

**CEDAR CITY, UTAH**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**FINANCIAL SECTION**

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## Independent Auditors' Report

The Honorable Mayor and  
Members of the City Council  
Cedar City, Utah  
Cedar City, Utah 84720

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cedar City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2013 on our consideration of Cedar City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress – retiree healthcare insurance plan on pages 3 through 15 and 57 through 58 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar City, Utah's financial statements as a whole. The combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



HintonBurdick, PLLC  
Cedar City, Utah  
February 1, 2013

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Cedar City's (the City's) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2012. Please read this discussion and analysis in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- The City's total net position at the close of the fiscal year were \$233,997,697. This amount is comprised of \$201,001,210 in net investment in capital assets, \$9,260,214 of restricted net position and \$23,736,273 in unrestricted net position.
- Prior to all transfers in and out of the general fund, general fund revenues exceeded expenditures by \$2,636,332. After all transfers, general fund revenues exceeded expenditures by \$1,206,426. Transfers to the general fund for capital expenditures totaled \$583,588. Transfers from the general fund for capital projects, debt service and related expenses totaled \$2,013,494.
- The general fund's ending unassigned fund balance of \$2,718,123 represents 16.7 percent of the total budgeted expenditures and transfers for the fiscal year ending June 30, 2013.
- The City's total long-term debt decreased \$5,587,940. The City retired \$3,802,000 of sewer revenue bonds and defeased \$1,080,000 of library refunding bonds.
- Total net position for the City's governmental activities decreased \$588,813 while total net position for business-type activities increased \$1,198,483.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report includes: 1) this discussion and analysis, which serves as an introduction to the City's basic financial statements; 2) the basic financial statements comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements; and 3) other supplementary information.

**Government-wide financial statements.** The government-wide financial statements include a statement of net position and a statement of activities that provide a citywide perspective of the City's overall financial status. These statements are prepared using accrual accounting methods similar to those used in preparing the financial statements of private-sector businesses.

- The *statement of net position* presents information on all of the City's assets and liabilities. The difference between assets and liabilities represents the City's net position. Increases or decreases in net position, when viewed over a period of time,

may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.

- The *statement of activities* presents information reflecting how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs irrespective of the timing of the related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish between governmental activities, those principally supported by taxes and intergovernmental revenues, and business-type activities, those that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 18-19 of this report.

**Fund financial statements.** A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This segregation is also used to ensure and demonstrate compliance with finance-related legal requirements. The City utilizes three types of funds: governmental, proprietary, and fiduciary funds.

- *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these statements are prepared using modified accrual accounting methods, which measure cash and other financial assets readily convertible to cash and their balances available for use at year-end. As a result, these statements provide a short-term perspective of the City's general government operations and the basic services provided and may assist in determining the availability of financial resources that could be used in the near future to finance the City's programs.

Reconciliations between the long-term perspective of the government-wide financial statements and the short-term perspective of the fund financial statements are provided on page 21 and 23 of this report.

The City has identified two of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on pages 60-67 of this report.

- *Proprietary funds* account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The City uses enterprise funds and an internal service fund, types of proprietary funds, to account for its seven business-type activities.

Four of the City's enterprise funds qualify as major funds. The remaining two funds are classified as non-major funds and are included in the combining statements on pages 68-70 of this report.

- *Fiduciary funds* account for resources held by the City for the benefit of parties outside the City. The City has a fiduciary responsibility to ensure that these resources are used for their intended beneficiaries and purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds cannot be used to finance City programs. The City's fiduciary responsibilities are reported separately in a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 21-31 of this report.

**Notes to the financial statements.** The notes to the financial statements provide additional information essential to understanding the government-wide and fund financial statements. The notes to the financial statements are on pages 32-55 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net position, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. The City's total net position, assets in excess of liabilities, totaled \$233,997,697.

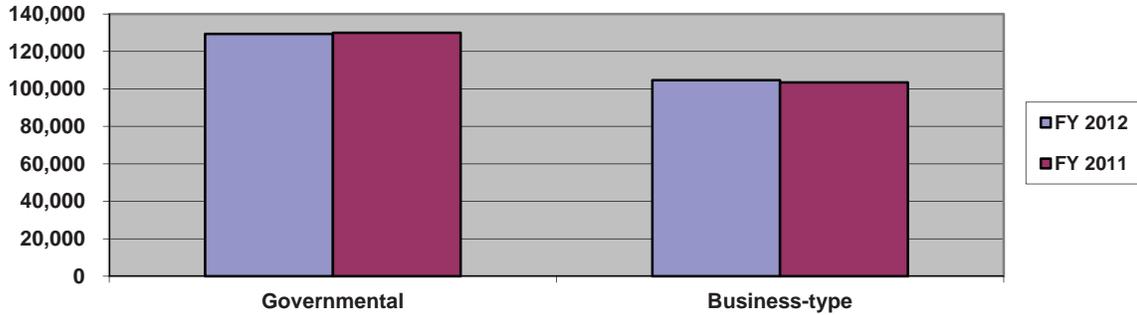
	CEDAR CITY'S NET POSITION			
	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Current and other assets	\$ 17,202,341	\$ 17,891,163	\$ 18,093,068	\$24,395,483
Capital assets	133,782,047	135,689,687	90,904,680	87,883,041
Total assets	<u>150,984,388</u>	<u>153,580,850</u>	<u>108,997,748</u>	<u>112,278,524</u>
Long-term debt outstanding	17,478,954	19,026,258	3,788,066	7,828,702
Other liabilities	4,165,222	4,625,567	552,197	990,820
Total liabilities	<u>21,644,176</u>	<u>23,651,825</u>	<u>4,340,263</u>	<u>8,819,522</u>
Net position:				
Net investment in capital assets	116,321,100	116,596,042	84,680,110	81,634,705
Restricted	5,993,428	5,657,050	3,266,786	4,306,728
Unrestricted	7,025,684	7,675,933	16,710,589	17,517,569
Total net position	<u>\$129,340,212</u>	<u>\$129,929,025</u>	<u>\$104,657,485</u>	<u>\$103,459,002</u>

CHANGES IN CEDAR CITY'S NET POSITION

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Revenues:				
Program revenues				
Charges for services	\$2,855,948	\$3,017,308	\$ 7,930,243	\$ 7,676,624
Operating grants and contributions	896,497	782,475		
Capital grants and contributions	2,563,505	6,311,245	360,023	2,468,751
General Revenues				
Property taxes	5,266,318	4,944,585		
Other taxes	7,883,537	7,570,373		
Investment income	100,127	79,257	213,258	201,609
Other revenues	938,393	358,458		
Gain (loss) on sale/disposal of assets			(8,791)	(31,499)
Total revenues	<u>20,504,325</u>	<u>23,063,701</u>	<u>8,494,733</u>	<u>10,315,485</u>
Expenses:				
General government	1,063,509	1,468,157		
Police protection	4,210,975	4,013,081		
Other public safety and inspection services	2,129,172	1,515,705		
Streets and highways	5,042,316	5,292,371		
Parks, cemetery and public property	1,479,599	1,666,383		
Culture and recreation	2,893,017	2,711,535		
Public works	1,274,636	1,244,996		
Community and economic development	1,061,298	748,148		
Transportation services	1,063,099	1,498,495		
Interest and fiscal charges	597,837	871,142		
Golf course			647,199	715,878
Water			3,300,205	3,078,740
Sewer system			1,099,295	1,081,043
Regional sewer plant			1,706,162	1,711,822
Solid waste			472,272	452,990
Storm drain			348,797	305,486
Total expenses	<u>20,815,458</u>	<u>21,030,013</u>	<u>7,573,930</u>	<u>7,345,959</u>
Increase in net position before transfers	(311,133)	2,033,688	920,803	2,969,526
Transfers	(277,680)	(5,225,425)	277,680	5,225,425
Increase in net position	<u>\$ (588,813)</u>	<u>\$ (3,191,737)</u>	<u>\$ 1,198,483</u>	<u>\$ 8,194,951</u>

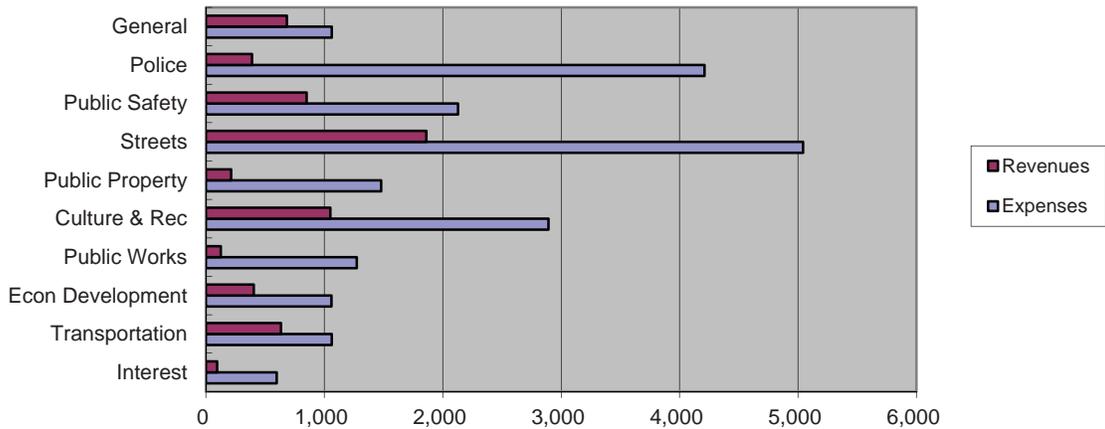
Governmental activities net position decreased from \$129.9 million to \$129.3 million during fiscal year 2012, a decrease of .5 percent. Business-type net position increased 1.2 percent from \$103.5 million in fiscal year 2011 to \$104.7 million in fiscal year 2012. This information is displayed in the graph below.

**CEDAR CITY'S NET POSITION BY FUND TYPE  
FY 2012 & FY 2011 COMPARISON  
(In thousands)**

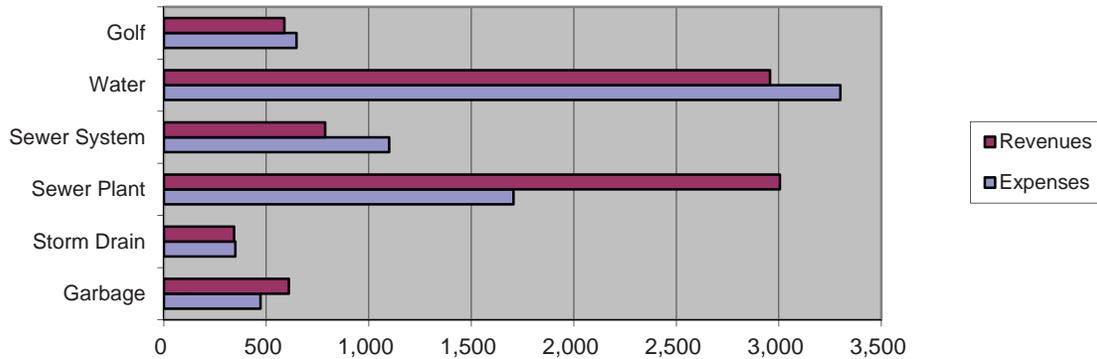


The following charts display program revenues and expenses for governmental activities and business-type activities for fiscal year 2012 as reflected in the statement of activities.

**PROGRAM REVENUES AND EXPENSES  
GOVERNMENTAL ACTIVITIES FOR FY 2012  
(In thousands)**



**PROGRAM REVENUES AND EXPENSES  
BUSINESS-TYPE ACTIVITIES FOR FY 2012  
(In thousands)**



**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

As was previously noted, the City’s governmental funds provide a short-term perspective of the City’s general government operations and the financial resources available in the near future to finance the City’s programs. Differences between available financial resources and the short-term obligations of general government operations are reported as fund balances. Fund balances are designated as nonspendable, restricted, committed, assigned or unassigned.

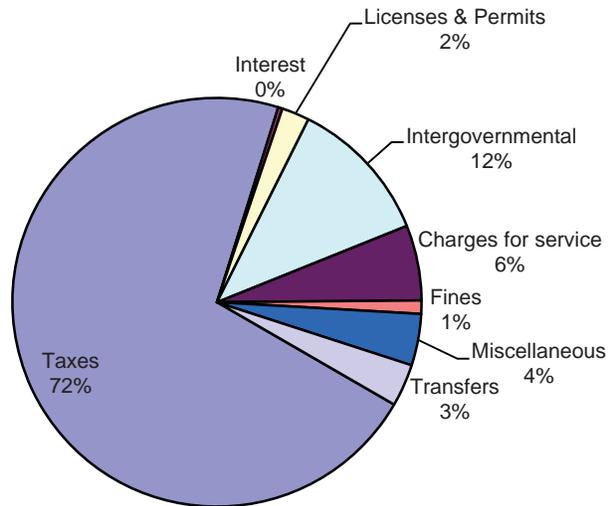
As of June 30, 2012, the City’s governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$14,244,403. This combined balance represents a decrease of \$376,040 from last year’s ending combined fund balance.

The general fund is the main operating fund of the City. All governmental-type activities not accounted for in a special revenue fund, debt service fund or capital project fund are accounted for in the general fund. Accounting for activities in funds other than the general fund may be required by state regulations, local ordinances, or the City may simply desire to isolate the revenues and expenditures associated with a particular activity for management purposes.

The general fund fund balance increased \$1,206,426 to \$5.5 million during the fiscal year ending June 30, 2012. The \$2.7 million unrestricted fund balance represents 16.7 percent of budgeted expenditures and transfers for the fiscal year ending June 30, 2013. State law requires municipalities maintain a fund balance between 5 and 18 percent of the subsequent year’s budget.

The following charts identify general fund revenue sources and function expenditures for fiscal year 2012.

**REVENUES BY SOURCE  
GENERAL FUND FOR FY 2012**



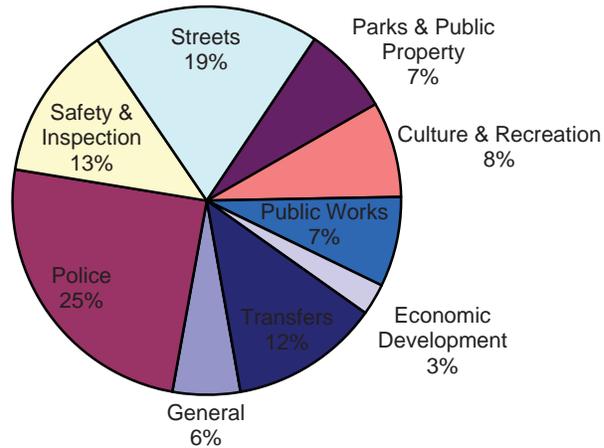
Taxes were the largest source of revenues in the general fund representing approximately 72 percent of total general fund revenues. Property tax revenues accounted for approximately 43 percent of all of the tax revenues generated in the general fund while sales taxes generated about 42 percent of the tax revenues. The remaining tax revenue was generated from franchise and energy taxes.

Intergovernmental revenues comprised of federal, state and local payments and grants accounted for 12 percent of the general fund revenues, the second largest category for fiscal year 2012. Approximately 53 percent of this revenue came from State of Utah road funds. Federal and state grants made up 18 percent of intergovernmental revenues, while payments from Iron County for services provided to the County by the City accounted for an additional 22 percent of intergovernmental revenues.

The third largest category, charges for services, made up 6 percent of general fund revenues. Approximately 63 percent of these revenues were operating reimbursements from enterprise funds to the general fund.

Transfers from the capital improvement fund, licenses and permits, fines and forfeitures, miscellaneous revenues and interest are the remaining categories of revenue within the general fund. When combined, these categories accounted for approximately 10 percent of general fund revenues.

**EXPENDITURES BY FUNCTION  
GENERAL FUND FOR FY 2012**



Police functions accounted for 25 percent of all general fund expenditures. Approximately 97 percent of the police expenditures were operating expenditures.

Streets accounted for 19 percent of all general fund expenditures. Approximately 21 percent of these costs were for capital projects including acquisition of the city street light system, signal light installation, street and sidewalk improvements and equipment.

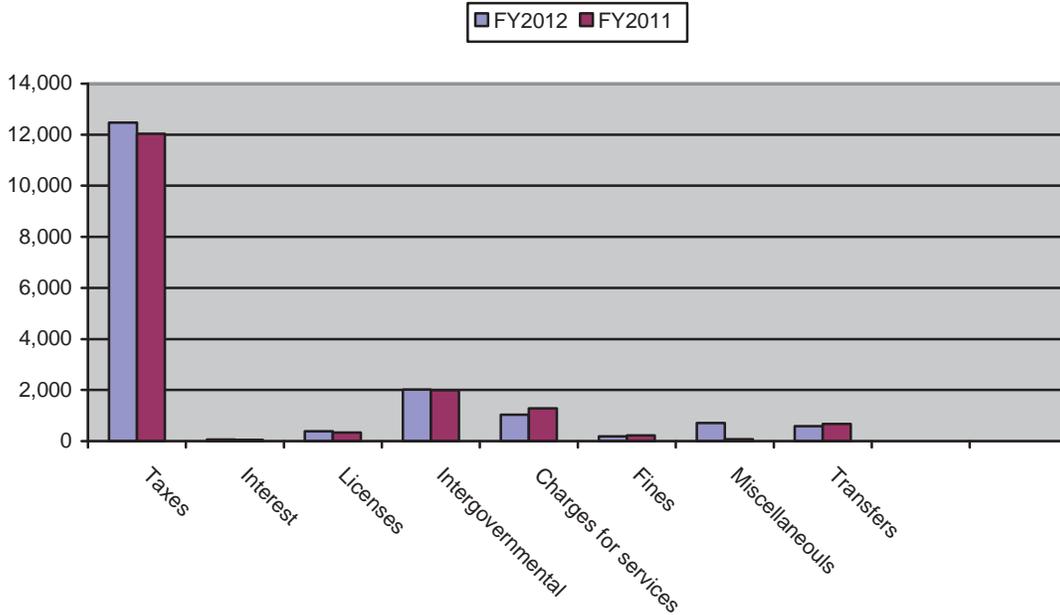
Transfers from the general fund to other funds, the third largest category, accounted for 12 percent of all general fund expenditures. Approximately 67 percent of the transfers were made to meet debt service obligations. An additional 25 percent of total transfers were made to subsidize operating costs for the aquatic, cross hollows, and heritage centers. The remaining 8 percent of transfers were made to special revenue funds.

Other public safety and inspection services accounted for 13 percent of all general fund expenditures. This category includes fire protection, building and zoning, animal control and justice court functions.

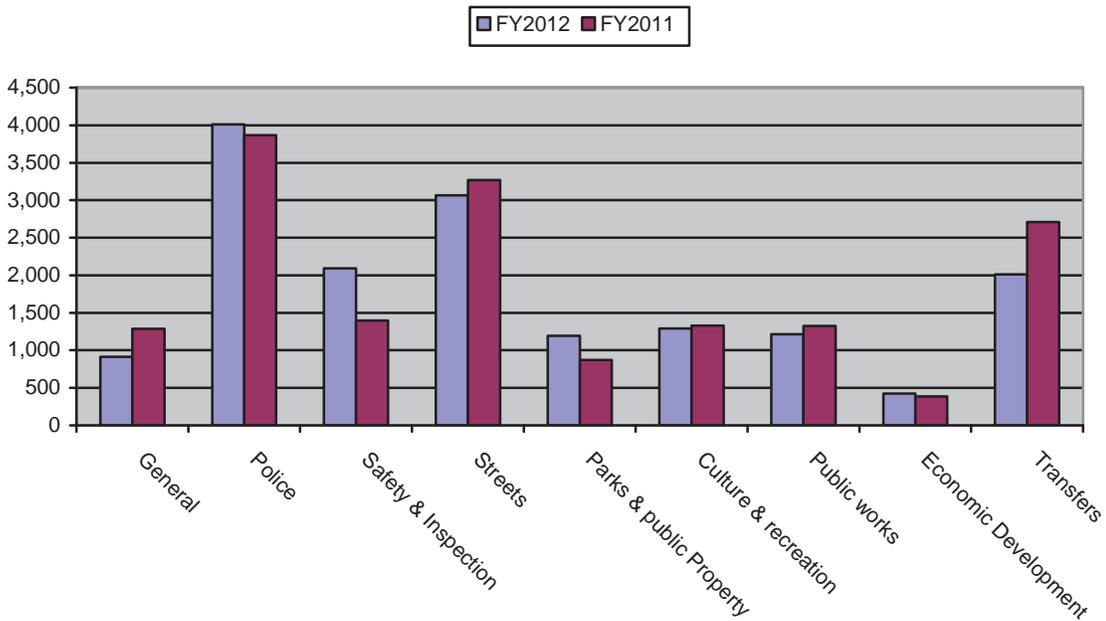
General government, public works, culture and recreation, parks and public property and economic development comprise the remaining categories of expenditures in the general fund. The combined percentage of expenditures in these categories accounted for 31 percent of total general fund expenditures.

The following charts compare fiscal year 2011 and 2012 general fund revenues and expenditures by source and function.

**REVENUES BY SOURCE  
GENERAL FUND COMPARISON FY 2012 & FY 2011  
(In thousands)**



**EXPENDITURES BY FUNCTION  
GENERAL FUND COMPARISON FY 2012 & FY 2011  
(In thousands)**



As was previously noted, the City maintains six enterprise funds and one internal service fund to account for its business-type activities. The separate fund statements provide the same information, with more detail, as the information provided for business-type activities in the government-wide financial statements.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2012 originally adopted budget for the general fund totaled \$16,177,833. The City Council approved two budget revisions during the year. The first revision increased the budget by \$1,099,650. Two main issues necessitated this revision. First, capital projects budgeted in fiscal year 2011 were not complete by the end of that fiscal year. Thus, approximately \$661,425 of remaining funds were carried over to fiscal year 2012 for completion of the projects. Second, grant revenues were carried over or secured subsequent to adoption of the original budget.

The second revision increased the budget an additional \$1,373,830. A budget transfer of \$700,000 from the general fund to the capital projects fund accounts for much of this increase.

Actual general fund expenditures and transfers for the year ending June 30, 2012, totaled \$16,224,431. This amount is \$46,598 above the originally adopted budget and \$1,998,106 below the final revised budget of \$18,222,537.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2012, the City had invested \$224,686,727, net of accumulated depreciation, in capital assets for its governmental and business-type activities.

#### CEDAR CITY'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Land and water rights	\$ 48,159,714	\$ 48,159,714	\$12,376,002	\$12,058,282
Buildings	38,753,906	29,761,646	2,211,483	2,298,068
Improvements	35,854,025	38,288,247	66,408,729	67,861,569
Office equipment	136,143	151,994	10,104	16,138
Machinery and equipment	1,533,264	1,502,348	750,585	768,484
Automobiles and trucks	2,553,778	2,600,897	645,280	765,035
Construction in progress	6,791,217	15,224,841	8,502,497	4,115,465
Total	<u>\$133,782,047</u>	<u>\$135,689,687</u>	<u>\$90,904,680</u>	<u>\$87,883,041</u>

Capital assets costing \$100,000 or more that have been added to the City's capital asset list during the current fiscal year include:

- \$105,504 for the aquatic center solar system funded with a private grant
- \$139,894 for a caterpillar wheel loader funded with C road funds
- \$144,480 for the airport road line improvements funded with sewer service fees
- \$171,236 for an international dump truck funded with C road funds
- \$317,719 for water rights funded with water acquisition fees and developer-contributed rights
- \$514,360 for the quichapa flood channel improvements funded with impact fees and local grants
- \$10,140,719 for the aquatic center funded with bond proceeds, county and school district contributions, RAP tax, and capital improvement funds

Additional information regarding the City's capital assets can be found in the footnotes to the financial statements.

### **Debt Administration**

State statute limits the amount of debt a city may issue to 4 percent of the fair market value of the taxable property within the city's jurisdiction, which totaled over \$2.021 billion for tax year 2011. An additional 8 percent of indebtedness may be issued for water, sewer or electricity when such public works are owned and controlled by the city. Cedar City's debt limit based on 2011 fair market values is \$242,486,099 comprised of \$80,828,700 for the 4 percent and \$161,657,399 for the additional 8 percent. In any case, the City's outstanding debt is significantly below the statutory debt limits.

At June 30, 2012, the City had total debt outstanding of \$21,120,000. Of this amount, \$9,469,000 is considered general obligation debt, which is secured by the full faith and credit of the City. Special assessment debt for which the City is liable if property owners fail to pay their related assessments totaled \$386,000. The remaining debt of \$11,265,000 is secured by future cash flows from specific revenue sources.

The following is a summary of the City's outstanding debt (excluding bond premiums and discounts):

**CEDAR CITY'S OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
General obligation bonds	\$ 9,469,000	\$ 9,848,000		
Sales tax revenue bonds	7,565,000	8,260,000		
Municipal Building Authority:				
Lease revenue bonds				
Special improvement districts:				
Assessment bonds	386,000	810,000		
Revenue bonds			\$3,700,000	\$7,736,000
Capital leases				
Total	\$17,420,000	\$18,918,000	\$3,700,000	\$7,736,000

The city issued \$1,080,000 General Obligation Refunding Library Bonds, Series 2012 with an average interest rate of 1.15 percent to advance refund \$1,020,000 of outstanding Library General Obligation Bonds, Series 2003 with an average interest rate of 3.91 percent. The net proceeds of \$1,058,478, after payment of underwriting fees, insurance, and other issuance costs, were placed in an escrow account to provide for all future debt service payments on the Series 2003 bonds. As a result, the 2003 Series bonds are considered to be defeased.

The City also paid off, prior to maturity, the remaining \$3,802,000 of Sewer Revenue Bonds, Series 1994.

Additional information on the outstanding debt of the City is located in the footnotes to the financial statements.

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

- The 2011 annual average unemployment rate for Iron County, of which Cedar City is the largest city, was 8.2 percent. This percentage is higher than Utah's annual average unemployment rate of 6.7 percent and lower than the national annual average unemployment rate of 8.9 percent for the same period. (Source: U.S. Department of Labor and Utah Department of Workforce Services)
  
- Building permits issued during 2011 for unattached single-family dwellings were 29 compared to 44 for calendar year 2010. Total building permits for the same period were 233 and 195, respectively. The average building valuation of an unattached single-family home in 2011 was \$215,690, up from \$197,932 in 2010. (Source: Cedar City Building Department)
  
- Sales tax revenue for fiscal year 2012 totaled \$4,800,462, an increase of \$320,222 or 7 percent from sales tax revenue for fiscal year 2011.

## **REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide users with a general overview of the City's finances and demonstrate accountability for the sources and uses of City funding. Questions concerning information contained in this report or requests for additional financial information should be addressed to the Finance Director, Cedar City Corporation, 10 North Main, Cedar City, Utah, 84720.

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**BASIC FINANCIAL STATEMENTS**

**CEDAR CITY, UTAH**  
**Statement of Net Position**  
**June 30, 2012**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,635,015	\$ 14,133,566	\$ 21,768,581
Special assessments receivable	926,257	-	926,257
Accounts receivable	-	848,148	848,148
Other receivables	1,747,447	55,753	1,803,200
Inventory	109,535	380,702	490,237
Pre-paid expenses	2,932	-	2,932
Restricted assets:			
Temporarily restricted			
Cash and cash equivalents	5,637,385	3,266,786	8,904,171
Receivables	356,043	-	356,043
Internal balances	692,475	(692,475)	-
Deferred charges	95,252	100,588	195,840
Capital assets:			
Non-depreciable	54,950,931	20,878,499	75,829,430
Depreciable, net of accumulated depreciation	78,831,116	70,026,181	148,857,297
Net capital assets	<u>133,782,047</u>	<u>90,904,680</u>	<u>224,686,727</u>
Total assets	<u>150,984,388</u>	<u>108,997,748</u>	<u>259,982,136</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable and other current liabilities	2,352,961	378,036	2,730,997
Accrued interest payable	77,245	22,641	99,886
Deferred revenue	926,257	-	926,257
Compensated absences payable	660,099	130,853	790,952
Liability for closure and post closure costs	-	20,667	20,667
Net OPEB obligation	148,660	-	148,660
Noncurrent liabilities			
Portion due within one year	1,435,504	145,000	1,580,504
Portion due after one year	16,043,450	3,643,066	19,686,516
Total liabilities	<u>21,644,176</u>	<u>4,340,263</u>	<u>25,984,439</u>
Net position:			
Net investment in capital assets	116,321,100	84,680,110	201,001,210
Restricted for:			
Capital projects	237,452	-	237,452
Debt service	46,377	-	46,377
Community development	4,487,563	3,266,786	7,754,349
Other purposes	1,222,036	-	1,222,036
Unrestricted	7,025,684	16,710,589	23,736,273
Total net position	<u>\$ 129,340,212</u>	<u>\$ 104,657,485</u>	<u>\$ 233,997,697</u>

The accompanying notes are an integral part of the financial statements.

**CEDAR CITY, UTAH**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 1,063,509	\$ 673,454	\$ 11,868	\$ -	\$ (378,187)	\$ -	\$ (378,187)
Police protection	4,210,975	101,411	278,467	9,700	(3,821,397)	-	(3,821,397)
Other public safety and inspection services	2,129,172	522,503	246,848	81,962	(1,277,859)	-	(1,277,859)
Streets and highways	5,042,316	7,815	12,144	1,841,564	(3,180,793)	-	(3,180,793)
Parks, cemetery and public property	1,479,599	115,545	-	98,457	(1,265,597)	-	(1,265,597)
Culture and recreation	2,893,017	722,268	156,790	172,405	(1,841,554)	-	(1,841,554)
Public works	1,274,636	7,087	-	119,960	(1,147,589)	-	(1,147,589)
Community and economic development	1,061,298	405,397	-	-	(655,901)	-	(655,901)
Transportation services	1,063,099	300,468	94,732	239,457	(428,442)	-	(428,442)
Interest and fiscal charges	597,837	-	95,648	-	(502,189)	-	(502,189)
Total governmental activities	<u>20,815,458</u>	<u>2,855,948</u>	<u>896,497</u>	<u>2,563,505</u>	<u>(14,499,508)</u>	<u>-</u>	<u>(14,499,508)</u>
<b>Business-type activities:</b>							
Water	3,300,205	2,765,252	-	191,544	-	(343,409)	(343,409)
Sewer system	1,099,295	755,151	-	31,375	-	(312,769)	(312,769)
Regional sewer plant	1,706,162	2,944,475	-	60,928	-	1,299,241	1,299,241
Golf course	647,199	588,144	-	-	-	(59,055)	(59,055)
Storm drain	348,797	266,983	-	76,176	-	(5,638)	(5,638)
Solid waste	472,272	610,238	-	-	-	137,966	137,966
Total business-type activities	<u>7,573,930</u>	<u>7,930,243</u>	<u>-</u>	<u>360,023</u>	<u>-</u>	<u>716,336</u>	<u>716,336</u>
Total primary government	<u>\$ 28,389,388</u>	<u>\$ 10,786,191</u>	<u>\$ 896,497</u>	<u>\$ 2,923,528</u>	<u>(14,499,508)</u>	<u>716,336</u>	<u>(13,783,172)</u>
General revenues:							
Taxes:							
					5,004,098	-	5,004,098
					262,220	-	262,220
					1,809,144	-	1,809,144
					384,088	-	384,088
					5,247,247	-	5,247,247
					443,058	-	443,058
					100,127	213,258	313,385
					381,909	-	381,909
					556,484	-	556,484
					-	(8,791)	(8,791)
					(277,680)	277,680	-
					<u>13,910,695</u>	<u>482,147</u>	<u>14,392,842</u>
					(588,813)	1,198,483	609,670
					<u>129,929,025</u>	<u>103,459,002</u>	<u>233,388,027</u>
					<u>\$ 129,340,212</u>	<u>\$ 104,657,485</u>	<u>\$ 233,997,697</u>

The accompanying notes are an integral part of the financial statements.

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**CEDAR CITY, UTAH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<u>General</u>	<u>Bond Sinking Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,805,401	\$ 22,923	\$ 4,770,655	\$ 7,598,979
Special assessments receivable	-	-	926,257	926,257
Other receivables	1,433,394	-	314,053	1,747,447
Prepaid expenditures	2,932	-	-	2,932
Due from other funds	562,304	-	815,952	1,378,256
Inventory	109,535	-	-	109,535
Temporarily restricted assets:				
Cash and cash equivalents	2,397,548	297	3,239,540	5,637,385
Receivables	258,089	-	97,954	356,043
Total assets	<u>\$ 7,569,203</u>	<u>\$ 23,220</u>	<u>\$ 10,164,411</u>	<u>\$ 17,756,834</u>
<b>Liabilities:</b>				
Accounts payable	\$ 554,757	\$ 750	\$ 293,452	\$ 848,959
Payroll taxes payable	75,224	-	-	75,224
Other payables	1,428,615	-	-	1,428,615
Due to other funds	-	-	233,376	233,376
Deferred revenue	-	-	926,257	926,257
Total liabilities	<u>2,058,596</u>	<u>750</u>	<u>1,453,085</u>	<u>3,512,431</u>
<b>Fund balances:</b>				
Nonspendable	112,467	-	-	112,467
Restricted for:				
Capital projects	-	-	237,452	237,452
Debt service	-	297	46,080	46,377
Community development	2,605,118	-	1,882,445	4,487,563
Other	50,519	-	1,171,517	1,222,036
Committed	24,380	-	2,205,025	2,229,405
Assigned	-	22,173	3,168,807	3,190,980
Unassigned	2,718,123	-	-	2,718,123
Total fund balances	<u>5,510,607</u>	<u>22,470</u>	<u>8,711,326</u>	<u>14,244,403</u>
Total liabilities and fund balances	<u>\$ 7,569,203</u>	<u>\$ 23,220</u>	<u>\$ 10,164,411</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 132,505,306

Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds. (18,269,706)

Internal service funds are used by management to charge the costs of public works facilities and services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 860,209

**Net position of governmental activities** \$ 129,340,212

The accompanying notes are an integral part of the financial statements.

**CEDAR CITY, UTAH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	<u>General</u>	<u>Bond Sinking Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 12,464,196	\$ -	\$ 696,079	\$ 13,160,275
Interest earnings	59,375	380	68,245	128,000
Licenses and permits	381,909	-	-	381,909
Intergovernmental revenues	2,010,985	95,648	1,275,135	3,381,768
Charges for services	1,037,132	-	1,014,369	2,051,501
Fines and forfeitures	183,689	-	-	183,689
Miscellaneous	709,983	-	490,640	1,200,623
Total revenues	<u>16,847,269</u>	<u>96,028</u>	<u>3,544,468</u>	<u>20,487,765</u>
<b>Expenditures:</b>				
Current				
General government	911,985	-	8,631	920,616
Police protection	4,012,875	-	65,764	4,078,639
Other public safety and inspection services	2,095,415	-	5,021	2,100,436
Streets and highways	3,062,705	-	-	3,062,705
Parks, cemetery and public property	1,194,277	-	20,473	1,214,750
Culture and recreation	1,291,940	-	967,593	2,259,533
Public works	1,215,631	-	17,245	1,232,876
Community and economic development	426,109	-	618,605	1,044,714
Transportation services	-	-	504,814	504,814
Capital outlay	-	-	1,928,229	1,928,229
Debt service:				
Principal retirements	-	1,134,000	424,000	1,558,000
Interest and fiscal charges	-	640,270	41,315	681,585
Refunding bond issuance costs	-	20,750	-	20,750
Total expenditures	<u>14,210,937</u>	<u>1,795,020</u>	<u>4,601,690</u>	<u>20,607,647</u>
Excess of revenues over (under) expenditures	<u>2,636,332</u>	<u>(1,698,992)</u>	<u>(1,057,222)</u>	<u>(119,882)</u>
<b>Other financing sources (uses):</b>				
Refunding bonds issued	-	1,080,000	-	1,080,000
Payment to refunded bond escrow agent	-	(1,058,478)	-	(1,058,478)
Operating transfers in	583,588	1,591,360	768,837	2,943,785
Operating transfers out	(2,013,494)	-	(1,207,971)	(3,221,465)
Total other financing sources (uses)	<u>(1,429,906)</u>	<u>1,612,882</u>	<u>(439,134)</u>	<u>(256,158)</u>
Net change in fund balance	1,206,426	(86,110)	(1,496,356)	(376,040)
Fund balance, beginning of year	4,304,181	108,580	10,207,682	14,620,443
Fund balance, end of year	<u>\$ 5,510,607</u>	<u>\$ 22,470</u>	<u>\$ 8,711,326</u>	<u>\$ 14,244,403</u>

The accompanying notes are an integral part of the financial statements.

**CEDAR CITY, UTAH**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2012**

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Amounts reported for governmental activities in the statement of activities are different because:

**Net change in fund balances-total governmental funds** \$ (376,040)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,939,449)

An internal service fund is used by the City to charge the costs of public works facilities to individual funds. The net revenue of the internal service fund is reported with governmental activities. 66,063

The entire annual required contribution for other postemployment benefits is reported as an expense in the statement of activities. However, only the actual amount paid is included as an expenditure in governmental funds. 6,835

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. This is the net effect of these differences in the treatment of long-term debt and related items. 1,632,698

Net increase in compensated absences payable. 21,080

**Change in net position of governmental activities** \$ (588,813)

The accompanying notes are an integral part of the financial statements.

**CEDAR CITY, UTAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2012**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,694,868	\$ 1,163,026	\$ 8,665,923
Restricted cash and cash equivalents	1,637,827	24,518	774,622
Accounts receivable (net of allowance)	375,633	79,763	270,547
Other receivables	55,753	-	-
Inventory	375,863	-	-
Due from other funds	286,413	-	1,698,499
Total current assets	<u>5,426,357</u>	<u>1,267,307</u>	<u>11,409,591</u>
Non-current assets:			
Deferred charges	100,588	-	-
Capital assets:			
Non-depreciable	18,021,387	1,040,881	894,205
Depreciable, net of accumulated depreciation	34,124,564	20,979,118	5,293,165
Net capital assets	<u>52,145,951</u>	<u>22,019,999</u>	<u>6,187,370</u>
Total non-current assets	<u>52,246,539</u>	<u>22,019,999</u>	<u>6,187,370</u>
Total assets	<u>57,672,896</u>	<u>23,287,306</u>	<u>17,596,961</u>
<b>Liabilities and Net Position</b>			
Liabilities:			
Current liabilities:			
Accounts payable	132,943	45,266	20,965
Accrued interest	22,641	-	-
Deposits payable	39,836	-	-
Compensated absences payable	52,143	17,114	28,128
Bonds payable within one year	145,000	-	-
Due to other funds	-	1,698,499	-
Total current liabilities	<u>392,563</u>	<u>1,760,879</u>	<u>49,093</u>
Non-current liabilities:			
Liability for closure and post closure costs	-	-	-
Bonds payable after one year	3,643,066	-	-
Total non-current liabilities	<u>3,643,066</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,035,629</u>	<u>1,760,879</u>	<u>49,093</u>
Net position:			
Net investment in capital assets	48,435,832	20,321,500	6,187,370
Restricted for:			
Community development	1,637,827	24,518	774,622
Unrestricted	3,563,608	1,180,409	10,585,876
Total net position	<u>\$ 53,637,267</u>	<u>\$ 21,526,427</u>	<u>\$ 17,547,868</u>

The accompanying notes are an integral part of the financial statements.

<b>Storm Drain Utility</b>	<b>Other Proprietary Funds</b>	<b>Total</b>	<b>Public Works Facilities Internal Service Fund</b>
\$ 750,196	\$ 859,553	\$ 14,133,566	\$ 36,036
829,819	-	3,266,786	-
26,386	95,819	848,148	-
-	-	55,753	-
-	4,839	380,702	-
-	-	1,984,912	-
<u>1,606,401</u>	<u>960,211</u>	<u>20,669,867</u>	<u>36,036</u>
	-	100,588	-
669,295	252,731	20,878,499	489,698
8,810,791	818,543	70,026,181	787,043
<u>9,480,086</u>	<u>1,071,274</u>	<u>90,904,680</u>	<u>1,276,741</u>
<u>9,480,086</u>	<u>1,071,274</u>	<u>91,005,268</u>	<u>1,276,741</u>
<u>11,086,487</u>	<u>2,031,485</u>	<u>111,675,135</u>	<u>1,312,777</u>
685	138,341	338,200	163
-	-	22,641	-
-	-	39,836	-
584	32,884	130,853	-
-	-	145,000	-
<u>815,952</u>	<u>162,936</u>	<u>2,677,387</u>	<u>452,405</u>
<u>817,221</u>	<u>334,161</u>	<u>3,353,917</u>	<u>452,568</u>
-	20,667	20,667	-
-	-	3,643,066	-
-	20,667	3,663,733	-
<u>817,221</u>	<u>354,828</u>	<u>7,017,650</u>	<u>452,568</u>
8,664,134	1,071,274	84,680,110	824,336
829,819	-	3,266,786	-
775,313	605,383	16,710,589	35,873
<u>\$ 10,269,266</u>	<u>\$ 1,676,657</u>	<u>\$ 104,657,485</u>	<u>\$ 860,209</u>

**CEDAR CITY, UTAH**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>
<b>Operating revenues:</b>			
Charges for services	\$ 2,643,417	\$ 751,351	\$ 2,941,165
Penalties	65,099	-	-
Miscellaneous	56,736	3,800	3,310
Total operating revenues	<u>2,765,252</u>	<u>755,151</u>	<u>2,944,475</u>
<b>Operating expenses:</b>			
Salaries	513,481	154,793	322,530
Employees benefits	234,543	86,430	155,528
Administration	195,614	78,473	82,511
Utilities	572,857	27,769	160,187
Professional services	13,921	924	12,125
Repairs and maintenance	394,865	38,118	139,956
Insurance	16,221	6,855	11,939
Miscellaneous	5,936	20,058	8,391
Supplies	280,952	31,647	57,492
Depreciation	936,900	587,134	719,024
Total operating expenses	<u>3,165,290</u>	<u>1,032,201</u>	<u>1,669,683</u>
Operating income (loss)	(400,038)	(277,050)	1,274,792
<b>Nonoperating revenues (expenses):</b>			
Interest earnings	51,651	9,627	134,169
Impact fees	160,892	31,375	60,928
Water acquisition fee	15,780	-	-
Grant revenue	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest and fiscal charges	(134,915)	(67,094)	(36,479)
Total nonoperating revenues (expenses)	<u>93,408</u>	<u>(26,092)</u>	<u>158,618</u>
Income before contributions and transfers	<u>(306,630)</u>	<u>(303,142)</u>	<u>1,433,410</u>
Capital contributions	14,872	-	-
Transfers in	131,790	-	-
Transfers out	-	-	(62,000)
<b>Change in net assets</b>	<u>(159,968)</u>	<u>(303,142)</u>	<u>1,371,410</u>
<b>Total net position, beginning of year</b>	<u>53,797,235</u>	<u>21,829,569</u>	<u>16,176,458</u>
<b>Total net position, end of year</b>	<u><u>\$ 53,637,267</u></u>	<u><u>\$ 21,526,427</u></u>	<u><u>\$ 17,547,868</u></u>

The accompanying notes are an integral part of the financial statements.

<b>Storm Drain Utility Fund</b>	<b>Other Proprietary Funds</b>	<b>Total</b>	<b>Public Works Facilities Internal Service Fund</b>
\$ 266,983	\$ 1,184,180	\$ 7,787,096	\$ 86,527
-	-	65,099	-
-	14,202	78,048	-
<u>266,983</u>	<u>1,198,382</u>	<u>7,930,243</u>	<u>86,527</u>
38,510	393,502	1,422,816	4,447
15,458	157,512	649,471	481
94,265	104,663	555,526	-
442	46,090	807,345	20,488
1,840	649	29,459	214
11,261	94,044	678,244	3,555
1,832	7,935	44,782	2,614
23,228	58,753	116,366	-
8,441	156,185	534,717	1,301
144,203	100,138	2,487,399	21,169
<u>339,480</u>	<u>1,119,471</u>	<u>7,326,125</u>	<u>54,269</u>
(72,497)	78,911	604,118	32,258
12,449	5,362	213,258	85
76,176	-	329,371	-
-	-	15,780	-
-	-	-	35,734
-	(8,791)	(8,791)	-
<u>(9,317)</u>	<u>-</u>	<u>(247,805)</u>	<u>(19,259)</u>
<u>79,308</u>	<u>(3,429)</u>	<u>301,813</u>	<u>16,560</u>
<u>6,811</u>	<u>75,482</u>	<u>905,931</u>	<u>48,818</u>
-	-	14,872	17,245
62,000	145,890	339,680	-
-	-	(62,000)	-
<u>68,811</u>	<u>221,372</u>	<u>1,198,483</u>	<u>66,063</u>
<u>10,200,455</u>	<u>1,455,285</u>	<u>103,459,002</u>	<u>794,146</u>
<u>\$ 10,269,266</u>	<u>\$ 1,676,657</u>	<u>\$ 104,657,485</u>	<u>\$ 860,209</u>

**CEDAR CITY, UTAH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 2,592,855	\$ 744,376	\$ 2,933,453
Cash payments to suppliers for goods and services	(1,518,943)	(231,354)	(431,454)
Cash payments to employees for services	(743,512)	(243,929)	(479,953)
Cash payments to other funds for services provided	(195,614)	(78,473)	(82,511)
Net cash flows from operating activities	<u>134,786</u>	<u>190,620</u>	<u>1,939,535</u>
<b>Cash flows from noncapital financing activities:</b>			
Loans due from other funds	18,329	-	177,708
Loans due to other funds	-	(177,708)	-
Transfers from other funds	131,790	-	-
Transfers to other funds	-	-	(62,000)
Net cash flows from noncapital financing activities	<u>150,119</u>	<u>(177,708)</u>	<u>115,708</u>
<b>Cash flows from capital and related financing activities:</b>			
Cash received from impact fees	160,892	31,375	60,928
Other receipts (payments)	(3,656)	-	-
Acquisition of capital assets	(4,188,430)	(676,629)	(25,291)
Interest paid on capital debt	(117,292)	(67,094)	(106,182)
Principal paid on capital debt	(160,000)	-	(3,802,000)
Net cash flows from capital and related activities	<u>(4,308,486)</u>	<u>(712,348)</u>	<u>(3,872,545)</u>
<b>Cash flows from investing activities:</b>			
Interest received	51,651	9,627	134,169
Payments on notes receivable	-	-	-
Net cash flows from investing activities	<u>51,651</u>	<u>9,627</u>	<u>134,169</u>
Net change in cash and cash equivalents	<u>(3,971,930)</u>	<u>(689,809)</u>	<u>(1,683,133)</u>
<b>Cash and cash equivalents - beginning (including restricted cash)</b>	<u>8,304,625</u>	<u>1,877,353</u>	<u>11,123,678</u>
<b>Cash and cash equivalents - ending (including restricted cash)</b>	<u>\$ 4,332,695</u>	<u>\$ 1,187,544</u>	<u>\$ 9,440,545</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ (400,038)	\$ (277,050)	\$ 1,274,792
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	936,900	587,134	719,024
Amortization of deferred charges	5,294	-	-
(Increase) decrease in accounts receivable	(162,250)	(10,775)	(11,022)
(Increase) decrease in inventory	18,999	-	-
Increase (decrease) in accounts payable	(258,484)	(105,983)	(41,364)
Increase (decrease) in deposits	(10,147)	-	-
Increase (decrease) in compensated absences	4,512	(2,706)	(1,895)
Increase (decrease) in deferred revenues	-	-	-
Total adjustments	<u>534,824</u>	<u>467,670</u>	<u>664,743</u>
Net cash flows from operating activities	<u>\$ 134,786</u>	<u>\$ 190,620</u>	<u>\$ 1,939,535</u>
<b>Supplemental schedule of non-cash investing and financing activities</b>			
<b>Non-cash contributions of capital assets</b>	\$ 14,872	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

<b>Storm Drain Utility Fund</b>	<b>Other Proprietary Funds</b>	<b>Total</b>	<b>Public Works Facilities Internal Service Fund</b>
\$ 266,031	\$ 1,192,379	\$ 7,729,094	\$ 165,245
(90,334)	(289,007)	(2,561,092)	(43,192)
(54,576)	(551,747)	(2,073,717)	(4,928)
(94,265)	(104,663)	(555,526)	-
<u>26,856</u>	<u>246,962</u>	<u>2,538,759</u>	<u>117,125</u>
-	-	196,037	-
(54,048)	(22,505)	(254,261)	(61,916)
62,000	145,890	339,680	-
-	-	(62,000)	-
<u>7,952</u>	<u>123,385</u>	<u>219,456</u>	<u>(61,916)</u>
76,176	-	329,371	-
-	-	(3,656)	52,979
(466,718)	(145,890)	(5,502,958)	(52,978)
(10,550)	-	(301,118)	(19,259)
(74,000)	-	(4,036,000)	-
<u>(475,092)</u>	<u>(145,890)</u>	<u>(9,514,361)</u>	<u>(19,258)</u>
12,449	5,362	213,258	85
10,899	-	10,899	-
23,348	5,362	224,157	85
<u>(416,936)</u>	<u>229,819</u>	<u>(6,531,989)</u>	<u>36,036</u>
1,996,951	629,734	23,932,341	-
<u>\$ 1,580,015</u>	<u>\$ 859,553</u>	<u>\$ 17,400,352</u>	<u>\$ 36,036</u>
\$ (72,497)	\$ 78,911	\$ 604,118	\$ 32,258
144,203	100,138	2,487,399	21,169
-	-	5,294	-
(952)	(4,203)	(189,202)	78,718
-	2,096	21,095	-
(43,290)	72,553	(376,568)	(15,020)
-	-	(10,147)	-
(608)	(733)	(1,430)	-
-	(1,800)	(1,800)	-
<u>99,353</u>	<u>168,051</u>	<u>1,934,641</u>	<u>84,867</u>
<u>\$ 26,856</u>	<u>\$ 246,962</u>	<u>\$ 2,538,759</u>	<u>\$ 117,125</u>
\$ -	\$ -	\$ 14,872	\$ -

**CEDAR CITY, UTAH**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2012**

	<u>Agency Funds</u>		<u>Total</u>
	<u>Task Force Trust</u>	<u>Festival City Development Foundation</u>	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 72,693	\$ -	\$ 72,693
Receivable from other governmental entities	-	5,975	5,975
Long-term assets:			
Land	-	240,546	240,546
Buildings	-	1,669,485	1,669,485
Machinery and equipment	-	5,248	5,248
Less: Accumulated depreciation	-	(299,431)	(299,431)
Total assets	<u>72,693</u>	<u>1,621,823</u>	<u>1,694,516</u>
<b>Liabilities</b>			
Cash overdraft	-	28,312	28,312
Due to others	-	125	125
Total liabilities	<u>-</u>	<u>28,437</u>	<u>28,437</u>
<b>Net position</b>			
Held in trust for others	<u>\$ 72,693</u>	<u>\$ 1,593,386</u>	<u>\$ 1,666,079</u>

The accompanying notes are an integral part of the financial statements.

**CEDAR CITY, UTAH**  
**Statement of Changes in Fiduciary Net Position**  
**Agency Funds**  
**For the Year Ended June 30, 2012**

	<u>Agency Funds</u>		<u>Total</u>
	<u>Task Force Trust Fund</u>	<u>Festival City Development Foundation</u>	
<b>Additions</b>			
Investment earnings:			
Interest	\$ 489	\$ 130	\$ 619
Other revenues	10,000	-	10,000
Total additions	<u>10,489</u>	<u>130</u>	<u>10,619</u>
<b>Deductions</b>			
Repairs and maintenance	-	85,718	85,718
Supplies	-	72	72
Insurance	4,964	7,953	12,917
Miscellaneous	4,102	570	4,672
Depreciation	-	34,363	34,363
Total deductions	<u>9,066</u>	<u>128,676</u>	<u>137,742</u>
Change in net assets	1,423	(128,546)	(127,123)
Net position - beginning	71,270	1,721,932	1,793,202
Net position - ending	<u>\$ 72,693</u>	<u>\$ 1,593,386</u>	<u>\$ 1,666,079</u>

The accompanying notes are an integral part of the financial statements.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 1. Summary of Significant Accounting Policies**

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**General**

The financial statements of Cedar City, Utah have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**Reporting Entity**

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the City exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the City. Based upon the application of these criteria, there are two separate component units.

**Blended Component Units**

The City established a Redevelopment Agency pursuant to the Utah Neighborhood Development act and designated the municipal council and the mayor as the Redevelopment Agency. The Redevelopment Agency is participating in the Port 15 economic development area. The Redevelopment Agency is presented as a special revenue fund of the city.

The City established the Municipal Building Authority of Cedar City, Utah to facilitate construction of public facilities. The mayor and council serve as the governing board of the Authority. The Municipal Building Authority of Cedar City, Utah is presented as a debt service fund of the City.

The accompanying financial statements include all activities of the City.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity 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.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets is capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than as expenditures in the government-wide financial statements.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 1. Summary of Significant Accounting Policies, Continued.**

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receivable received within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Bond Sinking Debt Service Fund is used to account for the accumulation of funds and payment of various bond issuances of the City.

The City reports the following major proprietary funds:

The Water Fund is used to account for the provision of water services to the residents of the City.

The Sewer Collection Fund and the Regional Sewer Plant Fund account for the operation and maintenance of the City-owned collection and treatment system for wastewater.

The Storm Drain Fund accounts for the operation and maintenance of the City's storm drain system.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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 in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services.

Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Deposits and Investments**

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectibles. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

**Inventories and Prepaid Items**

Inventories of the governmental and business type activities are valued at the lower of FIFO cost or market. Market is considered as replacement cost.

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.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Estimates**

GAAP requires management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation of all exhaustible fixed assets used is charged as an expense against operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and sewer system improvement	10-75 years
Buildings	20-50 years
Machinery and equipment	5-15 years
Roads and infrastructure	15-20 years
Improvements other than buildings	10-50 years

**Compensated Absences**

City employees accumulate one day of sick leave for each month of service. There is no limit on sick leave accrual. Employees with sick leave accrued in excess of 60 days may be paid 25 percent of the unused sick leave accrued during the current calendar year. Employees who were regular full time employees of the city for a minimum of ten years, or fifteen years if hired after August 23, 2006, and who are eligible for retirement, are eligible for continued medical, dental, and vision insurance upon retirement for three years or until they are Medicare eligible, whichever comes first. Employees who are not retired prior to June 30, 2016, are not eligible for retiree health care benefits.

City employees accrue vacation leave in varying amounts depending on the years of service. An employee may carry over into the following calendar year the amount of vacation leave that the employee accrues in one year plus 40 hours. Any accumulated vacation leave in excess of the annual accrual plus 40 hours will be lost at the end of the calendar year.

Vacation and sick leave are charged to operations as they are used. No provision has been made in the financial statements for unused sick leave as the low degree of reliability and the cost of making the evaluating estimates of this liability would be too great.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Statement of Cash Flows**

For the purpose of the Statement of Cash Flows, the business-type activities consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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**NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements**

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**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable (including deferred amounts on refunding and premium)	\$ 17,478,954
Bond issuance costs	(95,252)
Compensated absences	660,099
Accrued interest	77,245
Net OPEB obligation	<u>148,660</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 18,269,706</u>

**Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:**

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 2,588,150
Depreciation expense	<u>(4,527,599)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,939,449)</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued**

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Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Principal payments on long-term debt	\$ 1,558,000
Payment to escrow agent for refunding	1,058,478
Bond proceeds	(1,080,000)
Bond issuance costs	20,750
Changes in accrued interest payable	72,922
Amortization of bond issuance costs	(8,278)
Amortization of bond premiums	<u>10,826</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 1,632,698</u></u>

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**NOTE 3. Stewardship, Compliance, and Accountability**

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**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the city in its governmental funds, therefore, all annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital project funds.

The City can make adjustments to the adopted budget through public hearings. During the fiscal year, the City made budget adjustments through public hearings the effects of which were material and are reflected in management’s discussion and analysis.

Before the first scheduled council meeting in May, all agencies of the City submit requests for appropriation to the City’s financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmation vote of a majority of the City council.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 3. Stewardship, Compliance, and Accountability, Continued**

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Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

**Taxes**

Iron County assesses all taxable property other than centrally assessed property, which is assessed through the state, by May 22 of each year. The City should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due November 30 of each year. After January 15 of the following year, delinquent taxes and penalty bear interest of 6 percent above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year-end.

An accrual of uncollected current and prior year's property taxes has not been made, as the amounts are not material in relationship to the financial statements taken as a whole.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

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**NOTE 4. Deposits and Investments**

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The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 4. Deposits and Investments, Continued**

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**Deposits**

**Custodial Credit Risk**

For deposits, this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2012, \$1,095,954 of the City's bank balance of \$1,436,885 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investment for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse 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 United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments.

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 participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 4. Deposits and Investments, Continued**

As of June 30, 2012, the government had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State Treasurer's Investment Pool	\$ 29,347,371	\$ 29,347,371	\$ -	\$ -	\$ -
	<u>\$ 29,347,371</u>	<u>\$ 29,347,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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 Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act.

At June 30, 2012, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State Treasurer's Investment Pool	\$ 29,347,371	\$ -	\$ -	\$ -	\$ 29,347,371
Total Fair Value	<u>\$ 29,347,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,347,371</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 5. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

<b>Governmental Activities:</b>	<b>Balance 6/30/2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2012</b>
Capital assets, not being depreciated:				
Land	\$ 48,159,714	\$ -	\$ -	\$ 48,159,714
Construction in progress	15,224,841	1,593,293	(10,026,917)	6,791,217
Total capital assets, not being depreciated	<u>63,384,555</u>	<u>1,593,293</u>	<u>(10,026,917)</u>	<u>54,950,931</u>
Capital assets, being depreciated:				
Buildings and improvements	33,548,537	9,926,772	-	43,475,309
Improvements other than buildings	61,540,607	485,771	-	62,026,378
Office furniture and equipment	499,676	19,030	-	518,706
Machinery and equipment	2,773,900	220,232	-	2,994,132
Automobiles and trucks	6,133,755	422,948	(17,566)	6,539,137
Total capital assets, being depreciated	<u>104,496,475</u>	<u>11,074,753</u>	<u>(17,566)</u>	<u>115,553,662</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,786,891)	(934,512)	-	(4,721,403)
Improvements other than buildings	(23,252,360)	(2,919,993)	-	(26,172,353)
Office furniture and equipment	(347,682)	(34,881)	-	(382,563)
Machinery and equipment	(1,271,552)	(189,316)	-	(1,460,868)
Automobiles and trucks	(3,532,858)	(470,067)	17,566	(3,985,359)
Total accumulated depreciation	<u>(32,191,343)</u>	<u>(4,548,769)</u>	<u>17,566</u>	<u>(36,722,546)</u>
Total capital assets, being depreciated, net	<u>72,305,132</u>	<u>6,525,984</u>	<u>-</u>	<u>78,831,116</u>
Governmental activities capital assets, net	<u>\$ 135,689,687</u>	<u>\$ 8,119,277</u>	<u>\$ (10,026,917)</u>	<u>\$ 133,782,047</u>

Depreciation expense was charged to the functions/programs of the City as follows:

<b>Governmental Activities:</b>	
General government	\$ 143,537
Police protection	249,660
Other public safety and inspection services	187,521
Streets and highways	2,131,472
Parks, cemetery, and public property	524,783
Culture and recreation	595,369
Public works	141,176
Community and economic development	16,751
Transportation services	558,500
Total depreciation expense - governmental activities	<u>\$ 4,548,769</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 5. Capital Assets, Continued**

<b>Business-type Activities:</b>	<b>Balance 6/30/2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2012</b>
Capital assets not being depreciated:				
Land and water rights	\$ 12,058,282	\$ 317,720	\$ -	\$ 12,376,002
Construction in progress	4,115,465	5,099,674	(712,642)	8,502,497
Total capital assets, not being depreciated	<u>16,173,747</u>	<u>5,417,394</u>	<u>(712,642)</u>	<u>20,878,499</u>
Capital assets being depreciated:				
Buildings	3,790,813	-	-	3,790,813
Improvements other than buildings	92,365,859	695,121	-	93,060,980
Office furniture and equipment	32,693	-	-	32,693
Machinery and equipment	1,421,056	89,763	(36,790)	1,474,029
Automobiles and trucks	1,719,806	28,194	(19,948)	1,728,052
Total capital assets, being depreciated	<u>99,330,227</u>	<u>813,078</u>	<u>(56,738)</u>	<u>100,086,567</u>
Less accumulated depreciation for:				
Buildings	(1,492,745)	(86,585)	-	(1,579,330)
Improvements other than buildings	(24,504,290)	(2,147,961)	-	(26,652,251)
Office furniture and equipment	(16,555)	(6,034)	-	(22,589)
Machinery and equipment	(652,572)	(98,871)	27,999	(723,444)
Automobiles and trucks	(954,771)	(147,949)	19,948	(1,082,772)
Total accumulated depreciation	<u>(27,620,933)</u>	<u>(2,487,400)</u>	<u>47,947</u>	<u>(30,060,386)</u>
Total capital assets, being depreciated, net	<u>71,709,294</u>	<u>(1,674,322)</u>	<u>(8,791)</u>	<u>70,026,181</u>
Business-type activities capital assets, net	<u>\$ 87,883,041</u>	<u>\$ 3,743,072</u>	<u>\$ (721,433)</u>	<u>\$ 90,904,680</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 6. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2012.

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2012</u>	<u>Current Portion</u>
<b>Governmental activities:</b>					
<b>General obligation bonds:</b>					
Library bond	\$ 1,190,000	\$ -	\$ 1,190,000	\$ -	\$ -
Library bond CIB	1,826,000	-	94,000	1,732,000	96,000
Aquatic center bond 2009	6,832,000	-	175,000	6,657,000	182,000
Library refunding bond 2012	-	1,080,000	-	1,080,000	212,000
Less deferred amounts:					
On refunding	-	(38,478)	-	(38,478)	(7,496)
Total general obligation	<u>9,848,000</u>	<u>1,041,522</u>	<u>1,459,000</u>	<u>9,430,522</u>	<u>482,504</u>
<b>Special assessment bonds:</b>					
02-1 Special assessment bond	565,000	-	179,000	386,000	188,000
98-1 Special assessment bond	245,000	-	245,000	-	-
Total special assessment	<u>810,000</u>	<u>-</u>	<u>424,000</u>	<u>386,000</u>	<u>188,000</u>
<b>Revenue bonds:</b>					
Sales tax revenue refunding bond 2011	8,260,000	-	695,000	7,565,000	765,000
Bond premium	108,258	-	10,826	97,432	-
Total revenue bonds	<u>8,368,258</u>	<u>-</u>	<u>705,826</u>	<u>7,662,432</u>	<u>765,000</u>
Governmental activity long-term liabilities	<u>19,026,258</u>	<u>1,041,522</u>	<u>2,588,826</u>	<u>17,478,954</u>	<u>1,435,504</u>
<b>Business-type activities:</b>					
<b>Revenue bonds:</b>					
Sewer revenue bond 1994	3,802,000	-	3,802,000	-	-
Storm drain revenue bond 2000	74,000	-	74,000	-	-
Water revenue bond 2011	3,860,000	-	160,000	3,700,000	145,000
Bond premium	92,702	-	4,636	88,066	-
Total revenue bonds	<u>7,828,702</u>	<u>-</u>	<u>4,040,636</u>	<u>3,788,066</u>	<u>145,000</u>
Business-type activity long-term liabilities	<u>7,828,702</u>	<u>-</u>	<u>4,040,636</u>	<u>3,788,066</u>	<u>145,000</u>
			-		
Total long-term liabilities	<u>\$ 26,854,960</u>	<u>\$ 1,041,522</u>	<u>\$ 6,629,462</u>	<u>\$ 21,267,020</u>	<u>\$ 1,580,504</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 6. Long-Term Debt, Continued**

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Bonds payable at June 30, 2012 is comprised of the following issues:

**General obligation bonds:**

**Governmental activities:**

Library General Obligation Bonds - Series 2002A issued for \$2,500,000 payable in installments of \$77,000 to \$136,000 bearing interest of 2.5%	1,732,000
Aquatic Center General Obligation Bonds - Series 2009 issued for \$7,000,000 payable in installments of \$168,000 to \$430,000 bearing interest of 4.0%	6,657,000
Library General Obligation Refunding Bonds - Series 2012 issued for \$1,080,000 payable in installments of \$212,000 to \$223,000 bearing interest of 0.8% to 1.3%	<u>1,080,000</u>
Total general obligation bonds	<u>9,469,000</u>

**Revenue bonds:**

**Governmental activities:**

Sales Tax Revenue Refunding Bonds - Series 2011 issued for \$8,260,000 payable in installments of \$695,000 to \$935,000 bearing interest of 2.0% to 3.5%	7,565,000
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**Business-type activities:**

Water Revenue Bonds - Series 2011 issued for \$3,860,000 payable in installments of \$145,000 to \$265,000, bearing interest of 2.50% to 4.30%	<u>3,700,000</u>
Total revenue bonds	<u>11,265,000</u>

**Special assessment bonds**

Special Assessment Bonds 2002-1 Series 2003 payable in installments of \$148,000 to \$198,000 bearing interest of 1.5% to 5.25%	<u>386,000</u>
Total special assessment bonds	<u>386,000</u>

Total long-term debt	21,120,000
Plus: Bond premium	
Governmental activities	97,432
Business-type activities	88,066
Less: Deferred amount on refunding	(38,478)
Less: Current portion:	
Governmental activities	(1,435,504)
Business-type activities	<u>(145,000)</u>

**Net long-term debt** \$ 19,686,516

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 6. Long-Term Debt, Continued**

The City's total bonded debt service maturities at June 30, 2012 are as follows:

Year Ended June 30,	Business-type Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 145,000	\$ 135,846	\$ 280,846	\$ 1,443,000	\$ 545,344	\$ 1,988,344
2014	145,000	132,220	277,220	1,477,000	510,994	1,987,994
2015	150,000	127,870	277,870	1,310,000	472,960	1,782,960
2016	155,000	123,370	278,370	1,341,000	440,401	1,781,401
2017	160,000	118,720	278,720	1,378,000	406,622	1,784,622
2018-2022	885,000	508,240	1,393,240	5,348,000	1,464,870	6,812,870
2023-2027	1,060,000	337,218	1,397,218	2,108,000	832,060	2,940,060
2028-2032	1,000,000	108,555	1,108,555	1,773,000	466,720	2,239,720
2033-2035	-	-	-	1,242,000	100,640	1,342,640
Total	\$ 3,700,000	\$ 1,592,039	\$ 5,292,039	\$ 17,420,000	\$ 5,240,611	\$ 22,660,611

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

The special assessment debt with government commitment listed above is payable from the special assessments levied against and secured by a lien upon the lots, tracts and parcels of land within the district. In the event that the assessments are insufficient to pay the bonds and interest thereon as they become due, the deficiency shall be paid out of the SID Guarantee fund until depleted and then the general fund of the City. If the general fund does not have sufficient revenues to pay the debt service, the City council is required to levy a tax sufficient to provide payment of the debt.

The city issued \$1,080,000 General Obligation Refunding Library Bonds, Series 2012 with an average interest rate of 1.15 percent to advance refund \$1,020,000 of outstanding Library General Obligation Bonds, Series 2003 with an average interest rate of 3.91 percent. The net proceeds of \$1,058,478, after payment of underwriting fees, insurance, and other issuance costs, were placed in an escrow account to provide for all future debt service payments on the Series 2003 bonds. As a result, the 2003 Series bonds are considered to be defeased and the liability for those bonds has been removed from the governmental activities column in the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$38,478. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the life of the refunded debt. The transaction resulted in an economic gain of \$32,994 and a decrease of approximately \$35,632 in future debt service payments. The debt service payments will also be paid over 5 years through 2017 instead of 6 years through 2018.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 7. Interfund Transactions and Balances**

Individual fund receivable and payable balances at June 30, 2012 were:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 562,304	\$ -
Nonmajor Governmental Funds	815,952	233,376
Public Works Facilities Internal Service Fund	-	452,405
Water Fund	286,413	-
Sewer Collection System Fund	-	1,698,499
Sewer Plant Fund	1,698,499	-
Storm Drain Utility Fund	-	815,952
Nonmajor Proprietary Funds	-	162,936
Total	<u>\$ 3,363,168</u>	<u>\$ 3,363,168</u>

Loans outstanding from the general fund, capital improvements fund, water fund, and regional sewer fund in the amount of \$2,966,857 to the storm drain fund, public works facilities internal service fund, the sewer collection system fund, and other nonmajor governmental and proprietary funds are for the acquisition and construction of capital assets. Payments of principal and interest are made annually on the loans.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2012 consisted of the following:

	<u>Transfers out:</u>			Total Transfers in
	General Fund	Nonmajor Governmental Funds	Sewer Plant Fund	
<b>Transfer in:</b>				
General Fund	\$ -	\$ 583,588	\$ -	\$ 583,588
Bond Sinking Debt Service Fund	1,591,360	-	-	1,591,360
Nonmajor Governmental Funds	422,134	346,703	-	768,837
Water Fund	-	131,790	-	131,790
Storm Drain Utility Fund	-	-	62,000	62,000
Nonmajor Proprietary Funds	-	145,890	-	145,890
Total transfers out	<u>\$ 2,013,494</u>	<u>\$ 1,207,971</u>	<u>\$ 62,000</u>	<u>\$ 3,283,465</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 8. Equity Classifications**

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Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity is classified in the governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

**Nonspendable fund balance** cannot be spent because it is either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.

**Restricted fund balance** is fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority, the City Council. A resolution, ordinance or vote by the City Council is required to establish, modify or rescind a fund balance commitment.

**Assigned fund balance** is constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The City Manager, Finance Director, and Division/Department Heads are authorized to assign amounts to a specific purpose in accordance with the City’s budget policy.

**Unassigned fund balance** is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 8. Equity Classifications, Continued**

The components of fund equity are as follows:

**Governmental Activities**

**General fund:**

Nonspendable	
Inventory	\$ 109,535
Prepays	2,932
Total nonspendable	<u>\$ 112,467</u>
Restricted for:	
Community development	
Class C roads	\$ 2,575,063
State liquor funds	19,686
Perry legacy donation	10,369
Other	
Federal and state grants	50,519
Total restricted	<u>\$ 2,655,637</u>
Committed to:	
Traffic school	\$ 24,380
Total committed	<u>\$ 24,380</u>

**Bond Sinking Debt Service Fund**

Restricted for:	
Debt service	\$ 297
Total restricted	<u>\$ 297</u>
Assigned to:	
Debt service	\$ 22,173
Total restricted	<u>\$ 22,173</u>

**Other Governmental funds:**

Restricted for:	
Capital projects	
Capital improvement	\$ 231,476
Aquatic center	5,976
Debt service	
SID guarantee	43,175
Municipal Building Authority	2,905
Community development	
Transportation impact fees	713,190
Park impact fees	270,355
Public safety impact fees	53,283
RAP tax	845,617
Other	
Parking authority	118,848
RDA	850,560
Task force	202,109
Total restricted	<u>\$ 3,337,494</u>

Committed to:

Aquatic center	\$ 400
Airport	317,078
RDA	1,887,547
Total committed	<u>\$ 2,205,025</u>

Assigned to:

Debt service	\$ (983)
Capital Improvements	3,169,790
Total assigned	<u>\$ 3,168,807</u>

**Business-type Activities**

**Water fund:**

Restricted for:	
Community development	\$ 1,637,827
Total restricted	<u>\$ 1,637,827</u>

**Sewer Collection:**

Restricted for:	
Community development	\$ 24,518
Total restricted	<u>\$ 24,518</u>

**Regional sewer plant fund:**

Restricted for:	
Community development	\$ 774,622
Total restricted	<u>\$ 774,622</u>

**Storm Drain:**

Restricted for:	
Community development	\$ 829,819
Total restricted	<u>\$ 829,819</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 9. Defined Benefit Pension Plan**

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All full-time employees of the City participate in the Utah State-Wide Local Government Retirement Systems (Systems).

**Plan Description**

Cedar City contributes to the Local Governmental Noncontributory Retirement System, the Public Safety Noncontributory Retirement System and the Firefighter's Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, and Firefighters Retirement System which are for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 S., Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy**

In the Local Governmental Noncontributory Retirement System, Cedar City is required to contribute 13.77 percent of their annual covered salary. In the Public Safety Noncontributory Retirement System, Cedar City was required to contribute 28.82 percent of their annual covered salary. In the Firefighter's System, the City contributes 15.05 percent. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 9. Defined Benefit Pension Plan, Continued**

The required contributions and amounts received for the 2012 fiscal year and the two previous years are as follows:

Year Ended 6/30	Employee paid contributions	Employer paid for employee contributions	Employer contributions	Salary subject to retirement contributions
<b>Noncontributory System:</b>				
<b>Local Governmental Division</b>				
2012	N/A	N/A	\$ 585,542	\$ 4,355,050
2011	N/A	N/A	529,651	3,961,491
2010	N/A	N/A	532,256	4,564,812
<b>Public Safety System:</b>				
<b>Other Division A Contributory</b>				
2012	N/A	\$ 8,520	\$ 12,715	\$ 69,327
2011	N/A	7,497	11,188	61,002
2010	N/A	8,122	9,920	66,086
<b>Other Division A Noncontributory</b>				
2012	N/A	N/A	\$ 406,632	\$ 1,504,675
2011	N/A	N/A	362,332	1,257,222
2010	N/A	N/A	354,237	1,367,710
<b>Firefighters System:</b>				
<b>Division A</b>				
2012	N/A	\$ 72,123	\$ 2,396	\$ 479,220
2011	N/A	64,158	7,332	426,297
2010	N/A	62,792	N/A	465,472
<b>Defined Contribution System:</b>				
<b>401(k) Plan</b>				
2012	\$ 147,090	\$ 28,859		
2011	139,239	27,321		
2010	163,134	33,008		
<b>Roth IRA Plan</b>				
2012	\$ 7,085			
2011	2,070	-		
2010	736	-		

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 10. Other Post-employment Benefits**

Effective July 1, 2008, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*.

**Plan Description**

In addition to the benefits described in Note 11, the City provides postemployment health care benefits, through a single employer defined benefit plan, to all employees who retire from the City and qualify to retire from any of the Utah State Retirement Systems. The benefits, benefit levels, employee contributions and employer contributions are governed by City policy, and can be amended at any time. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

**Funding Policy**

The City currently pays for postemployment benefits other than pensions on a “pay-as-you-go” basis.

**Annual OPEB and Net OPEB Obligation**

The City’s annual OPEB cost (expense) is calculated based on the employer’s annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years. For the fiscal year ended June 30, 2012, the City’s OPEB cost (expense) of \$37,135 was \$10,330 less than the ARC. The following table shows the components of the City’s annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$	47,465
Interest on net OPEB obligation		6,997
Adjustments to annual required contribution		<u>(17,327)</u>
Annual OPEB cost (expense)		37,135
Contributions made		<u>(43,970)</u>
Decrease in net OPEB obligation		(6,835)
Net OPEB obligations - beginning of year		<u>155,495</u>
Net OPEB obligations - end of year	\$	<u><u>148,660</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation Fiscal Year Ended</u>
June 30, 2012	\$ 37,135	43,970	118.4%	\$ 148,660

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 10. Other Post-employment Benefits, Continued**

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**Funded Status and Funding Progress**

The funded status of the City's plan as of June 30, 2012 is as follows:

Actuarial valuation date		July 1, 2011
Actuarial accrued liability (AAL)	\$	321,469
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	321,469
Funded ratio (actuarial value of plan assets / AAL)		0.0%
Covered payroll (active plan members)	\$	5,715,668
UAAL as a percentage of covered payroll		5.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2012 and looking forward. The schedule provides multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and the plan members) and include the types of benefits at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the fiscal year 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 11 years. Covered payroll included a 3.0 percent inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over thirty years based on an open group.

The City also provides health, dental, and employee assistance benefits to terminated employees under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA). Substantially all employees are eligible for these benefits upon termination of employment with the City. Depending upon the qualifying event, former employees are eligible for either 18 or 36 months of benefits under this act. The premiums for this coverage plus a 2 percent administrative charge are paid 100 percent by the former employee.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

**NOTE 11. 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. Risk financing activities are accounted for in various operating funds, with unallocated or citywide activities being accounted for in the general fund.

The City maintains insurance for general liability, auto liability, and employee dishonesty through Utah Risk Management Mutual Association (URMMA). As of June 30, 2012, the City had \$201,726 in outstanding recaptured losses that will be paid with premiums due in future years. Worker's compensation coverage is carried through the State Worker's Compensation Fund.

**NOTE 12. Individual Fund Disclosures**

**Segment Information**

For information on the enterprise funds, see the proprietary funds' financial statements in the fund financial statements and the combining financial statements in the supplementary section.

**NOTE 13. Redevelopment Agency**

In accordance with Section 17A-2-1219, Utah Code Annotated, all municipalities having established Redevelopment Agency's are required to disclose the following revenues and expenditures associated with the various project areas:

	<b>Cedar Downtown</b>	<b>Port 15</b>
Tax increment collected	\$ -	\$ 262,220
Interest income	\$ 19,807	\$ -
Miscellaneous revenues	\$ 340,009	\$ -
Balance of debt	None	None
Funds expended:		
Site improvements and maintenance	\$ 38,769	\$ 108,769
Administrative costs	\$ 11,358	\$ 115,919
Net transfers in (out)	\$ 8,494	\$ -

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**NOTE 14.     Litigation**

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The City is presently involved in several matters of litigation. The City is also in the process of negotiating settlements on some claims or resolving the matters by other means. The outcome of these cases is uncertain.

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**NOTE 15.     Landfill Closure and Post-Closure Care Costs**

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Cedar City has estimated closure and post-closure care costs for the City landfill to be \$50,467. The nature and source of these costs as estimated by Cedar City are described below as well as other pertinent information concerning the landfill.

As of the date of this report, the City had not been notified of any corrective actions that need to be taken towards the landfill.

The City has placed funds in a restricted account with the Public Treasurer's Investment pool sufficient to provide for the estimated closure and post-closure costs.

	<u>Bulloch Pit</u>
Closure costs:	
Cover material	\$ 48,064
Total closure costs	<u>48,064</u>
Post-closure costs:	
Vegetative cover	<u>2,403</u>
Total post-closure costs	<u>2,403</u>
Total costs	<u>\$ 50,467</u>

To date, Cedar City had not incurred any closure or post-closure care costs but has recorded a liability of \$20,667 towards these costs.

Estimated landfill capacity used to date based on the city engineers estimates are as follows:

Bulloch Pit     41.77 percent

The City estimates the useful life of the landfill as follows:

Bulloch Pit     11.37 years

**REQUIRED SUPPLEMENTARY INFORMATION**

**CEDAR CITY, UTAH**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 11,903,103	\$ 12,273,103	\$ 12,464,196	\$ 191,093
Interest earnings	48,190	48,190	59,375	11,185
Licenses and permits	353,500	353,500	381,909	28,409
Intergovernmental revenues	1,898,986	2,047,153	2,010,985	(36,168)
Charges for services	1,030,219	1,050,424	1,037,132	(13,292)
Fines and forfeitures	216,000	216,000	183,689	(32,311)
Miscellaneous	42,405	704,465	709,983	5,518
Total revenues	<u>15,492,403</u>	<u>16,692,835</u>	<u>16,847,269</u>	<u>154,434</u>
<b>Expenditures:</b>				
General government				
Administration	975,388	986,958	911,985	74,973
Police protection				
Police	4,106,365	4,273,707	4,012,875	260,832
Other public safety and inspection services				
Fire department	1,284,646	1,383,951	1,292,866	91,085
Protective inspection	179,648	179,648	176,017	3,631
Animal control	200,244	205,494	190,445	15,049
Justice court	462,845	462,845	436,087	26,758
Streets and highways				
Streets and highways	2,664,010	3,168,765	3,062,705	106,060
Parks, cemetery and public property				
City building	155,922	157,187	131,623	25,564
Parks and cemetery	1,005,035	1,339,575	1,062,654	276,921
Culture and recreation				
Recreation	348,277	365,277	343,106	22,171
Library	521,050	536,460	484,944	51,516
Cross Hollows events center	129,639	191,394	182,990	8,404
Heritage center	332,128	352,922	280,900	72,022
Public works				
City engineer	670,053	670,053	610,301	59,752
Public works administration	245,489	245,489	201,156	44,333
Fleet and warehouse	423,676	423,676	404,174	19,502
Community and economic development				
Community promotions	132,000	132,000	119,914	12,086
Economic development	278,658	304,009	306,195	(2,186)
Total expenditures	<u>14,115,073</u>	<u>15,379,410</u>	<u>14,210,937</u>	<u>1,168,473</u>
Excess of revenues over (under) expenditures	<u>1,377,330</u>	<u>1,313,425</u>	<u>2,636,332</u>	<u>(1,322,907)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	685,700	1,050,405	583,588	(466,817)
Operating transfers out	<u>(1,927,992)</u>	<u>(3,227,992)</u>	<u>(2,013,494)</u>	<u>1,214,498</u>
Total other financing sources (uses)	<u>(1,242,292)</u>	<u>(2,177,587)</u>	<u>(1,429,906)</u>	<u>747,681</u>
Net change in fund balance	135,038	(864,162)	1,206,426	2,070,588
Fund balance, beginning of year	<u>4,304,181</u>	<u>4,304,181</u>	<u>4,304,181</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,439,219</u>	<u>\$ 3,440,019</u>	<u>\$ 5,510,607</u>	<u>\$ 2,070,588</u>

**CEDAR CITY, UTAH**  
**Schedule of Funding Progress**  
**Retiree Healthcare Insurance Plan**  
**Year Ended June 30, 2012**

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Actuarial Valuation Date	Actuarial value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Actuarial Liability UAAL (a - b)	Funded Ratio (a / b)	Annualized Covered Payroll	UAAL as a percent of covered payroll
July 1, 2009	\$ -	\$ 327,517	\$ 327,517	0.0%	\$ 6,303,411	5.2%
July 1, 2010	\$ -	\$ 327,517	\$ 327,517	0.0%	\$ 6,303,411	5.2%
July 1, 2011	\$ -	\$ 321,469	\$ 321,469	0.0%	\$ 5,715,668	5.6%

## **COMBINING STATEMENTS**

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2012**

	<b>Special Revenue Funds</b>				
	<b>Airport</b>	<b>Downtown Parking</b>	<b>Transportation Impact Fees</b>	<b>Parks/Recreation Impact Fees</b>	<b>Public Safety Impact Fees</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 310,439	\$ 822	\$ -	\$ -	\$ -
Special assessments receivable	-	-	-	-	-
Other receivables	15,260	-	-	-	-
Due from other funds	-	-	-	-	-
Temporarily restricted assets:					
Cash and cash equivalents	-	118,848	713,190	270,355	53,283
Other receivables	-	-	-	-	-
Total assets	<u>\$ 325,699</u>	<u>\$ 119,670</u>	<u>\$ 713,190</u>	<u>\$ 270,355</u>	<u>\$ 53,283</u>
<b>Liabilities:</b>					
Accounts payable	\$ 8,621	\$ 822	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>8,621</u>	<u>822</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>					
Restricted for:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Community development	-	-	713,190	270,355	53,283
Other	-	118,848	-	-	-
Committed	317,078	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>317,078</u>	<u>118,848</u>	<u>713,190</u>	<u>270,355</u>	<u>53,283</u>
Total liabilities and fund balances	<u>\$ 325,699</u>	<u>\$ 119,670</u>	<u>\$ 713,190</u>	<u>\$ 270,355</u>	<u>\$ 53,283</u>

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2012**

	<b>Special Revenue Funds, Continued</b>				
	<b>Aquatic Center</b>	<b>Task Force</b>	<b>Cedar Area Transit</b>	<b>Redevelopment Agency</b>	<b>RAP Sales Tax Fund</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 40,880	\$ 9,835	\$ -	\$ 1,827,931	\$ -
Special assessments receivable	-	-	-	-	-
Other receivables	-	-	18,611	213,512	-
Due from other funds	-	-	-	-	-
Temporarily restricted assets:					
Cash and cash equivalents	-	183,917	-	850,560	765,855
Other receivables	-	18,192	-	-	79,762
Total assets	<u>\$ 40,880</u>	<u>\$ 211,944</u>	<u>\$ 18,611</u>	<u>\$ 2,892,003</u>	<u>\$ 845,617</u>
<b>Liabilities:</b>					
Accounts payable	\$ 40,480	\$ 9,835	\$ 3,120	\$ 153,896	\$ -
Due to other funds	-	-	15,491	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>40,480</u>	<u>9,835</u>	<u>18,611</u>	<u>153,896</u>	<u>-</u>
<b>Fund balances:</b>					
Restricted for:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Community development	-	-	-	-	845,617
Other	-	202,109	-	850,560	-
Committed	400	-	-	1,887,547	-
Assigned	-	-	-	-	-
Total fund balances	<u>400</u>	<u>202,109</u>	<u>-</u>	<u>2,738,107</u>	<u>845,617</u>
Total liabilities and fund balances	<u>\$ 40,880</u>	<u>\$ 211,944</u>	<u>\$ 18,611</u>	<u>\$ 2,892,003</u>	<u>\$ 845,617</u>

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2012**

	<b>Debt Service Funds</b>						
	<b>Municipal Building Authority</b>	<b>Special Improve #93-1</b>	<b>Special Improve #95-2</b>	<b>Special Improve #97-1</b>	<b>Special Improve #98-1</b>	<b>Special Improve #2002-1</b>	<b>Special Improve Guarantee</b>
<b>Assets:</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	251,399	3,801	58,003	131,852	481,202	-
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Temporarily restricted assets:							
Cash and cash equivalents	2,905	-	-	-	-	501	42,674
Other receivables	-	-	-	-	-	-	-
Total assets	<u>\$ 2,905</u>	<u>\$ 251,399</u>	<u>\$ 3,801</u>	<u>\$ 58,003</u>	<u>\$ 131,852</u>	<u>\$ 481,703</u>	<u>\$ 42,674</u>
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	983	-	-
Deferred revenue	-	251,399	3,801	58,003	131,852	481,202	-
Total liabilities	<u>-</u>	<u>251,399</u>	<u>3,801</u>	<u>58,003</u>	<u>132,835</u>	<u>481,202</u>	<u>-</u>
<b>Fund balances:</b>							
Restricted for:							
Capital projects	-	-	-	-	-	-	-
Debt service	2,905	-	-	-	-	501	42,674
Community development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	(983)	-	-
Total fund balances	<u>2,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(983)</u>	<u>501</u>	<u>42,674</u>
Total liabilities and fund balances	<u>\$ 2,905</u>	<u>\$ 251,399</u>	<u>\$ 3,801</u>	<u>\$ 58,003</u>	<u>\$ 131,852</u>	<u>\$ 481,703</u>	<u>\$ 42,674</u>

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2012**

	<b>Capital Projects Funds</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>Coal Creek Flood Control Capital Project Fund</b>	<b>Cove Drive Capital Project Fund</b>	<b>Airport Construction Capital Project Fund</b>	<b>Capital Improvement</b>	<b>Ball Diamond Complex</b>	<b>Aquatic Center Capital Project Fund</b>	
<b>Assets:</b>							
Cash and cash equivalents	\$ 360,656	\$ 12,915	\$ 33,171	\$ 1,926,457	\$ 29,177	\$ 218,372	\$ 4,770,655
Special assessments receivable	-	-	-	-	-	-	926,257
Other receivables	-	-	66,670	-	-	-	314,053
Due from other funds	-	-	-	815,952	-	-	815,952
Temporarily restricted assets:							
Cash and cash equivalents	-	-	-	231,476	-	5,976	3,239,540
Other receivables	-	-	-	-	-	-	97,954
<b>Total assets</b>	<b>\$ 360,656</b>	<b>\$ 12,915</b>	<b>\$ 99,841</b>	<b>\$ 2,973,885</b>	<b>\$ 29,177</b>	<b>\$ 224,348</b>	<b>\$ 10,164,411</b>
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ 69,060	\$ -	\$ 6,148	\$ 1,470	\$ 293,452
Due to other funds	-	-	-	-	-	216,902	233,376
Deferred revenue	-	-	-	-	-	-	926,257
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>69,060</b>	<b>-</b>	<b>6,148</b>	<b>218,372</b>	<b>1,453,085</b>
<b>Fund balances:</b>							
Restricted for:							
Capital projects	-	-	-	231,476	-	5,976	237,452
Debt service	-	-	-	-	-	-	46,080
Community development	-	-	-	-	-	-	1,882,445
Other	-	-	-	-	-	-	1,171,517
Committed	-	-	-	-	-	-	2,205,025
Assigned	360,656	12,915	30,781	2,742,409	23,029	-	3,168,807
<b>Total fund balances</b>	<b>360,656</b>	<b>12,915</b>	<b>30,781</b>	<b>2,973,885</b>	<b>23,029</b>	<b>5,976</b>	<b>8,711,326</b>
<b>Total liabilities and fund balances</b>	<b>\$ 360,656</b>	<b>\$ 12,915</b>	<b>\$ 99,841</b>	<b>\$ 2,973,885</b>	<b>\$ 29,177</b>	<b>\$ 224,348</b>	<b>\$ 10,164,411</b>

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2012**

	<u>Special Revenue Funds</u>				
	<u>Airport</u>	<u>Downtown Parking</u>	<u>Transportation Impact Fees</u>	<u>Parks/ Recreation Impact Fees</u>	<u>Public Safety Impact Fees</u>
<b>Revenues:</b>					
Taxes	\$ 10,420	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,990	832	5,067	1,907	463
Intergovernmental revenues	163,906	-	-	-	-
Charges for services	185,233	39,407	-	-	-
Miscellaneous	82,087	-	88,754	80,333	20,248
Total revenues	<u>443,636</u>	<u>40,239</u>	<u>93,821</u>	<u>82,240</u>	<u>20,711</u>
<b>Expenditures:</b>					
Current					
General government	-	-	-	-	-
Police protection	-	-	-	-	-
Other public safety and inspection services	-	-	-	-	5,021
Parks, cemetery and public property	-	20,473	-	-	-
Culture and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Community and economic development	-	-	-	-	-
Transportation services	312,475	-	-	-	-
Capital outlay	229,902	-	375,887	102,637	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>542,377</u>	<u>20,473</u>	<u>375,887</u>	<u>102,637</u>	<u>5,021</u>
Excess of revenues over (under) expenditures	<u>(98,741)</u>	<u>19,766</u>	<u>(282,066)</u>	<u>(20,397)</u>	<u>15,690</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(8,494)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(8,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(98,741)	11,272	(282,066)	(20,397)	15,690
Fund balance, beginning of year	<u>415,819</u>	<u>107,576</u>	<u>995,256</u>	<u>290,752</u>	<u>37,593</u>
Fund balance, end of year	<u>\$ 317,078</u>	<u>\$ 118,848</u>	<u>\$ 713,190</u>	<u>\$ 270,355</u>	<u>\$ 53,283</u>

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>Special Revenue Funds, Continued</b>				
	<b>Aquatic Center</b>	<b>Task Force</b>	<b>Cedar Area Transit</b>	<b>Redevelopment Agency</b>	<b>RAP Sales Tax Fund</b>
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 262,220	\$ 423,439
Interest earnings	-	280	-	19,807	6,386
Intergovernmental revenues	125,000	65,685	69,732	71,414	-
Charges for services	415,815	-	33,905	340,009	-
Miscellaneous	20,727	4,264	-	-	-
Total revenues	<u>561,542</u>	<u>70,229</u>	<u>103,637</u>	<u>693,450</u>	<u>429,825</u>
<b>Expenditures:</b>					
Current					
General government	-	-	-	-	-
Police protection	-	65,764	-	-	-
Other public safety and inspection services	-	-	-	-	-
Parks, cemetery and public property	-	-	-	-	-
Culture and recreation	967,593	-	-	-	-
Public works	-	-	-	-	-
Community and economic development	-	-	-	467,621	150,984
Transportation services	-	-	154,736	-	-
Capital outlay	2,320	-	-	186,733	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>969,913</u>	<u>65,764</u>	<u>154,736</u>	<u>654,354</u>	<u>150,984</u>
Excess of revenues over (under) expenditures	<u>(408,371)</u>	<u>4,465</u>	<u>(51,099)</u>	<u>39,096</u>	<u>278,841</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	408,371	-	51,099	8,494	-
Operating transfers out	-	-	-	-	(287,609)
Total other financing sources (uses)	<u>408,371</u>	<u>-</u>	<u>51,099</u>	<u>8,494</u>	<u>(287,609)</u>
Net change in fund balance	-	4,465	-	47,590	(8,768)
Fund balance, beginning of year	<u>400</u>	<u>197,644</u>	<u>-</u>	<u>2,690,517</u>	<u>854,385</u>
Fund balance, end of year	<u>\$ 400</u>	<u>\$ 202,109</u>	<u>\$ -</u>	<u>\$ 2,738,107</u>	<u>\$ 845,617</u>

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>Debt Service Funds</b>						
	<b>Municipal Building Authority</b>	<b>Special Improve #93-1</b>	<b>Special Improve #95-2</b>	<b>Special Improve #97-1</b>	<b>Special Improve #98-1</b>	<b>Special Improve #2002-1</b>	<b>Special Improve Guarantee</b>
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	2,049	-	-	23	195	-	565
Intergovernmental revenues	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	8,518	13,918	61,791	-
Total revenues	<u>2,049</u>	<u>-</u>	<u>-</u>	<u>8,541</u>	<u>14,113</u>	<u>61,791</u>	<u>565</u>
<b>Expenditures:</b>							
Current							
General government	5,481	-	-	-	-	-	3,150
Police protection	-	-	-	-	-	-	-
Other public safety and inspection services	-	-	-	-	-	-	-
Parks, cemetery and public property	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Transportation services	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal retirements	-	-	-	-	245,000	179,000	-
Interest and fiscal charges	-	-	-	-	12,740	28,575	-
Total expenditures	<u>5,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,740</u>	<u>207,575</u>	<u>3,150</u>
Excess of revenues over (under) expenditures	<u>(3,432)</u>	<u>-</u>	<u>-</u>	<u>8,541</u>	<u>(243,627)</u>	<u>(145,784)</u>	<u>(2,585)</u>
<b>Other financing sources (uses):</b>							
Operating transfers in	6,300	-	-	-	-	146,285	110,541
Operating transfers out	-	-	-	(8,541)	(12,000)	-	(146,285)
Total other financing sources (uses)	<u>6,300</u>	<u>-</u>	<u>-</u>	<u>(8,541)</u>	<u>(12,000)</u>	<u>146,285</u>	<u>(35,744)</u>
Net change in fund balance	2,868	-	-	-	(255,627)	501	(38,329)
Fund balance, beginning of year	<u>37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,644</u>	<u>-</u>	<u>81,003</u>
Fund balance, end of year	<u>\$ 2,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (983)</u>	<u>\$ 501</u>	<u>\$ 42,674</u>

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>Capital Projects Funds</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>Coal Creek Flood Control Capital Project Fund</b>	<b>Cove Drive Capital Project Fund</b>	<b>Airport Construction Capital Project Fund</b>	<b>Capital Improvement</b>	<b>Ball Diamond Complex</b>	<b>Aquatic Center Capital Project Fund</b>	
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,079
Interest earnings	-	-	-	28,681	-	-	68,245
Intergovernmental revenues	-	678,847	100,551	-	-	-	1,275,135
Charges for services	-	-	-	-	-	-	1,014,369
Miscellaneous	-	-	-	-	-	110,000	490,640
Total revenues	<u>-</u>	<u>678,847</u>	<u>100,551</u>	<u>28,681</u>	<u>-</u>	<u>110,000</u>	<u>3,544,468</u>
<b>Expenditures:</b>							
Current							
General government	-	-	-	-	-	-	8,631
Police protection	-	-	-	-	-	-	65,764
Other public safety and inspection services	-	-	-	-	-	-	5,021
Parks, cemetery and public property	-	-	-	-	-	-	20,473
Culture and recreation	-	-	-	-	-	-	967,593
Public works	-	-	-	17,245	-	-	17,245
Community and economic development	-	-	-	-	-	-	618,605
Transportation services	-	-	37,603	-	-	-	504,814
Capital outlay	866	710,937	68,296	-	11,751	238,900	1,928,229
Debt service:							
Principal retirements	-	-	-	-	-	-	424,000
Interest and fiscal charges	-	-	-	-	-	-	41,315
Total expenditures	<u>866</u>	<u>710,937</u>	<u>105,899</u>	<u>17,245</u>	<u>11,751</u>	<u>238,900</u>	<u>4,601,690</u>
Excess of revenues over (under) expenditures	<u>(866)</u>	<u>(32,090)</u>	<u>(5,348)</u>	<u>11,436</u>	<u>(11,751)</u>	<u>(128,900)</u>	<u>(1,057,222)</u>
<b>Other financing sources (uses):</b>							
Operating transfers in	-	-	-	-	-	37,747	768,837
Operating transfers out	-	-	-	(709,504)	(35,538)	-	(1,207,971)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(709,504)</u>	<u>(35,538)</u>	<u>37,747</u>	<u>(439,134)</u>
Net change in fund balance	(866)	(32,090)	(5,348)	(698,068)	(47,289)	(91,153)	(1,496,356)
Fund balance, beginning of year	<u>361,522</u>	<u>45,005</u>	<u>36,129</u>	<u>3,671,953</u>	<u>70,318</u>	<u>97,129</u>	<u>10,207,682</u>
Fund balance, end of year	<u>\$ 360,656</u>	<u>\$ 12,915</u>	<u>\$ 30,781</u>	<u>\$ 2,973,885</u>	<u>\$ 23,029</u>	<u>\$ 5,976</u>	<u>\$ 8,711,326</u>

**CEDAR CITY, UTAH**  
**Combining Statement of Net Position**  
**Other Proprietary Funds**  
**June 30, 2012**

	<u>Golf Course</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 859,553	\$ 859,553
Accounts receivable (net of allowance)	3,750	92,069	95,819
Inventory	-	4,839	4,839
Total current assets	<u>3,750</u>	<u>956,461</u>	<u>960,211</u>
Non-current assets:			
Capital assets:			
Non-depreciable	252,731	-	252,731
Depreciable, net of accumulated depreciation	383,842	434,701	818,543
Net capital assets	<u>636,573</u>	<u>434,701</u>	<u>1,071,274</u>
Total non-current assets	<u>636,573</u>	<u>434,701</u>	<u>1,071,274</u>
Total assets	<u>640,323</u>	<u>1,391,162</u>	<u>2,031,485</u>
<b>Liabilities and net position</b>			
Liabilities:			
Current liabilities:			
Accounts payable	80,961	57,380	138,341
Compensated absences payable	23,121	9,763	32,884
Due to other funds	162,936	-	162,936
Total current liabilities	<u>267,018</u>	<u>67,143</u>	<u>334,161</u>
Non-current liabilities:			
Liability for closure and post closure costs	-	20,667	20,667
Total non-current liabilities:	<u>-</u>	<u>20,667</u>	<u>20,667</u>
Total liabilities	<u>267,018</u>	<u>87,810</u>	<u>354,828</u>
Net position:			
Net investment in capital assets	636,573	434,701	1,071,274
Unrestricted	<u>(263,268)</u>	<u>868,651</u>	<u>605,383</u>
Total net position	<u>\$ 373,305</u>	<u>\$ 1,303,352</u>	<u>\$ 1,676,657</u>

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Other Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<b>Golf Course</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 576,042	\$ 608,138	\$ 1,184,180
Miscellaneous	12,102	2,100	14,202
Total operating revenues	<u>588,144</u>	<u>610,238</u>	<u>1,198,382</u>
<b>Operating expenses:</b>			
Salaries	283,046	110,456	393,502
Employees benefits	99,361	58,151	157,512
Administration	22,037	82,626	104,663
Utilities	45,966	124	46,090
Professional services	379	270	649
Repairs and maintenance	55,347	38,697	94,044
Insurance	4,329	3,606	7,935
Miscellaneous	46,803	11,950	58,753
Supplies	54,049	102,136	156,185
Depreciation	35,882	64,256	100,138
Total operating expenses	<u>647,199</u>	<u>472,272</u>	<u>1,119,471</u>
Operating income (loss)	(59,055)	137,966	78,911
<b>Nonoperating revenues (expenses):</b>			
Interest earnings	-	5,362	5,362
Gain (loss) on assets sold	(8,791)	-	(8,791)
Total nonoperating revenues (expenses)	<u>(8,791)</u>	<u>5,362</u>	<u>(3,429)</u>
Income before contributions and transfers	<u>(67,846)</u>	<u>143,328</u>	<u>75,482</u>
Transfers in	145,890	-	145,890
<b>Change in net position</b>	<u>78,044</u>	<u>143,328</u>	<u>221,372</u>
<b>Total net position, beginning of year</b>	<u>295,261</u>	<u>1,160,024</u>	<u>1,455,285</u>
<b>Total net position, end of year</b>	<u><u>\$ 373,305</u></u>	<u><u>\$ 1,303,352</u></u>	<u><u>\$ 1,676,657</u></u>

**CEDAR CITY, UTAH**  
**Combining Statement of Cash Flows**  
**Other Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<u>Golf Course</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 585,594	\$ 606,785	\$ 1,192,379
Cash payments to suppliers for goods and services	(156,796)	(132,211)	(289,007)
Cash payments to employees for services	(384,256)	(167,491)	(551,747)
Cash payments to other funds for services provided	(22,037)	(82,626)	(104,663)
Net cash flows from operating activities	<u>22,505</u>	<u>224,457</u>	<u>246,962</u>
<b>Cash flows from noncapital financing activities:</b>			
Loans due to other funds	(22,505)	-	(22,505)
Transfers from other funds	145,890	-	145,890
Net cash flows from noncapital financing activities	<u>123,385</u>	<u>-</u>	<u>123,385</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(145,890)	-	(145,890)
Net cash flows from capital and related activities	<u>(145,890)</u>	<u>-</u>	<u>(145,890)</u>
<b>Cash flows from investing activities:</b>			
Interest received	-	5,362	5,362
Net cash flows from investing activities	<u>-</u>	<u>5,362</u>	<u>5,362</u>
Net change in cash and cash equivalents	<u>-</u>	<u>229,819</u>	<u>229,819</u>
<b>Cash and cash equivalents - beginning (including restricted cash)</b>	<u>-</u>	<u>629,734</u>	<u>629,734</u>
<b>Cash and cash equivalents - ending (including restricted cash)</b>	<u>\$ -</u>	<u>\$ 859,553</u>	<u>\$ 859,553</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ (59,055)	\$ 137,966	\$ 78,911
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	35,882	64,256	100,138
(Increase) decrease in accounts receivable	(750)	(3,453)	(4,203)
(Increase) decrease in inventory	-	2,096	2,096
Increase (decrease) in accounts payable	50,077	22,476	72,553
Increase (decrease) in compensated absences	(1,849)	1,116	(733)
Increase (decrease) in deferred revenues	(1,800)	-	(1,800)
Total adjustments	<u>81,560</u>	<u>86,491</u>	<u>168,051</u>
Net cash flows from operating activities	<u>\$ 22,505</u>	<u>\$ 224,457</u>	<u>\$ 246,962</u>

**FEDERAL AND STATE REPORTS**

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**Independent Auditors' 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***

To the Honorable Mayor and  
 Members of the City Council  
 Cedar City, Utah  
 Cedar City, Utah 84720

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah, as of and for the year ended June 30, 2012, which collectively comprise Cedar City's basic financial statements and have issued our report thereon date February 1, 2013. 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.

Internal Control Over Financial Reporting

Management of Cedar City, Utah is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Cedar City's internal control over financial reporting as a basis for designing our auditing procedures 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 Cedar City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cedar City's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar City's financial statements are free of 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*.

We noted certain other matters that we reported to management of Cedar City in the accompanying schedule of findings and recommendations dated February 1, 2013.

The City's responses to the findings identified in our audit are described in the accompanying responses to the findings and recommendations. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor, City Council, others within the City, and various federal and state agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC  
Cedar City, Utah  
February 1, 2013



**Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

To the Honorable Mayor and  
Members of the City Council  
Cedar City, Utah  
Cedar City, Utah 84720

Compliance

We have audited the compliance of Cedar City, State of Utah, with the types of compliance requirements described in the U. S. Office of Management and Budget (*OMB*) *Circular A- 133 Compliance Supplement* that could have a direct and material effect on each of Cedar City, Utah’s major federal programs for the year ended June 30, 2012. Cedar City, Utah’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cedar City, Utah’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar City, Utah’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cedar City, Utah’s compliance with those requirements.

In our opinion, Cedar City, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

Management of Cedar City, Utah is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cedar City, Utah's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Cedar City, Utah'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 detect and correct, noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management, the Mayor, City Council, others within the City, the Utah State Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



HintonBurdick, PLLC  
Cedar City, Utah  
February 1, 2013

**CEDAR CITY, UTAH**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

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**Section I – Summary of Auditors’ Results**

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Financial Statements

Type of auditor’s report issued: Unqualified  
Internal control over financial reporting:

- Material weakness (es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.276	DHHS Drug Free Communities Support Program
97.044	DHS Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  No

**CEDAR CITY, UTAH**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the Year Ended June 30, 2012**

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**Section II – Financial Statement Findings**

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No significant matters were noted.

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**Section III – Federal Award Findings and Questioned Costs**

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No significant matters were noted.

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**Section IV – Summary Schedule of Prior Audit Findings**

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No significant matters were noted.

**CEDAR CITY, UTAH**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed through Utah Division of Housing and Community Development:</b>			
Community Development Block Grant	14.228		143,191
<b>U.S. Department of Justice</b>			
<b>Bureau of Justice Assistance</b>			
Edward Byrne Memorial Justice Assistance	16.738		7,402
<b>Office of Juvenile Justice &amp; Delinquency Prevention</b>			
Enforcing Underage Drinking Laws Program	16.727		4,122
Total U.S. Department of Justice			11,524
<b>U.S. Department of Transportation</b>			
<b>Federal Transit Administration</b>			
<b>Passed through Utah Department of Transportation:</b>			
Nonurbanized Area Formula Program	20.509		105,466
<b>Federal Aviation Administration</b>			
<b>Passed through Utah Department of Transportation:</b>			
Airport Improvement Program	20.106		100,551
<b>National Highway Transportation Safety Administration:</b>			
State and Community Highway Safety	20.600		21,871
Total U.S. Department of Transportation			227,888
<b>U.S. Department of the Interior</b>			
<b>Bureau of Land Management</b>			
<b>Passed through Utah Department of Natural Resources:</b>			
Wildland Urban Interface Community & Rural Fire Assistance	15.228		9,367
<b>National Endowment for the Humanities</b>			
<b>Institute of Museum and Library Services</b>			
<b>Passed through the Utah Office of Library Services:</b>			
Grants to States	45.310		9,626
<b>U.S. Department of Health and Human Services</b>			
<b>Substance Abuse &amp; Mental Health Services Administration:</b>			
Drug Free Community Grant	93.276		110,726
<b>U.S. Department of Homeland Security:</b>			
Assistance to Firefighters Grant	97.044		143,959
Total expenditure of federal awards			\$ 656,281

Note: This schedule has been prepared on the modified accrual basis of accounting.

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**Independent Auditors' Report on  
Compliance in Accordance with the  
*State of Utah Legal Compliance Audit Guide***

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

We have audited Cedar City, Utah's, compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012. The general compliance requirements applicable to the City are identified as follows:

Public Debt	B & C Road Funds
Cash Management	Other General Issues
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	Impact Fees
Truth in Taxation & Property	Asset Forfeiture
Tax Limitations	URS Compliance
Liquor Law Enforcement	Fund Balance

The City received the following major assistance programs from the State of Utah:

- C Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, Cedar City, Utah complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state assistance programs for the year ended June 30, 2012. However, the results of our audit procedures disclosed other instances of non-compliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in our accompanying schedule of findings and recommendations, dated February 1, 2013 as items 12-01, 12-02, and 12-03.

Management's written response to the findings identified in our audit is described in the accompanying responses to the findings and recommendations. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, Office of the Utah State Auditor and awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC  
February 1, 2013

**Findings and Recommendations  
For the Year Ended June 30, 2012**

Honorable Mayor and City Council  
Cedar City, Utah

Ladies and Gentlemen:

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, we did identify certain instances of non-compliance with State laws that are required to be reported in accordance with the State of Utah Legal Compliance Audit Guide. These items are discussed below for your consideration.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Material Weaknesses: None noted**

**Significant Deficiencies: None noted**

**COMPLIANCE AND OTHER MATTERS**

**Compliance Findings:**

12-01. Budgetary Compliance

The Fiscal Procedures Act for Utah Cities requires Cities to restrict expenditures to the authorized departmental budget. The General Fund “Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual” identifies over-expended departments.

Recommendation

We recommend that the City operate within the confines of State law by limiting expenditures or following proper procedures to adjust the departmental budgets.

12-02. Unclaimed Property Report

According to State Law, a government entity holding intangible property for more than one year after the property became payable or distributable must report and remit the property to the State Treasurer's Office, Division of Unclaimed Property, by November 1 of each year as of the preceding June 30. We noted during our audit that the City did not file the report of unclaimed property prior to the November 1 deadline.

Recommendation

We recommend that the City establish controls to ensure that the unclaimed property report is filed prior to the November 1 deadline each year.

12-03. Fund Balance

State Laws prohibit the deficits in any fund. We noted that the City's SID 98-1 debt service fund carried a deficit fund balance as of June 30, 2012.

Recommendation

We recommend that the City budget for and make transfers into the fund as necessary to eliminate the deficit fund balance. We also recommend that the City monitor its funds more closely to ensure that deficit fund balances are not created.

Please respond to the above Findings and Recommendations in letter form for submission to the Utah State Auditor's office as required by State law.

This report is intended solely for the information and use of the mayor, city council, management, and various federal and state agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to all those who assisted us in this year's audit. We invite you to ask questions of us throughout the year and we look forward to a continued professional relationship.

Sincerely,



HintonBurdick, PLLC  
February 1, 2013



# CEDAR CITY

10 NORTH MAIN • CEDAR CITY, UTAH 84720  
435-586-2950 • FAX: 435-586-4362  
www.cedarcity.org

Mayor  
Joe Burgess

Council Members  
Ronald R. Adams  
Nina R. Barnes  
John Black  
Paul Cozzens  
Don Marchant

City Manager  
Rick B. Holman

February 5, 2013

Hinton, Burdick, Hall & Spilker, PLLC  
239 South Main, Ste. 100  
Cedar City, UT 84720

Dear Hinton, Burdick, Hall & Spilker, PLLC:

As a result of Cedar City Corporation's (the City's) June 30, 2012 fiscal year audit, the City responds as follows to the items in the findings and recommendations letter dated February 1, 2013.

## Budgetary Compliance

The City intends to follow the guidelines set forth in the Fiscal Procedures Act for Utah Cities. The City will make additional efforts to identify budgetary overages and further educate departments on the appropriate procedures to address over-expended accounts.

## Unclaimed Property Report

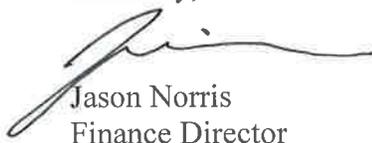
As indicated in the finding, the City did not submit the unclaimed property report to the Division of Unclaimed Property prior to November 1. The City will require multiple employees to monitor the submission deadline in the future to ensure that the report is filed in a timely manner. The report has since been filed.

## Fund Balance

The City carried a minor deficit balance in the SID 98-1 debt service fund. A fiscal 2013 budget adjustment will be submitted to eliminate the deficit fund balance. In the future, the City will continue to monitor the fund balance of the SID 98-1 fund and keep within the statutory limits.

If the City can be of further assistance or provide additional information relative to these findings, please call me at 865-5104.

Sincerely,



Jason Norris  
Finance Director