

**HIGHLAND CITY, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**



HIGHLAND CITY

HIGHLAND CITY, UTAH

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**



HIGHLAND CITY

**Gary LeCheminant
Finance Director**

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INTRODUCTORY SECTION



HIGHLAND CITY

Highland City
5400 W. Civic Center Dr., Suite #1
Highland, Utah 84003

December 23, 2019

To the Honorable Mayor, City Council, and Citizens of Highland City:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Highland City (the City) for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by Keddington & Christensen, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements, for the fiscal year June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

Highland is located in Utah County and was incorporated under the laws of the State of Utah on October 23, 1978. It is approximately 30 miles south of Salt Lake City and is part of the Provo-Orem Metropolitan

Statistical Area. Highland was settled by homesteaders in the 1870's. It was named by Scottish Mormon immigrants who felt the area resembled the highlands of Scotland.

Highland City has a six-member Council Manager form of government and employs a full-time City Administrator to assist the part-time Mayor in the day-to-day operations of the City. Both the Mayor and City Council Members serve staggered four-year terms on a part-time basis. Elections in Highland City are nonpartisan and are at large meaning they represent the entire city, not just individual areas. Policy making and legislative authority are vested in the five city council members. The city council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committee members. The City's administrator is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing department heads of the various departments.

The City is a beautiful and quiet place to live. Just to the southwest is Utah Lake used for boating and fishing. To the east of the City are the beautiful Wasatch Mountains, and to the west are the White Mountains and Oquirrh Mountains, all of which are within forty-five minutes of Highland offering a variety of activities including hiking, mountain biking, fishing, camping and skiing.

The City provides a full range of services including: the maintenance of streets and roads, parks, a library, a cemetery, and both commercial and residential building inspection. The City also owns and operates a culinary water system, a secondary water system, a wastewater system, and a storm water system. Police and Emergency Services are provided by Lone Peak Public Safety District through an Interlocal Agreement between Highland City and Alpine City. Solid waste collection is contracted out to a third party.

Local Economy and Financial Information

The City is mostly a bedroom community. Most of the residences are single-family homes with a minimal amount of multi-family housing. Commercial development is centered around the town center and consists of a supermarket, restaurants, and fast-food eating establishments and personal services. Most residents leave Highland to work outside the city during the day. Approximately 20% of the total sales tax revenue the city receives is brought in by businesses within Highland. The other 80% comes from the state allocation of sales tax revenue received throughout the state. The city's general fund receives almost 50% of its revenue from sales and property taxes.

In fiscal year 2019, general fund revenues were \$9,016,008 and expenses were \$8,942,878. For the four enterprise funds, total revenues were \$6,361,427 and total expenses were \$5,075,090.

The population has increased from 15,645 to 19,183 over the past 10 years. In fiscal year 2010, the city issued 36 building permits for homes or townhomes. That number peaked at 161 in fiscal year 2016. In fiscal year 2019, the number of building permits for homes and townhomes had dropped to 66.

Budget Process

The City budgets revenues in the general fund at the lower end of its forecast and expenses at the higher end of its forecast so that at the end of the fiscal year the actual revenues hopefully exceed actual expenses. The annual budget serves as the foundation for the City's financial planning and control. The City's budget process is well laid out, starting on February 1 for a budget that will be adopted by June 30 and goes into effect July 1. By Utah State law, the City is required to adopt a tentative budget on or before the first council meeting in the month of May. This is a working document which can be amended until the final adoption. State law requires the City to adopt a final budget on or before June 30. For the fiscal year 2019-2020 budget, the city held a budget work session on April 25, 2019; approved a tentative budget at a public hearing on May 21, 2019; and adopted a final budget at a public hearing on June 18, 2019. A public hearing is required prior to final adoption and the budget must be available for public inspection for 10 days prior to the public hearing. The city satisfied all the legal requirements for adopting the fiscal year 2019-2020 budget.

Within the existing budget, the level of the City's budgetary control is established by department in the general fund and by purpose within each individual fund. Inter and Intra department fund transfers require the final approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Long-term Financial Planning

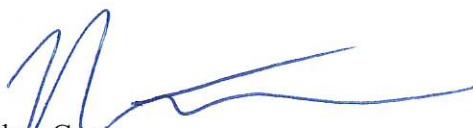
The City's long term goals are intended to meet tomorrow's needs with good financial decisions and by focusing on operational capital needs.

In April of 2015, the city commissioned an impact fee study to look at the fees charged for new home and commercial building construction. As a result, some fees were lowered and some were increased beginning in July 2015. In April 2016, the city performed a utility rate study to ensure that rates charged to residents would be at the level to enable the city to cover expected future capital expenditures in each of the four enterprise funds. The pressurized irrigation fund and the storm sewer fund both had their rates increased while the sewer and culinary water rates remained the same. The new rates became effective in July 2016. In early 2017, the city hired a consultant to examine all the roads in the city and provide a Pavement Condition Index for each road. From there, the City estimated what it would cost to fix the roads and presented a plan to the citizens of what roads could be fixed in a seven-year time frame by instituting an \$18.50 a month road fee. An \$18.50 per month road fee was initiated in August 2017 to be paid by every household in the city. The fee allows the City to spend an extra \$1 million dollars a year on roads. Lastly, in July of 2019, the city instituted a Public Safety fee of \$11.50 per month to pay for additional needed public safety expenditures.

Acknowledgements

This is the first comprehensive annual financial report (CAFR) produced by the City. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance, treasury, and administration departments as well as some staff in Public Works and other departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support and for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Nathan Crane
City Administrator



R. Gary LeCheminant
Finance Director

**HIGHLAND CITY, UTAH
PRINCIPAL OFFICIALS
As of June 30, 2019**

ELECTED OFFICIALS

Rod Mann	Mayor
Brian Braithwaite	City Council Member
Ed Dennis	City Council Member
Tim Irwin	City Council Member
Kurt Ostler	City Council Member
Scott Smith	City Council Member

EXECUTIVE BUDGETARY AND LEGAL OFFICIALS

Nathan Crane	City Manager
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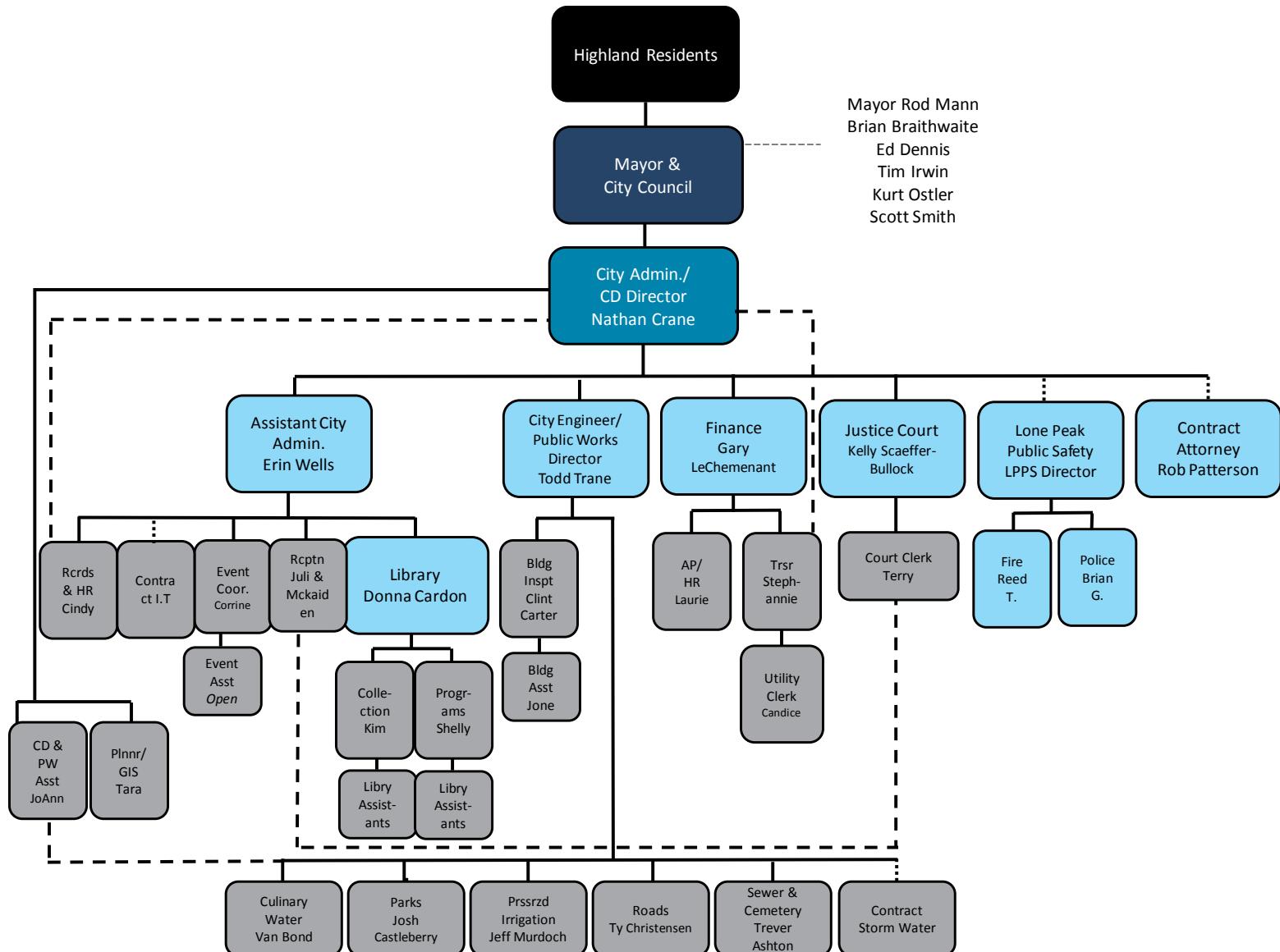
STATUTORY APPOINTED OFFICIALS

Stephannie Cottle	City Treasurer
Cindy Quick	City Recorder

DEPARTMENT HEADS

Erin Wells	Assistant City Manager
Todd Trane	City Engineer/Public Works
Gary LeCheminant	Finance Director

**HIGHLAND CITY, UTAH
ORGANIZATIONAL CHART
As of June 30, 2019**



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Highland City
Highland City, Utah

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, General Fund, Debt Service Fund, Road Fee Fund, and the aggregate remaining fund information of Highland City, Utah (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 of 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, General Fund, Debt Service Fund, Road Fee Fund, and the aggregate remaining fund information of Highland 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, schedule of the proportionate share of the net pension liability, and schedule of contributions, as noted 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 an opinion on the financial statements that collectively comprise the City's 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the City'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 solely 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 the 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 the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Salt Lake City, Utah
December 23, 2019

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019

The management of Highland City presents the following narrative and analysis of the financial statements and financial activities of Highland City as prescribed by the Government Accounting Standards Board (GASB). The information and analysis pertains to the fiscal year ended June 30, 2019.

Financial Highlights

The City created one new fund for fiscal year 2019: library fund. The library fund was broken out from the general fund to more closely track and account for activities related to the Library.

The assets and deferred outflows of resources of Highland City exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$125,811,397 (net position). Of this amount \$17,503,023 (unrestricted net position) may be used to meet the government's ongoing obligations.

Highland City's total net position increased by \$5,130,086. The majority of the increase was the result of assets contributed to the City from developers, and increases in charges for services.

Highland City's governmental funds reported combined ending fund balances at June 30, 2019 of \$7,454,633, an increase of \$977,036 in comparison to the prior year. At June 30, 2019 unrestricted fund balance of the general fund was \$2,134,990, or 24.1% of total general fund revenues for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Highland City's basic financial statements. Highland City's basic financial statements comprise three components; 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. The statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Net Position presents information on all of Highland City's assets, liabilities, and deferred inflows of resources, with the difference between the three reported as net position. Increases or decreases over time in net position gives an indicator as to whether the financial condition of the City is improving or declining.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., debt interest payment when the fiscal year ends between interest payments).

Both of the government-wide financial statements distinguish functions of Highland City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Highland City include general government, public safety, streets and public improvements, parks and recreation, cemetery and garbage. The business-type activities of Highland City include services for water, pressurized irrigation, sewer (sanitary), and storm sewer.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

The government-wide financial statements include Highland City (known as the primary government) and a separate legal entity (known as component unit). The financial information for the Highland Open Space Special Service District is included in the financial statements. However, because the City's governing body is the same as the governing board of this component unit and can substantially control it, their financial information is blended and reported together with the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Highland City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of Highland City can be divided into two categories; governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Highland City maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and road fee fund, which are considered to be major funds. Data from the other eight (8) governmental funds is provided in the form of individual and combining statements elsewhere in this report.

Highland City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general, and debt service funds to demonstrate compliance with the budget.

Proprietary funds

Highland City maintains one type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, pressurized irrigation, sewer, and storm sewer.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer, secondary water and storm sewer.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds. They are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position is an indicator of a government's financial position. In the case of Highland City, assets and deferred outflows exceeded liabilities and deferred inflows by \$125,811,397 at the close of the fiscal year. The largest portion (85%) of the City's net position reflects its investment in capital assets (land, buildings, machinery and equipment) and infrastructure (roads, sidewalks, curb and gutter and various utility lines and storage facilities); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position for the government as a whole.

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Current and other assets	\$ 12,183,383	\$ 10,405,095	\$ 12,448,936	\$ 9,873,608	\$ 24,632,319	\$ 20,278,703
Capital assets	68,010,833	68,158,437	49,840,874	49,079,495	117,851,707	117,237,932
Total Assets	80,194,216	78,563,532	62,289,810	58,953,103	142,484,026	137,516,635
Deferred outflows of resources	605,573	659,114	166,166	165,821	771,739	824,935
Total Assets and Deferred Outflows	\$ 80,799,789	\$ 79,222,646	\$ 62,455,976	\$ 59,118,924	\$143,255,765	\$138,341,570
Current and other liabilities	\$ 2,778,729	\$ 2,047,404	\$ 406,655	\$ 342,743	\$ 3,185,384	\$ 2,390,147
Long-term liabilities	8,688,384	9,092,970	3,490,682	3,824,278	12,179,066	12,917,248
Total Liabilities	11,467,113	11,140,374	3,897,337	4,167,021	15,364,450	15,307,395
Deferred inflows of resources	2,068,153	2,224,628	11,765	128,236	2,079,918	2,352,864
Net Position:						
Net investment in capital assets	60,216,471	59,780,888	46,802,261	45,574,698	107,018,732	105,355,586
Restricted	92,294	92,294	1,025,470	852,278	1,117,764	944,572
Unrestricted	6,955,758	5,984,462	10,719,143	8,396,691	17,674,901	14,381,153
Total Net Position	67,264,523	65,857,644	58,546,874	54,823,667	125,811,397	120,681,311
Total Liabilities, deferred inflows of Resources, and Net Position	\$ 80,799,789	\$ 79,222,646	\$ 62,455,976	\$ 59,118,924	\$143,255,765	\$138,341,570

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,752,405	\$ 3,803,146	\$ 6,066,844	\$ 5,645,099	\$ 9,819,249	\$ 9,448,245
Operating grants and contributions	24,267	10,725	-	-	24,267	10,725
Capital grants and contributions	4,007,102	3,828,605	2,282,432	3,289,086	6,289,534	7,117,691
General revenues:						
Property and uniform vehicle taxes	2,299,073	2,261,128	-	-	2,299,073	2,261,128
Other Taxes	3,520,143	3,451,558	-	-	3,520,143	3,451,558
Other	193,680	144,175	283,490	149,849	477,170	294,024
Gain on disposal of assets	486,640	126,318	14,295	-	500,935	126,318
Total Revenues	<u>14,283,310</u>	<u>13,625,655</u>	<u>8,647,061</u>	<u>9,084,034</u>	<u>22,930,371</u>	<u>22,709,689</u>
Expenses:						
General government	2,358,483	2,462,871	-	-	2,358,483	2,462,871
Public safety	3,675,666	3,397,079	-	-	3,675,666	3,397,079
Streets and public improvements	4,772,101	3,558,023	-	-	4,772,101	3,558,023
Parks and recreation	845,937	861,182	-	-	845,937	861,182
Cemetery	160,896	116,075	-	-	160,896	116,075
Garbage	843,248	759,848	-	-	843,248	759,848
Interest on long-term debt	220,100	234,017	-	-	220,100	234,017
Water	-	-	1,013,827	996,052	1,013,827	996,052
Pressurized irrigation	-	-	1,394,696	1,358,593	1,394,696	1,358,593
Storm sewer	-	-	418,399	421,446	418,399	421,446
Sewer	-	-	2,096,932	2,094,291	2,096,932	2,094,291
Total Expenses	<u>12,876,431</u>	<u>11,389,095</u>	<u>4,923,854</u>	<u>4,870,382</u>	<u>17,800,285</u>	<u>16,259,477</u>
Increase (Decrease) in net position before transfers	1,406,879	2,236,560	3,723,207	4,213,652	5,130,086	6,450,212
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	<u>1,406,879</u>	<u>2,236,560</u>	<u>3,723,207</u>	<u>4,213,652</u>	<u>5,130,086</u>	<u>6,450,212</u>
Net Position - Beginning	<u>65,857,644</u>	<u>63,621,084</u>	<u>54,823,667</u>	<u>50,610,015</u>	<u>120,681,311</u>	<u>114,231,099</u>
Net Position - Ending	<u>\$ 67,264,523</u>	<u>\$ 65,857,644</u>	<u>\$ 58,546,874</u>	<u>\$ 54,823,667</u>	<u>\$125,811,397</u>	<u>\$120,681,311</u>

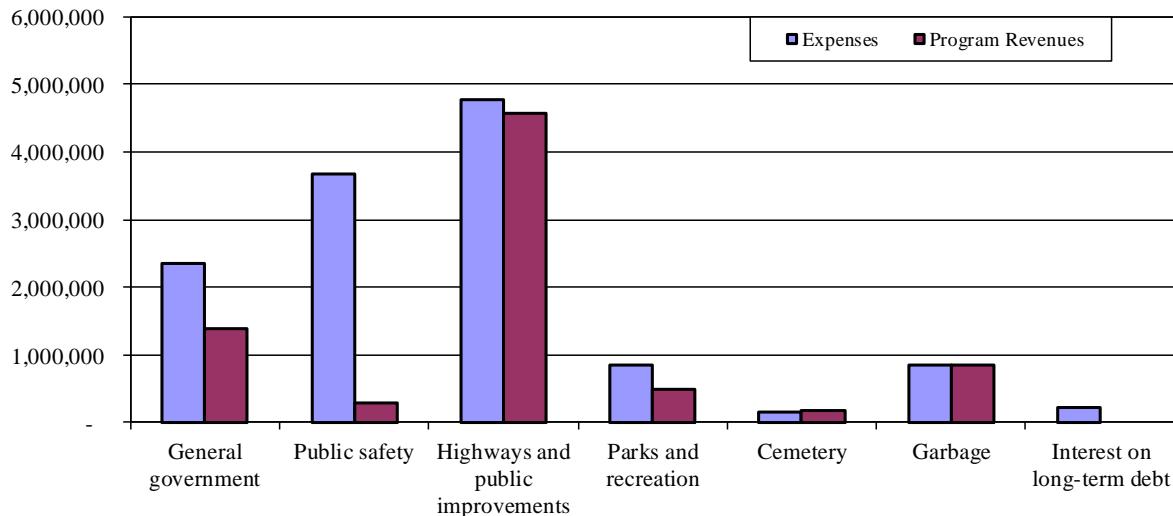
Governmental activities. As noted in the table above, governmental activities increased the City's net position by \$1,406,879. The key element of the increase was assets contributed by developers. Some increases in property and sales tax revenues, also contributed to the overall increase.

Business-type activities. As noted in the table above, business-type activities increased the City's net position by \$3,723,207. The key elements of the increase from the prior year were increases in charges for services, and conservative spending.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

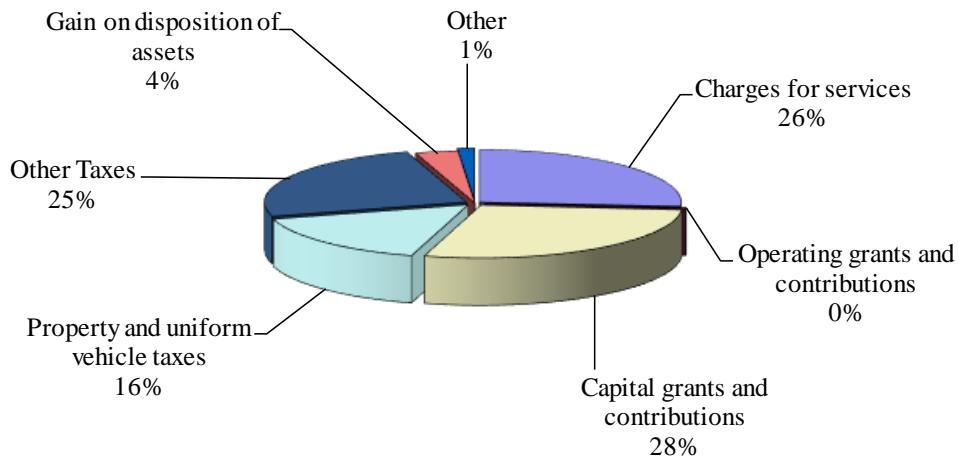
The following chart displays the governmental activities program revenues compared to expenses attributed to the activity.

Expenses and Program Revenues - Governmental Activities



The following chart displays the governmental activities program revenues by type.

Revenues by Source - Governmental Activities

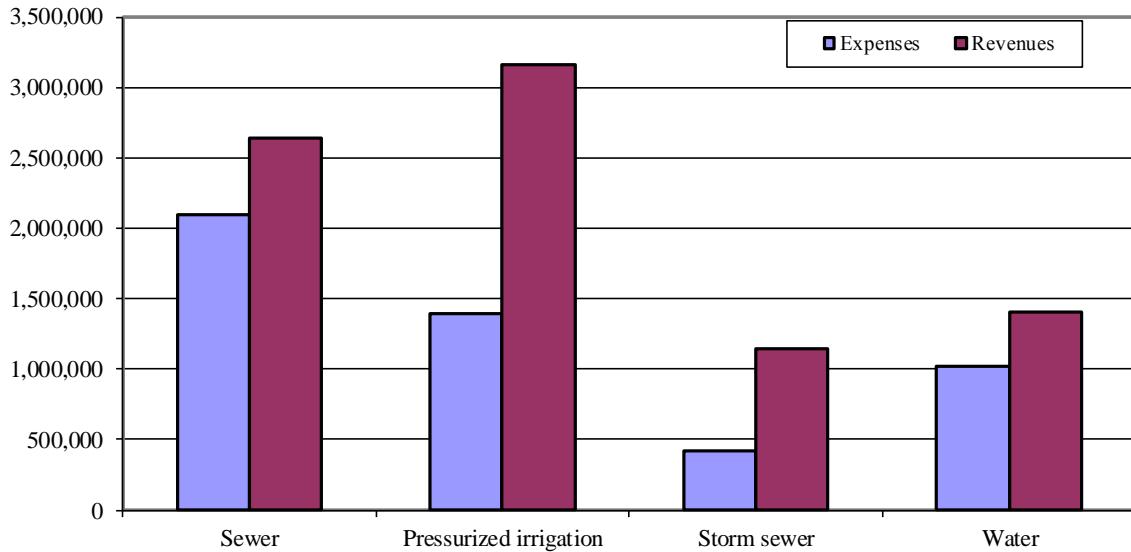


HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Business-type Activities

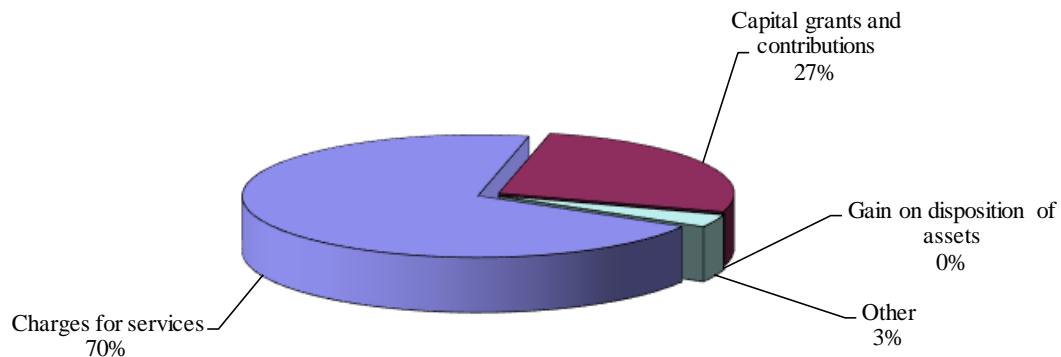
The following chart displays the business-type activities revenues compared to program expenses attributed to the activity. Traditionally business-type activities are self-supporting and the chart depicts the relationship of revenues to expenses.

Expenses and Program Revenues - Business-type Activities



The following chart displays the business-type activities revenues by type.

Revenues by Source - Business-type Activities



HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance is a useful measure of the government's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$7,454,633, which was an increase of \$977,036 in comparison with the prior year.

The general fund is the main operating fund of the City. At June 30, 2019, unrestricted fund balance of the general fund was \$2,134,990. A comparison of the unrestricted fund balance and total fund balance to total general fund expenditures is a measure of liquidity. Unrestricted fund balance represented 30% of total general fund expenditures.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements in more detail.

Sewer fund-Unrestricted net position at June 30, 2019 amounted to \$3,613,232, an increase of \$506,407 from the previous year. Operating revenues were \$2,050,746 compared to the prior year's \$2,013,334. Operating expenses increased slightly to \$2,096,932 compared to the prior year expenses of \$2,094,291.

Pressurized Irrigation fund-Unrestricted net position at June 30, 2019 amounted to \$2,994,915, an increase of \$1,336,435 from the previous year. Operating revenues were \$2,620,064 an increase from prior year's operating revenue of \$2,218,930. Operating expenses were \$1,303,650, and increase from last year's \$1,238,827.

Culinary Water Fund-Unrestricted net position at June 30, 2019 amounted to \$2,791,725 an increase of \$ 218,454 from the previous year. Operating revenues were \$871,108, a decrease from the prior year's \$881,093 operating revenues. Operating expenses were \$1,013,827, which was an increase from the prior year's \$996,052 operating expenses.

Storm sewer fund (nonmajor)- Unrestricted net position at June 30, 2019 amounted to \$1,319,271 an increase of \$261,156 from the previous year. Operating revenues were \$524,926, a slight decrease from the prior year's \$531,742 and operating expenses of \$418,399 were also slightly less than the prior year's \$421,446 of operating expenses.

General Fund Budgetary Highlights

During the fiscal year, the general funds original budgeted expenditures was amended from \$7,346,170 to a final budget total of \$7,029,819, largely as the result of decrease anticipated expenditures for General Government, and Streets and Public Works department projects. The budgeted transfers in were increased from \$58,835 to \$75,724, and the budgeted transfers out increased from \$1,408,296 to \$2,044,431. Overall the City's general fund was within budgeted expenses by \$3,439, however, the General Government and Garbage departments were over budget for the fiscal year ended June 30, 2019 as a result of unexpected expenditures near year-end.

Capital Assets and Debt Administration

Capital Assets. Highland City's investment in capital assets from governmental and business-type activities as of June 30, 2019 was \$117,851,707 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and water stock. The total increase in the City's investment in capital assets for the current year was \$613,775, which is primarily as a result of assets contributed by developers, and offset by depreciation during the year.

A summary of the City's capital assets by category are shown in the table on the following page.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Highland City's Capital Assets

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Land	\$ 39,533,903	\$ 39,533,903	\$ 534,455	\$ 534,455	\$ 40,068,358	\$ 40,068,358
Buildings	14,080,927	14,080,927	1,157,289	1,157,289	15,238,216	15,238,216
Improvements other than buildings	75,409,787	73,037,628	41,092,347	39,093,903	116,502,134	112,131,531
Machinery and equipment	2,258,079	2,360,303	2,127,840	2,202,461	4,385,919	4,562,764
Construction in progress	341,129	236,032	-	10,833	341,129	246,865
Water shares	-	-	24,085,035	24,083,889	24,085,035	24,083,889
Total	131,623,825	129,248,793	68,996,966	67,082,830	200,620,791	196,331,623
Less accumulated depreciation	(63,612,992)	(61,090,356)	(19,156,092)	(18,003,335)	(82,769,084)	(79,093,691)
Total Capital Assets	\$ 68,010,833	\$ 68,158,437	\$ 49,840,874	\$ 49,079,495	\$117,851,707	\$117,237,932

Additional information on the City's capital assets is available in the notes to the financial statements.

Long-term debt. On June 30, 2019 the City had total bonded debt outstanding of \$9,093,633. Of this amount \$1,201,633,000 (\$1,185,000 principal, and \$16,633 of premium) was considered general obligation debt and was backed by the full faith and credit of the City.

Highland City's Outstanding Debt

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
General obligation bonds	\$ -	\$ -	\$ 1,201,633	\$ 1,572,177	\$ 1,201,633	\$ 1,572,177
Revenue bonds	7,892,000	8,541,000	-	-	7,892,000	8,541,000
Other long term debt	205,409	175,848	1,946,390	2,033,040	2,151,799	2,208,888
Total	\$ 8,097,409	\$ 8,716,848	\$ 3,148,023	\$ 3,605,217	\$11,245,432	\$12,322,065

The Utah State Constitution limits the amount of general obligation debt a municipal government may issue at 4% of its total taxable property value of \$1,575,088,929, except cities of the fourth class (Highland City is classified as a fourth class city) may issue debt up to an additional 8% of its total taxable property value for water systems, artificial lighting systems or sewer systems. On June 30, 2019 the City's limitation was \$63,003,557 and the additional limitation was \$126,007,114, the current general obligation bonds are \$1,185,000.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2019-2020 budget and rates are based on the forecast that the Utah economy will continue the trends from fiscal year 2018-2019 with some slight adjustments. Property tax revenue will increase slightly because of new construction in Highland. Fiscal year 2018-2019 saw 66 building permits. For budgeting purposes and to be conservative on the revenue side, Highland will estimates to have 55 new building permits in fiscal year 2019-2020. The state economist expects unrestricted sales tax revenue to increase 6.0% in 2019. However, for budgeting purposes sales tax revenue is estimated to increase 4.0% so that the city does not overspend in the general fund for fiscal year 2020. These factors and other factors were considered in preparing the fiscal year 2020 budget. During the current fiscal year, unassigned fund balance in the general fund decreased by \$70,684. This was primarily due to a decrease in prepaid expenses, and transferring out almost \$2,000,000 from the general fund to the Debt Service fund, Capital Projects Funds, and other funds. The general fund unassigned fund balance of \$2,134,990 represents 24.2% of total general fund revenues. The city will continue to budget conservatively and attempt to keep the unassigned fund balance close to the 25% limit to ensure that there are sufficient funds for any unexpected expenditures.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Request for Information

This financial report is designed to provide a general overview of Highland City's activities for those with an interest in the City's operations and position. Questions concerning the information provided in this report or requests for additional financial information should be addressed to: Highland City, Finance Director, 5400 W. Civic Center Drive, Suite #1, Highland, Utah 84003.

BASIC FINANCIAL STATEMENTS

HIGHLAND CITY, UTAH
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 6,515,532	\$ 11,372,721	\$ 17,888,253
Receivables:			
Accounts	12,794	50,745	63,539
Taxes	2,634,278	-	2,634,278
Prepaid expenses	21,188	-	21,188
Restricted amounts:			
Cash and cash equivalents	2,835,810	1,025,470	3,861,280
Receivables - B & C road funds	163,781		163,781
Capital Assets:			
Non-depreciable Capital Assets	39,875,032	24,619,490	64,494,522
Depreciable Capital Assets (net)	28,135,801	25,221,384	53,357,185
Total Assets	<u>80,194,216</u>	<u>62,289,810</u>	<u>142,484,026</u>
Deferred Outflows of Resources			
Deferred loss on refunding	303,047	-	303,047
Deferred outflows relating to pensions	<u>302,526</u>	<u>166,166</u>	<u>468,692</u>
Total Deferred Outflows of Resources	<u>605,573</u>	<u>166,166</u>	<u>771,739</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 80,799,789</u>	<u>\$ 62,455,976</u>	<u>\$ 143,255,765</u>
Liabilities:			
Accounts payable	\$ 1,008,625	\$ 352,637	\$ 1,361,262
Accrued liabilities	89,834	25,066	114,900
Accrued interest payable	72,230	28,952	101,182
Developer and customer deposits	1,476,953	-	1,476,953
Unearned revenues	26,529	-	26,529
Payable from restricted assets	104,558	-	104,558
Noncurrent Liabilities:			
Due within one year	896,039	527,633	1,423,672
Due in more than one year	<u>7,201,370</u>	<u>2,620,390</u>	<u>9,821,760</u>
Net pension liability	<u>590,975</u>	<u>342,659</u>	<u>933,634</u>
Total Liabilities	<u>11,467,113</u>	<u>3,897,337</u>	<u>15,364,450</u>
Deferred Inflows of Resources			
Unearned property tax revenue	2,022,251	-	2,022,251
Deferred inflows relating to pensions	<u>45,902</u>	<u>11,765</u>	<u>57,667</u>
Total Deferred Inflows of Resources	<u>2,068,153</u>	<u>11,765</u>	<u>2,079,918</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,535,266</u>	<u>3,909,102</u>	<u>17,444,368</u>
Net Position:			
Net investment in capital assets	60,216,471	46,802,261	107,018,732
Restricted for:			
Debt Service / park construction	-	26,784	26,784
Future development	264,172	-	264,172
Impact fees	-	998,686	998,686
Unrestricted	<u>6,783,880</u>	<u>10,719,143</u>	<u>17,503,023</u>
Total Net Position	<u>67,264,523</u>	<u>58,546,874</u>	<u>125,811,397</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 80,799,789</u>	<u>\$ 62,455,976</u>	<u>\$ 143,255,765</u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019

Functions/Programs	Program Revenues					Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General government	\$ 2,358,483	\$ 1,381,040	\$ 12,800.00	\$ -	\$ (964,643)	\$ -	\$ (964,643)	
Public safety	3,675,666	213,641	11,467	63,380	(3,387,178)	-	(3,387,178)	
Streets and public works	4,772,101	1,081,870	-	3,501,650	(188,581)	-	(188,581)	
Parks and recreation	845,937	38,510	-	442,072	(365,355)	-	(365,355)	
Cemetery	160,896	187,170	-	-	26,274	-	26,274	
Garbage	843,248	850,174	-	-	6,926	-	6,926	
Interest on long term debt	220,100	-	-	-	(220,100)	-	(220,100)	
Total Governmental Activities	12,876,431	3,752,405	24,267	4,007,102	(5,092,657)	-	(5,092,657)	
Business-type Activities:								
Sewer	2,096,932	2,050,746	-	587,695	-	541,509	541,509	
Pressurized irrigation	1,394,696	2,620,064	-	541,989	-	1,767,357	1,767,357	
Storm sewer	418,399	524,926	-	623,984	-	730,511	730,511	
Water	1,013,827	871,108	-	528,764	-	386,045	386,045	
Total Business-type Activities	4,923,854	6,066,844	-	2,282,432	-	3,425,422	3,425,422	
Total Government	\$ 17,800,285	\$ 9,819,249	\$ 24,267	\$ 6,289,534	(5,092,657)	3,425,422	(1,667,235)	
General Revenues:								
Taxes:								
Property				2,131,342	-	2,131,342		
Vehicle				167,731	-	167,731		
Sales				2,491,244	-	2,491,244		
Franchise				1,028,899	-	1,028,899		
Unrestricted investment earnings				185,151	283,490	468,641		
Gain on disposal of assets				486,640	14,295	500,935		
Miscellaneous				8,529	-	8,529		
Transfers				-	-	-	-	
Total General Revenues				6,499,536	297,785	6,797,321		
Changes in Net Assets				1,406,879	3,723,207	5,130,086		
Net Position, Beginning				65,857,644	54,823,667	120,681,311		
Net Position, Ending				\$ 67,264,523	\$ 58,546,874	\$ 125,811,397		

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	<u>General Fund</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Road Fee</u>				
Assets:					
Cash and cash equivalents	\$ 2,000,910	\$ 4,406	\$ 863,920	\$ 3,646,296	\$ 6,515,532
Receivables:					
Accounts	3,248	-	5,390	4,156	12,794
Taxes	2,357,620	-	-	276,658	2,634,278
Prepaid expenses	21,188	-	-	-	21,188
Restricted amounts:					
Cash and cash equivalents	1,577,344	-	-	1,258,466	2,835,810
Receivable - B & C roads	163,781	-	-	-	163,781
Total Assets	<u>\$ 6,124,091</u>	<u>\$ 4,406</u>	<u>\$ 869,310</u>	<u>\$ 5,185,576</u>	<u>\$ 12,183,383</u>
Liabilities:					
Accounts payable	\$ 368,549	\$ -	\$ 520,754	\$ 119,322	\$ 1,008,625
Accrued liabilities	73,932	-	-	15,902	89,834
Developer bonds - payable from restricted	1,476,953	-	-	-	1,476,953
Unearned revenue	26,529	-	-	-	26,529
Payable from restricted assets	-	-	-	104,558	104,558
Total Liabilities	<u>1,945,963</u>	<u>-</u>	<u>520,754</u>	<u>239,782</u>	<u>2,706,499</u>
Deferred Inflows of Resources					
Unearned property tax revenue	1,757,778	-	-	264,473	2,022,251
Total Deferred Inflows of Resources	<u>1,757,778</u>	<u>-</u>	<u>-</u>	<u>264,473</u>	<u>2,022,251</u>
Fund Balances:					
Nonspendable:					
Prepaid expenses	21,188	-	-	-	21,188
Restricted for:					
Impact fees	-	-	1,153,908	1,153,908	
B & C roads	264,172	-	-	-	264,172
Assigned to:					
Library	-	-	38,992	38,992	
Debt service	-	4,406	-	-	4,406
Capital projects & open space funds	-	-	3,488,436	3,488,436	
Unassigned	2,134,990	-	348,556	(15)	2,483,531
Total Fund Balances	<u>2,420,350</u>	<u>4,406</u>	<u>348,556</u>	<u>4,681,321</u>	<u>7,454,633</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 6,124,091</u></u>	<u><u>\$ 4,406</u></u>	<u><u>\$ 869,310</u></u>	<u><u>\$ 5,185,576</u></u>	<u><u>\$ 12,183,383</u></u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND 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 - Governmental Funds	\$ 7,454,633
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	68,010,833
Deferred loss on refunding of debt is not a financial resource, and therefore, is not reported in the funds.	303,047
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(72,230)
Net pension assets, net pension liabilities, Deferred outflows of resources and deferred inflows of resources related to pensions are not current financial resources, and therefore, are not reported in the governmental funds.	(334,351)
Long-term liabilities, including bonds, capital leases, and notes are not due and payable in the current period and therefore, are not reported in the funds.	<u>(8,097,409)</u>
Total Net Position - Governmental Activities	<u><u>\$ 67,264,523</u></u>

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2019

	General Fund	Debt Service	Special Revenue Road Fee	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 5,516,949	\$ -	\$ -	\$ 302,267	\$ 5,819,216
Licenses and permits	457,931	-	-	-	457,931
Intergovernmental	813,535	-	-	-	813,535
Impact fees	-	-	-	480,049	480,049
Charges for services	1,311,407	-	1,028,091	497,526	2,837,024
Fines and forfeitures	213,641	-	-	15,366	229,007
Contributions from other governments	-	-	-	378,933	378,933
Interest	59,681	-	27,144	98,326	185,151
Miscellaneous	8,529	-	-	-	8,529
Total Revenues	8,381,673	-	1,055,235	1,772,467	11,209,375
Expenditures:					
Current:					
General government	1,215,905	-	-	753,717	1,969,622
Public safety	3,486,071	-	-	-	3,486,071
Streets and public works	858,881	-	1,265,914	615,230	2,740,025
Parks and recreation	579,980	-	-	-	579,980
Cemetery	-	-	-	124,453	124,453
Garbage	842,932	-	-	-	842,932
Capital outlay	42,611	-	-	105,097	147,708
Debt service:					
Principal	-	649,000	-	-	649,000
Interest	-	185,337	-	4,200	189,537
Total Expenditures	7,026,380	834,337	1,265,914	1,602,697	10,729,328
Excess (deficiency) of revenues over (under) expenditures	1,355,293	(834,337)	(210,679)	169,770	480,047
Other Financing Sources (Uses):					
Sale of capital assets	378,875	-	-	118,114	496,989
Transfers in	75,724	834,981	-	1,338,501	2,249,206
Transfers out	(1,994,932)	-	-	(254,274)	(2,249,206)
Total Other Financing Sources (Uses)	(1,540,333)	834,981	-	1,202,341	496,989
Net Change in Fund Balances	(185,040)	644	(210,679)	1,372,111	977,036
Fund Balances, Beginning	2,605,390	3,762	559,235	3,309,210	6,477,597
Fund Balances, Ending	\$ 2,420,350	\$ 4,406	\$ 348,556	\$ 4,681,321	\$ 7,454,633

The notes to the financial statements are an integral part of this statement.

HIGHLAND 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	\$ 977,036
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	147,708
Depreciation expense	(2,643,815)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	
Net book value of disposals	(10,349)
Contributed assets are not recorded in governmental funds due to no current resources being expended in the acquisition of such assets. The Statement of Activities will record these contributed assets at their estimated fair value on the date of contribution.	
	2,358,852
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position.	
Payment of bond principal	649,000
Pension expense resulting from the changes in net pension assets, net pension liabilities, deferred outflows relating to pensions, and deferred inflows relating to pensions are not the use of current financial resources, and therefore, are not reported in the governmental funds.	
	(9,329)
Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. This adjustment reflects the changes due to accrued interest on bonds payable, amortization of the deferred loss on bond refunding, and change in compensated absences.	
Accrued interest	3,590
Amortization of deferred loss	(36,252)
Compensated absences	<u>(29,562)</u>
Changes in net position of governmental activities	<u><u>\$ 1,406,879</u></u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 5,750,913	\$ 5,498,000	\$ 5,516,949	\$ 18,949
Licenses and permits	448,500	402,500	457,931	55,431
Intergovernmental	770,500	780,467	813,535	33,068
Charges for services	1,326,441	1,309,625	1,311,407	1,782
Fines and forfeitures	153,500	201,500	213,641	12,141
Interest	40,000	59,000	59,681	681
Miscellaneous	30,000	27,000	8,529	(18,471)
Total Revenues	8,519,854	8,278,092	8,381,673	103,581
Expenditures:				
Current:				
General government	1,522,174	1,203,129	1,215,905	(12,776)
Public safety	3,486,071	3,486,071	3,486,071	-
Streets and public works	916,348	876,721	858,881	17,840
Parks and recreation	636,828	633,769	579,980	53,789
Garbage	784,749	787,518	842,932	(55,414)
Capital outlay	-	42,611	42,611	-
Total Expenditures	7,346,170	7,029,819	7,026,380	3,439
Excess (deficiency) of revenues over (under) expenditures	1,173,684	1,248,273	1,355,293	107,020
Other Financing Sources (Uses):				
Sale of capital assets	-	358,055	378,875	20,820
Transfers in	58,835	48,000	75,724	27,724
Transfers out	(1,408,296)	(2,044,431)	(1,994,932)	49,499
Total Other Financing Sources (Uses)	(1,349,461)	(1,638,376)	(1,540,333)	98,043
Net Change in Fund Balances	\$ (175,777)	\$ (390,103)	(185,040)	\$ 205,063
Fund Balance, Beginning			2,605,390	
Fund Balance, Ending			\$ 2,420,350	

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – DEBT SERVICE FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures:				
Debt service:				
Principal	649,000	649,000	649,000	-
Interest	185,817	185,817	185,337	480
Total Expenditures	834,817	834,817	834,337	480
Excess (deficiency) of revenues over (under) expenditures	(834,817)	(834,817)	(834,337)	480
Other Financing Sources (Uses):				
Transfers in	834,981	834,981	834,981	-
Total Other Financing Sources (Uses)	834,981	834,981	834,981	-
Net Change in Fund Balances	\$ 164	\$ 164	644	\$ 480
Fund Balance, Beginning			3,762	
Fund Balance, Ending			\$ 4,406	

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – ROAD FEE FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for services	\$ 1,008,000	\$ 1,028,000	\$ 1,028,091	\$ 91
Interest	4,000	27,000	27,144	144
Total Revenues	1,012,000	1,055,000	1,055,235	235
Expenditures:				
Current:				
Streets and public works	1,031,167	1,047,436	1,265,914	(218,478)
Total Expenditures	1,031,167	1,047,436	1,265,914	(218,478)
Excess (deficiency) of revenues over (under) expenditures	(19,167)	7,564	(210,679)	(218,243)
Net Change in Fund Balances	\$ (19,167)	\$ 7,564	(210,679)	\$ (218,243)
Fund Balance, Beginning			559,235	
Fund Balance, Ending			\$ 348,556	

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities - Enterprise Funds					
	Nonmajor				Total	
	Sewer	Pressurized Irrigation	Culinary Water	Storm Sewer		
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 3,945,713	\$ 3,079,126	\$ 2,956,392	\$ 1,391,490	\$ 11,372,721	
Restricted cash and cash equivalents	391,866	633,604	-	-	1,025,470	
Accounts receivable	15,640	21,573	9,898	3,634	50,745	
Total Current Assets	4,353,219	3,734,303	2,966,290	1,395,124	12,448,936	
Noncurrent Assets:						
Capital assets:						
Nondepreciable						
Water shares	-	22,447,186	1,637,849	-	24,085,035	
Land	26,540	277,450	107,132	123,333	534,455	
Depreciable						
Buildings	-	663,667	493,622	-	1,157,289	
Infrastructure	11,623,334	14,918,837	9,780,326	4,769,850	41,092,347	
Machinery and equipment	243,840	193,097	1,479,263	211,640	2,127,840	
Less accumulated depreciation	(5,118,794)	(6,785,868)	(5,705,451)	(1,545,979)	(19,156,092)	
Total Noncurrent Assets	6,774,920	31,714,369	7,792,741	3,558,844	49,840,874	
Total Assets	11,128,139	35,448,672	10,759,031	4,953,968	62,289,810	
Deferred Outflows of Resources						
Deferred outflows relating to pensions	49,964	35,090	43,714	37,398	166,166	
Total Assets and						
Deferred Outflows of Resources	\$ 11,178,103	\$ 35,483,762	\$ 10,802,745	\$ 4,991,366	\$ 62,455,976	

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2019

	Business-type Activities - Enterprise Funds				
	Nonmajor				
	Sewer	Pressurized Irrigation	Culinary Water	Storm Sewer	Total
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 246,136	\$ 6,684	\$ 89,596	\$ 10,221	\$ 352,637
Accrued liabilities	8,309	6,132	6,747	3,878	25,066
Accrued interest payable	-	28,952	-	-	28,952
Compensated absences	11,339	15,056	14,301	9,258	49,954
Notes payable	-	97,679	-	-	97,679
Bonds payable - current	-	380,000	-	-	380,000
Total Current Liabilities	265,784	534,503	110,644	23,357	934,288
Noncurrent Liabilities:					
Compensated absences	22,906	10,692	15,085	10,773	59,456
Notes payable	-	1,739,301	-	-	1,739,301
Bonds payable	-	821,633	-	-	821,633
Net pension liability	101,663	73,358	88,517	79,121	342,659
Total Noncurrent Liabilities	124,569	2,644,984	103,602	89,894	2,963,049
Total Liabilities	390,353	3,179,487	214,246	113,251	3,897,337
Deferred Inflows of Resources					
Deferred inflows relating to pensions	7,732	-	4,033	-	11,765
Net Position:					
Net investment in capital assets	6,774,920	28,675,756	7,792,741	3,558,844	46,802,261
Restricted for impact fees					
Impact fees	391,866	606,820	-	-	998,686
Debt service	-	26,784	-	-	26,784
Unrestricted	3,613,232	2,994,915	2,791,725	1,319,271	10,719,143
Total Net Position	10,780,018	32,304,275	10,584,466	4,878,115	58,546,874
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 11,178,103	\$ 35,483,762	\$ 10,802,745	\$ 4,991,366	\$ 62,455,976

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
For The Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				
	Sewer	Pressurized Irrigation	Culinary Water	Nonmajor	Total
				Storm Sewer	
Operating Revenues:					
Charges for services	\$ 2,050,579	\$ 2,225,651	\$ 831,572	\$ 524,926	\$ 5,632,728
Intergovernmental	-	394,365	-	-	394,365
Connection fees	167	-	33,661	-	33,828
Miscellaneous	-	48	5,875	-	5,923
Total Operating Revenues	2,050,746	2,620,064	871,108	524,926	6,066,844
Operating Expenses:					
Salaries and benefits	204,081	216,216	231,018	143,882	795,197
Operations	1,518,260	665,644	443,934	122,026	2,749,864
Depreciation	374,591	421,790	338,875	152,491	1,287,747
Total Operating Expenses	2,096,932	1,303,650	1,013,827	418,399	4,832,808
Operating Income (Loss)	(46,186)	1,316,414	(142,719)	106,527	1,234,036
Nonoperating Revenues (Expenses):					
Impact fees	145,630	182,993	-	-	328,623
Gain (Loss) on sale of assets	-	-	-	14,295	14,295
Interest income	101,926	77,255	71,831	32,478	283,490
Interest expense	-	(91,046)	-	-	(91,046)
Total Nonoperating Revenues (Expenses)	247,556	169,202	71,831	46,773	535,362
Income (Loss) Before Contributions	201,370	1,485,616	(70,888)	153,300	1,769,398
Capital Contributions	442,065	358,996	528,764	623,984	1,953,809
Changes in Net Position	643,435	1,844,612	457,876	777,284	3,723,207
Net Position, Beginning	10,136,583	30,459,663	10,126,590	4,100,831	54,823,667
Net Position, Ending	\$ 10,780,018	\$ 32,304,275	\$ 10,584,466	\$ 4,878,115	\$ 58,546,874

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				
	Sewer	Pressurized Irrigation		Water	Nonmajor Storm Sewer
		Irrigation	Water		Total
Cash Flows From Operating Activities:					
Cash received from customers	\$ 2,052,035	\$ 2,229,421	\$ 872,236	\$ 525,433	\$ 5,679,125
Cash received from other entities	-	394,365	-	-	394,365
Cash payments to suppliers for goods and services	(1,422,094)	(711,072)	(404,480)	(148,298)	(2,685,944)
Cash payments to employees	(207,799)	(204,024)	(227,144)	(140,458)	(779,425)
Net cash provided (used) by operating activities	422,142	1,708,690	240,612	236,677	2,608,121
Cash Flows From Capital and Related Financing Activities:					
Principal payments on bonds and notes payable	-	(461,786)	-	-	(461,786)
Interest and fees paid on bonds and notes payable	-	(96,590)	-	-	(96,590)
Receipt of impact fees	145,630	182,993	-	-	328,623
Proceeds from sale of assets				14,295	14,295
Purchase of capital assets	-	-	(49,537)	(44,635)	(94,172)
Net cash provided (used) by capital and related financing activities	145,630	(375,383)	(49,537)	(30,340)	(309,630)
Cash Flows From Investing Activities:					
Interest on investments	101,925	77,253	71,831	32,474	283,483
Net cash provided (used) by investing activities	101,925	77,253	71,831	32,474	283,483
Net Increase (Decrease) In Cash	669,697	1,410,560	262,906	238,811	2,581,974
Cash at Beginning of Year	3,667,882	2,302,170	2,693,486	1,152,679	9,816,217
Cash at End of Year	\$ 4,337,579	\$ 3,712,730	\$ 2,956,392	\$ 1,391,490	\$ 12,398,191
As reported on the Statement of Net Position:					
Cash and cash equivalents	\$ 3,945,713	\$ 3,079,126	\$ 2,956,392	\$ 1,391,490	\$ 11,372,721
Restricted cash and cash equivalents	391,866	633,604	-	-	1,025,470
Total Cash at End of Year	\$ 4,337,579	\$ 3,712,730	\$ 2,956,392	\$ 1,391,490	\$ 12,398,191
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (46,186)	\$ 1,316,414	\$ (142,719)	\$ 106,527	\$ 1,234,036
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:					
Depreciation	374,591	421,790	338,875	152,491	1,287,747
(Increase) decrease in assets:					
Accounts receivable	1,289	3,722	1,128	507	6,646
Deferred outflows relating to pensions	1,841	(2,047)	1,175	(1,314)	(345)
Increase (decrease) in liabilities:					
Accounts payable	96,166	(45,428)	39,454	(26,272)	63,920
Compensated absences	(5,479)	7,628	2,780	4,061	8,990
Net pension liability	32,466	34,347	33,093	23,692	123,598
Deferred inflows relating to pensions	(32,546)	(27,736)	(33,174)	(23,015)	(116,471)
Net cash provided (used) by operating activities	\$ 422,142	\$ 1,708,690	\$ 240,612	\$ 236,677	\$ 2,608,121
Noncash investing, capital, and financing activities:					
Contributions of capital assets	\$ 442,065	\$ 358,996	\$ 528,764	\$ 623,984	\$ 1,953,809
Addition of capital assets from assumed notes payable	-	1,146	-	-	1,146

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH **NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highland City, Utah (the City) was incorporated in 1977 and operates under a council-city manager form of government. The governing body consists of five elected council members and a mayor. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. The City provides the following services: general administrative services, public safety, highway and public works, parks and recreations, cemetery, garbage, and utilities (sewer, pressurized irrigation, storm sewer, and culinary water).

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City is discussed below.

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency and accountability. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

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, although legally separate entities, are in substance, part of the government's operations.

The Highland City Open Space Special Service District (the District) was established to provide recreation services, including the operation and maintenance of parks, open space and trails within certain areas of the City. The District is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is legally separate entity from the City, the District is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the District. The District is included in these financial statements as the Open Space Trust Fund. Separate financial statements are not issued for the District.

The City is not a component unit of any other entity. The City's basic financial statements include all City operations.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highway and public works, parks and recreations, cemetery, and garbage are classified as governmental activities. The City's sewer, pressurized irrigation, storm sewer, and water services are classified as business-type activities.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

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 City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within 60 days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, interest and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. Principal sources of revenue are taxes, licenses and permits and intergovernmental revenues. Primary expenses are for general government, public safety, streets and public works, parks and recreation, cemetery and garbage.

The *Debt Service Fund* accounts for the expenditures required for the City's debt service.

The *Road Fee Fund* accounts for the City's road fees and the use of those funds.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the City's sewer treatment operations.

The *Pressurized Irrigation Fund* accounts for the activities of the City's pressurized irrigation distribution system.

The *Water Fund* accounts for the activities of the City's water, treatment and distribution.

Activities of these three funds include administration, operations and maintenance of the sewer, pressurized irrigation, and water systems, and billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for all enterprise fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds.

The effect of interfund activity has generally been eliminated from the government-wide financial statements in accordance with GAAP.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(C) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Fund, Capital Project Funds, Debt Service Fund, and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Budgetary Data (Continued)

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 25% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the total budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. The City Administrator has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source.

(D) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Utah County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes and telephone franchise taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(E) Cash, Cash Equivalents, and Investments

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents balances.

Investments consist of accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool). Investments of the City are stated at cost, which approximates fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the government-wide and proprietary fund financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(G) Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The government reports infrastructure assets on a network or subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 to 50
Improvements and infrastructure	10 to 50
Machinery, equipment and vehicles	5 to 15

(H) Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

Receivables at June 30, 2019, consisted of property tax, franchise tax, sales tax, grants and utility customer accounts (billings for user charged services). Taxes and grants are deemed collectible in full. Utility charges have an allowance of \$24,988.

(I) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) Compensated Absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid. Employees may accumulate up to 175% of their annual accrual. An employee who is separated from employment may be compensated for all accrued vacation. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 65 days of sick leave. Employees will not be paid for any accumulated sick leave at separation from employment.

(K) Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements 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 City currently reports deferred outflows of resources relating to pensions, and deferred loss on refunding. The deferred outflows relating to pensions are required to be reported as part of implementing GASB 68 *Accounting and Financial reporting for Pensions*, and GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The City reports a deferred loss on refunding as part of the advanced refunding of the 2006 and 2007 Sales and Franchise Tax Revenue bonds, and will be amortized over the life of the refunding debt.

In addition to liabilities, the financial statements 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 City has two items which are reported under this section: deferred property tax revenues, and deferred inflows of resources relating to pensions. Deferred property tax revenue arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts account for property taxes levied on January 1, 2019 for the 2019-2020 fiscal year. The deferred inflows relating to pensions are required to be reported as part of implementing of GASB 68, and GASB 71, as mentioned before.

(L) 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.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) Equity Balance Classification

Fund balance is classified in the government-wide financial statements as net position and is displayed in three components:

- (1) *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.
- (2) *Restricted net position* – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “Net investment in capital assets”.

In accordance with GASB No. 54, the City classifies fund balances in the governmental funds as follows: Nonspendable, Restricted, Committed, Assigned or Unassigned.

- (1) *Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) *Restricted fund balance* classifications are reported as restricted if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) *Committed fund balance* classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action (Ordinances and Resolutions) of the City council, which is government’s highest level of decision making authority.
- (4) *Assigned fund balance* classification includes amounts that are constrained by the government’s intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the Finance Director, City Council, or City Administrator. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The assigned designation may be reversed by the Finance Director, City Council, or City Administrator.
- (5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. This classification represents fund balance that has not been assigned to other funds and that has not be restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary Fund balance is classified the same as in the government-wide statements.

When restricted, committed, assigned, or unassigned resources are available for use, it is the City’s policy to use restricted resources first, followed by committed resources, then assigned resources, and then unassigned resources as they are needed.

(N) Estimates and Assumptions

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 financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2019:

General Fund

General Government	\$ 12,776
Garbage	55,414

Special Revenue Funds

Road Fee Fund	
Streets and Public Works	218,478

Capital Projects Funds

Road Capital Projects Fund	
Streets and Public Works	115,230

(B) Deficit Fund Equity

As of June 30, 2019 the Cemetery Perpetual Care Fund had a deficit fund balance of \$15. This deficit is expected to be resolved in the upcoming fiscal year.

NOTE 3 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds.

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's deposit and investment policy is to follow the Utah Money Management Act (the Act) (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in 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.

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse purchase 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 the 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 Money Management Act; and the Utah State Public Treasurers' Investment Fund.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 CASH AND INVESTMENTS (Continued)

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 and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, 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.

Fair Value of Investments

The City measures its investments using fair value measurement guidelines, established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

The City's PTIF investment, whose fair value at June 30, 2019 was \$20,666,506 was measured as a *Level 2*. The City maintained no other investments during the year.

The City's cash and investments are summarized below:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on deposit	\$ 1,145,886	\$ 1,083,027	N/A	N/A
Investment (3):				
Utah State Treasurer's Investment Pool	<u>20,751,814</u>	<u>20,666,506</u>	N/A	N/A
Total cash and cash equivalents	<u>\$ 21,897,700</u>	<u>\$ 21,749,533</u>		
Portfolio weighted average maturity				N/A

(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.

(3) All investments are considered cash equivalents on the financial statements.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Cash Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2019, \$ 870,737.46 of the City's deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 CASH AND INVESTMENTS (Continued)

Investments

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains 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 to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurer's Office.

Custodial credit risk is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial 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 limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act. The PTIF was unrated as of June 30, 2019.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The PTIF's investment maturity is less than 1 year, which is among the required period of availability of the Utah Money Management Act.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 INTERFUND TRANSFERS

The purpose of the transfers were to provide cash flows and pay operating expenses. Transfers were made among the governmental funds to pay for debt service, and set aside funds for future capital projects. The transfers among the funds for the year ended June 30, 2019 were as follows:

	In	Out
Governmental activities		
General Fund	\$ 75,724	\$ 1,994,932
Debt service fund	834,981	-
Nonmajor Governmental Funds	<u>1,338,501</u>	<u>254,274</u>
Total governmental activities	<u>2,249,206</u>	<u>2,249,206</u>
Total Transfers	<u><u>\$ 2,249,206</u></u>	<u><u>\$ 2,249,206</u></u>

NOTE 5 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2019:

	Restricted Cash and Cash Equivalents	Restricted Receivables	Total Restricted Assets
Governmental activities			
Construction bonds	\$ 1,476,953	\$ -	1,476,953
Park construction	104,558	-	104,558
Road construction	1,153,908	-	1,153,908
B & C road	<u>100,391</u>	<u>163,781</u>	<u>264,172</u>
Total governmental activities	<u>2,835,810</u>	<u>163,781</u>	<u>2,999,591</u>
Business-type activities			
Restricted for impact fees	998,686	-	998,686
Debt service	<u>26,784</u>	<u>-</u>	<u>26,784</u>
Total business-type activities	<u>1,025,470</u>	<u>-</u>	<u>1,025,470</u>
Total restricted assets	<u><u>\$ 3,861,280</u></u>	<u><u>\$ 163,781</u></u>	<u><u>\$ 4,025,061</u></u>

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$39,533,903	\$ -	\$ -	\$39,533,903
Construction in progress	236,032	105,097	- -	341,129
Total capital assets, not being depreciated	39,769,935	105,097	- -	39,875,032
Capital assets, being depreciated:				
Buildings and structures	14,080,927	- -	- -	14,080,927
Improvements and infrastructure	73,037,628	2,372,159	- -	75,409,787
Machinery, equipment and vehicles	2,360,303	29,304	(131,528)	2,258,079
Total capital assets, being depreciated	89,478,858	2,401,463	(131,528)	91,748,793
Less accumulated depreciation for:				
Buildings and structures	(3,890,495)	(354,567)	- -	(4,245,062)
Improvements and infrastructure	(55,281,431)	(2,218,292)	- -	(57,499,723)
Machinery, equipment and vehicles	(1,918,430)	(70,956)	121,179	(1,868,207)
Total accumulated depreciation	(61,090,356)	(2,643,815)	121,179	(63,612,992)
Total capital assets, net of accumulated depreciation	28,388,502	(242,352)	(10,349)	28,135,801
Governmental activities capital assets, net	\$68,158,437	\$ (137,255)	\$ (10,349)	\$68,010,833

Governmental activities depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 148,627
Public Safety	184,005
Streets and Public Works	2,032,428
Parks and recreation	243,339
Cemetery	35,416
Total depreciation expense - governmental activities	\$ 2,643,815

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

The Business-type activities property, plant and equipment consist of the following at June 30, 2019:

	Balance	Additions/ Transfers	Deletions/ Transfers	Balance
	June 30, 2018			June 30, 2019
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 534,455	\$ -	\$ -	\$ 534,455
Construction in progress	10,833	- -	(10,833)	-
Water Shares	<u>24,083,889</u>	<u>1,146</u>	<u>-</u>	<u>24,085,035</u>
Total capital assets, not being depreciated	24,629,177	1,146	(10,833)	24,619,490
Capital assets, being depreciated:				
Buildings and structures	1,157,289	- -	- -	1,157,289
Improvements and infrastructure	39,093,903	1,998,440	- -	41,092,343
Machinery, equipment and vehicles	<u>2,202,461</u>	<u>60,373</u>	<u>(134,995)</u>	<u>2,127,839</u>
Total capital assets, being depreciated	42,453,653	2,058,813	(134,995)	44,377,471
Less accumulated depreciation for:				
Buildings and structures	(600,744)	(40,120)	- -	(640,864)
Improvements and infrastructure	(15,884,789)	(1,163,483)	- -	(17,048,272)
Machinery, equipment and vehicles	<u>(1,517,802)</u>	<u>(84,144)</u>	<u>134,995</u>	<u>(1,466,951)</u>
Total accumulated depreciation	(18,003,335)	(1,287,747)	134,995	(19,156,087)
Total capital assets, net of accumulated depreciation	24,450,318	771,066	- -	25,221,384
Business-type activities capital assets, net	\$49,079,495	\$ 772,212	\$ (10,833)	\$49,840,874

Business-type depreciation expense was charged to functions/programs as follows:

Business-type activities	
Sewer	\$ 374,591
Pressurized Irrigation	421,790
Storm Drain	152,491
Water	<u>338,875</u>
Total depreciation expense - business-type activities	\$ 1,287,747

NOTE 7 GRANTS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the City's independent auditors and other governmental auditors. Any disallowed claims resulting from such an audit could become a liability of the General Fund or other applicable funds. Based on prior experience, the City administration believes such disallowance, if any, would be immaterial.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from customers that are held by the City for water connections or for construction, or other projects until such time for refund is warranted.

NOTE 9 UNEARNED PROPERTY TAXES

In conjunction with GASB Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” the City has accrued property tax receivable and unearned property tax revenue in the General Fund and Library Fund in the amounts of \$1,757,778, and \$264,473 respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Property taxes are levied on October 1, and then are due and payable at November 30. Since the property tax amounts are not expected to be received within 60 days after the year ended June 30, 2019, the City has recorded both a receivable and deferred inflow of resources of the estimated amount of the total property tax to be levied on October 1, 2019.

NOTE 10 JOINT VENTURE

The City and two other municipalities (the Members) entered into an interlocal agreement to create Lone Peak Public Safety District (Lone Peak). Lone Peak was created to provide fire, emergency medical services, and police services. Lone peak is funded by direct payments from the Member cities which is allocated on a population basis. Lone Peak is governed by a Board of Public Safety Commissioners composed of two elected or appointed officials from each of the Member cities.

Audited financial statements for Lone Peak are prepared annually and can be obtained from Lone Peak's finance director, Lone Peak Public Safety District, 5400 W Civic Center Blvd. Suite #1.

A summary of transactions between the City and Lone Peak is shown below:

	2019
Payments to Lone Peak:	
Administrative expenses	\$ 143,014
Member payments for	
Police	2,026,780
Fire / EMS	<u>1,316,277</u>
Total payments to Lone Peak	<u>\$ 3,486,071</u>
Receipts from Lone Peak:	
Rent of office space	\$ 221,518
Reimbursement of employee wages	
and office supplies used by Lone Peak	<u>31,893</u>
Total receipts from Lone Peak	<u>\$ 253,411</u>

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

	June 30, 2018	Additions	Retirements	June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 8,541,000	\$ -	\$ (649,000)	\$ 7,892,000	\$ 799,000
Total bonds payable	8,541,000	-	(649,000)	7,892,000	799,000
Compensated absences	175,848	110,464	(80,903)	205,409	97,039
Governmental activities long-term liabilities					
	\$ 8,716,848	\$ 110,464	\$ (729,903)	\$ 8,097,409	\$ 896,039

Governmental Activities:

Revenue Bonds

Series 2015 Sales and Franchise Tax Revenue Refunding Bonds, original issue of \$3,970,000, principal due in annual installments beginning September 2017, interest ranging from 1.00% to 3.30% due in semi-annual installments beginning March 2015, with the final payment due September 2026. The bonds were issued to partially refund the Series 2006 Sales and Franchise Tax Revenue Bonds. \$ 3,215,000

Series 2016 Sales and Franchise Tax Revenue Refunding Bonds, original issue of \$4,970,000, principal due in annual installments beginning September 2018, interest at 2.095% due in semi-annual installments beginning March 2016, with the final payment due September 2027. The bonds were issued to partially refund the Series 2007 Sales and Franchise Tax Revenue Bonds. 4,677,000

Total Tax Revenue Bonds - Governmental Activities \$ 7,892,000

All of the City's Sales and Franchise Tax Revenue Bonds are payable solely by a pledge and assignment of their associated revenue sources. Total future sales tax of \$9,870,000 has been pledged through 2028. The current revenue recognized during the period for pledged Franchise and Sales Tax Revenue bonds was \$3,404,722 compared to principal and interest of \$871,069 paid during the year which equals a coverage ratio of 3.91.

The Series 2015 and 2016 Franchise Tax Revenue Refunding bonds contain provisions that in the event of default, the bondholders may force payment of the outstanding bonds whether through legal action or through the appointment of a receiver.

	June 30, 2018	Additions	Retirements	June 30, 2019	Due Within One Year
Business-type Activities:					
Bonds payable					
General obligation bonds	\$ 1,550,000	\$ -	\$ (365,000)	\$ 1,185,000	\$ 380,000
Plus: unamortized premiums	22,177	-	(5,544)	16,633	-
Total bonds payable	1,572,177	-	(370,544)	1,201,633	380,000
Notes payable - direct borrowings	1,932,620	1,146	(96,786)	1,836,980	97,679
Compensated absences	100,420	49,342	(40,352)	109,410	49,954
Business-type activities long-term liabilities					
	\$ 3,605,217	\$ 50,488	\$ (507,682)	\$ 3,148,023	\$ 527,633

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Business-type Activities

General Obligation Bonds

Series 2009 General Obligation Refunding Bonds, original issue of \$4,310,000, principal payments due in annual installments beginning May 2010, interest at 2.75% to 4.125% due in semi-annual installments beginning November 2009 with the final payment due May 2022. The bonds were issued to refund the outstanding portion of the 1998 General Obligation Refunding Bonds.

\$ 1,185,000

Total General Obligation Bonds - Business-type Activities

\$ 1,185,000

The Series 2009 General Obligation Refunding bonds contain a provision that in the event of default, the only remedy is an action to compel performance.

Notes Payable - Direct Borrowings

Note payable to the Provo River Users Association for the City's portion of costs relating to the Provo Reservoir Canal Enclosure Project. Original amount \$615,833, interest at 4.00%, approximately 22% of original principal is due in two equal installments in July 2010 and March 2011 along with accrued interest. Remaining principal and interest to be paid in annual installments beginning March 2012 with final payment due March 2035.

\$ 383,652

Assessment payable to the Highland Conservation District for the City's portion of costs relating to the Provo Reservoir Canal Enclosure Project. Original amount \$1,563,945, principal and interest at 2.65% due in installments beginning November 2010 with final installment due November 2035.

1,453,328

Total Notes Payable - Business-type Activities

\$ 1,836,980

No remedies for events of default were noted in the agreements for the above notes payables.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2019, are as follows:

Year Ending June 30,	Governmental Activities	
	Franchise and Revenue Bonds	
	Principal	Interest
2020	\$ 799,000	\$ 173,148
2021	816,000	157,768
2022	833,000	140,843
2023	850,000	122,302
2024	872,000	102,158
2025-2028	<u>3,722,000</u>	<u>180,472</u>
	<u><u>\$ 7,892,000</u></u>	<u><u>\$ 876,691</u></u>

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Year Ending June 30,	Business-type Activities	
	General Obligation Bonds	Interest
	Principal	Interest
2020	\$ 380,000	\$ 47,912
2021	395,000	32,712
2022	410,000	16,912
	<u><u>\$ 1,185,000</u></u>	<u><u>\$ 97,536</u></u>

Year Ending June 30,	Business-type Activities	
	Notes Payable - Direct Borrowing	Interest
	Principal	Interest
2020	\$ 97,679	\$ 33,041
2021	99,283	31,441
2022	104,265	29,804
2023	106,067	27,997
2024	107,921	26,148
2025-2029	569,019	101,363
2030-2034	622,627	47,717
2035	130,119	3,286
	<u><u>\$ 1,836,980</u></u>	<u><u>\$ 300,797</u></u>

During fiscal year 2015, the City defeased \$3,970,000 of the 2006 Sales and Franchise Tax revenue bonds by placing new bond proceeds in an irrevocable trust to provide for the future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2019, \$3,045,000 of defeased bonds are still outstanding.

During fiscal year 2016, the City defeased \$4,600,000 of the 2007 Sales and Franchise Tax revenue bonds by placing new bond proceeds in an irrevocable trust to provide for the future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2019, \$4,250,000 of defeased bonds are still outstanding.

No interest was capitalized during the fiscal year ended June 30, 2019. Total interest incurred and charged to expense totaled \$220,100.

The General Fund has historically been used to liquidate compensated absence balances in prior years.

NOTE 12 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 for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters. There have been no significant reductions in insurance coverage, and no settlements or incidents have exceeded the City's insurance coverage in any of the past three fiscal years.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS

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); is a multiple employer, cost sharing, public employee retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple-employer, cost sharing, public employee retirement system.

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 System's 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 Utah State Retirement 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.

Summary of Benefits by System

Benefits Provided

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

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%
Tier 2 Public Employees System	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%

* Actuarial reductions are applied.

** 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.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS (Continued)

Contribution Rate Summary

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 Utah State Retirement 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 as of June 30, 2019 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Governmental Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 182,483	N/A
Tier 2 Public Employees System	51,028	-
Tier 2 DC Only System	14,438	N/A
Total Contributions	\$ 247,949	\$ -

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, we reported a net pension asset of \$0 and a net pension liability of \$933,634.

(Measurement Date): December 31, 2018					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 924,448	0.1255408%	0.1355806%	-0.0100398%
Tier 2 Public Employees System	-	9,186	0.0214487%	0.0131953%	0.0082534%
Total Net Pension Asset / Liability	\$ -	\$ 933,634			

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS (Continued)

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.

For the year ended June 30, 2019 we recognized pension expense of \$263,902.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,954	\$ 19,141
Changes in assumptions	126,142	165
Net difference between projected and actual earnings on pension plan investments	195,358	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,413	38,361
Contributions subsequent to the measurement date	128,825	-
Total	\$ 468,692	\$ 57,667

\$128,825 reported as deferred outflows of resources related to pensions 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:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2019	\$ 125,207
2020	45,703
2021	16,364
2022	92,605
2023	274
Thereafter	2,047

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS (Continued)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, we recognized pension expense of \$240,161.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,890	\$ 17,242
Changes in assumptions	123,840	-
Net difference between projected and actual earnings on pension plan investments	192,367	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,968	38,029
Contributions subsequent to the measurement date	<u>93,285</u>	-
Total	<u>\$ 424,350</u>	<u>\$ 55,271</u>

\$93,285 reported as deferred outflows of resources related to pensions 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,	Net Deferred Outflows (inflows) of Resources
2019	\$ 124,168
2020	44,947
2021	15,536
2022	91,143
2023	-
Thereafter	-

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS (Continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, we recognized pension expense of \$23,741.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64	\$ 1,899
Changes in assumptions	2,302	165
Net difference between projected and actual earnings on pension plan investments	2,991	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,445	332
Contributions subsequent to the measurement date	<u>35,540</u>	<u>-</u>
Total	<u><u>\$ 44,342</u></u>	<u><u>\$ 2,396</u></u>

\$35,540 reported as deferred outflows of resources related to pensions 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,	Net Deferred Outflows (inflows) of Resources
2019	\$ 1,039
2020	756
2021	828
2022	1,462
2023	274
Thereafter	2,047

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.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS (Continued)

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 and is applied consistently to each defined benefit pension plan. 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:

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return	Long-Term
		Arithmetic Basis	expected portfolio real rate of return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%	4.75%	
		Inflation	2.50%
		Expected arithmetic nominal return	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 remained unchanged at 6.95 percent.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 PENSION AND RETIREMENT PLANS (Continued)

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	\$ 1,894,619	\$ 924,448	\$ 116,551
Tier 2 Public Employees System	36,801	9,186	(12,126)
Total	\$ 1,931,420	\$ 933,634	\$ 104,425

Pension Plan Fiduciary Net Position

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

Defined Contribution 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.

Highland City participates in the following Defined Contribution Savings Plans with 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:

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 211,979	\$ 207,313	\$ 205,929
Employee Contributions	49,379	43,608	34,030
457 Plan			
Employer Contributions	8	-	31
Employee Contributions	30,073	32,279	36,428
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	22,486	19,382	14,991

NOTE 14 COMMITMENTS AND AGREEMENTS

The City has commitments to reimburse developers related to the Town Center project in the aggregate amount of \$203,342, which will be ultimately resolved after exaction fees are received by the Towne Center fund.

REQUIRED SUPPLEMENTAL INFORMATION

HIGHLAND CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
June 30, 2019
Measurement Date of December 31, 2018
Last 10 Fiscal Years*

For the year ended December 31,	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered 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 (asset)
	(asset)	(asset)			
Noncontributory Retirement System					
2018	0.1255408%	\$ 924,448	\$ 1,030,491	89.71%	87.0%
2017	0.1355806%	594,019	1,146,754	51.80%	91.9%
2016	0.1344475%	863,317	1,159,548	74.45%	87.3%
2015	0.1325309%	749,924	1,074,504	69.79%	87.8%
2014	0.1363938%	592,254	1,102,809	53.70%	90.2%
Tier 2 Public Employees Retirement System					
2018	0.0214487%	\$ 9,186	\$ 249,592	3.68%	90.8%
2017	0.0131953%	1,163	129,115	0.90%	97.4%
2016	0.0055885%	623	45,830	1.36%	95.1%
2015	0.0257634%	(56)	166,425	-0.03%	100.2%
2014	0.0529626%	(1,605)	259,759	-0.62%	103.5%

** This schedule will be built out prospectively to show a 10-year history.*

HIGHLAND CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
Last 10 Fiscal Years*

As of fiscal year ended June 30,	Contributions in relation to the Actuarial Determined Contributions			Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered- employee payroll
	Contractually required contribution					
Noncontributory System						
2019	\$ 182,483	\$ 182,483		\$ -	\$ 988,035	18.47%
2018	214,531	214,531		-	1,161,508	18.47%
2017	208,321	208,321		-	1,127,891	18.47%
2016	203,435	203,435		-	1,101,435	18.47%
2015	196,026	196,026		-	1,061,320	18.47%
2014	201,281	201,281		-	1,164,149	17.29%
Tier 2 Public Employees System*						
2019	\$ 51,028	\$ 51,028		\$ -	\$ 328,367	15.54%
2018	25,881	25,881		-	171,285	15.11%
2017	12,716	12,716		-	85,288	14.91%
2016	15,233	15,233		-	102,166	14.91%
2015	32,860	32,860		-	219,947	14.94%
2014	29,672	29,672		-	212,094	13.99%
Tier 2 Public Employees DC Only System*						
2019	\$ 14,438	\$ 14,438		\$ -	\$ 215,812	6.69%
2018	12,667	12,667		-	189,347	6.69%
2017	12,219	12,219		-	182,652	6.69%
2016	10,842	10,842		-	162,056	6.69%
2015	4,872	4,872		-	72,506	6.72%
2014	561	561		-	10,060	5.58%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

** This schedule will be built out prospectively to show a 10-year history. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

HIGHLAND CITY
NOTES TO REQUIRED SUPPLMENTAL INFORMATION
For the fiscal 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.

SUPPLEMENTAL INFORMATION

**HIGHLAND CITY
SUPPLEMENTAL INFORMATION
INTRODUCTION**

This part of Highland City's Comprehensive Annual Financial Report (CAFR) presents breakout information for the nonmajor governmental funds, nonmajor enterprise funds, and internal service funds that are presented in aggregate as a single column in the basic financial statements.

Governments that prepare a CAFR must also present budgetary comparisons for other governmental funds with annual appropriated budgets. These budgetary comparisons take the form of individual fund schedules comparing each fund's original budget, final amended budget, and actual results for revenues and expenditures/expenses. This supplemental information section of the CAFR includes the budgetary schedules for those governmental funds whose budgetary comparison was not already included in the basic financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City has the following nonmajor special revenue funds:

- **Open Space Trust Fund** – to account for funds charged to property owners with adjacent open space areas. The revenues generated from these fees are used to maintain those open space areas.
- **Cemetery Perpetual Care Fund** – to account for perpetual care fees collected during the sale of cemetery plots. This fund also accounts for any expenditures of those perpetual care fees used to maintain the cemetery grounds upon complete sell-out of all cemetery plots.
- **Library Fund** – to account for the use of the restricted library property tax revenues and other revenues generated as part of the library's operations.

Capital Projects Funds

Capital projects funds are used to account for the funds restricted, committed, or assigned to expenditures for future capital projects. The City has the following nonmajor capital projects funds:

- **Parks Capital Project Fund** – to account for funds restricted or otherwise set aside for future parks.
- **Road Capital Project Fund** – to account for funds restricted or otherwise set aside for substantial future road projects.
- **Building Capital Project Fund** – to account for funds restricted or otherwise set aside for future buildings.
- **Northwest Annexation** – to account for funds charged to property owners building in annexed areas to fund infrastructure to service those individuals.
- **Town Center Capital Projects** – to account for exaction fees charged to developers to construct infrastructure for the developments surrounding the town center.

HIGHLAND CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue			Capital Projects				Town Center Capital Projects	Total Nonmajor Governmental Funds
	Open Space Trust	Cemetery Perpetual Care	Library	Parks Capital Project	Road Capital Project	Building Capital Project	Northwest Annexation		
Assets:									
Cash and cash equivalents	\$ 396,660	\$ 4,247	\$ 30,052	\$ 1,484,748	\$ 585,645	\$ 562,510	\$ 112,118	\$ 470,316	\$ 3,646,296
Restricted cash and cash equivalents	-	-	-	104,558	1,153,908	-	-	-	1,258,466
Receivables:									
Accounts	4,156	-	-	-	-	-	-	-	4,156
Property taxes	-	-	276,658	-	-	-	-	-	276,658
Total Assets	\$ 400,816	\$ 4,247	\$ 306,710	\$ 1,589,306	\$ 1,739,553	\$ 562,510	\$ 112,118	\$ 470,316	\$ 5,185,576
Liabilities:									
Accounts payable	\$ 17,223	\$ 4,262	\$ 3,245	\$ -	\$ 61,088	\$ 33,504	\$ -	\$ -	\$ 119,322
Accrued liabilities	15,902	-	-	-	-	-	-	-	15,902
Payable from restricted assets	-	-	-	104,558	-	-	-	-	104,558
Total Liabilities	33,125	4,262	3,245	104,558	61,088	33,504	-	-	239,782
Deferred Inflows of Resources									
Unearned property tax revenue	-	-	264,473	-	-	-	-	-	264,473
Total Deferred Inflows of Resources	-	-	264,473	-	-	-	-	-	264,473
Fund Balances:									
Restricted for:									
Impact fees	-	-	-	-	1,153,908	-	-	-	1,153,908
Assigned	367,691	-	38,992	1,484,748	524,557	529,006	112,118	470,316	3,527,428
Unassigned	-	(15)	-	-	-	-	-	-	(15)
Total Fund Balances	367,691	(15)	38,992	1,484,748	1,678,465	529,006	112,118	470,316	4,681,321
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 400,816	\$ 4,247	\$ 306,710	\$ 1,589,306	\$ 1,739,553	\$ 562,510	\$ 112,118	\$ 470,316	\$ 5,185,576

HIGHLAND CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2019

	Special Revenue			Capital Projects				Town Center Capital Projects		Total Nonmajor Governmental Funds
	Open Space Trust	Cemetery Perpetual Care	Library	Parks Capital Project	Road Capital Project	Building Capital Project	Northwest Annexation			
Revenues:										
Taxes	\$ -	\$ -	\$ 302,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,267
Charges for services	287,859	187,170	22,497	-	-	-	-	-	-	497,526
Fines and forfeitures	-	-	15,366	-	-	-	-	-	-	15,366
Impact fees	-	-	-	251,978	164,691	63,380	-	-	-	480,049
Contributions from other governments	-	-	12,800	-	366,133	-	-	-	-	378,933
Interest income	13,863	546	890	32,703	30,877	4,777	2,824	11,846	98,326	
Total Revenues	301,722	187,716	353,820	284,681	561,701	68,157	2,824	11,846	1,772,467	
Expenditures:										
Current:										
General government	377,889	-	375,828	-	-	-	-	-	-	753,717
Streets and public works	-	-	-	-	615,230	-	-	-	-	615,230
Cemetery	-	124,453	-	-	-	-	-	-	-	124,453
Capital outlay	-	-	-	59,658	-	45,439	-	-	-	105,097
Debt service - bond fees	-	-	-	2,100	-	2,100	-	-	-	4,200
Total Expenditures	377,889	124,453	375,828	61,758	615,230	47,539	-	-	-	1,602,697
Excess (deficiency) of revenues over (under) expenditures	(76,167)	63,263	(22,008)	222,923	(53,529)	20,618	2,824	11,846	169,770	
Other Financing Sources:										
Sale of capital assets	118,114	-	-	-	-	-	-	-	-	118,114
Transfers in	100,000	12,446	61,000	358,055	500,000	307,000	-	-	-	1,338,501
Transfers out	-	(75,724)	-	(142,300)	-	(36,250)	-	-	-	(254,274)
Total Other Financing Sources	218,114	(63,278)	61,000	215,755	500,000	270,750	-	-	-	1,202,341
Net Change in Fund Balances	141,947	(15)	38,992	438,678	446,471	291,368	2,824	11,846	1,372,111	
Fund Balances, Beginning	225,744	-	-	1,046,070	1,231,994	237,638	109,294	458,470	3,309,210	
Fund Balances, Ending	\$ 367,691	\$ (15)	\$ 38,992	\$ 1,484,748	\$ 1,678,465	\$ 529,006	\$ 112,118	\$ 470,316	\$ 4,681,321	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR OPEN SPACE TRUST FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for services	\$ 280,560	\$ 287,000	\$ 287,859	\$ 859
Interest	6,000	14,000	13,863	(137)
Total Revenues	286,560	301,000	301,722	722
Expenditures:				
Current:				
General government	436,415	418,207	377,889	40,318
Total Expenditures	436,415	418,207	377,889	40,318
Excess (deficiency) of revenues over (under) expenditures	(149,855)	(117,207)	(76,167)	41,040
Other Financing Sources (Uses):				
Sale of capital assets	57,648	105,000	118,114	13,114
Transfers in	150,000	150,000	100,000	(50,000)
Total Other Financing Sources (Uses)	207,648	255,000	218,114	(36,886)
Net Change in Fund Balances	\$ 57,793	\$ 137,793	141,947	\$ 4,154
Fund Balance, Beginning			225,744	
Fund Balance, Ending			\$ 367,691	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR CEMETERY
PERPETUAL CARE FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for services	\$ 165,000	\$ 165,000	\$ 187,170	\$ 22,170
Interest	-	-	546	546
Total Revenues	165,000	165,000	187,716	22,716
Expenditures:				
Current:				
Cemetery	118,954	128,233	124,453	3,780
Total Expenditures	118,954	128,233	124,453	3,780
Excess (deficiency) of revenues over (under) expenditures	46,046	36,767	63,263	26,496
Other Financing Sources (Uses):				
Transfers in	11,895	11,895	12,446	551
Transfers out	(58,835)	(75,724)	(75,724)	-
Total Other Financing Sources (Uses)	(46,940)	(63,829)	(63,278)	551
Net Change in Fund Balances	\$ (894)	\$ (27,062)	(15)	\$ 27,047
Fund Balance, Beginning				-
Fund Balance, Ending				\$ (15)

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR LIBRARY FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ -	\$ 295,693	\$ 302,267	\$ 6,574
Charges for services	-	-	22,497	22,497
Fines and forfeitures	-	15,000	15,366	366
Contributions	-	13,300	12,800	(500)
Interest	-	-	890	890
Total Revenues	-	323,993	353,820	29,827
Expenditures:				
Current:				
General government	-	377,541	375,828	1,713
Total Expenditures	-	377,541	375,828	1,713
Excess (deficiency) of revenues over (under) expenditures	-	(53,548)	(22,008)	31,540
Other Financing Sources (Uses):				
Transfers in	-	61,000	61,000	-
Transfers out	-	(27,724)	-	27,724
Total Other Financing Sources (Uses)	-	33,276	61,000	27,724
Net Change in Fund Balances	\$ -	\$ (20,272)	38,992	\$ 59,264
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ 38,992	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR PARKS CAPITAL
PROJECTS FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Impact Fees	\$ 372,130	\$ 240,000	\$ 251,978	\$ 11,978
Interest	10,000	32,000	32,703	703
Total Revenues	382,130	272,000	284,681	12,681
Expenditures:				
Current:				
Trust fees	2,100	2,100	2,100	-
Capital outlay	-	125,309	59,658	65,651
Total Expenditures	2,100	127,409	61,758	65,651
Excess (deficiency) of revenues over (under) expenditures	380,030	144,591	222,923	78,332
Other Financing Sources (Uses):				
Transfers in	-	358,055	358,055	-
Transfers out	(186,065)	(142,300)	(142,300)	-
Total Other Financing Sources (Uses)	(186,065)	215,755	215,755	-
Net Change in Fund Balances	\$ 193,965	\$ 360,346	438,678	\$ 78,332
Fund Balance, Beginning			1,046,070	
Fund Balance, Ending			\$ 1,484,748	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR ROADS CAPITAL
PROJECTS FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Impact Fees	\$ 241,655	\$ 156,000	\$ 164,691	\$ 8,691
Contributions	-	-	366,133	366,133
Interest	7,500	30,000	30,877	877
Total Revenues	249,155	186,000	561,701	375,701
Expenditures:				
Current:				
Streets and public works	500,000	500,000	615,230	(115,230)
Total Expenditures	500,000	500,000	615,230	(115,230)
Excess (deficiency) of revenues over (under) expenditures	(250,845)	(314,000)	(53,529)	260,471
Other Financing Sources (Uses):				
Transfers in	500,000	500,000	500,000	-
Total Other Financing Sources (Uses)	500,000	500,000	500,000	-
Net Change in Fund Balances	\$ 249,155	\$ 186,000	446,471	\$ 260,471
Fund Balance, Beginning			1,231,994	
Fund Balance, Ending			\$ 1,678,465	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR BUILDINGS CAPITAL
PROJECTS FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Impact Fees	\$ 94,832	\$ 54,500	\$ 63,380	\$ 8,880
Interest	500	4,700	4,777	77
Total Revenues	95,332	59,200	68,157	8,957
Expenditures:				
Current:				
Trust fees	2,100	2,100	2,100	-
Capital outlay	445,000	445,000	45,439	399,561
Total Expenditures	447,100	447,100	47,539	399,561
Excess (deficiency) of revenues over (under) expenditures	(351,768)	(387,900)	20,618	408,518
Other Financing Sources (Uses):				
Transfers in	445,000	445,000	307,000	(138,000)
Transfers out	(47,416)	(36,250)	(36,250)	-
Total Other Financing Sources (Uses)	397,584	408,750	270,750	(138,000)
Net Change in Fund Balances	\$ 45,816	\$ 20,850	291,368	\$ 270,518
Fund Balance, Beginning			237,638	
Fund Balance, Ending			\$ 529,006	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR NORTHWEST ANNEXATION
CAPITAL PROJECTS FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Interest	\$ 1,000	\$ 2,800	\$ 2,824	\$ 24
Total Revenues	1,000	2,800	2,824	24
Net Change in Fund Balances	\$ 1,000	\$ 2,800	2,824	\$ 24
Fund Balance, Beginning			109,294	
Fund Balance, Ending			\$ 112,118	

HIGHLAND CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR TOWN CENTER
CAPITAL PROJECTS FUND
For The Year Ended June 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Interest	\$ 1,500	\$ 12,000	\$ 11,846	\$ (154)
Total Revenues	1,500	12,000	11,846	(154)
Excess (deficiency) of revenues over (under) expenditures	1,500	12,000	11,846	(154)
Other Financing Sources (Uses):				
Transfers out	(300,000)	(300,000)	-	300,000
Total Other Financing Sources (Uses)	(300,000)	(300,000)	-	300,000
Net Change in Fund Balances	\$ (298,500)	\$ (288,000)	11,846	\$ 299,846
Fund Balance, Beginning			458,470	
Fund Balance, Ending			\$ 470,316	

STATISTICAL SECTION

**HIGHLAND CITY
STATISTICAL SECTION
INTRODUCTION
(Unaudited)**

This part of Highland City's Comprehensive Annual Financial Report presents detailed information to aid the reader in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial picture.

Contents

Financial Trend Data (tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Data (tables 5-10)

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity Data (tables 11-16)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information (tables 17-18)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (tables 19-21)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant years.

HIGHLAND CITY
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Table 1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Governmental activities</u>										
Net investment in capital assets	\$ 76,052,938	\$ 72,054,502	\$ 69,050,971	\$ 66,677,526	\$ 64,744,559	\$ 62,034,718	\$ 60,628,203	\$ 58,982,936	\$ 59,780,888	\$ 60,216,471
Restricted	84,414	227,015	655,080	104,768	204,237	274,961	104,558	104,558	92,294	190,480
Unrestricted	(426,448)	912,505	1,382,427	1,614,533	1,938,811	2,434,656	3,114,679	4,533,590	5,984,462	6,857,572
Total governmental activities net assets	<u>75,710,904</u>	<u>73,194,022</u>	<u>71,088,478</u>	<u>68,396,827</u>	<u>66,887,607</u>	<u>64,744,335</u>	<u>63,847,440</u>	<u>63,621,084</u>	<u>65,857,644</u>	<u>67,264,523</u>
<u>Business-type activities</u>										
Net investment in capital assets	44,835,591	44,100,627	43,308,656	42,944,607	42,783,023	42,154,777	42,412,291	42,874,816	45,574,698	46,802,261
Restricted	127,763	314,537	550,222	819,149	878,088	1,221,608	1,117,581	1,286,814	852,278	1,025,470
Unrestricted	1,124,151	877,060	1,569,410	1,691,695	2,774,148	3,506,563	4,710,640	6,448,385	8,396,691	10,719,143
Total business-type activities net assets	<u>46,087,505</u>	<u>45,292,224</u>	<u>45,428,288</u>	<u>45,455,451</u>	<u>46,435,259</u>	<u>46,882,948</u>	<u>48,240,512</u>	<u>50,610,015</u>	<u>54,823,667</u>	<u>58,546,874</u>
<u>Primary government</u>										
Net investment in capital assets	120,888,529	116,155,129	112,359,627	109,622,133	107,527,582	104,189,495	103,040,494	101,857,752	105,355,586	107,018,732
Restricted	212,177	541,552	1,205,302	923,917	1,082,325	1,496,569	1,222,139	1,391,372	944,572	1,215,950
Unrestricted	697,703	1,789,565	2,951,837	3,306,228	4,712,959	5,941,219	7,825,319	10,981,975	14,381,153	17,576,715
Total primary government net position	<u>\$ 121,798,409</u>	<u>\$ 118,486,246</u>	<u>\$ 116,516,766</u>	<u>\$ 113,852,278</u>	<u>\$ 113,322,866</u>	<u>\$ 111,627,283</u>	<u>\$ 112,087,952</u>	<u>\$ 114,231,099</u>	<u>\$ 120,681,311</u>	<u>\$ 125,811,397</u>

HIGHLAND CITY
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	\$ 2,118,005	\$ 1,742,815	\$ 1,689,559	\$ 1,915,383	\$ 2,013,141	\$ 1,825,944	\$ 2,506,961	\$ 2,529,791	\$ 2,462,871	\$ 2,358,483
Public safety	2,359,437	2,578,309	2,921,792	3,024,762	3,087,916	3,429,363	3,343,498	3,387,326	3,397,079	3,675,666
Streets and public works	3,871,352	3,420,248	3,827,576	3,877,880	3,768,613	3,457,299	3,685,661	3,305,336	3,558,023	4,772,101
Parks and recreation	1,228,525	1,027,983	976,014	999,897	1,141,251	1,101,889	717,013	1,015,693	861,182	845,937
Cemetery	139,873	143,928	104,149	112,005	125,178	115,256	96,842	120,915	116,075	160,896
Garbage	526,332	524,130	539,253	562,627	609,882	665,981	685,066	697,258	759,848	843,248
Interest on long-term debt	552,909	652,730	502,013	464,892	434,471	414,266	255,919	256,979	234,017	220,100
Total governmental activities	10,796,433	10,090,143	10,560,356	10,957,446	11,180,452	11,009,998	11,290,960	11,313,298	11,389,095	12,876,431
Business-type activities										
Sewer	1,394,735	1,684,638	1,531,942	1,654,726	1,585,697	1,871,624	1,824,985	2,073,543	2,094,291	2,096,932
Pressurized irrigation	1,107,913	1,229,088	1,429,268	1,448,442	1,350,454	1,308,122	1,327,420	1,380,853	1,358,593	1,394,696
Storm sewer	319,037	367,343	337,936	400,047	350,466	399,853	395,991	466,361	421,446	418,399
Culinary water	959,182.00	723,157.00	833,000.00	905,639.00	854,139	853,485	860,431	936,993	996,052	1,013,827
Total business-type activities	3,780,867	4,004,226	4,132,146	4,408,854	4,140,756	4,433,084	4,408,827	4,857,750	4,870,382	4,923,854
Total primary government expenses	\$ 14,577,300	\$ 14,094,369	\$ 14,692,502	\$ 15,366,300	\$ 15,321,208	\$ 15,443,082	\$ 15,699,787	\$ 16,171,048	\$ 16,259,477	\$ 17,800,285
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 299,154	\$ 1,139,391	\$ 1,229,173	\$ 1,486,857	\$ 1,543,112	\$ 1,344,046	\$ 1,702,563	\$ 1,528,318	\$ 1,521,361	\$ 1,381,040
Public safety	739,034	257,710	265,582	287,279	280,404	241,002	244,544	238,539	188,715	213,641
Streets and public works	88,163	284,800	73,042	38,618	48,905	67,277	93,903	136,793	1,006,329	1,081,870
Parks and recreation	312,003	37,925	618,211	29,699	51,353	48,091	52,277	51,727	65,763	38,510
Cemetery	141,847	73,066	54,455	81,340	156,006	133,105	133,605	190,635	202,540	187,170
Garbage	586,130	602,445	631,532	653,124	688,504	712,966	750,967	786,411	818,438	850,174
Operating grants and contributions	9,863	10,036	10,035	9,693	75,367	13,964	13,296	11,396	10,725	24,267
Capital grants and contributions	1,658,574	1,043,054	1,037,630	1,292,693	1,850,186	1,702,870	2,139,655	2,362,294	3,828,605	4,007,102
Total governmental activities program revenues	3,834,768	3,448,427	3,919,660	3,879,303	4,693,837	4,263,321	5,130,810	5,306,113	7,642,476	7,783,774

HIGHLAND CITY
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Table 2 (Continued)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Charges for services										
Sewer	\$ 1,065,908	\$ 1,418,593	\$ 1,462,552	\$ 1,511,711	\$ 1,570,936	\$ 1,801,688	\$ 1,868,218	\$ 1,945,234	\$ 2,013,334	\$ 2,050,746
Pressurized irrigation	879,266	897,582	1,337,852	1,237,757	1,288,471	1,363,025	1,336,998	2,152,101	2,218,930	2,620,064
Storm sewer	237,184	251,328	388,093	414,718	436,576	447,510	475,224	530,212	531,742	524,926
Culinary water	732,794	794,067	822,921	876,437	942,548	994,011	873,013	854,249	881,093	871,108
Operating grants and contributions	120,000	-	-	-	-	-	-	-	-	-
Capital grants and contributions	145,273	205,560	242,350	459,650	923,212	530,053	1,159,974	1,673,442	3,289,086	2,282,432
Total business-type activities primary revenues	3,180,425	3,567,130	4,253,768	4,500,273	5,161,743	5,136,287	5,713,427	7,155,238	8,934,185	8,349,276
Total primary government program revenues	\$ 7,015,193	\$ 7,015,557	\$ 8,173,428	\$ 8,379,576	\$ 9,855,580	\$ 9,399,608	\$ 10,844,237	\$ 12,461,351	\$ 16,576,661	\$ 16,133,050
Net (Expense)/Revenue										
Governmental activities	\$ (6,961,665)	\$ (6,641,716)	\$ (6,640,696)	\$ (7,078,143)	\$ (6,486,615)	\$ (6,746,677)	\$ (6,160,150)	\$ (6,007,185)	\$ (3,746,619)	\$ (5,092,657)
Business-type activities	(600,442)	(437,096)	121,622	91,419	1,020,987	703,203	1,304,600	2,297,488	4,063,803	3,425,422
Total primary government net (expense)/revenue	\$ (7,562,107)	\$ (7,078,812)	\$ (6,519,074)	\$ (6,986,724)	\$ (5,465,628)	\$ (6,043,474)	\$ (4,855,550)	\$ (3,709,697)	\$ 317,184	\$ (1,667,235)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 1,760,012	\$ 1,686,835	\$ 1,795,041	\$ 1,745,146	\$ 1,770,203	\$ 1,776,477	\$ 1,844,218	\$ 1,956,692	\$ 2,067,899	\$ 2,131,342
Vehicle taxes	175,778	165,262	160,762	164,604	189,293	154,158	173,329	179,133	193,229	167,731
Sales taxes	1,463,203	1,503,543	1,597,153	1,691,767	1,793,581	1,933,632	2,040,765	2,201,996	2,386,108	2,491,244
Franchise taxes	887,486	931,548	926,239	969,171	1,116,326	1,019,428	1,073,704	1,073,270	1,065,450	1,028,899
Unrestricted investment earnings	4,147	4,038	8,000	8,978	5,291	10,048	23,159	45,713	105,461	185,151
Gain on disposal of assets	-	-	-	11,732	11,924	6,505	62,460	284,210	126,318	486,640
Miscellaneous	109,132	208,305	47,957	22,569	33,677	44,714	61,520	39,815	38,714	8,529
Transfers	267,947	-	-	-	57,100	57,100	(15,900)	-	-	-
Total governmental activities	4,667,705	4,499,531	4,535,152	4,613,967	4,977,395	5,002,062	5,263,255	5,780,829	5,983,179	6,499,536
Business-type activities										
Unrestricted investment earnings	13,497	7,356	14,442	15,763	15,921	21,142	37,064	72,015	149,849	283,490
Gain on disposal of assets	-	-	-	-	-	-	-	-	-	14,295
Transfers	(267,947)	-	-	-	(57,100)	(57,100)	15,900	-	-	-
Total business-type activities	(254,450)	7,356	14,442	15,763	(41,179)	(35,958)	52,964	72,015	149,849	297,785
Total primary government	\$ 4,413,255	\$ 4,506,887	\$ 4,549,594	\$ 4,629,730	\$ 4,936,216	\$ 4,966,104	\$ 5,316,219	\$ 5,852,844	\$ 6,133,028	\$ 6,797,321
Change in Net Position										
Governmental activities	\$ (2,293,960)	\$ (2,142,185)	\$ (2,105,544)	\$ (2,464,176)	\$ (1,509,220)	\$ (1,744,615)	\$ (896,895)	\$ (226,356)	\$ 2,236,560	\$ 1,406,879
Business-type activities	(854,892)	(429,740)	136,064	107,182	979,808	667,245	1,357,564	2,369,503	4,213,652	3,723,207
Total primary government	\$ (3,148,852)	\$ (2,571,925)	\$ (1,969,480)	\$ (2,356,994)	\$ (529,412)	\$ (1,077,370)	\$ 460,669	\$ 2,143,147	\$ 6,450,212	\$ 5,130,086

HIGHLAND CITY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,428	\$ 307,422	\$ 21,188
Restricted	84,414	203,007	88,098	-	99,680	170,403	-	-	92,294	264,172
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	22,485	44,119	-	-	-	-	-	-	-
Unassigned	735,151	949,805	993,865	1,280,280	1,394,284	1,577,585	2,189,214	2,646,368	2,205,674	2,134,990
Total general fund	819,565	1,175,297	1,126,082	1,280,280	1,493,964	1,747,988	2,189,214	2,653,796	2,605,390	2,420,350
All Other Governmental Funds										
Nonspendable	-	506,716	473,000	473,000	473,000	-	-	-	-	-
Restricted	4,156	24,008	566,982	104,768	104,557	104,558	389,194	516,967	960,540	1,153,908
Committed	-	340,000	342,460	147,824	-	-	-	-	-	-
Assigned	131,247	892	326,029	554,845	1,108,592	1,365,307	1,436,262	1,533,924	2,911,667	3,531,834
Unassigned	(953,930)	(976,808)	(860,736)	(684,031)	(641,385)	22,269	(211,050)	365,872	-	348,541
Total all other governmental funds	(818,527)	(105,192)	847,735	596,406	1,044,764	1,492,134	1,614,406	2,416,763	3,872,207	5,034,283
Total governmental funds	\$ 1,038	\$ 1,070,105	\$ 1,973,817	\$ 1,876,686	\$ 2,538,728	\$ 3,240,122	\$ 3,803,620	\$ 5,070,559	\$ 6,477,597	\$ 7,454,633

Note: Fund balance classifications changed in 2011 as part of the implementation of GASB 54.

HIGHLAND CITY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 4,286,479	\$ 4,287,188	\$ 4,479,195	\$ 4,570,688	\$ 4,869,403	\$ 4,883,695	\$ 5,132,016	\$ 5,411,091	\$ 5,712,686	\$ 5,819,216
Licenses, fees, and permits	208,053	336,152	413,120	501,575	552,019	544,022	737,499	654,754	609,562	457,931
Intergovernmental	545,877	573,697	552,578	572,238	612,123	580,524	631,186	744,351	752,309	813,535
Impact fees	330,589	479,393	495,088	730,148	954,744	1,050,836	1,037,260	829,795	760,011	480,049
Charges for Services	2,478,671	1,854,870	2,193,233	1,785,178	1,846,980	1,598,484	1,721,942	1,797,534	2,818,576	2,837,024
Exaction fees	-	-	-	-	71,221	60,701	55,996	-	-	-
Fines and forfeitures	271,578	257,710	265,582	287,279	280,404	241,002	244,544	238,539	188,715	229,007
Contributions from other governments	-	-	-	-	-	-	-	-	-	378,933
Interest	4,147	4,188	8,000	8,978	5,291	10,048	23,157	42,162	105,461	185,151
Miscellaneous	109,132	208,307	47,957	22,569	51,806	44,714	61,524	43,370	38,714	8,529
Total revenues	8,234,526	8,001,505	8,454,753	8,478,653	9,243,991	9,014,026	9,645,124	9,761,596	10,986,034	11,209,375
Expenditures										
General government	1,882,294	1,454,720	1,436,418	1,710,296	1,810,043	1,538,600	2,094,759	2,060,933	2,124,517	1,969,622
Public safety	2,165,570	2,382,419	2,736,889	2,829,980	2,894,472	3,239,830	3,159,063	3,186,557	3,207,854	3,486,071
Street and public works	1,057,618	604,833	1,059,116	1,070,369	1,340,618	1,135,878	1,738,743	1,287,863	1,997,720	2,740,025
Parks and recreation	874,977	688,919	582,509	616,826	763,697	737,761	517,241	634,323	613,992	579,980
Cemetery	91,815	97,145	57,366	66,497	79,670	70,794	62,458	79,948	84,436	124,453
Garbage	526,332	524,130	539,253	562,627	609,882	667,098	685,942	696,255	760,369	842,932
Capital outlay	1,271,826	190,812	81,905	760,204	174,691	68,623	39,768	32,065	27,470	147,708
Debt Service										
Principal retirement	506,245	530,219	554,432	500,000	525,000	545,000	570,000	645,000	684,000	649,000
Interest and fiscal charges	552,721	620,898	503,153	475,155	452,900	361,180	260,212	229,644	204,956	189,537
Financing costs	-	-	-	-	-	41,783	49,509	-	-	-
Total expenditures	8,929,398	7,094,095	7,551,041	8,591,954	8,650,973	8,406,547	9,177,695	8,852,588	9,705,314	10,729,328
Excess (deficiency) of revenues over (under) expenditures	(694,872)	907,410	903,712	(113,301)	593,018	607,479	467,429	909,008	1,280,720	480,047

HIGHLAND CITY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 4 (Continued)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Sale of capital assets	\$ -	\$ -	\$ -	\$ 16,170	\$ 11,924	\$ (4,968)	\$ 62,460	\$ 357,931	\$ 126,318	\$ 496,989
Transfers in	1,594,704	1,274,650	1,563,864	1,580,319	1,748,600	1,385,616	1,728,381	1,847,067	1,870,916	2,249,206
Transfers out	(1,326,757)	(1,274,650)	(1,563,864)	(1,580,319)	(1,691,500)	(1,328,516)	(1,744,281)	(1,847,067)	(1,870,916)	(2,249,206)
Bond and note proceeds	-	-	-	-	-	3,970,000	4,970,000	-	-	-
Payment to refunded bond escrow	-	-	-	-	-	(3,928,217)	(4,920,491)	-	-	-
Total other financing sources (uses)	267,947	-	-	16,170	69,024	93,915	96,069	357,931	126,318	496,989
Net change in fund balances	\$ (426,925)	\$ 907,410	\$ 903,712	\$ (97,131)	\$ 662,042	\$ 701,394	\$ 563,498	\$ 1,266,939	\$ 1,407,038	\$ 977,036
Fund Balance Beginning of Year, restated	\$ 427,963	\$ 162,695	\$ 1,070,105	\$ 1,973,817	\$ 1,876,686	\$ 2,538,728	\$ 3,240,122	\$ 3,803,620	\$ 5,070,559	\$ 6,477,597
Fund Balance End of Year	\$ 1,038	\$ 1,070,105	\$ 1,973,817	\$ 1,876,686	\$ 2,538,728	\$ 3,240,122	\$ 3,803,620	\$ 5,070,559	\$ 6,477,597	\$ 7,454,633
Debt service as a percentage of noncapital expenditures	13.83%	16.67%	14.16%	12.45%	11.54%	10.87%	9.09%	9.92%	9.19%	7.92%

HIGHLAND CITY
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 5

Fiscal Year	General	General Sales	Franchise	Fees in Lieu	Phone Tax	Total Tax Revenue
	Property Tax	and Use Tax	Tax	of Personal Property Tax		
2010	\$ 1,760,012	\$ 1,463,203	\$ 673,200	\$ 175,778	\$ 214,286	\$ 4,286,479
2011	1,686,835	1,503,543	724,674	165,262	206,874	4,287,188
2012	1,795,041	1,597,153	721,900	160,762	204,338	4,479,195
2013	1,745,146	1,691,767	766,912	164,604	202,259	4,570,688
2014	1,748,341	1,815,443	916,995	189,293	199,331	4,869,404
2015	1,776,477	1,933,632	860,296	154,158	159,132	4,883,695
2016	1,844,218	2,040,765	920,808	173,329	152,896	5,132,016
2017	1,956,691	2,201,996	928,495	179,133	144,775	5,411,090
2018	2,067,899	2,386,108	931,856	193,229	133,594	5,712,686
2019	2,131,342	2,491,244	913,478	167,731	115,421	5,819,216

HIGHLAND CITY
Property Tax Rates
Last Ten Fiscal Years
Table 6

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General operations	0.1686%	0.1743%	0.1742%	0.1638%	0.1460%	0.1362%	0.1298%	0.1241%	0.1153%	0.1090%
Library	0.0262%	0.0261%	0.0263%	0.0248%	0.0221%	0.0206%	0.0196%	0.0187%	0.0174%	0.0164%
Total Rate	0.1948%	0.2004%	0.2005%	0.1886%	0.1681%	0.1568%	0.1494%	0.1428%	0.1327%	0.1254%
GO percentage	86.55%	86.98%	86.88%	86.85%	86.85%	86.86%	86.88%	86.90%	86.89%	86.92%
Library percentage	13.45%	13.02%	13.12%	13.15%	13.15%	13.14%	13.12%	13.10%	13.11%	13.08%
Cert. Rate Revenue GO	\$ 1,286,746	\$ 1,295,202	\$ 1,331,556	\$ 1,369,519	\$ 1,416,775	\$ 1,501,373	\$ 1,574,043	\$ 1,641,015	\$ 1,699,448	\$ 1,757,778
Cert. Rate Revenue Library	199,957	193,946	201,033	207,351	214,457	227,080	237,683	247,276	256,465	264,473
Total revenue	\$ 1,486,703	\$ 1,489,148	\$ 1,532,589	\$ 1,576,870	\$ 1,631,232	\$ 1,728,453	\$ 1,811,726	\$ 1,888,291	\$ 1,955,913	\$ 2,022,251
GO percentage	86.55%	86.98%	86.88%	86.85%	86.85%	86.86%	86.88%	86.90%	86.89%	86.92%
Library percentage	13.45%	13.02%	13.12%	13.15%	13.15%	13.14%	13.12%	13.10%	13.11%	13.08%

HIGHLAND CITY
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Table 7

Fiscal Year	Real Property	Peronsal and Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2010	\$ 938,325,958	\$ 25,857,841	\$ 964,183,799	0.001948	\$ 1,585,674,295	60.81%
2011	826,561,832	29,653,014	856,214,846	0.002004	1,423,967,938	60.13%
2012	814,419,989	31,500,431	845,920,420	0.002005	1,418,401,495	59.64%
2013	822,055,322	34,542,731	856,598,053	0.001886	1,429,713,357	59.91%
2014	896,346,518	32,586,507	928,933,025	0.001681	1,554,657,530	59.75%
2015	1,027,274,571	32,137,992	1,059,412,563	0.001568	1,780,702,668	59.49%
2016	1,153,008,609	38,638,430	1,191,647,039	0.001494	2,004,563,403	59.45%
2017	1,257,130,764	42,547,610	1,299,678,374	0.001428	2,193,707,575	59.25%
2018	1,370,246,403	44,438,450	1,414,684,853	0.001327	2,392,408,059	59.13%
2019	1,525,119,413	49,969,516	1,575,088,929	0.001254	2,674,710,056	58.89%

(1) Personal and Centrally Assessed have been combined

HIGHLAND CITY
Property Tax Rates Direct and Overlapping Governments
Last Ten Fiscal Years
Table 8

Fiscal Year	Highland City Direct Rates			Overlapping Rates					Total	
	General Fund	Library Fund	Total Direct Rate	Alpine School District		Utah County	Central Utah Conservancy District	North Utah County Water District		
				Water	County					
2010	0.1686%	0.0262%	0.1948%	0.8220%	0.1294%	0.0421%	0.0026%	1.1909%		
2011	0.1743%	0.0261%	0.2004%	0.8812%	0.1342%	0.0436%	0.0028%	1.2622%		
2012	0.1742%	0.0263%	0.2005%	0.8828%	0.1324%	0.0455%	0.0029%	1.2641%		
2013	0.1638%	0.0248%	0.1886%	0.8699%	0.1259%	0.0446%	0.0028%	1.2318%		
2014	0.1460%	0.0221%	0.1681%	0.8096%	0.1149%	0.0422%	0.0025%	1.1373%		
2015	0.1362%	0.0206%	0.1568%	0.8177%	0.1098%	0.0405%	0.0024%	1.1272%		
2016	0.1298%	0.0196%	0.1494%	0.7718%	0.1049%	0.0400%	0.0023%	1.0684%		
2017	0.1241%	0.0187%	0.1428%	0.7167%	0.0969%	0.0400%	0.0021%	0.9985%		
2018	0.1153%	0.0174%	0.1327%	0.7033%	0.0911%	0.0400%	0.0019%	0.9690%		
2019	0.1090%	0.0164%	0.1254%	0.6699%	0.0839%	0.0400%	0.0017%	0.9209%		

Note: Overlapping rates are those of other governments and agencies that apply to taxable sales within the City.

HIGHLAND CITY
Principal Property Tax Payers
Current Year and Nine Years Ago
Table 9

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Pacific Corp	\$ 12,182,894	1	0.77%	\$ 7,529,488	1	0.78%
Kilgore Companies LLC	12,043,195	2	0.76%			
Highland Hideway Storage LI	8,860,195	3	0.56%			
Lone Peak Village	5,582,900	4	0.35%	4,166,313	4	0.43%
Questar Gas	5,352,646	5	0.34%			
Kohler, Doyle E. & Lillie I.	4,989,800	6	0.32%	4,294,071	3	0.45%
Alpine Country Club	4,748,500	7	0.30%	2,946,470	8	0.31%
Ashford Propco LLC	4,174,720	8	0.27%			
Economy Packing Company	3,486,400	9	0.22%			
CenturyLink Inc.	2,520,976	10	0.16%			
Westroc Inc.	7,222,116			7,222,116	2	0.75%
Patterson Homes Inc.	3,852,054			3,852,054	5	0.40%
Rasmussen, Brad Lyn & Kam	3,423,200			3,423,200	6	0.36%
Ivory Development LLC	3,085,160			3,085,160	7	0.32%
Clark Real Estate Co.	2,747,600			2,747,600	9	0.28%
Spurlino, Cyrus W.	2,718,044			2,718,044	10	0.28%
Total	\$ 86,990,400		4.06%	\$ 41,984,516		4.35%

Source: Utah County Treasurer's Office

Total Taxable Assessed Value	\$ 1,575,088,929	\$ 964,138,799
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HIGHLAND CITY
Property Tax Levies and Collections
Last Ten Fiscal Years
Table 10

Tax Year	Total Tax Levy	Collected within Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy	Collections From Previous Years	Amount	Percentage of Levy	
2010	\$ 1,738,011	\$ 1,554,769	89.46%	\$ 153,150	\$ 1,707,919	98.27%	
2011	1,667,030	1,512,267	90.72%	164,813	1,677,080	100.60%	
2012	1,694,742	1,558,708	91.97%	172,441	1,731,150	102.15%	
2013	1,717,470	1,616,068	94.10%	123,309	1,739,376	101.28%	
2014	1,753,074	1,631,801	93.08%	123,363	1,755,164	100.12%	
2015	1,782,833	1,662,918	93.27%	92,481	1,755,399	98.46%	
2016	1,869,707	1,750,937	93.65%	104,640	1,855,577	99.24%	
2017	1,942,567	1,826,689	94.03%	118,735	1,945,424	100.15%	
2018	2,021,030	1,904,225	94.22%	121,376	2,025,601	100.23%	
2019	2,091,431	1,949,631	93.22%	-	1,949,631	93.22%	

Sources: Utah County Treasurer

HIGHLAND CITY
Legal Debt Margin Information
Last Ten Fiscal Years
Table 11

Fiscal Year	Assessed Value	Debt Limit (4%)	Total Debt Applicable to Limit	Legal Debt Margin
2010	\$ 964,183,799	\$ 38,567,352	\$ 4,055,000	\$ 34,512,352
2011	856,214,846	34,248,594	3,775,000	30,473,594
2012	845,920,420	33,836,817	3,485,000	30,351,817
2013	856,598,053	34,263,922	3,185,000	31,078,922
2014	928,933,025	37,157,321	2,880,000	34,277,321
2015	1,059,412,563	42,376,503	2,565,000	39,811,503
2016	1,191,647,039	47,665,882	2,240,000	45,425,882
2017	1,299,678,374	51,987,135	1,900,000	50,087,135
2018	1,414,684,853	56,587,394	1,550,000	55,037,394
2019	1,575,088,929	63,003,557	1,185,000	61,818,557

HIGHLAND CITY
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Table 12

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income	Household Personal Income (1)	Per Capita
	Sales & Franchise		Pressurized Irrigation GO Bond		Notes Payable				
	Tax Revenue	Bonds							
2010	\$ 12,516,764	\$ 4,251,762	\$ -	\$ 16,768,526		4.78%	\$ 350,500,174	\$ 1,072	
2011	12,046,689	3,967,912	1,686,586	17,701,187		4.52%	391,550,013	1,103	
2012	11,556,177	3,673,924	1,672,366	16,902,467		3.85%	439,043,533	1,028	
2013	11,045,227	3,246,034	1,636,904	15,928,165		2.96%	537,831,184	939	
2014	10,508,727	2,936,269	1,600,010	15,045,006		2.96%	509,111,978	865	
2015	10,242,370	2,616,150	1,561,666	14,420,186		2.74%	526,149,926	810	
2016	9,986,747	2,285,056	1,521,786	13,793,589		2.40%	575,808,884	747	
2017	9,331,386	1,938,256	1,480,286	12,749,928		2.08%	613,767,700	674	
2018	8,636,600	1,581,256	1,291,636	11,509,493		1.68%	685,426,675	600	
2019	7,982,217	1,208,956	1,291,636	10,482,809		1.45%	722,353,227	538	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Income numbers from State Tax Commission - federal return by City (AGI).

HIGHLAND CITY
Household Personal Income
Last Ten Fiscal Years
Table 13

Fiscal Year	Population	Per Capita	
		Personal Income	Personal Income
2010	15,645	\$ 350,500,174	\$ 22,403
2011	16,053	391,550,013	24,391
2012	16,437	439,043,533	26,711
2013	16,970	537,831,184	31,693
2014	17,394	509,111,978	29,269
2015	17,810	526,149,926	29,542
2016	18,465	575,808,884	31,184
2017	18,913	613,767,700	32,452
2018	19,183	685,426,675	35,731
2019	19,471	722,353,227	37,099

HIGHLAND CITY
Ratio of General Bond Debt Outstanding
Last Ten Fiscal Years
Table 14

Fiscal Year	General Obligation Bonds	Estimated Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Population	Per Capita Percentage
2010	\$ 4,251,762	\$ 1,585,674,295	0.268%	15,645	0.000017%
2011	3,967,912	1,423,967,938	0.279%	16,053	0.000017%
2012	3,673,924	1,418,401,495	0.259%	16,437	0.000016%
2013	3,246,034	1,429,713,357	0.227%	16,970	0.000013%
2014	2,936,269	1,554,657,530	0.189%	17,394	0.000011%
2015	2,616,150	1,780,702,668	0.147%	17,810	0.000008%
2016	2,285,056	2,004,563,403	0.114%	18,465	0.000006%
2017	1,938,256	2,193,707,575	0.088%	18,913	0.000005%
2018	1,581,256	2,392,408,059	0.066%	19,183	0.000003%
2019	1,208,956	2,674,710,056	0.045%	19,471	0.000002%

HIGHLAND CITY
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years
Table 15

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Highland City	Estimated Amount Applicable to Highland City
Central Utah Conservancy District	\$ 203,128,826	3.93%	\$ 7,991,976
Utah County	251,586,020	3.93%	9,898,494
Alpine School District	<u>542,300,000</u>	6.13%	<u>33,249,263</u>
Subtotal, overlapping debt	997,014,846		51,139,733
Highland City direct debt	<u>7,892,000</u>	100%	<u>7,892,000</u>
Total direct and overlapping debt	<u><u>\$ 1,004,906,846</u></u>		<u><u>\$ 59,031,733</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Highland City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden born by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed value by each overlapping unit's total taxable assessed value.

Sources: Utah State Tax Commission; Alpine School District; Utah County Auditor's Office; Central Utah Water Conservancy District

HIGHLAND CITY
Pledged Revenue Coverage
Last Ten Fiscal Years
Table 16

Fiscal Year	Sales and Franchise Tax		Interest	Total	Coverage
	Revenue	Principal			
2010	\$ 2,136,403	\$ 440,000	\$ 533,166	\$ 973,166	2.20
2011	2,228,217	460,000	513,454	973,454	2.29
2012	2,319,053	480,000	492,866	972,866	2.38
2013	2,458,679	500,000	471,404	971,404	2.53
2014	2,732,439	525,000	448,954	973,954	2.81
2015	2,793,928	545,000	358,673	903,673	3.09
2016	2,961,573	570,000	259,253	829,253	3.57
2017	3,130,491	642,000	268,234	910,234	3.44
2018	3,317,963	684,000	201,987	885,987	3.74
2019	3,404,721	649,000	185,817	834,817	4.08

HIGHLAND CITY
Demographic and Economic Statistics
Last Ten Fiscal Years
Table 17

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Number of Residents		School Enrollment (4)	Unemployment Rate (5)
				18 Years and Older (3)	18 Years and Older (3)		
2010	15,645	\$ 350,500,174	\$ 22,403	8,826	8,826	5,051	7.2%
2011	16,053	391,550,013	24,391	9,077	9,077	5,162	5.5%
2012	16,437	439,043,533	26,711	9,301	9,301	5,279	4.6%
2013	16,970	537,831,184	31,693	9,771	9,771	5,281	3.9%
2014	17,394	509,111,978	29,269	10,186	10,186	5,242	3.3%
2015	17,810	526,149,926	29,542	10,395	10,395	5,402	3.2%
2016	18,465	575,808,884	31,184	10,847	10,847	5,531	3.0%
2017	18,913	613,767,700	32,452	11,203	11,203	5,573	2.8%
2018	19,183	685,426,675	35,731	11,532	11,532	5,483	2.7%
2019	19,471	722,353,227	37,099	11,956	11,956	5,315	2.5%

(1) Information estimated from U.S. Census Bureau, American Fact Finder

(2) Information from Utah State Tax Commission

(3) Information estimated from population and school enrollment

(4) Information from Alpine School District

(5) Information from Utah Department of Workforce Services

HIGHLAND CITY
Principal Employers
Last Ten Fiscal Years
Table 18

Employer	Type of Business	2019	2010
		Range of Employees	Range of Employees
LONE PEAK HIGH SCHOOL	School	100-249	
FREEDOM ELEMENTARY SCHOOL	School	50-99	
HIGH COUNTRY CONSTRUCTION & PAINTING	Painters	50-99	
HIGHLAND CITY	Municipality	50-99	50-99
HIGHLAND ELEMENTARY SCHOOL	School	50-99	
LONE PEAK PUBLIC SAFETY DISTRICT	Public safety	50-99	50-99
MOUNTAIN RIDGE JR HIGH SCHOOL	School	50-99	
RIDGELINE ELEMENTARY SCHOOL	School	50-99	
RIDLEY'S FAMILY MARKETS	General merchandise	50-99	
SIRI CONTRACTING , LLC	Excavation work	50-99	
ALPINE SCHOOL DISTRICT	School		250-499
DIALOGUE MARKETING	Marketeing		250-499
KOHLCO	Retirement community		100-249
ALPINE COUNTRY CLUB	Golf course		50-99
BLUE LEMON	Restaurant		20-49
MECHANICAL INSULATION SPECIALISTS	Construction		20-49
WENDY'S	Restaurant - fast food		20-49
HIGHLAND PIZZA PIE CAFÉ	Restaurant		20-49

Source: Utah Department of Workforce Services

HIGHLAND CITY
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
Table 19

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental										
Court	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Recorder	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Treasury	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineer	1.0	1.0	1.0	1.0	-	-	-	1.0	1.0	1.0
Legislative (1)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning and zoning	2.0	2.0	2.0	2.0	1.0	2.0	2.0	1.0	1.0	1.0
Building Inspections	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Streets and public impr.	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks	3.0	3.0	3.0	3.0	2.0	3.0	3.0	3.0	2.5	2.5
Open space	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Library	4.0	4.0	5.0	5.0	5.5	4.5	4.5	5.5	5.0	6.0
Community events	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5
Cemetery	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public works	11.0	18.0	18.0	23.0	26.0	23.0	23.0	25.0	28.0	25.0
Total governmental	38.50	45.50	46.50	51.00	51.50	49.50	49.00	53.00	55.00	53.00
Business-type										
Sewer	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pressurized irrigation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Culinary water	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Storm drain	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total business-type	8.50	7.50	7.50	7.00						
Total Positions	47.00	53.00	54.00	58.00	58.50	56.50	56.00	60.00	62.00	60.00

Note: Full-time equivalent employees shown are based on budgeted time allocations for that fiscal year.

(1) Legislative is made up of a part-time mayor and 5 part-time council members.

HIGHLAND CITY
Capital Assets Statistics by Function
Last Ten Fiscal Years
Table 20

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Streets & Public Works										
Miles of Streets	84.5	85.0	85.5	86.0	86.5	87.8	89.2	89.8	90.4	91.0
Parks & Recreation										
Number of parks	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0
Park acreage	86.6	91.1	95.6	100.1	104.6	109.1	113.6	118.1	122.6	126.7
Trail miles	23.0	23.2	23.3	23.5	23.7	23.9	24.0	24.2	24.4	24.5
Culinary Water										
Culinary water main miles	95.6	96.7	97.8	98.9	100.0	101.1	102.2	103.4	103.8	104.2
Sewer										
Sewer line miles	75.5	76.6	77.6	78.7	79.7	80.8	81.8	82.8	85.6	88.4
Number of sewer manholes	1,514.0	1,544.0	1,574.0	1,604.0	1,634.0	1,664.0	1,694.0	1,724.0	1,754.0	1,784.0
Pressurized Irrigation										
Secondary water line miles	85.7	87.1	88.4	89.8	91.1	92.5	93.8	95.4	97.4	99.4
Storm Sewer										
Number of storm sewer sumps	331.0	346.0	360.0	378.0	400.0	436.0	472.0	509.0	564.0	619.0
Library										
Number of public libraries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

HIGHLAND CITY
Operating Indicators by Function
Last Ten Fiscal Years
Table 21

Function/Program (1)	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community development										
Residential building permits issued	36	73	76	103	131	131	161	117	96	66
Commercial building permits issued	3	4	1	-	-	1	1	1	2	3
Court										
Traffic and misdemeanor cases handled	1,831	1,522	1,572	1,838	1,213	1,143	972	1,073	849	991
Recreation										
Recreation programs	1	1	1	1	1	1	1	1	1	1
Library										
Books in collection	19,746	27,845	28,481	26,726	25,508	28,981	29,967	37,112	45,668	50,787
Books circulated	166,346	170,615	163,784	168,151	171,184	163,155	115,952	195,382	188,241	222,691
Cemetery										
Acres maintained	17	17	17	17	17	17	17	17	17	17
Total gravesites	10,129	10,136	10,142	10,148	10,154	10,161	10,175	10,175	10,178	10,291
Culinary Water										
Residential accounts serviced	3,834	3,909	4,018	4,251	4,346	4,540	4,693	4,787	4,867	4,924
Avg. daily consumption (000's of gallons)	1,057	1,329	1,394	1,382	1,450	1,337	1,430	1,429	1,458	1,460
Sewer										
Sewer manholes inspected	630	608	710	622	569	740	901	780	613	912
Secondary water										
Accounts serviced	3,578	3,656	3,791	3,818	3,915	3,992	4,127	4,232	4,325	4,416
Avg. daily consumption (000's of gallons)	14,800	14,880	15,239	13,035	13,406	13,888	15,135	15,381	16,656	13,259

(1) All sources are from internal city data