

# CITY OF CEDAR HILLS, UTAH



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019





# CITY OF CEDAR HILLS, UTAH



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by:  
Department of Finance



# INTRODUCTORY SECTION





CITY OF CEDAR HILLS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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December 3, 2019

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, 2019.

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, 2019. The independent auditor's report is located at the front of the financial section of this report.

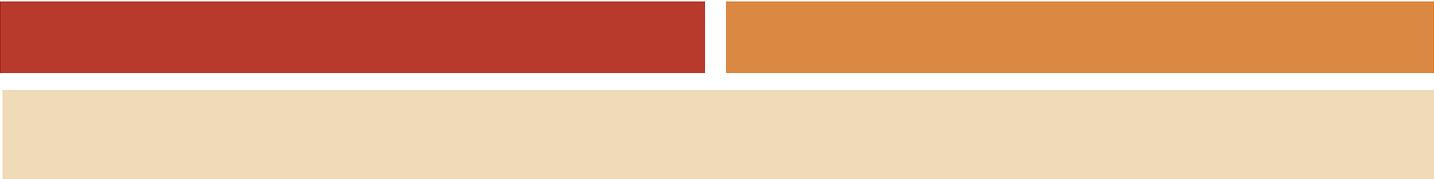
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

#### 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. Electricity is provided by Rocky Mountain Power, gas by Dominion Energy, 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.

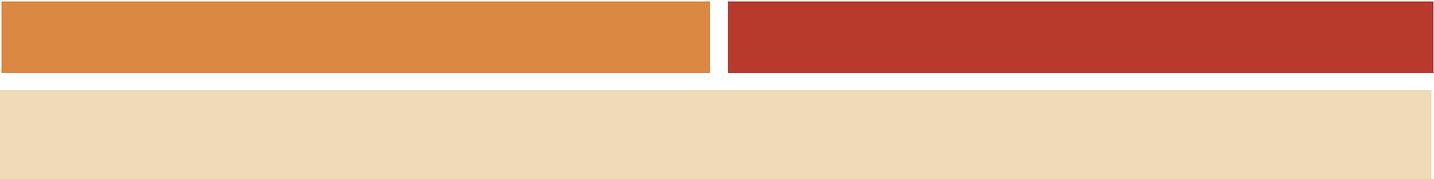
Because of its location in a region with a strong economic base, unemployment had been relatively stable. During the past ten years, the unemployment rate in the County rose from a high of 7.4 percent for (2010) to the current low of 2.6 percent in 2019. Although unemployment rates lowered nationwide after the recession, Utah County continues to experience unemployment rates consistently lower than national averages. The County's unemployment rate as of June 2019 was 2.6 percent compared to 3.7 percent nationally. A leveling off in unemployment rates are anticipated in fiscal calendar year 2019-2020.

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 10,217 as of 2018. 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 last few years, the government has experienced a period of steady economic growth and investment. The City's commercial area continues to add new businesses like Marcos Pizza, with Taco Bell under construction. 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 costs have increased from \$775,455 to \$1,423,778, and as a percentage of total expenses (from 10.1 percent to currently 15.7 percent). The growth of the City and a desire by the governing body to improve the level of service provided through



the years by improving staffing of fire/emergency management services at the Cedar Hills public safety building and contractual adjustment to maintain American Fork police services. Part of the increase reflects a one-time buyout from Lone Peak Fire to move to American Fork public safety services.

During this same ten-year period, sales taxes related to governmental funds have increased from \$987,371 to \$1,448,328. 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 12.5% of the total actual general fund revenues. This amount is intentionally lower than 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) due to a planned drawdown. 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 \$103,739 in unrestricted fund balance to help make additional progress in the first phase of Harvey park and to avoid damaging or redoing portions of the park in the future if we needed to install pickleball courts over established landscaping. The city anticipates building the fund balance back up to 16%-25% in the next few years once this project is completed.

As part of its strategic plan, the governing body also envisions additional commercial development of its Cedar Hills Drive/North County Boulevard corridor, which began with Walmart, McDonalds and Chase bank. **And has slowly added other businesses including Hart's food and gas, a Dollar Tree store, a Great Clips, and a Marcos Pizza.** Taco Bell and a storage facility is expected to be completed in the next year.

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 2019-2020 capital Improvement plan anticipates \$400,000 for Harvey Boulevard improvements, and \$3,000,000 for Harvey park development phasing.

**The government's 2019-2020 equipment and vehicles program will replace three vehicles for public works and one vehicle for golf.** It will also add mowing equipment, a landscaping trailer, and a park maintenance truck.

As a result of careful financial management, revenues were greater than expenditures for the operating funds in 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 allocates the city approximately \$5,300 for park and recreation improvements. The council, in accordance with its policy, plans to use the grant towards park improvements.

#### 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 June 30, 2018. This is the sixth year the city achieved this prestigious award. In order to achieve this award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



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**

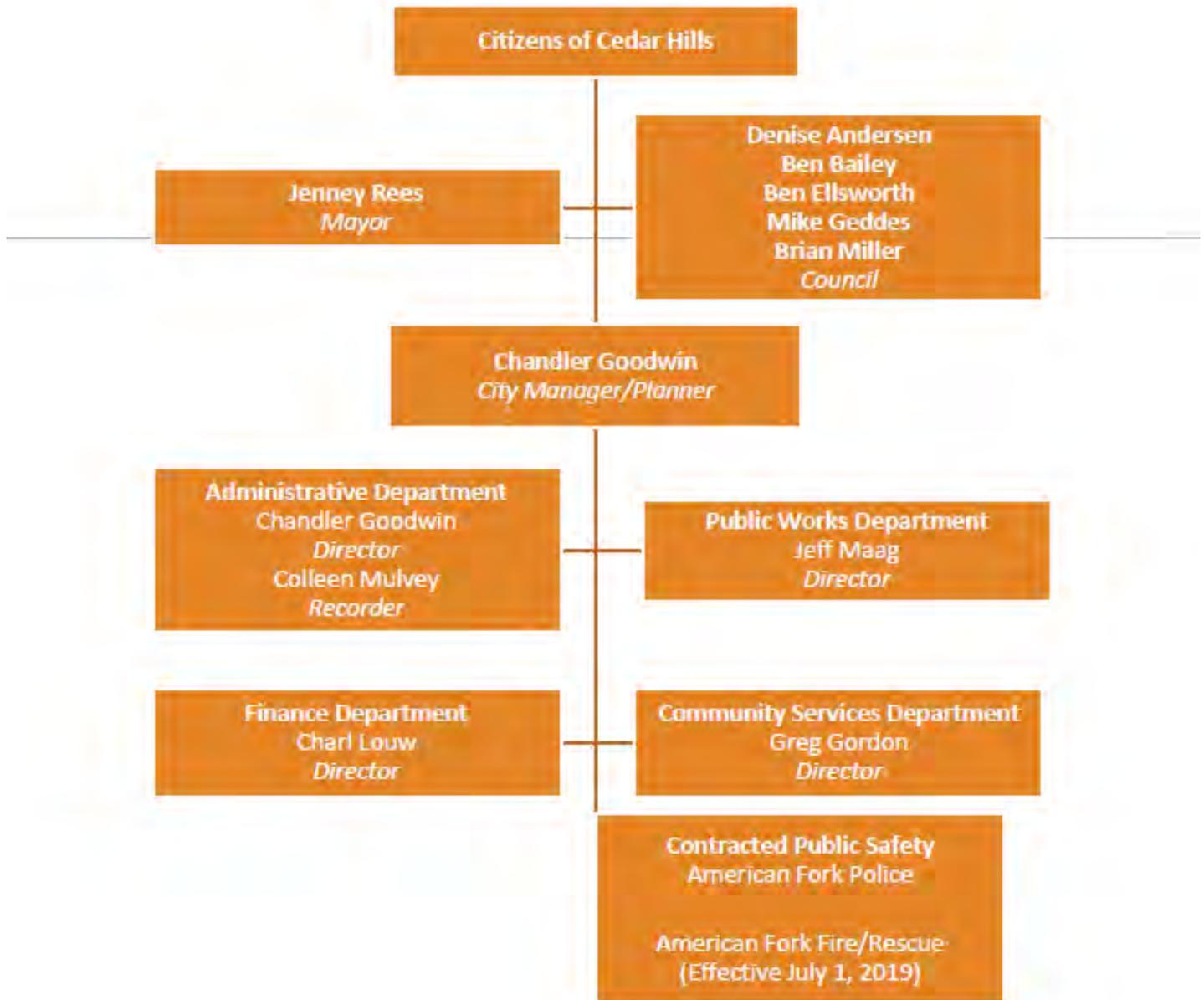
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# City of Cedar Hills Organization Chart



# 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cedar Hills, Utah as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Golf Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Telephone (801) 590-2600  
Fax (801) 265-9405

1455 West 2200 South, Suite 201  
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 December 3, 2019, 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

December 3, 2019

## 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, 2019.

### 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 \$58,154,721 (net position). Of this amount, \$5,968,747 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 \$593,337.
- At the close of the current fiscal year, the city's governmental funds reported combined fund balances of \$4,981,897. A decrease of \$262,768 in comparison with the prior year because of the capital improvements to the new Harvey park and the new driving range fence.
- In the general fund, revenues exceeded expenditures by \$593,540 before inter-fund transfers.
- At the close of the fiscal year, the fund balance of the general fund totaled \$991,294 of which \$2,512 is non-spendable, \$385,769 is restricted, \$5,212 is committed, and \$597,801 is unassigned. State statutes allow a maximum unrestricted fund balance of 25 percent of actual general fund revenues.

### OVERVIEW OF THE FINANCIAL STATEMENTS

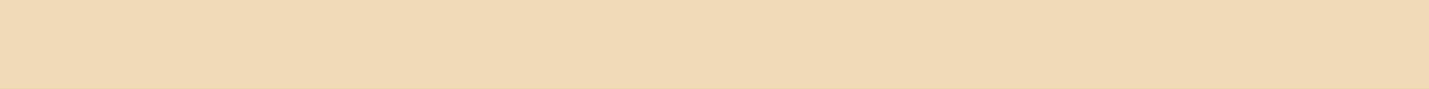
This discussion and analysis are intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This 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 \$58,154,721 (net position) at the close of the most recent fiscal year.

CITY OF CEDAR HILL'S Net Position  
June 30, 2019 and 2018  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2019-2018
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 6,998.3	\$ 7,090.5	\$ 3,506.9	\$ 3,468.0	\$10,505.2	\$10,558.5	\$ (53.3)
Capital assets	35,661.2	35,519.0	25,215.8	25,312.0	60,877.0	60,831.0	46.0
Total assets	42,659.5	42,609.5	28,722.7	28,780.0	71,382.2	71,389.5	(7.3)
Total deferred outflows of resources	601.5	655.6	331.7	368.5	933.2	1,024.1	(90.9)
Other liabilities	743.0	477.8	198.3	261.5	941.3	739.3	202.0
Long-term liabilities outstanding	5,271.9	5,337.2	6,987.3	7,418.3	12,259.2	12,755.5	(496.3)
Total liabilities	6,014.9	5,815.0	7,185.6	7,679.8	13,200.5	13,494.8	(294.3)
Total deferred inflows of resources	1,053.0	1,219.3	19.8	138.0	1,072.8	1,357.3	(284.5)
Net position:							
Net investment in capital assets	31,304.2	30,960.7	18,758.0	18,331.6	50,062.2	49,292.3	769.9
Restricted	1,054.6	974.2	1,069.1	846.4	2,123.7	1,820.6	303.1
Unrestricted	3,946.9	4,295.8	2,021.8	2,152.7	5,968.7	6,448.5	(479.8)
Total net position	\$ 36,305.7	\$ 36,230.7	\$21,848.9	\$21,330.7	\$58,154.6	\$57,561.4	\$ 593.2

The majority of the city's net position (approximately 86.1 percent) represents resources that are invested in capital assets, or are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$5,968,747 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2019, 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 \$593,337, because debt service coverage net revenue requirements require more fees collected than expenses, setting aside funding for capital improvements, higher than estimated sales taxes, higher PARC taxes collected, and lower general government expenses from lower legal expenditures.

## GOVERNMENTAL ACTIVITIES

Governmental activities decreased the city's net position by \$37,535, because of a decrease in revenues like property tax revenues and franchise taxes, while increased expenditures due to higher Lone Peak Fire con-

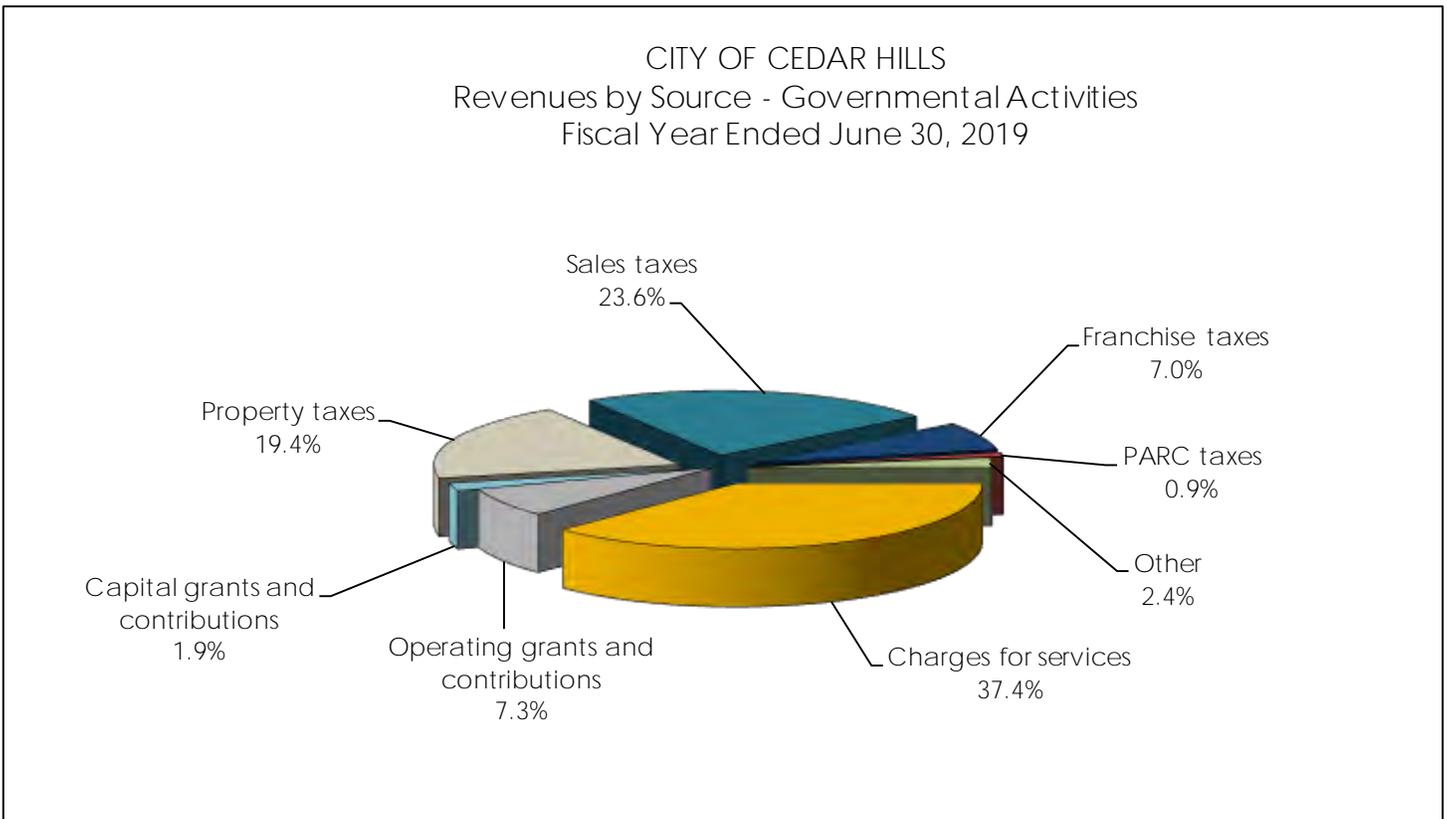
CITY OF CEDAR HILL'S Changes in Net Position  
Years Ended June 30, 2019 and 2018  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2019-2018
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 2,294.7	\$ 2,154.3	\$ 3,448.3	\$ 3,372.6	\$ 5,743.0	\$ 5,526.9	\$ 216.1
Operating grants and contributions	447.4	425.9	-	-	447.4	425.9	21.5
Capital grants and contributions	117.0	72.4	20.6	42.6	137.6	115.0	22.6
General revenues:							
Property taxes	1,192.6	1,235.9	-	-	1,192.6	1,235.9	(43.3)
Sales taxes	1,448.3	1,400.7	-	-	1,448.3	1,400.7	47.6
Franchise taxes	431.8	461.6	-	-	431.8	461.6	(29.8)
PARC taxes	56.0	13.6	-	-	56.0	13.6	42.4
Other	144.2	1,846.2	88.9	40.5	233.1	1,886.7	(1,653.6)
Total revenues	6,132.0	7,610.6	3,557.8	3,455.7	9,689.8	11,066.3	(1,376.5)
Expenses:							
Governmental activities:							
General government	830.9	866.1	-	-	830.9	866.1	(35.2)
Public safety	1,423.8	1,163.1	-	-	1,423.8	1,163.1	260.7
Parks and recreation	1,970.9	1,916.1	-	-	1,970.9	1,916.1	54.8
Streets and public works	1,253.0	926.8	-	-	1,253.0	926.8	326.2
Solid waste and recycling	418.4	371.2	-	-	418.4	371.2	47.2
Interest on long-term debt	160.0	149.9	-	-	160.0	149.9	10.1
Business-type activities:							
Water and sewer	-	-	3,039.6	3,139.6	3,039.6	3,139.6	(100.0)
Total expenses	6,057.0	5,393.2	3,039.6	3,139.6	9,096.6	8,532.8	563.8
Changes in net position before transfers	75.0	2,217.4	518.2	316.1	593.2	2,533.5	(1,940.3)
Transfers	-	(129.2)	-	129.2	-	-	-
Changes in net position	75.0	2,088.2	518.2	445.3	593.2	2,533.5	(1,940.3)
Net position, beginning,	36,230.7	34,142.5	21,330.7	20,885.4	57,561.4	55,027.9	2,533.5
Net position, ending	\$ 36,305.7	\$ 36,230.7	\$21,848.9	\$21,330.7	\$58,154.6	\$57,561.4	\$ 593.2

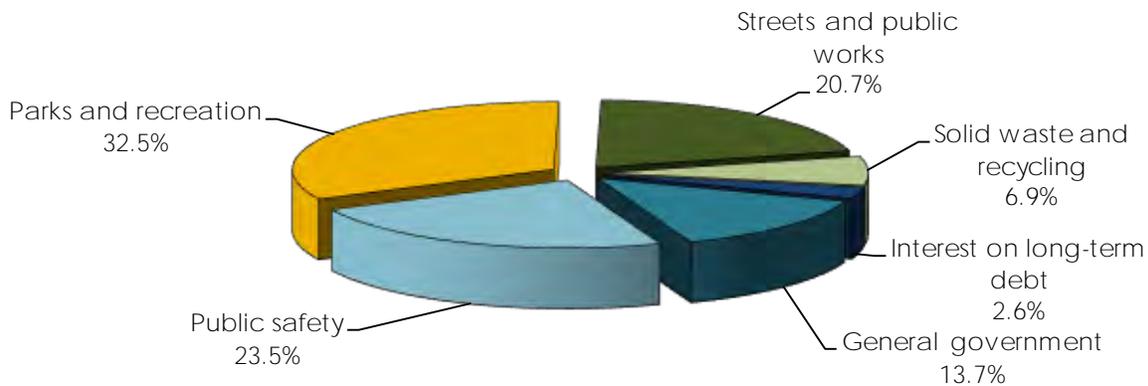
tracted costs and a projected buyout from Lone Peak Fire services. There was an increase in street maintenance projects performed due to the timing of projects. Also, garbage and recycling costs increased with a revised contract with Waste Management.

Property taxes revenue for governmental activities decreased by \$43,282 from \$1,235,850 in 2018 to \$1,192,568 in 2019. This decrease is the result of the property tax levy related to a one-time payout for greenbelt properties being sold in the prior year. Sales and use tax collections increased by \$47,605 from \$1,400,723 in 2018 to \$1,448,328 in 2019. Sales taxes improved slightly due to Utah's economy, inflation, and the state requiring more web based vendors to pay sales tax, like Amazon. The growth would have been more significant, but the state withdrew approximately 1% of sales tax for homeless shelter funding throughout the state. Capital grants and contributions increased because of a one-time ADA grant for sidewalk improvements that resulted in \$90,000 in additional funding.

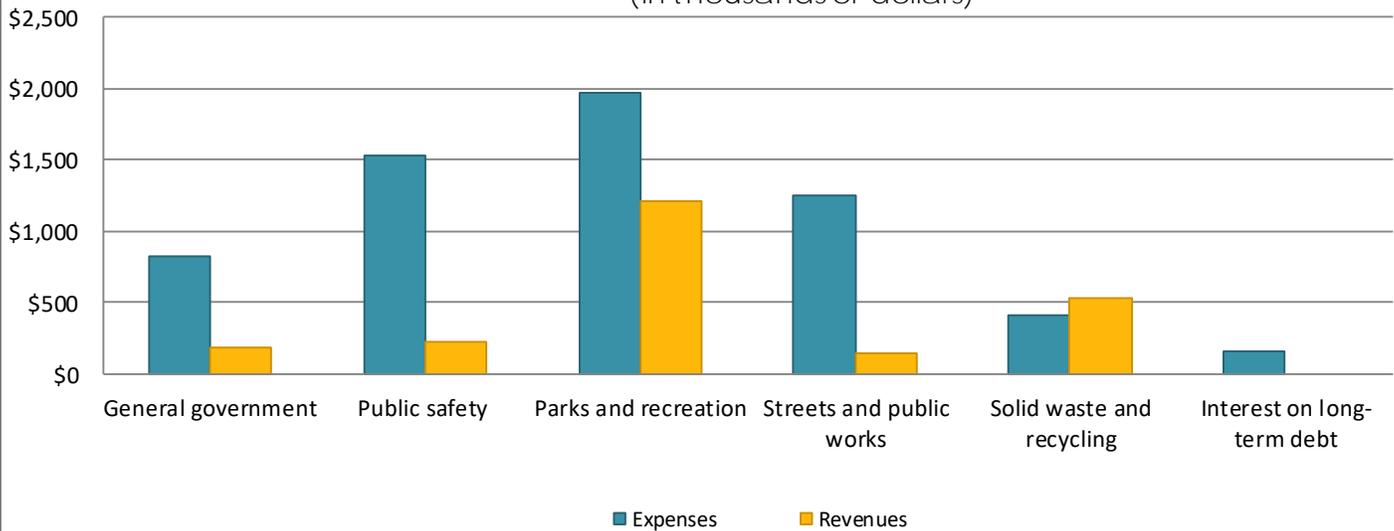
General governmental expenses decreased from less litigation costs and lower amount of materials and supplies purchased. Public Safety slightly increased due to higher Lone Peak Fire costs. Parks and recreation costs increased slightly due to the parks maintenance contract adjustment and higher community services costs related to recreation programs, materials & supplies, and maintenance costs. Streets and public works expenses increased because the timing of street projects just missed the previous fiscal year. Solid waste and recycling increased significantly due to a revised Waste Management contract and market pricing conditions for recycling. Interest expense increased due to the general obligation bonds recognized deferred costs from the advance refunding was a larger amount than the previous year. The actual interest paid is less each year, because of 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, 2019



CITY OF CEDAR HILLS  
 Expense and Program Revenue - Governmental Activities  
 Fiscal Year Ended June 30, 2019  
 (in thousands of dollars)



## BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position \$518,242 because of rates required to provide net revenues that meet debt covenants and implementation of the 2012 Bowen, Collins & associates utility study recommendations, which annually increases rates to fund operational increases, and capital maintenance projects without additional debt.

Charges for services increased from \$3,372,627 in 2018 to \$3,448,326 in 2019 due to the annual increases proposed from the Bowen, Collins, & associates utility study recommendations. The expenses decreased because turnover in personnel and more outlays qualified as capital improvements.

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

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

### GOVERNMENTAL FUNDS

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

At the end of the year, the city of Cedar Hills' governmental funds reported combined ending fund balances of \$4,981,897. Approximately 12 percent of this amount, \$597,801 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) \$874,344 to pay for road maintenance or widening projects, 2) \$3,280,899 to pay for parks and recreation projects or events, 3) \$70,028 to pay for debt service, 4) \$111,147 is for prepaid expenditures, 5) \$46,044 is golf inventory. and 6) \$1,634 for public safety.

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 \$597,801. Total fund balance was \$991,294. The City maintained its unrestricted fund balance at approximately 12 percent of actual revenues in 2019, 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 increased slightly due to a larger transfer in from the general fund, and the capital projects fund decreased during the fiscal year from the drawdowns that funded Harvey park improvements. The golf debt service fund's fund balance decreased slightly from a planned drawdown related to debt service payments.

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 11 percent of the total general fund expenditures.



## PROPRIETARY FUNDS

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

Unrestricted net position of the respective proprietary funds are water and sewer \$1,927,183, and motor pool fund \$485,591. 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 2018) and the final amended budget for expenditures and capital assets was \$273,000 and for transfers out was \$349,000. The significant changes are summarized as follows:

- \$20,000 decrease in general government—due to a \$20,000 decrease in legal services.
- \$241,000 increase in public safety—due to a contract adjustment at Lone Peak Fire that Cedar Hills agreed to pay.
- \$40,000 streets and public works—\$40,000 increase in engineering plan review and observation services related to the new developments in the commercial area.
- \$16,000 increase in parks and recreation—\$10,000 for recreation programs, and \$6,000 for the Family Festival celebration.
- \$349,000 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:

- \$585,294 for Harvey park equipment.
- \$144,203 for Harvey boulevard grading and widening.
- \$176,000 for practice range fencing.
- \$73,932 for greens mowers.
- \$94,815 for a recreation, zoning and public works vehicle.
- \$293,170 in storm drain improvements for parks.

- \$189,328 in water improvements for booster, motor, pump, and other irrigation improvements.
- \$119,691 for improvements related to Canyon road sewer.

These expenses do not include approximately \$820,472 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, 2019 and 2018  
(net of accumulated depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2019-2018
	2019	2018	2019	2018	2019	2018	
Land	\$ 9,040.1	\$ 9,040.1	\$ -	\$ -	\$ 9,040.1	\$ 9,040.1	\$ -
Water Stock	-	-	3,311.5	3,311.5	3,311.5	3,311.5	-
Construction in progress	612.9	27.6	463.4	130.6	1,076.3	158.2	918.1
Buildings	3,422.5	3,513.3	1,445.0	1,483.6	4,867.5	4,996.9	(129.4)
Improvements	8,188.3	8,357.2	-	-	8,188.3	8,357.2	(168.9)
Vehicles	217.3	191.6	254.7	291.9	472.0	483.5	(11.5)
Equipment	282.6	259.1	-	-	282.6	259.1	23.5
Water, sewer, and storm drain systems Infrastructure (Roads, Sidewalks)	-	-	19,741.2	20,094.4	19,741.2	20,094.4	(353.2)
	13,897.5	14,130.1	-	-	13,897.5	14,130.1	(232.6)
<b>Total</b>	<b>\$ 35,661.2</b>	<b>\$ 35,519.0</b>	<b>\$25,215.8</b>	<b>\$25,312.0</b>	<b>\$60,877.0</b>	<b>\$60,831.0</b>	<b>\$ 46.0</b>

## LONG-TERM DEBT

The city of Cedar Hills has \$4,650,000 of general obligation debt and \$88,839 in unamortized bond premiums as of June 30, 2019. 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 \$4,650,000. 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 \$3,794,000.

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 \$1,078,000.

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 \$479,000. The city paid an extra \$18,000 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 \$1,290,000.

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, 2019 and 2018  
(net of unamortized deferrals, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Change 2019-2018
	2019	2018	2019	2018	2019	2018	
General obligation bonds	\$ 4,738.8	\$ 4,990.6	\$ -	\$ -	\$ 4,738.8	\$ 4,990.6	\$ (251.8)
Excise tax revenue bonds	-	-	1,290.0	1,411.0	1,290.0	1,411.0	(121.0)
Utility revenue bonds	-	-	5,351.0	5,787.0	5,351.0	5,787.0	(436.0)
Total	<u>\$ 4,738.8</u>	<u>\$ 4,990.6</u>	<u>\$ 6,641.0</u>	<u>\$ 7,198.0</u>	<u>\$11,379.8</u>	<u>\$12,188.6</u>	<u>\$ (808.8)</u>

## 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. The Cedar Canyon housing development, which will have 85 future units is anticipated to start building housing units in the near future.
- 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 2019-2020 fiscal budget, the estimated general fund revenues and transfers in are \$4,120,410 and the budgeted expenditures and transfers out are \$4,115,692. The expenditures were slightly lower than the revenues, which includes \$50,000 transfer 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 passport fees to offset higher recycling costs. Expenditures grew primarily from public safety increases related to police services. Other expenditure increases include inflationary costs related to personnel. Approximately 4% 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 \$262,046. \$77,046 to fund 50 percent of the excise tax bond debt service on the public works/administration building. \$50,000 to the capital projects fund for future park projects. Also, \$135,000 will be transferred out of the general fund to the golf fund as an operating subsidy.
  - The most significant capital projects are \$3,000,000 for park development, \$400,000 for Harvey Boulevard widening, \$300,000 for related storm drain improvements for the park land, and \$80,000 for a water project.
  - Other significant capital maintenance budget appropriations include \$445,200 for street, street light, and sidewalk related maintenance/projects in the general fund. \$98,000 for park maintenance and \$118,800 for golf course maintenance. And \$267,900 was appropriated for water, storm drain, and sewer maintenance and contracted services in the Water and Sewer fund. \$173,000 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, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,548,406	\$ 2,101,944	\$ 6,650,350
Restricted cash and cash equivalents	874,997	1,069,086	1,944,083
Tax receivables	1,079,630	-	1,079,630
Intergovernmental receivables	342,317	-	342,317
Other receivables (net of allowance for uncollectibles)	83,229	241,215	324,444
Internal balances	(94,639)	94,639	-
Inventories and prepaid items	164,372	-	164,372
<b>Capital assets:</b>			
Land, water stock, and construction in progress	9,653,036	3,774,903	13,427,939
Buildings, improvements, equipment, and other depreciable assets, net of accumulated depreciation	26,008,207	21,440,849	47,449,056
<b>Total assets</b>	<b>42,659,555</b>	<b>28,722,636</b>	<b>71,382,191</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows of resources related to pensions	219,638	148,419	368,057
Deferred charge on refunding	381,836	183,255	565,091
<b>Total deferred outflows of resources</b>	<b>601,474</b>	<b>331,674</b>	<b>933,148</b>
<b>Liabilities:</b>			
Accounts payable	516,343	123,091	639,434
Accrued expenses	64,623	11,920	76,543
Accrued interest	49,379	63,265	112,644
<b>Long-term liabilities:</b>			
Portion due or payable within one year	279,326	574,990	854,316
Portion due or payable after one year	4,992,574	6,412,315	11,404,889
<b>Total liabilities</b>	<b>5,902,245</b>	<b>7,185,581</b>	<b>13,087,826</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources related to pensions	22,221	19,814	42,035
Property taxes levied for future year	1,030,757	-	1,030,757
<b>Total deferred inflows of resources</b>	<b>1,052,978</b>	<b>19,814</b>	<b>1,072,792</b>
<b>Net position:</b>			
Net investment in capital assets	31,304,240	18,758,007	50,062,247
<b>Restricted for:</b>			
Debt service	178,663	637,234	815,897
Streets	874,344	-	874,344
Water and sewer improvements	-	424,252	424,252
Other purposes	1,634	7,600	9,234
Unrestricted	3,946,925	2,021,822	5,968,747
<b>Total net position</b>	<b>\$ 36,305,806</b>	<b>\$ 21,848,915</b>	<b>\$ 58,154,721</b>

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

# CITY OF CEDAR HILLS

## Statement of Activities

Year Ended June 30, 2019

Activities / Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 830,849	\$ 188,872	\$ -	\$ -	\$ (641,977)		\$ (641,977)
Public safety	1,423,778	219,664	71,466	3,961	(1,128,687)		(1,128,687)
Parks and recreation	1,970,872	1,211,824	24,715	18,048	(716,285)		(716,285)
Streets and public works	1,252,945	144,391	351,184	94,999	(662,371)		(662,371)
Solid waste and recycling	418,417	529,987	-	-	111,570		111,570
Interest on long-term debt	160,026	-	-	-	(160,026)		(160,026)
Total governmental activities	6,056,887	2,294,738	447,365	117,008	(3,197,776)		(3,197,776)
Business-type activities:							
Water and sewer	3,039,648	3,448,326	-	20,608	-	429,286	429,286
Total business-type activities	3,039,648	3,448,326	-	20,608	-	429,286	429,286
Total City	<u>\$ 9,096,535</u>	<u>\$ 5,743,064</u>	<u>\$ 447,365</u>	<u>\$ 137,616</u>	(3,197,776)	429,286	(2,768,490)
General revenue:							
Property taxes					1,192,568	-	1,192,568
Sales taxes					1,448,328	-	1,448,328
Franchise taxes					431,834	-	431,834
PARC taxes					55,974	-	55,974
Total taxes					3,128,704	-	3,128,704
Unrestricted investment earnings					144,167	88,956	233,123
Total general revenue					3,272,871	88,956	3,361,827
Changes in net position					75,095	518,242	593,337
Net position - beginning					36,230,711	21,330,673	57,561,384
Net position - ending					<u>\$ 36,305,806</u>	<u>\$ 21,848,915</u>	<u>\$ 58,154,721</u>

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

CITY OF CEDAR HILLS

Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 673,449	\$ 119,108	\$ -	\$ 3,274,503	\$ 4,067,060
Restricted cash and cash equivalents	317,966	-	66,822	490,209	874,997
Tax receivables	764,893	-	314,737	-	1,079,630
Intergovernmental receivables	332,857	-	-	9,460	342,317
Other receivables (net of allowance for uncollectibles)	83,229	-	-	-	83,229
Prepaid and Inventory items	2,512	46,044	-	108,635	157,191
Total assets	<u>\$ 2,174,906</u>	<u>\$ 165,152</u>	<u>\$ 381,559</u>	<u>\$ 3,882,807</u>	<u>\$ 6,604,424</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenditures	\$ 395,738	\$ 42,400	\$ -	\$ 75,269	\$ 513,407
Accrued salaries, wages, and benefits	15,139	9,715	-	-	24,854
Other payables	39,769	-	-	-	39,769
Total liabilities	450,646	52,115	-	75,269	578,030
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable property tax revenues	12,712	-	5,531	-	18,243
Property taxes levied for future year	720,254	-	306,000	-	1,026,254
Total deferred inflows of resources	<u>732,966</u>	<u>-</u>	<u>311,531</u>	<u>-</u>	<u>1,044,497</u>
<b>FUND BALANCES:</b>					
<b>Nonspendable:</b>					
Inventory and prepaid expenditures	2,512	46,044	-	108,635	157,191
<b>Restricted for:</b>					
Debt service	-	-	70,028	-	70,028
Public Safety	1,634	-	-	-	1,634
Streets and Public Works	384,135	-	-	490,209	874,344
<b>Committed to:</b>					
Parks and recreation	5,212	20,000	-	3,208,694	3,233,906
<b>Assigned to:</b>					
Parks and recreation	-	46,993	-	-	46,993
Unassigned	597,801	-	-	-	597,801
Total fund balances	<u>991,294</u>	<u>113,037</u>	<u>70,028</u>	<u>3,807,538</u>	<u>4,981,897</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,174,906</u>	<u>\$ 165,152</u>	<u>\$ 381,559</u>	<u>\$ 3,882,807</u>	<u>\$ 6,604,424</u>

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

# CITY OF CEDAR HILLS

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2019

Total <i>fund balances</i> for governmental funds		\$ 4,981,897
Total <i>net position</i> 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	612,888	
Buildings, net of accumulated depreciation of \$900,136	3,422,549	
Improvements, net of accumulated depreciation of \$4,410,813	8,188,268	
Equipment, net of accumulated depreciation of \$199,539	234,454	
Infrastructure (roads and sidewalks), net of accumulated depreciation of \$2,092,141	<u>13,897,495</u>	35,395,802
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.		13,740
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:		751,032
Internal balances:		(94,639)
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:		(49,379)
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 \$88,839	(4,738,839)	
Deferred amount on refundings, net of accumulated amortization of \$389,545	381,836	
Net pension liability	(454,409)	
Deferred amount related to pensions	197,417	
Compensated absences payable	<u>(78,652)</u>	<u>(4,692,647)</u>
Total net position of governmental activities		<u>\$ 36,305,806</u>

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

## CITY OF CEDAR HILLS

### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2019

	General	Special Revenue Fund Golf	Golf Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 830,061	\$ -	\$ 359,838	\$ -	\$ 1,189,899
Sales taxes	1,448,328	-	-	-	1,448,328
Franchise taxes	431,834	-	-	-	431,834
PARC taxes	-	-	-	55,974	55,974
Licenses and permits	147,244	-	-	-	147,244
Intergovernmental and grants	512,641	-	-	-	512,641
Charges for services	894,437	-	-	-	894,437
Fees	467,344	760,198	-	27,008	1,254,550
Investment earnings	34,299	3,535	1,679	104,655	144,168
Miscellaneous	41,203	9,002	-	33	50,238
Total revenues	<u>4,807,391</u>	<u>772,735</u>	<u>361,517</u>	<u>187,670</u>	<u>6,129,313</u>
<b>EXPENDITURES:</b>					
Current:					
General government	831,618	-	-	-	831,618
Public safety	1,423,778	-	-	-	1,423,778
Streets and public works	870,717	-	-	144,237	1,014,954
Solid waste and recycling	418,417	-	-	-	418,417
Parks and recreation	669,321	850,455	-	770,736	2,290,512
Debt service:					
Principal	-	-	240,000	-	240,000
Interest and fiscal charges	-	-	123,870	-	123,870
Capital outlay:					
Streets and public works	-	-	-	-	-
Parks and recreation	-	73,932	-	-	73,932
Total expenditures	<u>4,213,851</u>	<u>924,387</u>	<u>363,870</u>	<u>914,973</u>	<u>6,417,081</u>
Excess (deficiency) of revenues over (under) expenditures	593,540	(151,652)	(2,353)	(727,303)	(287,768)
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	-	-	-	25,000	25,000
Transfers in	9,000	156,000	-	476,233	641,233
Transfers out	(632,233)	-	-	(9,000)	(641,233)
Total other financing sources (uses)	<u>(623,233)</u>	<u>156,000</u>	<u>-</u>	<u>492,233</u>	<u>25,000</u>
Net change in fund balances	(29,693)	4,348	(2,353)	(235,070)	(262,768)
Fund balances - beginning	<u>1,020,987</u>	<u>108,689</u>	<u>72,381</u>	<u>4,042,608</u>	<u>5,244,665</u>
Fund balances - ending	<u>\$ 991,294</u>	<u>\$ 113,037</u>	<u>\$ 70,028</u>	<u>\$ 3,807,538</u>	<u>\$ 4,981,897</u>

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

## CITY OF CEDAR HILLS

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2019

Net change in *fund balances* - total governmental funds \$ (262,768)

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	\$ 975,115	
Proceeds from sale of capital assets	(25,000)	
Depreciation expense	<u>(820,537)</u>	129,578

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. 2,669

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

Accrued interest	2,548	
Principal retirement of bonds and obligations under capital leases	240,000	
Amortization of bond premiums and discounts	11,735	
Amortization of deferred amounts on refundings	<u>(50,439)</u>	203,844

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	(11,094)
Net pension expense adjustment	(11,420)

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. 24,286

Change in net position of governmental activities	<u>\$ 75,095</u>
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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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 813,224	\$ 829,224	\$ 830,061	\$ 837
Sales taxes	1,300,893	1,415,893	1,448,328	32,435
Other	454,000	454,000	431,834	(22,166)
Total taxes	2,568,117	2,699,117	2,710,223	11,106
Licenses and permits	92,000	150,000	147,244	(2,756)
Intergovernmental and grants	506,100	525,100	512,641	(12,459)
Charges for services	1,248,300	1,298,300	1,361,781	63,481
Investment earnings	16,000	16,000	34,299	18,299
Miscellaneous	30,500	30,500	41,203	10,703
Total revenues	4,461,017	4,719,017	4,807,391	88,374
Expenditures:				
Current:				
General government	878,833	858,833	831,618	27,215
Public safety	1,302,841	1,543,841	1,423,778	120,063
Streets and public works	1,262,348	1,298,348	870,717	427,631
Solid waste and recycling	388,000	388,000	418,417	(30,417)
Parks and recreation	699,762	715,762	669,321	46,441
Total expenditures	4,531,784	4,804,784	4,213,851	590,933
Excess (deficiency) of revenues over (under) expenditures	(70,767)	(85,767)	593,540	679,307
Other financing sources(uses):				
Transfers in	9,000	9,000	9,000	-
Transfers out	(283,233)	(632,233)	(632,233)	-
Total other financing sources(uses)	(274,233)	(623,233)	(623,233)	-
Net change in fund balance	(345,000)	(709,000)	(29,693)	679,307
Fund balances - beginning	1,020,987	1,020,987	1,020,987	-
Fund balances - ending	\$ 675,987	\$ 311,987	\$ 991,294	\$ 679,307

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees	\$ 714,700	\$ 730,700	\$ 760,198	\$ 29,498
Investment Earnings	-	-	3,535	3,535
Miscellaneous	10,000	10,000	9,002	(998)
Total revenues	<u>724,700</u>	<u>740,700</u>	<u>772,735</u>	<u>32,035</u>
<b>EXPENDITURES</b>				
Parks and recreation	866,700	896,700	850,455	46,245
Capital outlay	70,000	70,000	73,932	(3,932)
Total expenditures	<u>936,700</u>	<u>966,700</u>	<u>924,387</u>	<u>42,313</u>
Excess of revenues over expenditures	(212,000)	(226,000)	(151,652)	74,348
Other financing sources:				
Transfers in	142,000	156,000	156,000	-
Total other financing sources	<u>142,000</u>	<u>156,000</u>	<u>156,000</u>	<u>-</u>
Net change in fund balance	(70,000)	(70,000)	4,348	74,348
Fund balance at beginning of year	<u>108,689</u>	<u>108,689</u>	<u>108,689</u>	<u>-</u>
Fund balance at end of year	<u>\$ 38,689</u>	<u>\$ 38,689</u>	<u>\$ 113,037</u>	<u>\$ 74,348</u>

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

CITY OF CEDAR HILLS

Statement of Net Position  
 Proprietary Funds  
 June 30, 2019

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Water & Sewer	Motor Pool
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,101,944	\$ 481,346
Accounts receivable, net of allowance	241,215	-
Prepaid items	-	7,181
Total current assets	2,343,159	488,527
Noncurrent assets:		
Restricted cash and cash equivalents	1,069,086	-
Capital assets:		
Buildings	1,955,127	-
Equipment	-	104,150
Vehicles	298,132	692,658
Water, sewer, and storm drain systems	30,611,455	-
Construction-in-progress	463,344	-
Accumulated depreciation	(11,423,865)	(531,367)
Water stock	3,311,559	-
Total noncurrent assets	26,284,838	265,441
Total assets	28,627,997	753,968
Deferred Outflows of Resources:		
Deferred outflows of resources relating to pensions	148,419	-
Deferred charge on refunding, net of amortization	183,255	-
Total deferred outflows of resources	331,674	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	123,091	2,936
Accrued wages payable	11,920	-
Accrued interest payable	63,265	-
Compensated absences	22,990	-
Bonds payable - current	552,000	-
Total current liabilities	773,266	2,936
Noncurrent liabilities:		
Compensated absences	22,990	-
Obligations under capital leases	-	-
Net pension liability	300,325	-
Bonds payable, net of premium	6,089,000	-
Total noncurrent liabilities	6,412,315	-
Total liabilities	7,185,581	2,936
Deferred Inflows of Resources:		
Deferred inflows of resources relating to pensions	19,814	-
Total deferred outflows of resources	19,814	-
Net position:		
Net investment in capital assets	18,758,007	265,441
Restricted for capital improvements	424,252	-
Restricted for debt service	637,234	-
Restricted for water shares	7,600	-
Unrestricted	1,927,183	485,591
Total net position	\$ 21,754,276	\$ 751,032
Total net position - enterprise funds	\$ 21,754,276	
An internal charge between the governmental and business-type activities is not recorded at the fund level	94,639	
Total net position - business-type activities	\$ 21,848,915	

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, 2019

	Business Activities <u>Enterprise Fund Water &amp; Sewer</u>	Governmental Activities <u>Internal Service Fund Motor Pool</u>
Operating revenues:		
Charges for services:		
Water & sewer	\$ 3,448,326	\$ -
Motor pool	-	158,537
Total operating revenues	<u>3,448,326</u>	<u>158,537</u>
Operating expenses:		
Salaries, wages, and benefits	790,272	-
Materials, supplies and services	1,299,538	64,720
Other operating expenses	2,851	-
URS pension expense allocation	8,055	-
Amortization	34,292	-
Depreciation	736,265	57,704
Total operating expenses	<u>2,871,273</u>	<u>122,424</u>
Operating income (loss)	577,053	36,113
Nonoperating revenues (expenses):		
Interest income	88,956	-
Gain (loss) on sale of capital assets	-	9,975
Interest expense and fiscal charges	(190,177)	-
Total nonoperating revenues (expenses)	<u>(101,221)</u>	<u>9,975</u>
Income (loss) before transfers	475,832	46,088
Capital contributions	20,608	-
Changes in net position	496,440	46,088
Total net position - beginning	<u>21,257,836</u>	<u>704,944</u>
Total net position - ending	<u>\$ 21,754,276</u>	<u>\$ 751,032</u>
Change in net position - enterprise funds	\$ 496,440	
The change in internal balances between the governmental activities and the business-type activities relating to internal service funds is not reported at the fund level	<u>21,802</u>	
Change in net position of business-type activities	<u>\$ 518,242</u>	

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

## CITY OF CEDAR HILLS

### Statement of Cash Flows Proprietary Funds Year Ended June 30, 2019

	Business-Type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund Motor Pool
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,451,429	\$ 158,537
Payments to suppliers	(626,561)	(68,777)
Payments to employees	(787,549)	-
Intergovernmental payments	(684,524)	-
Net cash provided by operating activities	1,352,795	89,760
Cash flows from capital and related financing activities:		
Receipts from impact fees	20,608	-
Payments for acquisition of capital assets	(640,004)	(94,815)
Principal paid on capital debt	(557,000)	-
Proceeds from sale of capital assets	-	34,400
Interest paid on capital debt	(195,746)	-
Net cash used by capital and related financing activities	(1,372,142)	(60,415)
Cash flows from investing activities:		
Interest received	88,956	-
Net change in cash and cash equivalents	69,609	29,345
Cash and cash equivalents - beginning	3,101,421	452,001
Cash and cash equivalents - ending	<u>\$ 3,171,030</u>	<u>\$ 481,346</u>
Displayed on the statement of net position as:		
Pooled cash and investments	\$ 2,101,944	\$ 481,346
Restricted cash and investments	1,069,086	-
	<u>\$ 3,171,030</u>	<u>\$ 481,346</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 577,053	\$ 36,113
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
URS Pension expense allocation	8,055	-
Depreciation expense	736,265	57,704
Amortization expense	34,292	-
Changes in operating assets and liabilities:		
Accounts receivable	3,103	-
Prepaid items	49,397	(143)
Accounts payable	(58,093)	(3,914)
Accrued wages payable	411	-
Compensated absences payable	2,312	-
Total adjustments	<u>775,742</u>	<u>53,647</u>
Net cash provided by operating activities	\$ 1,352,795	\$ 89,760

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

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# NOTES TO FINANCIAL STATEMENTS







# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

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

#### Blended Component Unit

The Municipal Building Authority was created by the City during fiscal year 1999 and is governed by the City's Mayor and Council. The Authority used the proceeds of its tax exempt bonds to finance the construction of general capital assets for the City. The financial activity of the Municipal Building Authority is included as part of the capital projects fund. There were no outstanding lease revenue bonds as of June 30, 2019. 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



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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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



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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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.



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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#### 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 2019. 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



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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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 Prepays

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, 2019, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at June 30, 2019 was \$13,740.

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.



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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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.



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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#### 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, 2019, \$250,000 of the City's bank balances were insured and \$685,476 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

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

with Deposits, the City's policy for managing custodial credit risk of investments is to adhere to the Money Management Act.

### Fair Value of Investments

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

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs 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, 2019, the City had the following recurring fair value measurements.

Investments by fair value level	6/30/2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
Moreton Asset Investments				
Agency	\$ 580,470	\$ 580,470	\$ -	\$ -
Corporate	1,029,107	-	1,029,107	-
Currency	280	280	-	-
MM fund	83,435	83,435	-	-
Total Moreton Asset Investments	<u>1,693,293</u>	<u>664,186</u>	<u>1,029,107</u>	<u>-</u>
U.S. Bank Trustee Investments				
First American Treasury Obligations	177,663	-	177,663	-
First American Government Obligation:	147,520	-	147,520	-
US Bank Government Money Market	141,743	-	141,743	-
Total U.S. Bank Trustee Investments	<u>466,926</u>	<u>-</u>	<u>466,926</u>	<u>-</u>
PTIF	5,419,091	-	5,419,091	-
Total investments by fair value level	<u>\$7,579,310</u>	<u>\$ 664,186</u>	<u>\$6,915,125</u>	<u>\$ -</u>

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 indi-

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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vidual 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, 2019 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, 2019, the City's fair value investments in Moreton were \$4,502 less than the amortized cost of \$1,694,507. The City's Moreton investment has been adjusted to show this decrease in value. As of June 30, 2019, the City's investment with Moreton was \$1,693,293.

As of June 30, 2019, the City's fair value investments in the PTIF were \$22,369 more than the amortized cost of \$5,396,722. The City's investments have been adjusted to show this increase in value. As of June 30, 2019, the City's \$5,419,091 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 will adversely affect the fair value of an investment. Cedar Hills City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management 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 on all investments in commercial paper, bank-

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

ers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

Maturities for the City's Moreton investments are noted below.

### AGCY BOND

1 to 3 Years

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	BBG00CGLQ2H8	3/23/2021	99,984.61	100,000.00	AGCY BOND	1 to 3 Years
Moreton-Cedar Hills City	BBG00DDXQ489	8/10/2020	94,981.87	95,000.00	AGCY BOND	1 to 3 Years
Moreton-Cedar Hills City	BBG00DZDYCD6	10/28/2020	149,538.75	150,000.00	AGCY BOND	1 to 3 Years
Moreton-Cedar Hills City	BBG00F9YS4B1	12/2/2021	110,189.29	110,000.00	AGCY BOND	1 to 3 Years
Moreton-Cedar Hills City	--	2/18/2021	454,694.52	455,000.00	AGCY BOND	1 to 3 Years

### AGCY BOND

3 to 5 Years

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	BBG00HRYJ6P7	9/29/2022	125,775.56	124,914.89	AGCY BOND	3 to 5 Years
Moreton-Cedar Hills City	BBG00HRYJ6P7	9/29/2022	125,775.56	124,914.89	AGCY BOND	3 to 5 Years

### CASH

0 to 1 Year

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	CCYUSD	6/30/2019	280.12	280.12	CASH	0 to 1 Year
Moreton-Cedar Hills City	CCYUSD	6/30/2019	280.12	280.12	CASH	0 to 1 Year

### CORP

0 to 1 Year

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	BBG0047C4654	3/15/2020	100,465.45	100,487.37	CORP	0 to 1 Year
Moreton-Cedar Hills City	BBG008NPN7L7	5/28/2020	115,278.09	115,096.65	CORP	0 to 1 Year
Moreton-Cedar Hills City	BBG00K9NFDG3	3/12/2020	99,893.58	100,101.33	CORP	0 to 1 Year
Moreton-Cedar Hills City	BBG004FZRTW9	4/30/2020	101,041.44	100,331.59	CORP	0 to 1 Year
Moreton-Cedar Hills City	BBG0000Q6969	5/14/2020	59,818.48	59,924.04	CORP	0 to 1 Year
Moreton-Cedar Hills City	BBG003S9K2Z8	1/16/2020	25,240.32	25,069.24	CORP	0 to 1 Year
Moreton-Cedar Hills City	--	4/14/2020	501,737.36	501,010.22	CORP	0 to 1 Year

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

CORP  
1 to 3 Years

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	BBG00HC5NNN6	8/7/2020	135,807.57	135,265.86	CORP	1 to 3 Years
Moreton-Cedar Hills City	BBG00KWVQFJ9	5/18/2021	110,487.25	110,104.18	CORP	1 to 3 Years
Moreton-Cedar Hills City	BBG00KT9Z185	5/4/2021	100,501.58	100,234.74	CORP	1 to 3 Years
Moreton-Cedar Hills City	BBG00CXBCM73	5/25/2021	82,066.27	81,712.69	CORP	1 to 3 Years
Moreton-Cedar Hills City	BBG00LSJSPC2	8/30/2021	98,507.35	100,000.00	CORP	1 to 3 Years
Moreton-Cedar Hills City	--	3/24/2021	527,370.02	527,317.47	CORP	1 to 3 Years

MMFUND  
0 to 1 Year

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	PISXX	6/30/2019	83,435.43	83,435.43	MMFUND	0 to 1 Years
Moreton-Cedar Hills City	PISXX	6/30/2019	83,435.43	83,435.43	MMFUND	0 to 1 Years

SUMMARY

Account	Identifier	Final Maturity	Ending Market Value + Accrued	Ending Book Value	Security Type	Final Maturity Group
Moreton-Cedar Hills City	--	12/13/2020	1,693,293.01	1,691,958.13	--	--

### 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.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

At June 30, 2019, Cedar Hills City's investments had the following quality ratings:

AAA								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG00CGLQ2H8	AGCY BOND	100,000.00	AAA	AAA	AA+	--	99,984.61
Moreton-Cedar Hills City	BBG00DDXQ489	AGCY BOND	95,000.00	AAA	AAA	AA+	--	94,981.87
Moreton-Cedar Hills City	BBG00DZDYCD6	AGCY BOND	150,000.00	AAA	AAA	AA+	--	149,538.75
Moreton-Cedar Hills City	BBG00F9YS4B1	AGCY BOND	110,000.00	AAA	AAA	AA+	--	110,189.29
Moreton-Cedar Hills City	BBG00HRYJ6P7	AGCY BOND	124,914.89	AAA	AAA	AA+	--	125,775.56
Moreton-Cedar Hills City	CCYUSD	CASH	280.12	AAA	AAA	AAA	--	280.12
Moreton-Cedar Hills City	PISXX	MMFUND	83,435.43	AAA	AAA	AAA	--	83,435.43
Moreton-Cedar Hills City	--	--	663,630.44	AAA	AAA	AA+	--	664,185.63
AA								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG008NPN7L7	CORP	115,096.65	AA	AA2	AA-	--	115,278.09
Moreton-Cedar Hills City	BBG008NPN7L7	CORP	115,096.65	AA	AA2	AA-	--	115,278.09
AA-								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG00CXBCM73	CORP	81,712.69	AA-	A2	A	--	82,066.27
Moreton-Cedar Hills City	BBG00KWVQFJ9	CORP	110,104.18	AA-	A2	A	--	110,487.25
Moreton-Cedar Hills City	--	CORP	191,816.87	AA-	A2	A	--	192,553.52
A+								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG0047C4654	CORP	100,487.37	A+	A3	BBB+	--	100,465.45
Moreton-Cedar Hills City	BBG00HC5NNN6	CORP	135,265.86	A+	A2	A	--	135,807.57
Moreton-Cedar Hills City	--	CORP	235,753.23	A+	A2	A-	--	236,273.02
A								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG0000Q6969	CORP	59,924.04	A	A3	NA	--	59,818.48
Moreton-Cedar Hills City	BBG00K19Z185	CORP	100,234.74	A	A3	A	--	100,501.58
Moreton-Cedar Hills City	BBG00LSJSPC2	CORP	100,000.00	A	A3	BBB+	--	98,507.35
Moreton-Cedar Hills City	--	CORP	260,158.78	A	A3	A-	--	258,827.41
A-								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG003S9K2Z8	CORP	25,069.24	A-	A3	BBB+	--	25,240.32
Moreton-Cedar Hills City	BBG004FZRTW9	CORP	100,331.59	A-	A3	BBB+	--	101,041.44
Moreton-Cedar Hills City	--	CORP	125,400.83	A-	A	BBB+	--	126,281.76
BBB+								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	BBG00K9NFDG3	CORP	100,101.33	BBB+	BAAL	BB+	--	99,893.58
Moreton-Cedar Hills City	BBG00K9NFDG3	CORP	100,101.33	BBB+	BAAL	BB+	--	99,893.58
SUMMARY								
Account	Identifier	Security Type	Ending Book Value	Rating	Moody's Rating	S&P Rating	Fitch Rating	Ending Market Value + Accrued
Moreton-Cedar Hills City	--	--	1,691,958.13	A+	A1	A	--	1,693,293.01



## CITY OF CEDAR HILLS

### Notes to Financial Statements June 30, 2019

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#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Cedar Hills City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

At June 30, 2019, Cedar Hills City does not hold more than 10 percent of total investments in any single security concentration other than U. S. Government Treasuries and Agencies.

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Cedar Hills City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Cedar Hills City does have a formal policy for custodial credit risk. All investments other than bank deposits or funds invested in the state treasurers fund are to be held by a third party with securities delivered on a delivery vs. purchase basis. As of June 30, 2019, Cedar Hills City safe kept all investments with custodian counterparty Wells Fargo Bank, NA and all investments which was/were held by the counterparty's trust department or agent are registered in Cedar Hills City's name.

The City's cash and cash equivalents include \$1,944,083 of restricted cash. The City has \$424,252 restricted for well & sewer improvements, \$490,209 restricted for impact fees, \$704,056 restricted for debt service, \$317,966 for street maintenance, and \$7,600 for other purposes.

#### NOTE 3 – WATER SHARES

At June 30, 2019, 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 \$241,215 for all proprietary funds includes an allowance for doubtful accounts of \$100,753. The City established an allowance for accounts that may not be collectible due to historical trends. Net accounts receivable of \$83,229 for the governmental funds includes an allowance for doubtful accounts of \$14,472.

#### NOTE 5 – INTERGOVERNMENTAL RECEIVABLES

The City has \$342,317 of intergovernmental receivables at June 30, 2019 in the governmental funds resulting from \$251,917 due in sales tax revenue, \$71,944 due in Class C Road Funds, \$8,996 in telecommunication taxes, and \$9,460 in PARC tax revenue.

#### NOTE 6 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft,

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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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, 2019 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 9,000	\$ 632,233
Capital Projects Fund	476,233	9,000
Golf Fund	156,000	-
Total	<u>\$ 641,233</u>	<u>\$ 641,233</u>

During the year ended June 30, 2019, 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 \$476,233 was set aside to help fund the pending Harvey park project in the capital improvements plan. A transfer out of \$156,000 from the General fund to the Golf fund as an estimated operating subsidy. A transfer of \$9,000 from the Capital Projects fund to the General fund to fund Creekside Theater PARC tax.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

### NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 9,040,148	\$ -	\$ -	\$ 9,040,148
Construction in progress	27,594	585,294	-	612,888
Total capital assets not being depreciated	9,067,742	585,294	-	9,653,036
Capital assets being depreciated:				
Buildings	4,322,685	-	-	4,322,685
Improvements	12,460,906	176,000	(37,825)	12,599,081
Vehicles	645,939	94,815	(48,096)	692,658
Equipment	519,919	73,932	(55,708)	538,143
Infrastructure	15,845,433	144,203	-	15,989,636
Total capital assets being depreciated	33,794,882	488,950	(141,629)	34,142,203
Accumulated depreciation for:				
Buildings	(809,380)	(90,756)	-	(900,136)
Improvements	(4,103,743)	(315,581)	8,511	(4,410,813)
Vehicles	(454,366)	(44,686)	23,671	(475,381)
Equipment	(260,778)	(50,455)	55,708	(255,525)
Infrastructure	(1,715,378)	(376,763)	-	(2,092,141)
Total accumulated depreciation	(7,343,645)	(878,241)	87,890	(8,133,996)
Total capital assets being depreciated, net	26,451,237	(389,291)	(53,739)	26,008,207
Total governmental activity capital assets, net	<u>\$ 35,518,979</u>	<u>\$ 196,003</u>	<u>\$ (53,739)</u>	<u>\$ 35,661,243</u>

(Continue on to next page)

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

### Business-type activities

#### Capital assets not being depreciated:

Water Stock	\$ 3,311,559			\$ 3,311,559
Construction in progress	130,592	447,032	(114,280)	\$ 463,344
Total capital assets not being depreciated	<u>3,442,151</u>	<u>447,032</u>	<u>(114,280)</u>	<u>\$ 3,774,903</u>

#### Capital assets being depreciated:

Buildings	1,955,127	-	-	\$ 1,955,127
Vehicles	298,132	-	-	\$ 298,132
Water, sewer, and storm drain systems	30,304,202	307,253		\$ 30,611,455
Total capital assets being depreciated	<u>32,557,461</u>	<u>307,253</u>	<u>-</u>	<u>\$ 32,864,714</u>

#### Accumulated depreciation for:

Buildings	(471,527)	(38,617)		\$ (510,144)
Vehicles	(6,211)	(37,267)		\$ (43,478)
Water, sewer, and storm drain systems	(10,209,861)	(660,382)		\$ (10,870,243)
Total accumulated depreciation	<u>(10,687,599)</u>	<u>(736,266)</u>	<u>-</u>	<u>\$ (11,423,865)</u>

Total capital assets being depreciated, net	<u>21,869,862</u>	<u>(429,013)</u>	<u>-</u>	<u>\$ 21,440,849</u>
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Total business-type activity capital assets, net	<u>\$ 25,312,013</u>	<u>\$ (429,013)</u>	<u>\$ -</u>	<u>\$ 25,215,752</u>
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### Governmental activities:

General government	\$ 17,116
Streets and public works	376,763
Parks and recreation	426,658
Depreciation on capital assets of the City's internal service funds charged to the various functions based on their usage of the assets	<u>57,704</u>
Total depreciation expense - governmental activities	<u>\$ 878,241</u>

### Business-type activities:

Water and sewer	\$ 736,266
Total depreciation expense - business-type activities	<u>\$ 736,266</u>

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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### NOTE 9 – LONG-TERM DEBT

The general obligation debt limit for the City is \$67,447,832 and the legal debt margin is \$62,457,258 based on \$4,650,000 in general obligation debt. The City also had \$6,641,000 in other debt at June 30, 2019.

General Obligation Bonds	<u>Governmental</u>	<u>Business-Type</u>
<p>\$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.</p>	\$ 4,650,000	
<p>Total general obligation bonds</p>	\$ 4,650,000	\$ -
<b>Utility Revenue Bonds</b>		
<p>\$2,090,000 Utility Revenue Bonds, Series 2007 due in annual installments on March 1 of \$107,000 to \$133,000. Interest at 2.71% due in annual installments on March 1, secured by utility revenues.</p>		1,078,000
<p>\$930,000 Utility Revenue Bonds, Series 2009 due in annual installments on March 1 of \$34,000 to \$65,000. Interest at 3.02% due in semi-annual payments on March 1 and September 1.</p>		479,000
<p>\$4,633,000 Utility Revenue Bonds, Series 2014 due in annual installments on March 1 of \$275,000 to \$364,000. Interest at 2.68% due in semi-annual payments on March 1 and September 1.</p>		3,794,000

(Continue on to next page)

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

### 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.

		1,290,000
Total revenue bonds	<u>\$ -</u>	<u>\$ 6,641,000</u>
Total debt	<u>\$ 4,650,000</u>	<u>\$ 6,641,000</u>

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 71 percent, and the Golf fund normally liquidates 29 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, 2019 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,890,000		\$ (240,000)	\$ 4,650,000	\$ 240,000
Unamortized premiums	100,574		(11,735)	88,839	-
Net general obligation bonds	<u>4,990,574</u>	-	<u>(251,735)</u>	4,738,839	240,000
Net pension liability	279,081	175,328	-	454,409	-
Compensated absences	67,558	50,420	(39,326)	78,652	39,326
Total governmental activity long-term liabilities	<u>\$ 5,337,213</u>	<u>\$ 225,748</u>	<u>\$ (291,061)</u>	<u>\$ 5,271,900</u>	<u>\$ 279,326</u>
Business-type activities:					
Excise tax revenue bonds from direct placements	\$ 1,411,000	\$ -	\$ (121,000)	\$ 1,290,000	\$ 125,000
Utility revenue bonds from direct placements	5,787,000		(436,000)	5,351,000	427,000
Net pension liability	176,654	123,671		300,325	-
Compensated absences	43,668	25,302	(22,990)	45,980	22,990
Total business-type activity long-term liabilities	<u>\$ 7,418,322</u>	<u>\$ 148,973</u>	<u>\$ (579,990)</u>	<u>\$ 6,987,305</u>	<u>\$ 574,990</u>

The City's outstanding excise tax revenue bonds from direct placements related to business-type activities of \$1,290,000 are secured with the related excise tax revenues. The City's outstanding utility revenue bonds from direct placements related to business-type activities of \$5,351,000 are secured by related utility fees. The 2009 utility revenue bonds have a provision for a delinquent penalty of the Wells Fargo Prime Rate plus 4% per annum on the delinquent amount of principal and/or interest.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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Revenue bonds future debt service requirements:

Year Ending June 30,	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	Principal	Interest	Principal	Interest
2020			\$ 552,000	\$ 174,451
2021			566,000	159,871
2022			579,000	144,836
2023			597,000	129,465
2024			616,000	113,605
2025-2029			3,016,000	315,229
2030-2031			715,000	28,917
Total	\$ -	\$ -	\$ 6,641,000	\$ 1,066,375

General obligation bonds future debt service requirements:

Year Ending June 30,	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	Principal	Interest	Principal	Interest
2020	\$ 240,000	\$ 118,720		
2021	250,000	113,920		
2022	250,000	106,420		
2023	260,000	98,920		
2024	270,000	93,720		
2025-2029	1,425,000	385,020		
2030-2034	1,605,000	199,800		
2035	350,000	10,500		
Total	\$ 4,650,000	\$ 1,127,020	\$ -	\$ -

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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### NOTE 10 – NET POSITION

Net position at June 30, 2019 consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>
Net investment in capital assets		
Net capital assets	\$ 35,661,243	\$ 25,215,752
Add: Deferred outflow related to refunding	381,836	183,255
Less: Outstanding debt issued	(4,738,839)	(6,641,000)
Net investment in capital assets	<u>31,304,240</u>	<u>18,758,007</u>
Restricted for:		
Debt service	178,663	637,234
Streets	874,344	-
Water and sewer improvements	-	424,252
Other purposes	1,634	7,600
Total restricted net position	<u>1,054,641</u>	<u>1,069,086</u>
Unrestricted net position	<u>3,946,925</u>	<u>2,021,822</u>
Total net position	<u>\$ 36,305,806</u>	<u>\$ 21,848,915</u>

### NOTE 11 – RETIREMENT PLANS/PENSIONS

The City contributes to the Local Governmental Noncontributory and Contributory Retirement Systems which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Tier 2 Contributory Retirement System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the URS, are members of the Tier 2 Retirement Systems. The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

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

The System issues a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

Retirement System, 560 East 200 South, Salt Lake City, Utah, 84102, or by visiting the website: [www.urs.org](http://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	2.0% per year all years	Up to 4.0%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
Tier 2 Public Employees System	Highest 5 years	4 years age 65	1.5% per year all y	Up to 2.5%
		35 years any age		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

\* 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
<b>Contributory System</b>			
111 Local government Div - Tier 2	N/A	15.54%	1.15%
<b>Noncontributory System</b>			
15 Local government Div - Tier 1	N/A	18.47%	N/A
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69%	10.00%

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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, 2019, 2018, and 2017 were \$159,394, and \$165,986, \$171,764, 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, 2019, 2018, and 2017 were \$31,402, \$23,951, and \$26,113 respectively. The City's contribution to the Tier 2 DC Only for the years ending June 30, 2019, 2018, and 2017 were \$3,716, \$1,179, 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, 2019, we reported a net pension asset of \$0 and a net pension liability of \$754,734.

Utah Retirement Systems (URS)	(Measurement Date): December 31, 2018			December 31, 2017	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	
<b>Contributory System</b>					
111 Local government Div - Tier 2	\$ -	\$ 6,306	0.0147242%	0.0173892%	(0.0026650) %
<b>Noncontributory System</b>					
15 Local government Div - Tier 1	-	748,428	0.1016374%	0.1036686%	(0.0020312) %
<b>Total</b>	<b>\$ -</b>	<b>\$ 754,734</b>			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, we recognized pension expense of \$213,870.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,670	\$ 15,262
Changes in assumptions	101,844	114
Net difference between project and actual earnings on pension plan and investments	157,793	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,774	26,659
Contributions subsequent to the measurement date	94,976	-
<b>Total</b>	<b>\$ 368,057</b>	<b>\$ 42,035</b>

\$94,976 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, 2018.

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:

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019	\$ 101,603
2020	35,010
2021	18,451
2022	74,788
2023	182
Thereafter	1,011

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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

For the year ended June 30, 2019, we recognized pension expense of \$197,578. At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,626	\$ 13,959
Changes in assumptions	100,263	-
Net difference between project and actual earnings on pension plan and investments	155,740	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,062	26,659
Contributions subsequent to the measurement date	76,898	-
<b>Total</b>	<b>\$ 344,589</b>	<b>\$ 40,618</b>

\$76,898 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, 2018.

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:

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019 \$	100,896
2020	34,497
2021	17,888
2022	73,790
2023	-
Thereafter	-

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

For the year ended June 30, 2019, we recognized pension expense of \$16,292. At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

CITY OF CEDAR HILLS

Notes to Financial Statements  
June 30, 2019

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 44	\$ 1,303
Changes in assumptions	1,581	114
Net difference between project and actual earnings on pension plan and investments	2,053	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,712	-
Contributions subsequent to the measurement date	18,078	-
<b>Total</b>	<b>\$ 23,468</b>	<b>\$ 1,417</b>

\$18,078 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, 2018.

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.

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019 \$	707
2020	513
2021	563
2022	998
2023	182
Thereafter	1,011

Actuarial assumptions: The total pension liability in the December 31, 2018, 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.

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

The actuarial assumptions used in the January 1, 2018, 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:

Asset Class	Expected Return Arithmetic Basis		
	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%
<b>Totals</b>	<b>100.00%</b>		<b>4.75%</b>
	<b>Inflation</b>		<b>2.50%</b>
	<b>Expected Arithmetic Nominal Return</b>		<b>7.25%</b>

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 remained unchanged at 6.95 percent.

*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-

# CITY OF CEDAR HILLS

## Notes to Financial Statements June 30, 2019

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	\$ 1,533,877	\$ 748,430	\$ 94,360
Tier 2 Public Employees System	25,263	6,306	(8,324)
Total	\$ 1,559,140	\$ 754,736	\$ 86,036

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	2019	2018	2017
<b>401(k) Plan</b>			
Employer Contributions	\$ 17,687	\$ 5,320	\$ 4,113
Employee Contributions	14,837	19,088	23,154
<b>457 Plan</b>			
Employer Contributions	55,502	51,591	55,131
Employee Contributions	65,487	56,293	42,870
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	26,735	27,969	28,926

### 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 2019.

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
2020	184,164	2030-2034	\$ 529,860
2021	184,164	2035-2039	529,860
2022	184,164	2040-2044	529,860
2023	145,068	2045-2048	270,179
2024	105,972		
2025-2029	\$ 529,860		
		Total	<u>\$ 3,193,151</u>

#### NOTE 14 – SUBSEQUENT EVENTS

On November 19, 2019, the City Council approved the trade of 78 golf carts under lease for an additional 78 golf carts. The new lease would begin February 2020 for an additional five years matching the current monthly rate of \$6,516 a month. The old cart lease would be paid off by the golf cart vendor after January 2020, so there would be no overlapping payments.

# REQUIRED SUPPLEMENTARY INFORMATION





## CITY OF CEDAR HILLS

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

	For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of its covered 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%
	2018	0.1016374%	748,430	886,661	84.41%	87.00%
Tier 2 Public Employees System	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%
	2018	0.0147242%	6,306	171,558	3.68%	90.80%

Note(s):

- (1) Only five years of information were available from URS
- (2) No changes in assumptions and methods from the prior year. The last change in assumptions was conducted as of December 31, 2016, The changes that year include a decrease in the investment return assumption from 7.20% to 6.95%, and a reduction in the price inflation assumption from 2.60 % to 2.50%.

# CITY OF CEDAR HILLS

## Required Supplementary Information Schedule of Contributions Last Six 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%
	2019	159,394	159,394	-	862,989	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%
	2019	31,402	31,402	-	202,071	15.54%
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%
	2019	3,716	3,716	-	55,540	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 six 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) No changes in assumptions and methods from the prior year. The last change in assumptions was conducted as of December 31, 2016, The major changes that year include a decrease in the investment return assumption from 7.20% to 6.95%, and a reduction in the price inflation assumption from 2.60 % to 2.50%.

# SUPPLEMENTARY INFORMATION





# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 716,924	\$ 732,924	\$ 722,857	\$ (10,067)
Delinquent property taxes	20,000	20,000	31,197	11,197
Penalty & interest on property taxes	300	300	1,847	1,547
Motor vehicle taxes	76,000	76,000	74,160	(1,840)
Sales taxes	1,300,893	1,415,893	1,448,328	32,435
Franchise taxes	399,000	399,000	378,176	(20,824)
Telecom taxes	55,000	55,000	53,658	(1,342)
Total	2,568,117	2,699,117	2,710,223	11,106
Licenses and permits				
Building permits	50,000	80,000	65,667	(14,333)
Plan check fees	20,000	35,000	42,529	7,529
Other licenses and permits	22,000	35,000	39,048	4,048
Total	92,000	150,000	147,244	(2,756)
Intergovernmental revenue				
Lone Peak Public Safety District Rent	58,000	58,000	58,252	252
Emergency Management Grant	7,500	7,500	7,500	-
Class C Roads allotments	435,000	454,000	441,184	(12,816)
Liquor fund allotments	5,600	5,600	5,705	105
Total	506,100	525,100	512,641	(12,459)
Fees				
Garbage fees	410,000	410,000	420,268	10,268
Recycling fees	99,000	99,000	109,718	10,718
Paramedic fees	217,000	217,000	219,665	2,665
Passports	72,000	96,000	121,839	25,839
Other	20,300	20,300	22,947	2,647
Total	818,300	842,300	894,437	52,137
Recreation and culture revenue				
Family festival income	30,000	36,000	38,964	2,964
Youth City Council	-	-	351	351
Community Arts	-	-	1,564	1,564
Recreation programs	130,000	150,000	169,452	19,452
Recreation Classes	19,000	19,000	20,873	1,873
Event center rentals and concessions	245,000	245,000	232,790	(12,210)
Park Reservations	6,000	6,000	3,350	(2,650)
Total	430,000	456,000	467,344	11,344
Miscellaneous revenues				
Interest earnings	16,000	16,000	34,299	18,299
Other revenue	30,500	30,500	41,203	10,703
Total	46,500	46,500	75,502	29,002
Total revenues	4,461,017	4,719,017	4,807,391	88,374

(Continues on to next page)

# CITY OF CEDAR HILLS

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Continued) General Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Mayor & council	74,669	74,669	70,681	3,988
Administrative operations	227,499	227,499	208,331	19,168
City Recorder	68,437	68,437	65,730	2,707
Finance	164,746	164,746	159,936	4,810
Other materials, supplies, and contracted services	343,482	323,482	326,940	(3,458)
Total	<u>878,833</u>	<u>858,833</u>	<u>831,618</u>	<u>27,215</u>
Public safety				
Police department	459,495	420,195	423,258	(3,063)
Fire department	783,361	1,063,361	950,731	112,630
Other	59,985	60,285	49,789	10,496
Total	<u>1,302,841</u>	<u>1,543,841</u>	<u>1,423,778</u>	<u>120,063</u>
Streets and public works				
Building and zoning	171,802	171,802	165,348	6,454
Public works	318,346	358,346	357,659	687
Streets	772,200	768,200	347,710	420,490
Total	<u>1,262,348</u>	<u>1,298,348</u>	<u>870,717</u>	<u>427,631</u>
Solid waste and recycling				
Solid Waste	304,000	304,000	327,826	(23,826)
Recycling	83,000	83,000	90,133	(7,133)
Other	1,000	1,000	458	542
Total	<u>388,000</u>	<u>388,000</u>	<u>418,417</u>	<u>(30,417)</u>
Parks and recreation				
Parks	219,331	219,331	210,514	8,817
Community services	463,431	479,431	445,862	33,569
Library	17,000	17,000	12,945	4,055
Total	<u>699,762</u>	<u>715,762</u>	<u>669,321</u>	<u>46,441</u>
Total expenditures	<u>4,531,784</u>	<u>4,804,784</u>	<u>4,213,851</u>	<u>590,933</u>
Excess of revenues over expenditures	(70,767)	(85,767)	593,540	679,307
Other financing sources(uses)				
Transfers in	9,000	9,000	9,000	-
Transfers out	(418,233)	(632,233)	(632,233)	-
Total other financing sources(uses)	<u>(409,233)</u>	<u>(623,233)</u>	<u>(623,233)</u>	<u>-</u>
Net change in fund balance	(480,000)	(709,000)	(29,693)	679,307
Fund balance at beginning of year	<u>1,020,987</u>	<u>1,020,987</u>	<u>1,020,987</u>	<u>-</u>
Fund balance at end of year	<u>\$ 540,987</u>	<u>\$ 311,987</u>	<u>\$ 991,294</u>	<u>\$ 679,307</u>

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

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Golf Special Revenue Fund  
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fees:				
Green Fees	\$ 566,000	\$ 562,000	\$ 572,582	\$ 10,582
Practice Range	28,000	28,000	21,111	(6,889)
Pro shop	79,700	79,700	91,087	11,387
Concessions	2,000	2,000	7,438	5,438
Season passes	39,000	59,000	67,980	8,980
Investment earnings	-	-	3,535	3,535
Other	10,000	10,000	9,002	(998)
Total revenues	<u>724,700</u>	<u>740,700</u>	<u>772,735</u>	<u>32,035</u>
<b>EXPENDITURES</b>				
Parks and recreation				
Salaries, wages, and employee benefits	463,880	453,880	432,058	21,822
Materials, supplies, and services	402,820	442,820	418,397	24,423
Capital outlay	70,000	70,000	73,932	(3,932)
Total	<u>936,700</u>	<u>966,700</u>	<u>924,387</u>	<u>42,313</u>
Excess (deficiency) of revenues over (under) expenditures	(212,000)	(226,000)	(151,652)	74,348
Other financing sources:				
Transfers in	142,000	156,000	156,000	-
Total other financing sources	<u>142,000</u>	<u>142,000</u>	<u>156,000</u>	<u>-</u>
Net change in fund balance	(70,000)	(84,000)	4,348	74,348
Fund balance at beginning of year	<u>108,689</u>	<u>108,689</u>	<u>108,689</u>	<u>-</u>
Fund balance at end of year	<u>\$ 38,689</u>	<u>\$ 24,689</u>	<u>\$ 113,037</u>	<u>\$ 74,348</u>

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

CITY OF CEDAR HILLS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Golf Debt Service Fund  
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 309,770	\$ 309,770	\$ 313,180	\$ 3,410
Delinquent property taxes	12,000	12,000	13,591	1,591
Penalty & Interest on property taxes	300	300	803	503
Motor vehicle taxes	33,000	33,000	32,264	(736)
Total tax revenues	355,070	355,070	359,838	4,768
Investment earnings	-	-	1,679	1,679
Total revenues	355,070	355,070	361,517	6,447
<b>EXPENDITURES</b>				
Debt Service:				
Principal	240,000	240,000	240,000	-
Interest	123,520	123,520	123,520	-
Trustee fees	350	350	350	-
Total expenditures	363,870	363,870	363,870	-
Excess (deficiency) of revenues over (under) expenditures	(8,800)	(8,800)	(2,353)	6,447
Fund balance at beginning of year	72,381	72,381	72,381	-
Fund balance at end of year	\$ 63,581	\$ 63,581	\$ 70,028	\$ 6,447

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

# CITY OF CEDAR HILLS

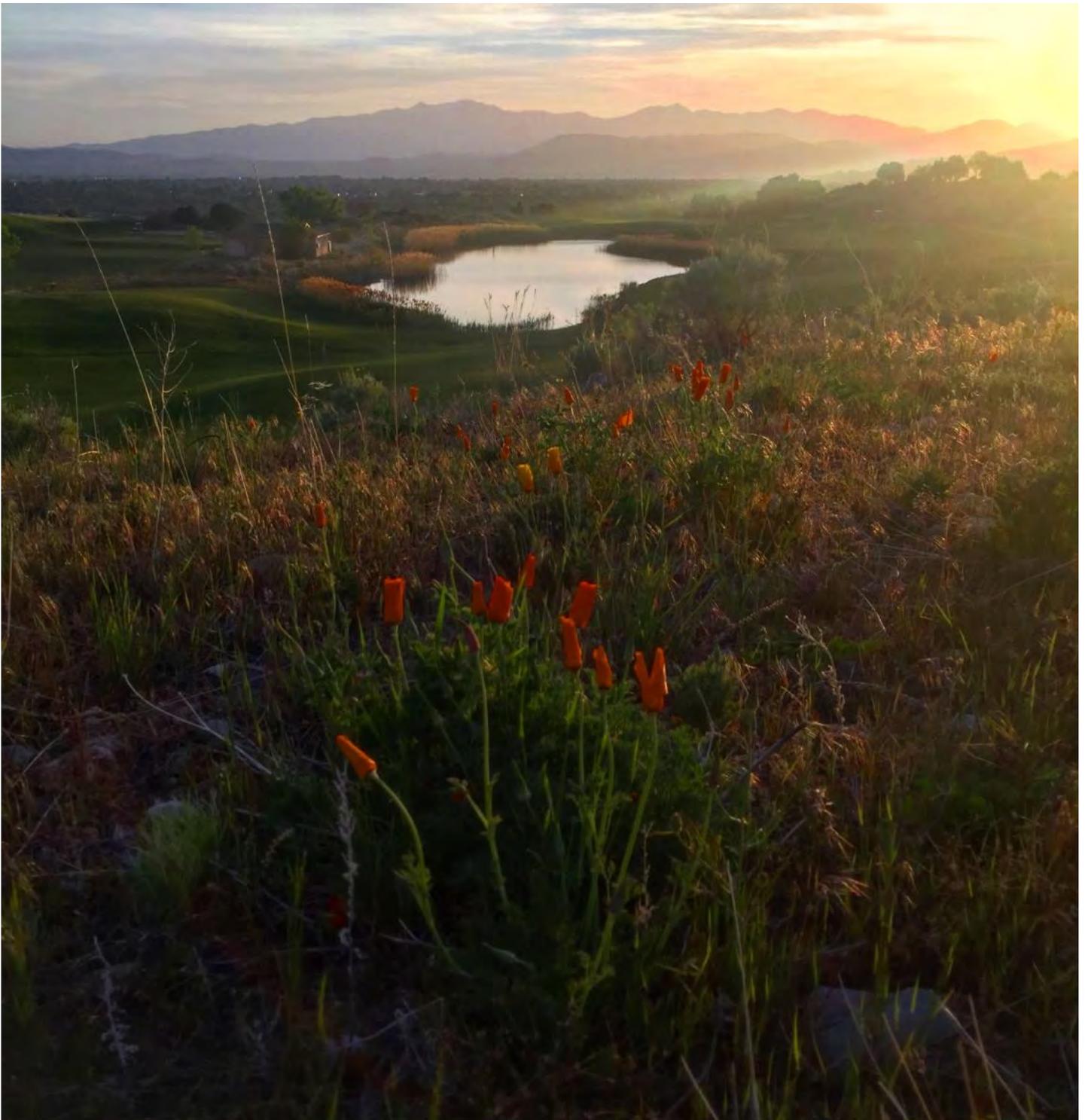
## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Capital Projects Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact fees:				
Park development	\$ 6,768	\$ 6,768	\$ 18,048	\$ 11,280
Public safety	2,908	2,908	3,961	1,053
Streets	8,124	8,124	4,999	(3,125)
PARC taxes	43,000	43,000	55,974	12,974
Investment earnings	2,000	2,000	104,655	102,655
Grant revenues	5,300	5,300	-	(5,300)
Other	10,750	10,750	33	(10,717)
Total revenues	<u>78,850</u>	<u>78,850</u>	<u>187,670</u>	<u>108,820</u>
<b>EXPENDITURES</b>				
Streets and public works	600,000	600,000	144,237	455,763
Parks and recreation	2,760,000	3,586,000	770,736	2,815,264
Debt Service - interest and other charges	-	-	-	-
Total expenditures	<u>3,360,000</u>	<u>4,186,000</u>	<u>914,973</u>	<u>3,271,027</u>
Excess (deficiency) of revenues over expenditures	(3,281,150)	(4,107,150)	(727,303)	3,379,847
<b>Other financing sources</b>				
Proceeds from sale of capital assets	-	-	25,000	25,000
Transfers in	200,000	476,233	476,233	-
Transfers out	-	(9,000)	(9,000)	-
Total other financing sources	<u>200,000</u>	<u>467,233</u>	<u>492,233</u>	<u>25,000</u>
Net change in fund balances	(3,081,150)	(3,639,917)	(235,070)	3,404,847
Fund balance at beginning of year	<u>4,042,608</u>	<u>4,042,608</u>	<u>4,042,608</u>	<u>-</u>
Fund balance at end of year	<u>\$ 961,458</u>	<u>\$ 402,691</u>	<u>\$ 3,807,538</u>	<u>\$ 3,404,847</u>

\*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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CITY OF CEDAR HILLS

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

	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 10,475,412	\$ 10,317,082	\$ 10,666,004	\$ 18,017,027
Restricted	4,906,151	4,164,309	1,449,079	1,601,342
Unrestricted	2,935,231	3,374,792	3,887,521	1,069,322
Total governmental activities net position	<u>\$ 18,316,794</u>	<u>\$ 17,856,183</u>	<u>\$ 16,002,604</u>	<u>\$ 20,687,691</u>
Business-type activities:				
Net investment in capital assets	\$ 23,270,251	\$ 23,255,396	\$ 25,597,441	\$ 17,852,968
Restricted	1,199,087	864,268	652,446	615,784
Unrestricted	(402,699)	(219,254)	(548,598)	1,328,300
Total business-type activities net position	<u>\$ 24,066,639</u>	<u>\$ 23,900,410</u>	<u>\$ 25,701,289</u>	<u>\$ 19,797,052</u>
Total City:				
Net investment in capital assets	\$ 33,745,663	\$ 33,572,478	\$ 36,263,445	\$ 35,869,995
Restricted	6,105,238	5,028,577	2,101,525	2,217,126
Unrestricted	2,532,532	3,155,538	3,338,923	2,397,622
Total City net position	<u>\$ 42,383,433</u>	<u>\$ 41,756,593</u>	<u>\$ 41,703,893</u>	<u>\$ 40,484,743</u>

Source: City statement of net position at June 30, 2010 through 2019.

Notes: (1) For 2013-2019, the City's golf assets and golf related activities are reported in governmental activities instead of business activities.  
(2) For 2015 the city re-evaluated the capitalized amount of roads and sidewalks, and the adjustment changed governmental activities by almost \$12 million.

2014	2015	2016	2017	2018	2019
\$ 17,995,931	\$ 29,460,264	\$ 29,479,348	\$ 29,379,254	\$ 30,960,680	\$ 31,304,240
1,754,107	1,811,582	1,748,889	1,637,585	974,200	1,054,641
1,177,319	1,424,099	2,120,199	3,125,631	4,295,831	3,946,925
<u>\$ 20,927,357</u>	<u>\$ 32,695,945</u>	<u>\$ 33,348,436</u>	<u>\$ 34,142,470</u>	<u>\$ 36,230,711</u>	<u>\$ 36,305,806</u>
\$ 17,576,369	\$ 17,308,394	\$ 17,693,371	\$ 17,985,338	\$ 18,331,560	\$ 18,758,007
586,496	687,374	626,271	657,529	846,409	1,069,086
1,850,787	1,879,369	2,269,291	2,242,558	2,152,704	2,021,822
<u>\$ 20,013,652</u>	<u>\$ 19,875,137</u>	<u>\$ 20,588,933</u>	<u>\$ 20,885,425</u>	<u>\$ 21,330,673</u>	<u>\$ 21,848,915</u>
\$ 35,572,300	\$ 46,768,658	\$ 47,172,719	\$ 47,364,592	\$ 49,292,240	\$ 50,062,247
2,340,603	2,498,956	2,375,160	2,295,114	1,820,609	2,123,727
3,028,106	3,303,468	4,389,490	5,368,189	6,448,535	5,968,747
<u>\$ 40,941,009</u>	<u>\$ 52,571,082</u>	<u>\$ 53,937,369</u>	<u>\$ 55,027,895</u>	<u>\$ 57,561,384</u>	<u>\$ 58,154,721</u>

CITY OF CEDAR HILLS

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

	2010	2011	2012	2013
Expenses:				
Governmental activities:				
General government	\$ 2,073,764	\$ 2,191,800	\$ 1,311,205	\$ 1,033,196
Public safety	575,232	775,455	888,591	1,050,218
Parks and recreation	409,000	454,437	495,620	1,941,304
Streets and public works	-	-	785,921	681,059
Solid waste and recycling	-	-	258,396	330,845
Interest on long-term debt	107,013	103,491	104,271	229,323
Total governmental activities	3,165,009	3,525,183	3,844,004	5,265,945
Business-type activities:				
Water and sewer	2,511,875	2,890,749	2,965,490	2,844,998
Golf Course	1,238,869	1,258,176	1,423,647	-
Total business-type activities	3,750,744	4,148,925	4,389,137	2,844,998
Total City expenses	\$ 6,915,753	\$ 7,674,108	\$ 8,233,141	\$ 8,110,943
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 546,041	\$ 557,656	\$ 55,225	\$ 81,268
Public safety	-	-	184,564	178,920
Parks and recreation	45,439	68,383	172,664	931,638
Streets and public works	-	-	93,972	188,885
Solid waste and recycling	-	-	410,158	415,384
Operating grants and contributions	246,682	263,084	302,851	335,876
Capital grants and contributions	164,526	95,999	11,307	138,320
Total governmental activities	1,002,688	985,122	1,230,741	2,270,291
Business-type activities:				
Charges for services:				
Water and sewer	2,383,938	2,634,734	2,754,599	2,899,399
Golf Course	679,970	651,211	704,056	-
Capital grants and contributions	62,986	22,590	-	-
Total business-type activities	3,126,894	3,308,535	3,458,655	2,899,399
Total City program revenues	\$ 4,129,582	\$ 4,293,657	\$ 4,689,396	\$ 5,169,690

2014	2015	2016	2017	2018	2019
\$ 938,806	\$ 838,231	\$ 807,242	\$ 957,640	\$ 866,076	\$ 830,849
1,109,591	1,158,157	1,168,200	1,158,970	1,163,075	1,423,778
1,721,870	1,733,589	1,827,222	1,857,780	1,916,110	1,970,872
840,146	710,455	1,070,747	1,128,041	926,837	1,252,945
324,306	328,097	350,724	354,319	371,153	418,417
287,398	274,907	245,326	222,277	149,856	160,026
5,222,117	5,043,436	5,469,461	5,679,027	5,393,107	6,056,887
2,851,845	3,021,152	3,063,328	3,045,078	3,139,655	3,039,648
-	-	-	-	-	-
2,851,845	3,021,152	3,063,328	3,045,078	3,139,655	3,039,648
\$ 8,073,962	\$ 8,064,588	\$ 8,532,789	\$ 8,724,105	\$ 8,532,762	\$ 9,096,535
\$ 72,655	\$ 134,131	\$ 98,178	\$ 147,323	\$ 164,031	\$ 188,872
179,774	182,245	184,400	186,590	187,190	219,664
1,026,940	1,168,713	1,186,748	1,211,239	1,197,152	1,211,824
126,207	131,933	247,480	175,803	122,287	144,391
446,711	454,150	463,175	474,987	483,651	529,987
351,394	376,386	380,710	425,784	425,858	447,365
278,679	47,911	344,932	92,672	72,391	117,008
2,482,360	2,495,468	2,905,623	2,714,398	2,652,560	2,859,111
3,077,340	3,155,808	3,552,420	3,273,216	3,372,627	3,448,326
-	-	-	-	-	-
85,146	34,161	321,142	154,947	42,575	20,608
3,162,486	3,189,969	3,873,562	3,428,163	3,415,202	3,468,934
\$ 5,644,846	\$ 5,685,437	\$ 6,779,185	\$ 6,142,561	\$ 6,067,762	\$ 6,328,045

CITY OF CEDAR HILLS

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

	2010	2011	2012	2013
Net (expense) revenue:				
Governmental activities	\$ (2,162,321)	\$ (2,540,061)	\$ (2,613,263)	\$ (2,995,654)
Business-type activities	(623,850)	(840,390)	(930,482)	54,401
Total City net (expense) revenue	<u>\$ (2,786,171)</u>	<u>\$ (3,380,451)</u>	<u>\$ (3,543,745)</u>	<u>\$ (2,941,253)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 872,432	\$ 835,359	\$ 870,913	\$ 1,208,155
Sales taxes	933,049	987,371	1,050,315	1,112,911
Franchise taxes	446,750	471,635	462,371	497,713
PARC taxes	-	-	35,949	38,828
Investment earnings	42,212	34,844	35,810	22,451
Miscellaneous	36,948	45,286	-	-
Transfers	-	(295,045)	(2,325,675)	43,850
Total governmental activities	<u>2,331,391</u>	<u>2,079,450</u>	<u>129,683</u>	<u>2,923,908</u>
Business-type activities:				
Investment earnings	10,764	6,963	8,823	9,600
Property taxes	385,260	398,339	396,862	-
Miscellaneous	21,463	(26,187)	-	-
Transfers	-	295,045	2,325,675	(43,850)
Total business-type activities	<u>417,487</u>	<u>674,160</u>	<u>2,731,360</u>	<u>(34,250)</u>
Total City general revenues and other changes in net position	<u>\$ 2,748,878</u>	<u>\$ 2,753,610</u>	<u>\$ 2,861,043</u>	<u>\$ 2,889,658</u>
Changes in Net Position:				
Governmental activities	\$ 169,070	\$ (460,611)	\$ (2,483,580)	\$ (71,746)
Business-type activities	(206,363)	(166,230)	1,800,878	20,151
Total City changes in net position	<u>\$ (37,293)</u>	<u>\$ (626,841)</u>	<u>\$ (682,702)</u>	<u>\$ (51,595)</u>

Source City of Cedar Hills statements of activities for years ended June 30, 2010 through 2019.

Notes: For 2013-2019, the City's golf related activities were reclassified from business-type activities to governmental activities in the category parks and recreation.

2014	2015	2016	2017	2018	2019
\$ (2,739,757)	\$ (2,547,968)	\$ (2,563,838)	\$ (2,964,629)	\$ (2,740,547)	\$ (3,197,776)
310,641	168,817	810,234	383,085	275,547	429,286
<u>\$ (2,429,116)</u>	<u>\$ (2,379,151)</u>	<u>\$ (1,753,604)</u>	<u>\$ (2,581,544)</u>	<u>\$ (2,465,000)</u>	<u>\$ (2,768,490)</u>
\$ 1,160,816	\$ 1,106,380	\$ 1,152,914	\$ 1,171,228	\$ 1,235,850	\$ 1,192,568
1,159,524	1,213,288	1,248,838	1,309,420	1,400,723	1,448,328
503,111	474,814	486,996	471,415	461,559	431,834
41,154	43,552	43,757	34,151	13,601	55,974
13,314	15,316	46,981	54,665	37,668	144,167
-	-	120,811	600,171	1,808,567	-
101,503	118,356	116,032	117,613	(129,180)	-
<u>2,979,422</u>	<u>2,971,706</u>	<u>3,216,329</u>	<u>3,758,663</u>	<u>4,828,788</u>	<u>3,272,871</u>
7,461	9,351	19,594	31,020	40,521	88,956
-	-	-	-	-	-
-	-	-	-	-	-
(101,503)	(118,356)	(116,032)	(117,613)	129,180	-
<u>(94,042)</u>	<u>(109,005)</u>	<u>(96,438)</u>	<u>(86,593)</u>	<u>169,701</u>	<u>88,956</u>
<u>\$ 2,885,380</u>	<u>\$ 2,862,701</u>	<u>\$ 3,119,891</u>	<u>\$ 3,672,070</u>	<u>\$ 4,998,489</u>	<u>\$ 3,361,827</u>
\$ 239,665	\$ 423,738	\$ 652,491	\$ 794,034	\$ 2,088,241	\$ 75,095
216,599	59,812	713,796	296,492	445,248	518,242
<u>\$ 456,264</u>	<u>\$ 483,550</u>	<u>\$ 1,366,287</u>	<u>\$ 1,090,526</u>	<u>\$ 2,533,489</u>	<u>\$ 593,337</u>

CITY OF CEDAR HILLS

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

	2010	2011	2012	2013
General fund:				
Nonspendable				
Inventory and prepaid	\$ 27,880	\$ 21,904	\$ 13,193	\$ 4,328
Restricted	381,509	192,957	83,421	73,051
Committed	-	-	-	-
Assigned	-	-	-	24,000
Unassigned	461,547	709,202	647,847	801,629
Total general fund	<u>\$ 870,936</u>	<u>\$ 924,063</u>	<u>\$ 744,461</u>	<u>\$ 903,008</u>
All other governmental funds:				
Nonspendable				
Inventory and prepaid	\$ -	\$ 12,957	\$ -	\$ 27,373
Restricted	4,524,642	3,971,352	1,365,658	1,528,291
Committed	-	-	-	-
Assigned	2,497,858	2,663,720	2,558,022	358,411
Unassigned	-	-	-	(63,782)
Total all other governmental funds	<u>\$ 7,022,500</u>	<u>\$ 6,648,029</u>	<u>\$ 3,923,680</u>	<u>\$ 1,850,293</u>
Total Fund Balances - Government Funds	<u>\$ 7,893,436</u>	<u>\$ 7,572,092</u>	<u>\$ 4,668,141</u>	<u>\$ 2,753,301</u>

Source: City of Cedar Hills balance sheets - governmental funds at December 31, 2010 through 2019.

Notes: For 2013-2019, the City's Golf fund balances were reclassified to governmental funds from enterprise funds.

2014	2015	2016	2017	2018	2019
\$ 612	\$ 3,882	\$ 453	\$ 26,763	\$ 31,428	\$ 2,512
1,074	1,498	-	-	282,807	385,769
-	-	2,297	4,436	4,862	5,212
-	-	-	-	-	-
1,008,320	1,195,767	963,319	963,198	701,890	597,801
<u>\$ 1,010,006</u>	<u>\$ 1,201,147</u>	<u>\$ 966,069</u>	<u>\$ 994,397</u>	<u>\$ 1,020,987</u>	<u>\$ 991,294</u>
\$ 34,782	\$ 35,957	\$ 37,138	\$ 42,265	\$ 47,883	\$ 154,679
1,753,033	1,810,084	1,748,889	1,637,585	691,393	560,237
-	-	1,119,387	2,025,823	2,760,000	3,228,694
210,944	516,947	142,978	125,335	724,402	46,993
(12,789)	-	-	-	-	-
<u>\$ 1,985,970</u>	<u>\$ 2,362,988</u>	<u>\$ 3,048,392</u>	<u>\$ 3,831,008</u>	<u>\$ 4,223,678</u>	<u>\$ 3,990,603</u>
<u>\$ 2,995,976</u>	<u>\$ 3,564,135</u>	<u>\$ 4,014,461</u>	<u>\$ 4,825,405</u>	<u>\$ 5,244,665</u>	<u>\$ 4,981,897</u>

CITY OF CEDAR HILLS

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

	2010	2011	2012(1)	2013
Revenues:				
Taxes	\$ 2,252,232	\$ 2,294,365	\$ 2,384,551	\$ 2,857,607
Licenses and permits	83,834	70,245	73,247	94,298
Intergovernmental	246,682	263,084	314,159	335,341
Charges for services	462,207	487,410	589,552	596,519
Fees (2)	199,420	158,773	220,218	1,070,494
Investment earnings	42,212	34,844	35,810	22,451
Miscellaneous	35,816	44,161	33,565	173,639
Total revenues	3,322,403	3,352,882	3,651,102	5,150,349
Expenditures:				
General government	1,535,270	1,438,114	1,220,417	955,226
Public Safety	575,232	775,455	888,591	1,050,218
Streets and public works	281,177	501,945	653,114	531,545
Solid waste and recycling	-	-	258,396	330,845
Parks and recreation (2)	262,750	291,084	346,546	1,423,547
Capital Outlay	124,612	96,182	191,747	285,461
Debt Service:				
Principal retirement (2)	95,000	100,000	465,000	280,000
Interest and fiscal charges (2)	108,612	105,147	109,567	233,969
Total expenditures	2,982,653	3,307,927	4,133,378	5,090,811
Excess of revenues over (under) expenditures	339,750	44,955	(482,276)	59,538
Other financing sources (uses):				
Proceeds from the sale of capital assets	-	-	-	-
Refunding bond issued	-	-	-	5,570,000
Premium (discount) on bonds issued	-	-	-	179,471
Payment to refund bond escrow agent	-	-	-	(5,559,871)
Transfers in	1,026,067	171,858	422,303	2,456,058
Transfers out	(1,086,189)	(538,159)	(2,843,978)	(2,487,208)
Total other financing sources (uses)	(60,122)	(366,301)	(2,421,675)	158,450
Net change in fund balances	\$ 279,628	\$ (321,346)	\$ (2,903,951)	\$ 217,988
Debt service as a percentage of noncapital expenditures	6.97%	6.28%	14.45%	10.63%

Source: City of Cedar Hills statements of revenues, expenditures, and changes in fund balances - governmental funds for years ending December 31, 2010 through 2019.

Notes: (1) City retired lease revenue bonds early during fiscal year 2012.  
(2) For 2013-2019, the City's golf operational and debt service activities were reclassified to a special revenue and debt service fund, instead of a business-type activity in an enterprise fund.

2014	2015	2016	2017	2018	2019
\$ 2,864,605	\$ 2,838,034	\$ 2,920,514	\$ 2,986,919	\$ 3,111,948	\$ 3,126,035
157,245	107,277	271,224	196,014	119,367	147,244
342,878	363,695	371,973	418,056	414,045	512,641
628,459	638,910	672,927	747,364	794,655	894,437
1,314,135	1,205,339	1,261,977	1,248,918	1,235,533	1,254,550
13,314	15,316	46,981	54,665	37,666	144,168
39,643	100,210	61,268	73,554	55,635	50,238
5,360,279	5,268,781	5,606,864	5,725,490	5,768,849	6,129,313
853,322	810,407	1,003,621	917,195	877,633	831,618
1,109,591	1,158,157	1,168,200	1,158,970	1,163,075	1,423,778
720,469	615,697	701,674	731,830	554,617	1,014,954
324,306	328,097	350,724	354,319	371,153	418,417
1,291,224	1,359,356	1,448,810	1,886,063	4,265,596	2,290,512
339,837	30,881	28,350	105,744	109,986	73,932
275,000	285,000	295,000	347,000	230,000	240,000
241,283	231,383	214,440	172,146	129,529	123,870
5,155,032	4,818,978	5,210,819	5,673,267	7,701,589	6,417,081
205,247	449,803	396,045	52,223	(1,932,740)	(287,768)
-	-	120,811	641,108	2,428,233	25,000
-	-	1,644,000	-	-	-
-	-	-	-	-	-
-	-	(1,826,562)	-	-	-
565,481	611,076	902,564	801,726	857,000	641,233
(528,053)	(492,720)	(786,532)	(684,113)	(933,233)	(641,233)
37,428	118,356	54,281	758,721	2,352,000	25,000
\$ 242,675	\$ 568,159	\$ 450,326	\$ 810,944	\$ 419,260	\$ (262,768)
10.64%	10.78%	10.35%	10.16%	7.49%	6.69%

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
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	923,772,200	53,990,554	415,697,490	562,065,264	57.48%	977,762,754	0.001923
2019	N/A	N/A	N/A	N/A	N/A	N/A	0.001737

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
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%	7,097	947,244	99.98%
2015	995,035	987,820	99.27%	5,477	993,297	99.83%
2016	1,005,624	999,343	99.38%	4,897	1,004,240	99.86%
2017	1,014,588	1,008,799	99.43%	3,701	1,012,501	99.43%
2018	1,021,694	1,013,405	99.19%	-	1,013,405	99.19%
2019	1,026,255	N/A	N/A	N/A	N/A	N/A

Source(s): County Treasurer Annual Tax Settlement

<http://utahcounty.gov/deptreas/fiscalreport.html>

Notes:

- (1) Total tax levy is based on the City's proposed tax levy. The 2019 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)

	2010	2011	2012	2013
City rates:				
General operations	0.001856	0.001957	0.001994	0.001922
Interest and sinking fund	0.001138	0.001196	0.001189	0.000951
	0.002994	0.003153	0.003183	0.002873
Utah County rates:				
General operations	0.000747	0.000793	0.000803	0.000779
Interest and sinking fund	0.000072	0.000045	0.000011	0.000000
Other	0.000289	0.000305	0.000313	0.000227
Assessing and collecting	0.000186	0.000199	0.000197	0.000253
	0.001294	0.001342	0.001324	0.001259
Alpine School district rates:				
Tort liability	0.000023	0.000025	0.000000	0.000000
Recreation	0.000109	0.000117	0.000000	0.000000
Transportation	0.000137	0.000148	0.000000	0.000000
Leeway	0.000400	0.000431	0.000000	0.000000
Other	0.000836	0.000494	0.000000	0.000000
Capital	0.000415	0.000850	0.000771	0.000848
GO bond payments	0.003205	0.003437	0.003350	0.003286
Levy	0.003095	0.003310	0.004707	0.004565
	0.008220	0.008812	0.008828	0.008699
Central Utah Water Conservancy District rate:				
Water conservancy	0.000421	0.000436	0.000455	0.000446
North Utah County Water Conservancy district rate:				
Water conservancy	0.000024	0.000026	0.000028	0.000029
Total direct rate	0.012953	0.013769	0.013818	0.013306

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



2014	2015	2016	2017	2018	2019
0.001703	0.001594	0.001512	0.001406	0.001340	0.001219
0.000707	0.000721	0.000674	0.000618	0.000583	0.000518
0.002410	0.002315	0.002186	0.002024	0.001923	0.001737
0.000714	0.000682	0.000654	0.000611	0.000574	0.000527
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000202	0.000188	0.000180	0.000168	0.000158	0.000145
0.000233	0.000228	0.000215	0.000190	0.000179	0.000248
0.001149	0.001098	0.001049	0.000969	0.000911	0.000920
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
0.000759	0.000697	0.000661	0.000613	0.000550	0.000505
0.003188	0.003215	0.002967	0.002745	0.002524	0.002225
0.004149	0.004265	0.004090	0.003809	0.003959	0.003768
0.008096	0.008177	0.007718	0.007167	0.007033	0.006498
0.000422	0.000405	0.000400	0.000400	0.000400	0.000400
0.000025	0.000024	0.000023	0.000021	0.000019	0.000017
0.012102	0.012019	0.011376	0.010581	0.010286	0.009572

CITY OF CEDAR HILLS

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayers	2019		
	Taxable Value	Rank	Percentage of Total Taxable Values (1)
Wal-Mart	\$ 13,771,100	1	2.5%
Cedar Hills Farm Land LLC	5,075,200	2	0.9%
Questar/Dominion Gas	4,548,086	3	0.8%
The Charleston/SSSHT PROP Co	4,196,335	4	0.7%
RH Holiday Land	3,888,500	5	0.7%
Pacificorp	2,376,359	6	0.4%
Rhinehart Land Co. LLC.	2,323,900	7	0.4%
Lexington Heights Professional Offices	2,282,700	8	0.4%
JPMorgan Chase Bank	1,605,200	9	0.3%
McDonald's	1,477,700	10	0.3%
American First Federal Credit Union Land	914,300	11	0.2%
SLML LLC.	835,500	12	0.1%
Amsource Cedar Hills			
Property Reserve Inc Land			
<b>Totals</b>	<b>\$43,294,880</b>		<b>7.70%</b>

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

Notes:

- (1) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$562,065,264.
- (2) Percentage of total taxable values equals the taxable value divided by the total taxable value of \$367,594,396.



2010

Taxable Value	Rank	Percentage of Total Taxable Values (2)
\$ 10,083,659	1	2.7%
1,047,411	6	0.3%
3,401,312	2	0.9%
2,071,482	4	0.6%
2,348,370	3	0.6%
1,252,708	5	0.3%
618,679	9	0.2%
795,368	7	0.2%
635,800	8	0.2%
\$22,254,789		6.00%

CITY OF CEDAR HILLS

Ratios of Outstanding Debt by Type  
Last Ten Years

Year	Governmental Activities			Business-Type Activities			
	General Obligation Bonds	Excise Tax Revenue Bonds	Lease Revenue Bonds	Capital Lease Obligations	Notes Payable	Excise Tax Revenue Bonds	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
2019	4,738,839	-	-	-	-	1,290,000	5,351,000

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

General Notes: For general obligation bonds in 2013-2019 the amortized bond premium is included.

No other outstanding bonds have a premium or discount. Excise tax bonds were moved to the Water & Sewer fund from the Capital Projects fund for the fiscal year ending in 2018.



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%	1,621
15,682,784	0.0073%	1,560
15,764,913	0.0069%	1,551
15,160,539	0.0066%	1,480
14,801,893	0.0058%	1,453
13,735,228	0.0053%	1,333
12,964,037	0.0049%	1,257
12,188,574	0.0043%	1,193
11,379,839	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	9,947	569
2012	5,510,000	-	5,510,000	10,055	548
2013	6,155,167	-	6,155,167	10,162	606
2014	5,934,793	42,598	5,892,195	10,245	575
2015	5,710,147	10,857	5,699,290	10,189	559
2016	5,476,228	3,984	5,472,244	10,301	531
2017	5,233,037	51,161	5,181,876	10,313	502
2018	4,990,574	56,839	4,933,735	10,217	483
2019	4,738,839	66,822	4,672,017	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, 2019

Entity	2018 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Debt Outstanding (2)	City's Portion of Debt
Utah County	\$ 432,479,207,111	\$ 562,065,264	0.130%	\$ 252,517,040	\$ 328,180
Alpine School District	28,710,146,340	562,065,264	1.958%	622,260,592	12,182,141
North Utah County Water Conservancy District	15,789,969,282	562,065,264	3.560%	56,821	2,023
Central Utah Water Conservancy District	43,172,967,737	562,065,264	1.302%	897,139,942	11,679,790
Total Overlapping Debt (Excluding the State) (3)					\$ 24,192,134
Total Direct Bonded Indebtedness (4)					\$ 4,990,574
Total Direct and Overlapping Debt (Excluding the State)					\$ 29,182,708

Sources: Utah State Tax commission and taxing entities

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

- Notes:
- (1) Taxable value per Utah State Tax Commission Assessor Report 510-233b List of Final Values
  - (2) Amount of principal debt net of premiums/discounts as of June 30, 2019 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 revenue bonds. City's general obligation bond debt net of premiums.

CITY OF CEDAR HILLS

Legal Debt Margin Information  
Last Ten Years

	2010	2012	2013	2014
Debt limit (12%)	\$ 44,111,328	\$ 41,267,203	\$ 43,905,050	\$ 49,615,121
Total general obligation debt applicable to the limit	5,795,000	5,510,000	6,155,167	5,934,793
Legal debt margin	<u>\$ 38,316,328</u>	<u>\$ 35,757,203</u>	<u>\$ 37,749,883</u>	<u>\$ 43,680,328</u>
Percentage of net debt contracting margin available	86.86%	86.65%	85.98%	88.04%

Notes:

- (1) The general obligation indebtedness of the City is limited by Utah law to twelve percent of the "reasonable fair cash value" of taxable property in the City. 4% for general purposes and 8% for sewer, water, or lighting.
- (2) Statute 59-2-103 states 45% of the value of primary residential property is specifically exempt under the Constitution of Utah.
- (3) Legal debt margin calculation for 2017 used, since 2018 assessed value not available:

	Taxable Value (2)
Residential values	\$ 923,772,200
Non-residential values	\$ 53,990,554
Exempt property	(415,697,490)
Totals	<u>\$ 562,065,264</u>
Debt limit (adjusted fair market value x 0.12)	\$ 67,447,832
Debt applicable to limit:	
General obligation bonds	<u>4,990,574</u>
Legal debt margin	<u>\$ 62,457,258</u>



2015	2016	2017	2018	2019
\$ 54,145,164	\$ 57,992,408	\$ 62,982,810	\$ 67,447,832	N/A
5,710,147	5,476,228	5,233,037	4,990,574	4,738,839
<u>\$ 48,435,017</u>	<u>\$ 52,516,180</u>	<u>\$ 57,749,773</u>	<u>\$ 62,457,258</u>	<u>N/A</u>
89.45%	90.56%	91.69%	92.60%	N/A

CITY OF CEDAR HILLS

Debt Service Schedule of Outstanding Bonds (By Year)  
June 30, 2019

	2020	2021	2022	2023	2024	2025
<b>General Obligations Bonds</b>						
Series 2012 Partially refunded 2005 GO bonds, which was used for						
\$ 5,570,000 golf course improvements.	Principal	\$ 240,000	\$ 250,000	\$ 250,000	\$ 260,000	\$ 270,000
	Interest	118,720	113,920	106,420	98,920	88,320
	Total	\$ 358,720	\$ 363,920	\$ 356,420	\$ 358,920	\$ 363,320
<b>Excise Tax Revenue Bonds</b>						
Series 2015 Refunded 2006 Excise bonds, which was used to						
\$ 1,644,000 finance the construction of the	Principal	\$ 125,000	\$ 124,000	\$ 128,000	\$ 132,000	\$ 136,000
	Interest	29,092	26,141	23,155	20,074	16,898
	Total	\$ 154,092	\$ 150,141	\$ 151,155	\$ 152,074	\$ 152,639
<b>Utility Revenue Bonds</b>						
Series 2007						
\$ 2,090,000 Used to finance the construction of a new well.	Principal	\$ 107,000	\$ 110,000	\$ 113,000	\$ 116,000	\$ 120,000
	Interest	29,214	26,314	23,333	20,271	17,127
						13,875
Series 2009						
\$ 930,000 Used to finance pressured irrigation improvements.	Principal	45,000	50,000	50,000	55,000	60,000
	Interest	14,466	13,107	11,597	10,087	8,426
						6,765
Series 2014 Partially refunded 2006 utility revenue						
4,633,000 bonds used for water improvements.	Principal	275,000	282,000	288,000	294,000	305,000
	Interest	101,679	94,309	86,752	79,033	71,154
						62,980
	Total principal	427,000	442,000	451,000	465,000	480,000
	Total interest	145,359	133,730	121,681	109,391	96,707
	Total	\$ 572,359	\$ 575,730	\$ 572,681	\$ 574,391	\$ 576,707
						\$ 577,620
<b>Total All Bonds</b>						
	Total principal	\$ 792,000	\$ 816,000	\$ 829,000	\$ 857,000	\$ 886,000
	Total interest	293,171	273,791	251,256	228,385	207,325
	Total all bonds	\$ 1,085,171	\$ 1,089,791	\$ 1,080,256	\$ 1,085,385	\$ 1,093,325
						\$ 1,093,579



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	\$ 4,650,000
82,820	77,220	71,520	65,140	58,650	49,650	40,200	30,600	20,700	10,500	1,127,020
<u>\$ 362,820</u>	<u>\$ 362,220</u>	<u>\$ 361,520</u>	<u>\$ 360,140</u>	<u>\$ 358,650</u>	<u>\$ 364,650</u>	<u>\$ 360,200</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 5,777,020</u>
\$ 143,000	\$ 146,000	\$ 149,000	\$ 68,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,290,000
10,298	6,873	3,377	806	-	-	-	-	-	-	\$ 150,353
<u>\$ 153,298</u>	<u>\$ 152,873</u>	<u>\$ 152,377</u>	<u>\$ 68,806</u>	<u>\$ -</u>	<u>\$ 1,440,353</u>					
\$ 126,000	\$ 130,000	\$ 133,000	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,078,000
10,542	7,127	3,604	-	-	-	-	-	-	-	\$ 151,407
65,000	65,000	34,000	-	-	-	-	-	-	-	\$ 479,000
4,953	2,990	1,027	-	-	-	-	-	-	-	\$ 73,416
321,000	325,000	335,000	343,000	351,000	364,000	-	-	-	-	\$ 3,794,000
54,645	46,042	37,332	28,354	19,162	9,755	-	-	-	-	\$ 691,199
512,000	520,000	502,000	343,000	351,000	364,000	-	-	-	-	\$ 5,351,000
70,140	56,159	41,963	28,354	19,162	9,755	-	-	-	-	\$ 916,022
<u>\$ 582,140</u>	<u>\$ 576,159</u>	<u>\$ 543,963</u>	<u>\$ 371,354</u>	<u>\$ 370,162</u>	<u>\$ 373,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,267,022</u>
\$ 935,000	\$ 951,000	\$ 941,000	\$ 706,000	\$ 651,000	\$ 679,000	\$ 320,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 11,291,000
163,258	140,252	116,860	94,300	77,812	59,405	40,200	30,600	20,700	10,500	2,193,395
<u>\$ 1,098,258</u>	<u>\$ 1,091,252</u>	<u>\$ 1,057,860</u>	<u>\$ 800,300</u>	<u>\$ 728,812</u>	<u>\$ 738,405</u>	<u>\$ 360,200</u>	<u>\$ 360,600</u>	<u>\$ 360,700</u>	<u>\$ 360,500</u>	<u>\$ 13,484,395</u>

CITY OF CEDAR HILLS

Pledged-Revenue Coverage  
Last Ten Years

Year	Excise Tax Revenue Bonds (1)				Utility Net Revenues (2)	Utility Revenue Bonds		
	Franchise Taxes	Debt Service		Coverage		Debt Service		Coverage
		Principal	Interest			Principal (3)	Interest	
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
2019	431,834	121,000	32,007	2.8	1,352,814	418,000	157,289	2.35

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, 2019.

(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 (amounts in thousands) (5)	Household Median Adjusted Gross Income (1)	District School Enrollment (4)	Unemployment % Rate (2)
2010	9,796	\$163,864,560	\$ 76,545	61,223	7.4
2011	9,947	175,184,399	79,375	64,351	6.3
2012	10,055	212,132,333	79,415	66,044	5.0
2013	10,162	215,469,537	82,828	68,233	4.2
2014	10,245	229,188,419	85,244	70,811	3.5
2015	10,189	255,680,503	87,555	72,467	3.3
2016	10,301	260,262,373	87,086	73,724	3.1
2017	10,313	267,125,724	89,388	77,457	2.9
2018	10,217	285,337,549	90,246	78,853	2.8
2019	N/A	N/A	N/A	79,856	2.6

Sources:

- (1) [tax.utah.gov/econstats/income/fed-returns-recent](http://tax.utah.gov/econstats/income/fed-returns-recent) data. The Utah State Tax Commission website provides these statistics in an income tax report titled "Federal returns 2000 & newer", Table 13-Summary of Mean and Median AGI by City for Returns and Households.
- (2) Utah County Labor Force, not seasonally adjusted (annual average) Data 2009-2017 are revised based on statistical information provided by Utah Department of Workforce Services. 2017 June seasonally adjusted estimates.  
— [www.jobs.utah.gov](http://www.jobs.utah.gov)
- (3) Mountainland Association of Governments website population estimates
- (4) Alpine school district--Lauralee Nebeker
- (5) [tax.utah.gov/econstats/income/fed-returns-2000](http://tax.utah.gov/econstats/income/fed-returns-2000). The Utah State Tax Commission website provides these statistics in an income tax report titled "Federal returns 2000 & newer", Table 7-Ranking of Utah Cities by Number of returns, AGI, Net Exemptions, and Federal Taxes

CITY OF CEDAR HILLS

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

Employer	Industry	Employees	2018	
			Rank	Percentage of Total County Employment
Brigham Young University	Colleges, Universities, and Professional Schools	15,000 - 19,999	1	5.15% - 6.86%
Utah Valley University	Colleges, Universities, and Professional Schools	7,000 - 9,999	2	2.40% - 3.43%
Alpine School District	Elementary and Secondary Schools	7,000 - 9,999	2	2.40% - 3.43%
State of Utah	Justice, Public Order, and Safety Activities	5,000 - 6,999	4	1.72% - 2.40%
Vivint	Building Equipment Contractors	3,000 - 3,999	5	1.03% - 1.37%
Wal-Mart	Other General Merchandise Stores	3,000 - 3,999	5	1.03% - 1.37%
Nebo School District	Elementary and Secondary Schools	3,000 - 3,999	5	1.03% - 1.37%
Utah Valley Regional Medical Center	General Medical and Surgical Hospitals	3,000 - 3,999	5	1.03% - 1.37%
Sykes Enterprises	Technical Services	2,000 - 2,999	9	0.69% - 1.03%
Young Living Essential Oils	Direct Selling Establishments	2,000 - 2,999	9	0.69% - 1.03%
Doterra International	Direct Selling Establishments	2,000 - 2,999	9	0.69% - 1.03%
Provo School District	Elementary and Secondary Schools	1,000 - 1,999	12	0.34% - 0.69%
IM Flash Technologies	Semiconductor and Other Electronic Components	1,000 - 1,999	12	0.34% - 0.69%
Provo City	Executive, Legislative, and Other General Government	1,000 - 1,999	12	0.34% - 0.69%
Utah County	Government	1,000 - 1,999	12	0.34% - 0.69%
Nestle Prepared Foods	Manufacturing	1,000 - 1,999	12	0.34% - 0.69%
Nu Skin	Pharmaceutical Wholesaler	1,000 - 1,999	12	0.34% - 0.69%
Adobe Systems	Technical Services	1,000 - 1,999	12	0.34% - 0.69%
RBD Acquisition	Services to Buildings and Dwellings	1,000 - 1,999	12	0.34% - 0.69%
Central Utah Medical Clinic	Health Care	1,000 - 1,999	12	0.34% - 0.69%
Solutionreach	Technical Services	1,000 - 1,999	12	0.34% - 0.69%
Chrysalis	Individual and Family Services	1,000 - 1,999	12	0.34% - 0.69%
Smiths Food and Drug	Grocery Stores	1,000 - 1,999	12	0.34% - 0.69%
Bluefin Office Group/Utah Office Supply	Office Supplies	1,000 - 1,999	12	0.34% - 0.69%
United States Government	Federal Government	1,000 - 1,999	12	0.34% - 0.69%
<b>Total</b>		<b>64,000 - 95,977</b>		<b>22.19% - 34.50%</b>

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

Notes:

- (1) Information for Utah County was used, since information is not available for the City. 2018 and 2011 statistics were used because the 2019 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 216,636. Total employed labor force for 2018 annual average was 291,391.



2011		
Employees	Rank	Percentage of Total County Employment
15,000 - 19,999	1	6.92% - 9.23%
3,000 - 3,999	4	1.38% - 1.85%
5,000 - 6,999	2	2.31% - 3.23%
3,000 - 3,999	4	1.38% - 1.85%
1,000 - 1,999	8	0.46% - 0.92%
2,000 - 2,999	7	0.92% - 1.38%
3,000 - 3,999	4	1.38% - 1.85%
4,000 - 4,999	3	1.85% - 2.31%
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		19.85% - 29.07%

CITY OF CEDAR HILLS

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

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	10.7	9.7	9.4	8.5	8.5	8.6	8.4	8.2	8.4	8.4
Streets and public works	9.3	9.6	10.4	9.4	9.4	10.0	9.5	10.8	10.7	10.6
Community Services	2.6	2.9	2.8	5.6	4.9	5.5	6.2	6.2	5.1	5.3
Golf	8.5	8.2	9.2	8.5	8.2	7.9	7.7	8.0	7.3	7.6
Total	31.1	30.5	31.9	32.0	31.0	32.0	31.9	33.2	31.5	32.0

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	6	6	6
Golf Course	1	1	1	1	1	1	1	1	1	1
Community Event Center	-	-	1	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 Seven Fiscal Years

	2013	2014	2015	2016	2017	2018	2019
Administration:							
Staff trainings held	11	11	11	11	11	11	11
Employees receiving performance evaluation	100%	100%	100%	100%	100%	100%	100%
Finance:							
Checks processed	1,557	1,474	1,354	1,152	1,239	1,182	1,179
Electronic fund transfers processed	119	96	174	134	90	77	74
Paper utility statements processed per month	2,164	2,129	2,081	1,421	1,334	1,257	1,198
Utility customers	2,385	2,404	2,444	2,472	2,507	2,630	2,738
GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes	Yes	Yes	N/A
GFOA Certificate of Achievement in Financial Reporting	Yes	Yes	Yes	Yes	Yes	Yes	N/A
General obligation bond rating	AA-	AA-	AA-	AA-	AA+	AA+	AA+
Public Works:							
Water inspections	10	30	15	20	11	12	7
Sewer inspections	10	30	17	24	11	14	10
Inspections completed	590	1,091	619	948	707	634	455
Building permits processed	54	65	100	162	146	101	113
Building plans approved	50	60	70	154	137	94	85
Meters read electronically	96%	98%	98%	98%	98%	98%	98%
Community Services:							
Jr. Jazz teams	84	82	87	96	123	119	129
Flag football teams	31	34	33	43	42	39	42
Family festival donations raised	\$17,855	\$19,480	\$17,440	\$ 6,670	\$16,550	\$16,692	\$22,800
Season golf passes sold, or traded for services	\$42,153	\$78,114	\$73,132	\$52,148	\$75,552	\$65,312	\$66,250

Source: City of Cedar Hills budget document and general ledger

For 2018-2019 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2019.

**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*.



**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  
December 3, 2019



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, 2019.

State compliance requirements were tested for the year ended June 30, 2019 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
- Cash Management
- Impact Fees

*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, 2019.

Telephone (801) 590-2600  
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1455 West 2200 South, Suite 201  
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  
December 3, 2019

