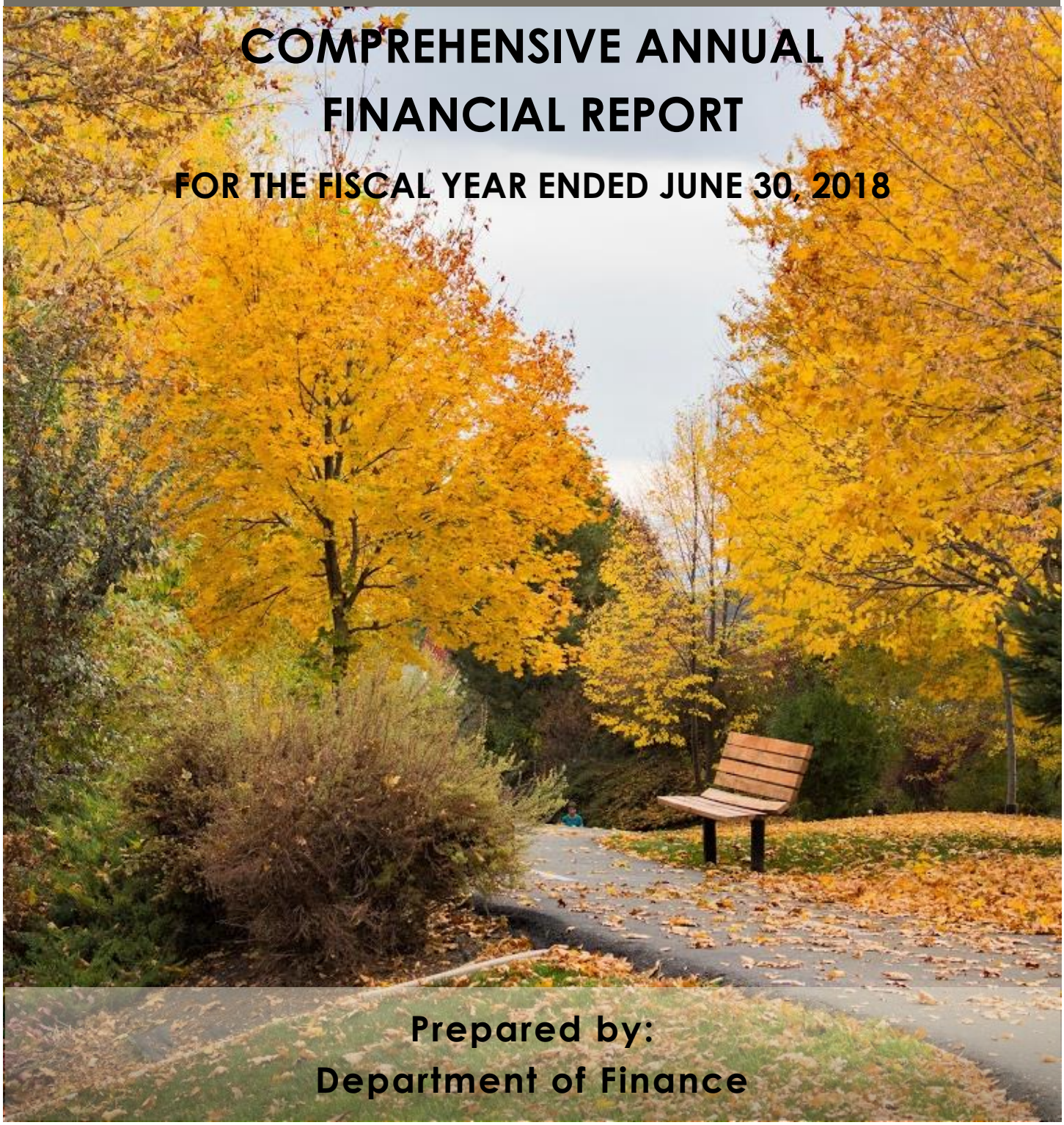
CITY OF CEDAR HILLS, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CITY OF CEDAR HILLS, UTAH



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
Department of Finance

INTRODUCTORY SECTION

CITY OF CEDAR HILLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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CITY OF CEDAR HILLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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November 16, 2018

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, 2018.

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, 2018. 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 a high of 7.4 percent for (2010) to the current low of 2.8 percent in 2018. Although unemployment rates lowered nationwide after the recession, Utah County continues to experience unemployment rates consistently lower than national averages. The County's unemployment rate as of June 2018 was 2.8 percent compared to 4.0 percent nationally. A leveling off in unemployment rates are anticipated in fiscal calendar year 2018-2019.

Median household incomes within the City of Cedar Hills are significantly higher than for the state as a whole. For 2017, according to the federal returns on the Utah State Tax Commission's website, the City's household median gross income was $89,388; Utah County's was $54,694, while the state's was $52,914. The census has the government's population at 10,334 as of 2017. 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 $580,522 to $1,163,075, and as a percentage of total expenses (from 8.7 percent to currently 13.6 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 $825,298 to $1,400,723. 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 15.4% 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 target amount of 16% or two months of revenues). The 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. There was a planned drawdown of $715,000 in unrestricted fund balance to help with the new Harvey Park development costs.

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 2018-2019 capital Improvement plan anticipates $600,000 for Harvey Boulevard improvements, $2,600,000 for Harvey park development, $100,000 for Heritage Park Renewal, $10,000 for parks & recreation master plan, and $50,000 for Heritage Park Amphitheater Improvements.

The government's 2018-2019 equipment and vehicles program will replace two vehicles—one for community services, and one for zoning enforcement.

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 approximate-

ly $5,500 for park and recreation improvements. The council, in accordance with its policy, plans to use the grant towards park improvements at either Harvey or Heritage 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, 2018. This is the 16th 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, 2017. This is the fifth year the city achieved this prestigious award. In order to achieve this award, a government must publish an easily readable an efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

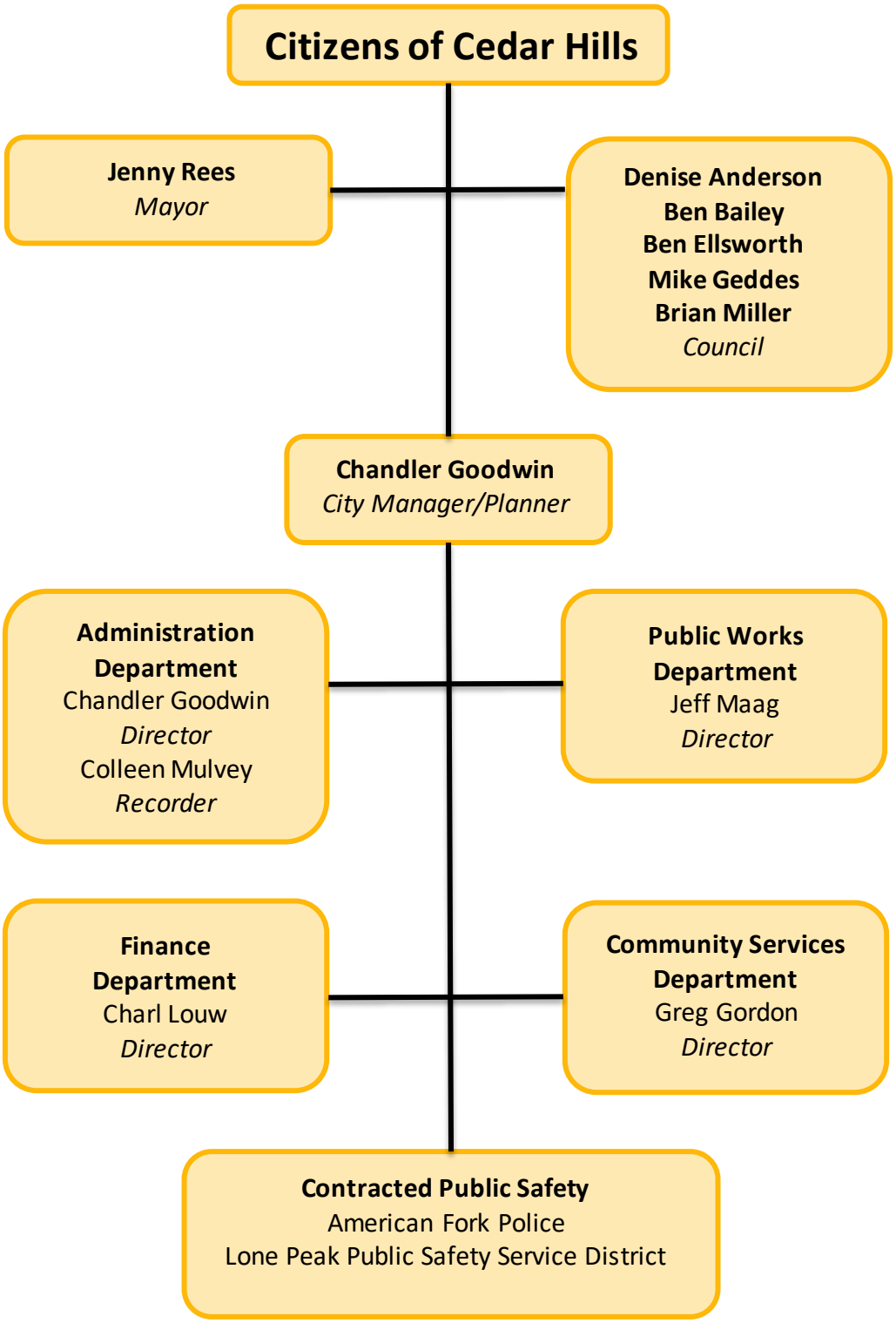
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Cedar Hills Organization Chart

As of June 30, 2018



FINANCIAL SECTION

Photo by Trent Augustus

KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, 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, the budgetary comparison schedules for the General Fund and Golf Special Revenue Fund, and the aggregate remaining fund information of the City of Cedar Hills, Utah (the City) as of and for the fiscal year ended June 30, 2018, 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 Stated. 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, the budgetary comparison schedules for the General Fund and Golf Special Revenue Fund, and the aggregate remaining fund information of the City of Cedar Hills, Utah as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Salt Lake City, Utah 84119

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, schedules of revenues, expenditures, and changes in fund balance – budget and actual – for the General, Golf Special Revenue, Golf Debt Service, and Capital Projects funds 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 schedules of revenues, expenditures, and changes in fund balance – budget and actual – for the General, Golf Special Revenue, Golf Debt Service, and Capital Projects funds 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 schedules of revenues, expenditures, and changes in fund balance – budget and actual – for the General, Golf Special Revenue, Golf Debt Service, and Capital Projects funds 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018, on our consideration of the City of Cedar Hills, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Keddington & Christensen, LLC
November 16, 2018

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, 2018.

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 $57,561,384 (net position). Of this amount, $6,448,535 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 $2,533,489.
- At the close of the current fiscal year, the city's governmental funds reported combined fund balances of $5,244,665. An increase of $419,260 in comparison with the prior year because of the proceeds from the sale of land.
- In the general fund, revenues exceeded expenditures by $959,823 before inter-fund transfers.
- At the close of the fiscal year, the fund balance of the general fund totaled $1,020,987 of which $31,428 is non-spendable, $282,807 is restricted, $4,862 is committed, and $701,890 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 $57,561,384 (net position) at the close of the most recent fiscal year.

CITY OF CEDAR HILL'S Net Position
June 30, 2018 and 2017
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change 2018-2017
Current and other assets	$ 7,090.5	$ 6,869.3	$ 3,468.0	$ 3,471.9	$10,558.5	$10,341.2	$ 217.3
Capital assets	35,519.0	35,595.7	25,312.0	23,992.3	60,831.0	59,588.0	1,243.0
Total assets	42,609.5	42,465.0	28,780.0	27,464.2	71,389.5	69,929.2	1,460.3
Total deferred outflows of resources	655.6	767.6	368.5	348.6	1,024.1	1,116.2	(92.1)
Other liabilities	477.8	769.4	261.5	363.0	739.3	1,132.4	(393.1)
Long-term liabilities outstanding	5,337.2	7,245.0	7,418.3	6,525.9	12,755.5	13,770.9	(1,015.4)
Total liabilities	5,815.0	8,014.4	7,679.8	6,888.9	13,494.8	14,903.3	(1,408.5)
Total deferred inflows of resources	1,219.3	1,075.8	138.0	38.5	1,357.3	1,114.3	243.0
Net position:							
Net investment in capital assets	30,960.7	29,379.3	18,331.6	17,985.3	49,292.3	47,364.6	1,927.7
Restricted	974.2	1,637.6	846.4	657.5	1,820.6	2,295.1	(474.5)
Unrestricted	4,295.8	3,125.6	2,152.7	2,242.6	6,448.5	5,368.2	1,080.3
Total net position	$ 36,230.7	$ 34,142.5	$21,330.7	$20,885.4	$57,561.4	$55,027.9	$ 2,533.5

The majority of the city's net position (approximately 88.8 percent) represents resources that are invested in capital assets, or are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $6,448,535 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2018, 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 $2,533,489, 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 $2,088,241, because of an increase in property tax revenues, sales tax revenues, and passport revenues, while a decrease in labor costs due to administration

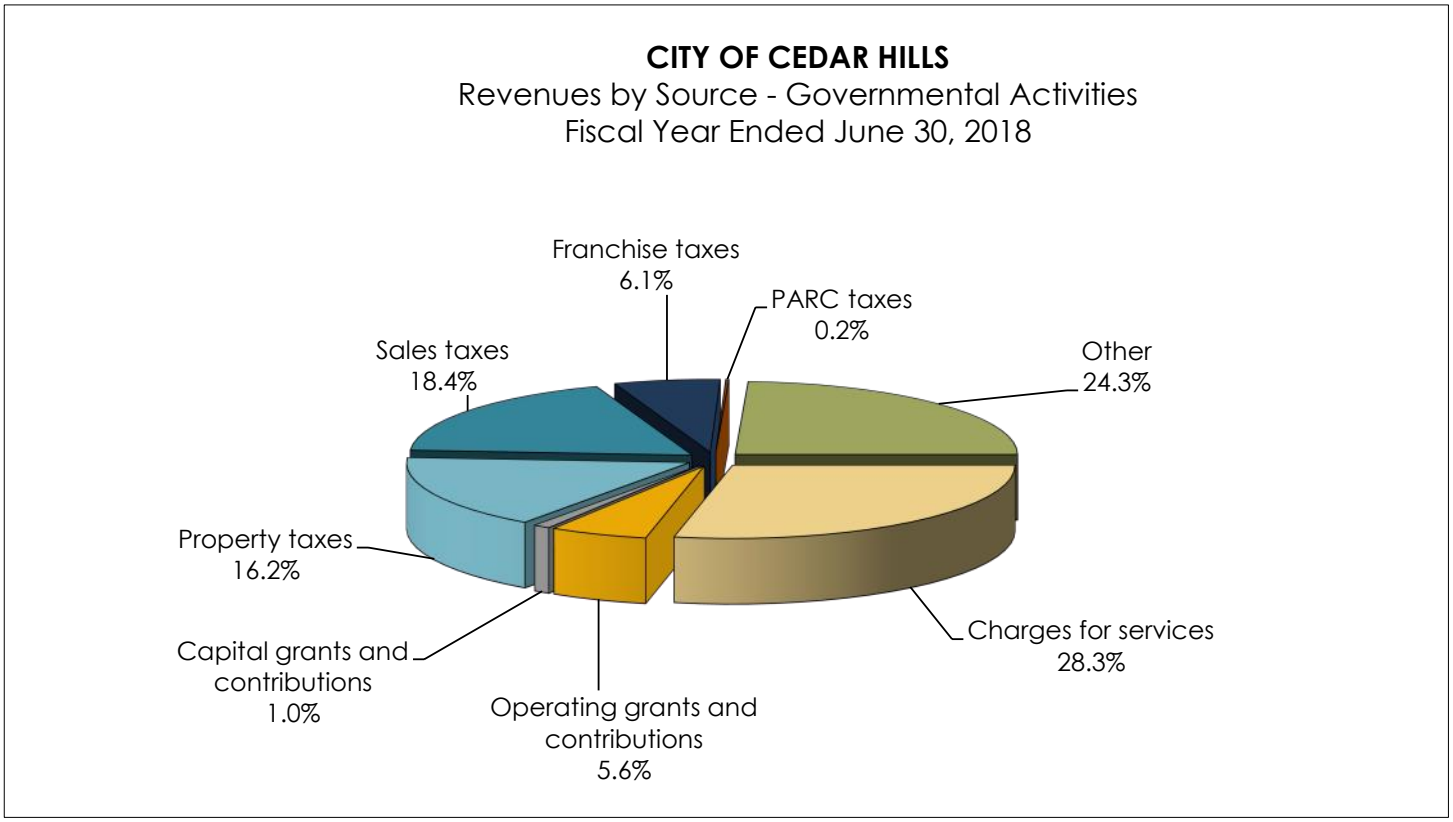
CITY OF CEDAR HILL'S Changes in Net Position
Years Ended June 30, 2018 and 2017
(in thousands of dollars)

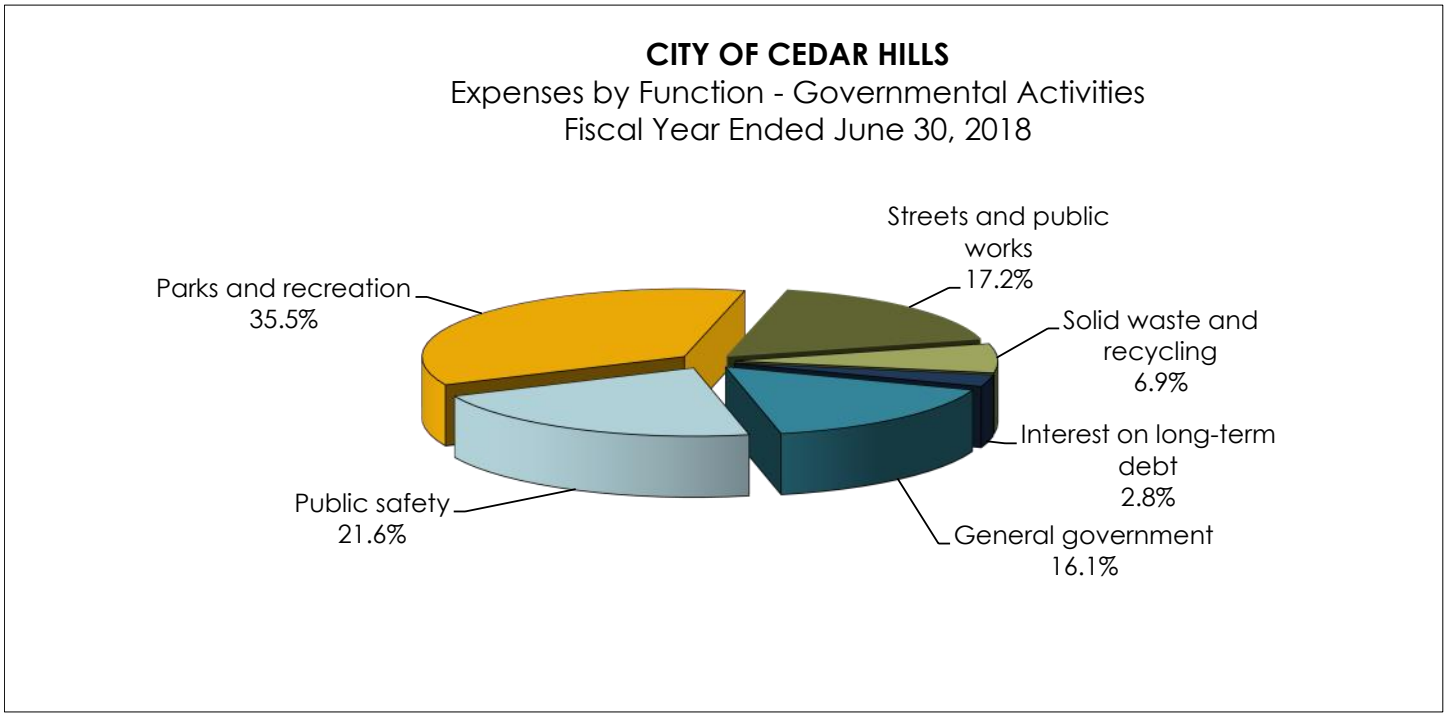
	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change 2018-2017
Revenues:							
Program revenues:							
Charges for services	$ 2,154.3	$ 2,195.9	$ 3,372.6	$ 3,273.2	$ 5,526.9	$ 5,469.1	$ 57.8
Operating grants and contributions	425.9	425.8	-	-	425.9	425.8	0.1
Capital grants and contributions	72.4	92.7	42.6	154.9	115.0	247.6	(132.6)
General revenues:							
Property taxes	1,235.9	1,171.2	-	-	1,235.9	1,171.2	64.7
Sales taxes	1,400.7	1,309.4	-	-	1,400.7	1,309.4	91.3
Franchise taxes	461.6	471.4	-	-	461.6	471.4	(9.8)
CARE taxes	13.6	34.2	-	-	13.6	34.2	(20.6)
Other	1,846.2	654.8	40.5	31.0	1,886.7	685.8	1,200.9
Total revenues	7,610.6	6,355.4	3,455.7	3,459.1	11,066.3	9,814.5	1,251.8
Expenses:							
Governmental activities:							
General government	866.1	957.6	-	-	866.1	957.6	(91.5)
Public safety	1,163.1	1,159.0	-	-	1,163.1	1,159.0	4.1
Parks and recreation	1,916.1	1,857.8	-	-	1,916.1	1,857.8	58.3
Streets and public works	926.8	1,128.0	-	-	926.8	1,128.0	(201.2)
Solid waste and recycling	371.2	354.3	-	-	371.2	354.3	16.9
Interest on long-term debt	149.9	222.2	-	-	149.9	222.2	(72.3)
Business-type activities:							-
Water and sewer	-	-	3,139.6	3,045.1	3,139.6	3,045.1	94.5
Total expenses	5,393.2	5,678.9	3,139.6	3,045.1	8,532.8	8,724.0	(191.2)
Changes in net position before transfers	2,217.4	676.5	316.1	414.0	2,533.5	1,090.5	1,443.0
Transfers	(129.2)	117.6	129.2	(117.6)	-	-	-
Changes in net position	2,088.2	794.1	445.3	296.4	2,533.5	1,090.5	1,443.0
Net position, beginning,	34,142.5	33,348.4	20,885.4	20,589.0	55,027.9	53,937.4	1,090.5
Net position, ending	$ 36,230.7	$ 34,142.5	$21,330.7	$20,885.4	$57,561.4	$55,027.9	$ 2,533.5

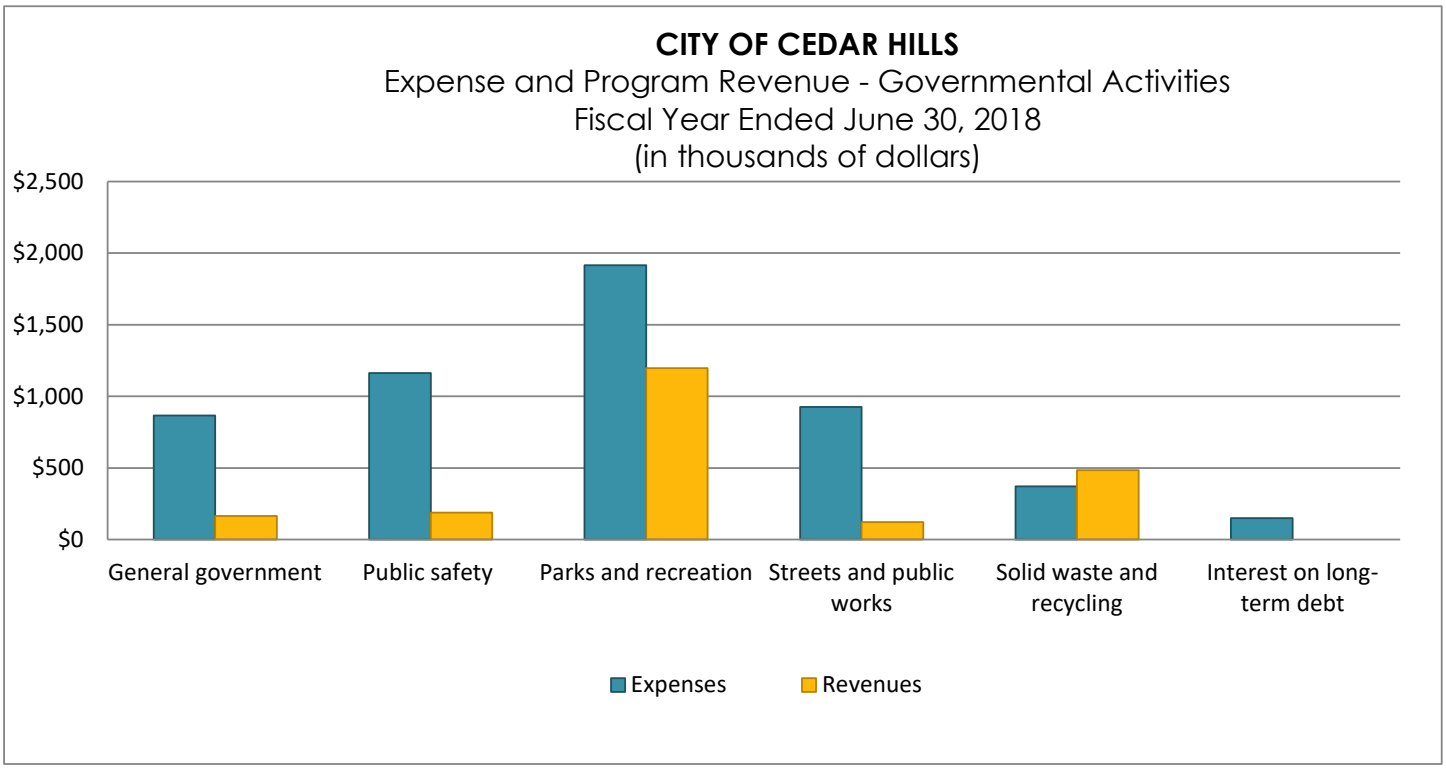
turnover and absorbing a sfaff person that helped with administration and financial tasks. Streets and public works costs decreased due to timing of planned street projects were delayed and turnover in public works staff.

Property taxes revenue for governmental activities increased by $64,622 from $1,171,228 in 2017 to $1,235,850 in 2018. This increase is the result of the property tax levy related to a one-time payout for greenbelt properties being sold. Sales and use tax collections increased by $91,303 from $1,309,420 in 2017 to $1,400,723 in 2018. Sales taxes improved slightly due to Utah's economy, inflation, and the state contracting with more web based vendors to pay sales tax, like Amazon. Capital grants and contributions decreased because of the amount of developer contributions decreased from the prior year.

General governmental expenses decreased from staffing changes affecting finance and the administration, and actuaries pension expense adjustments. Public Safety slightly increased due to new fees for the Utah County Major Crimes Task Force. Parks and recreation costs increased due to the parks maintenance contract adjustment and higher Family Festival costs. Streets and public works expenses decreased because the timing of street projects caused some of them to be pushed into the next fiscal year and staffing changes. Solid waste and recycling increased slightly due to slight growth in the city's housing units. Interest on debt decreased substantially due to the excise tax revenue bonds moving to the Water and Sewer fund under business-type activities, and a shift to paying more principal and less interest on the current outstanding bonds.




CITY OF CEDAR HILLS
Expenses by Function - Governmental Activities
Fiscal Year Ended June 30, 2018
Streets and public works 17.2%
Parks and recreation 35.5%
Solid waste and recycling 6.9%
Interest on long-term debt 2.8%
Public safety 21.6%
General government 16.1%


CITY OF CEDAR HILLS
Expense and Program Revenue - Governmental Activities
Fiscal Year Ended June 30, 2018
(in thousands of dollars)
$2,500
$2,000
$1,500
$1,000
$500
$0
General government
Public safety
Parks and recreation
Streets and public works
Solid waste and recycling
Interest on long-term debt
Expenses
Revenues

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position $445,248 because of transfers from governmental activities and following the 2012 Bowen, Collins & associates utility study, which recommended annually increases to rates to fund operating and capital maintenance projects without additional debt.

Charges for services increased from $3,273,216 in 2017 and $3,372,627 due to the annual increases proposed from the Bowen, Collins, & associates utility study recommendations. The expenses increased because of one -time resident claims that were settled.

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 $5,244,665. Approximately 13 percent of this amount, $701,890 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, 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) $619,012 to pay for road widening, 2) $3,489,264 to pay for parks and recreation, 3) $72,381 to pay for debt service, 4) $33,436 is for prepaid expenditures, and 5) $45,875 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 $701,890. Total fund balance was $1,020,987. The City maintained its unrestricted fund balance at approximately 15 percent of actual revenues in 2018, 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 19 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 $2,079,867, and motor pool fund $452,189. The water and sewer fund unrestricted net position decreased because of one time resident claims. 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 2017) and the final amended budget for expenditures and capital assets was $71,000 and for transfers out was $650,000. The significant changes are summarized as follows:

- $30,000 increase in general government—due to a $30,000 increase in legal services.
- $25,000 increase in streets and public works—$10,000 increase in contracted labor for building related permits, $10,000 for additional engineering projects, and $5,000 for street related maintenance.
- $66,000 increase in parks and recreation—$50,000 for completing the golf maintenance facility, $17,000 for golf-related marketing, $10,000 increase for recreation programs, $6,000 increase for the theater program, and a $5,000 increase for golf repairs and maintenance.
- $650,000 increase in transfers out to the capital projects fund to help fund the Harvey park development.

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:

- $2,466,970 Harvey park land purchase.
- $27,594 for Harvey park design services.
- $196,969 for completing Bayhill park.
- $12,153 for updating the park master plan.
- $8,337 for engineering review of Heritage park amphitheater improvements.
- $65,637 for golf maintenance equipment facility.
- $109,986 for fairway mowers.

- $298,132 for a water utility vacuum truck.
- $80,643 in storm drain improvements for parks and new developments.
- $53,755 in water improvements for new development and a new booster motor.
- $62,753 for improvements related to Canyon road sewer.

These expenses do not include approximately $794,785 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, 2018 and 2017
(net of accumulated depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change 2018-2017
Land	$ 9,040.1	$ 7,185.7	$ -	$ -	$ 9,040.1	$ 7,185.7	$ 1,854.4
Water Stock	-	-	3,311.5	3,311.5	3,311.5	3,311.5	-
Construction in progress	27.6	189.1	130.6	140.9	158.2	330.0	(171.8)
Buildings	3,513.3	4,867.3	1,483.6	-	4,996.9	4,867.3	129.6
Improvements	8,357.2	8,465.8	-	-	8,357.2	8,465.8	(108.6)
Vehicles	191.6	211.0	291.9	-	483.5	211.0	272.5
Equipment	259.1	204.1	-	-	259.1	204.1	55.0
Water, sewer, and storm drain systems	-	-	20,094.4	20,539.9	20,094.4	20,539.9	(445.5)
Infrastructure (Roads, Sidewalks)	14,130.1	14,472.7	-	-	14,130.1	14,472.7	(342.6)
Total	$ 35,519.0	$ 35,595.7	$25,312.0	$23,992.3	$60,831.0	$59,588.0	$ 1,243.0

LONG-TERM DEBT

The city of Cedar Hills has $4,890,000 of general obligation debt and $100,574 in unamortized bond premiums as of June 30, 2018. The city also has utility revenue bonds, and an excise tax revenue bonds.

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 $4,890,000. 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 $4,062,000.

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 $1,183,000.

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 $542,000. The city paid an extra $20,000 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 $1,411,000.

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

CITY OF CEDAR HILL'S Outstanding Debt
June 30, 2018 and 2017
(net of unamortized deferrals, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change 2018-2017
General obligation bonds	$ 4,990.6	$ 5,233.0	$ -	$ -	$ 4,990.6	$ 5,233.0	$ (242.4)
Excise tax revenue bonds	-	1,527.0	1,411.0	-	1,411.0	1,527.0	(116.0)
Utility revenue bonds	-	-	5,787.0	6,204.0	5,787.0	6,204.0	(417.0)
Notes payable	-	-	-	-	-	-	-
Total	$ 4,990.6	$ 6,760.0	$ 7,198.0	$ 6,204.0	$12,188.6	$12,964.0	$ (775.4)

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 2018-2019 fiscal budget, the estimated general fund revenues and transfers in are $4,035,017 and the budgeted expenditures and transfers out are $4,265,017. The expenditures were slightly higher than the revenues, which includes a one time draw down of $230,000 for capital project expenditures. The revenues are budgeted to be slightly higher overall than last year's original budget because of growth in sales tax revenues, recycling fees, and garbage fees to offset higher recycling costs. Expenditures grew primarily from creating a full-time zoning official and public safety increases of approximately $138,000. Other expenditure increases include inflationary costs related to personnel. Approximately 3.5% 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 $428,233. $76,233 to fund 50 percent of the excise tax bond debt service on the public works/administration building. $200,000 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 $2,600,000 for park development, $600,000 for Harvey Boulevard widening, $500,000 for related storm drain improvements for the park land, and $200,000 for Cottonwood well improvements.
- Other significant capital maintenance budget appropriations include $772,200 for street, street light, and sidewalk related maintenance/projects in the general fund. $193,000 for park maintenance and $123,000 for golf course maintenance. And approximately $292,200 was appropriated for water, storm drain, and sewer maintenance and contracted services in the Water and Sewer fund. $167,500 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, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 4,636,581	$ 2,255,012	$ 6,891,593
Restricted cash and cash equivalents	911,600	846,409	1,758,009
Tax receivables	1,118,021	-	1,118,021
Intergovernmental receivables	334,155	-	334,155
Other receivables (net of allowance for uncollectibles)	76,599	244,318	320,917
Internal balances	(72,837)	72,837	-
Inventories and prepaid items	86,349	49,397	135,746
Capital assets:			
Land, water stock, and construction in progress	9,067,742	3,442,151	12,509,893
Buildings, improvements, equipment, and other depreciable assets, net of accumulated depreciation	26,451,237	21,869,862	48,321,099
Total assets	42,609,447	28,779,986	71,389,433
Deferred Outflows of Resources:			
Deferred outflows of resources related to pensions	223,289	150,994	374,283
Deferred charge on refunding	432,275	217,547	649,822
Total deferred outflows of resources	655,564	368,541	1,024,105
Liabilities:			
Accounts payable	361,889	181,184	543,073
Accrued expenses	64,011	11,509	75,520
Accrued interest	51,927	68,834	120,761
Long-term liabilities:			
Portion due or payable within one year	273,779	560,834	834,613
Portion due or payable after one year	5,063,434	6,857,488	11,920,922
Total liabilities	5,815,040	7,679,849	13,494,889
Deferred Inflows of Resources:			
Deferred inflows of resources related to pensions	189,780	138,005	327,785
Property taxes levied for future year	1,029,480	-	1,029,480
Total deferred inflows of resources	1,219,260	138,005	1,357,265
Net position:			
Net investment in capital assets	30,960,680	18,331,560	49,292,240
Restricted for:			
Debt service	72,381	469,817	542,198
Streets	901,819	-	901,819
Water and sewer improvements	-	368,992	368,992
Other purposes	-	7,600	7,600
Unrestricted	4,295,831	2,152,704	6,448,535
Total net position	$ 36,230,711	$ 21,330,673	$ 57,561,384

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

CITY OF CEDAR HILLS

Statement of Activities
Year Ended June 30, 2018

Activities / Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 866,076	$ 164,031	$ -	$ -	$ (702,045)		$ (702,045)
Public safety	1,163,075	187,190	73,743	4,951	(897,191)		(897,191)
Parks and recreation	1,916,110	1,197,152	17,118	27,864	(673,976)		(673,976)
Streets and public works	926,837	122,287	334,997	39,576	(429,977)		(429,977)
Solid waste and recycling	371,153	483,651	-	-	112,498		112,498
Interest on long-term debt	149,856	-	-	-	(149,856)		(149,856)
Total governmental activities	5,393,107	2,154,311	425,858	72,391	(2,740,547)		(2,740,547)
Business-type activities:							
Water and sewer	3,139,655	3,372,627	-	42,575	-	275,547	275,547
Total business-type activities	3,139,655	3,372,627	-	42,575	-	275,547	275,547
Total City	$ 8,532,762	$ 5,526,938	$ 425,858	$ 114,966	(2,740,547)	275,547	(2,465,000)
	General revenue:						
	Property taxes				1,235,850	-	1,235,850
	Sales taxes				1,400,723	-	1,400,723
	Franchise taxes				461,559	-	461,559
	PARC taxes				13,601	-	13,601
	Total taxes				3,111,733	-	3,111,733
	Unrestricted investment earnings				37,668	40,521	78,189
	Gain on sale of capital assets				1,808,567	-	1,808,567
	Transfers				(129,180)	129,180	-
	Total general revenue and transfers				4,828,788	169,701	4,998,489
	Changes in net position				2,088,241	445,248	2,533,489
	Net position - beginning				34,142,470	20,885,425	55,027,895
	Net position - ending				$ 36,230,711	$ 21,330,673	$ 57,561,384

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

CITY OF CEDAR HILLS

Balance Sheet
Governmental Funds
June 30, 2018

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 633,370	$ 134,050	$ -	$ 3,417,160	$ 4,184,580
Restricted cash and cash equivalents	235,002	-	57,586	619,012	911,600
Tax receivables	787,698	-	330,323	-	1,118,021
Intergovernmental receivables	320,027	-	-	14,128	334,155
Other receivables (net of allowance for uncollectibles)	76,599	-	-	-	76,599
Prepaid and Inventory items	31,428	47,883	-	-	79,311
Total assets	$ 2,084,124	$ 181,933	$ 387,909	$ 4,050,300	$ 6,704,266
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	$ 283,236	$ 64,111	$ -	$ 7,692	$ 355,039
Accrued salaries, wages, and benefits	13,859	9,133	-	-	22,992
Other payables	41,019	-	-	-	41,019
Total liabilities	338,114	73,244	-	7,692	419,050
DEFERRED INFLOWS OF RESOURCES:					
Unavailable property tax revenues	13,099		5,758		18,857
Property taxes levied for future year	711,924	-	309,770	-	1,021,694
Total deferred inflows of resources	725,023	-	315,528	-	1,040,551
FUND BALANCES:					
Nonspendable:					
Inventory and prepaid expenditures	31,428	47,883	-	-	79,311
Restricted for:					
Debt service	-	-	72,381	-	72,381
Streets and Public Works	282,807	-	-	619,012	901,819
Committed to:					
Parks and recreation	4,862	-	-	2,760,000	2,764,862
Assigned to:					
Parks and recreation	-	60,806	-	663,596	724,402
Unassigned	701,890	-	-	-	701,890
Total fund balances	1,020,987	108,689	72,381	4,042,608	5,244,665
Total liabilities, deferred inflows of resources, and fund balances	$ 2,084,124	$ 181,933	$ 387,909	$ 4,050,300	$ 6,704,266

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, 2018

Total *fund balances* for governmental funds		$ 5,244,665
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	$ 9,040,148	
Construction in progress	27,594	
Buildings, net of accumulated depreciation of $809,380	3,513,305	
Improvements, net of accumulated depreciation of $4,103,743	8,357,163	
Equipment, net of accumulated depreciation of $217,810	197,959	
Infrastructure (roads and sidewalks), net of accumulated depreciation of $1,715,378	14,130,055	35,266,224
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.		11,071
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:		704,944
Internal balances:		(72,837)
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:		(51,927)
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 $100,574	(4,990,574)	
Deferred amount on refundings, net of accumulated amortization of $339,106	432,275	
Net pension liability	(279,081)	
Deferred amount related to pensions	33,509	
Compensated absences payable	(67,558)	(4,871,429)
Total net position of governmental activities		$ 36,230,711

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, 2018

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
REVENUES:					
Property taxes	$ 859,539	$ -	$ 376,526	$ -	$ 1,236,065
Sales taxes	1,400,723	-	-	-	1,400,723
Franchise taxes	461,559	-	-	-	461,559
PARC taxes	-	-	-	13,601	13,601
Licenses and permits	119,367	-	-	-	119,367
Intergovernmental and grants	408,740	-	-	5,305	414,045
Charges for services	794,655	-	-	-	794,655
Fees	464,808	736,965	-	33,760	1,235,533
Investment earnings	19,814	1,507	745	15,600	37,666
Miscellaneous	43,135	12,500	-	-	55,635
Total revenues	4,572,340	750,972	377,271	68,266	5,768,849
EXPENDITURES:					
Current:					
General government	877,633	-	-	-	877,633
Public safety	1,163,075	-	-	-	1,163,075
Streets and public works	554,617	-	-	-	554,617
Solid waste and recycling	371,153	-	-	-	371,153
Parks and recreation	646,039	841,897	-	2,777,660	4,265,596
Debt service:					
Principal	-	-	230,000	-	230,000
Interest and fiscal charges	-	-	128,470	1,059	129,529
Capital outlay:					
Parks and recreation	-	109,986	-	-	109,986
Total expenditures	3,612,517	951,883	358,470	2,778,719	7,701,589
Excess (deficiency) of revenues over (under) expenditures	959,823	(200,911)	18,801	(2,710,453)	(1,932,740)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	-	2,428,233	2,428,233
Transfers in	-	142,000	-	715,000	857,000
Transfers out	(933,233)	-	-	-	(933,233)
Total other financing sources (uses)	(933,233)	142,000	-	3,143,233	2,352,000
Net change in fund balances	26,590	(58,911)	18,801	432,780	419,260
Fund balances - beginning	994,397	167,600	53,580	3,609,828	4,825,405
Fund balances - ending	$ 1,020,987	$ 108,689	$ 72,381	$ 4,042,608	$ 5,244,665

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, 2018

Net change in *fund balances* - total governmental funds		$ 419,260
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	$ 2,900,482	
Proceeds from sale of capital assets	(2,428,233)	
Loss on sale of capital assets	1,808,567	
Transfer of capital assets	(1,522,218)	
Depreciation expense	(802,874)	(44,276)
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.		(215)
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.		
Bonds and notes issued	-	
Premiums on bonds issued	-	
Bond issuance costs	-	
Accrued interest	20,777	
Principal retirement of bonds and obligations under capital leases	230,000	
Transfer of debt & deferred amounts to business-type activity	1,469,271	
Payments to refunded bond escrow agent	-	
Amortization of bond premiums and discounts	12,463	
Amortization of deferred amounts on refundings	(53,567)	1,678,944
Amortization of bond issuance costs	-	
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		(7,101)
Net pension expense adjustment		12,009
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.		29,620
Change in net position of governmental activities		$ 2,088,241

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 Balance - Budget and Actual
General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property taxes	$ 805,118	$ 805,118	$ 859,539	$ 54,421
Sales taxes	1,244,988	1,284,988	1,400,723	115,735
Other	470,000	470,000	461,559	(8,441)
Total taxes	2,520,106	2,560,106	2,721,821	161,715
Licenses and permits	94,000	109,000	119,367	10,367
Intergovernmental and grants	381,100	381,100	408,740	27,640
Charges for services	1,155,300	1,171,300	1,259,463	88,163
Investment earnings	15,000	15,000	19,814	4,814
Miscellaneous	30,500	30,500	43,135	12,635
Total revenues	4,196,006	4,267,006	4,572,340	305,334
Expenditures:				
Current:				
General government	880,317	910,317	877,633	32,684
Public safety	1,164,931	1,164,931	1,163,075	1,856
Streets and public works	827,583	852,583	554,617	297,966
Solid waste and recycling	355,250	355,250	371,153	(15,903)
Parks and recreation	683,758	699,758	646,039	53,719
Total expenditures	3,911,839	3,982,839	3,612,517	370,322
Excess (deficiency) of revenues over (under) expenditures	284,167	284,167	959,823	675,656
Other financing sources(uses):				
Transfers out	(283,233)	(933,233)	(933,233)	-
Total other financing sources(uses)	(283,233)	(933,233)	(933,233)	-
Net change in fund balance	934	(649,066)	26,590	675,656
Fund balances - beginning	994,397	994,397	994,397	-
Fund balances - ending	$ 995,331	$ 345,331	$ 1,020,987	$ 675,656

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, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fees	$ 710,200	$ 733,580	$ 736,965	$ 3,385
Investment Earnings	-	-	1,507	1,507
Miscellaneous	14,500	14,500	12,500	(2,000)
Total revenues	724,700	748,080	750,972	2,892
EXPENDITURES				
Parks and recreation	855,200	878,580	841,897	36,683
Capital outlay	110,000	110,000	109,986	14
Total expenditures	965,200	988,580	951,883	36,697
Excess of revenues over expenditures	(240,500)	(240,500)	(200,911)	39,589
Other financing sources:				
Transfers in	142,000	142,000	142,000	-
Total other financing sources	142,000	142,000	142,000	-
Net change in fund balance	(98,500)	(98,500)	(58,911)	39,589
Fund balance at beginning of year	167,600	167,600	167,600	-
Fund balance at end of year	$ 69,100	$ 69,100	$ 108,689	$ 39,589

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, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Water & Sewer	Motor Pool
Assets:		
Current assets:		
Cash and cash equivalents	$ 2,255,012	$ 452,001
Accounts receivable, net of allowance	244,318	-
Prepaid items	49,397	7,038
Total current assets	2,548,727	459,039
Noncurrent assets:		
Restricted cash and cash equivalents	846,409	-
Capital assets:		
Buildings	1,955,127	-
Equipment	-	104,150
Vehicles	298,132	645,939
Water, sewer, and storm drain systems	30,304,202	-
Construction-in-progress	130,592	-
Accumulated depreciation	(10,687,599)	(497,334)
Water stock	3,311,559	-
Total noncurrent assets	26,158,422	252,755
Total assets	28,707,149	711,794
Deferred Outflows of Resources:		
Deferred outflows of resources relating to pensions	150,994	-
Deferred charge on refunding, net of amortization	217,547	-
Total deferred outflows of resources	368,541	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	181,184	6,850
Accrued wages payable	11,509	-
Accrued interest payable	68,834	-
Compensated absences	21,834	-
Bonds payable - current	539,000	-
Total current liabilities	822,361	6,850
Noncurrent liabilities:		
Compensated absences	21,834	-
Net pension liability	176,654	
Bonds payable, net of premium	6,659,000	-
Total noncurrent liabilities	6,857,488	-
Total liabilities	7,679,849	6,850
Deferred Inflows of Resources:		
Deferred inflows of resources relating to pensions	138,005	-
Total deferred outflows of resources	138,005	-
Net position:		
Net investment in capital assets	18,331,560	252,755
Restricted for capital improvements	368,992	-
Restricted for debt service	469,817	-
Restricted for water shares	7,600	-
Unrestricted	2,079,867	452,189
Total net position	$ 21,257,836	$ 704,944
Total net position - enterprise funds	$ 21,257,836	
An internal charge between the governmental and business-type activities is not recorded at the fund level	72,837	
Total net position - business-type activities	$ 21,330,673	

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, 2018

	Business Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Water & Sewer	Motor Pool
Operating revenues:		
Charges for services:		
Water & sewer	$ 3,347,185	$ -
Motor pool	-	165,669
Total operating revenues	3,347,185	165,669
Operating expenses:		
Salaries, wages, and benefits	808,450	-
Materials, supplies and services	1,271,905	50,586
Other operating expenses	138,123	-
URS pension expense allocation	(9,011)	-
Amortization	37,256	-
Depreciation	697,751	78,255
Total operating expenses	2,944,474	128,841
Operating income (loss)	402,711	36,828
Nonoperating revenues (expenses):		
Interest income	40,521	-
Gain (loss) on sale of capital assets	-	19,435
Interest expense and fiscal charges	(221,824)	-
Total nonoperating revenues (expenses)	(181,303)	19,435
Income (loss) before transfers	221,408	56,263
Capital contributions	120,964	
Transfers in	76,233	-
Changes in net position	418,605	56,263
Total net position - beginning	20,839,231	648,681
Total net position - ending	$ 21,257,836	$ 704,944

Change in net position - enterprise funds	$ 418,605
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	26,643
Change in net position of business-type activities	$ 445,248

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, 2018

	Business-Type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund Motor Pool
Cash flows from operating activities:		
Receipts from customers and users	$ 3,338,790	$ 165,669
Payments to suppliers	(900,337)	(40,071)
Payments to employees	(800,055)	-
Intergovernmental payments	(643,706)	-
Net cash provided by operating activities	994,692	125,598
Cash flows from noncapital financing activities:		
Transfers in	76,233	-
Net cash used by noncapital financing activities	76,233	-
Cash flows from capital and related financing activities:		
Receipts from impact fees	25,442	-
Payments for acquisition of capital assets	(431,238)	(86,905)
Principal paid on capital debt	(533,000)	-
Proceeds from sale of capital assets	-	60,550
Interest paid on capital debt	(230,375)	-
Net cash used by capital and related financing activities	(1,169,171)	(26,355)
Cash flows from investing activities:		
Interest received	40,521	-
Net change in cash and cash equivalents	(57,725)	99,243
Cash and cash equivalents - beginning	3,159,146	352,758
Cash and cash equivalents - ending	$ 3,101,421	$ 452,001
Displayed on the statement of net position as:		
Pooled cash and investments	$ 2,255,012	$ 452,001
Restricted cash and investments	846,409	-
	$ 3,101,421	$ 452,001
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 402,711	$ 36,828
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
URS Pension expense allocation	(9,011)	-
Depreciation expense	697,751	78,255
Amortization expense	37,256	-
Changes in operating assets and liabilities:		
Accounts receivable	(8,395)	-
Prepaid items	(18,809)	9,436
Accounts payable	(115,206)	1,079
Accrued wages payable	831	-
Compensated absences payable	7,564	-
Total adjustments	591,981	88,770
Net cash provided by operating activities	$ 994,692	$ 125,598
Noncash investing, capital, and financing activities:		
Contributions of capital assets	$ 95,522	$ -

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

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NOTES TO FINANCIAL STATEMENTS

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, 2018. 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.

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).

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

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 measureable 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.

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, 2018, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at June 30, 2018 was $11,071.

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 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, 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, 2018, $250,000 of the City's bank balances were insured and $510,389 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 it 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 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, 2018, the City had the following recurring fair value measurements.

		Fair Value Measurements		
Investments by fair value level	**6/30/2018**	**Level 1**	**Level 2**	**Level 3**
Moreton Asset Investments				
Agency	$ 666,394	$ 666,394	$ -	$ -
Corporate	1,372,586	-	1,372,586	-
MM fund	24,509	24,509	-	-
Total Moreton Asset Investments	2,063,489	690,903	1,372,586	-
U.S. Bank Trustee Investments				
First American Treasury Obligations	184,187	-	184,187	-
First American Government Obligation:	146,920	-	146,920	-
US Bank Government Money Market	138,709	-	138,709	-
Total U.S. Bank Trustee Investments	469,816	-	469,816	-
PTIF	5,354,471	-	5,354,471	-
Total investments by fair value level	$7,887,776	$ 690,903	$7,196,873	$ -

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 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, 2018 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, 2018, the City's fair value investments in Moreton were $17,772 less than the amortized cost of $2,081,262. The City's Moreton investment has been adjusted to show this decrease in value. As of June 30, 2018, the City's $2,063,489 investment with Moreton had a weighted average life of 1.738 years and average final maturity of 1.790 years.

As of June 30, 2018, the City's fair value investments in the PTIF were $20,206 more than the amortized cost of $5,334,265. The City's investments have been adjusted to show this increase in value. As of June 30, 2018, the City's $5,354,471 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	$	2,063,489	1.738	A/A2/A
U.S. Bank Trustee Investments				
First American Treasury Obligations	$	184,187	0.052	AAA
First American Government Obligations	$	146,920	0.055	AAA
US Bank Government Money Market	$	138,709	N/A	Not rated
PTIF	$	5,354,471	0.142	Not rated
Total	$	7,887,776		

The City's cash and cash equivalents include $1,758,009 of restricted cash. The City has $368,992 restricted for well & sewer improvements, $619,012 restricted for impact fees, $527,403 restricted for debt service, $235,002 for street maintenance, and $7,600 for other purposes.

NOTE 3 – WATER SHARES

At June 30, 2018, the City had water shares recorded at $3,311,559. The water shares are stated at cost. Utah

State law allows the trading of water shares but precludes the sale or disposition of water shares or rights acquired or otherwise controlled by the City.

NOTE 4 – ACCOUNTS RECEIVABLE

Net accounts receivable of $244,318 for all proprietary funds includes an allowance for doubtful accounts of $98,217. The City established an allowance for accounts that may not be collectible due to historical trends. Net accounts receivable of $76,599 for the governmental funds includes an allowance for doubtful accounts of $13,916.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

The City has $334,155 of intergovernmental receivables at June 30, 2018 in the governmental funds resulting from $250,019 due in sales tax revenue, $59,738 due in Class C Road Funds, $10,269 in telecommunication taxes, $8,824 in PARC tax revenue, and $5,304 in Utah County Tourism and Recreation grant revenue.

NOTE 6 – RISK MANAGEMENT

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

NOTE 7 – INTERFUND ACTIVITY

Interfund transfers for the year ended June 30, 2018 consisted of the following:

	Transfer In	Transfer Out
General Fund	$ -	$ 933,233
Capital Projects Fund	715,000	-
Water & Sewer Fund	76,233	-
Golf Fund	142,000	
Golf Debt Service Fund	-	-
Total	$ 933,233	$ 933,233

During the year ended June 30, 2018, 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 $715,000 was set aside to help fund the pending Harvey park project in the capital improvements plan. A transfer out of $142,000 from the General fund to the Golf fund as an estimated operating subsidy. A transfer of $76,233 from the General fund to the Water & Sewer fund to fund excise tax revenue bonds.

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 7,185,736	$ 2,466,969	$ (612,557)	$ 9,040,148
Construction in progress	189,064	27,594	(189,064)	27,594
Total capital assets not being depreciated	7,374,800	2,494,563	(801,621)	9,067,742
Capital assets being depreciated:				
Buildings	6,023,111	254,701	(1,955,127)	4,322,685
Improvements	12,263,937	196,969	-	12,460,906
Vehicles	639,357	86,905	(80,323)	645,939
Equipment	459,933	109,986	(50,000)	519,919
Infrastructure	15,812,106	33,327	-	15,845,433
Total capital assets being depreciated	35,198,444	681,888	(2,085,450)	33,794,882
Accumulated depreciation for:				
Buildings	(1,155,780)	(86,509)	432,909	(809,380)
Improvements	(3,798,129)	(305,614)	-	(4,103,743)
Vehicles	(428,338)	(65,236)	39,208	(454,366)
Equipment	(255,829)	(47,840)	42,891	(260,778)
Infrastructure	(1,339,448)	(375,930)	-	(1,715,378)
Total accumulated depreciation	(6,977,524)	(881,129)	515,008	(7,343,645)
Total capital assets being depreciated, net	28,220,920	(199,241)	(1,570,442)	26,451,237
Total governmental activity capital assets, net	$ 35,595,720	$ 2,295,322	$ (2,372,063)	$ 35,518,979
Business-type activities				
Capital assets not being depreciated:				
Water Stock	$ 3,311,559	$ -	$ -	$ 3,311,559
Construction in progress	140,870	67,425	(77,703)	$ 130,592
Total capital assets not being depreciated	3,452,429	67,425	(77,703)	$ 3,442,151
Capital assets being depreciated:				
Buildings	-	1,955,127		$ 1,955,127
Vehicles	-	298,132	-	$ 298,132
Water, sewer, and storm drain systems	30,096,774	207,428		$ 30,304,202
Total capital assets being depreciated	30,096,774	2,460,687	-	$ 32,557,461

Accumulated depreciation for:				
Buildings	-	(471,527)		$ (471,527)
Vehicles	-	(6,211)	-	$ (6,211)
Water, sewer, and storm drain systems	(9,556,939)	(652,922)	-	$ (10,209,861)
Total accumulated depreciation	(9,556,939)	(1,130,660)	-	$ (10,687,599)
Total capital assets being depreciated, net	20,539,835	1,330,027	-	$ 21,869,862
Total business-type activity capital assets, net	$ 23,992,264	$ 1,330,027	$ -	$ 25,312,013

Effective July 1, 2017, the public works building and related improvements that cost $1,955,127 were transferred from Governmental activities to Business-type activities. The transfer included $432,909 in accumulated depreciation.

Governmental activities:	
General government	$ 17,116
Streets and public works	375,930
Parks and recreation	409,828
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	78,255
Total depreciation expense - governmental activities	$ 881,129
Business-type activities:	
Water and sewer	$ 1,130,660
Total depreciation expense/transfers - business-type activities	$ 1,130,660

NOTE 9 – LONG-TERM DEBT

The legal general obligation debt limit for the City is $57,749,773. The City had $4,890,000 in general obligation debt and $7,198,000 in other debt at June 30, 2018.

General Obligation Bonds	Governmental	Business-Type
$5,570,000 General Obligation Refunding Bond, Series 2012 due in annual installments on February 1 of $240,000 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.	$ 4,890,000	
Total general obligation bonds	$ 4,890,000	$ -

(Continues on to next page)

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.		1,183,000
$930,000 Utility Revenue Bonds, Series 2009 due in annual installments on March 1 of $3,000 to $65,000. Interest at 3.02% due in semi-annual payments on March 1 and September 1.		542,000
$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.		4,062,000
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.		1,411,000
Total revenue bonds	$ -	$ 7,198,000
Total debt	$ 4,890,000	$ 7,198,000

Long-term liabilities other than debt related to governmental activities they are liquidated in the following funds. For the liability related to pensions, the general fund normally liquidates 70 percent, and the Golf fund normally liquidates 30 percent. For the liability related to compensated absences the general fund normally liquidates 76 percent, and the Golf fund normally liquidates 24 percent.

Transactions for the year ended June 30, 2018 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Excise tax revenue bonds	$ 1,527,000	$ -	$ (1,527,000)	$ -	$ -
General obligation bonds	5,120,000		(230,000)	4,890,000	240,000
Unamortized premiums	113,037		(12,463)	100,574	-
Net general obligation bonds	5,233,037	-	(242,463)	4,990,574	240,000
Net pension liability	424,507	-	(145,426)	279,081	-
Compensated absences	60,456	40,881	(33,779)	67,558	33,779
Total governmental activity long-term liabilities	$ 7,245,000	$ 40,881	$ (1,948,668)	$ 5,337,213	$ 273,779
Business-type activities:					
Excise tax revenue bonds		1,527,000	(116,000)	1,411,000	121,000
Utility revenue bonds	6,204,000		(417,000)	5,787,000	418,000
Notes payable	-	-	-	-	-
Net pension liability	285,767	-	(109,113)	176,654	-
Compensated absences	36,104	29,398	(21,834)	43,668	21,834
Total business-type activity long-term liabilities	$ 6,525,871	$ 1,556,398	$ (663,947)	$ 7,418,322	$ 560,834

Revenue bonds future debt service requirements:

	Governmental Activities		*Business-Type Activities*	
Year Ending June 30,	**Principal**	**Interest**	**Principal**	**Interest**
2019			$ 539,000	$ 189,900
2020			552,000	175,599
2021			566,000	161,019
2022			579,000	145,984
2023			597,000	130,009
2024-2028			3,236,000	402,392
2029-2031			1,129,000	58,168
Total	$ -	$ -	$ 7,198,000	$ 1,263,072

General obligation bonds future debt service requirements:

	Governmental Activities		*Business-Type Activities*	
Year Ending June 30,	**Principal**	**Interest**	**Principal**	**Interest**
2019	$ 240,000	$ 123,520		
2020	240,000	118,720		
2021	250,000	113,920		
2022	250,000	106,420		
2023	260,000	98,920		
2024-2028	1,400,000	413,600		
2029-2033	1,560,000	244,240		
2034-2036	690,000	31,200		
Total	$ 4,890,000	$ 1,250,540	$ -	$ -

NOTE 10 – NET POSITION

Net position at June 30, 2018 consisted of the following:

	Governmental	**Business-Type**
Net investment in capital assets		
Net capital assets	$ 35,518,979	$ 25,312,013
Less: Outstanding debt issued	(4,558,299)	(6,980,453)
Net investment in capital assets	30,960,680	18,331,560
Restricted for:		
Debt service	72,381	469,817
Streets	901,819	-
Water and sewer improvements	-	368,992
Other purposes	-	7,600
Total restricted net position	974,200	846,409
Unrestricted net position	4,295,831	2,152,704
Total net position	$ 36,230,711	$ 21,330,673

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 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, 560 East 200 South, Salt Lake City, Utah, 84102, or by visiting the website: www.urs.org.

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
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 4.0%
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 y	Up to 2.5%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit

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

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			
111 Local government Div - Tier 2	N/A	15.11%	1.58%
Noncontributory System			
15 Local government Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%

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, 2018, 2017, and 2016 were $165,986, $171,764, and $174,603 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, 2018, 2017, and 2016 were $23,951, $26,113, and $23,972 respectively. The City's contribution to the Tier 2 DC Only for the years ending June 30, 2018, 2017, and 2016 were $1,179, $0, and $0. Contributions in Tier 2 systems are used to finance the unfunded liabilities in the Tier 1 systems.

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

At June 30, 2018, we reported a net pension asset of $0 and a net pension liability of $455,736.

	(Measurement Date): December 31, 2017			December 31, 2016	
Utah Retirement Systems (URS)	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decrease)
Contributory System					
111 Local government Div - Tier 2	$ -	$ 1,533	0.0173892%	0.1919980%	(0.0018106) %
Noncontributory System					
15 Local government Div - Tier 1	-	454,203	0.1036686%	0.1102801%	(0.0066115) %
Total	$ -	$ 455,736			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used

to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset 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, 2018, we recognized pension expense of $169,790.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,189	$ 29,232
Changes in assumptions	165,211	10,767
Net difference between project and actual earnings on pension plan and investments	98,268	259,001
Changes in proportion and differences between contributions and proportionate share of contributions	7,132	28,784
Contributions subsequent to the measurement date	93,481	-
Total	$ 374,282	$ 327,784

$93,481 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, 2017. 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,	Net Deferred Outflows (Inflows) of Resources
2018	$ 17,452
2019	29,178
2020	(38,555)
2021	(56,353)
2022	(326)
Thereafter	1,620

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2018, we recognized pension expense of $155,062. At June 30, 2018, we reported

deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,132	$ 27,796
Changes in assumptions	163,148	10,612
Net difference between project and actual earnings on pension plan and investments	97,787	256,771
Changes in proportion and differences between contributions and proportionate share of contributions	5,421	28,784
Contributions subsequent to the measurement date	81,270	-
Total	$ 357,758	$ 323,963

$81,720 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, 2017.

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,	Net Deferred Outflows (Inflows) of Resources
2018	$ 17,584
2019	29,310
2020	(38,400)
2021	(55,969)
2022	-
Thereafter	-

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2018, we recognized pension expense of $14,728. At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 57	$ 1,436
Changes in assumptions	2,063	155
Net difference between project and actual earnings on pension plan and investments	481	2,230
Changes in proportion and differences between contributions and proportionate share of contributions	1,711	-
Contributions subsequent to the measurement date	12,211	-
Total	$ 16,523	$ 3,821

$12,211 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, 2017.

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,	Net Deferred Outflows (Inflows) of Resources
2018	$ (132)
2019	(132)
2020	(155)
2021	(384)
2022	(326)
Thereafter	1,620

Actuarial assumptions: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

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, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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:

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real return Arithmetic Basis**	**Long Term Expected Portfolio Real Rate of Return**
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from the 7.20 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 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated us-

ing a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 1,228,379	$ 454,203	$ (189,485)
Tier 2 Public Employees System	18,052	1,533	(11,205)
Total	$ 1,246,431	$ 455,736	$ (200,690)

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.

Compensation Plans	2018	2017	2016
401(k) Plan			
Employer Contributions	$ 5,320	$ 4,113	$ 2,879
Employee Contributions	19,088	23,154	24,915
457 Plan			
Employer Contributions	51,591	55,131	56,860
Employee Contributions	56,293	42,870	40,220
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	27,969	28,926	31,073

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 2018.

On November 21, 2017, the City entered into a 60-month agreement effective January 2018 with RMT Equipment and PNC Equipment Finance, LLC to lease 78 electric golf carts for $6,516 a month. The City paid $79,590 for lease payments in 2018. The following is a schedule by year of future minimum lease payments required under operating lease agreements:

Year Ended June 30,	Total	Year Ended June 30,	Total
2019	184,164	2029-2033	$ 529,860
2020	184,164	2034-2038	529,860
2021	184,164	2039-2043	529,860
2022	184,164	2044-2047	376,151
2023	145,068		
2024-2028	$ 529,860		
		Total	$ 3,377,315

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CEDAR HILLS

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Last Four Fiscal Years

	For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of its covered-employee payroll
Noncontributory System	2014	0.1074806%	$ 466,706	$ 902,092	51.70%	90.20%
	2015	0.1112910%	629,739	929,189	67.77%	87.80%
	2016	0.1102801%	708,133	962,934	73.54%	87.30%
	2017	0.1036686%	454,203	898,962	50.53%	91.90%
Tier 2 Public Employees Syste	2014	0.0254699%	$ (772)	$ 125,018	-0.60%	103.50%
	2015	0.0268669%	(59)	173,564	-0.03%	100.20%
	2016	0.0191998%	2,142	157,454	1.36%	95.10%
	2017	0.0173892%	1,533	170,427	0.90%	97.40%

Note(s):

(1) Only four years of information were available from URS

(2) Changes in Assumptions--As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60 % to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

CITY OF CEDAR HILLS

Required Supplementary Information
Schedule of Contributions
Last Five Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiencies (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory 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%
	2018	165,986	165,986	-	898,679	18.47%
Tier 2 Public Employees 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%
	2018	23,951	23,951	-	158,611	15.10%
Tier 2 Public Employees System(1)	2014	$ -	$ -	$ -	$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	1,179	1,179	-	17,620	6.69%

Note(s):

(1) Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 retirement
(2) Only five 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--As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60 % to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

SUPPLEMENTARY INFORMATION

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Current property taxes	$ 709,818	$ 709,818	$ 744,427	$ 34,609
Delinquent property taxes	20,000	20,000	32,861	12,861
Penalty & interest on property taxes	300	300	1,304	1,004
Motor vehicle taxes	75,000	75,000	80,947	5,947
Sales taxes	1,244,988	1,284,988	1,400,723	115,735
Franchise taxes	400,000	400,000	397,192	(2,808)
Telecom taxes	70,000	70,000	64,367	(5,633)
Total	2,520,106	2,560,106	2,721,821	161,715
Licenses and permits				
Building permits	50,000	60,000	64,632	4,632
Plan check fees	20,000	25,000	33,625	8,625
Other licenses and permits	24,000	24,000	21,110	(2,890)
Total	94,000	109,000	119,367	10,367
Intergovernmental revenue				
Lone Peak Public Safety District Rent	58,000	58,000	60,252	2,252
Emergency Management Grant	7,500	7,500	7,516	16
Class C Roads allotments	310,000	310,000	334,997	24,997
Liquor fund allotments	5,600	5,600	5,975	375
Total	381,100	381,100	408,740	27,640
Fees				
Garbage fees	399,000	399,000	411,296	12,296
Recycling fees	63,000	63,000	72,354	9,354
Paramedic fees	184,000	184,000	187,190	3,190
Passports	70,000	70,000	100,112	30,112
Other	20,300	20,300	23,703	3,403
Total	736,300	736,300	794,655	58,355
Recreation and culture revenue				
Family festival income	30,000	30,000	34,809	4,809
Youth City Council	-	-	426	426
Community Arts	-	-	-	-
Recreation programs	120,000	136,000	154,652	18,652
Recreation Classes	19,000	19,000	26,281	7,281
Event center rentals and concessions	245,000	245,000	243,572	(1,428)
Park Reservations	5,000	5,000	5,068	68
Total	419,000	435,000	464,808	29,808
Miscellaneous revenues				
Interest earnings	15,000	15,000	19,814	4,814
Other revenue	30,500	30,500	43,135	12,635
Total	45,500	45,500	62,949	17,449
Total revenues	4,196,006	4,267,006	4,572,340	305,334

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CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Continued)
General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
General government				
Mayor & council	75,033	75,033	71,066	3,967
Administrative operations	219,241	219,241	204,110	15,131
City Recorder	82,331	82,331	74,069	8,262
Finance	159,357	159,357	151,896	7,461
Other materials, supplies, and contracted services	344,355	374,355	376,492	(2,137)
Total	880,317	910,317	877,633	32,684
Public safety				
Police department	420,395	420,395	423,259	(2,864)
Fire department	680,496	680,496	680,496	-
Other	64,040	64,040	59,320	4,720
Total	1,164,931	1,164,931	1,163,075	1,856
Streets and public works				
Building and zoning	139,007	149,007	130,969	18,038
Public works	321,376	331,376	312,499	18,877
Streets	367,200	372,200	111,149	261,051
Total	827,583	852,583	554,617	297,966
Solid waste and recycling				
Solid Waste	295,000	295,000	305,913	(10,913)
Recycling	58,000	58,000	64,832	(6,832)
Other	2,250	2,250	408	1,842
Total	355,250	355,250	371,153	(15,903)
Parks and recreation				
Parks	218,312	218,312	208,076	10,236
Community services	448,446	464,446	426,378	38,068
Library	17,000	17,000	11,585	5,415
Total	683,758	699,758	646,039	53,719
Total expenditures	3,911,839	3,982,839	3,612,517	370,322
Excess of revenues over expenditures	284,167	284,167	959,823	675,656
Other financing sources(uses)				
Transfers out	(283,233)	(933,233)	(933,233)	-
Total other financing sources(uses)	(283,233)	(933,233)	(933,233)	-
Net change in fund balance	934	(649,066)	26,590	675,656
Fund balance at beginning of year	994,397	994,397	994,397	-
Fund balance at end of year	$ 995,331	$ 345,331	$ 1,020,987	$ 675,656

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Golf Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees:				
Green Fees	$ 565,000	$ 565,000	$ 557,530	$ (7,470)
Practice Range	28,000	28,000	24,434	(3,566)
Pro shop	76,200	76,200	80,118	3,918
Concessions	2,000	2,000	4,572	2,572
Season passes	39,000	62,380	70,311	7,931
Investment earnings	-	-	1,507	1,507
Other	14,500	14,500	12,500	(2,000)
Total revenues	724,700	748,080	750,972	2,892
EXPENDITURES				
Parks and recreation				
Salaries, wages, and employee benefits	449,780	449,780	400,106	49,674
Materials, supplies, and services	405,420	428,800	441,791	(12,991)
Capital outlay	110,000	110,000	109,986	14
Total	965,200	988,580	951,883	36,697
Excess (deficiency) of revenues over (under) expenditures	(240,500)	(240,500)	(200,911)	39,589
Other financing sources:				
Transfers in	142,000	142,000	142,000	-
Total other financing sources	142,000	142,000	142,000	-
Net change in fund balance	(98,500)	(98,500)	(58,911)	39,589
Fund balance at beginning of year	167,600	167,600	167,600	-
Fund balance at end of year	$ 69,100	$ 69,100	$ 108,689	$ 39,589

*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, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Current property taxes	$ 309,770	$ 309,770	$ 325,929	$ 16,159
Delinquent property taxes	11,000	11,000	14,444	3,444
Penalty & Interest on property taxes	300	300	573	273
Motor vehicle taxes	32,000	32,000	35,580	3,580
Total tax revenues	353,070	353,070	376,526	23,456
Investment earnings	-	-	745	745
Total revenues	353,070	353,070	377,271	24,201
EXPENDITURES				
Debt Service:				
Principal	230,000	230,000	230,000	-
Interest	128,120	128,120	128,120	-
Trustee fees	350	350	350	-
Total expenditures	358,470	358,470	358,470	-
Excess (deficiency) of revenues over (under) expenditures	(5,400)	(5,400)	18,801	24,201
Fund balance at beginning of year	53,580	53,580	53,580	-
Fund balance at end of year	$ 48,180	$ 48,180	$ 72,381	$ 24,201

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

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Impact fees:				
Park development	$ 11,280	$ 11,280	$ 22,560	$ 11,280
Public safety	5,320	5,320	4,951	(369)
Streets	15,623	15,623	6,249	(9,374)
PARC taxes	-	11,000	13,601	2,601
Investment earnings	15,000	15,000	15,600	600
Grant revenues	5,000	5,000	5,305	305
Other	21,500	21,500	-	(21,500)
Total revenues	73,723	84,723	68,266	(16,457)
EXPENDITURES				
Streets and public works	600,000	600,000	-	600,000
Parks and recreation	3,137,000	3,187,000	2,777,660	409,340
Debt Service - interest and other charges	-	-	1,059	(1,059)
Total expenditures	3,737,000	3,787,000	2,778,719	1,008,281
Excess (deficiency) of revenues over expenditures	(3,663,277)	(3,702,277)	(2,710,453)	991,824
Other financing sources				
Proceeds from sale of capital assets	2,200,000	2,200,000	2,428,233	228,233
Transfers in	65,000	715,000	715,000	-
Total other financing sources	2,265,000	2,915,000	3,143,233	228,233
Net change in fund balances	(1,398,277)	(787,277)	432,780	1,220,057
Fund balance at beginning of year	3,609,828	3,609,828	3,609,828	-
Fund balance at end of year	$ 2,211,551	$ 2,822,551	$ 4,042,608	$ 1,220,057

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

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STATISTICAL SECTION

STATISTICAL SECTION

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Debt Capacity—these schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	94-102
Demographic and Economic Information—these schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	103-105
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CITY OF CEDAR HILLS

Net Position By Component
Last Ten Years
(accrual basis of accounting)

	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	$ 11,143,031	$ 10,475,412	$ 10,317,082	$ 10,666,004
Restricted	5,699,688	4,906,151	4,164,309	1,449,079
Unrestricted	1,506,908	2,935,231	3,374,792	3,887,521
Total governmental activities net position	$ 18,349,627	$ 18,316,794	$ 17,856,183	$ 16,002,604
Business-type activities:				
Net investment in capital assets	$ 21,235,285	$ 23,270,251	$ 23,255,396	$ 25,597,441
Restricted	794,792	1,199,087	864,268	652,446
Unrestricted	1,747,769	(402,699)	(219,254)	(548,598)
Total business-type activities net position	$ 23,777,846	$ 24,066,639	$ 23,900,410	$ 25,701,289
Total City:				
Net investment in capital assets	$ 32,378,316	$ 33,745,663	$ 33,572,478	$ 36,263,445
Restricted	6,494,480	6,105,238	5,028,577	2,101,525
Unrestricted	3,254,677	2,532,532	3,155,538	3,338,923
Total City net position	$ 42,127,473	$ 42,383,433	$ 41,756,593	$ 41,703,893

Source: City statement of net position at June 30, 2009 through 2018.

Notes: (1) For 2013-2018, the City's golf assets and golf related activites 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.

2013	2014	2015	2016	2017	2018
$ 18,017,027	$ 17,995,931	$ 29,460,264	$ 29,479,348	$ 29,379,254	$ 30,960,680
1,601,342	1,754,107	1,811,582	1,748,889	1,637,585	974,200
1,069,322	1,177,319	1,424,099	2,120,199	3,125,631	4,295,831
$ 20,687,691	$ 20,927,357	$ 32,695,945	$ 33,348,436	$ 34,142,470	$ 36,230,711
$ 17,852,968	$ 17,576,369	$ 17,308,394	$ 17,693,371	$ 17,985,338	$ 18,331,560
615,784	586,496	687,374	626,271	657,529	846,409
1,328,300	1,850,787	1,879,369	2,269,291	2,242,558	2,152,704
$ 19,797,052	$ 20,013,652	$ 19,875,137	$ 20,588,933	$ 20,885,425	$ 21,330,673
$ 35,869,995	$ 35,572,300	$ 46,768,658	$ 47,172,719	$ 47,364,592	$ 49,292,240
2,217,126	2,340,603	2,498,956	2,375,160	2,295,114	1,820,609
2,397,622	3,028,106	3,303,468	4,389,490	5,368,189	6,448,535
$ 40,484,743	$ 40,941,009	$ 52,571,082	$ 53,937,369	$ 55,027,895	$ 57,561,384

CITY OF CEDAR HILLS

Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2009	2010	2011	2012
Expenses:				
Governmental activities:				
General government	$ 2,179,488	$ 2,073,764	$ 2,191,800	$ 1,311,205
Public safety	580,522	575,232	775,455	888,591
Parks and recreation	466,877	409,000	454,437	495,620
Streets and public works	-	-	-	785,921
Solid waste and recycling	-	-	-	258,396
Interest on long-term debt	106,149	107,013	103,491	104,271
Total governmental activities	3,333,036	3,165,009	3,525,183	3,844,004
Business-type activities:				
Water and sewer	2,157,725	2,511,875	2,890,749	2,965,490
Golf Course	1,217,445	1,238,869	1,258,176	1,423,647
Total business-type activities	3,375,170	3,750,744	4,148,925	4,389,137
Total City expenses	$ 6,708,206	$ 6,915,753	$ 7,674,108	$ 8,233,141
Program revenues:				
Governmental activities:				
Charges for services:				
General government	$ 541,033	$ 546,041	$ 557,656	$ 55,225
Public safety	-	-	-	184,564
Parks and recreation	82,324	45,439	68,383	172,664
Streets and public works	-	-	-	93,972
Solid waste and recycling	-	-	-	410,158
Operating grants and contributions	229,689	246,682	263,084	302,851
Capital grants and contributions	50,107	164,526	95,999	11,307
Total governmental activities	903,153	1,002,688	985,122	1,230,741
Business-type activities:				
Charges for services:				
Water and sewer	2,050,184	2,383,938	2,634,734	2,754,599
Golf Course	750,734	679,970	651,211	704,056
Capital grants and contributions	161,300	62,986	22,590	-
Total business-type activities	2,962,218	3,126,894	3,308,535	3,458,655
Total City program revenues	$ 3,865,371	$ 4,129,582	$ 4,293,657	$ 4,689,396

2013	2014	2015	2016	2017	2018
$ 1,033,196	$ 938,806	$ 838,231	$ 807,242	$ 957,640	$ 866,076
1,050,218	1,109,591	1,158,157	1,168,200	1,158,970	1,163,075
1,941,304	1,721,870	1,733,589	1,827,222	1,857,780	1,916,110
681,059	840,146	710,455	1,070,747	1,128,041	926,837
330,845	324,306	328,097	350,724	354,319	371,153
229,323	287,398	274,907	245,326	222,277	149,856
5,265,945	5,222,117	5,043,436	5,469,461	5,679,027	5,393,107
2,844,998	2,851,845	3,021,152	3,063,328	3,045,078	3,139,655
-	-	-	-	-	-
2,844,998	2,851,845	3,021,152	3,063,328	3,045,078	3,139,655
$ 8,110,943	$ 8,073,962	$ 8,064,588	$ 8,532,789	$ 8,724,105	$ 8,532,762
$ 81,268	$ 72,655	$ 134,131	$ 98,178	$ 147,323	$ 164,031
178,920	179,774	182,245	184,400	186,590	187,190
931,638	1,026,940	1,168,713	1,186,748	1,211,239	1,197,152
188,885	126,207	131,933	247,480	175,803	122,287
415,384	446,711	454,150	463,175	474,987	483,651
335,876	351,394	376,386	380,710	425,784	425,858
138,320	278,679	47,911	344,932	92,672	72,391
2,270,291	2,482,360	2,495,468	2,905,623	2,714,398	2,652,560
2,899,399	3,077,340	3,155,808	3,552,420	3,273,216	3,372,627
-	-	-	-	-	-
-	85,146	34,161	321,142	154,947	42,575
2,899,399	3,162,486	3,189,969	3,873,562	3,428,163	3,415,202
$ 5,169,690	$ 5,644,846	$ 5,685,437	$ 6,779,185	$ 6,142,561	$ 6,067,762

CITY OF CEDAR HILLS

Changes in Net Position (Continued)
Last Ten Years
(accrual basis of accounting)

	2009	2010	2011	2012
Net (expense) revenue:				
Governmental activities	$ (2,429,883)	$ (2,162,321)	$ (2,540,061)	$ (2,613,263)
Business-type activities	(412,952)	(623,850)	(840,390)	(930,482)
Total City net (expense) revenue	$ (2,842,835)	$ (2,786,171)	$ (3,380,451)	$ (3,543,745)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	$ 939,554	$ 872,432	$ 835,359	$ 870,913
Sales taxes	825,298	933,049	987,371	1,050,315
Franchise taxes	432,005	446,750	471,635	462,371
PARC taxes	-	-	-	35,949
Investment earnings	136,713	42,212	34,844	35,810
Miscellaneous	92,899	36,948	45,286	-
Transfers	113,570	-	(295,045)	(2,325,675)
Total governmental activities	2,540,039	2,331,391	2,079,450	129,683
Business-type activities:				
Investment earnings	56,454	10,764	6,963	8,823
Property taxes	385,195	385,260	398,339	396,862
Miscellaneous	864,491	21,463	(26,187)	-
Transfers	(113,570)	-	295,045	2,325,675
Total business-type activities	1,192,570	417,487	674,160	2,731,360
Total City general revenues and other changes in net position	$ 3,732,609	$ 2,748,878	$ 2,753,610	$ 2,861,043
Changes in Net Position:				
Governmental activities	$ 110,156	$ 169,070	$ (460,611)	$ (2,483,580)
Business-type activities	779,618	(206,363)	(166,230)	1,800,878
Total City changes in net position	$ 889,774	$ (37,293)	$ (626,841)	$ (682,702)

Source City of Cedar Hills statements of activities for years ended June 30, 2009 through 2018.

Notes: For 2013-2018, the City's golf related activies were reclassed from business-type activities to governmental activities in the category parks and recreation.

2013	2014	2015	2016	2017	2018
$ (2,995,654)	$ (2,739,757)	$ (2,547,968)	$ (2,563,838)	$ (2,964,629)	$ (2,740,547)
54,401	310,641	168,817	810,234	383,085	275,547
$ (2,941,253)	$ (2,429,116)	$ (2,379,151)	$ (1,753,604)	$ (2,581,544)	$ (2,465,000)
$ 1,208,155	$ 1,160,816	$ 1,106,380	$ 1,152,914	$ 1,171,228	$ 1,235,850
1,112,911	1,159,524	1,213,288	1,248,838	1,309,420	1,400,723
497,713	503,111	474,814	486,996	471,415	461,559
38,828	41,154	43,552	43,757	34,151	13,601
22,451	13,314	15,316	46,981	54,665	37,668
-	-	-	120,811	600,171	1,808,567
43,850	101,503	118,356	116,032	117,613	(129,180)
2,923,908	2,979,422	2,971,706	3,216,329	3,758,663	4,828,788
9,600	7,461	9,351	19,594	31,020	40,521
-	-	-	-	-	-
-	-	-	-	-	-
(43,850)	(101,503)	(118,356)	(116,032)	(117,613)	129,180
(34,250)	(94,042)	(109,005)	(96,438)	(86,593)	169,701
$ 2,889,658	$ 2,885,380	$ 2,862,701	$ 3,119,891	$ 3,672,070	$ 4,998,489
$ (71,746)	$ 239,665	$ 423,738	$ 652,491	$ 794,034	$ 2,088,241
20,151	216,599	59,812	713,796	296,492	445,248
$ (51,595)	$ 456,264	$ 483,550	$ 1,366,287	$ 1,090,526	$ 2,533,489

CITY OF CEDAR HILLS

Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2009	2010	2011	2012
General fund:				
Nonspendable				
Inventory and prepaid	$ -	$ 27,880	$ 21,904	$ 13,193
Restricted	349,505	381,509	192,957	83,421
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,114,841	461,547	709,202	647,847
Total general fund	$ 1,464,346	$ 870,936	$ 924,063	$ 744,461
All other governmental funds:				
Nonspendable				
Inventory and prepaid	$ -	$ -	$ 12,957	$ -
Restricted	4,517,848	4,524,642	3,971,352	1,365,658
Committed	-	-	-	-
Assigned	1,631,612	2,497,858	2,663,720	2,558,022
Unassigned	-	-	-	-
Total all other governmental funds	$ 6,149,460	$ 7,022,500	$ 6,648,029	$ 3,923,680
Total Fund Balances - Government Funds	$ 7,613,806	$ 7,893,436	$ 7,572,092	$ 4,668,141

Source: City of Cedar Hills balance sheets - governmental funds at December 31, 2009 through 2018.
Notes: For 2013-2018, the City's Golf fund balances were reclassed to governmental funds from enterprise funds.

2013	2014	2015	2016	2017	2018
$ 4,328	$ 612	$ 3,882	$ 453	$ 26,763	$ 31,428
73,051	1,074	1,498	-	-	282,807
-	-	-	2,297	4,436	4,862
24,000	-	-	-	-	-
801,629	1,008,320	1,195,767	963,319	963,198	701,890
$ 903,008	$ 1,010,006	$ 1,201,147	$ 966,069	$ 994,397	$ 1,020,987
$ 27,373	$ 34,782	$ 35,957	$ 37,138	$ 42,265	$ 47,883
1,528,291	1,753,033	1,810,084	1,748,889	1,637,585	691,393
-	-	-	1,119,387	2,025,823	2,760,000
358,411	210,944	516,947	142,978	125,335	724,402
(63,782)	(12,789)	-	-	-	-
$ 1,850,293	$ 1,985,970	$ 2,362,988	$ 3,048,392	$ 3,831,008	$ 4,223,678
$ 2,753,301	$ 2,995,976	$ 3,564,135	$ 4,014,461	$ 4,825,405	$ 5,244,665

CITY OF CEDAR HILLS

Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2009	2010	2011	2012(1)
Revenues:				
Taxes	$ 2,205,691	$ 2,252,232	$ 2,294,365	$ 2,384,551
Licenses and permits	71,116	83,834	70,245	73,247
Intergovernmental	229,690	246,682	263,084	314,159
Charges for services	469,917	462,207	487,410	589,552
Fees (2)	132,431	199,420	158,773	220,218
Investment earnings	136,714	42,212	34,844	35,810
Miscellaneous	88,817	35,816	44,161	33,565
Total revenues	3,334,376	3,322,403	3,352,882	3,651,102
Expenditures:				
General government	1,626,477	1,535,270	1,438,114	1,220,417
Public Safety	558,750	575,232	775,455	888,591
Streets and public works	323,803	281,177	501,945	653,114
Solid waste and recycling	-	-	-	258,396
Parks and recreation (2)	330,697	262,750	291,084	346,546
Capital Outlay	61,960	124,612	96,182	191,747
Debt Service:				
Principal retirement (2)	95,000	95,000	100,000	465,000
Interest and fiscal charges (2)	113,823	108,612	105,147	109,567
Total expenditures	3,110,510	2,982,653	3,307,927	4,133,378
Excess of revenues over (under) expenditures	223,866	339,750	44,955	(482,276)
Other financing sources (uses):				
Proceeds from the sale of capital assets	-	-	-	-
Refunding bond issued	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	152,963	1,026,067	171,858	422,303
Transfers out	(161,248)	(1,086,189)	(538,159)	(2,843,978)
Total other financing sources (uses)	(8,285)	(60,122)	(366,301)	(2,421,675)
Net change in fund balances	$ 215,581	$ 279,628	$ (321,346)	$ (2,903,951)
Debt service as a percentage of noncapital expenditures	6.79%	6.97%	6.28%	14.45%

Source: City of Cedar Hills statements of revenues, expenditures, and changes in fund balances - governmental funds for years ending December 31, 2009 through 2018.

Notes: (1) City retired lease revenue bonds early during fiscal year 2012.
(2) For 2013-2018, the City's golf operational and debt service activities were reclassed to a special revenue and debt service fund, instead of a business-type activity in an enterprise fund.

2013	2014	2015	2016	2017	2018
$ 2,857,607	$ 2,864,605	$ 2,838,034	$ 2,920,514	$ 2,986,919	$ 3,111,948
94,298	157,245	107,277	271,224	196,014	119,367
335,341	342,878	363,695	371,973	418,056	414,045
596,519	628,459	638,910	672,927	747,364	794,655
1,070,494	1,314,135	1,205,339	1,261,977	1,248,918	1,235,533
22,451	13,314	15,316	46,981	54,665	37,666
173,639	39,643	100,210	61,268	73,554	55,635
5,150,349	5,360,279	5,268,781	5,606,864	5,725,490	5,768,849
955,226	853,322	810,407	1,003,621	917,195	877,633
1,050,218	1,109,591	1,158,157	1,168,200	1,158,970	1,163,075
531,545	720,469	615,697	701,674	731,830	554,617
330,845	324,306	328,097	350,724	354,319	371,153
1,423,547	1,291,224	1,359,356	1,448,810	1,886,063	4,265,596
285,461	339,837	30,881	28,350	105,744	109,986
280,000	275,000	285,000	295,000	347,000	230,000
233,969	241,283	231,383	214,440	172,146	129,529
5,090,811	5,155,032	4,818,978	5,210,819	5,673,267	7,701,589
59,538	205,247	449,803	396,045	52,223	(1,932,740)
-	-	-	120,811	641,108	2,428,233
5,570,000	-	-	1,644,000	-	-
179,471	-	-	-	-	-
(5,559,871)	-	-	(1,826,562)	-	-
2,456,058	565,481	611,076	902,564	801,726	857,000
(2,487,208)	(528,053)	(492,720)	(786,532)	(684,113)	(933,233)
158,450	37,428	118,356	54,281	758,721	2,352,000
$ 217,988	$ 242,675	$ 568,159	$ 450,326	$ 810,944	$ 419,260
10.63%	10.64%	10.78%	10.35%	10.16%	7.49%

CITY OF CEDAR HILLS

Assessed Value and Actual Value of Taxable Property
Last Ten Years

Year Ended June 30,	Primary Residential Property	Secondary or Non-Residential Property	Less: Tax-Exempt Real Property (1)	Total Taxable Assessed Value	Total Taxable Assessed Value as a Percentage of Actual Value	Estimated Total Fair Market Value (2)	Total Direct Rate
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	864,794,600	49,219,722	389,157,570	524,856,752	57.42%	914,014,322	0.002024
2018	N/A	N/A	N/A	N/A	N/A	N/A	0.001923

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 Collected	Percentage of Levy		Amount Collected (2)	Percentage of Levy
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%	50,854	1,052,887	100.00%
2014	947,474	940,148	99.23%	6,769	946,916	99.94%
2015	995,035	987,820	99.27%	6,979	994,799	99.98%
2016	1,005,624	999,343	99.38%	3,347	1,002,691	99.71%
2017	1,014,588	1,008,799	99.43%	-	1,008,799	99.43%
2018	1,021,694	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 2018 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)

	2009	2010	2011	2012
City rates:				
General operations	0.001690	0.001856	0.001957	0.001994
Interest and sinking fund	0.001078	0.001138	0.001196	0.001189
	0.002768	0.002994	0.003153	0.003183
Utah County rates:				
General operations	0.000682	0.000747	0.000793	0.000803
Interest and sinking fund	0.000093	0.000072	0.000045	0.000011
Other	0.000103	0.000289	0.000305	0.000313
Assessing and collecting	0.000325	0.000186	0.000199	0.000197
	0.001203	0.001294	0.001342	0.001324
Alpine School district rates:				
Tort liability	0.000020	0.000023	0.000025	0.000000
Recreation	0.000097	0.000109	0.000117	0.000000
Transportation	0.000122	0.000137	0.000148	0.000000
Leeway	0.000400	0.000400	0.000431	0.000000
Other	0.000743	0.000836	0.000494	0.000000
Capital	0.000368	0.000415	0.000850	0.000771
GO bond payments	0.002758	0.003205	0.003437	0.003350
Levy	0.003033	0.003095	0.003310	0.004707
	0.007541	0.008220	0.008812	0.008828
Central Utah Water Conservancy District rate:				
Water conservancy	0.000400	0.000421	0.000436	0.000455
North Utah County Water Conservancy district rate:				
Water conservancy	0.000022	0.000024	0.000026	0.000028
Total direct rate	0.011934	0.012953	0.013769	0.013818

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

2013	2014	2015	2016	2017	2018
0.001922	0.001703	0.001594	0.001512	0.001406	0.001340
0.000951	0.000707	0.000721	0.000674	0.000618	0.000583
0.002873	0.002410	0.002315	0.002186	0.002024	0.001923
0.000779	0.000714	0.000682	0.000654	0.000611	0.000574
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000227	0.000202	0.000188	0.000180	0.000168	0.000158
0.000253	0.000233	0.000228	0.000215	0.000190	0.000179
0.001259	0.001149	0.001098	0.001049	0.000969	0.000911
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
0.000848	0.000759	0.000697	0.000661	0.000613	0.000550
0.003286	0.003188	0.003215	0.002967	0.002745	0.002524
0.004565	0.004149	0.004265	0.004090	0.003809	0.003959
0.008699	0.008096	0.008177	0.007718	0.007167	0.007033
0.000446	0.000422	0.000405	0.000400	0.000400	0.000400
0.000029	0.000025	0.000024	0.000023	0.000021	0.000019
0.013306	0.012102	0.012019	0.011376	0.010581	0.010286

CITY OF CEDAR HILLS

Principal Property Taxpayers
Current Year and Nine Years Ago

	2018		
Taxpayers	Taxable Value	Rank	Percentage of Total Taxable Values (1)
Wal-Mart	$ 12,083,900	1	2.3%
Questar Gas	4,390,963	2	0.8%
The Charleston at Cedar Hills	3,504,105	3	0.7%
Pacificorp	2,186,203	4	0.4%
Lexington Heights Professional Offices	2,132,700	5	0.4%
Hart's Gas and Food	1,981,700	6	0.4%
JPMorgan Chase Bank	1,357,500	7	0.3%
McDonald's	1,213,300	8	0.2%
Dollar Tree	1,050,680	9	0.2%
America First Credit Union	761,900	10	0.1%
SLML LLC.	761,500	11	0.1%
Amsource Cedar Hills			
Philips Edison			
Totals	$31,424,451		5.90%

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

Notes:

(1) Percentage of total taxable values equals the taxable value divided by the total taxable value of $524,856,752.

(2) Percentage of total taxable values equals the taxable value divided by the total taxable value of $474,290,129.

2009		
Taxable Value	Rank	Percentage of Total Taxable Values (2)
$ 10,655,300	1	2.2%
995,641	5	0.2%
3,635,270	2	0.8%
1,971,739	4	0.4%
2,500,000	3	0.5%
-		-
-		-
-		-
-		-
650,000	7	0.1%
811,600	6	0.2%
635,800	8	0.1%
$21,855,350		4.50%

CITY OF CEDAR HILLS

Ratios of Outstanding Debt by Type
Last Ten Years

	Governmental Activities			Business-Type Activities		
Year	General Obligation Bonds	Excise Tax Revenue Bonds	Lease Revenue Bonds	Capital Lease Obligations	Notes Payable	Utility Revenue Bonds
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
2018	4,990,574	1,411,000	-	-	-	5,787,000

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

General Note: For general obligation bonds in 2013-2018 the amortized bond premium is included. No other outstanding bonds have a premium or discount.

Total City	Percentage of Personal Income	Per Capita
$ 17,186,717	0.0105%	$ 1,756
16,745,490	0.0096%	1,709
16,123,687	0.0076%	1,620
15,682,784	0.0073%	1,559
15,764,913	0.0069%	1,547
15,160,539	0.0066%	1,476
14,801,893	0.0058%	1,449
13,735,228	0.0053%	1,330
12,964,037	0.0049%	1,255
12,188,574	N/A	N/A

CITY OF CEDAR HILLS

Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Obligations Bonds Total	Population	G.O. Net Bonded Debt Per Capita
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	9,951	568
2012	5,510,000	-	5,510,000	10,058	548
2013	6,155,167	-	6,155,167	10,188	604
2014	5,934,793	42,598	5,892,195	10,269	574
2015	5,710,147	10,857	5,699,290	10,214	558
2016	5,476,228	3,984	5,472,244	10,325	530
2017	5,233,037	51,161	5,181,876	10,334	501
2018	4,990,574	56,839	4,933,735	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, 2018

Entity	2017 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Debt Outstanding (2)	City's Portion of Debt
Utah County	$ 38,866,466,595	$ 524,856,752	1.350%	$ 258,795,000	$ 3,494,794
Alpine School District	25,778,912,830	524,856,752	2.036%	397,010,000	8,083,094
North Utah County Water Conservancy District	14,273,168,843	524,856,752	3.677%	52,500	1,931
Central Utah Water Conservancy District	38,939,481,779	524,856,752	1.348%	670,374,622	9,035,833
Total Overlapping Debt (Excluding the State) (3)					$ 20,615,652
Total Direct Bonded Indebtedness (4)					$ 6,401,574
Total Direct and Overlapping Debt (Excluding the State)					$ 27,017,226

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, 2018 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

	2009	2010	2011	2012
Debt limit (12%)	$ 48,847,491	$ 44,111,328	$ 42,101,279	$ 41,267,203
Total general obligation debt applicable to the limit	5,930,000	5,795,000	5,655,000	5,510,000
Legal debt margin	$ 42,917,491	$ 38,316,328	$ 36,446,279	$ 35,757,203
Percentage of net debt contracting margin available	87.86%	86.86%	86.57%	86.65%

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 2017 used, since 2018 assessed value not available:

	Taxable Value (2)
Residential values	$ 864,794,600
Non-residential values	$ 49,219,722
Exempt property	(389,157,570)
Totals	$ 524,856,752
Debt limit (adjusted fair market value x 0.12)	$ 62,982,810
Debt applicable to limit:	
General obligation bonds	5,233,037
Legal debt margin	$ 57,749,773

2013	2014	2015	2016	2017	2018
$ 43,905,050	$ 49,615,121	$ 54,145,164	$ 57,992,408	$ 62,982,810	N/A
6,155,167	5,934,793	5,710,147	5,476,228	5,233,037	4,990,574
$ 37,749,883	$ 43,680,328	$ 48,435,017	$ 52,516,180	$ 57,749,773	N/A
85.98%	88.04%	89.45%	90.56%	91.69%	N/A

CITY OF CEDAR HILLS

Debt Service Schedule of Outstanding Bonds (By Year)
June 30, 2018

			2019	2020	2021	2022	2023	2024	2025
General Obligations Bonds									
Series 2012	Partially refunded 2005 GO bonds, which was used for	Principal	$ 240,000	$ 240,000	$ 250,000	$ 250,000	$ 260,000	$ 270,000	$ 275,000
$ 5,570,000	golf course improvements.	Interest	123,520	118,720	113,920	106,420	98,920	93,720	88,320
	Total		$ 363,520	$ 358,720	$ 363,920	$ 356,420	$ 358,920	$ 363,720	$ 363,320
Excise Tax Revenue Bonds									
Series 2015	Refunded 2006 Excise bonds, which was used to	Principal	$ 121,000	$ 125,000	$ 124,000	$ 128,000	$ 132,000	$ 136,000	$ 139,000
$ 1,644,000	finance the construction of the public works building.	Interest	32,007	29,092	26,141	23,155	20,074	16,898	13,639
Total			$ 153,007	$ 154,092	$ 150,141	$ 151,155	$ 152,074	$ 152,898	$ 152,639
Utility Revenue Bonds									
Series 2007		Principal	$ 105,000	$ 107,000	$ 110,000	$ 113,000	$ 116,000	$ 120,000	$ 123,000
$ 2,090,000	Used to finance the construction of a new well.	Interest	32,059	29,214	26,314	23,333	20,271	17,127	13,875
Series 2009		Principal	45,000.00	45,000.00	50,000.00	50,000.00	55,000.00	55,000.00	60,000.00
$ 930,000	Used to finance pressured irrigation improvements.	Interest	16,368.40	15,009.40	13,650.40	12,140.40	10,630.40	8,969.40	7,308.40
Series 2014	Partially refunded 2006 utility revenue	Principal	268,000	275,000	282,000	288,000	294,000	305,000	311,000
4,633,000	bonds used for water improvements.	Interest	108,862	101,679	94,309	86,752	79,033	71,154	62,980
	Total principal		418,000	427,000	442,000	451,000	465,000	480,000	494,000
	Total interest		157,289	145,903	134,274	122,225	109,935	97,250	84,163
	Total		$ 575,289	$ 572,903	$ 576,274	$ 573,225	$ 574,935	$ 577,250	$ 578,163
	Total All Bonds								
	Total principal		$ 779,000	$ 792,000	$ 816,000	$ 829,000	$ 857,000	$ 886,000	$ 908,000
	Total interest		312,816	293,714	274,335	251,800	228,929	207,869	186,123
	Total all bonds		$ 1,091,816	$ 1,085,714	$ 1,090,335	$ 1,080,800	$ 1,085,929	$ 1,093,869	$ 1,094,123

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
$ 280,000	$ 285,000	$ 290,000	$ 295,000	$ 300,000	$ 315,000	$ 320,000	$ 330,000	$ 340,000	$ 350,000	$ 4,890,000
82,820	77,220	71,520	65,140	58,650	49,650	40,200	30,600	20,700	10,500	1,250,540
$ 362,820	$ 362,220	$ 361,520	$ 360,140	$ 358,650	$ 364,650	$ 360,200	$ 360,600	$ 360,700	$ 360,500	$ 6,140,540
$ 143,000	$ 146,000	$ 149,000	$ 68,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,411,000
10,298	6,873	3,377	806	-	-	-	-	-	-	182,360
$ 153,298	$ 152,873	$ 152,377	$ 68,806	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,593,360
$ 126,000	$ 130,000	$ 133,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,183,000
10,542	7,127	3,604	-	-	-	-	-	-	-	183,466
65,000.00	65,000.00	49,000.00	3,000.00	-	-	-	-	-	-	542,000.00
5,496.40	3,533.40	1,570.40	90.60	-	-	-	-	-	-	94,767.60
321,000	325,000	335,000	343,000	351,000	364,000	-	-	-	-	4,062,000
54,645	46,042	37,332	28,354	19,162	9,755	-	-	-	-	800,060
512,000	520,000	517,000	346,000	351,000	364,000	-	-	-	-	5,787,000
70,684	56,703	42,507	28,445	19,162	9,755	-	-	-	-	1,078,294
$ 582,684	$ 576,703	$ 559,507	$ 374,445	$ 370,162	$ 373,755	$ -	$ -	$ -	$ -	$ 6,865,294
$ 935,000	$ 951,000	$ 956,000	$ 709,000	$ 651,000	$ 679,000	$ 320,000	$ 330,000	$ 340,000	$ 350,000	$ 12,088,000
163,801	140,796	117,404	94,391	77,812	59,405	40,200	30,600	20,700	10,500	2,511,194
$ 1,098,801	$ 1,091,796	$ 1,073,404	$ 803,391	$ 728,812	$ 738,405	$ 360,200	$ 360,600	$ 360,700	$ 360,500	$ 14,599,194

CITY OF CEDAR HILLS

Pledged-Revenue Coverage
Last Ten Years

	Excise Tax Revenue Bonds (1)				Utility Revenue Bonds			
	Franchise	Debt Service			Utility Net	Debt Service		
Year	Taxes	Principal	Interest	Coverage	Revenues (2)	Principal (3)	Interest	Coverage
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
2018	461,559	116,000	34,815	3.1	1,154,149	397,000	168,699	2.04

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, 2018.
(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

Year	Population (3)	Adjusted Gross Income Income (amounts in thousands) (5)	Household Median Adjusted Gross Income (1)	District School Enrollment (4)	Unemployment % Rate (2)
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	9,951	175,184,399	79,375	64,351	6.3
2012	10,058	212,132,333	79,415	66,044	5.0
2013	10,188	215,469,537	82,828	68,233	4.2
2014	10,269	229,188,419	85,244	70,811	3.5
2015	10,214	255,680,503	87,555	72,467	3.3
2016	10,325	260,262,373	87,086	73,724	3.1
2017	10,334	267,125,724	89,388	77,457	2.9
2018	N/A	N/A	N/A	78,853	2.8

Sources:

(1) tax.utah.gov/econstats/income/fed-returns-recent data. The Utah State Tax Commission website provid 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 2009-2017 are revised based on statistical information provided by Utah Department of Workforce Services.
2017 June seasonally adjusted estimates.
— 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. 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 Six Years Ago

		2017		
Employer	**Industry**	**Employees**	**Rank**	**Percentage of Total County Employment**
Brigham Young University	Colleges, Universities, and Professional Schools	15,000 - 19,999	1	5.28% - 7.04%
Alpine School District	Elementary and Secondary Schools	7,000 - 9,999	2	2.47% - 3.52%
Utah Valley University	Colleges, Universities, and Professional Schools	5,000 - 6,999	3	1.76% - 2.46%
Utah Valley Regional Medical Center	General Medical and Surgical Hospitals	5,000 - 6,999	3	1.76% - 2.46%
Vivint	Building Equipment Contractors	3,000 - 3,999	5	1.06% - 1.41%
Nebo School District	Elementary and Secondary Schools	3,000 - 3,999	5	1.06% - 1.41%
Wal-Mart	Other General Merchandise Stores	2,000 - 2,999	7	0.70% - 1.06%
State of Utah	Justice, Public Order, and Safety Activities	2,000 - 2,999	7	0.70% - 1.06%
RBD Acquisition	Real Estate	2,000 - 2,999	7	0.70% - 1.06%
Young Living Essential Oils	Direct Selling Establishments	2,000 - 2,999	7	0.70% - 1.06%
Vivint Solar	Solar Contractor	1,000 - 1,999	11	0.35% - 0.70%
Provo School District	Elementary and Secondary Schools	1,000 - 1,999	11	0.35% - 0.70%
Nexeo Staffing	Employment Services	1,000 - 1,999	11	0.35% - 0.70%
Doterra International	Direct Selling Establishments	1,000 - 1,999	11	0.35% - 0.70%
IM Flash Technologies	Semiconductor and Other Electronic Component	1,000 - 1,999	11	0.35% - 0.70%
Entrata	Property Management Software	1,000 - 1,999	11	0.35% - 0.70%
Provo City	Executive, Legislative, and Other General Goverr	1,000 - 1,999	11	0.35% - 0.70%
Smiths Food and Drug	Grocery Stores	1,000 - 1,999	11	0.35% - 0.70%
Adobe Systems Incorporated	Software Publishers	1,000 - 1,999	11	0.35% - 0.70%
Sundance Resort	Tourism	1,000 - 1,999	11	0.35% - 0.70%
Utah County	Government	1,000 - 1,999	11	0.35% - 0.70%
Chrsysalis	Disability Support Services	1,000 - 1,999	11	0.35% - 0.70%
Nu Skin	Direct Selling Establishments	1,000 - 1,999	11	0.35% - 0.70%
Nestle USA	Fruit and Vegetable Preserving and Specialty Foo	1,000 - 1,999	11	0.35% - 0.70%
Central Utah Medical Clinic	Offices of Physicians	1,000 - 1,999	11	0.35% - 0.70%
Response Marketing Group	Marketing	1,000 - 1,999	11	0.35% - 0.70%
Sykes Enterprises Incorporated	Outsourcing	1,000 - 1,999	11	0.35% - 0.70%
Bluefin Office Group/Utah Office Supply	Office Supplies			
United States Government	Federal Government			
Total		63,000 - 97,973		22.19% - 34.50%

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. 2017 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 2017 annual average was 283,950.

	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%
1,000 - 1,999	8	0.46% - 0.92%
43,000 - 62,985		19.84% - 29.06%

CITY OF CEDAR HILLS

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

	Full-Time Equivalent Employees as of June 30,									
FUNCTION	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General Government	10.4	10.7	9.7	9.4	8.5	8.5	8.6	8.4	8.2	8.4
Streets and public works	9.1	9.3	9.6	10.4	9.4	9.4	10.0	9.5	10.8	10.7
Community Services	2.3	2.6	2.9	2.8	5.6	4.9	5.5	6.2	6.2	5.1
Golf	7.5	8.5	8.2	9.2	8.5	8.2	7.9	7.7	8.0	7.3
Total	29.4	31.1	30.5	31.9	32.0	31.0	32.0	31.9	33.2	31.5

Source: Payroll Register Report Hours by Department (Payroll>Reports>Payroll register Single line summary>title-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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	5	5	5	5	5	5	5	5	6	6
Golf Course	1	1	1	1	1	1	1	1	1	1
Community Event Center	-	-	-	1	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

	2013	2014	2015	2016	2017	2018(1)
Administration:						
Staff trainings held	11	11	11	11	11	11
Employees receiving performance evaluation	100%	100%	100%	100%	100%	100%
Finance:						
Checks processed	1,557	1,474	1,354	1,152	1,239	1,182
Electronic fund transfers processed	119	96	174	134	90	77
Paper utility statements processed per month	2,164	2,129	2,081	1,421	1,334	1,257
Utility customers	2,385	2,404	2,444	2,472	2,507	2,630
GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes	Yes	N/A
GFOA Certificate of Achievement in Financial Reporting	Yes	Yes	Yes	Yes	Yes	N/A
General obligation bond rating	AA-	AA-	AA-	AA-	AA+	AA+
Public Works:						
Water inspections	10	30	15	20	11	12
Sewer inspections	10	30	17	24	11	14
Inspections completed	590	1,091	619	948	707	634
Building permits processed	54	65	100	162	146	101
Building plans approved	50	60	70	154	137	94
Meters read electronically	96%	98%	98%	98%	98%	98%
Community Services:						
Jr. Jazz teams	84	82	87	96	123	119
Flag football teams	31	34	33	43	42	39
Family festival donations raised	$17,855	$19,480	$17,440	$ 6,670	$16,550	$16,692
Season golf passes sold, or traded for services	$42,153	$78,114	$73,132	$52,148	$75,552	$65,312

Source: City of Cedar Hills budget document and general ledger

For 2018 utility customers includes landlords & property management entities

ADDITIONAL INFORMATION

KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, 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, the budgetary comparison schedules for the General Fund and Golf Special Revenue 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, 2018, 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 16, 2018.

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 amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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1455 West 2200 South, Suite 201
Salt Lake City, Utah 84119

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 16, 2018

KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

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

Report on Compliance

We have audited the City of Cedar Hills, Utah's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide,* issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Budgetary Compliance
Fund Balance
Utah Retirement Systems
Restricted Taxes and Related Restricted Revenue
Open and Public Meetings Act
Treasurer's Bond
Enterprise Fund Transfers, Reimbursements, Loans, and Services
Tax Levy Revenue Recognition

Management's Responsibility

Management is responsible for compliance with the 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 state 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* 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 with those requirements.

Opinion on Compliance

In our opinion, City of Cedar Hills complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

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Salt Lake City, Utah 84119

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 16, 2018