



CEDAR CITY, UTAH

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Cedar 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, 2019, 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, schedule of the proportionate share of the net pension liability, and schedule of contributions, 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 and individual 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements 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 December 31, 2019, 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, Utah's internal control over financial reporting and compliance.

Rees CPA

Rees CPA
Cedar City, Utah
December 31, 2019

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, 2019. Please read this discussion and analysis in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position at the close of the fiscal year was \$275,858,768. This amount is comprised of \$220,517,071 in net investments in capital assets, \$12,833,420 of restricted net position and \$42,508,277 in unrestricted net position.
- Prior to all transfers in and out of the general fund, general fund revenues exceeded expenditures by \$4,757,649. After all transfers, general fund expenditures exceeded revenues by \$4,257,320. Transfers to the general fund for capital expenditures totaled \$1,089,288. Transfers from the general fund for capital projects, debt service and related expenses totaled \$5,346,608.
- The general fund's ending unassigned fund balance of \$4,269,391 represents 17 percent of the total budgeted expenditures and transfers for the fiscal year ending June 30, 2019.
- The City's total long-term debt increased by \$1,773,311.
- Total net position for the City's governmental activities increased \$6,960,505 while total net position for business-type activities increased \$4,246,645.

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, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources represents the City's net position. Increases or decreases in net position, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.

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

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

The government-wide financial statements can be found on pages 16-17 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 pages 19 and 21 of this report.

The City has identified two of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on pages 65-74 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 position and a statement of changes in fiduciary net position. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 18-29 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 30-59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net position, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. The City's total net position, assets plus deferred outflows of resources in excess of liabilities plus deferred inflows of resources, totaled \$275,858,768.

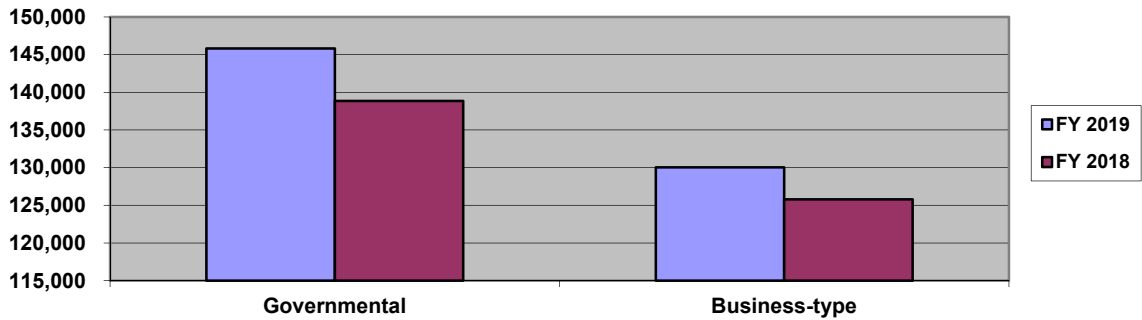
	CEDAR CITY'S NET POSITION			
	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Current and other assets	\$ 35,321,858	\$ 31,901,690	\$ 32,351,900	\$ 29,213,982
Capital assets	133,680,245	130,263,775	105,476,214	103,842,101
Total assets	<u>169,002,103</u>	<u>162,165,465</u>	<u>137,828,114</u>	<u>133,056,083</u>
Deferred outflows of resources	2,484,266	2,592,484	407,778	425,541
Long-term debt outstanding	15,515,071	13,728,322	5,918,653	5,981,855
Other liabilities	4,828,853	5,114,144	2,223,588	1,339,610
Total liabilities	<u>20,343,924</u>	<u>18,842,466</u>	<u>8,142,241</u>	<u>7,321,465</u>
Deferred inflows of resources	5,325,841	7,059,384	51,487	364,640
Net position:				
Net investment in capital assets	120,437,478	117,021,008	100,079,593	98,053,845
Restricted	7,386,825	6,541,358	5,446,595	6,006,833
Unrestricted	17,992,301	15,293,733	24,515,976	21,734,841
Total net position	<u>\$145,816,604</u>	<u>\$138,856,099</u>	<u>\$130,042,164</u>	<u>\$125,795,519</u>

CHANGES IN CEDAR CITY'S NET POSITION

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Revenues:				
Program revenues				
Charges for services	\$5,288,866	\$5,494,689	\$ 10,278,863	\$ 9,978,687
Operating grants and contributions	565,290	675,842		
Capital grants and contributions	6,788,081	4,689,588	1,943,993	2,501,529
General Revenues				
Property taxes	5,961,211	5,212,203		
Other taxes	11,579,840	10,622,927		
Investment income	720,649	384,094	1,026,630	516,877
Other revenues	1,216,676	1,319,885		
Gain (loss) on sale/disposal of assets	7,250	71,446	7,500	7,514
Total revenues	32,127,863	28,470,674	13,256,986	13,004,508
Expenses:				
General government	3,632,987	2,834,597		
Police protection	4,619,978	4,762,322		
Other public safety and inspection services	3,899,610	2,862,233		
Streets and highways	3,038,005	3,628,212		
Parks, cemetery and public property	1,294,048	1,446,371		
Culture and recreation	4,249,629	4,274,252		
Public works	1,520,335	1,428,300		
Community and economic development	1,962,454	1,661,358		
Transportation services	530,181	529,543		
Interest and fiscal charges	420,131	419,986		
Water			4,094,439	3,938,914
Sewer system			1,444,071	1,309,435
Regional sewer plant			2,242,743	2,242,307
Storm drain			626,667	623,200
Solid waste			602,421	587,500
Total expenses	25,167,358	23,847,174	9,010,341	8,701,356
Increase in net position before transfers	6,960,505	4,623,500	4,246,645	4,303,251
Transfers				
Increase in net position	6,960,505	4,623,500	4,246,645	4,303,251
Net position – beginning	138,856,099	134,232,599	125,795,519	121,492,268
Restatement adjustment				
Net position – ending	\$145,816,604	\$138,856,099	\$130,042,164	\$125,795,519

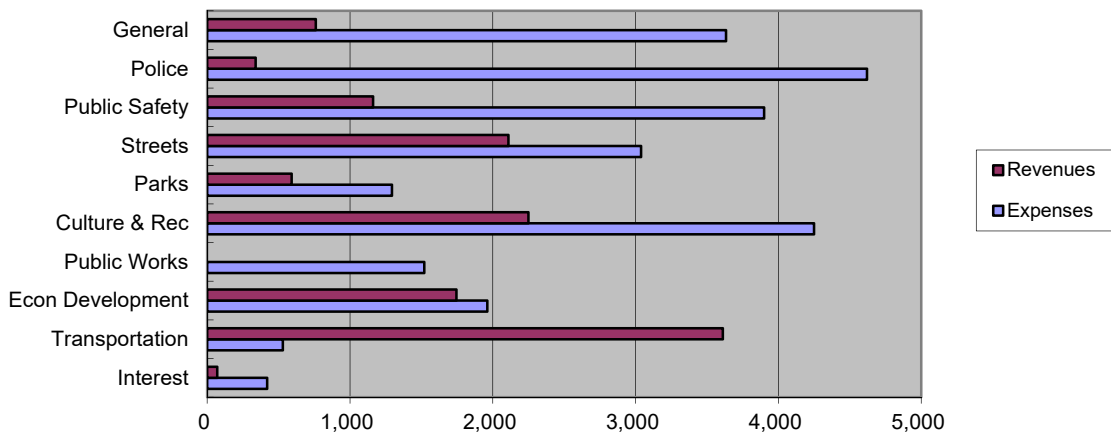
Governmental fund net position increased from \$138.8 million to \$145.8 million during fiscal year 2019, an increase of 5.0 percent. Business-type net position increased 3.4 percent from \$125.7 million in fiscal year 2018 to \$130.0 million in fiscal year 2019. This information is displayed in the graph below.

**CEDAR CITY'S NET POSITION BY FUND TYPE
FY 2019 & FY 2018 COMPARISON
(In thousands)**

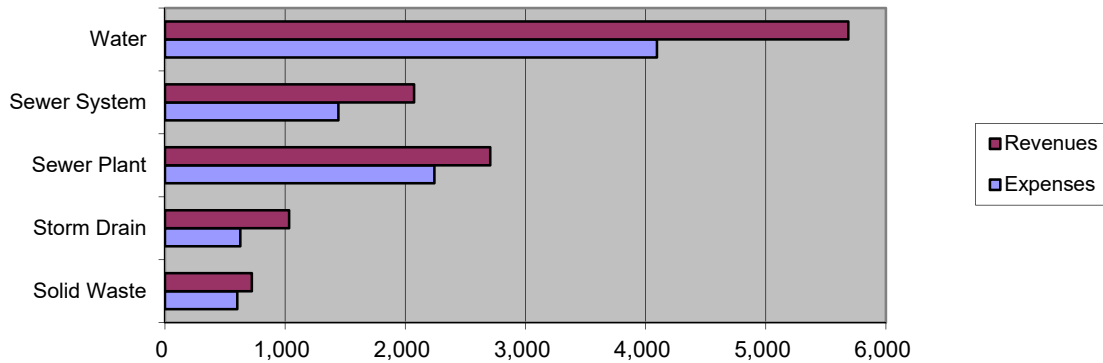


The following charts display program revenues and expenses for governmental activities and business-type activities for fiscal year 2019 as reflected in the statement of activities.

**PROGRAM REVENUES AND EXPENSES
GOVERNMENTAL ACTIVITIES FOR FY 2019
(In thousands)**



**PROGRAM REVENUES AND EXPENSES
BUSINESS-TYPE ACTIVITIES FOR FY 2019
(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 non-spendable, restricted, committed, assigned or unassigned.

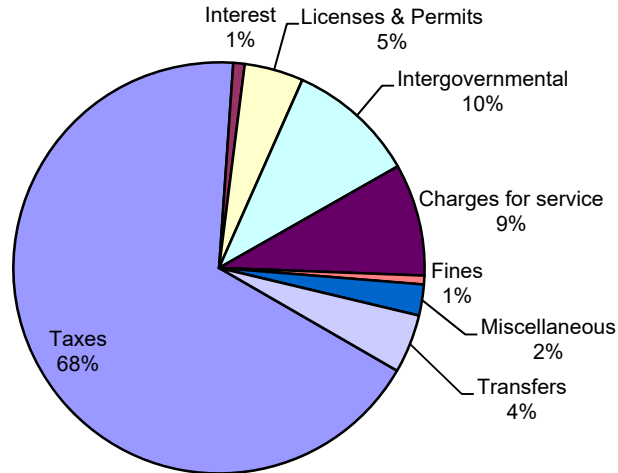
As of June 30, 2019, the City’s governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$26,969,439. This combined balance represents an increase of \$3,660,709 from last year’s ending combined fund 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 fund balance of the general fund increased \$500,329 to \$5.8 million during the fiscal year ending June 30, 2019. The \$4.2 million unrestricted fund balance represents 18 percent of general fund revenues and transfers for the fiscal year ending June 30, 2019. 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 function expenditures for fiscal year 2019.

**REVENUES BY SOURCE
GENERAL FUND FOR FY 2019**



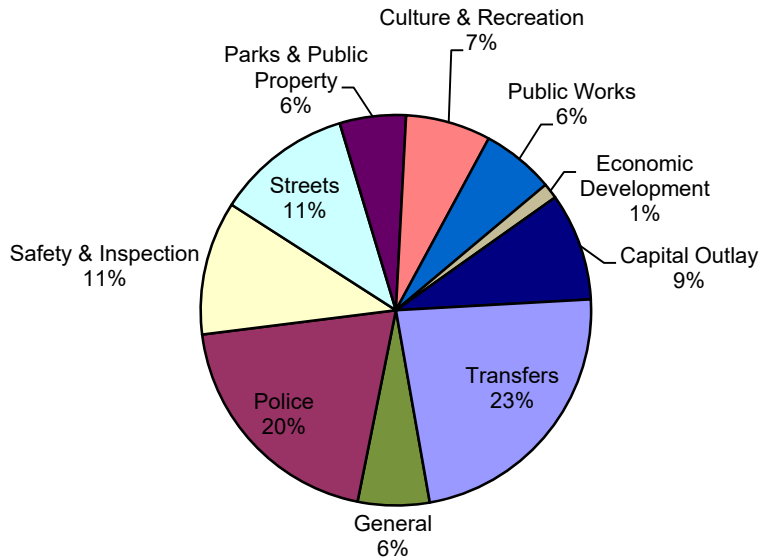
Taxes were the largest source of revenues in the general fund representing approximately 68 percent of total general fund revenues. Property tax revenues accounted for approximately 33 percent of all of the tax revenues generated in the general fund while sales taxes generated about 46 percent of the 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 10 percent of the general fund revenues, the second largest category for fiscal year 2019. Approximately 74 percent of this revenue came from State of Utah road funds. Federal and state grants made up 8 percent of intergovernmental revenues, while payments from Iron County for services provided to the County by the City accounted for the remaining 18 percent of intergovernmental revenues.

The third largest category, charges for services, made up 9 percent of general fund revenues. Approximately 36 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 13 percent of general fund revenues.

**EXPENDITURES BY FUNCTION
GENERAL FUND FOR FY 2019**



Police functions accounted for 20 percent of all general fund expenditures. Approximately 11 percent of the capital outlay was for the police department.

Streets accounted for 11 percent of all general fund expenditures. Approximately 8 percent of capital outlay was for the streets department including street and intersections improvements, sidewalk improvements and equipment.

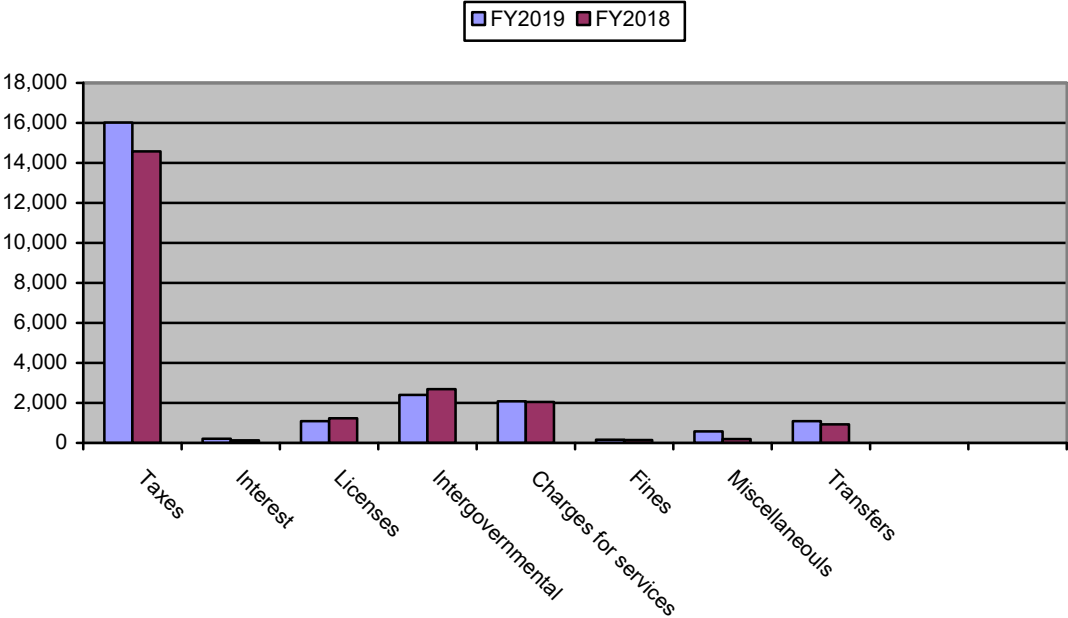
Transfers from the general fund to other funds accounted for 23 percent of all general fund expenditures. Approximately 31 percent of the transfers were made to meet debt service obligations. An additional 11 percent of total transfers were made to subsidize operating costs for the aquatic center and golf course. The remaining 66 percent of transfers were made to capital and 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.

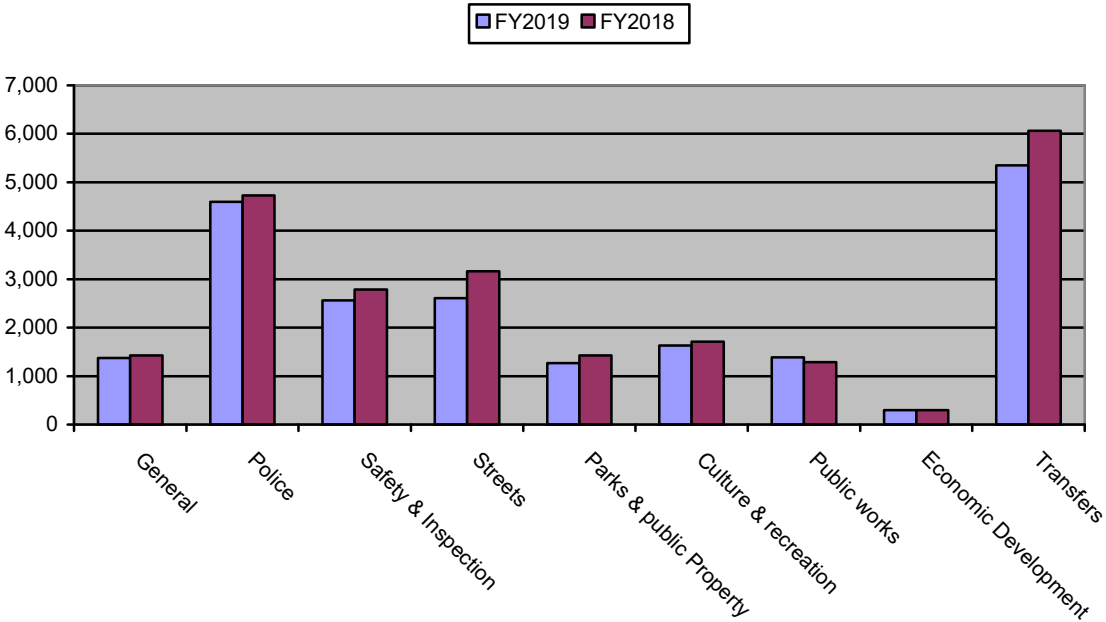
General government, public works, culture and recreation, parks and public property economic development and capital outlay comprise the remaining categories of expenditures in the general fund. The combined percentage of expenditures in these categories accounted for 35 percent of total general fund expenditures.

The following charts compare fiscal year 2019 and 2018 general fund revenues and expenditures by source and function.

**REVENUES BY SOURCE
GENERAL FUND COMPARISON FY 2019 & FY 2018
(In thousands)**



**EXPENDITURES BY FUNCTION
GENERAL FUND COMPARISON FY 2019 & FY 2018
(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 2019 originally adopted budget for the general fund totaled \$19,142,611. The City Council approved three budget revisions during the year. The revisions increased the budget by \$5,981,136. The main issue that necessitated this revision was capital projects budgeted in fiscal year 2018 were not complete by the end of that fiscal year.

Actual general fund expenditures and transfers for the year ending June 30, 2019, totaled \$23,131,709. This amount is \$3,989,098 above the originally adopted budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the City had invested \$239,156,459, 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	
	2019	2018	2019	2018
Land and water rights	\$ 49,065,436	\$ 48,392,594	\$12,685,193	\$12,616,744
Buildings	37,743,652	37,083,707	2,347,714	2,445,707
Improvements	38,292,278	36,546,901	83,848,673	82,858,961
Office equipment	98,470	125,138	16,036	17,587
Machinery and equipment	1,922,742	1,859,752	1,587,819	1,776,236
Automobiles and trucks	3,877,822	4,283,420	1,298,302	1,024,104
Construction in progress	2,679,845	1,972,263	3,692,476	3,102,762
Total	\$133,680,245	\$130,263,775	\$105,476,213	\$103,842,101

Capital assets costing \$150,000 or more that have been added to the City's capital asset list during the current fiscal year include:

- \$185,806 Dump truck funded with water fees & impact fees
- \$260,039 2019 Peterbilt truck funded user fees & impact fees

- \$1,400,848 Animal shelter building funded with bond proceeds and general revenues
- \$346,743 New Bicentennial concessions building funded with impact fees
- \$3,886,469 Airport improvements funded with federal and state grants
- \$170,772 800 West access to Coal Creek Road funded with class-c funds
- \$286,673 City trail expansion funded with general revenues and impact fees
- \$947,499 Water line additions acquired by the City
- \$544,180 Sewer lines acquired by the City
- \$1,425,261 Storm drain improvements funded by storm drain fees & impact fees

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

Debt Administration

State statute limits the amount of debt a city may issue to 4 percent of the fair market value of the taxable property within the city’s jurisdiction, which totaled over \$2.21 billion for tax year 2019. 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 2019 fair market values is \$265,200,000 comprised of \$84,400,000 for the 4 percent and \$176,800,000 for the additional 8 percent. In any case, the City’s outstanding debt is significantly below the statutory debt limits.

At June 30, 2019, the City had total debt outstanding of \$16,797,000. Of this amount, \$6,224,000 is considered general obligation debt, which is secured by the full faith and credit of the City. The remaining debt 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	
	2019	2018	2019	2018
General obligation bonds	\$ 6,224,000	\$ 6,566,000		
Sales tax revenue bonds	3,105,000	2,720,000		
Special improvement districts:				
Assessment bonds	1,168,000	1,320,000		
Municipal Building Authority:				
Lease revenue bonds	959,000	1,039,000		
Loans payable				
Revenue bonds			\$5,341,000	\$5,728,000
Capital leases				
Total	<u>\$11,456,000</u>	<u>\$11,645,000</u>	<u>\$5,728,000</u>	<u>\$5,728,000</u>

The City issued a new revenue bond during the fiscal year.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 27,229,799	\$ 31,100,548	\$ 58,330,347
Special assessments receivable	489,683	-	489,683
Accounts receivable	-	932,962	932,962
Property tax receivable	5,012,178	-	5,012,178
Other receivables	2,424,544	-	2,424,544
Inventory	132,946	351,098	484,044
Internal balances	32,708	(32,708)	-
Capital assets:			
Nondepreciable	51,745,281	16,377,670	68,122,951
Depreciable, net of accumulated depreciation	81,934,964	89,098,544	171,033,508
Net capital assets	<u>133,680,245</u>	<u>105,476,214</u>	<u>239,156,459</u>
Total assets	<u>169,002,103</u>	<u>137,828,114</u>	<u>306,830,217</u>
Deferred outflows of resources			
Deferred outflows related to pensions	<u>2,484,266</u>	<u>407,778</u>	<u>2,892,044</u>
Total deferred outflows of resources	<u>2,484,266</u>	<u>407,778</u>	<u>2,892,044</u>
Liabilities			
Accounts payable and other current liabilities	2,994,530	1,691,999	4,686,529
Interest payable	62,129	47,626	109,755
Unearned revenue	38,500	-	38,500
Liability for closure and post closure costs	-	45,962	45,962
Noncurrent liabilities:			
Due within one year	1,733,694	438,001	2,171,695
Due in more than one year	15,515,071	5,918,653	21,433,724
Total liabilities	<u>20,343,924</u>	<u>8,142,241</u>	<u>28,486,165</u>
Deferred inflows of resources			
Deferred inflows related to pensions	313,663	51,487	365,150
Property taxes levied for future year	5,012,178	-	5,012,178
Total deferred inflows of resources	<u>5,325,841</u>	<u>51,487</u>	<u>5,377,328</u>
Net position			
Net investment in capital assets	120,437,478	100,079,593	220,517,071
Restricted for:			
Community development	6,874,562	5,446,595	12,321,157
Public safety	388,202	-	388,202
Other purposes	124,061	-	124,061
Unrestricted	<u>17,992,301</u>	<u>24,515,976</u>	<u>42,508,277</u>
Total net position	<u>\$ 145,816,604</u>	<u>\$ 130,042,164</u>	<u>\$275,858,768</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,632,987	\$ 756,406	\$ 5,000	\$ -	\$ (2,871,581)	\$ -	\$ (2,871,581)
Police protection	4,619,978	152,937	131,668	55,301	(4,280,072)	-	(4,280,072)
Other public safety and inspection services	3,899,610	1,103,742	5,569	51,827	(2,738,472)	-	(2,738,472)
Streets and highways	3,038,005	28,096	26,972	2,054,196	(928,741)	-	(928,741)
Parks, cemetery and public property	1,294,048	157,359	31,630	403,477	(701,582)	-	(701,582)
Culture and recreation	4,249,629	2,072,580	161,310	17,000	(1,998,739)	-	(1,998,739)
Public works	1,520,335	-	-	-	(1,520,335)	-	(1,520,335)
Community and economic development	1,962,454	325,134	52,149	1,368,118	(217,053)	-	(217,053)
Transportation services	530,181	692,612	79,423	2,838,162	3,080,016	-	3,080,016
Interest and fiscal charges	420,131	-	71,569	-	(348,562)	-	(348,562)
Total governmental activities	<u>25,167,358</u>	<u>5,288,866</u>	<u>565,290</u>	<u>6,788,081</u>	<u>(12,525,121)</u>	<u>-</u>	<u>(12,525,121)</u>
Business-type activities:							
Water	4,094,439	4,414,390	-	1,272,783	-	1,592,734	1,592,734
Sewer system	1,444,071	1,876,852	-	196,098	-	628,879	628,879
Regional sewer plant	2,242,743	2,489,885	-	216,808	-	463,950	463,950
Storm drain	626,667	774,263	-	258,304	-	405,900	405,900
Solid waste	602,421	723,473	-	-	-	121,052	121,052
Total business-type activities	<u>9,010,341</u>	<u>10,278,863</u>	<u>-</u>	<u>1,943,993</u>	<u>-</u>	<u>3,212,515</u>	<u>3,212,515</u>
Total primary government	<u>\$ 34,177,699</u>	<u>\$ 15,567,729</u>	<u>\$ 565,290</u>	<u>\$ 8,732,074</u>			
General revenues:							
Taxes:							
Property taxes, levied for general purposes					5,363,699	-	5,363,699
Property taxes, levied for redevelopment					597,512	-	597,512
Franchise taxes					2,510,236	-	2,510,236
Fees-in-lieu of taxes					412,495	-	412,495
General sales and use taxes					8,283,420	-	8,283,420
Telecommunications taxes					373,689	-	373,689
Unrestricted investment earnings					720,649	1,026,630	1,747,279
Licenses and permits					1,095,663	-	1,095,663
Miscellaneous					121,013	-	121,013
Gain (loss) on sale/disposal of assets					7,250	7,500	14,750
Total general revenues and transfers					<u>19,485,626</u>	<u>1,034,130</u>	<u>20,519,756</u>
Change in net position					6,960,505	4,246,645	11,207,150
Net position, beginning of the year					<u>138,856,099</u>	<u>125,795,519</u>	<u>264,651,618</u>
Net position, end of the year					<u>\$ 145,816,604</u>	<u>\$ 130,042,164</u>	<u>\$ 275,858,768</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Improvement	Airport Construction	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 6,285,672	\$ 11,743,576	\$ (59,285)	\$ 9,227,938	\$ 27,197,901
Special assessments receivable	-	-	-	489,683	489,683
Property tax receivable	5,012,178	-	-	-	5,012,178
Other receivables	1,939,854	-	59,370	425,320	2,424,544
Due from other funds	78,738	168,569	-	-	247,307
Inventory	132,946	-	-	-	132,946
Total assets	<u>\$ 13,449,388</u>	<u>\$ 11,912,145</u>	<u>\$ 85</u>	<u>\$ 10,142,941</u>	<u>\$ 35,504,559</u>
Liabilities:					
Accounts payable	\$ 730,975	\$ -	\$ 84	\$ 447,604	\$ 1,178,663
Payroll taxes payable	113,532	-	-	-	113,532
Other payables	1,700,589	-	-	-	1,700,589
Unearned revenue	38,500	-	-	-	38,500
Total liabilities	<u>2,583,596</u>	<u>-</u>	<u>84</u>	<u>447,604</u>	<u>3,031,284</u>
Deferred inflows of resources:					
Property taxes levied for future year	5,012,178	-	-	-	5,012,178
Unavailable revenues - special assessments	-	-	-	491,658	491,658
Total deferred inflows of resources	<u>5,012,178</u>	<u>-</u>	<u>-</u>	<u>491,658</u>	<u>5,503,836</u>
Fund balances:					
Nonspendable					
Inventory	132,946	-	-	-	132,946
Restricted for:					
Community development	1,423,821	-	-	5,450,741	6,874,562
Public safety	-	-	-	388,202	388,202
Other	-	-	-	124,061	124,061
Committed	27,456	-	-	2,658,746	2,686,203
Assigned	-	11,912,145	1	581,929	12,494,074
Unassigned	4,269,391	-	-	-	4,269,391
Total fund balances	<u>5,853,614</u>	<u>11,912,145</u>	<u>1</u>	<u>9,203,679</u>	<u>26,969,439</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,449,388</u>	<u>\$ 11,912,145</u>	<u>\$ 85</u>	<u>\$ 10,142,941</u>	<u>\$ 35,504,559</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

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

Total fund balances - total governmental funds		\$ 26,969,439
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Governmental capital assets	203,552,662	
Accumulated depreciation	<u>(69,872,417)</u>	133,680,245
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.		
Bonds payable	(11,456,000)	
Add: Bond Premium	(21,653)	
Compensated absences	(795,647)	
Interest payable	(62,129)	
Net pension liability	<u>(4,975,465)</u>	(17,310,894)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	2,484,266	
Deferred inflows related to pensions	<u>(313,663)</u>	2,170,603
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		491,658
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.		
		<u>(184,447)</u>
Total net position - governmental activities		<u><u>\$ 145,816,604</u></u>

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, 2019

	General	Capital Improvement	Airport Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 16,016,140	\$ -	\$ -	\$ 2,139,714	\$ 18,155,854
Interest earnings	211,658	274,478	-	261,487	747,623
Licenses and permits	1,095,663	-	-	-	1,095,663
Intergovernmental revenues	2,394,518	-	2,838,162	343,231	5,575,911
Charges for services	2,084,352	-	-	1,450,918	3,535,270
Fines and forfeitures	165,089	-	-	-	165,089
Bond proceeds	-	-	-	1,265,000	1,265,000
Other revenues	575,330	-	-	1,012,121	1,587,451
Total revenue	<u>22,542,750</u>	<u>274,478</u>	<u>2,838,162</u>	<u>6,472,471</u>	<u>32,127,861</u>
Expenditures:					
Current					
General government	1,371,368	-	-	-	1,371,368
Police protection	4,595,545	-	-	64,953	4,660,498
Other public safety and inspection services	2,560,244	-	-	5,021	2,565,265
Streets and highways	2,607,288	-	-	-	2,607,288
Parks, cemetery and public property	1,267,870	-	-	35,438	1,303,308
Culture and recreation	1,631,278	-	-	2,036,941	3,668,219
Public works	1,387,736	-	-	-	1,387,736
Community and economic development	299,190	-	-	835,165	1,134,355
Transportation services	-	-	-	557,227	557,227
Capital outlay	2,064,582	-	3,083,273	2,195,786	7,343,641
Debt service:					
Principal	-	-	-	1,454,000	1,454,000
Interest	-	-	-	414,247	414,247
Total expenditures	<u>17,785,101</u>	<u>-</u>	<u>3,083,273</u>	<u>7,598,778</u>	<u>28,467,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,757,649</u>	<u>274,478</u>	<u>(245,111)</u>	<u>(1,126,307)</u>	<u>3,660,709</u>
Other financing sources (uses):					
Transfers in	1,089,288	3,394,909	256,574	2,762,217	7,502,988
Transfers out	(5,346,608)	(857,318)	-	(1,299,062)	(7,502,988)
Total other financing sources (uses)	<u>(4,257,320)</u>	<u>2,537,591</u>	<u>256,574</u>	<u>1,463,155</u>	<u>-</u>
Net change in fund balance	500,329	2,812,069	11,463	336,848	3,660,709
Fund balances, beginning of year	5,353,285	9,100,076	(11,462)	8,866,831	23,308,730
Fund balance, end of the year	<u><u>\$ 5,853,614</u></u>	<u><u>\$ 11,912,145</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 9,203,679</u></u>	<u><u>\$ 26,969,439</u></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, 2019

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

Net change in fund balances - total governmental funds \$ 3,660,709

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.

Capital outlay	\$ 8,311,922	
Depreciation expense	<u>(4,895,452)</u>	3,416,470

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. (23,442)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and transfers) changes net position. In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying cost of the assets sold. 28,332

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. 27,000

Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the net pension liability is measured six months before the City's report date. Pension expense, which is the change in net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

Pension expense	\$ (1,576,612)	
Benefit expense	<u>1,242,687</u>	(333,925)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditures. Also, governmental funds report the effect of discounts, premiums, and similar items 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.

Debt proceeds	\$ (1,265,000)	
Principal payments on long-term debt	1,454,000	
Changes in accrued interest payable	(16,710)	
Amortization of bond premiums and deferred amounts	<u>10,826</u>	183,116

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This adjustment reflects the change in compensated absences. 2,245

Change in net position of governmental activities \$ 6,960,505

CEDAR CITY, UTAH
Statement of Net Position
Proprietary Funds
June 30, 2019

	Water	Sewer Collection System	Regional Sewer Plant
Assets			
Current assets:			
Cash and cash equivalents	\$ 13,159,055	\$ 4,836,879	\$ 9,474,883
Accounts receivable, net of allowance	374,562	79,624	314,365
Inventory	347,175	-	-
Due from other funds	135,861	-	596,957
Total current assets	<u>14,016,653</u>	<u>4,916,503</u>	<u>10,386,205</u>
Non-current assets			
Capital assets:			
Nondepreciable	13,310,541	1,724,248	806,328
Depreciable, net of accumulated depreciation	40,752,841	20,762,884	12,693,413
Net capital assets	<u>54,063,382</u>	<u>22,487,132</u>	<u>13,499,741</u>
Total non-current assets	<u>54,063,382</u>	<u>22,487,132</u>	<u>13,499,741</u>
Total assets	<u>68,080,035</u>	<u>27,403,635</u>	<u>23,885,946</u>
Deferred outflows of resources:			
Deferred outflows of resources - pensions	190,875	54,949	118,574
Total deferred outflows of resources	<u>190,875</u>	<u>54,949</u>	<u>118,574</u>
Liabilities			
Current liabilities			
Accounts payable	741,387	313,501	107,928
Interest payable	19,787	-	-
Deposits payable	85,336	-	-
Compensated absences payable - current	22,361	6,450	11,180
Bonds payable - current	175,000	-	-
Due to other funds	-	596,957	-
Total current liabilities	<u>1,043,871</u>	<u>916,908</u>	<u>119,108</u>
Non-current liabilities			
Liability for closure and post closure costs	-	-	-
Net pension liability	382,283	110,051	237,479
Compensated absences payable	47,337	17,615	29,804
Bonds payable	2,490,621	-	-
Total non-current liabilities	<u>2,920,241</u>	<u>127,666</u>	<u>267,283</u>
Total liabilities	<u>3,964,112</u>	<u>1,044,574</u>	<u>386,391</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	24,100	6,938	14,971
Total deferred inflows of resources	<u>24,100</u>	<u>6,938</u>	<u>14,971</u>
Net position			
Net investment in capital assets	51,397,761	22,487,132	13,499,741
Restricted for:			
Community development	4,079,903	1,935	877,052
Unrestricted	<u>8,805,034</u>	<u>3,918,005</u>	<u>9,226,365</u>
Total net position	<u>\$ 64,282,698</u>	<u>\$ 26,407,072</u>	<u>\$ 23,603,158</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Net Position
Proprietary Funds
June 30, 2019

Storm Drain Utility	Nonmajor Solid Waste	Total	Public Works Facilities Internal Service Fund
\$ 1,726,656	\$ 1,903,075	\$ 31,100,548	\$ 31,895
65,987	98,424	932,962	-
-	3,923	351,098	-
-	-	732,818	-
<u>1,792,643</u>	<u>2,005,422</u>	<u>33,117,426</u>	<u>31,895</u>
536,553	-	16,377,670	31,041
<u>14,204,197</u>	<u>685,209</u>	<u>89,098,544</u>	<u>1,097,310</u>
<u>14,740,750</u>	<u>685,209</u>	<u>105,476,214</u>	<u>1,128,351</u>
<u>14,740,750</u>	<u>685,209</u>	<u>105,476,214</u>	<u>1,128,351</u>
<u>16,533,393</u>	<u>2,690,631</u>	<u>138,593,640</u>	<u>1,160,246</u>
11,568	31,812	407,778	-
<u>11,568</u>	<u>31,812</u>	<u>407,778</u>	<u>-</u>
320,583	123,264	1,606,663	1,746
27,839	-	47,626	-
-	-	85,336	-
860	2,150	43,001	-
220,000	-	395,000	-
<u>168,569</u>	<u>-</u>	<u>765,526</u>	<u>214,599</u>
<u>737,851</u>	<u>125,414</u>	<u>2,943,152</u>	<u>216,345</u>
-	45,962	45,962	-
23,169	63,714	816,696	-
67	5,513	100,336	-
<u>2,511,000</u>	<u>-</u>	<u>5,001,621</u>	<u>-</u>
<u>2,534,236</u>	<u>115,189</u>	<u>5,964,615</u>	<u>-</u>
<u>3,272,087</u>	<u>240,603</u>	<u>8,907,767</u>	<u>216,345</u>
1,461	4,017	51,487	-
<u>1,461</u>	<u>4,017</u>	<u>51,487</u>	<u>-</u>
12,009,750	685,209	100,079,593	1,128,351
487,705	-	5,446,595	-
<u>773,958</u>	<u>1,792,614</u>	<u>24,515,976</u>	<u>(184,450)</u>
<u>\$ 13,271,413</u>	<u>\$ 2,477,823</u>	<u>\$130,042,164</u>	<u>\$ 943,901</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Water	Sewer Collection System	Regional Sewer Plant
Operating revenues:			
Charges for services	\$ 4,305,632	\$ 1,876,852	\$ 2,485,988
Penalties	100,688	-	-
Other revenues	8,070	-	3,897
Total operating revenues	<u>4,414,390</u>	<u>1,876,852</u>	<u>2,489,885</u>
Operating expenses			
Salaries	612,404	183,355	377,573
Employee benefits	376,824	131,449	254,648
Administration	251,283	80,752	121,480
Utilities	698,450	30,635	391,087
Professional services	70,079	8,750	89,242
Repairs and maintenance	268,463	156,578	109,431
Insurance	15,693	9,146	11,406
Miscellaneous	7,189	35,607	13,775
Supplies	454,573	20,247	164,594
Depreciation	1,235,959	662,494	709,507
Total operating expenses	<u>3,990,917</u>	<u>1,319,013</u>	<u>2,242,743</u>
Operating income	<u>423,473</u>	<u>557,839</u>	<u>247,142</u>
Non-operating revenues (expenses):			
Interest earnings	391,269	154,085	380,667
Gain (loss) on disposal of assets	-	-	7,500
Interest and fiscal charges	(103,522)	(125,058)	-
Total non-operating revenues (expenses):	<u>287,747</u>	<u>29,027</u>	<u>388,167</u>
Income before contributions and transfers	<u>711,220</u>	<u>586,866</u>	<u>635,309</u>
Capital contributions	223,307	105,353	-
Impact fees	622,779	90,745	216,808
Water acquisition fees	426,697	-	-
Grant revenue	-	-	-
Change in net position	<u>1,984,003</u>	<u>782,964</u>	<u>852,117</u>
Total net position, beginning of year	<u>62,298,695</u>	<u>25,624,108</u>	<u>22,751,041</u>
Total net position, end of year	<u><u>64,282,698</u></u>	<u><u>26,407,072</u></u>	<u><u>23,603,158</u></u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Storm Drain Utility	Nonmajor Solid Waste	Total	Public Works Facilities Internal Service Fund
\$ 774,263	\$ 723,473	\$ 10,166,208	\$ 95,097
-	-	100,688	-
-	-	11,967	-
<u>774,263</u>	<u>723,473</u>	<u>10,278,863</u>	<u>95,097</u>
38,706	121,060	1,333,098	5,146
30,140	57,633	850,694	394
110,718	126,270	690,503	-
659	136	1,120,967	19,176
6,200	3,000	177,271	43
39,548	38,590	612,610	2,288
3,102	6,343	45,690	2,618
-	43,938	100,509	-
15,834	109,553	764,801	1,773
<u>276,692</u>	<u>95,898</u>	<u>2,980,550</u>	<u>30,096</u>
<u>521,599</u>	<u>602,421</u>	<u>8,676,693</u>	<u>61,534</u>
<u>252,664</u>	<u>121,052</u>	<u>1,602,170</u>	<u>33,563</u>
49,055	51,554	1,026,630	1,308
-	-	7,500	-
<u>(105,068)</u>	<u>-</u>	<u>(333,648)</u>	<u>(58,313)</u>
<u>(56,013)</u>	<u>51,554</u>	<u>700,482</u>	<u>(57,005)</u>
<u>196,651</u>	<u>172,606</u>	<u>2,302,652</u>	<u>(23,442)</u>
-	-	328,660	-
188,563	-	1,118,895	-
-	-	426,697	-
69,741	-	69,741	-
<u>454,955</u>	<u>172,606</u>	<u>4,246,645</u>	<u>(23,442)</u>
<u>12,816,458</u>	<u>2,305,217</u>	<u>125,795,519</u>	<u>967,343</u>
<u>13,271,413</u>	<u>2,477,823</u>	<u>130,042,164</u>	<u>943,901</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Water	Sewer Collection System
Cash flows from operating activities:		
Cash received from customers	\$ 4,549,654	\$ 1,870,138
Cash payments to suppliers for goods and services	(998,379)	5,970
Cash payments to employees for services	(964,404)	(305,503)
Cash payments to other funds for services provided	(251,283)	(80,752)
Net cash flows from operating activities	<u>2,335,588</u>	<u>1,489,853</u>
Cash flows from non-capital financing activities:		
Loans due from other funds	24,118	-
Loans due to other funds	-	(106,237)
Net cash flows from non-capital financing activities	<u>24,118</u>	<u>(106,237)</u>
Cash flows from capital and related financing activities:		
Water acquisition and impact fees	1,049,476	90,745
Grant revenue	-	-
Acquisition of capital assets	(1,557,821)	(1,760,076)
Proceeds from the sale of capital assets	-	-
Interest paid on capital debt	(103,522)	(125,058)
Principal paid on capital debt	(174,635)	-
Net cash flows from capital and related activities	<u>(786,502)</u>	<u>(1,794,389)</u>
Cash flows from investing activities:		
Interest received	391,269	154,085
Net cash flows from investing activities	<u>391,269</u>	<u>154,085</u>
Net change in cash and cash equivalents	1,964,473	(256,688)
Cash and cash equivalents - beginning (including restricted cash)	<u>11,194,582</u>	<u>5,093,567</u>
Cash and cash equivalents - ending (including restricted cash)	<u>\$ 13,159,055</u>	<u>\$ 4,836,879</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ 423,473	\$ 557,839
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	1,235,959	662,494
Pension expense	25,657	7,385
(Increase) decrease in accounts receivable	138,239	(6,714)
(Increase) decrease in inventory	(5,259)	-
Increase (decrease) in accounts payable	521,327	266,933
Increase (decrease) in deposits payable	(2,975)	-
Increase (decrease) in compensated absences payable	(833)	1,916
Net cash flows from operating activities	<u>\$ 2,335,588</u>	<u>\$ 1,489,853</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Regional Sewer Plant	Storm Drain Utility	Nonmajor Solid Waste	Total	Public Works Facilities Internal Service Fund
\$ 2,489,885	\$ 770,634	\$ 719,769	\$ 10,400,080	\$ 95,097
(773,579)	24,323	(224,005)	(1,965,670)	(28,652)
(610,711)	(68,176)	(175,387)	(2,124,181)	(5,540)
(121,480)	(110,718)	(126,270)	(690,503)	-
<u>984,115</u>	<u>616,063</u>	<u>194,107</u>	<u>5,619,726</u>	<u>60,905</u>
106,237	-	-	130,355	-
-	(23,137)	-	(129,374)	(38,097)
<u>106,237</u>	<u>(23,137)</u>	<u>-</u>	<u>981</u>	<u>(38,097)</u>
216,808	188,563	-	1,545,592	-
-	69,741	-	69,741	-
(73,548)	(657,090)	(260,039)	(4,308,574)	(1,773)
42,792	-	-	42,792	-
-	(105,068)	-	(333,648)	(58,313)
-	(217,000)	-	(391,635)	-
<u>186,052</u>	<u>(720,854)</u>	<u>(260,039)</u>	<u>(3,375,732)</u>	<u>(60,086)</u>
380,667	49,055	51,554	1,026,630	1,308
<u>380,667</u>	<u>49,055</u>	<u>51,554</u>	<u>1,026,630</u>	<u>1,308</u>
1,657,071	(78,873)	(14,378)	3,271,605	(35,970)
7,817,812	1,805,529	1,917,453	27,828,943	67,865
<u>\$ 9,474,883</u>	<u>\$ 1,726,656</u>	<u>\$ 1,903,075</u>	<u>\$ 31,100,548</u>	<u>\$ 31,895</u>
\$ 247,142	\$ 252,664	\$ 121,052	\$ 1,602,170	\$ 33,563
709,507	276,692	95,898	2,980,550	30,096
15,939	1,556	4,277	54,814	-
-	(3,629)	(3,704)	124,192	-
-	-	(3,356)	(8,615)	-
5,956	89,666	(19,089)	864,793	(2,754)
-	-	-	(2,975)	-
5,571	(886)	(971)	4,797	-
<u>\$ 984,115</u>	<u>\$ 616,063</u>	<u>\$ 194,107</u>	<u>\$ 5,619,726</u>	<u>\$ 60,905</u>

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

	Agency Funds	
	Task Force Trust	Total
Assets:		
Current assets:		
Cash and cash equivalents	\$ 74,785	\$ 74,785
Total assets	\$ 74,785	\$ 74,785
Liabilities:		
Held in trust for others	\$ 74,785	\$ 74,785
Total liabilities	\$ 74,785	\$ 74,785

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, 2019

	Agency Funds	
	Task Force Trust	Total
Additions		
Investment earnings:		
Interest	\$ 1,337	\$ -
Other revenues	-	-
Total additions	1,337	-
Deductions		
Depreciation	-	-
Total deductions	-	-
Change in held in trust for others	1,337	1,337
Held in trust for others, beginning	73,448	73,448
Held in trust for others, ending	\$ 74,785	\$ 74,785

The accompanying notes are an integral part of the financial statements

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies

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.

Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, earned but unreimbursed state and federal grants, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Only the portion of special assessments 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 government.

The propriety funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

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.

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 acquisition 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.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has two types of items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is pension related items reported on the government-wide and proprietary fund financial statements. See Note 9 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which qualify for reporting in this category. Accordingly, the first item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes levied for a future year and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities statement of net position reports deferred inflows of resources from property taxes levied for a future year. The second item is pension related items reported on the government-wide and proprietary fund financial statements. See Note 9 for more information.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. However, management has chosen to accumulate restricted Class C road funds in order to create a reserve for future projects.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. However, management has chosen to accumulate restricted Class C road funds in order to create a reserve for future projects.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as 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. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

Minimum Fund Balance

Utah Code 10-6-116(4) indicates that only the “fund balance in excess of 5% of total revenues of the general fund may be utilized for budget purposes.” The remaining 5% must be maintained as a minimum fund balance.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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.

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.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

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.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

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 position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 19.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

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

The governmental fund statement of revenues, expenditures, and changes in fund balances 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. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 21.

Note 3. Stewardship, Compliance and Accountability

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.

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 budget 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.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 4. Deposits and Investments

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.

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, 2019, \$1,072,102 of the City's bank balance of \$1,580,470 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.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); 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; the Utah State Public Treasurer's Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

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.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 4. Deposits and Investments, Continued

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.

As of June 30, 2019, 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	56,621,881	N/A	47.67

- (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 the Utah Public Treasurer's Investment Fund Portfolio Statistics as of June 30, 2019

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.

Fair Value Measurements

As noted above, the City holds investments that are measured at fair value on a recurring basis. The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The PTIF, as listed above, is valued using significant other observable inputs (Level 2 inputs).

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 5. Capital Assets

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

Governmental activities:	Balance			Balance
	6/30/2018	Additions	Deletions	6/30/2019
Capital assets, not being depreciated:				
Land	\$ 48,392,594	\$ 672,842	\$ -	\$ 49,065,436
Construction in progress	1,972,263	6,639,928	(5,932,346)	2,679,845
Total capital assets, not being depreciated	<u>50,364,857</u>	<u>7,312,770</u>	<u>(5,932,346)</u>	<u>51,745,281</u>
Capital assets, being depreciated:				
Automobiles and trucks	10,141,567	205,870	(698)	10,346,739
Buildings and improvements	48,687,478	1,829,140	-	50,516,618
Machinery and equipment	4,830,052	301,308	-	5,131,360
Office furniture and equipment	698,509	9,825	(5,620)	702,714
Improvements other than buildings	80,524,595	4,585,355	-	85,109,950
Total capital assets, being depreciated	<u>144,882,201</u>	<u>6,931,498</u>	<u>(6,318)</u>	<u>151,807,381</u>
Less accumulated depreciation for:				
Automobiles and trucks	(5,858,147)	(611,468)	698	(6,468,917)
Buildings and improvements	(11,603,771)	(1,169,195)	-	(12,772,966)
Machinery and equipment	(2,970,300)	(238,318)	-	(3,208,618)
Office furniture and equipment	(573,371)	(36,493)	5,620	(604,244)
Improvements other than buildings	(43,977,694)	(2,839,978)	-	(46,817,672)
Total accumulated depreciation	<u>(64,983,283)</u>	<u>(4,895,452)</u>	<u>6,318</u>	<u>(69,872,417)</u>
Total capital assets, being depreciated, net	<u>79,898,918</u>	<u>2,036,046</u>	<u>-</u>	<u>81,934,964</u>
Governmental activities capital assets, net	<u>\$ 130,263,775</u>	<u>\$ 9,348,816</u>	<u>\$ (5,932,346)</u>	<u>\$ 133,680,245</u>

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

Governmental activities:	
General government	\$ 132,112
Police protection	187,813
Other public safety and inspection services	320,063
Streets and highways	2,000,036
Parks, cemetery and public property	562,523
Culture and recreation	709,032
Public works	132,599
Community and economic development	193,989
Senior Center	657,285
Total depreciation expense	<u>\$ 4,895,452</u>

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 5. Capital Assets, Continued

Business-type activities:	Balance			Balance
	6/30/2018	Additions	Deletions	6/30/2019
Capital assets, not being depreciated:				
Land and water rights	\$ 12,616,744	\$ 68,449	\$ -	\$ 12,685,193
Construction in progress	3,102,762	2,674,324	(2,084,610)	3,692,476
Total capital assets, not being depreciated	<u>15,719,506</u>	<u>2,742,773</u>	<u>(2,084,610)</u>	<u>16,377,669</u>
Capital assets, being depreciated:				
Automobiles and trucks	2,534,299	445,845	-	2,980,144
Buildings	4,409,596	-	-	4,409,596
Office furniture and equipment	55,963	-	-	55,963
Machinery and equipment	2,854,937	47,792	(47,309)	2,855,420
Improvements other than buildings	123,375,224	3,498,152	-	126,873,376
Total capital assets, being depreciated	<u>133,230,019</u>	<u>3,991,789</u>	<u>(47,309)</u>	<u>137,174,499</u>
Less accumulated depreciation for:				
Automobiles and trucks	(1,510,193)	(171,649)	-	(1,681,842)
Buildings	(1,963,889)	(97,993)	-	(2,061,882)
Office furniture and equipment	(38,376)	(1,551)	-	(39,927)
Machinery and equipment	(1,078,701)	(200,917)	12,017	(1,267,601)
Improvements other than buildings	(40,516,263)	(2,508,440)	-	(43,024,703)
Total accumulated depreciation	<u>(45,107,422)</u>	<u>(2,980,550)</u>	<u>12,017</u>	<u>(48,075,955)</u>
Total capital assets, being depreciated, net	<u>88,122,597</u>	<u>1,011,239</u>	<u>(35,292)</u>	<u>89,098,544</u>
Business-type activities capital assets, net	<u>\$ 103,842,103</u>	<u>\$ 3,754,012</u>	<u>\$ (2,119,902)</u>	<u>\$ 105,476,213</u>

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2019.

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019	Current Portion
Governmental activities:					
General obligation bonds:					
Library bond CIB	\$ 1,116,000	\$ -	\$ (112,000)	\$ 1,004,000	\$ 115,000
Aquatic center bond 2009	5,450,000	-	(230,000)	5,220,000	239,000
Total general obligation	<u>6,566,000</u>	<u>-</u>	<u>(342,000)</u>	<u>6,224,000</u>	<u>354,000</u>
Revenue bonds:					
Sales tax revenue refunding bond 2011	2,720,000	-	(880,000)	1,840,000	905,000
Lease revenue bond	1,039,000	-	(80,000)	959,000	81,000
RDA rental revenue bond	1,320,000	-	(152,000)	1,168,000	155,000
Series 2018 revenue bond	-	1,265,000	-	1,265,000	-
Bond premium	32,479	-	(10,826)	21,653	-
Total revenue bonds	<u>5,111,479</u>	<u>1,265,000</u>	<u>(1,122,826)</u>	<u>5,253,653</u>	<u>1,141,000</u>
Compensated absences	797,897	284,472	(286,722)	795,647	238,694
Net pension liability	2,946,314	2,029,151	-	4,975,465	-
Governmental activity long-term liabilities	<u>15,421,690</u>	<u>3,578,623</u>	<u>(1,751,548)</u>	<u>17,248,765</u>	<u>1,733,694</u>
Business-type activities:					
Revenue bonds:					
Storm drain revenue bond 2013	2,948,000	-	(217,000)	2,731,000	220,000
Water revenue bond 2011	2,780,000	-	(170,000)	2,610,000	175,000
Bond premium	60,256	-	(4,635)	55,621	-
Total revenue bonds	<u>5,788,256</u>	<u>-</u>	<u>(391,635)</u>	<u>5,396,621</u>	<u>395,000</u>
Compensated absences	138,540	53,580	(48,783)	143,337	43,001
Net pension liability	483,621	333,074	-	816,695	-
Business-type long-term liabilities	<u>6,410,417</u>	<u>386,654</u>	<u>(440,418)</u>	<u>6,356,653</u>	<u>438,001</u>
Total long-term liabilities	<u>\$ 21,832,107</u>	<u>\$ 3,965,277</u>	<u>\$ (2,191,966)</u>	<u>\$ 23,605,418</u>	<u>\$ 2,171,695</u>

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 6. Long-Term Liabilities, Continued

Long-term debt at June 30, 2019 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%	\$ 1,004,000
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%	5,220,000
Total general obligation bonds	<u>6,224,000</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%	1,840,000
Lease Revenue Bonds - Series 2014 issued for \$1,270,000 payable in installments of \$76,000 to \$95,000 bearing interest of 1.5%	959,000
Lease Revenue Bonds - Series 2016 issued for \$1,622,000 payable in installments of \$150,000 to \$181,000 bearing interest of 1.0% to 3.35%	1,168,000
Lease Revenue Bonds - Series 2018 issued for \$1,265,000 payable in installments of \$32,000 to \$62,000 bearing interest of 2.5%	1,265,000

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 2.5% to 4.3%	2,610,000
Storm Drain Revenue Bonds - Series 2013 issued for \$4,000,000 payable in installments of \$241,000 to \$312,000 bearing interest of 0.8% to 3.2%	2,731,000
Total revenue bonds	<u>10,573,000</u>

Compensated absences

938,984

Net pension liability

5,792,160

Total long-term debt

23,528,144

Plus: Bond premium

Governmental activities	21,653
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Business-type activities	55,621
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Less: Current portion

Governmental activities	(1,733,694)
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Business-type activities	(438,001)
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Net long-term debt

\$ 21,433,723

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 6. Long-Term Liabilities, Continued

Fiscal Year Ended June 30,	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,495,000	\$ 366,141	\$ 1,861,141	\$ 395,000	\$ 176,940	\$ 571,940
2021	1,542,000	326,806	1,868,806	409,000	166,528	575,528
2022	625,000	276,371	901,371	419,000	154,998	573,998
2023	675,000	257,676	932,676	428,000	143,615	571,615
2024	695,000	237,161	932,161	444,000	131,393	575,393
2025-2029	2,960,000	863,445	3,823,445	2,441,000	426,887	2,867,887
2030-2034	2,212,000	439,990	2,651,990	805,000	43,160	848,160
2035-2039	660,000	108,925	768,925	-	-	-
2040-2044	280,000	60,625	340,625	-	-	-
2035-2049	312,000	23,625	335,625	-	-	-
Total	<u>\$ 11,456,000</u>	<u>\$ 2,960,765</u>	<u>\$ 13,740,515</u>	<u>\$ 5,341,000</u>	<u>\$ 1,243,521</u>	<u>\$ 6,584,521</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.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 7. Interfund Transactions and Balances

Individual fund receivable and payable balances at June 30, 2019 were:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 78,738	\$ -
Capital Improvement Fund	168,569	-
Public Works Facilities Internal Service Fund	-	214,599
Water Fund	135,861	-
Sewer Collection System Fund	-	596,957
Sewer Plant Fund	596,957	-
Storm Drain Utility Fund	-	168,570
	\$ 980,125	\$ 980,126

Loans outstanding from the general fund, capital improvements fund, water fund, and regional sewer fund in the amount of \$1,147,594 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, 2019 consisted of the following:

	General Fund	Capital Improvement	Airport Construction	Nonmajor Governmental Funds	Total Transfers in
Transfers in:					
General Fund	-	748,545	-	340,743	1,089,288
Capital Improvement	3,000,000	-	-	394,909	3,394,909
Airport Construction	-	-	-	256,574	256,574
Non major Governmental	2,346,608	108,773	-	306,836	2,762,217
Total transfers out	5,346,608	857,318	-	1,299,062	7,502,988

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, 2019

Note 8. Equity Classifications

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, 2019

Note 8. Equity Classifications, Continued

The components of fund equity are as follows:

Governmental Activities			
General fund:		Other governmental funds:	
Nonspendable		Restricted for:	
Inventory	\$ 132,946	Community development	
Total nonspendable	<u>\$ 132,946</u>	Transportation impact fees	1,903,375
		Parks impact fees	1,505,735
Restricted for:		RAP tax	1,843,426
Community development		TRT tax	198,205
Class C roads	\$ 1,356,000	Public safety	
State liquor funds	58,144	Public safety impact fees	214,842
Perry legacy donation	9,677	Task force	173,360
Total restricted	<u>\$ 1,423,821</u>	Other	
		Parking authority	124,061
Committed to:		Total restricted	<u>\$ 5,963,004</u>
Traffic school	\$ 27,456	Committed to:	
Total committed	<u>\$ 27,456</u>	Aquatic center	\$ 387,022
		Airport	515,213
Business-type Activities:		Golf course	302,618
Water fund:		RDA	1,453,893
Restricted for:		Total committed	<u>\$ 2,658,746</u>
Community development	\$ 4,079,903	Assigned to:	
Total restricted	<u>\$ 4,079,903</u>	Debt service	
		Debt service sinking fund	\$ 61,820
Sewer Collection:		SID guarantee	116
Restricted for:		Special Improvement 2002-1	10,021
Community development	\$ 1,935	Special Improvement 97-1	839
Total restricted	<u>\$ 1,935</u>	Special Improvement 98-1	113
		Municipal Building Authority	353,804
Storm Drain		Cedar Area Transit	96,085
Restricted for:		Capital Improvements	11,838,586
Community development	\$ 487,705	Total assigned	<u>\$ 12,361,384</u>
Total restricted	<u>\$ 487,705</u>		
Regional Sewer Plant			
Restricted for:			
Community development	\$ 877,052		
Total restricted	<u>\$ 877,052</u>		

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System).
- Firefighters Retirement System (Firefighters System) are multiple employer, cost-sharing, public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer cost sharing public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost-sharing, public employee retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan, Continued

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

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan, Continued

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(K)
Contributory System			
111 - Local Government Division Tier 2	N/A	15.54	1.15
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	24.25	0.74
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71	N/A
Firefighters Retirement System			
31 Other Division A	15.05	4.61	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.34	0.74
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	12.99	12.00
232 Firefighters	N/A	0.08	12.00

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

For the fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 591,123	N/A
Public Safety System	402,792	-
Firefighters System	24,113	78,721
Tier 2 Public Employees System	213,847	-
Tier 2 Public Safety and Firefighter	177,907	-
Tier 2 DC Only System	35,333	N/A
Tier 2 DC Public Safety and Firefighter System	2,242	N/A
Total Contributions	\$ 1,447,357	\$ 78,721

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan, Continued

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2019, the City reported a net pension asset of \$0 and a net pension liability of \$5,792,160.

(Measurement Date): 12/31/2018

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 3,023,722	0.4106241%	0.4119892%	(0.0013651) %
Public Safety System	-	2,492,299	0.9687915%	1.0298082%	(0.0610167) %
Firefighters System	-	217,942	1.6784452%	1.8604718%	(0.1820266) %
Tier 2 Public Employees System	-	45,946	0.1072807%	0.1074217%	(0.0001410) %
Tier 2 Safety and Public Firefighter	-	12,251	0.4889595%	0.4576159%	0.0313436 %
Total Net Pension Asset/Liability	\$ -	\$ 5,792,160			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, the City recognized pension expense of \$1,835,404. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,903	\$ 233,815
Change in assumptions	830,632	26,574
Net difference between projected and actual earnings on pension plan investments	1,196,451	-
Changes in proportion and differences between contributions and proportionate share of contributions	63,592	114,759
Contributions subsequent to the measurement date	710,466	-
Total	\$ 2,892,044	\$ 375,148

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan, Continued

\$710,466 was reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2019	\$ 787,386
2020	\$ 230,180
2021	\$ 163,697
2022	\$ 596,103
2023	\$ 16,715
Thereafter	\$ 22,349

Actuarial assumptions: The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan, Continued

Asset class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
			<u>Inflation</u>
			2.50%
			<u>Expected arithmetic nominal return</u>
			7.25%

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 6,196,999	\$ 3,023,722	\$ 381,221
Public Safety System	4,885,345	2,492,299	549,671
Firefighters System	813,283	217,942	(264,125)
Tier 2 Public Employees System	184,069	45,946	(60,650)
Tier 2 Public Safety and Firefighter	92,406	12,251	(49,087)
Total	\$ 12,172,102	\$ 5,792,160	\$ 557,030

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 9. Defined Benefit Pension Plan, Continued

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contributions Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Cedar City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

401(K) Plan	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer Contributions	\$ 76,310	\$ 81,856	\$ 75,421
Employee Contributions	\$ 154,263	\$ 145,014	\$ 148,978
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 9,664	\$ 4,920	\$ 4,792
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 16,796	\$ 20,523	\$ 16,150

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

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

Prior to June 30, 2016, the City provided postemployment health care benefits, through a single employer defined benefit plan, to all employees who retired from the City and qualified to retire from any of the Utah State Retirement Systems. The benefits, benefit levels, employee contributions and employer contributions were governed by City policy, and could 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. As of June 30, 2016, the plan was terminated such that any employee retiring after June 30, 2016 shall not be able to use the post-retirement health benefit. However, any employee who retired after June 30, 2010 and prior to June 30, 2016 shall have the ability to use the post-retirement health benefit under the terms of the policy as it existed when the employee retired. The City currently has six retirees who are eligible to receive benefits.

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

In accordance with City policy at the time the employees covered under the post-retirement health benefit retired, the employee shall be eligible for continued health insurance coverage upon retirement for three years, or to age sixty-five, whichever comes first. The maximum annual contribution for health insurance and health savings account contributions shall be five thousand dollars. Due to the fact that the benefit has been terminated for all future retirees, the City did not obtain an actuarial valuation of the plan. The City’s Net OPEB obligation was calculated as the maximum amount that could potentially be contributed on behalf of the current retirees as shown below:

Annual required contribution	\$	30,000
Interest on net OPEB obligation		-
Adjustments to annual required contribution		(40,871)
Annual OPEB cost (expense)		(10,871)
Contributions made		(16,129)
Decrease in net OPEB obligation		(27,000)
Net OPEB obligations - beginning of year		27,000
Net OPEB obligations - end of year	\$	-

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, 2019

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, 2019, the City had \$0 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:

	Cedar			
	Downtown	Port 15	GENPAK	Aviation Way
Tax increment collected	\$ -	\$ 477,479	\$ 100,330	\$ 19,703
Interest income	\$ 51,790	\$ -	\$ -	\$ -
Miscellaneous revenues	\$ 325,000	\$ -	\$ -	\$ -
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Balance of debt	\$ 1,168,000	None	None	None
Funds expended:				
Site improvements and maintenance	\$ 395,437	\$ 198,058	\$ 187,842	\$ -
Administrative costs	\$ 12,044	\$ 201,974	\$ -	\$ -
Shakespearean festival foundation	\$ -	\$ -	\$ -	\$ -
Debt payments	\$ 186,811	\$ -	\$ -	\$ -
Net transfers in (out)	\$ 8,600	\$ -	\$ -	\$ -

CEDAR CITY, UTAH
Notes to the Financial Statements
June 30, 2019

Note 14. **Litigation**

The City is currently involved in various legal disputes due to property damage caused by personnel while performing daily operations. While no material judgements have been handed down against Cedar City, it is expected that not all court cases will be won. As of the date the financials are ready to be issued, it is expected that the City will lose settlements in the aggregate of approximately \$250,000.

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 \$55,718. 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.

Closure costs:	
Cover material	\$ 54,894
Total closure costs	<u>54,894</u>
Post-closure costs:	
Vegetative cover	<u>2,731</u>
Total post-closure costs	<u>2,731</u>
Total costs	<u><u>\$ 57,625</u></u>

To date, Cedar City had not incurred any closure or post-closure care costs but has recorded a liability of \$57,625 towards these costs.

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

Bulloch Pit 84.14 percent

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

Bulloch Pit 2.85 years

REQUIRED SUPPLEMENTARY INFORMATION

CEDAR CITY, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	14,334,570	\$ 14,334,570	\$ 16,016,140	\$ 1,681,570
Interest earnings	20,000	20,000	211,658	191,658
Licenses and permits	802,500	802,500	1,095,663	293,163
Intergovernmental revenues	1,957,570	2,239,428	2,394,518	155,090
Charges for services	1,068,989	1,828,985	2,084,352	255,367
Fines and forfeitures	159,500	159,584	165,089	5,505
Other revenues	22,705	478,550	575,330	96,780
Total revenues	<u>18,365,834</u>	<u>19,863,617</u>	<u>22,542,750</u>	<u>2,679,133</u>
Expenditures				
General government				
Administration	1,368,038	1,507,163	1,371,368	135,795
Police protection				
Police	5,069,388	5,152,203	4,832,193	320,010
Other public safety and inspection services				
Fire department	1,427,142	2,285,910	2,184,316	101,594
Protective inspection	354,887	354,887	313,812	41,075
Animal control	156,479	158,889	155,490	3,399
Justice court	371,735	371,735	354,486	17,249
Streets and highways				
Streets and highways	3,103,528	3,222,079	2,773,028	449,051
Parks, cemetery and public property				
City building	131,051	131,051	115,370	15,681
Parks and cemetery	1,233,330	2,657,697	2,319,352	338,345
Culture and recreation				
Recreation	239,004	239,004	200,521	38,483
Library	675,312	687,721	602,950	84,771
Cross Hollows events center	183,522	248,522	201,694	46,828
Heritage center	540,461	540,461	506,738	33,723
Leisure services	193,159	203,159	166,856	36,303
Public works				
City engineer	772,816	820,382	740,398	79,984
Public works administration	246,993	246,993	242,132	4,861
Fleet and warehouse	433,303	433,303	405,206	28,097
Community and economic development				
Community promotions	79,257	79,257	59,092	20,165
Economic development	285,851	285,851	240,099	45,752
Total expenditures	<u>16,865,256</u>	<u>19,626,267</u>	<u>17,785,101</u>	<u>1,841,166</u>
Excess of revenues over (under) expenditures	<u>1,500,578</u>	<u>237,350</u>	<u>4,757,649</u>	<u>4,520,299</u>
Other financing sources (uses):				
Transfers in	776,777	5,260,130	1,089,288	(4,170,842)
Transfers out	(2,277,355)	(5,497,480)	(5,346,608)	150,872
Total other financing sources (uses)	<u>(1,500,578)</u>	<u>(237,350)</u>	<u>(4,257,320)</u>	<u>(4,019,970)</u>
Net change in fund balance	-	-	500,329	500,329
Fund balance, beginning of year	5,353,285	5,353,285	5,353,285	-
Fund balance, end of year	<u><u>\$ 5,353,285</u></u>	<u><u>\$ 5,353,285</u></u>	<u><u>\$ 5,853,614</u></u>	<u><u>\$ 500,329</u></u>

CEDAR CITY, UTAH
Schedule of Proportionate Share of the Net Pension Liability
Utah Retirement Systems
June 30, 2019
Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System	2015	0.4371351%	\$ 1,898,143	\$ 3,681,182	51.56%	90.2%
	2016	0.4165971%	2,357,309	3,404,346	69.24%	87.8%
	2017	0.4074062%	2,616,046	3,392,850	77.10%	87.3%
	2018	0.4119892%	1,805,048	3,345,064	53.96%	91.9%
	2019	0.4106241%	3,023,722	3,371,640	89.68%	87.0%
Public Safety System	2015	0.9928954%	\$ 1,248,648	\$ 1,489,931	83.81%	90.5%
	2016	0.9708819%	1,739,093	1,454,903	119.53%	87.1%
	2017	0.9780919%	1,984,819	1,371,702	144.70%	86.5%
	2018	1.0298082%	1,615,417	1,380,030	117.06%	90.2%
	2019	0.9687915%	2,492,299	1,228,204	202.92%	84.7%
Firefighters System	2015	1.8205587%	\$ (103,888)	\$ 477,840	-21.74%	103.5%
	2016	1.6384771%	(29,676)	440,401	-6.74%	101.0%
	2017	1.6897646%	(13,321)	474,649	-2.81%	100.4%
	2018	1.8604718%	(116,196)	544,055	-21.36%	103.0%
	2019	1.6784452%	217,942	519,329	41.97%	94.3%
Tier 2 Public Employees System	2015	0.0898213%	\$ (2,722)	\$ 440,758	-0.62%	103.5%
	2016	0.1012189%	(221)	653,949	-0.03%	100.2%
	2017	0.0944426%	10,535	774,506	1.36%	95.1%
	2018	0.1074217%	9,471	1,050,445	0.90%	97.4%
	2019	0.1072807%	45,946	1,252,827	3.67%	90.8%
Tier 2 Public Safety and Firefighter System	2015	0.1599562%	\$ (2,366)	\$ 66,365	-3.57%	120.5%
	2016	0.2329357%	(3,403)	138,650	-2.45%	110.7%
	2017	0.4044896%	(3,511)	334,199	-1.05%	103.6%
	2018	0.4576159%	(5,295)	482,984	-1.10%	103.0%
	2019	0.4889595%	12,251	652,838	1.88%	95.6%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The City implemented GASB 68 in fiscal year 2015; prior year information is not available.

CEDAR CITY, UTAH
Schedule of Contributions
Utah Retirement Systems
June 30, 2019
Last 10 Fiscal Years*

	Year Ended	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll
Noncontributory System	2015	\$ 640,564	\$ 640,564	\$ -	\$ 3,524,773	18.17%
	2016	615,646	615,646	-	3,408,213	18.06%
	2017	602,778	602,778	-	3,348,612	18.00%
	2018	597,249	597,249	-	3,353,221	17.81%
	2019	591,123	591,123	-	3,326,573	17.77%
Public Safety System	2015	482,110	482,110	-	1,462,338	32.97%
	2016	480,651	480,651	-	1,438,411	33.42%
	2017	478,724	478,724	-	1,342,059	35.67%
	2018	474,100	474,100	-	1,332,257	35.59%
	2019	402,792	402,792	-	1,127,953	35.71%
Firefighters System	2015	17,387	17,387	-	455,291	3.82%
	2016	18,429	18,429	-	461,864	3.99%
	2017	18,883	18,883	-	485,428	3.89%
	2018	21,563	21,563	-	548,684	3.93%
	2019	24,113	24,113	-	523,064	4.61%
Tier 2 Public Employees System**	2015	81,174	81,174	-	543,341	14.94%
	2016	108,328	108,328	-	725,906	14.92%
	2017	128,239	128,239	-	856,533	14.97%
	2018	181,440	181,440	-	1,197,512	15.15%
	2019	213,847	213,847	-	1,376,151	15.54%
Tier 2 Public Safety and Firefighter System**	2015	24,551	24,551	-	103,549	23.71%
	2016	49,422	49,422	-	226,335	21.84%
	2017	91,796	91,796	-	408,547	22.47%
	2018	121,637	121,637	-	544,337	22.35%
	2019	177,907	177,907	-	756,423	23.52%
Tier 2 Public Employees DC Only System**	2015	20,051	20,051	-	298,372	6.72%
	2016	29,177	29,177	-	436,122	6.69%
	2017	36,398	36,398	-	544,031	6.69%
	2018	37,486	37,486	-	551,242	6.80%
	2019	35,333	35,333	-	510,833	6.92%
Tier 2 Public Safety and Firefighter DC Only System**	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	2,242	2,242	-	17,262	12.99%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The City implemented GASB 68 in fiscal year 2015; prior year information is not available.

** Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

CEDAR CITY, UTAH
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Changes in Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

COMBING STATEMENTS

CEDAR CITY, UTAH
Combining Balance Sheet
Other Governmental Funds (Continued)
June 30, 2019

	Special Revenue Funds					
	<u>Airport</u>	<u>Downtown Parking</u>	<u>Transportation Impact Fees</u>	<u>Parks/Recreation Impact Fees</u>	<u>Public Safety Impact Fees</u>	<u>Redevelopment</u>
Assets:						
Cash and cash equivalents	\$ 469,937	\$ 125,041	\$ 1,908,988	\$ 1,527,622	\$ 214,842	\$ 1,552,486
Special assessments receivable	-	-	-	-	-	-
Other receivables	70,414	-	-	-	-	54,167
Total assets	<u>\$ 540,351</u>	<u>\$ 125,041</u>	<u>\$ 1,908,988</u>	<u>\$ 1,527,622</u>	<u>\$ 214,842</u>	<u>\$ 1,606,653</u>
Liabilities:						
Accounts payable	\$ 23,163	\$ 980	\$ 5,613	\$ 21,887	\$ -	\$ 152,760
Total liabilities	<u>23,163</u>	<u>980</u>	<u>5,613</u>	<u>21,887</u>	<u>-</u>	<u>152,760</u>
Deferred inflows of resources:						
Unavailable revenues - special assessments	1,975	-	-	-	-	-
Total deferred inflows of resources	<u>1,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted for:						
Capital projects	-	-	-	-	-	-
Community development	-	-	1,903,375	1,505,735	-	-
Public safety	-	-	-	-	214,842	-
Other	-	124,061	-	-	-	-
Committed	515,213	-	-	-	-	1,453,893
Assigned	-	-	-	-	-	-
Total fund balances	<u>515,213</u>	<u>124,061</u>	<u>1,903,375</u>	<u>1,505,735</u>	<u>214,842</u>	<u>1,453,893</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 540,351</u>	<u>\$ 125,041</u>	<u>\$ 1,908,988</u>	<u>\$ 1,527,622</u>	<u>\$ 214,842</u>	<u>\$ 1,606,653</u>

CEDAR CITY, UTAH
Combining Balance Sheet
Other Governmental Funds (Continued)
June 30, 2019

	Special Revenue Funds, Continued					
	Aquatic Center	Task Force	Cedar Area Transit	RAP Sales Tax Fund	TRT Sales Tax Fund	Golf Course
Assets:						
Cash and cash equivalents	\$ 442,195	\$ 163,746	\$ 83,185	\$ 1,738,005	\$ 148,262	\$ 347,628
Special assessments receivable	-	-	-	-	-	-
Other receivables	-	16,483	15,475	124,671	53,015	-
Total assets	<u>\$ 442,195</u>	<u>\$ 180,229</u>	<u>\$ 98,660</u>	<u>\$ 1,862,676</u>	<u>\$ 201,277</u>	<u>\$ 347,628</u>
Liabilities:						
Accounts payable	\$ 55,173	\$ 6,869	\$ 2,575	\$ 19,250	\$ 3,072	\$ 45,010
Total liabilities	<u>55,173</u>	<u>6,869</u>	<u>2,575</u>	<u>19,250</u>	<u>3,072</u>	<u>45,010</u>
Deferred inflows of resources:						
Unavailable revenues - special assessments	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted for:						
Capital projects	-	-	-	-	-	-
Community development	-	-	-	1,843,426	198,205	-
Public safety	-	173,360	-	-	-	-
Other	-	-	-	-	-	-
Committed	387,022	-	-	-	-	302,618
Assigned	-	-	96,085	-	-	-
Total fund balances	<u>387,022</u>	<u>173,360</u>	<u>96,085</u>	<u>1,843,426</u>	<u>198,205</u>	<u>302,618</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 442,195</u>	<u>\$ 180,229</u>	<u>\$ 98,660</u>	<u>\$ 1,862,676</u>	<u>\$ 201,277</u>	<u>\$ 347,628</u>

CEDAR CITY, UTAH
Combining Balance Sheet (Continued)
Other Governmental Funds
June 30, 2019

	Debt Service Funds			
	Bond Sinking Fund	Municipal Building Authority	Special Improve #93- 1	Special Improve #95- 2
Assets:				
Cash and cash equivalents	\$ (9,749)	\$ 452,822	\$ -	\$ -
Special assessments receivable	-	-	251,399	4,652
Other receivables	71,569	-	-	-
Total assets	\$ 61,820	\$ 452,822	\$ 251,399	\$ 4,652
Liabilities:				
Accounts payable	\$ -	\$ 99,018	\$ -	\$ -
Total liabilities	-	99,018	-	-
Deferred inflows of resources:				
Unavailable revenues - special assessments	-	-	251,399	4,652
Total deferred inflows of resources	-	-	251,399	4,652
Fund balances:				
Restricted for:				
Capital projects	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Other	-	-	-	-
Committed	-	-	-	-
Assigned	61,820	353,804	-	-
Total fund balances	61,820	353,804	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 61,820	\$ 452,822	\$ 251,399	\$ 4,652

CEDAR CITY, UTAH
Combining Balance Sheet (Continued)
Other Governmental Funds
June 30, 2019

	Debt Service Funds, Continued			
	Special Improve #97- 1	Special Improve #98- 1	Special Improve #2002-1	Special Improve Guarantee
Assets:				
Cash and cash equivalents	\$ 839	\$ 113	\$ 10,021	\$ 116
Special assessments receivable	10,175	120,643	102,814	-
Other receivables	-	-	-	-
Total assets	<u>\$ 11,014</u>	<u>\$ 120,756</u>	<u>\$ 112,835</u>	<u>\$ 116</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues - special assessments	10,175	120,643	102,814	-
Total deferred inflows of resources	<u>10,175</u>	<u>120,643</u>	<u>102,814</u>	<u>-</u>
Fund balances:				
Restricted for:				
Capital projects	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Other	-	-	-	-
Committed	-	-	-	-
Assigned	839	113	10,021	116
Total fund balances	<u>839</u>	<u>113</u>	<u>10,021</u>	<u>116</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,014</u>	<u>\$ 120,756</u>	<u>\$ 112,835</u>	<u>\$ 116</u>

CEDAR CITY, UTAH
Combining Balance Sheet (Continued)
Other Governmental Funds
June 30, 2019

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	<u>Cove Drive</u>	<u>Coal Creek Flood Control</u>	<u>Ball Diamond Complex</u>	<u>Aquatic Center</u>	
Assets:					
Cash and cash equivalents	\$ (12,352)	\$ 46	\$ 58,168	\$ 5,977	\$ 9,227,938
Special assessments receivable	-	-	-	-	489,683
Other receivables	19,526	-	-	-	425,320
Total assets	<u>\$ 7,174</u>	<u>\$ 46</u>	<u>\$ 58,168</u>	<u>\$ 5,977</u>	<u>\$ 10,142,941</u>
Liabilities:					
Accounts payable	\$ 7,174	\$ -	\$ 5,060	\$ -	\$ 447,604
Total liabilities	<u>7,174</u>	<u>-</u>	<u>5,060</u>	<u>-</u>	<u>447,604</u>
Deferred inflows of resources:					
Unavailable revenues - special assessments	-	-	-	-	491,658
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,658</u>
Fund balances:					
Restricted for:					
Capital projects	-	-	-	-	-
Community development	-	-	-	-	5,450,741
Public safety	-	-	-	-	388,202
Other	-	-	-	-	124,061
Committed	-	-	-	-	2,658,746
Assigned	-	46	53,108	5,977	581,929
Total fund balances	<u>-</u>	<u>46</u>	<u>53,108</u>	<u>5,977</u>	<u>9,203,679</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,174</u>	<u>\$ 46</u>	<u>\$ 58,168</u>	<u>\$ 5,977</u>	<u>\$ 10,142,941</u>

CEDAR CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds					
	Airport	Downtown Parking	Transportation Impact Fees	Parks/Recreation Impact Fees	Public Safety Impact Fees	Redevelopment
Revenues:						
Taxes	\$ 20,768	\$ -	\$ -	\$ -	\$ -	\$ 597,512
Interest earnings	17,716	3,022	48,946	39,017	9,075	51,790
Intergovernmental revenues	25,645	-	-	-	-	-
Charges for services	459,160	47,642	-	-	-	325,002
Bond Proceeds	-	-	-	-	-	-
Other revenues	164,030	-	293,013	383,950	107,128	-
Total revenues	687,319	50,664	341,959	422,967	116,203	974,304
Expenditures:						
Current						
Police protection	-	-	-	-	-	-
Other public safety and inspection services	-	-	-	-	5,021	-
Parks, cemetery and public property	-	35,438	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	602,089
Transportation services	392,850	-	-	-	-	-
Capital outlay	52,798	-	18,969	223,876	-	393,266
Debt service:						
Principal	-	-	-	-	-	152,000
Interest	-	-	-	-	-	34,811
Total expenditures	445,648	35,438	18,969	223,876	5,021	1,182,166
Revenues (over)/under expenditures	241,671	15,226	322,990	199,091	111,182	(207,862)
Other financing sources (uses):						
Transfers in	-	-	-	-	27,000	8,600
Transfers out	(256,574)	(8,600)	-	-	(180,497)	-
Total other financing sources (uses)	(256,574)	(8,600)	-	-	(153,497)	8,600
Net change in fund balance	(14,903)	6,626	322,990	199,091	(42,315)	(199,262)
Fund balances, beginning of year	530,116	117,435	1,580,385	1,306,644	257,157	1,653,155
Fund balances, end of year	\$ 515,213	\$ 124,061	\$ 1,903,375	\$ 1,505,735	\$ 214,842	\$ 1,453,893

CEDAR CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
For the Year Ended June 30, 2019

	Special Revenue Funds, Continued					
	Aquatic Center	Task Force	Cedar Area Transit	RAP Sales Tax Fund	TRT Sales Tax Fund	Golf Course
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 687,226	\$ 240,167	\$ 594,041
Interest earnings	-	3,714	-	53,392	3,841	-
Intergovernmental revenues	134,000	38,713	53,778	-	-	-
Charges for services	518,642	-	54,935	-	45,537	-
Bond Proceeds	-	-	-	-	-	-
Other revenues	2,631	23,689	-	-	-	6,050
Total revenues	<u>655,273</u>	<u>66,116</u>	<u>108,713</u>	<u>740,618</u>	<u>289,545</u>	<u>600,091</u>
Expenditures:						
Current						
Police protection	-	64,953	-	-	-	-
Other public safety and inspection services	-	-	-	-	-	-
Parks, cemetery and public property	-	-	-	-	-	-
Culture and recreation	1,079,684	-	-	-	227,590	729,667
Community and economic development	-	-	-	233,076	-	-
Transportation services	-	-	164,377	-	-	-
Capital outlay	-	-	-	-	-	178,789
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>1,079,684</u>	<u>64,953</u>	<u>164,377</u>	<u>233,076</u>	<u>227,590</u>	<u>908,456</u>
Revenues (over)/under expenditures	<u>(424,411)</u>	<u>1,163</u>	<u>(55,664)</u>	<u>507,542</u>	<u>61,955</u>	<u>(308,365)</u>
Other financing sources (uses):						
Transfers in	447,022	-	80,000	-	-	328,452
Transfers out	-	-	-	(458,482)	-	-
Total other financing sources (uses)	<u>447,022</u>	<u>-</u>	<u>80,000</u>	<u>(458,482)</u>	<u>-</u>	<u>328,452</u>
Net change in fund balance	22,611	1,163	24,336	49,060	61,955	20,087
Fund balances, beginning of year	364,411	172,197	71,749	1,794,366	136,250	282,531
Fund balances, end of year	<u>\$ 387,022</u>	<u>\$ 173,360</u>	<u>\$ 96,085</u>	<u>\$ 1,843,426</u>	<u>\$ 198,205</u>	<u>\$ 302,618</u>

CEDAR CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
For the Year Ended June 30, 2019

	Debt Service Funds			
	Bond Sinking Fund	Municipal Building Authority	Special Improve #93- 1	Special Improve #95- 2
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	988	19,011	-	-
Intergovernmental revenues	71,569	-	-	-
Charges for services	-	-	-	-
Bond Proceeds	-	1,265,000	-	-
Other revenues	-	-	-	-
Total revenues	<u>72,557</u>	<u>1,284,011</u>	<u>-</u>	<u>-</u>
Expenditures:				
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	-	1,266,306	-	-
Debt service:				
Principal	1,222,000	80,000	-	-
Interest	336,938	42,498	-	-
Total expenditures	<u>1,558,938</u>	<u>1,388,804</u>	<u>-</u>	<u>-</u>
Revenues (over)/under expenditures	<u>(1,486,381)</u>	<u>(104,793)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	1,499,688	343,085	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,499,688</u>	<u>343,085</u>	<u>-</u>	<u>-</u>
Net change in fund balance	13,307	238,292	-	-
Fund balances, beginning of year	48,513	115,512	-	-
Fund balances, end of year	<u>\$ 61,820</u>	<u>\$ 353,804</u>	<u>\$ -</u>	<u>\$ -</u>

CEDAR CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
For the Year Ended June 30, 2019

	Debt Service Funds, Continued			
	Special Improve #97- 1	Special Improve #98- 1	Special Improve #2002-1	Special Improve Guarantee
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	839	113	10,020	3
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Bond Proceeds	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>839</u>	<u>113</u>	<u>10,020</u>	<u>3</u>
Expenditures:				
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	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues (over)/under expenditures	<u>839</u>	<u>113</u>	<u>10,020</u>	<u>3</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(30,177)	(4,070)	(360,662)	-
Total other financing sources (uses)	<u>(30,177)</u>	<u>(4,070)</u>	<u>(360,662)</u>	<u>-</u>
Net change in fund balance	(29,338)	(3,957)	(350,642)	3
Fund balances, beginning of year	30,177	4,070	360,663	113
Fund balances, end of year	<u>\$ 839</u>	<u>\$ 113</u>	<u>\$ 10,021</u>	<u>\$ 116</u>

CEDAR CITY, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds (Continued)
For the Year Ended June 30, 2019

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Cove Drive	Coal Creek Flood Control	Ball Diamond Complex	Aquatic Center	
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,139,714
Interest earnings	-	-	-	-	261,487
Intergovernmental revenues	19,526	-	-	-	343,231
Charges for services	-	-	-	-	1,450,918
Bond Proceeds	-	-	-	-	1,265,000
Other revenues	-	-	31,630	-	1,012,121
Total revenues	<u>19,526</u>	<u>-</u>	<u>31,630</u>	<u>-</u>	<u>6,472,471</u>
Expenditures:					
Current					
Police protection	-	-	-	-	64,953
Other public safety and inspection services	-	-	-	-	5,021
Parks, cemetery and public property	-	-	-	-	35,438
Culture and recreation	-	-	-	-	2,036,941
Community and economic development	-	-	-	-	835,165
Transportation services	-	-	-	-	557,227
Capital outlay	33,461	15,370	12,951	-	2,195,786
Debt service:					
Principal	-	-	-	-	1,454,000
Interest	-	-	-	-	414,247
Total expenditures	<u>33,461</u>	<u>15,370</u>	<u>12,951</u>	<u>-</u>	<u>7,598,778</u>
Revenues (over)/under expenditures	<u>(13,935)</u>	<u>(15,370)</u>	<u>18,679</u>	<u>-</u>	<u>(1,126,307)</u>
Other financing sources (uses):					
Transfers in	-	15,370	13,000	-	2,762,217
Transfers out	-	-	-	-	(1,299,062)
Total other financing sources (uses)	<u>-</u>	<u>15,370</u>	<u>13,000</u>	<u>-</u>	<u>1,463,155</u>
Net change in fund balance	<u>(13,935)</u>	<u>-</u>	<u>31,679</u>	<u>-</u>	<u>336,848</u>
Fund balances, beginning of year	<u>13,935</u>	<u>46</u>	<u>21,429</u>	<u>5,977</u>	<u>8,866,831</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 53,108</u>	<u>\$ 5,977</u>	<u>\$ 9,203,679</u>

FEDERAL AND STATE REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Cedar City's basic financial statements and have issued our report thereon dated December 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cedar 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 Cedar City's internal control. Accordingly, we do not express an opinion on the effectiveness of Cedar City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Rees CPA

Rees CPA
Cedar City, Utah
December 31, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program

We have audited Cedar City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on each of Cedar City's major federal programs and on its passenger facility charge program for the year ended June 30, 2019. Cedar City'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cedar City's major federal programs and on passenger facility charge program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 and on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Cedar City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cedar City'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 and on its passenger facility charge program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and the passenger facility charge 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 the passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rees CPA

Rees CPA
Cedar City, Utah
December 31, 2019

CEDAR CITY, UTAH
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X 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 the Uniform Guidance? _____ Yes X 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: \$750,000
Auditee qualified as low-risk auditee? _____ X Yes _____ No

CEDAR CITY, UTAH
Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

No significant matters were noted.

Section III – Federal Award Findings and Questioned Costs

No significant matters were noted.

Section IV – Passenger Facility Charge Program Findings and Questioned Costs

No significant matters were noted.

CEDAR CITY, UTAH
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Program Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of Transportation				
Federal Aviation Administration				
Passed through Utah Department of Transportation:				
Airport Improvement Program	20.106		2,812,415	-
Formula Grants for Rural Areas	20.509		40,522	-
Total U.S. Department of Transportation			2,852,937	-
U.S. Department of Housing and Urban Development				
Passed through Utah Division of Housing and Community Development:				
Community Development Block Grant	14.228	14-0814	159,644	103,118
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant	97.044		5,500	-
U.S. National Endowment for the Humanities				
Passed through Utah Department of Heritage and Arts:				
Grants to States	45.310		9,500	-
Total expenditure of federal awards			\$ 3,027,581	\$ 103,118

CEDAR CITY, UTAH
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

General:

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 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 \$103,118 of federal awards to sub recipients.

Basis of Presentation:

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 grant requirements have been met.

Indirect Cost Rate:

The City did not elect to use the 10% de minimis indirect cost rate for fiscal year 2019.

Federal Loans:

The City did not have any federal loans for fiscal year 2019.

CEDAR CITY, UTAH
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019

	<u>September 30</u>	<u>December 31</u>	<u>March 31</u>	<u>June 30</u>	<u>Total</u>
15-03-C-00-CDC	<u>\$ 15,462</u>	<u>\$ 21,088</u>	<u>\$ 18,090</u>	<u>\$ 21,471</u>	<u>\$ 76,111</u>
Total	<u><u>\$ 15,462</u></u>	<u><u>\$ 21,088</u></u>	<u><u>\$ 18,090</u></u>	<u><u>\$ 21,471</u></u>	<u><u>\$ 76,111</u></u>

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE 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 following applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, which could have a direct and material effect on Cedar City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Restricted Revenues
- Open and Public Meetings Act
- Public Treasurer's Bond
- Tax Levy Revenue Recognition
- Impact Fees

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Cedar City's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Cedar City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement reported above. However, our audit does not provide a legal determination of Cedar City's compliance with those requirements.

Opinion on Compliance

In our opinion, Cedar City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report On Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Rees CPA

Rees CPA
Cedar City, Utah
December 31, 2019