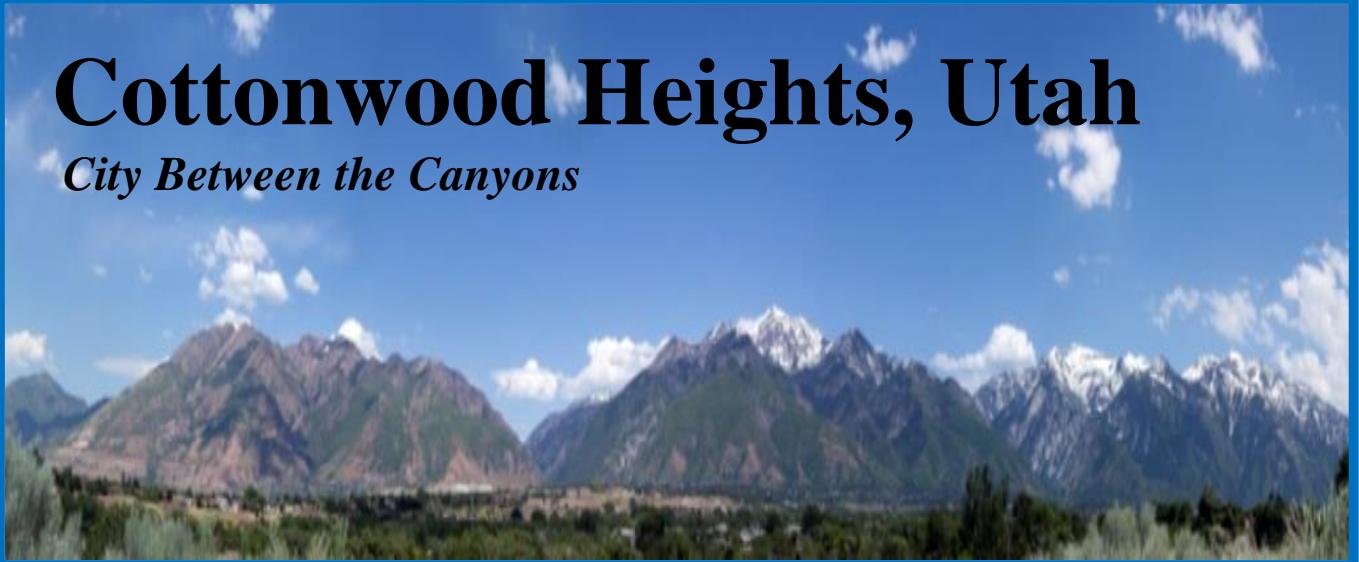


Cottonwood Heights, Utah

City Between the Canyons



ANNUAL FINANCIAL REPORT TO THE COMMUNITY

Fiscal Year Ending June 30, 2013



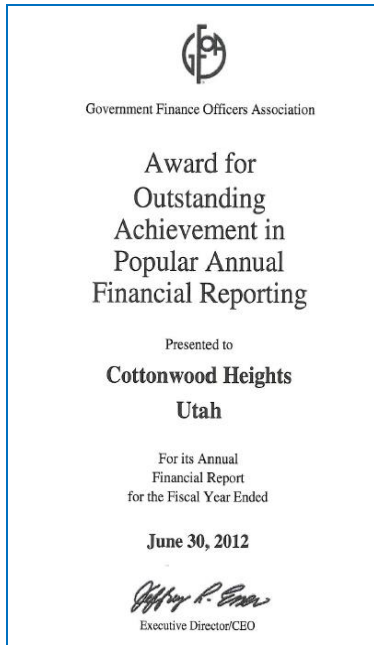


To the Mayor, City Council and Residents of the City of Cottonwood Heights

The city manager and the entire finance department team are proud to present the second Annual Financial Report to the Community, also known as a *Popular Annual Financial Report* (PAFR) for the fiscal year (FY) ended June 30, 2013. This report provides an overview of the city’s financial condition and brief analysis of where the city revenue comes from and where those dollars are spent.

Most of the information in this report is drawn from the financial information in the FY2012-2013 Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the city’s independent auditors, receiving an “unqualified opinion” (an opinion without auditor exceptions or qualifying comments).

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Cottonwood Heights for its Popular Annual Financial Report for the fiscal year ended June 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

We hope you will find this information to be interesting and informative. We welcome your comments and suggestions for future reports. Both the CAFR and this document, the PAFR, are available for viewing at city hall and for viewing or printing on the city’s website at <http://www.ch.utah.gov/>.



City Profile

Cottonwood Heights (the City) has “its roots dating back to the first pioneer settlers in the valley.”

Near what is now Fort Union Blvd. and 2700 East early settlers established a community center with a church and a school. Among the earliest settlers of the area were six colorful brothers. The ‘Butler Brothers’ were lumbermen – complete with wagons, teams, and sawmills.



The Butler Bros (l to r): Alma, Alua, Leander, Neri, Phalander, and Eri

There were also four McGhie brothers and their families. Legend has it that they called a town meeting to organize their community and there was one more Butler than McGhie at the meeting, therefore the community received the name ‘Butler’ rather than ‘McGhie.’ Natives differ on this name; some say it was named ‘Butlerville,’ and others say the ‘ville’ was just a nickname.

Different parts of the west end of the city were known by other names. One area near 1500 East and 7200 S. was known as Poverty Flats. The Southwest part of the current city was known as Little Cottonwood, or Union.

Cottonwood Heights received a Popular Award for the first time in 2012. We believe our current report continues to



One of the highlights of the area's history was the Deseret Paper Mill – the 'Old Mill' situated along Big Cottonwood Creek about a mile below the mouth of the Big Cottonwood canyon.



It was built in 1861 to make paper for the Deseret News (newspaper). The paper was made with wood pulp taken from the canyons and rags gathered by families in the valley.

It operated for many years, furnishing employment for the people of Butlerville and paper for the territory. But on the morning of April 1, 1893, the mill burned down and was never rebuilt as a paper mill. Since the mill's construction, the railroad had come through and it was cheaper to bring paper in by train than to manufacture it locally.



The Deseret Paper Mill is one of the highlights of Cottonwood Heights' history and still stands today.

Cottonwood Heights is in a highly unique location. It has ready access to medical facilities, fire, police and a vast variety of business establishments. Residents can easily access the freeway system and the major ski resorts and as a result are approximately 15 to 20 minutes away from major events and destinations anywhere in the valley. At the same time, most residents enjoy beautiful views of the mountains to the East and /or overlooking the valley to the North, West, and South.

Today, retail uses have expanded, with a range of businesses from small ownership to regional scale shopping destinations. The communities in the nearby canyons are flourishing as recreation areas. The 'Greatest Snow on Earth' and some of the best winter sports facilities in the world (Alta, Snowbird, Brighton, and Solitude) are located in the canyons, and the

2002 Winter Olympics have greatly increased the visibility and image of Utah's Wasatch Mountains and their associated summer and winter recreational opportunities.

Picnic and camp areas abound, and are easily accessible to citizens of Cottonwood Heights and visited by citizens from around the valley and around the world. (Excerpted from Cottonwood Heights General Plan)

State statutes detail the functions performed by municipalities. Cottonwood Heights is a political subdivision of the State of Utah, a municipal corporation and body politic with perpetual existence; unless unincorporated.

Cottonwood Heights was incorporated on January 14, 2005 out of the southeastern area of unincorporated Salt Lake County. As of the 2010 census the City has 33,433 residents and encompasses approximately 8.9 square miles of land area.

At its inception citizens voted to operate Cottonwood Heights from under the Council – Manager form of government.



Mayor
Kelvyn H. Cullimore, Jr.



Council Member
District 1
Michael Shelton



Council Member
District 2
J. Scott Bracken



Council Member
District 3
Michael J. Petersen



Council Member
District 4
Tee W. Tyler

Cottonwood Heights City Council and Mayor



Under this form of government the citizens elect a council member from each of four districts and a Mayor can be elected from any city district (elected at large).

The mayor and council select a city manager who acts as the chief executive officer of the city.



John Park
City Manager

Policy-making and legislative authority are vested in the mayor and council while execution and administration of policies and ordinances is the responsibility of the city manager. The mayor and council serve part time. The city manager serves full time. According to population and Utah law, Cottonwood Heights is classified as a third class city.



Services

As a local general purpose government, Cottonwood Heights provides a full range of municipal services including police and fire protection, construction and maintenance of streets and other infrastructure, planning and zoning, community and economic development, recreational and cultural activities, justice court, and animal services.

In addition to the services provided directly by city taxes and fees-- General Government (legislative, city management, finance, treasurer, city recorder, business licensing), public safety (police and ordinance enforcement), highways and public improvements (public works), community and economic development (planning and zoning, economic development), Cottonwood Heights contracts with several other taxing entities within the Salt Lake County area to provide certain services to our residents and businesses. They are:

- ❖ The Cottonwood Heights Parks and Recreation Service Area was created in June, 1967, and is legally separate and distinct from the City. They operate a recreation center, recreation programs, and several parks within the City, including such amenities as swimming pools, an ice skating rink, a skate park, baseball diamonds, tennis courts, soccer fields, playgrounds, trails and social gathering places.

The City contracts with the service area to provide parks and landscape maintenance for three city parks and sixteen other roadway islands, trails, trailheads and walkways, monument signs, planters, and other small city owned properties. We also partner with them to conduct many city events, such as the Butlerville Days summer celebration.

- ❖ The Salt Lake County Public Works Department is a department within Salt Lake County government. Until November, 2013 they provided many of the public works operations for the city, under the watchful eye of our own public works director.

The City contracted with Salt Lake County Public Works to provide, through our general services contract, general street maintenance, storm drain maintenance, snow plowing and removal, traffic analysis, roadway sign maintenance, road striping, school zone flashers, street light maintenance, traffic signal maintenance, weed control, emergency barricade placement, and other small projects as requested. They also provided, through our pavement maintenance contract, major street crack sealing, slurry sealing, chip sealing, overlay, etc.

- ❖ The Unified Fire Authority (UFA) is a separate political subdivision of the State of Utah, directed by an eleven member board, made up of elected officials from Salt Lake County and various cities within the Authority. They provide fire-fighting and rescue services, and emergency medical services as well as wild land firefighting and prevention, hazmat, heavy rescue, bomb/arson, and USAR (Utah Task Force One) services throughout Salt Lake County. These services are provided through contract as a member city of the authority.

The City contracts with UFA to provide fire-fighting, rescue, and emergency medical services out of stations 110 (1790 E. Fort Union Blvd.) and 116 (8303 S. Wasatch Blvd.). They also provide all other offered services as the need arises.

- ❖ The Salt Lake City Public Utilities Department is a department within Salt Lake City, (located to the north of Cottonwood Heights) and provides water treatment and distribution services in our area.

The City contracts with Salt Lake City Public Utilities to provide repair and maintenance services on fire hydrants located in the city. Within Cottonwood Heights, fire hydrants are owned by the



city and not the UFA or Salt Lake City Public Utilities.

❖ The City of Holladay, our neighbor to the north of Cottonwood Heights, operates a justice court.

The City contracts with Holladay to provide traffic and misdemeanor justice court services, prosecutorial services, and indigent defense services as required by law, as well a small claims court. Justice courts in Utah are not considered courts of record, so as is necessary, the state district court system will also provide services on behalf of the city.

Additionally, Cottonwood Heights contracts with private professional entities to provide certain services to our residents and businesses.

❖ The City contracts with the law firm of Callister, Nebeker, & McCullough for legal services.

W. Shane Topham, attorney from the firm, functions as the City's sworn attorney.

❖ The City contracts with the engineering firm of Gilson Engineering, Inc. for engineering services in connection with building and other real property development and public works.

Brad Gilson serves as the city engineer.

❖ The City contracts with the engineering firm of Sunrise Engineering, Inc. for building services in connection with building and other real property development.

Jody Hilton serves as the city building official.

There are several services that are typically provided by cities that Cottonwood Heights does not provide. These services are provided directly to the citizens of Cottonwood Heights by other taxing authorities. They are:

❖ Salt Lake City Public Utilities Department. They provide water treatment and distribution services to most areas of the city.

❖ Cottonwood Improvement District. They provide wastewater collection services to most areas of the city.

❖ Jordan Valley Water Conservancy District. They provide water distribution services to some areas of the city not served by the Salt Lake City Public Utilities Department.

❖ Wasatch Front Waste & Recycling District (Sanitation). They provide refuse removal services to all areas of the city.



Operational Highlights & Awards

Highlights of Cottonwood Heights' operational activities/awards for the FY ending June 30, 2013 include:

- The City's first city manager, Liane Stillman, retired and a new city manager, John Park, was hired and began service January 1.
- Completed and submitted to the Government Finance Officers Association (GFOA) for review the first city Comprehensive Annual Financial Report (CAFR).
- Completed the City's first Popular Annual Financial Report (PAFR).
- The City volunteered to be a County Clerks "test case" for the newly approved VOTE BY MAIL process for the 2013 municipal election.
- Obtained \$1,314,310 in federal, state and local grants and obtained \$2,050,000 state appropriation to complete parking improvements at the mouth of Big Cottonwood Canyon/Fort Union Blvd. and Wasatch Blvd. and Improvements on Bengal Blvd.
- The police department reported successfully clearing 90 percent of all aggravated felony crimes occurring within the city and the department has a response time on priority one calls of less than four minutes.
- In addition to completing numerous street and sidewalk improvement projects, the City completed 2,238,420 square feet of road improvement projects, including asphalt overlays, "Reclamite" applications, chip and slurry seal treatments. The City also addressed several traffic calming initiatives in impacted neighborhoods and further eliminated trip hazards, replaced concrete curbs, gutters and sidewalks with citizen participation, installed ADA ramps, and completed cross gutter improvements.
- Located and mapped 39,776 linear feet of storm drain, plotted the following: 727 catch basins, 555 clean out boxes, sixty-seven combo boxes, five oil-water separators and nineteen discharge points, completed eighteen storm water inspections.
- Completed the East Jordan Canal piping project.
- Completed phase II of the 2300 E. Storm Drain project, and completed storm drain improvements along 3000 E. (Heughs Canyon Line).
- The City has continued to promote successful community events enjoyed by residents of the city, including Butlerville Days, Easter Egg Hunt and



various events in conjunction with the Cottonwood Heights Parks and Recreation Service Area Recreation Center, such as Bark in the Park and Movies in the Park.

- The City produced “Cinderella Enchanted”, the community’s third theatre production. Arts grant revenues and ticket sales completely paid for production costs, thereby providing the arts council with funding for other arts events such as “Write for the Heights”, Winter Song Fest, and photography contest.
- Five members of the CH Youth City Council were awarded a trip to Washington D.C. by Senator Mike Lee’s office for winning the Utah League of Cities and Towns annual conference “Constitution Bowl” competition.
- Created a business development program, economic development banner program, business outreach program, business spotlight program, and streamlined the business licensing process.
- Police Chief Robby Russo was selected, in 2013, by the Utah Chiefs of Police Association as the Police Chief of the Year.
- The Department of Public Safety awarded to the CH Police Department the annual Commissioner’s Award for excellence in Highway Safety for 2013.
- The Utah Recreation and Parks Association (URPA) awarded their 2013 Outstanding Facility Award to the city for Mountview Park, which they described as “fantastic” and “besides multi-use features, it brings about a sense of community” and awarded their 2013 Outstanding Manager Award to Council Member Mike Peterson, who is the Director of the Cottonwood Heights Parks and Recreation Special Service Area.
- The International Pavement Management Association identified our city for being in the top 3% of cities across the country based on aggressive management techniques to save millions of dollars in road maintenance over a period of time.
- David Muir, City Treasurer and Financial Reporting Manger, was recognized by the Utah Government Finance Officers Association (UGFOA) for his six year term as a board member.
- Recipient for six consecutive years of the Distinguished Budget Presentation Award from the Government Finance Officers Association for excellence in budgeting. This award is the highest form of recognition in governmental budgeting.
- Recipient of the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012. This certificate is the highest form of recognition in governmental accounting and financial reporting for completion of the comprehensive annual financial report (CAFR).

- Recipient of the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended June 30, 2012. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



Financial Highlights

Highlights of Cottonwood Heights’ financial activities for the FY ending June 30, 2013 include:

- The City’s fund balances of \$7,147,725 as shown on the balance sheet of Governmental Funds include \$2,676,277 of fund balance in the General Fund and \$4,471,448 in the Capital Projects Fund. Of those balances, \$2,585,344 of the General Fund and \$4,471,448 of the Capital Projects Fund are classified as unrestricted, totaling \$7.0 million, and may be appropriated for any future expenditure. (See page 24 of the CAFR for complete fund balance analysis.)
- In fiscal 2013, the City’s total net position from governmental activities decreased by \$2,229,825 to \$54,363,408. Total assets decreased by \$2,743,398 and liabilities decreased by \$513,575 resulting in the net asset decrease of \$2,229,825. The primary cause of the decline in net position value is annual depreciation of \$3,331,169 (Refer to CAFR Note 3.D.)
- Total net position consists of:
 1. \$47,215,683 in capital assets, such as streets, bridges, land, buildings and other infrastructure, net of related debt,
 2. Unrestricted Fund Balance of \$7,047,623. “Unrestricted Funds” is a term that designates the amount of money available for the City Council to spend for future needs. The City Council has indicated their intent for assigning part of this Fund Balance for City Center/Park use.
 3. Restricted Funds of \$68,799 in Class “C” Road Funds,
 4. Impact Fees of \$9,169.
 5. Nonspendable funds of \$22,134 that represents prepaid expenditures for the subsequent fiscal year.
- The City’s only debt is a capital lease used to finance the public safety fleet. This financing also provides for a guaranteed buy-back of the fleet by the vendor every other year, which occurred this year.



- The General Fund balance decreased by \$70,149, or 2.70 percent of the prior year's fund balance. The Capital Projects Fund increased by \$559,476 from last year's ending fund balance due to project under spending of budgeted projects and transfers of fund balance from the general fund totaling \$1,485,423
- The City benefits from both Operating Grants and Capital Grants. As a total of the 2013 budget, grants accounted for 10.2 percent of the total expenditures. Operating grants

are expected to continue from year to year, and totaled \$1,611,019 in fiscal 2013, while capital grants are typically associated with one-time projects and totaled \$231,783. Summary of grant revenues received by the City are summarized on the Statement of Activities.

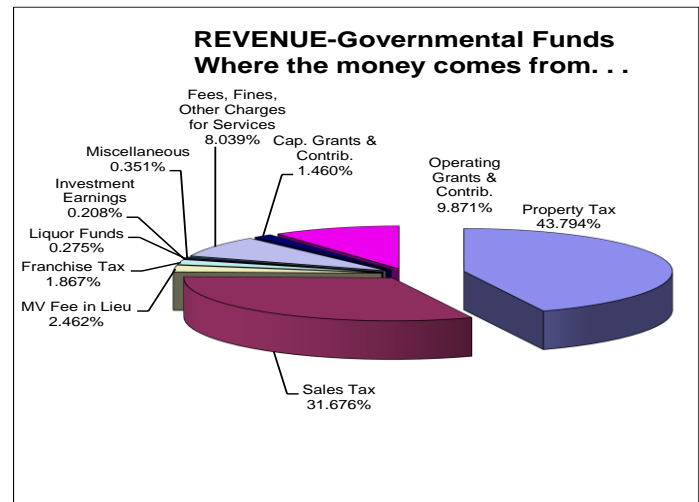
STATEMENT OF ACTIVITIES (Governmental Funds)

	2013	2012
Revenues:		
Program Revenue		
Fees, Fines, and Charges for Services	\$ 1,276,583	\$ 1,178,211
Capital Grants and Contributions	231,783	25,185
Operating Grants and Contributions	1,611,020	1,547,618
Total Program Revenue	3,119,386	2,751,014
General Revenues:		
Property Tax	6,954,277	6,594,176
Sales Tax	5,030,007	4,749,551
Motor Vehicle Fee-In-Lieu	390,882	400,016
Franchise Tax - Cable TV	296,450	278,444
Unrestricted Grants and Contributions	-	-
Unrestricted investment earnings	36,859	53,935
Transfer of Capital Assets from SL County (FY 2011 Bal Adjustment)		
WIP Prior Fiscal Yr not capitalized - Capitalized in current year		
Recognize book v. actual asset cost - contribution from Murray Power		
Loss on Sale of Capital Assets (from book value)	-	(91,970)
Miscellaneous	55,735	41,145
Total general revenue and transfers	12,764,210	12,025,297
Total Revenue	15,883,596	14,776,311
Expenses:		
Primary Government:		
Governmental Activities:		
General Government	2,863,918	2,699,564
Public Safety	8,760,565	8,360,970
Highways & Public Improvements	5,773,855	4,728,329
Community & Economic Development	695,759	626,956
Interest on long-term debt	19,324	18,197
Intergovernmental Expenditures	-	-
Total Expenses	18,113,421	16,434,016
Change in Net Assets	(2,229,825)	(1,657,704)
Net Position Beginning of the Year	56,593,233	58,250,937
Net Position Ending of the Year	\$ 54,363,408	\$ 56,593,233

The Statement of Activities provides a record of the money received by the City and spent during the year.

Explanations of specific resources and services follow.

- **Property Tax** – the City FY2013 property tax rate is .002586. Properties in a city are valued by the county assessor
- **Sales Tax** – taxes collected are distributed in part directly where the taxes are collected and partially through a pooling based on population. The majority of our sales tax revenue comes from local point of sale
- **Motor Vehicle Fee-In-Lieu** – fees collected by the State department of Motor Vehicles at the time of vehicle registration
- **Franchise Tax – Cable TV** – taxes collected by the State Tax Commission through agreement with the local cable television provider
- **State Liquor Fund Allotment** – funds distributed to local jurisdictions from the state to be used for liquor laws enforcement, prosecution and related education
- **Unrestricted Investment Earnings** – city funds invested per state laws and allocated to governmental funds based on the funds cash balance
- **Miscellaneous** – miscellaneous adjustments of asset values

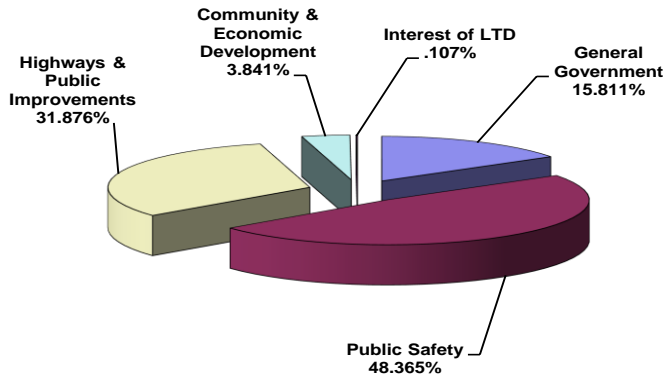




- **Fees, Fines, & Charges for Services** – payments received directly by the city for services performed. This includes business licenses, animal licenses, building and zoning permits, police reports and code enforcement

- **Capital / Operating Grants and Contributions** – Grants received for either operating expense reimbursement or Capital Improvement Projects reimbursement and miscellaneous contributions

EXPENSES -Governmental Funds
Where the money goes . . .



- **General Government** – includes expenses for the administrative offices including the city council, city manager, finance, administrative services, city attorney, and justice court.
- **Public Safety** – includes expenses for police, fire, and code enforcement.
- **Highways & Public Improvements** – includes expenses for public works, Class ‘C’ road funds, impact fees, and capital improvements.
- **Community & Economic Development** – includes expenses for planning, engineering for city services, and economic development
- **Debt Service** – includes expenses for principal and interest payments for the city’s police fleet of vehicles lease buy-back program.



2012-13
City Goals

1 Customer Service (internal and external):

- All departments are to be customer oriented
- Provide customer service training to staff
- Budget for an employee incentive program that rewards good customer service
- Facilitate annexations
- Refine feasibility study for delivery of public works and analyze and produce other alternatives

2 Communications:

- Increase communication level with citizens including emergency communications through the Valley Journal News, city website, social media (Facebook, twitter), and complaint / comment tracking system by adding additional personnel
- Continue to strengthen businesses with communication in the police department and business licensing division
- Enhance information systems through a plan for Server redundancy, over several years

3. Emergency Preparedness:

- Emergency Communications Plan for weather events
- Rewritten Emergency Plan to be adopted
- Explore hiring emergency preparedness personnel

4. Continue to focus on:

- Noticing residents of all meetings and work in the public right of way, etc.
- Focus on utilization of closed schools property
- Appropriate yearly funding for a city center
- Canyons School District
- Explore opportunity to partner for community arts when Butler Middle School is rebuilt
- Partnerships with other entities including:
 - Canyons School District
 - Explore opportunity to partner for community arts when Butler Middle School is rebuilt
 - Continue school banners under established guidelines
 - Cottonwood Heights Parks and Recreation Service Area
 - Community Events
- Police mission statement rewritten
- General policies and procedures for all city volunteer committees

5. Planning:

- Evaluate implementing the Olene Walker Low Income Housing Plan within the city
- Assessment of general plan to see which elements need to be reviewed and updated
- Analyze census data as it becomes available and apply analysis as needed



Administrative & Statutory Officials

Deputy City Manager	Linda Dunlavy
City Director of Administrative Services	Linda Dunlavy
City Finance Director and Budget Officer	Steve Fawcett
City Director of Community & Economic Development	Brian Berndt
City Police Chief	Robby Russo
City Public Works Director	Mike Allen
City Treasurer	David Muir
City Recorder	Linda Dunlavy
City Attorney	Shane Topham—Callister, Nebeker, & McCullough
City Fire Chief	Mike Watson— Unified Fire Authority
City Engineer	Brad Gilson— Gilson Engineering
City Building and Zoning Official	Jody Hilton— Sunrise Engineering

Visit Cottonwood Heights City at

<http://www.cottonwoodheights.utah.gov>

- find the budget
- find the Annual Financial Statements (CAFR)
- find the Popular Annual Financial Report (PAFR)
- find the Monthly Financial Report to the Council
- find information about the mayor and city council
- find hot topics going on in the city
- find news and events happening
- find city calendar of events and meetings
- find job opportunities
- find monthly message from the mayor or member of the city council
- find department contacts and information and lots of other good stuff.

also

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