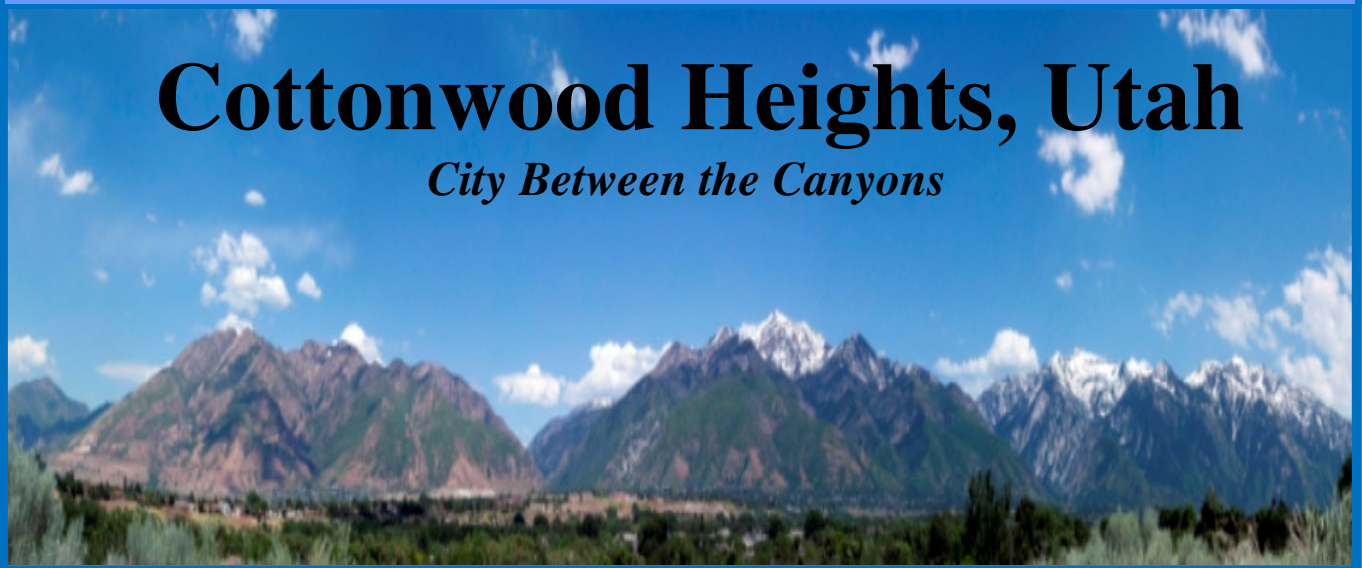


Cottonwood Heights, Utah

City Between the Canyons



ANNUAL FINANCIAL REPORT TO THE COMMUNITY
Fiscal Year Ending June 30, 2012



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 first Annual Financial Report to the Community, also known as a *Popular Annual Report* (PAFR) for the fiscal year (FY) ended June 30, 2012. 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 FY2011-2012 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).

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 on the city’s website at <http://www.ch.utah.gov/>.

City Overview

Profile of Cottonwood Heights

The area incorporated on January 14, 2005, known as Cottonwood Heights (the City); as written in the *City General Plan*, 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 (1 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.

This central area (historic Butlerville) of what is now Cottonwood Heights is located on a large alluvial field, a remnant from ancient Lake Bonneville that filled the Salt Lake Valley centuries ago. It is located between the two most majestic features along the Wasatch Front – Big and Little Cottonwood Canyons. This sandbar rises hundreds of feet above the valley floor, and above the historic community of Union. On the north, the Cottonwood Heights area tapers gently to the valley floor allowing a gradual, nearly nondescript access from the lower to the higher ground.

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.

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 was an immense pioneer undertaking. The finest paper making machinery was hauled across the country by team and wagon, and the mill was the pride of the



community as well as the territory. 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 (April Fools Day), the cry echoed through the community that the mill was on fire. Most people said to themselves 'April Fool' and turned over in their beds and went back to sleep. 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.

Lumber wasn't the only natural resource taken from the canyons. Millions of dollars-worth of gold, lead and silver were mined. Underground water, the high cost of production, and diminishing veins all contributed to the closure of the mines. Historically, the region has also been a fine area for fruit growing as well as dairy feed. Additionally, poultry and (later) mink farming contributed to the local industry.

Since water is always critical to the development of an area, the top flatland of the sandbar was too dry and desolate to attract settlers. And while the Little Cottonwood Creek was the closest, it was also the least available because of the high bluff. It was apparently this problem that earned Poverty Flats its nickname. Water had to be brought from the Big Cottonwood Creek down from the mouth of the canyon to enable farms and orchards to be established where residents now live. Early settlers established small farms producing hay, wheat, and a variety of vegetable crops. Yet, the area was most widely known for its fruit production, even to the marketing of the fruit out-of-state.

The Southwestern part of the area has historically been known as Little Cottonwood Creek Valley, Little Cottonwood, or Union. The earliest settlements in the area were located along the Little Cottonwood Creek, which lay well below the south and west bluff sides. It was along this creek that the old Union Fort was built in what is now the eastern edge of

Midvale City, another stopping place for workers bringing granite from Little Cottonwood Canyon to Salt Lake City for building the L.D.S. Temple.

The Little Cottonwood settlement was initially organized as a series of small farms in order to ensure sufficient space for growth and to intensify social contract among villagers. The first recorded plan of the settlement show a series of odd-shaped lots strung together along the creek bottomlands.

The community later became known as Union in conjunction with the construction of the Union Fort in 1854.

The names Butlerville, Poverty Flats, Little Cottonwood, and Union are still recognized by the residents of the City, but the area is now joined and together make up the Cottonwood Heights (the City), which incorporated in January, 2005.

The traditional agricultural economy of the area has almost entirely given way to neighborhood and business development as growth in the region has continued at a rapid pace. Cottonwood Heights has become well known as a corporate headquarters for the south part of the Salt Lake Valley offering three major office park developments.

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. While 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. As one resident stated, 'we have a wonderful location here'.

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. As a result, Cottonwood Heights is proud to be the ‘City Between the Canyons’ (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.



Cottonwood Heights City Council and Mayor

(From left to right)

- Mike Peterson—District #3, Tee W. Tyler—District #4
- Mayor Kelvyn H. Cullimore, Jr.
- Mike Shelton—District #1, J. Scott Bracken—District #2

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.



Liane Stillman
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.

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. They provide many of the public works operations for the city, under the watchful eye of our own public works director.

The City contracts 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 provide, 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 neighbors 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. Specifically, the scope of services includes development review, bond calculations and inspection, site inspection, geology, administrative services (correspondence and record keeping for excavating permits, bonding, bond administration, site inspection dispatch, issuance of road cut permits, and other miscellaneous city activities as assigned by the city), transportation, roadway planning and design, drainage planning and design, storm water quality management, and emergencies (cooperate with city's efforts to issue engineering permits on an expedited basis occasioned by disasters such as earthquakes and fires), barricade, material testing, surveying, addressing, reporting, advice and consultation, public meetings, and issues affecting the city's Big Cottonwood Trail.

❖ 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. Specifically, the scope of services includes plan examination, building inspection, building services coordination, issuance of compliance and stop work orders, fire, health department and local utilities coordination. They are a resource to the city and its boards and committees with respect to building services, public meetings, and miscellaneous building services. They are



requested to review business license applications for verification that the use is appropriate to the type and construction of the building in which the business is to be located, inspect or investigate reports of unsafe structures believed to be dangerous or a nuisance, help with emergencies (cooperate with city's efforts to issue emergency permits on an expedited basis occasioned by disasters such as earthquakes and fires), and emergency safety inspections of key public facilities within 12 hours after any disaster or other emergency that may have compromised the structural integrity, safety or functionality of any public or other facility needed to provide public shelter, services, utilities or the like.

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.
- ❖ Salt Lake County Special Service District #1 (Sanitation). They provide refuse removal services to all areas of the city.

Financial Highlights

Highlights of Cottonwood Heights' financial activities for the FY ending June 30, 2012 include:

- Total net assets of the city decreased by \$1,657,704 to \$56,593,233. Although this is only a 2.9 percent decline, this represents only the third year since incorporation there has been a decline in total net assets. Total assets decreased by \$1,198,099, and liabilities increased by \$476,393 resulting in the net asset decrease of \$1,674,491. The primary cause of the decline in asset value is annual depreciation of \$3,394,274. (Refer to table in the CAFR entitled COTTONWOOD HEIGHTS' STATEMENT OF NET ASSETS and Note 3.D.)

- As of the close of the 2012 fiscal year, Cottonwood Heights' governmental funds reported combined ending fund balances of \$6,658,398 with approximately 41.25% of this total amount (\$2,746,426) in the General Fund.
- At the end of the current fiscal year, the unrestricted fund balance for the general fund was \$2,580,477, or 17.05% of total general fund expenditures, including transfers. Utah State statute requires a city to have an unrestricted assigned balance of at least 5% and no more than 18% of general fund revenue. Cottonwood Heights by policy has established the required amount at 6%.
- At the end of the current fiscal year, Cottonwood Heights' general fund expenditures including transfers were \$301,067 more than revenue collected. This amount reflects a planned reduction in unrestricted unassigned fund balance to comply with the State Statute to have no more than 18% of next fiscal year projected revenue as unrestricted unassigned fund balance.

Operational Highlights and Awards

Highlights of Cottonwood Heights' operational activities/awards for the FY ending June 30, 2012 include:

- Mountview Park, a crown jewel City owned Park, was completed. This project was a collaborative effort with Canyons School District who provided the City with an initial 20 year renewable lease of the land; the site of the old Mountview Elementary School. The city invested over \$2,500,000 without incurring any debt. The splash pad amenity was a particular success, drawing participants from all over Salt Lake County. The Pavilion has proven to be a popular amenity to rent, and was in such demand that the City Council had to limit the rental of it to city residents only.
- The City Police department in its fourth year continues to have a highly skilled and trained investigative division that has reported successfully clearing 90% of all aggravated felony crimes occurring within the City and as a department has a response time on priority one calls of less than four minutes.
- In addition to numerous street and sidewalk improvement projects, the city completed 1,550,072 square feet of road improvement projects, including significant overlays on Fort Union Blvd., and minor



overlay patching on Bengal Blvd., and 7200 S. and other residential streets. Other streets received chip seals and slurry seal treatments. Additionally, the city addressed several traffic calming initiatives in traffic impacted neighborhoods. Further the City eliminated trip hazards, replaced concrete curbs, gutters and sidewalks with citizen participation, installed ADA ramps, and completed many cross gutter improvements.

- Partnered with Salt Lake City Public Utilities to pipe a section of canal running from Fort Union Blvd. to 1450 E. in order to eliminate possible flooding of homes in the area north of the canal.
- The City completed a comprehensive Economic Development Plan and made substantial progress on ordinances relating to sensitive lands evaluation and development standards, canyons residential development, group homes, development bonding and subdivisions.

- The City completed its first Five Year IT Support and Development Plan.
- Two public works employees became state certified storm water inspectors (RSI). Also, one employee completed the American Concrete Institute (ACI) concrete testing certification.
- International Footprinter Association recognized police officers Corbett Ford and Dan Bartlett as National Officers of the Year.
- Linda Dunlavy, Director of Administrative Services was recognized by the Utah Municipal Clerks Association as the 2012 Recorder of the Year for the State of Utah, and she was also recognized as the Best Public Sector Appointed Official by the Best of State Award organization.

STATEMENT OF ACTIVITIES (Governmental Funds)

2012

Revenues:

Program Revenue	
Fees, Fines, and Charges for Services	\$ 1,178,211
Capital Grants and Contributions	25,185
Operating Grants and Contributions	1,504,103
Total Program Revenue	2,707,499
General Revenues:	
Property Tax	6,594,176
Sales Tax	4,749,551
Motor Vehicle Fee-In-Lieu	400,016
Franchise Tax - Cabel TV	278,444
State Liquor Fund Allotment	43,515
Unrestricted Grants and Contributions	-
Unrestricted investment earnings	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	41,145
Total general revenue and transfers	12,068,812
Total Revenue	14,776,311

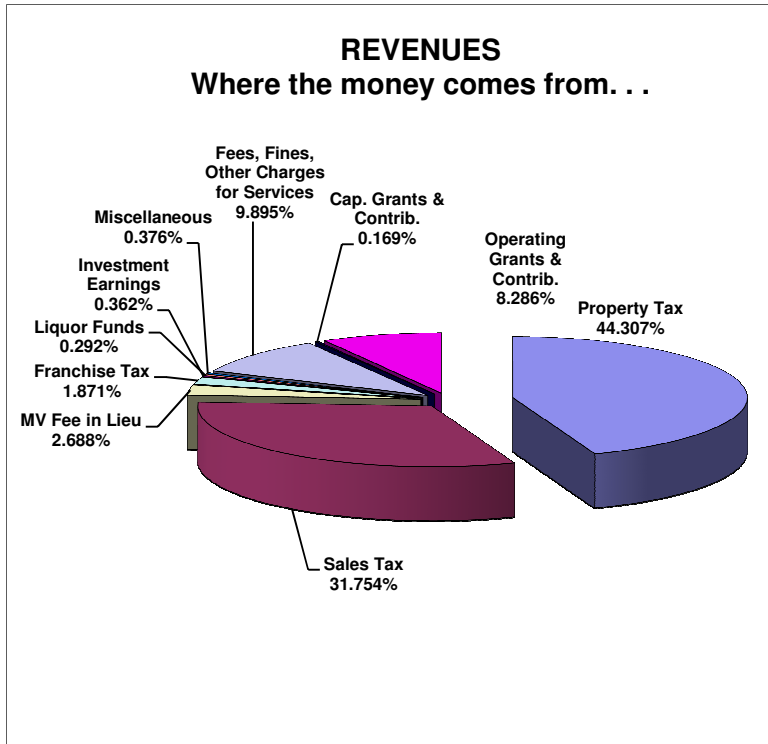
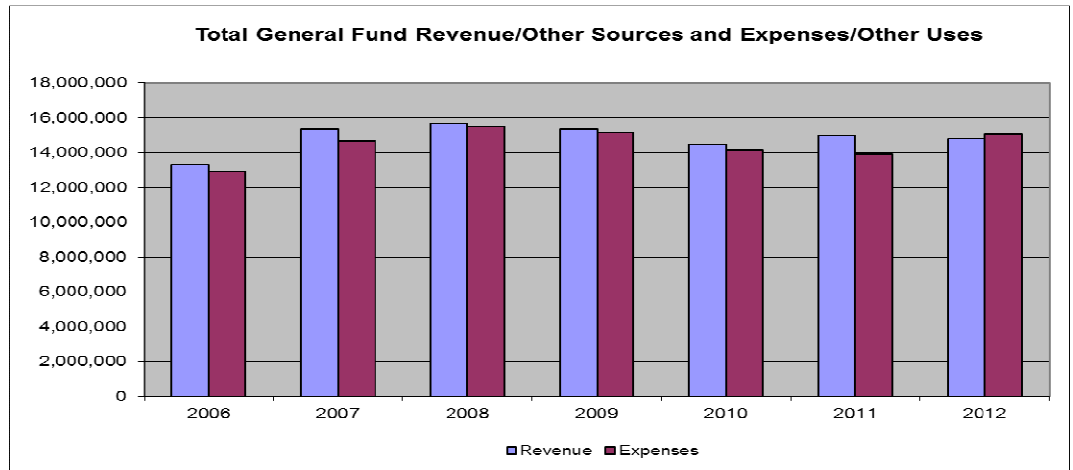
Expenses:

Primary Government:	
Governmental Activities:	
General Government	2,699,564
Public Safety	8,360,970
Highways & Public Improvements	4,728,329
Community & Economic Development	626,956
Interest on long-term debt	18,197
Intergovernmental Expenditures	-
Total Expenses	16,434,016
Change in Net Assets	(1,657,704)
Net Assets Beginning of the Year	58,250,937
Net Assets End of the Year	\$ 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 are provided on the following pages.



The chart to the right shows the trends of general fund revenues (sources) and total expenditures (uses) for the past seven years.

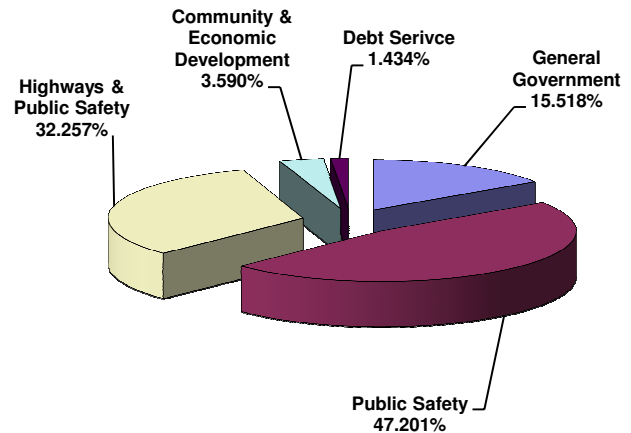


- **Property Tax** – the City FY2012 property tax rate is .002586. Properties in a city are valued by the county assessor.
- **Sales Tax** – taxes collected are distributed in part directly where the taxes are collected and partially through a pooling based on population. The majority of our sales tax 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.



- **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.

EXPENSES Where the money goes . . .



Cottonwood Heights' City Goals for FY2011-12

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 and 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 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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