

Cottonwood Heights, Utah

City Between the Canyons



ANNUAL FINANCIAL REPORT TO THE COMMUNITY

MICHAEL WEICHERS, MAYOR
ELLEN BIRRELL, COUNCIL MEMBER
J. SCOTT BRACKEN, COUNCIL MEMBER
MATT HOLTON, COUNCIL MEMBER
SHAWN NEWELL, COUNCIL MEMBER

**FISCAL YEAR ENDED
JUNE 30, 2023**





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

The city manager and the entire finance and administrative department team are proud to present the twelfth Annual Financial Report to the Community, also known as a *Popular Annual Financial Report* (PAFR), for the fiscal year (FY) ended June 30, 2023. This report provides an overview of the city's financial condition and brief analysis of how revenues are generated and how dollars are expended.

Most of the information in this report is drawn from the financial information in the FY2022-2023 Annual Comprehensive Financial Report (ACFR). The ACFR 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 "unmodified opinion" (an opinion without auditor exceptions or qualifying comments).

The Government Finance Officers Association of the United States and Canada (GFOA) gave 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, 2022. 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.

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.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Cottonwood Heights
Utah**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell
Executive Director/CEO

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

We hope you will find this information to be interesting and informative. and welcome your comments and suggestions for future reports. Both the ACFR 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

Although the area currently encompassing Cottonwood Heights City was not incorporated until 2005, the community has roots back to the first pioneer settlers in the Salt Lake Valley. The following is an excerpt from Cottonwood Heights City's General Plan:

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.

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 Big Cottonwood Canyon.



The Butler Bros (left to right): Alma, Alua, Leander, Neri, Philander, and Eri

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.

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. The southwest part of the current city was



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

Today, the City is home to nearly 35,000 residents with access to some of the greatest outdoor recreation opportunities that exist anywhere in the world. The two canyons bordering our City contain four ski resorts (Snowbird, Alta, Solitude, and Brighton) as well as many miles of roads and trails.



Staff and Elected Officials

State statutes detail the functions performed by municipalities. Cottonwood Heights is a political subdivision of the State of Utah and a municipal corporation. The City was incorporated on January 14, 2005, out of the southeastern area of unincorporated Salt Lake County. As of the 2010 census the

COTTONWOOD HEIGHTS, UTAH

City had 33,433 residents (the November 2023 estimate is 32,420) and encompassed approximately 9.24 square miles of land area.



Mayor
Michael
Weichers



Council Member
District 1
Matt Holton



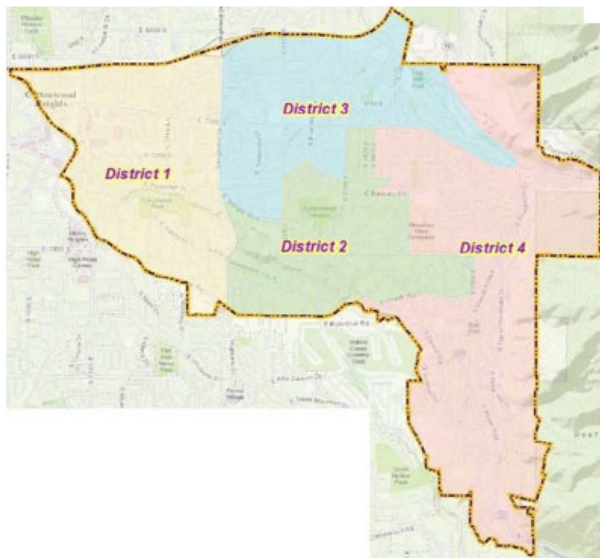
Council Member
District 2
J. Scott Bracken



Council Member
District 3
Shawn Newell



Council Member
District 4
Ellen Birrell



At its inception, citizens voted to operate Cottonwood Heights under the council-manager form of government. Under this form of government, the citizens elect a five-member council, chaired by a mayor. For Cottonwood Heights, the mayor is elected at large, while the other four members of the council are elected by district.

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



City Manager
Tim Tingey

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 considered a city of the third class.



City Services

As a local general-purpose government, Cottonwood Heights provides a full range of municipal services. Some of these services are provided internally, while others are delivered through agreements with governmental agencies or private contractors. Still other services are provided to Cottonwood Heights residents by special districts.

Cottonwood Heights serves the residents of the City by performing the following functions using City personnel:

- Police
- Planning and Zoning
- Economic Development
- Highways and Public Improvements
- Engineer Services
- Finance and Treasury
- Public Works



For certain services, the City contracts with the following agencies or private companies:

- Fire and emergency services are provided by Unified Fire Authority;
- Sunrise Engineering is responsible for plan review and inspections, with James Short serving as the City Building Official;
- Legal services are provided by the firm of Topham Legal, with W. Shane Topham employed as the City Attorney;
- The Cottonwood Heights Parks and Recreation District helps maintain city owned parks.

The following services are provided directly to Cottonwood Heights residents by other governments or special service districts. Taxes and fees are paid directly to these entities:



- Water treatment and distribution is provided by Salt Lake City and Jordan Valley Water Conservancy;
- Cottonwood Improvement District provides wastewater collection and treatment;
- Wasatch Front Waste & Recycling provides disposal services of solid waste and recycling for City residents;
- Library services are provided by Salt Lake County;
- Parks and recreation services are provided primarily by Cottonwood Heights Parks and Recreation Service Area.



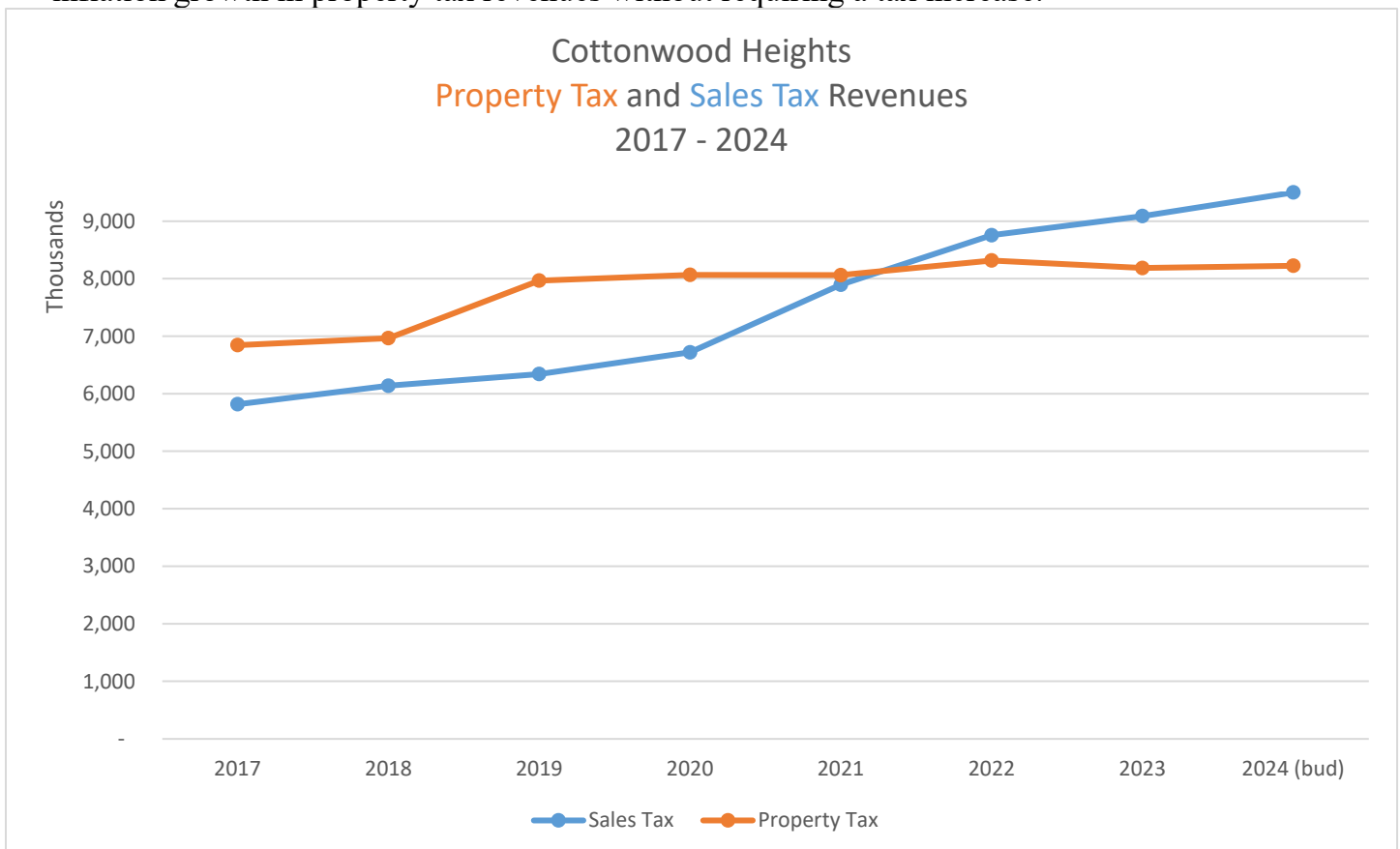
Financial Highlights

- The City's general fund balance increased by \$147,031 to \$9,474,275. This represents 28.7 percent of the budgeted revenues for the 2024 fiscal year;
- The City received \$2,002,670 in American Rescue Plan Act funding to help offset expenses incurred or revenue shortfalls due to COVID-19;
- The City received a Distinguished Budget Presentation Award for the sixteenth consecutive year in 2022/23 and a Certificate of Achievement for its ACFR for the twelfth consecutive year in 2021/22. Both awards are issued by the Government Finance Officers Association (GFOA).



Revenue Trends

The graphs below show the City's trends in both sales and property taxes. As indicated, while both revenue streams are trending upward, sales tax revenue tends to be more directly connected to economic growth and property tax tends to be more stable. The potential for growth in sales tax revenue is greater than property tax revenue, since Utah State law does not provide for natural inflation growth in property tax revenues without requiring a tax increase.



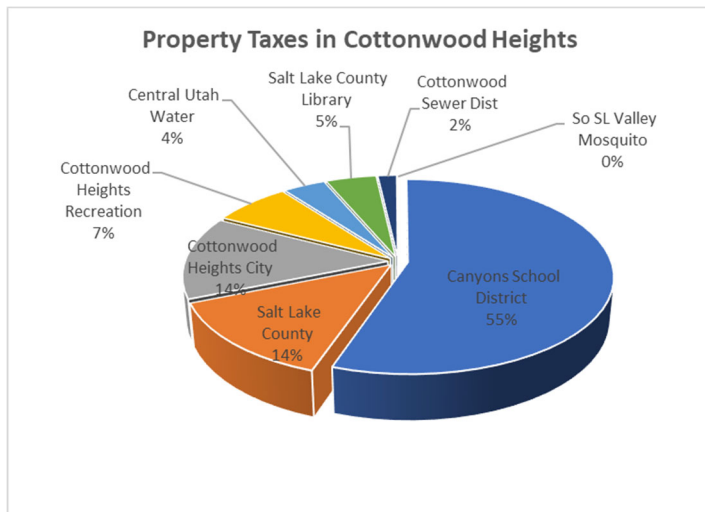


Funding of Government Services

The funding for the services provided by Cottonwood Heights comes from a variety of sources. The major sources of funding are described below:

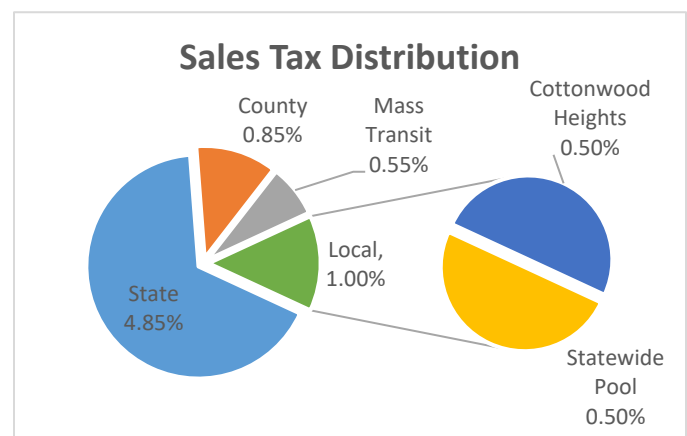
Property Tax. Property tax is the second-largest source of revenue for Cottonwood Heights, representing 29.8 percent of total governmental revenue. Salt Lake County is charged with assessing all real and personal property in the County.

Residents of Cottonwood Heights pay property taxes to numerous taxing entities, including Canyons School District, Salt Lake County, Cottonwood Heights City, Cottonwood Heights Parks and Recreation District, Salt Lake County Library, Central Utah Water Conservancy, Cottonwood Improvement District, and South Salt Lake Valley Mosquito Abatement. The proportionate amount paid to each taxing district is represented in the chart below:



By state law, primary residences are taxed at 55% of their value as assessed by Salt Lake County. All other real and business personal property is taxed at 100% of assessed value. Cottonwood Heights' 2023/24 property tax rate is .1422%. So, a primary residence in Cottonwood Heights with an assessed value of \$717,400 would pay \$561.08 in property taxes to Cottonwood Heights.

Sales Tax. Sales tax is the largest source of revenue for the City, representing 33.1 percent of total governmental revenue. Retail sales in Cottonwood Heights are assessed a tax at the rate of 7.25 percent. One percent of the 7.25 percent is assessed by the City. However, following state law, 50 percent of this revenue comes directly to Cottonwood Heights, while the other 50 percent is distributed statewide based on population. How this tax is distributed is shown by the chart below:



Grants. Cottonwood Heights received \$4,051,445 in grants during the 2022/23 year. The largest State grant comes from gasoline taxes paid by all Utah residents. These funds totaled \$1,450,104 during the year and are distributed by the State from a formula that includes both population and road miles. The City used \$2,002,670 from the American Rescue Plan act funds for COVID-19 expenses and revenue losses.

Fees. Another source of revenue is fees charged for services, primarily related to community development. Companies, or individuals, desiring to develop property within the boundaries of Cottonwood Heights pay fees for planning, business licenses, building permits, and plan reviews. These fees help the City develop in a way that follows safe and fundamentally sound building practices.



Financial Information

Government accounting standards require financial information to be presented on both a long-term, full accrual (government-wide) method as well as a current view (fund) basis. For the year ending June 30, 2023, the City's Government-Wide Statement of Activities reports the following results consistent with Generally Accepted Accounting Principles (GAAP):

Government-Wide Financial Data

STATEMENT OF ACTIVITIES (Governmental Activities)

	2023	2022	2021
Revenues:			
Program Revenue	\$ 2,544,420	\$ 2,229,957	\$ 1,266,438
Fees, Fins, and Charges for Services	4,946,695	3,907,024	2,742,973
Capital Grants and Contributions	302,488	515,687	1,933,615
Total Program Revenue	7,793,603	6,652,668	5,943,026
General Revenues:			
Property Tax	9,009,370	8,848,940	8,345,776
Sales Tax	9,266,246	8,900,327	7,974,169
Opt Hwy/Trans Sales Tax	797,539	779,546	620,895
Municipal Energy Sales Tax	2,556,250	2,173,596	2,125,352
Franchise Tax - Cable TV	314,089	322,531	313,787
Unrestricted Investment Earnings	970,770	(73,828)	39,179
Gain on Sale of Capital Assets	929,543	39,800	602,152
Miscellaneous	214,541	105,685	58,904
Total General Revenue and Transfers	24,058,348	21,096,597	20,080,214
Total Revenue	31,851,951	27,749,265	26,023,240
Expenses:			
Primary Government:			
Governmental Activities:			
General Government	7,720,593	3,536,712	3,201,256
Public Safety	9,248,755	10,184,531	9,773,560
Highways & Public Improvements	3,716,614	8,296,306	8,322,471
Community & Economic Development	1,740,087	975,144	965,239
Interest on Long-Term Debt	1,460,915	944,897	607,188
Total Expenses	23,886,964	23,937,590	22,869,714
Change in Net Position	7,964,987	3,811,675	3,153,526
Net Position Beginning of the Year	59,746,255	55,934,580	52,781,054
Net Position End of the Year	\$67,711,242	\$59,746,255	\$55,934,580

The Statement of Activities provides information on a full accrual basis. Revenues and expenses are recorded based on the economic substance of the transaction and do not always match how these transactions were recorded in the budget.

No new services or programs were implemented during the year. Increases in departmental expenses were primarily due to increases in the cost of employee health insurance premiums, Utah State pension rates, and cost of living wage adjustments. Increased depreciation contributed to this change as well.

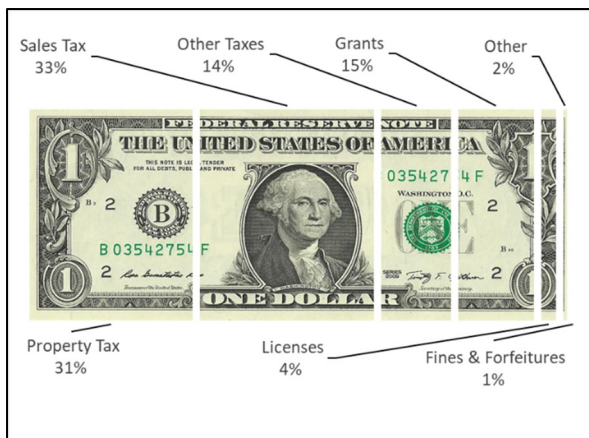
Grants vary year-to-year based on available funding and project need. The largest capital grant in 2022/23 was \$150,000 from the State of Utah, used for trail improvements, and the largest operating grant was \$1,450,104 from the State of Utah for road maintenance.



General Fund Financial Data

The following information is presented from the City's general fund financial statements. These statements differ from the Statement of Activities shown on the previous page in that the information is presented on a current resources model and matches the flow of these resources to the City's budget. The information below is only related to revenues and expenditures of the City's general fund. Information on the City's other funds can be found by accessing the Comprehensive Annual Financial Report on the City's website.

General Fund Revenues. The City's general fund is the primary operating fund of the City. Most of the revenues in the general fund come from taxes levied to and paid by Cottonwood Heights residents. However, some general fund revenue comes from fees paid for services provided. The chart below illustrates the proportionate sources of revenue for Cottonwood Heights. Other revenues include the sale of capital assets.



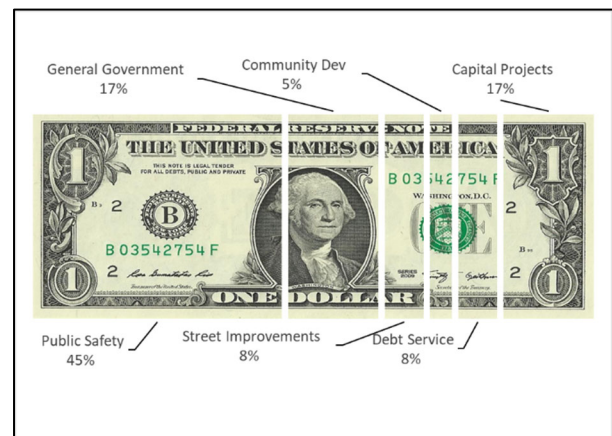
General Fund Revenues

- Property Tax - \$8,185,615
- Sales Tax - \$9,088,069
- Grants - \$4,051,445
- Other Taxes - \$4,186,167
- Fines and Forfeitures - \$297,876
- Licenses - \$726,083
- Other Revenues - \$922,329

General Fund Expenditures. Cottonwood Heights provides numerous services to the residents of the City. These services consist of public safety, street maintenance, and planning and zoning. Other expenditures are made to City departments in support of these operational departments. These services include such functions as accounting, legal services, city council, and other management expenditures. The chart below illustrates how these funds are spent, which includes funds transferred to the capital projects fund.

General Fund Expenditures and Transfers

- Public Safety - \$12,019,493
- General Government - \$4,407,142
- Street Improvements - \$2,586,372
- Community Development - \$1,334,466
- Capital Outlay - \$4,807,670
- Debt Service - \$2,342,410





2023-2024 Budget Priorities

Strategic Initiative Priorities – These priorities were used as a guide during the budget process, and not all were funded. Some of these items will carry over into future budget years.

Revenue Options

- Grants – (Notes: Pursue TRCC, ZAP, Wasatch Front Regional Council grants, Safe walking routes and Corridor Preservation funding opportunities);
- Bonding;
- State legislature Road Funding;
- Community Development and Renewal Agency Funding;

Funding Options

- Road Improvement/Maintenance Funding;
- Staff Compensation/Staffing;
- VECC Fee Increase;
- Waterway Construction;
- Speed Radar Signs;
- Canyon Centre Park Design;
- Unified Fire Authority Fee Increase;

Other Items for further evaluation

- American with Disabilities Act ramp funding.
- Continue to identify and secure funding for property acquisition and capital expenditures for the Bonneville Shoreline Trail (BST);
- East Jordan Canal Grant Funding;
- Public Information Campaigns for Parks, Trails and Open Spaces;
- Waterway Replacement;
- Bengal and Highland Intersection Reconstruction;
- Street Signs;
- Traffic Calming;

Legislative Options

- Prepare Chapter 14 Code Revisions (Highways, Sidewalks and Public Places);
- Permit Parking;
- Title 5 Business Licenses;
- Title 12 Subdivisions;
- Title 17 Storm Drainage, Flood Control Development, Groundwater Source Protection;
- Title 5 Business License;
- Transportation Master Plan (including incorporation of Safe Systems 4 All Federal program);
- Wasatch Blvd. Master Plan Modifications;

Initiatives/Research Priorities

- Active Transportation Evaluation of Neighborhood Bypass Routes;
- Sustainability Plan Projects;
- Veterans Memorial Project;
- Economic Development Research evaluation of Office Space Occupancy and Retention Efforts;
- State Road 210/Ft. Union to High T Intersection Safety Coordination with UDOT Officials;
- Hillside Plaza and Gravel Pit Visioning;
- General Plan Process;
- Hillside Plaza and Gravel Pit Policy Review;
- Water System Review;
- Zoo Arts and Parks Grant Project Assessment;
- Evaluation of Parking and Occupancy Levels for Office and Retail Uses;



Administrative & Statutory Officials



City Manager	Tim Tingey
City Finance & Admin Director and Budget Officer	Scott Jorges
City Director of Community & Economic Development	Mike Johnson
City Public Works Director & City Engineer	Matt Shipp
City Treasurer & Reporting Manager	David Muir

City Police Chief	Robby Russo
City Recorder, Culture, and Human Resources Director	Paula Melgar
City Attorney	Shane Topham — Topham Legal
City Fire Chief	Riley Pilgrim — Unified Fire Authority
City Building Official	James Short — Sunrise Engineering

Visit Cottonwood Heights City at

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

The following valuable information can be obtained from the City's website:

- Annual budgets
- Annual Financial Statements (ACFR)
- Popular Annual Financial Report (PAFR)
- Monthly financial reports to the Council
- Information about the mayor and city council
- Hot topics going on in the City
- News and events happening
- City calendar of events and meetings
- Job opportunities
- Monthly message from the mayor or member of the City Council
- Department contacts and information and lots of other good stuff.



City Hall:

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Cottonwood Heights, Utah 84121
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801 944-7005 (fax)

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