Utah County	\$ 35,103,490,779	\$ 483,270,063	1.377%	\$ 267,550,000	\$ 3,683,363
Alpine School District	22,404,189,503	483,270,063	2.157%	330,945,000	7,138,656
North Utah County Water Conservancy District	12,942,680,521	483,270,063	3.734%	74,321	2,775
Central Utah Water Conservancy District	35,103,490,779	483,270,063	1.377%	689,683,359	9,494,877
Total Overlapping Debt (Excluding the State) (3)					\$ 20,319,671
Total Direct Bonded Indebtedness (4)					\$ 6,760,037
Total Direct and Overlapping Debt (Excluding the State)					\$ 27,079,708

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, 2017 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit (12%)	\$ 56,852,925	\$ 48,847,491	\$ 44,111,328	\$ 42,101,279
Total general obligation debt applicable to the limit	<u>6,060,000</u>	<u>5,930,000</u>	<u>5,795,000</u>	<u>5,655,000</u>
Legal debt margin	<u>\$ 50,792,925</u>	<u>\$ 42,917,491</u>	<u>\$ 38,316,328</u>	<u>\$ 36,446,279</u>
Percentage of net debt contracting margin available	89.34%	87.86%	86.86%	86.57%

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 2016 used, since 2017 assessed value not available:

	<u>Taxable Value (2)</u>
Residential values	\$ 793,101,018
Non-residential values	\$ 47,064,503
Exempt property	<u>(356,895,458)</u>
Totals	<u>\$ 483,270,063</u>
Debt limit (adjusted fair market value x 0.12)	\$ 57,992,408
Debt applicable to limit:	
General obligation bonds	<u>5,476,228</u>
Legal debt margin	<u>\$ 52,516,180</u>

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 41,267,203	\$ 43,905,050	\$ 49,615,121	\$ 54,145,164	\$ 57,992,408	N/A
5,510,000	6,155,167	5,934,793	5,710,147	5,476,228	5,233,037
<u>\$ 35,757,203</u>	<u>\$ 37,749,883</u>	<u>\$ 43,680,328</u>	<u>\$ 48,435,017</u>	<u>\$ 52,516,180</u>	<u>N/A</u>
86.65%	85.98%	88.04%	89.45%	90.56%	N/A

**CITY OF CEDAR HILLS**

**Debt Service Schedule of Outstanding Bonds (By Year)  
June 30, 2017**

			2018	2019	2020	2021	2022	2023	2024
<b>General Obligations Bonds</b>									
Series 2012	Partially refunded 2005 GO bonds, which was used	Principal	\$ 230,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000	\$ 260,000	\$ 270,000
\$ 5,570,000	for golf course improvements.	Interest	128,120	123,520	118,720	113,920	106,420	98,920	93,720
	Total		<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 2015	Refunded 2006 Excise bonds, which was used to	Principal	\$ 116,000	\$ 121,000	\$ 125,000	\$ 124,000	\$ 128,000	\$ 132,000	\$ 136,000
\$ 1,644,000	finance the construction of the public works building.	Interest	34,815	32,007	29,092	26,141	23,155	20,074	16,898
	Total		<u>\$ 150,815</u>	<u>\$ 153,007</u>	<u>\$ 154,092</u>	<u>\$ 150,141</u>	<u>\$ 151,155</u>	<u>\$ 152,074</u>	<u>\$ 152,898</u>
<b>Utility Revenue Bonds</b>									
Series 2007		Principal	\$ 102,000	\$ 105,000	\$ 107,000	\$ 110,000	\$ 113,000	\$ 116,000	\$ 120,000
\$ 2,090,000	Used to finance the construction of a new well.	Interest	34,824	32,059	29,214	26,314	23,333	20,271	17,127
Series 2009		Principal	40,000	45,000	45,000	50,000	50,000	55,000	55,000
\$ 930,000	Used to finance pressured irrigation improvements.	Interest	18,180	16,972	15,613	14,254	12,744	11,234	9,573
Series 2014	Partially refunded 2006 utility revenue	Principal	255,000	268,000	275,000	282,000	288,000	294,000	305,000
\$ 4,633,000	bonds used for water improvements.	Interest	115,696	108,862	101,679	94,309	86,752	79,033	71,154
	Total principal		397,000	418,000	427,000	442,000	451,000	465,000	480,000
	Total interest		168,700	157,893	146,507	134,878	122,829	110,539	97,854
	Total		<u>\$ 565,700</u>	<u>\$ 575,893</u>	<u>\$ 573,507</u>	<u>\$ 576,878</u>	<u>\$ 573,829</u>	<u>\$ 575,539</u>	<u>\$ 577,854</u>
<b>Total All Bonds</b>									
	Total principal		\$ 743,000	\$ 779,000	\$ 792,000	\$ 816,000	\$ 829,000	\$ 857,000	\$ 886,000
	Total interest		331,635	313,420	294,318	274,939	252,404	229,533	208,473
	Total all bonds		<u>\$ 1,074,635</u>	<u>\$ 1,092,420</u>	<u>\$ 1,086,318</u>	<u>\$ 1,090,939</u>	<u>\$ 1,081,404</u>	<u>\$ 1,086,533</u>	<u>\$ 1,094,473</u>

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
\$ 275,000	\$ 280,000	\$ 285,000	\$ 290,000	\$ 295,000	\$ 300,000	\$ 315,000	\$ 320,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 5,120,000
88,320	82,820	77,220	71,520	65,140	58,650	49,650	40,200	30,600	20,700	10,500	1,378,660
<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>\$ 6,498,660</u>
\$ 139,000	\$ 143,000	\$ 146,000	\$ 149,000	\$ 68,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,527,000
13,639	10,298	6,873	3,377	806	-	-	-	-	-	-	217,175
<u>\$ 152,639</u>	<u>\$ 153,298</u>	<u>\$ 152,873</u>	<u>\$ 152,377</u>	<u>\$ 68,806</u>	<u>\$ -</u>	<u>\$ 1,744,175</u>					
\$ 123,000	\$ 126,000	\$ 130,000	\$ 133,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,285,000
13,875	10,542	7,127	3,604	-	-	-	-	-	-	-	218,290
60,000	65,000	65,000	70,000	2,000	-	-	-	-	-	-	602,000
7,912	6,100	4,137	2,174	60	-	-	-	-	-	-	118,958
311,000	321,000	325,000	335,000	343,000	351,000	364,000	-	-	-	-	4,317,000
62,980	54,645	46,042	37,332	28,354	19,162	9,755	-	-	-	-	915,756
494,000	512,000	520,000	538,000	345,000	351,000	364,000	-	-	-	-	6,204,000
84,767	71,288	57,307	43,111	28,415	19,162	9,755	-	-	-	-	1,253,004
<u>\$ 578,767</u>	<u>\$ 583,288</u>	<u>\$ 577,307</u>	<u>\$ 581,111</u>	<u>\$ 373,415</u>	<u>\$ 370,162</u>	<u>\$ 373,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,457,004</u>
\$ 908,000	\$ 935,000	\$ 951,000	\$ 977,000	\$ 708,000	\$ 651,000	\$ 679,000	\$ 320,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 12,851,000
186,727	164,405	141,400	118,008	94,361	77,812	59,405	40,200	30,600	20,700	10,500	2,848,839
<u>\$ 1,094,727</u>	<u>\$ 1,099,405</u>	<u>\$ 1,092,400</u>	<u>\$ 1,095,008</u>	<u>\$ 802,361</u>	<u>\$ 728,812</u>	<u>\$ 738,405</u>	<u>\$ 360,200</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 15,699,839</u>

## CITY OF CEDAR HILLS

### Pledged-Revenue Coverage Last Ten Years

Year	Excise Tax Revenue Bonds (1)				Utility Revenue Bonds			
	Franchise Taxes	Debt Service		Coverage	Utility Net Revenues (2)	Debt Service		Coverage
		Principal	Interest			Principal (3)	Interest	
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	321,165	1.68
2014	503,111	70,000	83,963	3.3	1,180,343	307,000	282,924	2.00
2015	474,814	75,000	81,063	3.0	987,993	349,000	279,740	1.57
2016	486,996	75,000	48,115	4.0	1,264,379	372,000	192,828	2.24
2017	471,415	117,000	37,576	3.0	1,083,927	390,000	179,951	1.90

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

Notes: (1) Only includes excise tax revenue bonds that were outstanding as of June 30, 2017.

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

(3) Minimum principal payments required, extra principal payments not included.

**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>
2008	9,704	\$156,649,517	\$ 78,742	56,051	3.5
2009	9,788	159,580,419	74,951	58,665	7.0
2010	9,796	163,864,560	76,545	61,223	7.4
2011	9,943	175,184,399	79,375	64,351	6.3
2012	10,060	212,132,333	79,415	66,044	5.0
2013	10,203	215,469,537	82,828	68,233	4.2
2014	10,295	229,188,419	85,244	70,811	3.5
2015	10,256	255,680,503	87,555	72,467	3.2
2016	10,374	260,262,373	87,086	73,724	3.1
2017	N/A	N/A	N/A	77,457	3.1

Sources:

- (1) [tax.utah.gov/econstats/income/fed-returns-recent](http://tax.utah.gov/econstats/income/fed-returns-recent) data. 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 2007-2015 are revised based on statistical information provided by Utah Department of Workforce Services. 2016 & 2017 June seasonally adjusted estimates.  
— [www.jobs.utah.gov](http://www.jobs.utah.gov)
- (3) Mountainland Association of Governments website population estimates
- (4) October 1, Alpine school district—Lauralee Nebeker
- (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 Five Years Ago**

<u>Employer</u>	<u>Industry</u>	<u>2016</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Brigham Young University	Colleges, Universities, and Professional Schools	15,000 - 19,999	1	5.54% - 7.38%
Alpine School District	Elementary and Secondary Schools	7,000 - 9,999	2	2.58% - 3.69%
Utah Valley University	Colleges, Universities, and Professional Schools	3,000 - 3,999	3	1.11% - 1.48%
Utah Valley Regional Medical Center	General Medical and Surgical Hospitals	5,000 - 6,999	3	1.85% - 2.58%
Vivint	Building Equipment Contractors	3,000 - 3,999	5	1.11% - 1.48%
Nebo School District	Elementary and Secondary Schools	3,000 - 3,999	5	1.11% - 1.48%
Wal-Mart	Other General Merchandise Stores	2,000 - 2,999	7	0.74% - 1.11%
State of Utah	Justice, Public Order, and Safety Activities	2,000 - 2,999	7	0.74% - 1.11%
Smiths Food and Drug	Grocery Stores	1,000 - 1,999	9	0.37% - 0.74%
Central Utah Medical Clinic	Offices of Physicians	1,000 - 1,999	10	0.37% - 0.74%
Nestle USA	Fruit and Vegetable Preserving and Specialty Foo	1,000 - 1,999	10	0.37% - 0.74%
Adobe Systems Incorporated	Software Publishers	1,000 - 1,999	10	0.37% - 0.74%
Young Living Essential Oils	Direct Selling Establishments	1,000 - 1,999	10	0.37% - 0.74%
Nexeo Staffing	Employment Services	1,000 - 1,999	10	0.37% - 0.74%
IM Flash Technologies	Semiconductor and Other Electronic Component	1,000 - 1,999	10	0.37% - 0.74%
Doterra International	Direct Selling Establishments	1,000 - 1,999	10	0.37% - 0.74%
Provo City	Executive, Legislative, and Other General Govern	1,000 - 1,999	10	0.37% - 0.74%
Utah County	Administration of Economic Program	1,000 - 1,999	10	0.37% - 0.74%
Provo School District	Elementary and Secondary Schools	1,000 - 1,999	10	0.37% - 0.74%
Bluefin Office Group/Utah Office Supply	Office Supplies			
United States Government	Federal Government			
<b>Total</b>		<b>51,000 - 76,981</b>		<b>18.83% - 28.42%</b>

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. 2016 and 2011 statistics were used because the 2017 and prior to 2011 statistics were not available.
- (2) Workforce Services Utah County Annual Profiles. Total employed labor force for the County in 2011 was 216,768. Total employed labor force for 2016 was 270,835.

2011		
Employees	Rank	Percentage of Total County Employment
15,000 - 19,999	1	6.92% - 9.23%
5,000 - 6,999	2	2.31% - 3.23%
3,000 - 3,999	4	1.38% - 1.84%
4,000 - 4,999	3	1.85% - 2.31%
1,000 - 1,999	8	0.46% - 0.92%
3,000 - 3,999	4	1.38% - 1.84%
2,000 - 2,999	7	0.92% - 1.38%
3,000 - 3,999	4	1.38% - 1.84%
1,000 - 1,999	8	0.46% - 0.92%
1,000 - 1,999	8	0.46% - 0.92%
1,000 - 1,999	8	0.46% - 0.92%
1,000 - 1,999	8	0.46% - 0.92%
1,000 - 1,999	8	0.46% - 0.92%
1,000 - 1,999	8	0.46% - 0.92%
<u>43,000 - 62,985</u>		<u>19.84% - 29.06%</u>

**CITY OF CEDAR HILLS**

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

FUNCTION	Full-Time Equivalent Employees as of June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	9.2	10.4	10.7	9.7	9.4	8.5	8.5	8.6	8.4	8.2
Streets and public works	8.8	9.1	9.3	9.6	10.4	9.4	9.4	10.0	9.5	10.8
Community Services	0.7	2.3	2.6	2.9	2.8	5.6	4.9	5.5	6.2	6.2
Golf	3.7	7.5	8.5	8.2	9.2	8.5	8.2	7.9	7.7	8.0
Total	22.3	29.4	31.1	30.5	31.9	32.0	31.0	32.0	31.9	33.2

Source: Payroll Register Report Hours by Department

General Note:

During the 2017 fiscal year, part-time staffing was added to provide passport services and building support, and the assistant city manager duties were delegated to other administrative and finance positions.

# CITY OF CEDAR HILLS

## Capital Asset Statistics Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Highways and streets:										
Miles of road	26	26	26	26	26	26	26	26	26	26
Recreation:										
Neighborhood Pocket Parks	1	1	1	1	1	1	1	1	1	1
Community Parks	4	5	5	5	5	5	5	5	5	6
Golf Course	1	1	1	1	1	1	1	1	1	1
Community Event Center	-	-	-	-	1	1	1	1	1	1

Sources: City of Cedar Hills budget document, UDOT Mileage detail report

**CITY OF CEDAR HILLS**

**Operating Indicators By Organization  
Last Six Fiscal Years**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administration:						
Staff trainings held	10	11	11	11	11	11
Employees receiving performance evaluation	100%	100%	100%	100%	100%	100%
Finance:						
Checks processed	2,168	1,557	1,474	1,354	1,152	1,239
Electronic fund transfers processed	66	119	96	174	134	90
Paper utility statements processed per month	2,187	2,164	2,129	2,081	1,421	1,334
Utility customers	2,328	2,385	2,404	2,444	2,472	2,507
GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes	Yes	N/A
GFOA Certificate of Achievement in Financial Reporting	No	Yes	Yes	Yes	Yes	N/A
General obligation bond rating	AA-	AA-	AA-	AA-	AA-	AA+
Public Works:						
Water inspections	15	10	30	15	20	11
Sewer inspections	15	10	30	17	24	11
Inspections completed	1,095	590	1,091	619	948	707
Building permits processed	73	54	65	100	162	146
Building plans approved	66	50	60	70	154	37
Meters read electronically	96%	96%	98%	98%	98%	98%
Community Services:						
Jr. Jazz teams	70	84	82	87	96	123
Flag football teams	31	31	34	33	43	42
Family festival donations raised	\$14,250	\$17,855	\$19,480	\$17,440	\$ 6,670	\$16,550
Season golf passes sold, or traded for services	\$35,436	\$42,153	\$78,114	\$73,132	\$52,148	\$75,552

Source: City of Cedar Hills budget document and general ledger

# ADDITIONAL INFORMATION



Photo by Trent Augustus





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

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 the City of Cedar Hills, Utah (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 17, 2017.

**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.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Keddington & Christensen, LLC*

Salt Lake City, Utah

November 17, 2017



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

Gary K. Keddington, CPA  
Phyllis R. Wamock, CPA  
Marcus K. Arbuckle, CPA

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

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 the City of Cedar Hills, Utah's (the City) compliance with general state 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 for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System
- Restricted Taxes
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

***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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirement referred to above. 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 for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a 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 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 state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Keddington & Christensen, LLC*

Salt Lake City, Utah

November 17, 2017

