



**CEDAR CITY, UTAH**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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 84720

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar City, Utah's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The combining nonmajor fund financial statements and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014, on our consideration of Cedar City, Utah'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cedar City's internal control over financial reporting and compliance.

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

HintonBurdick, PLLC  
Cedar City, Utah  
January 31, 2014

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## 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, 2013. Please read this discussion and analysis in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- The City's total net assets at the close of the fiscal year were \$235,684,681. This amount is comprised of \$200,183,882 in capital assets net of related debt, \$7,507,975 of restricted net assets and \$27,992,824 in unrestricted net assets.
- Prior to all transfers in and out of the general fund, general fund revenues exceeded expenditures by \$2,236,188. After all transfers, general fund expenditures exceeded revenues by \$402,180. Transfers to the general fund for capital expenditures totaled \$974,554. Transfers from the general fund for capital projects, debt service and related expenses totaled \$3,612,922.
- The general fund's ending unassigned fund balance of \$3,376,298 represents 21 percent of the total budgeted expenditures and transfers for the fiscal year ending June 30, 2014.
- The City's total long-term debt increased \$2,404,234. The City issued \$4,000,000 in storm drain revenue bonds for storm drain infrastructure upgrades.
- Total net assets for the City's governmental activities decreased \$453,688 while total net assets for business-type activities increased \$2,140,672.

### 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 assets. Increases or decreases in net assets, 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 assets changed during the fiscal year reported. All changes in net assets 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 one of its governmental funds to be a major governmental fund requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on pages 62-69 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 six business-type activities. Four of the City's enterprise funds qualify as major funds.

- *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 assets and a statement of changes in fiduciary net assets. 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 32-56 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net assets, 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 \$235,684,681.

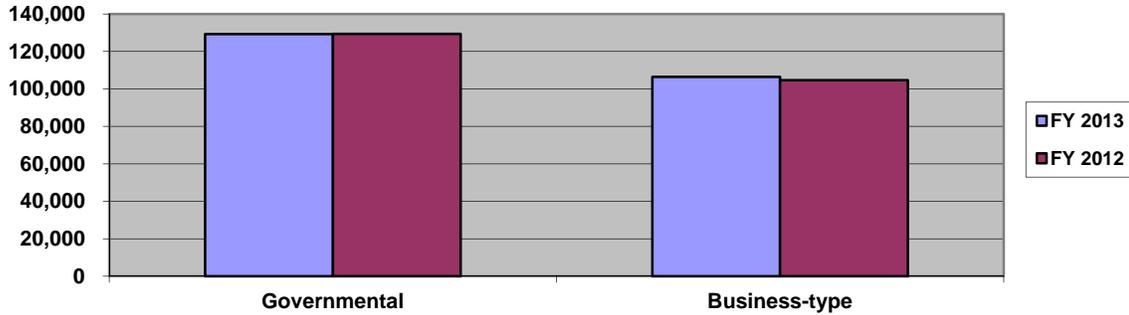
	CEDAR CITY'S NET POSITION			
	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Current and other assets	\$ 17,149,877	\$ 17,202,341	\$ 24,249,026	\$ 18,093,068
Capital assets	132,006,260	133,782,047	91,418,681	90,904,680
Total assets	149,156,137	150,984,388	115,667,707	108,997,748
Long-term debt outstanding	16,032,824	17,478,954	7,638,431	3,788,066
Other liabilities	3,863,484	4,165,222	1,604,424	552,197
Total liabilities	19,896,308	21,644,176	9,242,855	4,340,263
Net assets:				
Invested in capital assets, net of related debt	116,056,260	116,321,100	84,127,622	84,680,110
Restricted	4,194,634	5,993,428	3,313,341	3,266,786
Unrestricted	9,008,935	7,025,684	18,983,889	16,710,589
Total net position	\$129,259,829	\$129,340,212	\$106,424,852	\$104,657,485

CHANGES IN CEDAR CITY'S NET POSITION

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Revenues:				
Program revenues				
Charges for services	\$3,523,690	\$2,855,948	\$ 7,984,205	\$ 7,930,243
Operating grants and contributions	627,882	896,497		
Capital grants and contributions	1,846,959	2,563,505	813,020	360,023
General Revenues				
Property taxes	5,205,871	5,266,318		
Other taxes	8,181,476	7,883,537		
Investment income	80,528	100,127	201,799	213,258
Other revenues	516,864	938,393		
Gain (loss) on sale/disposal of assets	48,290		(11,325)	(8,791)
Total revenues	<u>20,031,560</u>	<u>20,504,325</u>	<u>8,987,699</u>	<u>8,494,733</u>
Expenses:				
General government	993,414	1,063,509		
Police protection	4,055,698	4,210,975		
Other public safety and inspection services	2,181,088	2,129,172		
Streets and highways	4,460,258	5,042,316		
Parks, cemetery and public property	1,390,022	1,479,599		
Culture and recreation	3,670,064	2,893,017		
Public works	1,218,188	1,274,636		
Community and economic development	984,868	1,061,298		
Transportation services	1,008,368	1,063,099		
Interest and fiscal charges	523,280	597,837		
Golf course			0	647,199
Water			3,279,514	3,300,205
Sewer system			1,076,990	1,099,295
Regional sewer plant			1,652,603	1,706,162
Storm drain			383,362	348,797
Solid waste			454,558	472,272
Total expenses	<u>20,485,248</u>	<u>20,815,458</u>	<u>6,847,027</u>	<u>7,573,930</u>
Increase in net assets before transfers	(453,688)	(311,133)	2,140,672	920,803
Transfers	0	(277,680)	0	277,680
Increase in net assets	<u>\$ (453,688)</u>	<u>\$ (588,813)</u>	<u>\$ 2,140,672</u>	<u>\$ 1,198,483</u>

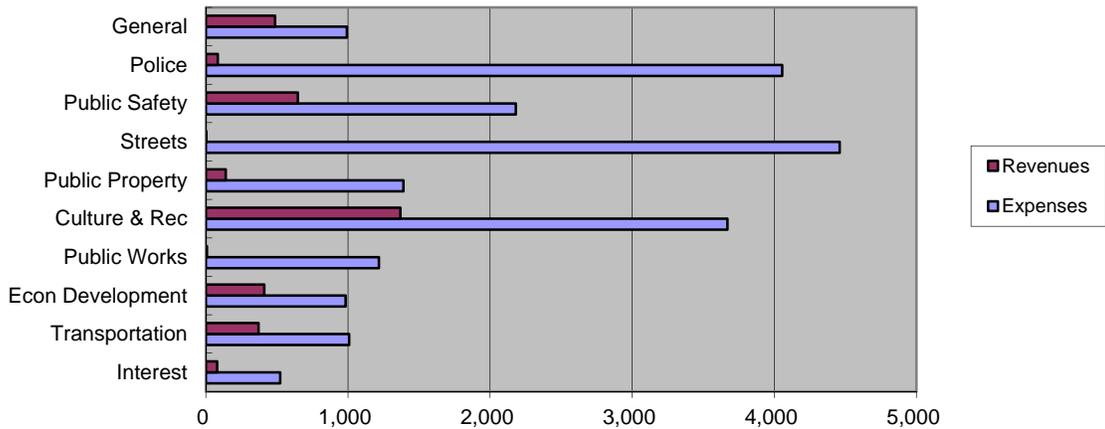
Governmental fund net assets decreased from \$129.3 million to \$129.2 million during fiscal year 2013, a decrease of .3 percent. Business-type net assets increased 2 percent from \$104.7 million in fiscal year 2012 to \$106.4 million in fiscal year 2013. This information is displayed in the graph below.

**CEDAR CITY'S NET POSITION BY FUND TYPE  
FY 2013 & FY 2012 COMPARISON  
(In thousands)**

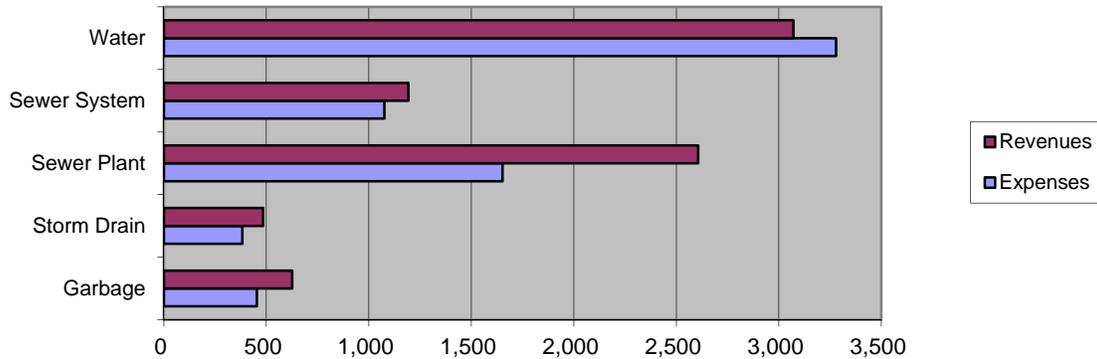


The following charts display program revenues and expenses for governmental activities and business-type activities for fiscal year 2013 as reflected in the statement of activities.

**PROGRAM REVENUES AND EXPENSES  
GOVERNMENTAL ACTIVITIES FOR FY 2013  
(In thousands)**



**PROGRAM REVENUES AND EXPENSES  
BUSINESS-TYPE ACTIVITIES FOR FY 2013  
(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.

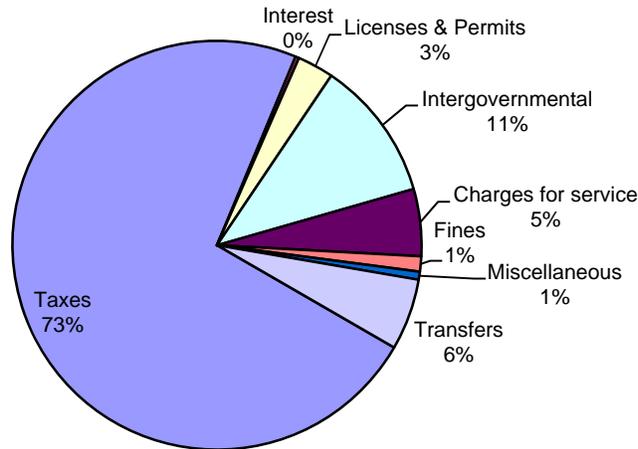
As of June 30, 2013, the City’s governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$14,455,439. This combined balance represents an increase of \$211,036 from last year’s ending combined fund 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 decreased \$402,180 to \$5.1 million during the fiscal year ending June 30, 2013. The \$3.37 million unrestricted fund balance represents 21 percent of budgeted expenditures and transfers for the fiscal year ending June 30, 2014. State law requires municipalities maintain a fund balance between 5 and 25 percent of the subsequent year’s budget.

The following charts identify general fund revenue sources and functional expenditures for fiscal year 2013.

**REVENUES BY SOURCE  
GENERAL FUND FOR FY 2013**



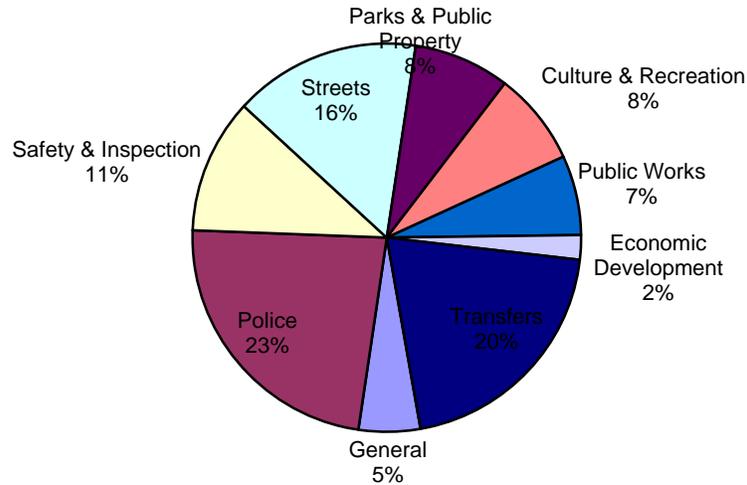
Taxes were the largest source of revenues in the general fund representing approximately 73 percent of total general fund revenues. Property tax revenues accounted for approximately 39 percent of all of the tax revenues generated in the general fund while sales taxes generated about 41 percent of the 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 11 percent of the general fund revenues, the second largest category for fiscal year 2013. Approximately 51 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 24 percent of intergovernmental revenues.

The third largest category, charges for services, made up 5 percent of general fund revenues. Approximately 51 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 15 percent of general fund revenues.

**EXPENDITURES BY FUNCTION  
GENERAL FUND FOR FY 2013**



Police functions accounted for 23 percent of all general fund expenditures. Approximately 93 percent of the police expenditures were operating expenditures.

Streets accounted for 16 percent of all general fund expenditures. Approximately 10 percent of these costs were for capital projects including street and intersections improvements, sidewalk improvements and equipment.

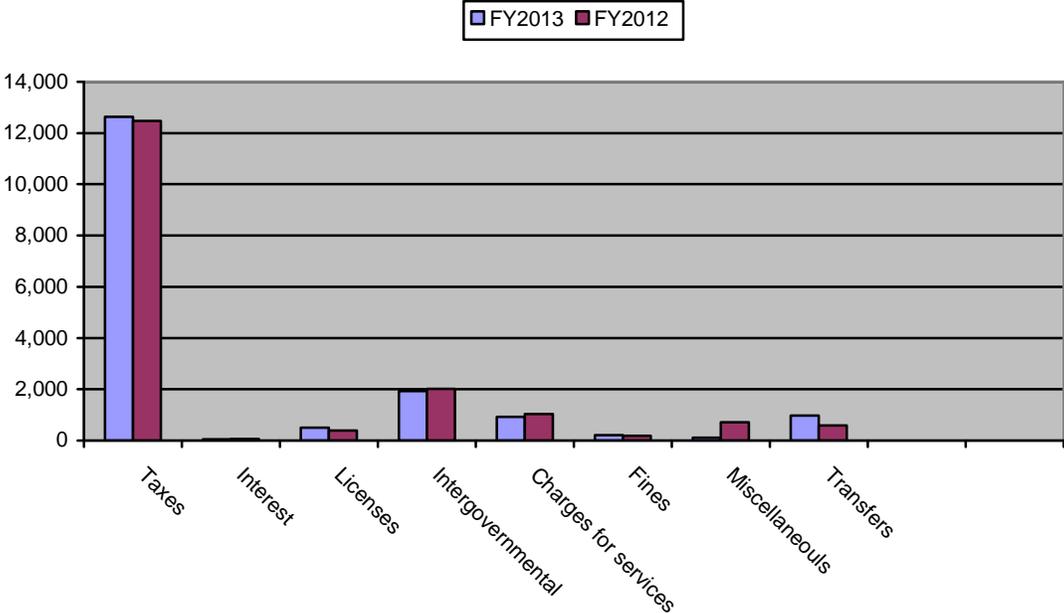
Transfers from the general fund to other funds, the second largest category, accounted for 20 percent of all general fund expenditures. Approximately 47 percent of the transfers were made to meet debt service obligations. An additional 17 percent of total transfers were made to subsidize operating costs for the aquatic center and golf course. The remaining 36 percent of transfers were made to special revenue funds.

Other public safety and inspection services accounted for 11 percent of all general fund expenditures. This category includes fire protection, building and zoning, animal control and justice court functions.

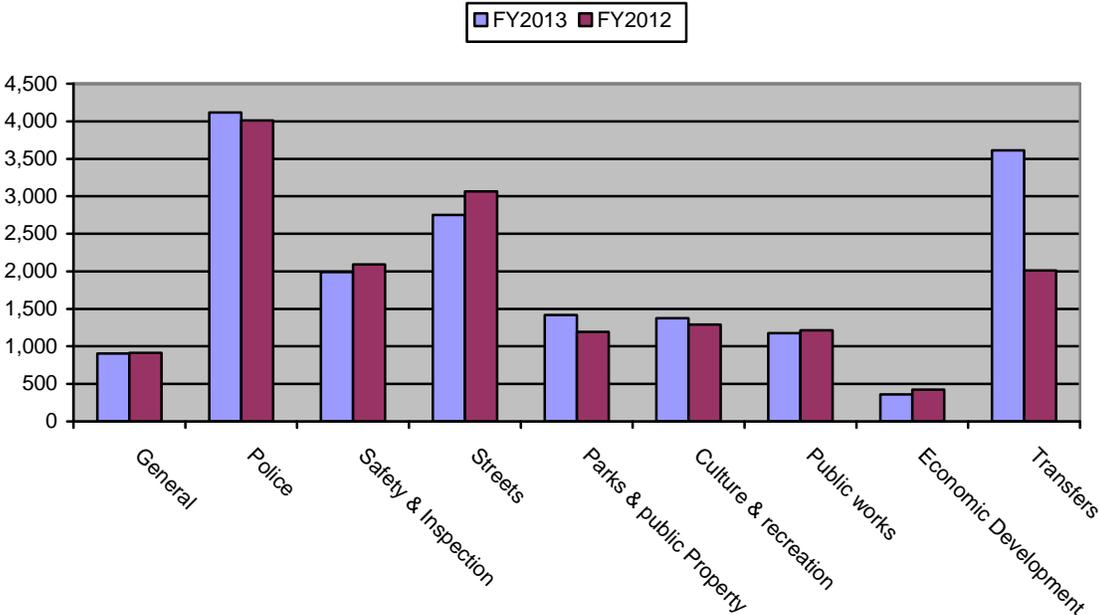
General government, public works, culture and recreation, parks and public property and economic development comprise the remaining categories of expenditures in the general fund. The combined percentage of expenditures in these categories accounted for 30 percent of total general fund expenditures.

The following charts compare fiscal year 2012 and 2013 general fund revenues and expenditures by source and function.

**REVENUES BY SOURCE  
GENERAL FUND COMPARISON FY 2013 & FY 2012  
(In thousands)**



**EXPENDITURES BY FUNCTION  
GENERAL FUND COMPARISON FY 2013 & FY 2012  
(In thousands)**



As was previously noted, the City maintains five 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 2013 originally adopted budget for the general fund totaled \$16,322,017. The City Council approved two budget revisions during the year. The first revision increased the budget by \$901,833. Two main issues necessitated this revision. First, capital projects budgeted in fiscal year 2012 were not complete by the end of that fiscal year. Thus, approximately \$814,000 of remaining funds were carried over to fiscal year 2013 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 \$1,792,522. A budget transfer of \$950,000 from the general fund to the capital projects fund accounts for much of this increase. Additional grant revenues were secured subsequent to the initial budget revision.

Actual general fund expenditures and transfers for the year ending June 30, 2013, totaled \$17,713,474. This amount is \$1,391,457 above the originally adopted budget and \$1,302,898 below the final revised budget of \$19,016,372.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2013, the City had invested \$223,424,940, 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	
	2013	2012	2013	2012
Land and water rights	\$ 48,392,594	\$ 48,159,714	\$12,279,959	\$12,376,002
Buildings	40,775,336	38,753,906	2,101,828	2,211,483
Improvements	37,181,285	35,854,025	70,307,905	66,408,729
Office equipment	108,873	136,143	6,614	10,104
Machinery and equipment	2,168,363	1,533,264	507,820	750,585
Automobiles and trucks	2,377,655	2,553,778	1,165,347	645,280
Construction in progress	1,002,153	6,791,217	5,049,208	8,502,497
Total	<u>\$132,006,259</u>	<u>\$133,782,047</u>	<u>\$91,418,681</u>	<u>\$90,904,680</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:

- \$145,889 golf cart storage facility funded with RAP tax
- \$154,088 Northfield road sewer line funded with an inter-fund loan
- \$147,117 Leigh hill access road funded with water user fees
- \$197,119 airport road water line funded with water user fees
- \$229,538 for a Condor automated garbage truck funded with solid waste fees
- \$297,454 Westview drive funded with transportation impact fees
- \$317,719 airport road improvements funded with C road funds
- \$335,922 2400 N funded with transportation impact fees
- \$359,688 SRE facility funded with a federal grant
- \$372,131 for a sewer cleaning truck funded with sewer collection fees
- \$412,636 Northfield road storm drain funded with user fees
- \$489,198 CATS shed building funded with a state grant
- \$720,219 Cove drive funded with a state grant and transportation impact fees
- \$1,266,728 airport fire station funded with a federal grant
- \$1,328,258 Quichapa well #8 funded with water fund user fees
- \$2,753,174 ball fields at the hills funded with contributions from the general fund, capital improvement fund, RDA fund, RAP tax fund, and park impact fees
- \$3,471,105 water line replacement project funded with water revenue bond

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 \$1.797 billion for tax year 2012. 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 2012 fair market values is \$215,714,532 comprised of \$71,904,844 for the 4 percent and \$143,809,688 for the additional 8 percent. In any case, the City's outstanding debt is significantly below the statutory debt limits.

At June 30, 2013, the City had total debt outstanding of \$23,532,000. Of this amount, \$8,979,000 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 \$198,000. The remaining debt of \$14,355,000 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	
	2013	2012	2013	2012
General obligation bonds	\$ 8,979,000	\$ 9,469,000		
Sales tax revenue bonds	6,800,000	7,565,000		
Municipal Building Authority:				
Lease revenue bonds				
Special improvement districts:				
Assessment bonds	198,000	386,000		
Revenue bonds			\$7,555,000	\$3,700,000
Capital leases				
Total	\$15,977,000	\$17,420,000	\$7,555,000	\$3,700,000

The city issued \$4,000,000 Storm Water Revenue Bonds, Series 2013 with an average interest rate of 2.68 percent.

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

**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.

**BASIC FINANCIAL STATEMENTS**

**CEDAR CITY, UTAH**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 14,250,606	\$ 22,778,965	\$ 37,029,571
Special assessments receivable	831,335	-	831,335
Accounts receivable	-	984,873	984,873
Other receivables	1,827,091	-	1,827,091
Inventory	117,061	394,742	511,803
Pre-paid expenses	4,312	-	4,312
Internal balances	36,648	(36,648)	-
Deferred charges	82,824	127,094	209,918
Capital assets:			
Non-depreciable	49,394,747	17,329,167	66,723,914
Depreciable, net of accumulated depreciation	82,611,513	74,089,514	156,701,027
Net capital assets	132,006,260	91,418,681	223,424,941
Total assets	149,156,137	115,667,707	264,823,844
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable and other current liabilities	2,150,128	1,402,167	3,552,295
Accrued interest payable	55,096	49,808	104,904
Unearned revenue	842,107	-	842,107
Compensated absences payable	678,050	121,867	799,917
Liability for closure and post closure costs	-	30,582	30,582
Net OPEB obligation	138,103	-	138,103
Noncurrent liabilities			
Portion due within one year	1,477,000	388,000	1,865,000
Portion due after one year	14,555,824	7,250,431	21,806,255
Total liabilities	19,896,308	9,242,855	29,139,163
Net position:			
Net investment in capital assets	116,056,260	84,127,622	200,183,882
Restricted for:			
Capital projects	161,250	-	161,250
Debt service	44,038	-	44,038
Community development	3,647,486	3,313,341	6,960,827
Other purposes	341,860	-	341,860
Unrestricted	9,008,935	18,983,889	27,992,824
Total net position	\$ 129,259,829	\$ 106,424,852	\$ 235,684,681

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

**CEDAR CITY, UTAH**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

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	\$ 993,414	\$ 488,443	\$ -	\$ -	\$ (504,971)	\$ -	\$ (504,971)
Police protection	4,055,698	84,424	165,627	44,182	(3,761,465)	-	(3,761,465)
Other public safety and inspection services	2,181,088	648,445	88,250	19,379	(1,425,014)	-	(1,425,014)
Streets and highways	4,460,258	1,475	8,160	1,227,287	(3,223,336)	-	(3,223,336)
Parks, cemetery and public property	1,390,022	140,421	-	133,992	(1,115,609)	-	(1,115,609)
Culture and recreation	3,670,064	1,369,735	135,863	1,530	(2,162,936)	-	(2,162,936)
Public works	1,218,188	7,956	-	87,550	(1,122,682)	-	(1,122,682)
Community and economic development	984,868	411,357	2,821	-	(570,690)	-	(570,690)
Transportation services	1,008,368	371,434	142,071	333,039	(161,824)	-	(161,824)
Interest and fiscal charges	523,280	-	85,090	-	(438,190)	-	(438,190)
Total governmental activities	20,485,248	3,523,690	627,882	1,846,959	(14,486,717)	-	(14,486,717)
<b>Business-type activities:</b>							
Water	3,279,514	3,071,558	-	361,063	-	153,107	153,107
Sewer system	1,076,990	1,193,215	-	49,189	-	165,414	165,414
Regional sewer plant	1,652,603	2,607,466	-	116,019	-	1,070,882	1,070,882
Storm drain	383,362	484,974	-	286,749	-	388,361	388,361
Solid waste	454,558	626,992	-	-	-	172,434	172,434
Total business-type activities	6,847,027	7,984,205	-	813,020	-	1,950,198	1,950,198
Total primary government	\$ 27,332,275	\$ 11,507,895	\$ 627,882	\$ 2,659,979	(14,486,717)	1,950,198	(12,536,519)
General revenues:							
Taxes:							
					4,883,985	-	4,883,985
					321,886	-	321,886
					1,939,284	-	1,939,284
					369,016	-	369,016
					5,453,802	-	5,453,802
					419,374	-	419,374
					80,528	201,799	282,327
					497,298	-	497,298
					19,566	-	19,566
					48,290	(11,325)	36,965
					14,033,029	190,474	14,223,503
					(453,688)	2,140,672	1,686,984
					129,713,517	104,284,180	233,997,697
					\$ 129,259,829	\$ 106,424,852	\$ 235,684,681

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

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**CEDAR CITY, UTAH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,278,597	\$ 8,929,071	\$ 14,207,668
Special assessments receivable	-	831,335	831,335
Other receivables	1,561,056	266,035	1,827,091
Prepaid expenditures	4,312	-	4,312
Due from other funds	169,196	304,000	473,196
Inventory	117,061	-	117,061
Total assets	<u>\$ 7,130,222</u>	<u>\$ 10,330,441</u>	<u>\$ 17,460,663</u>
<b>Liabilities:</b>			
Accounts payable	\$ 517,619	\$ 137,843	\$ 655,462
Payroll taxes payable	81,119	-	81,119
Other payables	1,412,285	-	1,412,285
Due to other funds	-	14,251	14,251
Unearned revenue	10,772	831,335	842,107
Total liabilities	<u>2,021,795</u>	<u>983,429</u>	<u>3,005,224</u>
<b>Fund balances:</b>			
Nonspendable	121,373	-	121,373
Restricted for:			
Capital projects	-	161,250	161,250
Debt service	-	44,038	44,038
Community development	1,577,549	2,069,937	3,647,486
Other	7,700	334,160	341,860
Committed	25,507	3,253,527	3,279,034
Assigned	-	3,484,100	3,484,100
Unassigned	3,376,298	-	3,376,298
Total fund balances	<u>5,108,427</u>	<u>9,347,012</u>	<u>14,455,439</u>
Total liabilities and fund balances	<u>\$ 7,130,222</u>	<u>\$ 10,330,441</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. 130,750,715

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. (16,821,249)

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. 874,924

**Net position of governmental activities** \$ 129,259,829

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, 2013**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 12,626,435	\$ 790,438	\$ 13,416,873
Interest earnings	49,981	56,547	106,528
Licenses and permits	497,298	-	497,298
Intergovernmental revenues	1,925,957	748,995	2,674,952
Charges for services	917,743	1,664,219	2,581,962
Fines and forfeitures	209,220	-	209,220
Miscellaneous	110,106	481,207	591,313
Total revenues	<u>16,336,740</u>	<u>3,741,406</u>	<u>20,078,146</u>
<b>Expenditures:</b>			
Current			
General government	906,906	-	906,906
Police protection	4,120,352	78,346	4,198,698
Other public safety and inspection services	1,990,732	5,021	1,995,753
Streets and highways	2,753,916	-	2,753,916
Parks, cemetery and public property	1,416,779	21,991	1,438,770
Culture and recreation	1,375,928	1,553,139	2,929,067
Public works	1,174,774	-	1,174,774
Community and economic development	361,165	453,466	814,631
Transportation services	-	449,247	449,247
Capital outlay	-	973,642	973,642
Debt service:			
Principal retirements	-	1,443,000	1,443,000
Interest and fiscal charges	-	548,559	548,559
Total expenditures	<u>14,100,552</u>	<u>5,526,411</u>	<u>19,626,963</u>
Excess of revenues over (under) expenditures	<u>2,236,188</u>	<u>(1,785,005)</u>	<u>451,183</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	974,554	4,222,834	5,197,388
Operating transfers out	<u>(3,612,922)</u>	<u>(1,584,466)</u>	<u>(5,197,388)</u>
Total other financing sources (uses)	<u>(2,638,368)</u>	<u>2,638,368</u>	<u>-</u>
Net change in fund balance	(402,180)	853,363	451,183
Fund balance, beginning of year	<u>5,510,607</u>	<u>8,493,649</u>	<u>14,004,256</u>
Fund balance, end of year	<u>\$ 5,108,427</u>	<u>\$ 9,347,012</u>	<u>\$ 14,455,439</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, 2013**

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

<b>Net change in fund balances-total governmental funds</b>	\$ 451,183
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.	(2,362,415)
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.	14,715
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.	10,557
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.	1,455,851
Net increase in compensated absences payable.	5,170
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net cost of the assets sold.	<u>(28,749)</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (453,688)</u></u>

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

**CEDAR CITY, UTAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 4,962,397	\$ 1,200,448	\$ 11,101,682
Accounts receivable (net of allowance)	486,505	74,161	265,667
Inventory	378,593	-	-
Due from other funds	267,352	-	1,513,092
Total current assets	<u>6,094,847</u>	<u>1,274,609</u>	<u>12,880,441</u>
Non-current assets:			
Deferred charges	95,294	-	-
Capital assets:			
Non-depreciable	13,034,675	979,272	1,319,401
Depreciable, net of accumulated depreciation	<u>38,730,209</u>	<u>20,997,860</u>	<u>4,610,053</u>
Net capital assets	<u>51,764,884</u>	<u>21,977,132</u>	<u>5,929,454</u>
Total non-current assets	<u>51,860,178</u>	<u>21,977,132</u>	<u>5,929,454</u>
Total assets	<u>57,955,025</u>	<u>23,251,741</u>	<u>18,809,895</u>
<b>Liabilities and Net Position</b>			
Liabilities:			
Current liabilities:			
Accounts payable	358,274	19,361	30,546
Accrued interest	22,037	-	-
Deposits payable	43,311	-	-
Compensated absences payable	59,842	19,396	25,329
Bonds payable within one year	145,000	-	-
Due to other funds	-	1,513,092	-
Total current liabilities	<u>628,464</u>	<u>1,551,849</u>	<u>55,875</u>
Non-current liabilities:			
Liability for closure and post closure costs	-	-	-
Bonds payable after one year	<u>3,493,431</u>	-	-
Total non-current liabilities	<u>3,493,431</u>	-	-
Total liabilities	<u>4,121,895</u>	<u>1,551,849</u>	<u>55,875</u>
Net position:			
Net investment in capital assets	48,126,453	20,464,040	5,929,454
Restricted for:			
Community development	1,644,827	-	765,420
Unrestricted	<u>4,061,850</u>	<u>1,235,852</u>	<u>12,059,146</u>
Total net position	<u>\$ 53,833,130</u>	<u>\$ 21,699,892</u>	<u>\$ 18,754,020</u>

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

<b>Storm Drain Utility</b>	<b>Nonmajor Solid Waste Fund</b>	<b>Total</b>	<b>Public Works Facilities Internal Service Fund</b>
\$ 4,603,793	\$ 910,645	\$ 22,778,965	\$ 42,938
65,536	93,004	984,873	-
-	16,149	394,742	-
-	-	1,780,444	-
<u>4,669,329</u>	<u>1,019,798</u>	<u>25,939,024</u>	<u>42,938</u>
31,800	-	127,094	-
1,995,819	-	17,329,167	500
<u>9,196,333</u>	<u>555,059</u>	<u>74,089,514</u>	<u>1,255,045</u>
<u>11,192,152</u>	<u>555,059</u>	<u>91,418,681</u>	<u>1,255,545</u>
<u>11,223,952</u>	<u>555,059</u>	<u>91,545,775</u>	<u>1,255,545</u>
<u>15,893,281</u>	<u>1,574,857</u>	<u>117,484,799</u>	<u>1,298,483</u>
884,902	65,773	1,358,856	1,262
27,771	-	49,808	-
-	-	43,311	-
1,620	15,680	121,867	-
243,000	-	388,000	-
<u>304,000</u>	<u>-</u>	<u>1,817,092</u>	<u>422,297</u>
<u>1,461,293</u>	<u>81,453</u>	<u>3,778,934</u>	<u>423,559</u>
-	30,582	30,582	-
<u>3,757,000</u>	<u>-</u>	<u>7,250,431</u>	<u>-</u>
<u>3,757,000</u>	<u>30,582</u>	<u>7,281,013</u>	<u>-</u>
<u>5,218,293</u>	<u>112,035</u>	<u>11,059,947</u>	<u>423,559</u>
9,052,616	555,059	84,127,622	833,248
903,094	-	3,313,341	-
<u>719,278</u>	<u>907,763</u>	<u>18,983,889</u>	<u>41,676</u>
<u>\$ 10,674,988</u>	<u>\$ 1,462,822</u>	<u>\$ 106,424,852</u>	<u>\$ 874,924</u>

**CEDAR CITY, UTAH**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>
<b>Operating revenues:</b>			
Charges for services	\$ 2,998,519	\$ 1,192,210	\$ 2,602,769
Penalties	72,189	-	-
Miscellaneous	850	1,005	4,697
Total operating revenues	<u>3,071,558</u>	<u>1,193,215</u>	<u>2,607,466</u>
<b>Operating expenses:</b>			
Salaries	526,390	144,725	318,087
Employees benefits	280,683	96,804	164,221
Administration	155,521	53,013	69,177
Utilities	547,867	31,406	181,853
Professional services	14,974	1,704	12,013
Repairs and maintenance	396,759	41,246	110,682
Insurance	14,439	6,004	10,494
Miscellaneous	7,783	21,867	9,222
Supplies	273,047	34,750	57,043
Closure and post closure expenses	-	-	-
Depreciation	931,445	586,076	719,811
Total operating expenses	<u>3,148,908</u>	<u>1,017,595</u>	<u>1,652,603</u>
Operating income (loss)	(77,350)	175,620	954,863
<b>Nonoperating revenues (expenses):</b>			
Interest earnings	42,504	8,051	128,649
Impact fees	344,275	49,189	116,019
Water acquisition fee	16,788	-	-
Grant revenue	-	-	-
Gain (loss) on disposal of assets	252	-	6,621
Interest and fiscal charges	(130,606)	(59,395)	-
Total nonoperating revenues (expenses)	<u>273,213</u>	<u>(2,155)</u>	<u>251,289</u>
<b>Change in net assets</b>	195,863	173,465	1,206,152
<b>Total net position, beginning of year</b>	<u>53,637,267</u>	<u>21,526,427</u>	<u>17,547,868</u>
<b>Total net position, end of year</b>	<u>\$ 53,833,130</u>	<u>\$ 21,699,892</u>	<u>\$ 18,754,020</u>

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

<b>Storm Drain Utility Fund</b>	<b>Nonmajor Solid Waste Fund</b>	<b>Total</b>	<b>Public Works Facilities Internal Service Fund</b>
\$ 483,668	\$ 626,992	\$ 7,904,158	\$ 88,088
-	-	72,189	-
1,306	-	7,858	-
<u>484,974</u>	<u>626,992</u>	<u>7,984,205</u>	<u>88,088</u>
37,083	104,060	1,130,345	3,393
18,473	71,384	631,565	449
73,757	70,718	422,186	-
405	137	761,668	22,465
942	344	29,977	75
15,934	24,157	588,778	4,748
1,047	3,309	35,293	2,093
46,387	13,443	98,702	-
8,545	71,705	445,090	1,117
-	9,915	9,915	-
144,859	85,386	2,467,577	21,196
<u>347,432</u>	<u>454,558</u>	<u>6,621,096</u>	<u>55,536</u>
137,542	172,434	1,363,109	32,552
17,361	5,234	201,799	259
96,749	-	606,232	-
-	-	16,788	-
190,000	-	190,000	-
-	(18,198)	(11,325)	-
(35,930)	-	(225,931)	(18,096)
<u>268,180</u>	<u>(12,964)</u>	<u>777,563</u>	<u>(17,837)</u>
405,722	159,470	2,140,672	14,715
<u>10,269,266</u>	<u>1,303,352</u>	<u>104,284,180</u>	<u>860,209</u>
<u>\$ 10,674,988</u>	<u>\$ 1,462,822</u>	<u>\$ 106,424,852</u>	<u>\$ 874,924</u>

**CEDAR CITY, UTAH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 2,964,161	\$ 1,198,817	\$ 2,612,346
Cash payments to suppliers for goods and services	(1,026,974)	(162,882)	(371,726)
Cash payments to employees for services	(799,374)	(239,247)	(485,107)
Cash payments to other funds for services provided	(155,521)	(53,013)	(69,177)
Net cash flows from operating activities	<u>982,292</u>	<u>743,675</u>	<u>1,686,336</u>
<b>Cash flows from noncapital financing activities:</b>			
Loans due from other funds	19,061	-	185,407
Loans due to other funds	-	(185,407)	-
Net cash flows from noncapital financing activities	<u>19,061</u>	<u>(185,407)</u>	<u>185,407</u>
<b>Cash flows from capital and related financing activities:</b>			
Cash received from impact fees	344,275	49,189	116,019
Other receipts (payments)	72,541	-	-
Acquisition of capital assets	(550,378)	(543,209)	(493,037)
Proceeds from the sale of capital assets	252	-	37,763
Proceeds from capital debt	-	-	-
Interest paid on capital debt	(135,845)	(59,395)	-
Principal paid on capital debt	(145,000)	-	-
Net cash flows from capital and related activities	<u>(414,155)</u>	<u>(553,415)</u>	<u>(339,255)</u>
<b>Cash flows from investing activities:</b>			
Interest received	42,504	8,051	128,649
Net cash flows from investing activities	<u>42,504</u>	<u>8,051</u>	<u>128,649</u>
Net change in cash and cash equivalents	<u>629,702</u>	<u>12,904</u>	<u>1,661,137</u>
<b>Cash and cash equivalents - beginning (including restricted cash)</b>	<u>4,332,695</u>	<u>1,187,544</u>	<u>9,440,545</u>
<b>Cash and cash equivalents - ending (including restricted cash)</b>	<u>\$ 4,962,397</u>	<u>\$ 1,200,448</u>	<u>\$ 11,101,682</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ (77,350)	\$ 175,620	\$ 954,863
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	931,445	586,076	719,811
Amortization of deferred charges	5,294	-	-
(Increase) decrease in accounts receivable	(110,872)	5,602	4,880
(Increase) decrease in inventory	(2,730)	-	-
Increase (decrease) in accounts payable	225,331	(25,905)	9,581
Increase (decrease) in deposits	3,475	-	-
Increase (decrease) in compensated absences	7,699	2,282	(2,799)
Increase (decrease) in closure and post closure liability	-	-	-
Total adjustments	<u>1,059,642</u>	<u>568,055</u>	<u>731,473</u>
Net cash flows from operating activities	<u>\$ 982,292</u>	<u>\$ 743,675</u>	<u>\$ 1,686,336</u>

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

<b>Storm Drain Utility Fund</b>	<b>Nonmajor Solid Waste Fund</b>	<b>Total</b>	<b>Public Works Facilities Internal Service Fund</b>
\$ 445,824	\$ 626,057	\$ 7,847,205	\$ 88,088
810,957	(116,012)	(866,637)	(29,399)
(54,520)	(169,527)	(1,747,775)	(3,842)
(73,757)	(70,718)	(422,186)	-
<u>1,128,504</u>	<u>269,800</u>	<u>4,810,607</u>	<u>54,847</u>
-	-	204,468	-
(511,952)	-	(697,359)	(30,108)
<u>(511,952)</u>	<u>-</u>	<u>(492,891)</u>	<u>(30,108)</u>
96,749	-	606,232	-
190,000	-	262,541	-
(1,856,925)	(229,539)	(3,673,088)	-
-	5,597	43,612	-
3,968,200	-	3,968,200	-
(8,159)	-	(203,399)	(18,096)
-	-	(145,000)	-
<u>2,389,865</u>	<u>(223,942)</u>	<u>859,098</u>	<u>(18,096)</u>
17,361	5,234	201,799	259
<u>17,361</u>	<u>5,234</u>	<u>201,799</u>	<u>259</u>
<u>3,023,778</u>	<u>51,092</u>	<u>5,378,613</u>	<u>6,902</u>
1,580,015	859,553	17,400,352	36,036
<u>\$ 4,603,793</u>	<u>\$ 910,645</u>	<u>\$ 22,778,965</u>	<u>\$ 42,938</u>
\$ 137,542	\$ 172,434	\$ 1,363,109	\$ 32,552
144,859	85,386	2,467,577	21,196
-	-	5,294	-
(39,150)	(935)	(140,475)	-
-	(11,310)	(14,040)	-
884,217	8,393	1,101,617	1,099
-	-	3,475	-
1,036	5,917	14,135	-
-	9,915	9,915	-
<u>990,962</u>	<u>97,366</u>	<u>3,447,498</u>	<u>22,295</u>
<u>\$ 1,128,504</u>	<u>\$ 269,800</u>	<u>\$ 4,810,607</u>	<u>\$ 54,847</u>

**CEDAR CITY, UTAH**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2013**

	<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	\$ 71,364	\$ -	\$ 71,364
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	-	(333,795)	(333,795)
Total assets	<u>71,364</u>	<u>1,587,459</u>	<u>1,658,823</u>
<b>Liabilities</b>			
Cash overdraft	-	56,845	56,845
Due to others	-	500	500
Total liabilities	<u>-</u>	<u>57,345</u>	<u>57,345</u>
<b>Net position</b>			
Held in trust for others	<u>\$ 71,364</u>	<u>\$ 1,530,114</u>	<u>\$ 1,601,478</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, 2013**

	<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	\$ 473	\$ -	\$ 473
Total additions	<u>473</u>	<u>-</u>	<u>473</u>
<b>Deductions</b>			
Repairs and maintenance	-	20,242	20,242
Supplies	-	188	188
Insurance	1,802	7,858	9,660
Professional services	-	495	495
Miscellaneous	-	126	126
Depreciation	-	34,363	34,363
Total deductions	<u>1,802</u>	<u>63,272</u>	<u>65,074</u>
Change in net assets	(1,329)	(63,272)	(64,601)
Net position - beginning	<u>72,693</u>	<u>1,593,386</u>	<u>1,666,079</u>
Net position - ending	<u>\$ 71,364</u>	<u>\$ 1,530,114</u>	<u>\$ 1,601,478</u>

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

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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

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**Description of government-wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Reporting Entity**

Cedar City, Utah (government) is a municipal corporation governed by an elected mayor and five member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**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, 2013**

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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, 2013**

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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 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.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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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, 2013**

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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, 2013**

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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)	\$ 16,032,824
Bond issuance costs	(82,824)
Compensated absences	678,050
Accrued interest	55,096
Net OPEB obligation	<u>138,103</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 16,821,249</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	\$ 2,216,828
Depreciation expense	<u>(4,579,243)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,362,415)</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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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	\$ 1,443,000
Changes in accrued interest payable	22,149
Amortization of bond issuance costs	(12,428)
Amortization of bond premiums and deferred amounts	<u>3,130</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>\$ 1,455,851</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, 2013**

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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, 2013**

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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, 2013, \$2,086,475 of the City's bank balance of \$2,414,620 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, 2013**

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

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As of June 30, 2013, the City had the following investments, ratings, and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturity (2)</u>
State Treasurer's Investment Pool	\$ 34,996,536	N/A	73.71

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity. Taken from Utah Public Treasurer's Investment Fund Portfolio Statistics as of June 30, 2013.

**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.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

<b>Governmental Activities:</b>	<b>Balance 6/30/2012</b>	<b>Additions</b>	<b>Reclass*</b>	<b>Deletions</b>	<b>Balance 6/30/2013</b>
Capital assets, not being depreciated:					
Land	\$ 48,159,714	\$ 126,039	\$ 106,841	\$ -	\$ 48,392,594
Construction in progress	6,791,217	496,142	145,890	(6,431,096)	1,002,153
Total capital assets, not being depreciated	<u>54,950,931</u>	<u>622,181</u>	<u>252,731</u>	<u>(6,431,096)</u>	<u>49,394,747</u>
Capital assets, being depreciated:					
Buildings and improvements	43,475,309	2,952,659	250,910	-	46,678,878
Improvements other than buildings	62,026,378	4,095,363	188,924	-	66,310,665
Office furniture and equipment	518,706	7,367	-	-	526,073
Machinery and equipment	2,994,132	567,242	409,350	(148,330)	3,822,394
Automobiles and trucks	6,539,137	403,113	10,987	(152,350)	6,800,887
Total capital assets, being depreciated	<u>115,553,662</u>	<u>8,025,744</u>	<u>860,171</u>	<u>(300,680)</u>	<u>124,138,897</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,721,403)	(1,064,804)	(117,335)	-	(5,903,542)
Improvements other than buildings	(26,172,353)	(2,846,692)	(110,335)	-	(29,129,380)
Office furniture and equipment	(382,563)	(34,637)	-	-	(417,200)
Machinery and equipment	(1,460,868)	(227,420)	(237,673)	271,931	(1,654,030)
Automobiles and trucks	(3,985,359)	(426,886)	(10,987)	-	(4,423,232)
Total accumulated depreciation	<u>(36,722,546)</u>	<u>(4,600,439)</u>	<u>(476,330)</u>	<u>271,931</u>	<u>(41,527,384)</u>
Total capital assets, being depreciated, net	<u>78,831,116</u>	<u>3,425,305</u>	<u>383,841</u>	<u>(28,749)</u>	<u>82,611,513</u>
Governmental activities capital assets, net	<u>\$ 133,782,047</u>	<u>\$ 4,047,486</u>	<u>\$ 636,572</u>	<u>\$ (6,459,845)</u>	<u>\$ 132,006,260</u>

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

<b>Governmental Activities:</b>	
General government	\$ 143,248
Police protection	204,063
Other public safety and inspection services	186,377
Streets and highways	2,053,617
Parks, cemetery, and public property	417,522
Culture and recreation	724,791
Public works	141,168
Community and economic development	170,462
Transportation services	559,191
Total depreciation expense - governmental activities	<u>\$ 4,600,439</u>

\*See footnote 16 regarding change in reporting of Golf Course Fund.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5. Capital Assets, Continued**

<b>Business-type Activities:</b>	<b>Balance 6/30/2012</b>	<b>Additions</b>	<b>Reclass*</b>	<b>Deletions</b>	<b>Balance 6/30/2013</b>
Capital assets not being depreciated:					
Land and water rights	\$ 12,376,002	\$ 10,798	\$ (106,841)	\$ -	\$ 12,279,959
Construction in progress	8,502,497	2,869,589	(145,890)	(6,176,988)	5,049,208
Total capital assets, not being depreciated	<u>20,878,499</u>	<u>2,880,387</u>	<u>(252,731)</u>	<u>(6,176,988)</u>	<u>17,329,167</u>
Capital assets being depreciated:					
Buildings	3,790,813	104,229	(250,910)	-	3,644,132
Improvements other than buildings	93,060,980	6,117,351	(188,924)	-	98,989,407
Office furniture and equipment	32,693	-	-	-	32,693
Machinery and equipment	1,474,029	39,478	(409,350)	(48,938)	1,055,219
Automobiles and trucks	1,728,052	708,631	(10,987)	(240,796)	2,184,900
Total capital assets, being depreciated	<u>100,086,567</u>	<u>6,969,689</u>	<u>(860,171)</u>	<u>(289,734)</u>	<u>105,906,351</u>
Less accumulated depreciation for:					
Buildings	(1,579,330)	(80,309)	117,335	-	(1,542,304)
Improvements other than buildings	(26,652,251)	(2,139,586)	110,335	-	(28,681,502)
Office furniture and equipment	(22,589)	(3,490)	-	-	(26,079)
Machinery and equipment	(723,444)	(79,423)	237,673	17,795	(547,399)
Automobiles and trucks	(1,082,772)	(164,768)	10,987	217,000	(1,019,553)
Total accumulated depreciation	<u>(30,060,386)</u>	<u>(2,467,576)</u>	<u>476,330</u>	<u>234,795</u>	<u>(31,816,837)</u>
Total capital assets, being depreciated, net	<u>70,026,181</u>	<u>4,502,113</u>	<u>(383,841)</u>	<u>(54,939)</u>	<u>74,089,514</u>
Business-type activities capital assets, net	<u>\$ 90,904,680</u>	<u>\$ 7,382,500</u>	<u>\$ (636,572)</u>	<u>\$ (6,231,927)</u>	<u>\$ 91,418,681</u>

\*See footnote 16 regarding change in reporting of Golf Course Fund.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 6. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2013.

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2013</u>	<u>Current Portion</u>
<b>Governmental activities:</b>					
<b>General obligation bonds:</b>					
Library bond CIB	\$ 1,732,000	\$ -	\$ 96,000	\$ 1,636,000	\$ 99,000
Aquatic center bond 2009	6,657,000	-	182,000	6,475,000	189,000
Library refunding bond 2012	1,080,000	-	212,000	868,000	211,000
Less deferred amounts:					
On refunding	(38,478)	-	(7,696)	(30,782)	-
Total general obligation	<u>9,430,522</u>	<u>-</u>	<u>482,304</u>	<u>8,948,218</u>	<u>499,000</u>
<b>Special assessment bonds:</b>					
02-1 Special assessment bond	386,000	-	188,000	198,000	198,000
Total special assessment	<u>386,000</u>	<u>-</u>	<u>188,000</u>	<u>198,000</u>	<u>198,000</u>
<b>Revenue bonds:</b>					
Sales tax revenue refunding bond 2011	7,565,000	-	765,000	6,800,000	780,000
Bond premium	97,432	-	10,826	86,606	-
Total revenue bonds	<u>7,662,432</u>	<u>-</u>	<u>775,826</u>	<u>6,886,606</u>	<u>780,000</u>
Governmental activity long-term liabilities	<u>17,478,954</u>	<u>-</u>	<u>1,446,130</u>	<u>16,032,824</u>	<u>1,477,000</u>
<b>Business-type activities:</b>					
<b>Revenue bonds:</b>					
Storm drain revenue bond 2013	-	4,000,000	-	4,000,000	243,000
Water revenue bond 2011	3,700,000	-	145,000	3,555,000	145,000
Bond premium	88,066	-	4,635	83,431	-
Total revenue bonds	<u>3,788,066</u>	<u>4,000,000</u>	<u>149,635</u>	<u>7,638,431</u>	<u>388,000</u>
Business-type activity long-term liabilities	<u>3,788,066</u>	<u>4,000,000</u>	<u>149,635</u>	<u>7,638,431</u>	<u>388,000</u>
Total long-term liabilities	<u>\$ 21,267,020</u>	<u>\$ 4,000,000</u>	<u>\$ 1,595,765</u>	<u>\$ 23,671,255</u>	<u>\$ 1,865,000</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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

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Bonds payable at June 30, 2013 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%	\$ 1,636,000
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%	6,475,000
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>868,000</u>
Total general obligation bonds	<u>8,979,000</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%	6,800,000
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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%	3,555,000
Storm Drain Revenue Bonds - Series 2013 issued for \$4,000,000 payable in installments of \$241,000 to \$312,000, bearing interest of 0.80% to 3.20%	<u>4,000,000</u>
Total revenue bonds	<u>14,355,000</u>

**Special assessment bonds:**

**Governmental activities:**

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>198,000</u>
Total special assessment bonds	<u>198,000</u>

Total long-term debt	23,532,000
Plus: Bond premium	
Governmental activities	86,606
Business-type activities	83,431
Less: Deferred amount on refunding	(30,782)
Less: Current portion:	
Governmental activities	(1,477,000)
Business-type activities	<u>(388,000)</u>
<b>Net long-term debt</b>	<u><u>\$ 21,806,255</u></u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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

The City's total bonded debt service maturities at June 30, 2013 are as follows:

Year Ended June 30,	Business-type Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 388,000	\$ 209,497	\$ 597,497	\$ 1,477,000	\$ 510,994	\$ 1,987,994
2015	391,000	206,411	597,411	1,310,000	472,960	1,782,960
2016	398,000	199,742	597,742	1,341,000	440,401	1,781,401
2017	406,000	192,540	598,540	1,378,000	406,622	1,784,622
2018	414,000	184,388	598,388	1,185,000	371,653	1,556,653
2019-2023	2,222,000	769,018	2,991,018	4,556,000	1,288,387	5,844,387
2024-2028	2,571,000	424,836	2,995,836	2,042,000	757,490	2,799,490
2029-2033	765,000	66,275	831,275	1,844,000	395,800	2,239,800
2033-2035	-	-	-	844,000	50,960	894,960
Total	<u>\$ 7,555,000</u>	<u>\$ 2,252,707</u>	<u>\$ 9,807,707</u>	<u>\$ 15,977,000</u>	<u>\$ 4,695,267</u>	<u>\$ 20,672,267</u>

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.

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 7. Interfund Transactions and Balances**

Individual fund receivable and payable balances at June 30, 2013 were:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 169,196	\$ -
Nonmajor Governmental Funds	304,000	14,251
Public Works Facilities Internal Service Fund	-	422,297
Water Fund	267,352	-
Sewer Collection System Fund	-	1,513,092
Sewer Plant Fund	1,513,092	-
Storm Drain Utility Fund	-	304,000
Total	<u>\$ 2,253,640</u>	<u>\$ 2,253,640</u>

Loans outstanding from the general fund, capital improvements fund, water fund, and regional sewer fund in the amount of \$2,239,389 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, 2013 consisted of the following:

	<u>Transfers out:</u>		
	General Fund	Nonmajor Governmental Funds	Total Transfers in
<b>Transfer in:</b>			
General Fund	\$ -	\$ 974,554	\$ 974,554
Nonmajor Governmental Funds	3,612,922	609,912	4,222,834
Total transfers out	<u>\$ 3,612,922</u>	<u>\$ 1,584,466</u>	<u>\$ 5,197,388</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, 2013**

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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, 2013**

**NOTE 8. Equity Classifications, Continued**

The components of fund equity are as follows:

**Governmental Activities**

**General fund:**

Nonspendable	
Inventory	\$ 117,061
Prepays	4,312
Total nonspendable	<u>\$ 121,373</u>
Restricted for:	
Community development	
Class C roads	\$ 1,513,404
State liquor funds	53,707
Perry legacy donation	10,438
Other	
Federal and state grants	7,700
Total restricted	<u>\$ 1,585,249</u>
Committed to:	
Traffic school	\$ 25,507
Total committed	<u>\$ 25,507</u>

**Other Governmental funds:**

Restricted for:	
Capital projects	
Capital improvement	\$ 161,250
Debt service	
SID guarantee	43,537
Special Improve 2002-1	501
Community development	
Transportation impact fees	841,223
Parks impact fees	397,387
Public safety impact fees	74,579
RAP tax	756,748
Other	
Parking authority	125,899
Task force	208,261
Total restricted	<u>\$ 2,609,385</u>
Committed to:	
Aquatic center	\$ 228
Airport	387,490
Golf course	11,540
RDA	2,854,269
Total committed	<u>\$ 3,253,527</u>
Assigned to:	
Debt service	\$ 24,454
Capital Improvements	3,459,646
Total assigned	<u>\$ 3,484,100</u>

**Business-type Activities**

**Water fund:**

Restricted for:	
Community development	\$ 1,644,827
Total restricted	<u>\$ 1,644,827</u>

**Storm Drain:**

Restricted for:	
Community development	\$ 903,094
Total restricted	<u>\$ 903,094</u>

**Regional sewer plant fund:**

Restricted for:	
Community development	\$ 765,420
Total restricted	<u>\$ 765,420</u>

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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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 Contributory and Noncontributory Retirement Systems, the Public Safety Contributory and Noncontributory Retirement Systems 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 Contributory and Noncontributory Retirement Systems, Cedar City is required to contribute 12.74 percent and 16.04 percent of their annual covered salary respectively. In the Public Safety Contributory and Noncontributory Retirement Systems, Cedar City was required to contribute 21.94 percent and 33.65 percent of their annual covered salary respectively. In the Firefighter's System, the City contributes 17.71 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, 2013**

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

The required contributions and amounts received for the 2013 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>Contributory System:</b>					
Local Governmental Division					
	2013	\$ -	\$ -	\$ 22,826	\$ 266,657
	2012	-	-	3,846	50,672
<b>Noncontributory System:</b>					
Local Governmental Division					
	2013	\$ -	\$ -	\$ 655,208	\$ 4,069,362
	2012	-	-	585,542	4,355,050
	2011	-	-	529,651	3,961,491
<b>Public Safety System:</b>					
Other Division A Contributory					
	2013	\$ -	\$ 8,511	\$ 15,471	\$ 69,251
	2012	-	8,520	12,715	69,327
	2011	-	7,497	11,188	61,002
Other Division A Contributory					
	2013	\$ -	\$ -	\$ 2,831.00	\$ 25,504
Other Division A Noncontributory					
	2013	\$ -	\$ -	\$ 474,174	\$ 1,494,654
	2012	-	-	406,632	1,504,675
	2011	-	-	362,332	1,257,222
<b>Firefighters System:</b>					
Division A					
	2013	\$ -	\$ 72,819	\$ 12,871	\$ 483,846
	2012	-	72,123	2,396	479,220
	2011	-	64,158	7,332	426,297
<b>Defined Contribution System:</b>					
401(k) Plan					
	2013	\$ 115,819	\$ 33,953		
	2012	147,090	28,859		
	2011	139,239	27,321		
Roth IRA Plan					
	2013	\$ 12,298	\$ -		
	2012	7,085	-		
	2011	2,070	-		

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**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**

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, 2013, the City’s OPEB cost (expense) of \$37,590 was \$9,875 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		6,690
Adjustments to annual required contribution		<u>(16,565)</u>
Annual OPEB cost (expense)		37,590
Contributions made		<u>(48,147)</u>
Decrease in net OPEB obligation		(10,557)
Net OPEB obligations - beginning of year		<u>148,660</u>
Net OPEB obligations - end of year	\$	<u><u>138,103</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, 2013 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, 2013	\$ 37,590	48,147	128.1%	\$ 138,103

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

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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, 2013 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, 2013 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, 2013**

**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, 2013, the City had \$90,000 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 Agencies are required to disclose the following revenues and expenditures associated with the various project areas:

	<b>Cedar</b>		
	<b><u>Downtown</u></b>	<b><u>Port 15</u></b>	<b><u>GENPAK</u></b>
Tax increment collected	\$ -	\$ 225,650	\$ 96,236
Interest income	\$ 16,058	\$ -	\$ -
Miscellaneous revenues	\$ 339,417	\$ -	\$ -
Balance of debt	None	None	None
Funds expended:			
Site improvements and maintenance	\$ 365,743	\$ 93,600	\$ -
Administrative costs	\$ 11,599	\$ 95,450	\$ -
Net transfers in (out)	\$ 8,600	\$ -	\$ -

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 14.     Litigation**

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.

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

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	\$ 49,025
Total closure costs	49,025
Post-closure costs:	
Vegetative cover	2,451
Total post-closure costs	2,451
Total costs	\$ 51,476

To date, Cedar City had not incurred any closure or post-closure care costs but has recorded a liability of \$30,582 towards these costs.

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

Bulloch Pit     59.41 percent

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

Bulloch Pit     7.5 years

**CEDAR CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 16. Change in Reporting**

For fiscal year 2013, the golf course fund, which had previously been classified as an enterprise fund, was reclassified as a special revenue fund. Management deemed this classification more appropriate because the fund was not self-sustaining. Because enterprise funds are reported on the accrual basis of accounting and special revenue funds are reported on the modified accrual basis of accounting, adjustments relating to long-term liabilities and capital assets were made to the beginning fund balance as reported on the fund statements to convert the fund to a governmental fund.

	Golf Course Fund	Total Governmental	Total Business-Type
Beginning Net Position	\$ 373,305	\$ 129,340,212	\$ 104,657,485
Reclass long-term debt	23,121	(23,121)	23,121
Reclass capital assets	(636,573)	636,573	(636,573)
Reclass remaining assets and liabilities	-	(240,147)	240,147
Beginning Net Position/Fund Balance	<u>\$ (240,147)</u>	<u>\$ 129,713,517</u>	<u>\$ 104,284,180</u>

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 12,324,500	\$ 12,304,500	\$ 12,626,435	\$ 321,935
Interest earnings	13,000	50,690	49,981	(709)
Licenses and permits	363,000	363,000	497,298	134,298
Intergovernmental revenues	1,775,242	1,966,135	1,925,957	(40,178)
Charges for services	891,090	945,387	917,743	(27,644)
Fines and forfeitures	183,500	183,500	209,220	25,720
Miscellaneous	22,705	28,699	110,106	81,407
Total revenues	<u>15,573,037</u>	<u>15,841,911</u>	<u>16,336,740</u>	<u>494,829</u>
<b>Expenditures:</b>				
General government				
Administration	948,490	948,490	906,906	41,584
Police protection				
Police	4,206,628	4,376,393	4,120,352	256,041
Other public safety and inspection services				
Fire department	1,263,449	1,324,378	1,210,472	113,906
Protective inspection	179,892	179,892	176,239	3,653
Animal control	188,965	189,103	157,986	31,117
Justice court	470,775	470,775	446,035	24,740
Streets and highways				
Streets and highways	2,703,587	2,778,587	2,753,916	24,671
Parks, cemetery and public property				
City building	121,408	121,408	106,867	14,541
Parks and cemetery	1,004,954	1,474,534	1,309,912	164,622
Culture and recreation				
Recreation	344,336	344,336	316,071	28,265
Library	516,299	525,322	469,575	55,747
Cross Hollows events center	160,789	160,789	162,291	(1,502)
Heritage center	371,332	436,179	427,991	8,188
Public works				
City engineer	586,558	590,519	576,359	14,160
Public works administration	218,856	218,856	144,830	74,026
Fleet and warehouse	462,777	462,777	453,585	9,192
Community and economic development				
Community promotions	138,500	138,500	122,961	15,539
Economic development	223,467	241,552	238,204	3,348
Total expenditures	<u>14,111,062</u>	<u>14,982,390</u>	<u>14,100,552</u>	<u>881,838</u>
Excess of revenues over (under) expenditures	<u>1,461,975</u>	<u>859,521</u>	<u>2,236,188</u>	<u>(1,376,667)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	748,980	1,335,381	974,554	(360,827)
Operating transfers out	<u>(2,148,333)</u>	<u>(3,770,533)</u>	<u>(3,612,922)</u>	<u>157,611</u>
Total other financing sources (uses)	<u>(1,399,353)</u>	<u>(2,435,152)</u>	<u>(2,638,368)</u>	<u>(203,216)</u>
Net change in fund balance	62,622	(1,575,631)	(402,180)	1,173,451
Fund balance, beginning of year	<u>5,510,607</u>	<u>5,510,607</u>	<u>5,510,607</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,573,229</u>	<u>\$ 3,934,976</u>	<u>\$ 5,108,427</u>	<u>\$ 1,173,451</u>

**CEDAR CITY, UTAH**  
**Schedule of Funding Progress**  
**Retiree Healthcare Insurance Plan**  
**Year Ended June 30, 2013**

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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, 2008	\$ -	\$ 1,191,328	\$ 1,191,328	0.0%	\$ 6,119,817	19.5%
July 1, 2009	\$ -	\$ 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%

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## **COMBINING STATEMENTS**

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2013**

	<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	\$ 381,218	\$ 126,680	\$ 841,223	\$ 397,387	\$ 74,579
Special assessments receivable	-	-	-	-	-
Other receivables	13,003	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 394,221</u>	<u>\$ 126,680</u>	<u>\$ 841,223</u>	<u>\$ 397,387</u>	<u>\$ 74,579</u>
<b>Liabilities:</b>					
Accounts payable	\$ 6,731	\$ 781	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>6,731</u>	<u>781</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>					
Restricted for:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Community development	-	-	841,223	397,387	74,579
Other	-	125,899	-	-	-
Committed	387,490	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>387,490</u>	<u>125,899</u>	<u>841,223</u>	<u>397,387</u>	<u>74,579</u>
Total liabilities and fund balances	<u>\$ 394,221</u>	<u>\$ 126,680</u>	<u>\$ 841,223</u>	<u>\$ 397,387</u>	<u>\$ 74,579</u>

(Continued)

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds (Continued)**  
**June 30, 2013**

	<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>Golf Course Fund</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 43,612	\$ 183,469	\$ -	\$ 2,774,196	\$ 686,735	\$ 27,901
Special assessments receivable	-	-	-	-	-	-
Other receivables	-	28,429	23,509	116,901	81,413	2,780
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 43,612</b>	<b>\$ 211,898</b>	<b>\$ 23,509</b>	<b>\$ 2,891,097</b>	<b>\$ 768,148</b>	<b>\$ 30,681</b>
<b>Liabilities:</b>						
Accounts payable	\$ 43,384	\$ 3,637	\$ 9,258	\$ 36,828	\$ 11,400	\$ 19,141
Due to other funds	-	-	14,251	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>43,384</b>	<b>3,637</b>	<b>23,509</b>	<b>36,828</b>	<b>11,400</b>	<b>19,141</b>
<b>Fund balances:</b>						
Restricted for:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Community development	-	-	-	-	756,748	-
Other	-	208,261	-	-	-	-
Committed	228	-	-	2,854,269	-	11,540
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>228</b>	<b>208,261</b>	<b>-</b>	<b>2,854,269</b>	<b>756,748</b>	<b>11,540</b>
<b>Total liabilities and fund balances</b>	<b>\$ 43,612</b>	<b>\$ 211,898</b>	<b>\$ 23,509</b>	<b>\$ 2,891,097</b>	<b>\$ 768,148</b>	<b>\$ 30,681</b>

(Continued)

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds (Continued)**  
**June 30, 2013**

	<b>Debt Service Funds</b>							
	<b>Bond Sinking Fund</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>Assets:</b>								
Cash and cash equivalents	\$ 20,420	\$ 3,972	\$ -	\$ -	\$ 18	\$ 44	\$ 501	\$ 43,537
Special assessments receivable	-	-	251,399	3,943	50,823	111,184	413,986	-
Other receivables	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	<u>\$ 20,420</u>	<u>\$ 3,972</u>	<u>\$ 251,399</u>	<u>\$ 3,943</u>	<u>\$ 50,841</u>	<u>\$ 111,228</u>	<u>\$ 414,487</u>	<u>\$ 43,537</u>
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	251,399	3,943	50,823	111,184	413,986	-
Total liabilities	<u>-</u>	<u>-</u>	<u>251,399</u>	<u>3,943</u>	<u>50,823</u>	<u>111,184</u>	<u>413,986</u>	<u>-</u>
<b>Fund balances:</b>								
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	501	43,537
Community development	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	20,420	3,972	-	-	18	44	-	-
Total fund balances	<u>20,420</u>	<u>3,972</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>44</u>	<u>501</u>	<u>43,537</u>
Total liabilities and fund balances	<u>\$ 20,420</u>	<u>\$ 3,972</u>	<u>\$ 251,399</u>	<u>\$ 3,943</u>	<u>\$ 50,841</u>	<u>\$ 111,228</u>	<u>\$ 414,487</u>	<u>\$ 43,537</u>

(Continued)

**CEDAR CITY, UTAH**  
**Combining Balance Sheet**  
**Other Governmental Funds (Continued)**  
**June 30, 2013**

	<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>South Interchange Capital Project Fund</b>	
<b>Assets:</b>								
Cash and cash equivalents	\$ 360,656	\$ 12,915	\$ 4,131	\$ 2,655,378	\$ 5,802	\$ 10,200	\$ 274,497	\$ 8,929,071
Special assessments receivable	-	-	-	-	-	-	-	831,335
Other receivables	-	-	-	-	-	-	-	266,035
Due from other funds	-	-	-	304,000	-	-	-	304,000
Total assets	<u>\$ 360,656</u>	<u>\$ 12,915</u>	<u>\$ 4,131</u>	<u>\$ 2,959,378</u>	<u>\$ 5,802</u>	<u>\$ 10,200</u>	<u>\$ 274,497</u>	<u>\$ 10,330,441</u>
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,224	\$ 2,459	\$ 137,843
Due to other funds	-	-	-	-	-	-	-	14,251
Unearned revenue	-	-	-	-	-	-	-	831,335
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,224</u>	<u>2,459</u>	<u>983,429</u>
<b>Fund balances:</b>								
Restricted for:								
Capital projects	-	-	-	161,250	-	-	-	161,250
Debt service	-	-	-	-	-	-	-	44,038
Community development	-	-	-	-	-	-	-	2,069,937
Other	-	-	-	-	-	-	-	334,160
Committed	-	-	-	-	-	-	-	3,253,527
Assigned	<u>360,656</u>	<u>12,915</u>	<u>4,131</u>	<u>2,798,128</u>	<u>5,802</u>	<u>5,976</u>	<u>272,038</u>	<u>3,484,100</u>
Total fund balances	<u>360,656</u>	<u>12,915</u>	<u>4,131</u>	<u>2,959,378</u>	<u>5,802</u>	<u>5,976</u>	<u>272,038</u>	<u>9,347,012</u>
Total liabilities and fund balances	<u>\$ 360,656</u>	<u>\$ 12,915</u>	<u>\$ 4,131</u>	<u>\$ 2,959,378</u>	<u>\$ 5,802</u>	<u>\$ 10,200</u>	<u>\$ 274,497</u>	<u>\$ 10,330,441</u>

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2013**

	<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>Revenues:</b>					
Taxes	\$ 22,359	\$ -	\$ -	\$ -	\$ -
Interest earnings	2,216	793	5,150	2,159	503
Intergovernmental revenues	25,000	-	-	-	-
Charges for services	247,465	36,849	-	-	-
Miscellaneous	71,424	-	122,883	133,992	32,014
Total revenues	<u>368,464</u>	<u>37,642</u>	<u>128,033</u>	<u>136,151</u>	<u>32,517</u>
<b>Expenditures:</b>					
Current					
Police protection	-	-	-	-	-
Other public safety and inspection services	-	-	-	-	5,021
Parks, cemetery and public property	-	21,991	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
Transportation services	286,886	-	-	-	-
Capital outlay	11,166	-	-	9,119	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>298,052</u>	<u>21,991</u>	<u>-</u>	<u>9,119</u>	<u>5,021</u>
Excess of revenues over (under) expenditures	<u>70,412</u>	<u>15,651</u>	<u>128,033</u>	<u>127,032</u>	<u>27,496</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	-	78,712
Operating transfers out	-	(8,600)	-	-	(84,912)
Total other financing sources (uses)	<u>-</u>	<u>(8,600)</u>	<u>-</u>	<u>-</u>	<u>(6,200)</u>
Net change in fund balance	70,412	7,051	128,033	127,032	21,296
Fund balance, beginning of year	<u>317,078</u>	<u>118,848</u>	<u>713,190</u>	<u>270,355</u>	<u>53,283</u>
Fund balance, end of year	<u>\$ 387,490</u>	<u>\$ 125,899</u>	<u>\$ 841,223</u>	<u>\$ 397,387</u>	<u>\$ 74,579</u>

(Continued)

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds (Continued)**  
**For the Year Ended June 30, 2013**

	<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>Golf Course Fund</b>
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 321,886	\$ 439,025	\$ 7,168
Interest earnings	-	307	-	16,058	5,728	-
Intergovernmental revenues	125,000	56,459	117,071	7,336	-	-
Charges for services	413,495	-	31,609	327,581	-	607,220
Miscellaneous	1,114	27,732	-	4,500	-	-
Total revenues	<u>539,609</u>	<u>84,498</u>	<u>148,680</u>	<u>677,361</u>	<u>444,753</u>	<u>614,388</u>
<b>Expenditures:</b>						
Current						
Police protection	-	78,346	-	-	-	-
Other public safety and inspection services	-	-	-	-	-	-
Parks, cemetery and public property	-	-	-	-	-	-
Culture and recreation	942,364	-	-	-	-	610,775
Community and economic development	-	-	-	265,522	187,944	-
Transportation services	-	-	162,361	-	-	-
Capital outlay	2,590	-	51,082	304,277	-	185,584
Debt service:						
Principal retirements	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>944,954</u>	<u>78,346</u>	<u>213,443</u>	<u>569,799</u>	<u>187,944</u>	<u>796,359</u>
Excess of revenues over (under) expenditures	<u>(405,345)</u>	<u>6,152</u>	<u>(64,763)</u>	<u>107,562</u>	<u>256,809</u>	<u>(181,971)</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	405,173	-	64,763	8,600	-	433,658
Operating transfers out	-	-	-	-	(345,678)	-
Total other financing sources (uses)	<u>405,173</u>	<u>-</u>	<u>64,763</u>	<u>8,600</u>	<u>(345,678)</u>	<u>433,658</u>
Net change in fund balance	(172)	6,152	-	116,162	(88,869)	251,687
Fund balance, beginning of year	400	202,109	-	2,738,107	845,617	(240,147)
Fund balance, end of year	<u>\$ 228</u>	<u>\$ 208,261</u>	<u>\$ -</u>	<u>\$ 2,854,269</u>	<u>\$ 756,748</u>	<u>\$ 11,540</u>

(Continued)

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds (Continued)**  
**For the Year Ended June 30, 2013**

	<b>Debt Service Funds</b>							
	<b>Bond Sinking Fund</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	273	-	-	-	18	40	1	284
Intergovernmental revenues	85,090	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	7,180	9,187	71,181	-
Total revenues	<u>85,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,198</u>	<u>9,227</u>	<u>71,182</u>	<u>284</u>
<b>Expenditures:</b>								
Current								
Police protection	-	-	-	-	-	-	-	-
Other public safety and inspection services	-	-	-	-	-	-	-	-
Parks, cemetery and public property	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Transportation services	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirements	1,255,000	-	-	-	-	-	188,000	-
Interest and fiscal charges	528,576	-	-	-	-	-	19,983	-
Total expenditures	<u>1,783,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,983</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,698,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,198</u>	<u>9,227</u>	<u>(136,801)</u>	<u>284</u>
<b>Other financing sources (uses):</b>								
Operating transfers in	1,696,163	1,067	-	-	-	-	136,801	137,380
Operating transfers out	-	-	-	-	(7,180)	(8,200)	-	(136,801)
Total other financing sources (uses)	<u>1,696,163</u>	<u>1,067</u>	<u>-</u>	<u>-</u>	<u>(7,180)</u>	<u>(8,200)</u>	<u>136,801</u>	<u>579</u>
Net change in fund balance	(2,050)	1,067	-	-	18	1,027	-	863
Fund balance, beginning of year	22,470	2,905	-	-	-	(983)	501	42,674
Fund balance, end of year	<u>\$ 20,420</u>	<u>\$ 3,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 44</u>	<u>\$ 501</u>	<u>\$ 43,537</u>

(Continued)

**CEDAR CITY, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds (Continued)**  
**For the Year Ended June 30, 2013**

	Capital Projects Funds							Total Nonmajor Governmental Funds
	Coal Creek Flood Control Capital Project Fund	Cove Drive Capital Project Fund	Airport Construction Capital Project Fund	Capital Improvement	Ball Diamond Complex	Aquatic Center Capital Project Fund	South Interchange Capital Project Fund	
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 790,438
Interest earnings	-	-	-	22,899	-	-	118	56,547
Intergovernmental revenues	-	-	333,039	-	-	-	-	748,995
Charges for services	-	-	-	-	-	-	-	1,664,219
Miscellaneous	-	-	-	-	-	-	-	481,207
Total revenues	<u>-</u>	<u>-</u>	<u>333,039</u>	<u>22,899</u>	<u>-</u>	<u>-</u>	<u>118</u>	<u>3,741,406</u>
<b>Expenditures:</b>								
Current								
Police protection	-	-	-	-	-	-	-	78,346
Other public safety and inspection services	-	-	-	-	-	-	-	5,021
Parks, cemetery and public property	-	-	-	-	-	-	-	21,991
Culture and recreation	-	-	-	-	-	-	-	1,553,139
Community and economic development	-	-	-	-	-	-	-	453,466
Transportation services	-	-	-	-	-	-	-	449,247
Capital outlay	-	-	359,689	-	11,538	10,517	28,080	973,642
Debt service:								
Principal retirements	-	-	-	-	-	-	-	1,443,000
Interest and fiscal charges	-	-	-	-	-	-	-	548,559
Total expenditures	<u>-</u>	<u>-</u>	<u>359,689</u>	<u>-</u>	<u>11,538</u>	<u>10,517</u>	<u>28,080</u>	<u>5,526,411</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(26,650)</u>	<u>22,899</u>	<u>(11,538)</u>	<u>(10,517)</u>	<u>(27,962)</u>	<u>(1,785,005)</u>
<b>Other financing sources (uses):</b>								
Operating transfers in	-	-	-	950,000	-	10,517	300,000	4,222,834
Operating transfers out	-	-	-	(987,406)	(5,689)	-	-	(1,584,466)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,406)</u>	<u>(5,689)</u>	<u>10,517</u>	<u>300,000</u>	<u>2,638,368</u>
Net change in fund balance	-	-	(26,650)	(14,507)	(17,227)	-	272,038	853,363
Fund balance, beginning of year	360,656	12,915	30,781	2,973,885	23,029	5,976	-	8,493,649
Fund balance, end of year	<u>\$ 360,656</u>	<u>\$ 12,915</u>	<u>\$ 4,131</u>	<u>\$ 2,959,378</u>	<u>\$ 5,802</u>	<u>\$ 5,976</u>	<u>\$ 272,038</u>	<u>\$ 9,347,012</u>

**FEDERAL AND STATE REPORTS**

MEMBERS:

CHAD B. ATKINSON, CPA  
KRIS J. BRAUNBERGER, CPA  
DEAN R. BURDICK, CPA  
ROBERT S. COX, CPA  
TODD B. FELTNER, CPA  
K. MARK FROST, CPA

KENNETH A. HINTON, CPA  
MORRIS J. PEACOCK, CPA  
PHILLIP S. PEINE, CPA  
MICHAEL K. SPILKER, CPA  
KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Basic Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Cedar City's basic financial statements and have issued our report thereon dated January 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 have reported to the management of the City in our findings and recommendations letter dated January 31, 2014.

## **Cedar City, Utah's Response to Findings**

The City's response to the findings identified in our audit is included in the letter of response from management. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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



HintonBurdick, PLLC  
Cedar City, Utah  
January 31, 2014

MEMBERS:

CHAD B. ATKINSON, CPA  
KRIS J. BRAUNBERGER, CPA  
DEAN R. BURDICK, CPA  
ROBERT S. COX, CPA  
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KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

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**Independent Auditors' Report on Compliance  
For Each Major Program and On Internal Control  
Over Compliance Required by OMB Circular A-133**

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

We have audited Cedar City, Utah's compliance with the types of compliance requirements described in the *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, 2013. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Cedar City, Utah's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Cedar City, Utah's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Cedar City, Utah complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year then ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Cedar City, Utah is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cedar City, Utah's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC  
Cedar City, Utah  
January 31, 2014

**CEDAR CITY, UTAH**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

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

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Financial Statements

Type of auditor’s report issued: Unmodified  
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: Unmodified

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>
20.106	Airport Improvement Program

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, 2013**

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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, 2013**

<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		263,449
<b>U.S. Department of Justice</b>			
<b>Bureau of Justice Assistance</b>			
Edward Byrne Memorial Justice Assistance	16.738		27,961
<b>U.S. Department of Transportation</b>			
<b>Federal Aviation Administration</b>			
<b>Passed through Utah Department of Transportation:</b>			
Airport Improvement Program	20.106		333,039
<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		16,744
<b>U.S. Department of Homeland Security:</b>			
Volunteer Grant	97.044		56,503
Assistance to Firefighters Grant	97.044		13,734
Total U.S. Department of Homeland Security			70,237
Total expenditure of federal awards			\$ 711,430

**CEDAR CITY, UTAH**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

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**Note 1      General**

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The schedule of expenditures of federal awards presents the activity of all federal award programs of Cedar City, Utah (City). The City reporting entity is defined in Note 1 to the City's financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule. Of the federal expenditures presented in the schedule, the City provided \$263,449 of federal awards to sub recipients.

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**Note 2.      Basis of Presentation**

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The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to the City's financial statements.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

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**Independent Auditors' Report on Compliance and on  
Internal Controls Over 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

***REPORT ON COMPLIANCE***

We have audited Cedar City's compliance with the general State program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

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

Cash Management	Government Records Access Management Act
Budgetary Compliance	Conflicts of Interest
Fund Balance	Nepotism
Impact Fees	Utah Public Finance Website
Utah Retirement System Compliance	Open and Public Meetings Act
Transfers from Utility Enterprise Funds	

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

C Road Funds (Department of Transportation)

***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of the City's management.

***Auditor's Responsibility***

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 the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

## ***Opinion***

In our opinion, Cedar City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2013.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 13-01 and 13-02.

## ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

We did note certain deficiencies, which we are submitting for your consideration. These matters are described in the accompanying findings and recommendations letter.

## ***City's Response to Findings***

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



HintonBurdick, PLLC  
January 31, 2014

**Findings and Recommendations  
For the Year Ended June 30, 2013**

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. During our audit of the funds of Cedar City, Utah for the fiscal year ended June 30, 2013 we noted improvements in the City's accounting and budgeting system and wish to commend the City for their achievements. We noted some areas needing corrective action in order for the City to be in compliance with laws and regulations. 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:**

13.01 Deposit and Investment Report Form

Public treasurers are required to file a "Deposit and Investment Report Form" with the Money Management Council each year (UCA 51-7-15(3)). This report contains information about the deposits and investments of that public treasurer. The Council uses this form to determine if the entity is in compliance with the Money Management Act. We noted that the amount reported for one of the City's accounts was not correct.

Recommendation

We recommend the City review its procedures for preparing the Deposit and Investment Report Form to ensure the correct amounts are reported to the Money Management Council.

13.02 Use of Utility Fund Services

Utah Code 10-6-135 indicates that departments of the City should pay for utility services at the same rate charged to other customers. If a City's departments are not being charged for the utility services, the rate payers should be notified and a public hearing held. Apparently, the City has not charged its departments for water, sewer, irrigation, garbage, or drainage and has not notified the rate payers or held a public hearing.

Recommendation

We recommend the City either charge its departments for utility services at the same rate as other utility users or hold a public hearing and notify rate payers that the City's departments are not being charged.

**Other Matters: None Noted**

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.

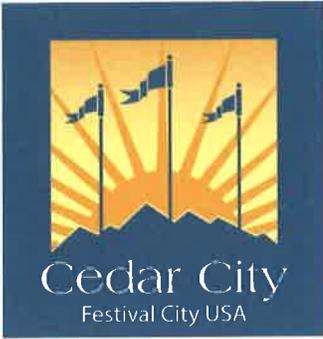
This report is intended solely for the information and use of the mayor, city council, management, and various federal and state agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution 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  
January 31, 2014



# Cedar City

10 North Main Street • Cedar City, UT 84720  
435-586-2950 • FAX 435-586-4362  
[www.cedarcity.org](http://www.cedarcity.org)

**Mayor**

Maile L. Wilson

**Council Members**

Ronald R. Adams  
John Black  
Paul Cozzens  
Don Marchant  
Fred C Rowley

**City Manager**

Rick Holman

February 5, 2014

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, 2013 fiscal year audit, the City responds as follows to the items in the findings and recommendations letter dated February 1, 2014.

### Deposit and Investment Report Form

The City intends to accurately report account balances to remain in compliance with the Money Management Act. City staff will make additional efforts to verify account balances before submitting the "Deposit and Investment Report Form" to the Money Management Council.

### Use of Utility Fund Services

City staff will review Utah Code 10-6-135 during the City's annual budget process and take appropriate measures to implement proper notification and budgeting of utility resources.

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