

**COTTONWOOD HEIGHTS (CITY), UTAH
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025**



Cottonwood Heights (City), Utah
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2025
With
Independent Auditor's Report

Prepared by

Scott Jorges – Financial and Administrative Services Director
Reid Sanderson – City Treasurer/Controller

COTTONWOOD HEIGHTS (CITY), UTAH
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025

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COTTONWOOD HEIGHTS
INTRODUCTORY SECTION



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cottonwood Heights
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO

COTTONWOOD HEIGHTS INTRODUCTORY SECTION



Mayor
Mike Weichers
City Council
Matt Holton (1)
Suzanne Hyland (2)
Shawn Newell (3)
Ellen Birrell (4)
City Manager
Jared Gerber

December 15, 2025

To the Honorable Mayor, City Council and
Citizens of Cottonwood Heights:

Overview

It is our great pleasure to present the Annual Comprehensive Financial Report (ACFR) for the City of Cottonwood Heights (the City) for the fiscal year ended June 30, 2025.

Utah State law requires that all local governments publish, within six months of the close of each fiscal year, the 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 ACFR of Cottonwood Heights for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning Cottonwood Heights' finances. 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, Cottonwood Heights management has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft or misuse and to compile sufficient, reliable information to prepare Cottonwood Heights' financial statements and conform with generally accepted accounting principles. Since internal control costs should not outweigh their benefits, the City's internal controls framework 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, this financial report is complete and reliable in all material aspects. Larson & Company, PC, a firm of certified public accountants, has audited Cottonwood Heights' financial statements. The independent audit involves examining on a test basis, evidence supporting the financial statement's amounts and disclosures, assessing the accounting principles used and significant estimates management made, and

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

evaluating the overall financial statement presentation. The independent auditor's report is presented as the first financial section component of this report.

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

Cottonwood Heights Profile

Cottonwood Heights was incorporated on January 14, 2005, out of the southeastern area of unincorporated Salt Lake County. The current population is estimated at 33,118 residents in an area encompassing 9.24 square miles. It is known as the ***City between the Canyons*** because it is located at the foot of the Wasatch mountain range between Big and Little Cottonwood canyons. These two canyons are home to Salt Lake Valley's four major ski resorts: Alta, Brighton, Solitude and Snowbird. Each of these ski resorts has an international clientele and reputation.



The quality of life in Cottonwood Heights is very high, with many cultural and recreational activities available within the city or in near proximity. Cottonwood Heights highly values its reputation as a well-maintained residential and business community and preserving quality of life is of utmost importance to residents and business owners. The City is proud of the stunning scenic background provided by the Wasatch Mountains, and residents place a high value on the natural elements of this area, with a wide variety of hillsides, streams, natural open spaces and parks. The residents occupy a variety of residential dwellings in harmony with thriving commercial areas.

As the gateway to the valley's major ski resorts and with easy access to valley-wide transportation systems, Cottonwood Heights welcomes many visitors. The City strives to attract businesses that will serve residents' needs and promote the attractive community image and appearance. These businesses support the City's general income and prosperity, strengthen existing business centers, and complement the City's location as the gateway to the canyons.

COTTONWOOD HEIGHTS
INTRODUCTORY SECTION



Residents voted to operate Cottonwood Heights from its inception under the “Council – Manager” form of government. Under this form of government, the residents elect a council member from each of four districts, and a mayor is elected at-large from the entire city. The mayor and council select a city manager who acts as the chief executive officer of the City. The mayor and council are responsible for policy-making and

legislative authority, and the city manager executes and administers policies and ordinances. The mayor and council serve part time, while the city manager serves full time.

Local economy

Despite the City’s relatively small size, Cottonwood Heights has 2.225 million feet of premium high-rise office space (see table below.) The City is home to several corporate leaders, such as JetBlue Airways, Instructure, SoFi & Social Finance, Cambia Health Solutions (Blue Cross/Blue Shield), Extra Space Storage, Master Control, and Target Corporation. Cottonwood Heights continues to attract quality companies looking for a supportive business environment, access to the canyons and a high quality of service.

Cottonwood Heights has a notable amount of office space, including three office parks catering to businesses of all sizes. The Old Mill Corporate Center and Cottonwood Corporate office complexes house a majority of the City’s total office space available with Union Park housing the next largest amount of office space available.

As of June 30, 2025	
Total Office Sq. Ft.	2,225,009

Long-term planning and major initiatives

Cottonwood Heights is largely built out, and therefore much of the future development options will occur in redevelopment areas along the Fort Union Boulevard corridor and areas of reuse, such as the Wasatch Boulevard gravel pit, which will ultimately offer between 150 and 200 acres for development.

Fort Union Boulevard is a focal point, both figuratively and geographically, for Cottonwood Heights. It is the major east-west arterial going through the City and features a mix of retail, restaurants, service and professional offices and residential properties. Fort Union Boulevard serves as a gateway to Big and Little Cottonwood canyons and area resort attractions. This

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

corridor has, since the City's inception, been identified in the City's General Plan as a gateway to the canyons and a future Utah Transit Authority transportation corridor.

The Wasatch Boulevard/Gravel Pit Area is the largest undeveloped property in Cottonwood Heights, and quarry operations are expected to cease within the next several years. Therefore, the City is actively involved with property owners to master plan the site for the eventual development. The site presents notable opportunities to provide services and amenities, as well as land use needs not being currently met in the City. This landmark property is not only vital to Cottonwood Heights but is regionally valuable due to its critical location at the mouth of Big Cottonwood Canyon and proximity to world-class skiing and other related facilities. Development opportunities on site could include full-service hotels, high-density housing, destination retail and Class A office spaces.

In 2023, the City acquired Hillside Plaza, an aging retail center located at the intersection of Fort Union Boulevard and 2300 East. The site is envisioned to become "The Heights," a vibrant town center and gathering place for residents. Planned features include local dining and shopping options, open spaces, and community-focused amenities. In collaboration with a development partner, the City aims to transform this property into a dynamic hub where residents and visitors can enjoy a wide range of attractions and activities.

Public Works. The Cottonwood Heights Public Works department has operated for the past seven years. During that time, employees have focused on providing high-quality public services to residents, local businesses, and other city departments in a prompt, courteous, safe, efficient, and cost-effective manner.



The City has accomplished this through recruiting and hiring great employees by offering competitive wages, updated equipment, and quality staff training. Public Works staff is responsible for maintaining the City rights-of-way through snow plowing, tree trimming, street sweeping, storm drain maintenance, street repairs, construction, and engineering.

Maintaining these roads saves the City money in the long term by delaying future road reconstruction projects. Major infrastructure projects accomplished in the City this fiscal year included completion of the Fort Union bike path and sidewalks near 1700 E, completion of the Supernal Storm Drain Upgrade, Installing a midblock crosswalk on Banbury Driver at Bywater Park, Upgraded the signalized crosswalk on Fort Union at Mountview Park to a HAWK (High intensity Activated crossWalK), completed a traffic study for the intersection of Fort Union and 2300 E; and a number of sidewalk and stormwater improvement projects. The Public Works department is committed to excellence in maintaining the City's roads and infrastructure.

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

Services provided

As a local general-purpose government, Cottonwood Heights provides a full range of municipal services, including police and fire protection, street and infrastructure construction and maintenance, planning and zoning, community and economic development, recreational and cultural activities, justice court and animal services. These services are funded primarily from Cottonwood Heights' residents' taxes.

Other entities have contractual arrangements to provide City services. These entities and the service(s) they provide are listed below:

- ❖ **The Cottonwood Heights Parks and Recreation Service Area** was created in June 1967 and is legally separate and distinct from the City. This special district is contracted to provide City park maintenance and other City recreational services;
- ❖ **Salt Lake County Public Works** provides roadway sign maintenance as well as streetlight and traffic signal maintenance;
- ❖ **The Unified Fire Authority (UFA)** is a political subdivision organized under an interlocal agreement in the State of Utah. It provides firefighting, rescue and emergency medical services;
- ❖ **Salt Lake City Public Utilities** repairs and maintains City fire hydrants.
- ❖ The City contracts with the law firm Topham Legal for legal services. **W. Shane Topham** functions as the City's sworn attorney;
- ❖ The City contracts with the engineering firm **Sunrise Engineering, Inc.** for building services in connection with building and other real property development, and a staff member serves as the city building official.

Municipal services Cottonwood Heights does not provide

Salt Lake County and some special service districts provide some services a municipality typically provides. Cottonwood Heights residents pay for these services and receive them directly from the entities listed below:

- ❖ **Salt Lake City Public Utilities Department** provides water treatment and distribution;
- ❖ **Jordan Valley Water Conservancy District** provides water distribution services to some City areas not served by Salt Lake City Public Utilities;
- ❖ **Cottonwood Improvement District** provides wastewater collection services to an area that includes the entire City boundary;
- ❖ **Wasatch Front Waste & Recycling District** provides refuse removal services to all City areas;
- ❖ **Cottonwood Heights Parks and Recreation Service Area** serves some property owners in Cottonwood Heights, who pay a dedicated property tax to support recreational facilities, including the Cottonwood Heights Recreation Center at 7500 S 2700 E;
- ❖ **The Salt Lake County Library System** provides one library within the Cottonwood Heights boundaries;
- ❖ **Valley Emergency Communications Center (VECC)** provides emergency dispatch services for both the Cottonwood Heights Police Department and Unified Fire Authority.

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

Operational Highlights

- The CDRA fund is continuing plans for the redevelopment of the Hillside Plaza shopping center.
- The City issued \$20 Million in General Obligation bonds related to the redevelopment of the Hillside Plaza shopping center area in June 2025.
- The City's Police Department, now in its fourteenth year, responded to 16,288 calls for service during the year with an average response time for priority-one calls of 4:07 minutes. The department is comprised of 40 sworn officers and 13.88 civilian full-time equivalent staff.
- The Community and Economic Development Department continues implementation of its master plans, including the Fort Union Boulevard Master Plan, Bicycle and Trails Master Plan, and Wasatch Boulevard Master Plan. Subsequent to the adoption of these plans, the city has seen multiple rezones and development applications and additional reinvestment in the corridor through the redevelopment of various underutilized properties. Additionally, bicycle lanes and facilities have been included in most of the city's recent road projects and new developments and multiple grants have been awarded for trail projects. Pending grant funding, the department is pursuing a comprehensive General Plan update to incorporate these various planning efforts into one updated and cohesive plan that accurately reflects the community's values and vision for the future. Finally, the department has completed an affordable housing master plan and continues to conduct sustainability planning as one of its core functions.
- The City, in conjunction with Cottonwood Heights Parks and Recreation Service Area, will continued to promote successful community events enjoyed by residents of the city, including Butlerville Days, Easter Egg Hunt, Monster Mash, Bark in the Park as community health and wellness allows.
- During July of this fiscal year, the City produced "Beauty and the Beast". Grants and ticket sales helps the art council to continuing art programs throughout the year. During this fiscal year the Historic Committee continued an online website to display historical information, photos and oral interviews.
- The City continues to publish a monthly newsletter that is mailed to over 13,000 households in the city and businesses to improve communications with residents. In addition, the City is working to refine its website to facilitate interaction with constituents, as well as foster better use of social media including Twitter and Facebook.
- The Cottonwood Heights Business Association was formally started in 2015. It has continued to offer a business development program, an economic development banner and business outreach programs through networking events such as luncheons, open houses, ribbon cuttings and business spotlights.
- The Community and Economic Development Department has created and continues to offer business assistance for business owners in the city and has been streamlining business licensing processes while creating connections with new business owners.
- Cottonwood Heights maintains a very strong Aa1 rating from Moody's as well as a AA+ bond rating from Standard & Poor's. These strong ratings enabled the City to secure low interest rates on bonds issued during the fiscal year.

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

- The Utah Taxpayers Association ranks Utah’s largest 50 cities based on the amount of citizen income is paid in municipal taxes. The city has consistently scored well in these annual rankings.
- The City has been the recipient of the Distinguished Budget Presentation Award from the Government Finance Officers Association for excellence in budgeting, for budgets years 2008 - 2025. This award is the highest form of recognition in governmental budgeting.
- The Finance and Administration Department received the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2024. This is the twelfth consecutive year this award has been earned by the Finance Department. This certificate is the highest form of recognition in governmental accounting and financial reporting for completion of the annual comprehensive financial report. The City has received this recognition each year it has compiled the ACFR and submitted it for examination. The Finance and Administration Department also has been the recipient of the Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2024. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. This is the eleventh year the City has received this award.

Financial information and policies

Cottonwood Heights’ financial statements reflect moderate growth and conservative budgeting practices. During the year, the general fund balance decreased from \$7,608,902 to \$5,913,412, which is 11.7 percent of the budgeted revenues for the 2026 fiscal year. The fund balance decrease was due to a variety of factors, including: (1) Sales tax collections showed slight growth of \$113,550 between FY2024 & FY2025, (2) and additional planned budgeted expenses and transfers to other funds.

As a City without significant new development, very little revenue growth (0.35%) is realized from property taxes. Budgeted energy-use revenues were lower than budget by \$211,199. Motor Vehicle Fee-In-Lieu of Property Taxes were higher than budget by \$107,458. Class-C road funds were higher than budgeted by \$111,069. However, we did issue \$20 Million in General Obligation bonds to begin the redevelopment of the Hillside Plaza shopping center into a city center which will be called “The Heights”.

Expenditures over the last five years have increased from \$21,666,863 to \$64,618,221. Additionally in the current year were \$17,132,757 in debt service for building facilities and vehicles that will provide needed operational support to provide City services. This included \$12,650,000 from escrow funds to payoff the 2014 and 2016 bonds that were refinanced using the 2021 bond. In addition, we used \$13,157,000 to payoff the 2023 bonds used to purchase the Hillside plaza which were sourced from proceeds of the 2025 General Obligation bonds. These costs were offset to a degree by eliminating the amount previously paid to lease office space. General fund departments, over the last five years, expenditures increased \$1,295,751 in general

COTTONWOOD HEIGHTS INTRODUCTORY SECTION

government, \$3,657,572 in public safety (fire, code enforcement and police), and \$4,327,138 in public works, and decreased by (\$692,541) in community development.

To maintain proper management and control of taxpayer funds, Cottonwood Heights has adopted a comprehensive set of financial policies that cover operating and capital budgeting, debt management, and accounting and financial reporting. Setting and adhering to sound financial policies helped the City receive strong Aa1 rating from Moody's on April 17, 2025 while maintaining an AA+ rating from Standard and Poor's as of March 25, 2019. A complete list of these policies is included in our annually adopted budget.

Awards and acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to an entity for its Annual Comprehensive Financial Report (ACFR) for a fiscal year period. To receive a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

This is the 14th year the City will complete and submit the ACFR to the GFOA to determine its eligibility for the Certificate of Achievement for Excellence in Financial Reporting. The award was presented for FY 2024 to the City Treasurer/Financial Reporting Manager, recognizing him as being primarily responsible for preparing an award-winning ACFR. It is valid for one year only. We believe our current ACFR meets the Certificate of Achievement for Excellence in Financial Reporting requirements.

The city could not prepare this report without the City Treasurer and Financial Reporting Manager, who dedicated time and accounting and financial reporting expertise. We appreciate Larson & Company, PC, Certified Public Accountants, for the assistance and guidance they have given us. We also thank the members of the City Council and the Mayor for their interest and support in planning and conducting the City's financial operations in a responsible and progressive manner.



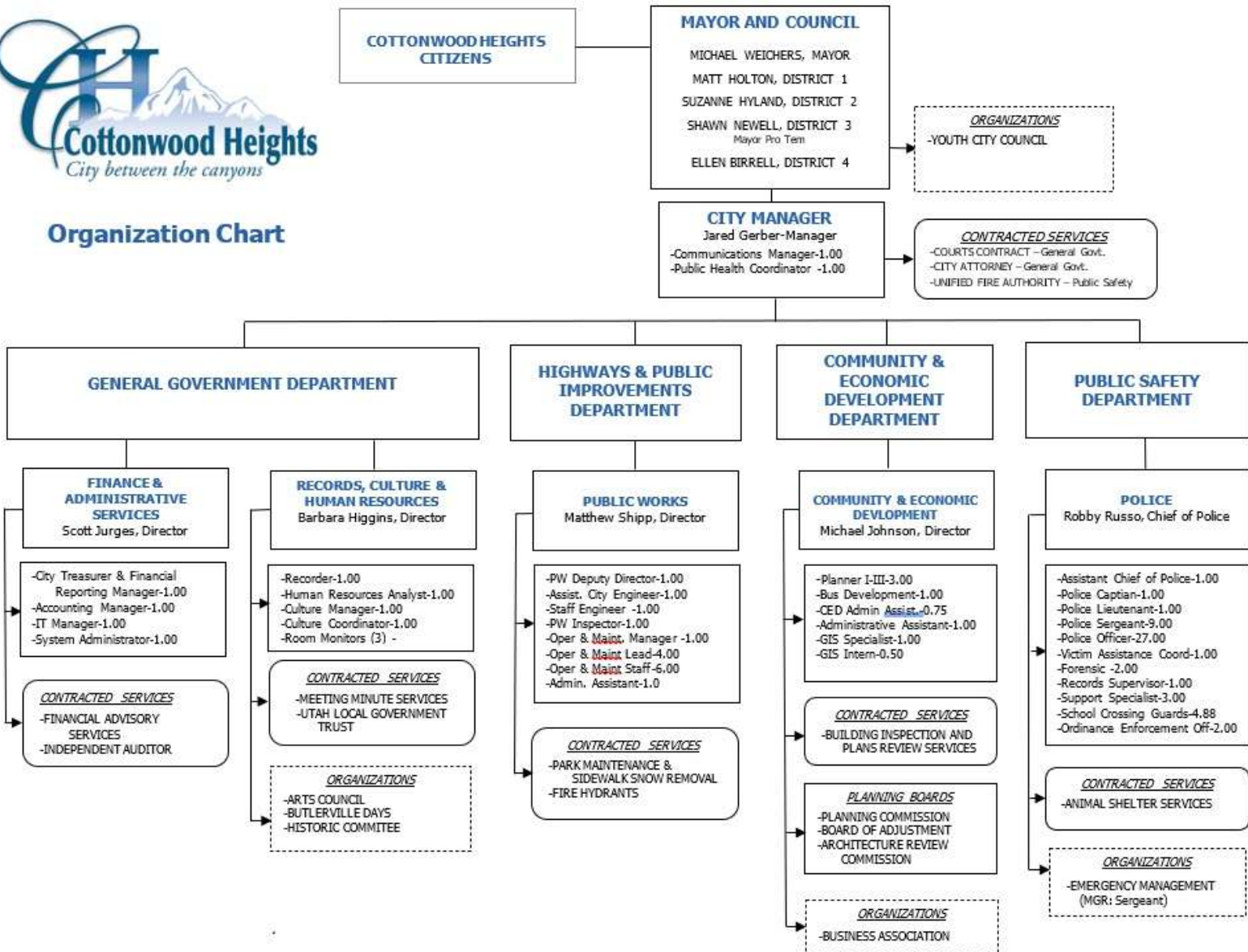
Scott Juges
Finance and Administrative
Services Director



Jared Gerber
City Manager



Organization Chart





To the Honorable Mayor and
Members of the City Council
City of Cottonwood Heights, Utah

We have audited the financial statements of Cottonwood Heights as of and for the year ended June 30, 2025, and have issued our report thereon dated December 12, 2025. Professional Standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 1, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Cottonwood Heights solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding significant control deficiencies and material weaknesses, if applicable, and material noncompliance, and other matters noted during our audit at the end of the supplemental reports that accompany the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As part of our risk-based audit, we design certain extended procedures over areas where we deemed to pose a more significant audit risk based on the nature of the industry and complexity of the entity. We have identified the following significant risks during our audit that we had performed additional procedures for:

- Improper revenue recognition is considered a significant inherent risk according to GAAS.
- Cash disbursements are considered a significant risk for governmental entities as they are dealing with public funds.
- Potential management bias, financial statement estimates, and management's ability to override controls are considered significant inherent risks according to GAAS.

Based on our audit procedures performed, we did not identify any uncorrected material misstatements related to these risks noted.

Larson & Company
1606 Spanish Fork Parkway, Suite 100
Spanish Fork, UT 84660
Main: (801) 798-3545 | www.larsco.com

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Qualitative Aspects of the Entity's Significant Accounting Practices

Management has the responsibility to select and use appropriate accounting policies. Management has reviewed and implemented all relevant new GASB accounting standards. A summary of the significant accounting policies adopted by Cottonwood Heights are included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management related to the performance of our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicated them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classis of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. All proposed entries were approved by management and were posted to the entity's financial records.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the entity's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We noted nothing to report to Those Charged with Governance.

Management Representations

We have requested certain representations from management, which are included in the management representation letter dated December 12, 2025.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matter. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition or our retention as the entity's auditors.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and required supplementary information (RSI) as listed in the table of contents, which are RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board and management of Cottonwood Heights and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Larson & Company, PC
Spanish Fork, Utah

December 12, 2025

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Cottonwood Heights (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. This discussion and analysis is intended to provide an objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This information will be limited to the following five sections (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analysis, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. It is also intended to assist the reader in focusing on significant financial issues. These include identifying changes in the City's financial position (its ability to address the next and subsequent year's challenges), material deviations from the approved budget, and individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

(1) OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Cottonwood Heights' basic financial statements which consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) supplementary information.

Government-wide financial statements (defined)

The government-wide financial statements are designed to provide readers with a broad overview of Cottonwood Heights' finances, in a manner similar to a private-sector business.

- ***The statement of net position*** presents information on all of Cottonwood Heights' assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Cottonwood Heights is improving or deteriorating. However, the reader also will need to consider other non-financial factors.
- ***The statement of activities*** presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions of Cottonwood Heights 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**). **Cottonwood Heights currently has no business-type activities.**

Fund financial statements (defined)

A statement of revenue, expenditures and changes in fund balance by fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

activities or objectives. Cottonwood Heights also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of a municipality are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Cottonwood Heights currently has four major governmental funds (as determined by generally accepted accounting principles), the General Fund, the Debt Service Fund, Community Development Renewal Agency Fund (CDRA), and the Capital Projects Fund. In addition, Cottonwood Heights has a non-major governmental fund, the Storm Water Fund. ***Cottonwood Heights currently has no Proprietary or Fiduciary Funds.***

- ***Governmental funds*** – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Their fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for future appropriation. The funds are reported using a modified accrual accounting method, which measures cash and other financial assets that can be readily converted to cash. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements.

Notes to the financial statements

The notes provide additional information and are an integral part of the information provided that is essential to understanding the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-63 of this report.

(2) FINANCIAL SUMMARY

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Cottonwood Heights, assets exceeded liabilities by \$65,931,154 at the close of fiscal year ended June 30, 2025. The following table provides a comparison of the City's net position year over year:

COTTONWOOD HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Cottonwood Heights
Net Position
As of June 30th
Governmental Activities

	2025	2024
Current and other assets	\$ 22,171,821	\$ 32,866,068
Capital assets	91,935,964	91,270,156
Total assets	114,107,785	124,136,224
Total deferred outflows of resources	2,387,167	2,526,612
Current and other liabilities	4,256,079	19,964,524
Long-term liabilities outstanding	45,829,686	37,467,219
Total liabilities	50,085,765	57,431,743
Total deferred inflows of resources	478,032	466,980
Net position:		
Net investment in capital assets	52,584,303	40,219,647
Restricted	3,080,181	14,869,973
Unrestricted	10,266,671	13,674,494
Total net position	\$ 65,931,154	\$ 68,764,114

Assets

The largest portion of Cottonwood Heights' net position, \$52,584,303 reflects investment in capital assets (e.g., land, buildings, roads and infrastructure assets) net of related debt (if any) plus the remaining funds for construction. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of any related debt and depreciation, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

In addition to the net capital assets mentioned above, the City has restricted and unrestricted assets. The restricted balance of \$3,080,181 includes \$2,328,742 restricted for the payment of bond debt. Additionally, unspent impact fee funds of \$134,217 and a reserve for a CDRA park improvement of \$617,222, both of which reduce the City's unrestricted net position. The remaining balance is unrestricted net position totaling \$10,266,671 which may be used to meet the City's ongoing obligations and objectives by fund type.

Liabilities

Several major changes occurred with bond debt throughout the current fiscal year related to debt. The city was able to fully pay off the 2014 and 2016 Sales Tax Revenue bonds (\$10,625,000 and

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

\$2,600,000 paid off principal balances respectfully) from funds held in escrow related to the issuance of the 2021 Sales Tax Revenue refunding bond of \$14,171,000 (current principal balance of \$13,800,000). In addition, the city issued its first General Obligation bonds related to the development of the Hillside Plaza redevelopment area. These General Obligation bonds of up to \$30,000,000 were authorized by a vote in November 2024. In June 2025 the city issued \$20,075,000 of the authorized amount. These bonds were used to pay off the 2023 Sales Tax Revenue bond (\$13,157,000 paid off principal balance plus accrued and prior paid interest charges) that was initially used to purchase much of the Hillside Plaza shopping center. The remaining funds (\$5,206,948) are to be used to continue land and building purchases and other redevelopment costs of this project.

Cottonwood Heights regularly deploys public safety and public works light-duty vehicles with a two-year rotation, which includes a guaranteed buy-back with the original dealership. At the end of the two-year purchase, the dealer repurchases the vehicles for a previously agreed amount, usually clearing the remaining balance of the obligation in full. The City's 2022 direct purchase financing of vehicles for both public safety and public works purposes with total principal balances totaling \$2,711,668 was paid off during the year and a new 2024 direct purchase financing of vehicles for public safety and public works purposes with an original principal amount of \$3,551,478 and a remaining principal balance of \$3,480,250 was entered into.

The City entered into two direct purchase financing for the public works equipment to be used for snow removal, street repair, and infrastructure maintenance. One of these has been paid off in prior fiscal years and the remaining has a principal balance of \$537,359 as of June 30, 2025. Upon the completion of the financing, the City will own the related public works equipment. The terms is 10 years with two years remaining. Further details about the City's long-term debt can be found in the Notes to the Financial Statements, note 3F on pages 49-53.

The City's government-wide financial statements can be found on pages 28-29 of this report.

Governmental activities analysis

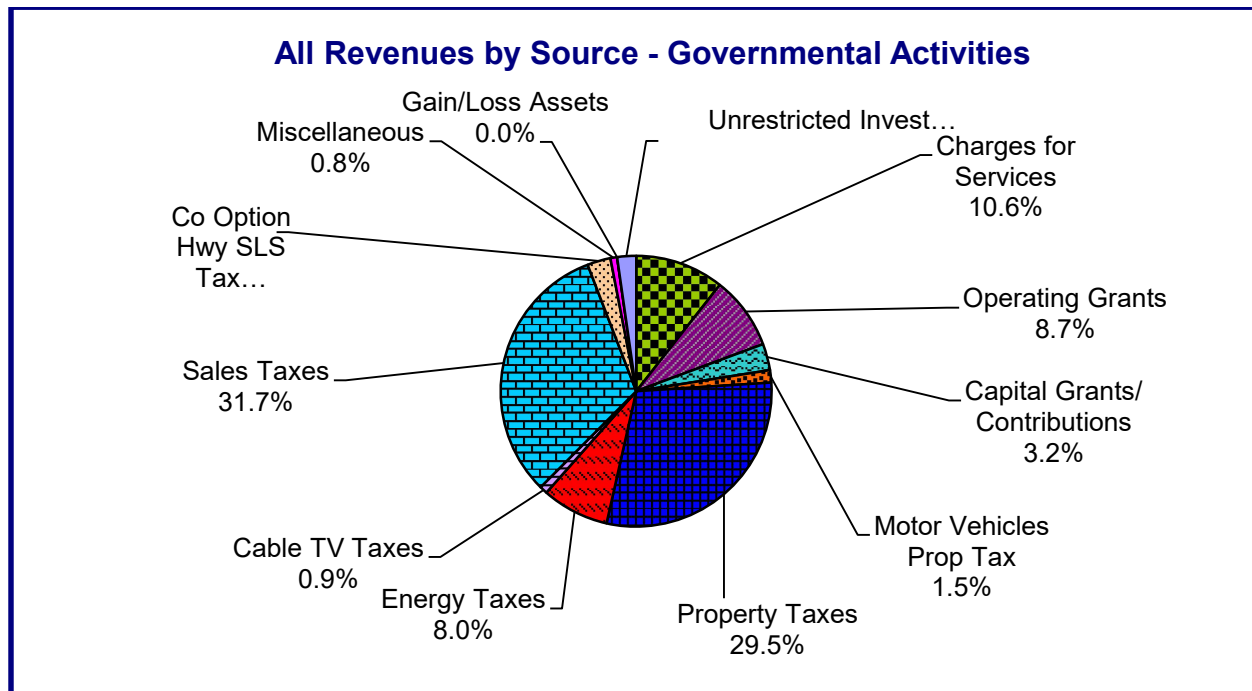
As reported above, governmental activities decreased the City's net position by \$2,832,960 resulting in a total net position of \$65,931,154. The table below provides a yearly comparative analysis of revenues and summary departmental expenses for all governmental activities and the net change in position. This information is the annual information presented in the Statement of Activities in the basic financial statements.

COTTONWOOD HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Cottonwood Heights
Changes in Net Position
Governmental Activities**

	FY 2025	FY 2024
Revenues:		
Program revenues:		
Charges for services	\$ 3,139,773	\$ 3,111,081
Operating grants/contrib	2,292,312	2,087,503
Capital grants/contrib	1,231,657	237,242
Total program revenues	6,663,742	5,435,826
General revenues:		
Property taxes	9,163,327	9,223,036
Sales & hotel taxes	9,201,815	9,069,925
Opt Hwy/Trans Sales Tax	814,558	795,714
Municipal energy taxes	2,368,801	2,521,489
Franchise taxes	271,920	291,092
Transient Room Tax	183,617	179,666
Unrestricted invest earn	669,201	1,652,362
Other – Gain (Loss) on surplus	-	(11,473)
Other – Miscellaneous	237,145	146,794
Total general revenues	22,910,386	23,868,605
Total revenues	29,574,128	29,304,431
Expenses:		
General government	4,558,299	5,739,339
Public safety	12,960,269	14,072,760
Highways-public imprv	11,308,575	2,224,615
Comm & econ dev	1,937,036	4,005,543
Interest long-term debt	1,642,909	2,209,302
Total expenses	32,407,088	28,251,559
Change in net position	(2,832,960)	1,052,872
Net position – beginning	68,764,114	67,711,242
Net position – ending	\$ 65,931,154	\$ 68,764,114

COTTONWOOD HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS



As can be seen from the above pie chart, the majority of funding for City programs does not come from program revenues but is made up from allocated general revenues such as Property Tax and Sales Tax revenues. The graphic shows all revenue sources collected by the City during the fiscal 2025 year.

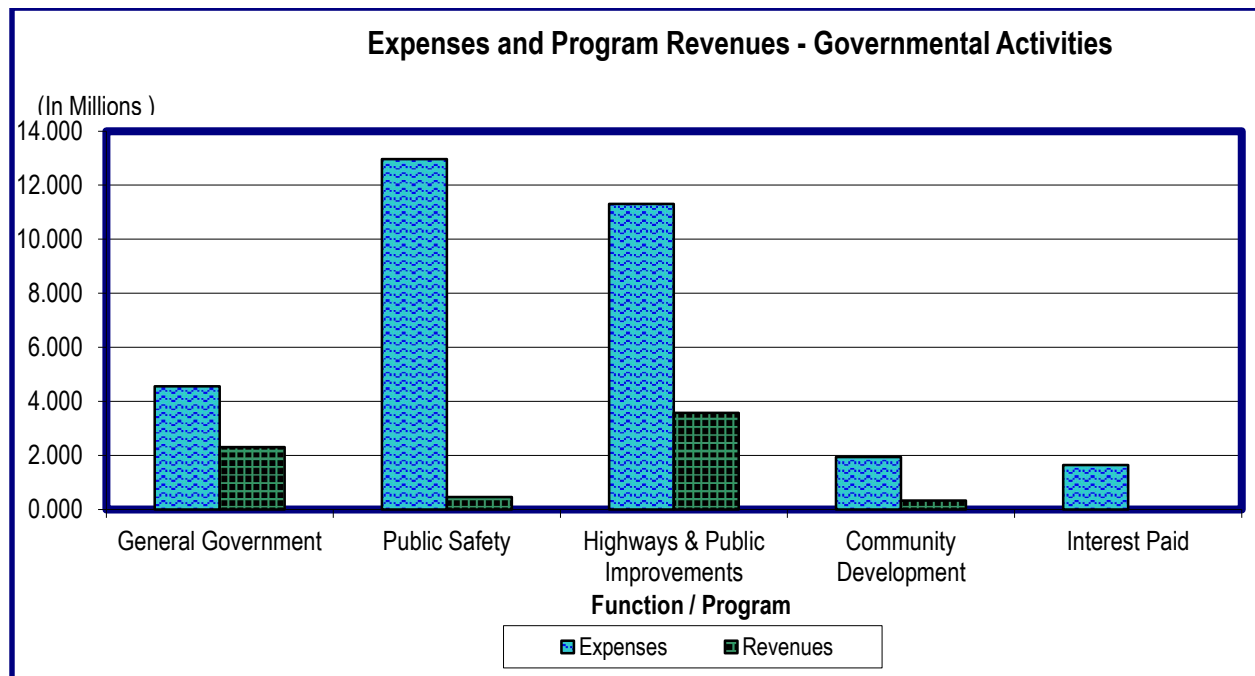
Current year revenue sources were from:

\$8,730,869	Property Tax revenues (29.5%)
\$ 432,458	Motor Vehicle Fee In-Lieu (1.5%)
\$9,385,432	Sales and Transient Room Taxes (31.7%)
\$ 814,558	Optional Highway/Transportation Sales Tax (2.8%)
\$2,368,801	Municipal Energy Use Taxes (8.0%)
\$ 271,920	Cable TV Franchise tax (0.9%)
\$2,583,024	Operational Grants (8.7%) (Class C road funds (61.6% of category), State Liquor tax, and CDBG funds)
\$3,141,960	Charges for Service (Licenses, Permits and Court fines) (10.6%)
\$ 938,760	Capital Grants for major road projects, trail and park improvements, additional impact fees and local grants (3.2%). This includes both a grant that was received from Salt Lake County from funds allocated by the state Legislature for significant road projects and various additional road grants, as well as other large grants for open space and trails improvements. These types of grants are specific and awarded based on the merit of the application submitted. Because they are project specific, they have little effect on the basic operational functions of the City.
\$ 669,201	Interest earnings and miscellaneous (2.3%)
\$ 237,145	Miscellaneous Revenues (0.8%)

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a graphic presentation of the City's program revenues and corresponding expenses, including calculated annual depreciation on capital assets. (Note: See Statement of Activities on page 29 for detail data.)

- Charges for services increased in 2025 over the prior year by \$28,692.
- Operating grants and contributions increased by \$204,809 due primarily to county and state grants received.
- Capital grants and contributions increased \$994,415 due to timing of cost reimbursement type grants completed during the year.



(3) DETAILED FUND FINANCIAL STATEMENTS ANALYSIS

As noted earlier, Cottonwood Heights uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to track and control financial resources received and expended.

Governmental Funds Analysis

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. The unrestricted fund balance may serve as a useful measure of a government's net resources available for appropriation at the end of the fiscal year.

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental fund balance is reported in three major categories resulting in five separate direct categories: Non-spendable, Restricted, Unrestricted (which can be shown as Committed, Assigned and Unassigned). Non-spendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable, inventory and prepaid expenditures. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the City Council by formal action for a specific purpose prior to the end of the fiscal year being reported. Assigned fund balance includes amounts that have been set aside for intended use by designated officials, governmental body or City Council without formal action. Unassigned fund balance includes all remaining amounts.

At the end of this fiscal year, Cottonwood Heights' governmental funds reported combined ending fund balances of \$20,330,658 after 20½ years of operation. This includes a decrease of \$9,265,252 from the fiscal year's operations. The decrease is largely from the use of \$12.8 million escrow funds generated from the 2021 Sales Tax Revenue bond to pay off the remaining 2014 and 216 Sales Tax Revenue bonds at the earliest call date in July 2024. This was partially offset due to \$4.8 million in capital projects that were incomplete at the end of the fiscal year and will carry forward to future fiscal years for completion. In addition, the General Fund saw a use of \$1.7 million in fund balance due to revenues increasing at a slower pace than expenditure growth. Of the total fund balance of \$20,330,658, \$11,328 is non-spendable and represents prepaid expenditures for fiscal year 2026 events, \$442,057 is restricted as Bond Debt Service Funds in Trust, as well as \$5,206,948 in unspent general obligation bond funds. Additionally, \$617,222 is reserved from CDRA tax distributions for the Canyon Centre Park development and \$134,217 are Impact Fee funds. The remaining \$13,918,887 are unrestricted funds, of which \$764,269 is assigned to fund accrued and vested paid time off, \$4,829,949 are assigned for capital improvement projects, \$2,118,838 is assigned as Community Development Renewal Agency funds and \$5,137,815 is the remaining unassigned portion of the unrestricted balance in the General Fund.

- The **General Fund** is the chief operating fund of the City. As of June 30, 2025, the General Fund had a fund balance of \$5,913,412 of which \$11,328 is restricted for prepaid expenditures and is non-spendable, \$764,269 for vested accrued leave and \$5,137,815 is unassigned. A useful measure of liquidity is to compare the unrestricted fund balance and the total fund balance to expenditures (including transfers out) for the year. The unrestricted fund balance is 18.4 percent of total expenditures and transfers. The City ordinance chapter 2.150.11 as adopted by the City Council requires a desired target minimum fund balance of 6.0 percent of annual general fund revenues. State law requires a 5 percent minimum balance for restricted use as defined by state statute. State law also requires appropriation of any general fund balance in excess of the 35.0 percent maximum allowed. Currently, the calculated 6.0 percent minimum fund balance is \$1,569,498 and the remaining unassigned balance is \$3,611,240.
- The **Community Development Renewal Agency (CDRA) Fund** has been established to provide a funding mechanism to participate in developments with approved projects that provide a needed public purpose. The current fund balance of this fund is \$2,147,362, the result of both an initial contribution from Salt Lake County redevelopment agency

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

(RDA) funds collected within the boundaries of Cottonwood Heights prior to the City's incorporation and current property taxes collected through the CDRA. See the Community Development Renewal Agency Fund - budget and actual on page 72.

- Another governmental funds is the **Storm Water Fund** has been established to account for funding of maintenance of the storm water drains throughout the city. The current unrestricted fund balance of \$1,068,016 is the result of an initial contribution from the General Fund and collections of a newly established Storm Water fee assessed to all properties throughout the city. See the Storm Water Fund – budget and actual on page 73.
- Another governmental fund is the **Capital Projects Fund**. This fund is specifically used to budget capital improvements. As of June 30, 2025, the fund balance was \$10,788,336, of which \$134,217 is restricted for Impact Fees charged on development projects, \$617,222 is restricted for the construction of a park in a CDRA area, and \$5,206,948 is restricted as non-spent general obligation bond funds to be used for the redevelopment of the Hillside Plaza redevelopment area. The balance of \$4,829,949 is for regular Capital Project fund activities. For specific details, see the supplementary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund on page 74.
- Another governmental fund is the **Debt Service Fund**. This fund is specifically use to budget debt service payments on outstanding bond debt. Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service on page 75.

The City recognizes most revenues in the General Fund and transfers revenues to various other funds as needed. By following this process the financial needs and impacts of the city are reflected in the General Fund balance. In recent years we have seen the General Fund balance begin to decline. This is due to several factors such as:

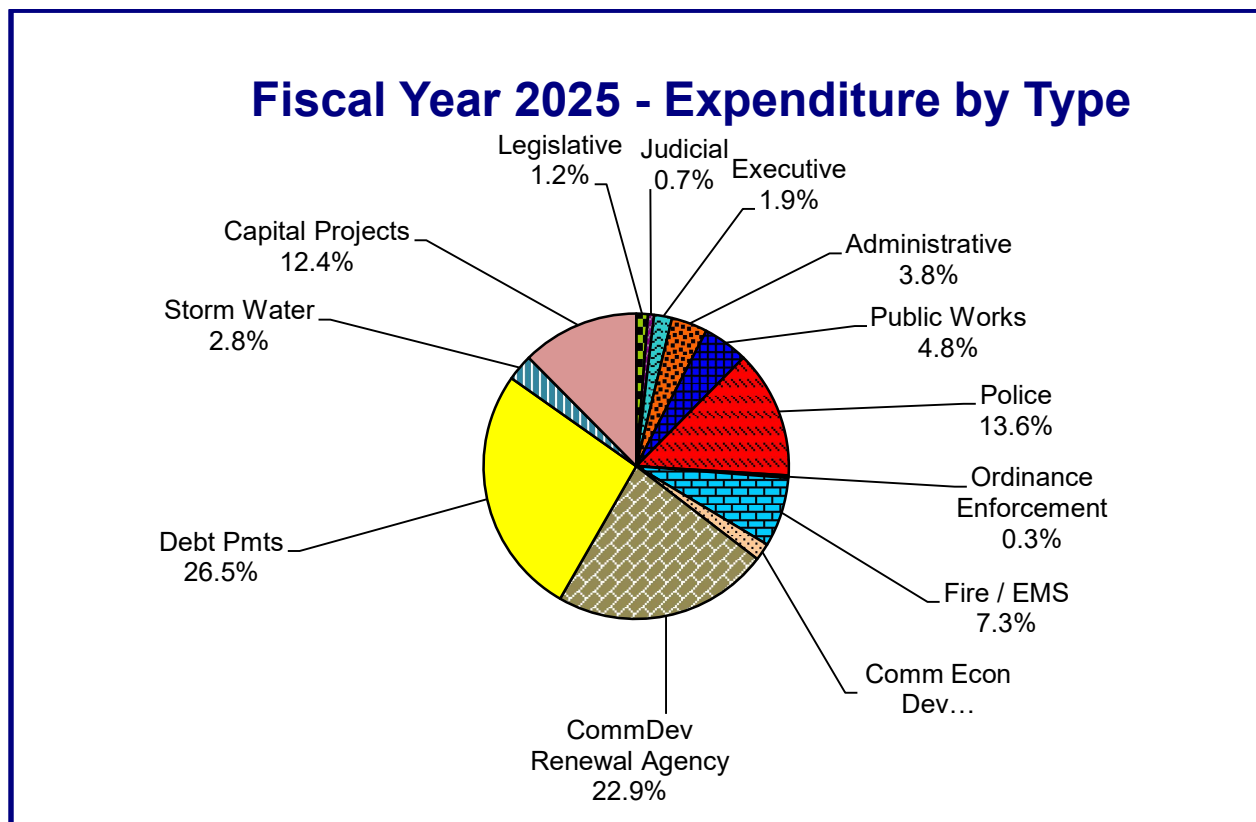
- Sales Tax Revenues have been flat. In FY2024 we recognized \$9,088,069 in Sales Tax Revenues and in FY2025 we recognized \$9,183,475. During this period the average annual increase is 0.52%. From FY2011 through FY2020 the average growth was 4.48%.
- Property Tax Revenues are flat with small growth occurring each year. This is due to how property taxes are calculated in the state of Utah. As values increase, rates drop so the year over year collections remain the same. The only growth that is allowed is from new buildings, finished basements, or teardown and rebuilds. Being a largely built out city we see only small new growth numbers. The other way is for the city to propose and adopt a tax increase. This has only occurred one time (Tax year 2018, Fiscal Year 2019) in the history of the city. In the time since the Property Tax increase the average increase in Property Tax Revenues is 0.72%.

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

- Other revenues are growing at a slower pace as well or, in some cases, specified to be used for capital and other purposes.
- Expense growth is occurring with:
 - Employee COLA and Merit increases needed to retain and recruit those who provide the services specified by elected officials.
 - Contracts and Services costs are increasing year over year between 3-8%.
 - Annual cost to provide the items used by the city are also increasing 3-8%.

This trend is expected to continue in the future and will lead the Mayor and City Council to make decisions on either reductions in service or increases in revenues or a combination of both. Those talks are starting now and will continue as we go through the process of setting the budget for all future years.

The following pie chart further details Cottonwood Heights' expenses at a detailed activity level. This chart does not include annual depreciation on capital assets. (See Governmental Funds statement on page 32 for expenses without depreciation.)



General Government – includes the activities of Legislative (\$801,929), Judicial (\$425,427), Executive (\$1,232,329) and Administrative (\$2,456,648) functions.

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

Public Safety – includes the activities of Police (\$8,761,318), Ordinance Enforcement (\$183,810) and Fire/EMS (\$4,742,016).

Highways and Public Improvements – includes the activities of Public Works (\$3,094,946) function which includes road maintenance, snow removal, signage, and park maintenance.

Community and Economic Development – includes the activities of Engineering, Economic Development and Planning (\$1,183,317).

Capital Projects Fund – includes all Capital Improvement Projects (\$8,032,677), including road paving and repairs, and purchases of capital equipment/vehicles, as well as construction of new facilities.

Community Development Renewal Agency – includes activities that are funded for community renewal primarily through property tax increment (\$14,785,559 in total) including \$14,231,840 used to pay off the 2023 Sales Tax Revenue bond.

Storm Water Fund – includes activities that are funded for storm water discharge and collection though assessed storm water fees. (\$1,785,490).

The City's basic governmental funds financial statements can be found on pages 28-33 of this report.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Cottonwood Heights' Capital Assets Governmental Activities

	FY 2025	FY 2024
Equipment	\$ 1,137,572	\$ 1,034,053
Vehicles	4,192,371	1,828,128
Buildings	24,565,342	25,075,238
Land (non-infrastructure)	18,887,964	18,887,964
Infrastructure - Roads	6,340,461	8,418,843
Infrastructure - Bridges	284,551	303,240
Infrastructure - Parkways	7,212,309	8,033,989
Infrastructure - Storm Drains	5,352,926	3,726,233
Infrastructure - Land	23,962,467	23,962,467
Total (net of depreciation)	<u>91,935,964</u>	<u>91,270,156</u>

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital assets

Cottonwood Heights' investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$91,935,964 (net of related depreciation). This investment in capital assets includes land right-of-way, roads, bridges, parkways (improvements other than buildings), storm drains, land (not road rights-of-way), buildings, equipment and vehicles.

Capital asset additions during this fiscal year included the following for a total increase of \$6,195,660 (see note 3D – Capital Assets):

- During the fiscal year, the city purchased additional vehicles for Police and Public Works with a value of \$3,617,309
- The city also added \$1,756,682 in storm drain capital infrastructure. This is from repairing and expanding storm drains and adding to curb and gutter to help the flow of storm water in the city.
- The city added \$408,770 to building capital with the completion of the Public Works building.
- The City also added \$412,899 in capital equipment throughout the year.

Additional information on assets of the City can be found in the Notes 3D Capital Assets on page 48 of this report.

Long-term debt

Cottonwood Heights Long-Term Financings

		Governmental Activities	
		2024	2025
General Obligation Bonds			
2025A	\$ -	\$ 15,070,000	
2025B	-	5,005,000	
Sales Tax Revenue Bonds			
2014	10,625,000	\$ -	
2016	2,600,000	\$ -	
2021	13,911,000	13,800,000	
2022	9,953,000	6,666,000	
2023	13,157,000	-	
Direct Borrowings			
2016	799,514	537,359	
2022	2,267,742	\$ -	
2024	-	3,480,250	
Total	\$ 53,313,256	\$ 44,558,609	

COTTONWOOD HEIGHTS MANAGEMENT'S DISCUSSION AND ANALYSIS

- During the fiscal year, the city purchased additional vehicles for Police and Public Works with a value of \$3,617,309. The city typically purchases light duty vehicles utilizing financing over a two year period with a balloon payment at the end of the two year period that is paid from proceeds of the sale of those vehicles back to the dealer. \$3,551,478 (2024 Police and Public Works vehicle financing) was related to the process described above with the remaining being a single vehicle purchase with no financing. This financing has a current balance of \$3,480,250.
- There are two remaining payments on the 2016 financing used to purchase the snowplows and equipment for Public Works. The current balance is \$537,358.89.
- In July of 2024 the city was able to fully pay off the 2014 and 2016 Sales Tax Revenue bonds (\$10,625,000 and \$2,600,000 paid off principal balances respectfully) from funds held in escrow related to the issuance of the 2021 Sales Tax Revenue refunding bond of \$14,171,000 (current principal balance of \$13,800,000).
- The city continues to service the 2022 Sales Tax Revenue bonds that were used to build the Public Works building. This bond has a current balance of \$6,666,000.
- In addition, the city issued its first General Obligation bonds related to the development of the Hillside Plaza redevelopment area. These General Obligation bonds of up to \$30,000,000 were authorized by a vote in November 2024. In June 2025 the city issued \$20,075,000 of the authorized amount. These bonds were used to pay off the 2023 Sales Tax Revenue bond (\$13,157,000 paid off principal balance plus accrued and prior paid interest charges) that was initially used to purchase much of the Hillside Plaza shopping center. The remaining funds (\$5,206,948) are to be used to continue land and building purchases and other redevelopment costs of this project. It is anticipated that the remaining \$10 Million in authorized general obligation bonds will be issued in the future when funds are needed.

Additional information on the outstanding debt obligations of the City can be found in the Notes 3F Long-Term Debt on page 49 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Cottonwood Heights' finances. Questions concerning any information provided in this report or a request for additional financial information should be addressed to: Cottonwood Heights, attn: Reid Sanderson, City Treasurer/ Financial Reporting Manager, 2277 Bengal Blvd., Cottonwood Heights, UT 84121.

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BASIC FINANCIAL STATEMENTS

Cottonwood Heights, Utah
Statement of Net Position
June 30, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,478,071
Receivables (net of allowances)	3,281,978
Prepays	11,328
Net Pension asset	-
Restricted Cash and cash equivalents	6,400,444
Capital assets not being depreciated:	
Land and rights of way	42,850,431
Capital assets, net of accumulated depreciation:	
Buildings and systems	24,565,342
Improvements other than buildings	1,137,572
Vehicles	4,192,371
Infrastructure	19,190,247
Total assets	114,107,785
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension	2,387,167
Total deferred outflows of resources	2,387,167
Total Assets and Deferred Outflows of Resources	\$ 116,494,952
LIABILITIES	
Accounts payable and other current liabilities	\$ 825,980
Accrued liabilities	936,467
Nonspendable collections	199,626
LT Debt - due within one year	2,294,007
Due in more than one year	42,555,464
Compensated Absences	764,269
Net pension liability	2,509,953
Total liabilities	50,085,766
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	451,120
Deferred pension inflows	26,912
Total deferred inflows of resources	478,032
Total liabilities and deferred inflows of resources	50,563,798
NET POSITION	
Net Investment in capital assets	52,584,303
Restricted for:	
Bond Debt Service	2,328,742
CDRA Park Improvement	617,222
Impact Fees	134,217
Unrestricted	10,266,671
Total net position	\$ 65,931,154

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

Cottonwood Heights, Utah
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Function / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total
Primary Government					
Governmental activities					
General government	\$ 4,558,299	\$ 714,988	\$ 647,033	\$ 938,760	\$ (2,257,518)
Public Safety	11,885,429	398,479	54,210	-	(11,432,740)
Highways and public improvements	11,308,575	1,693,775	1,591,069	292,898	(7,730,833)
Community and economic development	1,937,036	332,531	-	-	(1,604,505)
Interest on long-term debt (net of premium)	2,717,749	-	-	-	(2,717,749)
Total governmental activities	\$ 32,407,088	\$ 3,139,773	\$ 2,292,312	\$ 1,231,657	\$ (25,743,345)
General Revenues:					
Property Tax					8,730,869
Sales Taxes					9,201,815
Opt Hwy/Trans SLS Tax					814,558
Municipal Energy Taxes					2,368,801
Motor Vehicle Fee-In-Lieu (of property taxes)					432,458
Franchise Tax					271,920
Transient Room Tax					183,617
Unrestricted Investment earnings (Including Refunding market investments)					669,201
Miscellaneous					237,145
Total general revenues and transfers					22,910,386
Changes in net position					(2,832,960)
Net position - beginning, as previously reported					68,764,114
Net position - ending					\$ 65,931,154

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

Cottonwood Heights, Utah
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Stormwater Fund	Community Dev Renewal Agency Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,649,080	\$ 4,613,614	\$ -	\$ 1,068,016	\$ 2,147,362	\$ 12,478,071
Accounts receivables (net):	3,065,643	216,335	-	-	-	3,281,978
Prepays	11,328	-	-	-	-	11,328
Restricted Cash and cash equivalents	-	5,958,386	442,057	-	-	6,400,444
Total assets	7,726,051	10,788,336	442,057	1,068,016	2,147,362	22,171,821
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 825,980	\$ -	\$ -	\$ -	\$ -	\$ 825,980
Accrued liabilities	202,188	-	-	-	-	202,188
Nonspendable collections	171,101	-	-	-	28,524	199,626
Total liabilities	1,199,269	-	-	-	28,524	1,227,793
DEFERRED INFLOWS OF RESOURCES						
Deferred uncollected property tax revenue	162,250	-	-	-	-	162,250
Deferred property tax revenue	451,120	-	-	-	-	451,120
Total deferred inflows of resources	613,370	-	-	-	-	613,370
FUND BALANCES:						
Nonspendable:						
Prepays	11,328	-	-	-	-	11,328
Restricted for:						
Debt Service Funds in Trust	-	-	442,057	-	-	442,057
Unspent Bonds Proceeds	-	5,206,948	-	-	-	5,206,948
CDRA Park	-	617,222	-	-	-	617,222
Impact Fees	-	134,217	-	-	-	134,217
Unrestricted:						
Assigned:						
PTO Vested	764,269	-	-	-	-	764,269
Capital Improvement	-	4,829,949	-	1,068,016	-	5,897,965
CommDev Renewal Agency	-	-	-	-	2,118,838	2,118,838
Unassigned:						
General Fund	5,137,815	-	-	-	-	5,137,815
Total fund balances	5,913,412	10,788,336	442,057	1,068,016	2,118,838	20,330,658
Total liabilities, deferred inflows of resources and fund balances	\$ 7,726,051	\$ 10,788,336	\$ 442,057	\$ 1,068,016	\$ 2,147,362	\$ 22,171,821

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

Cottonwood Heights, Utah
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Total fund balances - governmental fund types:	\$	20,330,658
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds.		91,935,964
Lands and right of way	\$ 42,850,431	
Buildings and systems	24,565,342	
Improvements other than buildings	1,137,572	
Vehicles	4,192,371	
Infrastructure	19,190,247	
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(46,497,717)
Bond interest payable	\$ (734,279)	
Revenue and general obligation bonds and capital leases, Due within one year	(2,294,007)	
Revenue and general obligation bonds and capital leases, Due in more than one year.	(42,555,464)	
Net pension liabilities and assets are not available resources and, therefore are not reported in the funds.	(2,509,953)	
Deferred inflows of resources related to pensions	(26,912)	
Deferred outflows of resources related to pensions	2,387,167	
Net Pension Asset	-	
Compensated Absences	(764,269)	
Delinquent property taxes, not available to pay for current period expenditures, are deferred in the funds.		162,250
Net position of governmental activities	\$	65,931,154

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

Cottonwood Heights, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Community Dev Renewal Agency Fund	Non-Major Stormwater Fund	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 8,246,426	\$ -	\$ -	\$ 484,443	\$ -	\$ 8,730,869
Sales	9,201,815	-	-	-	-	9,201,815
Opt Hwy/Trans SLS Tax	814,558	-	-	-	-	814,558
Municipal Energy	2,368,801	-	-	-	-	2,368,801
Motor Vehicle Fee-in-lieu (prop. tax)	432,458	-	-	-	-	432,458
Franchise - Cable TV	271,920	-	-	-	-	271,920
Transient Room	183,617	-	-	-	-	183,617
Licenses and Permits	714,988	-	-	-	-	714,988
Intergovernmental:						
Federal Grant	9,263	-	-	-	-	9,263
State Grants	637,770	-	-	-	-	637,770
State Class C Roads	1,591,069	-	-	-	-	1,591,069
State Liquor Fund Allotment	54,210	-	-	-	-	54,210
Local Grants	290,712	938,760	-	-	-	1,229,472
Impact Fees		2,186	-	-	-	2,186
Charges for Services	332,531	-	-	340,875	1,352,900	2,026,307
Fines and Forfeitures	398,479	-	-	-	-	398,479
Investment Earnings	321,528	81,139	174,107	64,365	28,062	669,201
Miscellaneous	237,145	-	-	-	-	237,145
Total revenues	26,107,292	1,022,084	174,107	889,683	1,380,962	29,574,129
EXPENDITURES						
Current:						
General Government	4,645,455	-	-	-	-	4,645,455
Public Safety	13,574,779	-	-	-	-	13,574,779
Highways and Public Improvements	3,065,290	4,415,367	-	-	28,808	7,509,465
Community and Economic Development	1,183,317	-	-	553,720	-	1,737,036
Debt Service:						
Principal	-	-	16,224,126	13,157,000	-	29,381,126
Interest	-	-	908,630	1,074,840	-	1,983,470
Capital Outlay:						
General Government	270,877	-	-	-	-	270,877
Public Safety	112,365	3,617,310	-	-	-	3,729,675
Highways and Public Improvements	29,656	-	-	-	1,756,682	1,786,338
Community and Economic Development	-	-	-	-	-	-
Total expenditures	22,881,739	8,032,677	17,132,757	14,785,559	1,785,490	64,618,221
Excess (deficiency) of revenues over (under) expenditures	3,225,553	(7,010,593)	(16,958,650)	(13,895,876)	(404,528)	(35,044,092)
OTHER FINANCING SOURCES (USES)						
Sources:						
General Obligation Bonds	-	20,365,863	-	-	-	20,365,863
Issuance of Lease Funds	-	3,551,478	-	-	-	3,551,478
Transfers In	-	1,637,543	2,332,806	14,231,840	200,000	18,402,189
Sales of Capital Assets	51,000	-	1,810,500	-	-	1,861,500
(Uses):						
Transfers to Capital Improvement Fund	(1,483,237)	-	-	(154,306)	-	(1,637,543)
Transfers to CDRA Fund	(956,001)	(13,275,839)	-	-	-	(14,231,840)
Transfers to Stormwater Fund	(200,000)	-	-	-	-	(200,000)
Transfers to Debt Service Fund	(2,332,806)	-	-	-	-	(2,332,806)
Total other financing sources (uses)	(4,921,044)	12,279,044	4,143,306	14,077,535	200,000	25,778,841
Net change in fund balances	(1,695,491)	5,268,452	(12,815,344)	181,659	(204,528)	(9,265,252)
Fund balance - beginning of year	7,608,902	5,519,884	13,257,401	1,937,179	1,272,543	29,595,910
Fund balance - end of year	\$ 5,913,411	\$ 10,788,336	\$ 442,057	\$ 2,118,838	\$ 1,068,016	\$ 20,330,658

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

Cottonwood Heights, Utah
Reconciliaton 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, 2025

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

Net changes in fund balances - total governmental funds	\$ (9,265,252)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period

Capital outlays:	\$ 6,195,660	665,805
Depreciation expense:	(5,322,711)	
Gain/Loss on Sale of Fixed Assets	(207,144)	

The Statement of Activites show pension benefits and pension expenses from the current year adjustments that are not shown in the fund statements.	(611,580)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither tansaction, however, has any effect on the statement of activity. This amount is the effect of payment of principal on long-term obligation (e.g., bonds, leases)

Sales Tax Revenue Bond		30,164,752
Bond Principal	\$ 29,381,126	
Bond Premium Amortization	1,517,905	
Accrued Interest on Bonds Payable	(734,279)	

Proceeds from new bonds	(23,917,341)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent or uncollected property taxes	162,250
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Change in compensated absences.

Change in net position of governmental activities	\$ (2,832,960)
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The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cottonwood Heights (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies for the City are discussed in subsequent subsections of this Note.

1A - FINANCIAL REPORTING ENTITY

Cottonwood Heights (the City), incorporated in 2005, is a political subdivision of the State of Utah. The City is governed by a City Council comprised of an elected mayor who serves as Chairman of the City Council and four elected City Council members. The City has determined that there are no separately administered organizations that are controlled by or are dependent upon the City. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters. Using these criteria, no potential component units are included in the City's financial statements. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with the data of the primary government. The blended component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The Community Development Renewal Agency (CDRA) was initiated by the City in 2017 and the governing board is the City's Mayor and Council. The financial statements of the CDRA are included in the accompanying financial statements as a blended component unit as a Special Revenue Fund.

The City's financial reporting entity comprises the following:

Primary Government:	Cottonwood Heights
Component Units:	None

The accounting policies of Cottonwood Heights, Utah, conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant of such policies.

1B - BASIS OF PRESENTATION

Government-wide Financial Statements:

Government-wide Statement of Net Position and Statement of Activities display information on all activities of the reporting government as a whole. Most effects of any inter-fund activities have been eliminated from these statements.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

The government-wide statements for the primary government are separated based on the predominance of the type of revenues that support them. Governmental activities are normally supported by taxes and intergovernmental revenues, while business type activities would receive a significant portion of revenues from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses of the function. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues include: (1) charges to customers or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Other revenue sources that are not reported as program revenues are reported instead as general revenues.

Fund Financial Statements:

Financial statements of the reporting entity are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. All funds of Cottonwood Heights are considered to be major funds.

Cottonwood Heights has the funds described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund is used to account for accumulation of financial resources for the payment of principal and interest on the City's debt payments.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets.

Community Development Renewal Agency Fund

The Community Development Renewal Agency Fund (CDRA) is used to account for resources restricted for use on approved public purpose projects.

Storm Water Fund

The Storm Water Fund is used to account for accumulation of financial resources for the purpose of maintaining the storm water infrastructure within the City boundaries.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

1C - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position. The City no longer has any Proprietary Funds.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. The City has no Fiduciary funds at this time.

Basis of Accounting

The government-wide *Statement of Net Position and Statement of Activities* are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City includes in available revenue only revenue that will be collected in cash within one year following the close of the fiscal year, and in the case of property tax revenue, only revenue that will be collected within 60 days of the close of the fiscal year. Expenses (including capital outlay) are recorded when the related fund liability is

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

incurred, except for general obligation bond and direct purchasing payments which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

1D - ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION (EQUITY)

Cash, Deposits and Investments

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant other unobservable inputs. The City does not have any investments that are measured using Level 2 or 3 inputs. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (non-current portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3G for details of interfund transactions, including receivables and payables at year-end. The City has no interfund receivables or payables.

Receivables and Payables

In the government-wide statements and the fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales tax, franchise tax, property tax, court fines and road cut permits. Interest and investment earnings are recorded when earned and considered both measurable and available.

Payables are composed of contract payments for public works, permitting and inspections, engineering and the city attorney.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

Capital Assets

The accounting treatment for property, plant, and equipment depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statement Reporting of Capital Assets

The government-wide financial statements include capital assets on its *Statement of Net Position*. All assets are valued at historical cost or estimated historical cost if actual is unavailable.

Donated assets and assets received by a service concession arrangement should be recorded at acquisition value rather than fair value. Estimated historical cost was used to value the majority of the infrastructure assets transferred from Salt Lake County primarily during the period ending June 30, 2005. The City's capitalization threshold is \$10,000.

Depreciation of all exhaustible assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	45 years
Machinery and Equipment	5 to 15 years
Vehicles	5 years
Infrastructure – original costs	15-50 years
- annual upgrade costs	(Must increase remaining life by a minimum of 33%. Upgrade costs amortized over new remaining life.)

Fund Financial Statement Reporting of Capital Assets

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted Assets

Certain assets have external restrictions placed upon them that limit their availability. These assets may only be expended if their use is in adherence with these restrictions. Some restrictions are in place due to provisions of State or Federal law. Bond proceeds held for construction and funds dedicated to be held for debt service payments are restricted by the Trustee. Class C Road taxes, governmental grants and impact fees are restricted revenues and may only be used for their intended purpose.

Deferred Outflows/Inflows of Resources

In addition to assets, 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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

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 assets that applies to a future period(s), and will not be recognized as an inflow of resources (revenue) until that time.

Long-term Obligations

The accounting treatment of long-term debt and obligations depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures in the current period.

Pension Plans

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) including additions to and 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.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused Vacation/Sick or PTO benefits. The vested equivalent value for earned compensated absences is calculated and recorded, at fiscal year-end, as an unrestricted assigned fund balance.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in four components:

- a) Net investment in capital assets—Consists of capital assets net of accumulated depreciation and related debt.
- b) Restricted—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted—All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is reported in three major categories, comprising five separate definitions: Non-spendable, Restricted and Unrestricted (which can be shown as Committed, Assigned and Unassigned). Each category is defined as follows:

- d) Non-spendable – Prepaid expenditures and other similar assets (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- e) Restricted – Assets constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors or contributors.
- f) Committed – Formally designated by City Council through ordinance for specific purposes, prior to the end of the fiscal year being reported, that cannot be used for another purpose unless the City Council formally changes the use through a superseding ordinance.
- g) Assigned – Amounts constrained by the City Council or for a specific purpose normally through the appropriations process establishing and amending budgets. Funds in Capital Projects fund or other permanent funds are by their nature assigned to the purpose for which the resources are collected, without extra ordinary formal action.
- h) Unassigned – The General Fund is the only fund that could have a positive unassigned fund balance of funds, not classified in any other classification, which may be used for any governmental purpose.

When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first, then committed funds, followed by assigned and then unassigned.

Fund balance may be committed by the City Council through passage of budget resolutions. The City Council has authorized the City Manager to make determinations of assigned fund balance.

1E - REVENUES, EXPENDITURES, AND EXPENSES

Revenue

Property taxes (including Motor Vehicle fee-in-lieu), franchise taxes, licenses, shared revenue, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to the County Treasurer prior to the commencement of the fiscal year. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

are due and payable on November 1 and are delinquent after November 30 of each year. Property taxes are collected by the Salt Lake County Treasurer and remitted to the City shortly after collections occur.

Sales taxes are collected by the Utah State Tax Commission and are remitted to the City monthly approximately two months after the period in which the taxes are collected by local businesses if all filings are made timely.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:

Current (further classified by function and object)

Debt Service

Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual obligations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2A - FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of funds separate from the General Fund. The legally required separate funds used by the City include the following:

Fund
None

Required By

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

2B - CASH DEPOSITS AND INVESTMENTS

Deposits and investments for Cottonwood Heights are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, “the Act”) and by rules of the Utah Money Management Council (“the Council”). Following are discussions of Cottonwood Heights’ exposure to various risks related to its cash management activities.

Deposit-Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, Cottonwood Heights’ deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of Cottonwood Heights to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The City has no other deposit policy for custodial credit risk.

Investment-Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Utah Money Management Act. The City has no other investment policy that would further limit its investment choices.

Cottonwood Heights is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and State Money Management Council regulatory oversight. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances. A copy of the Public Treasurers Investment Fund is available for viewing on the Utah State Treasurer’s website at <http://www.treasurer.state.ut.us>.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant other unobservable inputs. The City does not have any investments that are measured using Level 3 inputs. Additional cash and investment disclosures are presented in 1D and 3A.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Government Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each period. Investments’ fair value are shown in the table below. All of the City’s investments are categorized as Level 1 Inputs, except the Public Treasurers Investment Fund which is a Level 2 Input.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2025, the City had the following investments and maturities:

Investment Type	Total Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
State of Utah PTIF	\$16,078,227	\$16,078,227	\$ -	\$ -	\$ -
Total	<u>\$16,078,227</u>	<u>\$16,078,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Twice a year, at June 30 and December 31, the investments in the PTIF are valued at fair value. As of June 30, 2025, the City had \$16,078,227 invested in the PTIF which had a fair value factor of 1.00198542 making the City investment equal to \$16,110,149.14 for an unrealized gain of \$31,922.03. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

Investment-Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Cottonwood Heights manages its exposure to declines in fair value by investment only in the PTIF and by adhering to the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) which provides guidance for handling depository and investing transactions in order to minimize interest rate risk. The City has no other formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2C - REVENUE RESTRICTIONS

The City has various state restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
B & C Road Funds	Eligible B & C Roads
Awarded Asset Seizures	Further Enforcement Actions
Impact Fees	Eligible public improvements

For the period ended June 30, 2025, the City complied, in all material respects, with these revenue restrictions.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

2D - DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

No long-term General Obligation debt shall be created by any city unless the proposition to create such debt shall have been submitted to a vote of qualified electors. Cities shall not contract for debt in an amount exceeding four percent of the fair market value of taxable property in their jurisdictions. For the period ended June 30, 2025, the City has issued \$20,075,000 in general obligation bond debt that was authorized by a vote in November of 2024.

Other Long-term Debt

Cities may incur indebtedness for the purpose of supplying such city water, sewer, or electricity when such public works are owned and controlled by the municipality. The additional indebtedness shall not exceed four percent for first- and second-class cities and eight percent for third-class cities of the fair market value of taxable property in their jurisdictions. The City has no such debt at this time.

2E - FUND EQUITY RESTRICTIONS

General Fund Balance Restrictions

Utah Code 10-6-116(4) requires that only the “fund balance in excess of 5 percent of total revenues of the general fund may be utilized for budget purposes.” The remaining 5 percent must be maintained as a minimum fund balance. The maximum budgeted fund balance in the general fund may not exceed 35 percent of the total revenues of the general fund (10-6-116(2)). The City Council has adopted a City code [chapter 2.150.020.11] directing that a minimum 5 percent fund balance, as required by law, with a desired target minimum of 6 percent. Currently the City’s adjusted fund balance is under the maximum allowed by state law.

2F - BUDGETARY BASIS OF ACCOUNTING

In the governmental fund statements the accounting basis and the budgetary basis are the same. The Statement (Schedule) of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual presented for the general fund and the capital projects fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Budgets are legally required for governmental funds. Annual budgets are prepared and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1, in accordance with Utah State law. The operating budget includes proposed expenditures and proposed sources of financing for such expenditures. Prior to June 22nd a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance in total for each department. Management can move budgeted amounts within a department or decrease appropriations. The City Council can increase appropriations after having a public hearing. During the year ended June 30, 2025 the City Council amended the original budget two times.

Budgets for the Capital Projects Fund are also prepared using the modified accrual basis of accounting and are adopted on an annual basis. Project budgets for the Capital Projects fund are

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

prepared annually and ending balances may be re-appropriated by Council action in the following year.

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/ expenses.

3A - CASH DEPOSITS AND INVESTMENTS

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant other unobservable inputs. The City does not have any investments that are measured using Level 3 inputs. Additional cash and investment disclosures are presented in 1D and 2B.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Government Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each period. Investments' fair value are shown in the table below. All of the City's investments are categorized as Level 1 Inputs, except the Public Treasurers Investment Fund is a Level 2 Input.

Below is a reconciliation of the year-end balance invested in the Public Treasurers' Investment Fund and other cash and investments presented in the statement of net position:

Utah State Public Treasurers' Investment Fund Balance	\$ 16,078,227
Reconciliation to Government-wide Statement of Net Position:	
Investments	\$ 16,078,227
Cash on Hand	7,800
Held by Trustee	2,328,742
Deposits	463,746
Total	<u>\$ 18,878,515</u>
Per Statement of Net Position:	
Unrestricted Cash	\$ 10,591,387
Restricted Cash	8,287,128
Total	<u>\$ 18,878,515</u>

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

3B - RESTRICTED ASSETS

The restricted assets as of June 30, 2025, are as follows:

Impact Fees	\$ 134,217
Bond funds held in trust	2,328,742
Total	<u>\$ 2,462,959</u>

3C - ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists principally of fiscal year accruals of sales taxes, property taxes, court fines and road cut permits receivable.

Receivables details as of June 30, 2025, are as follows:

	Government Activities
Delinquent Property Taxes Receivable	\$ 120,882
Invoiced Receivables	722,016
Prior Fiscal Revenues - Sales & Transient Room	2,439,080
Net Accounts Receivable	<u>\$ 3,281,978</u>

3D - CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2025, was as follows:

	Balance at June 30, 2024	Additions	Disposals / Misc Adj	Balance at June 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land (non-infrastructure)	18,887,964	-	-	18,887,964
Land related Infrastructure	23,962,467	-	-	23,962,467
Total assets, not being depreciated	42,850,431	-	-	42,850,431
Capital assets, depreciable:				
Buildings	28,450,648	408,770	-	28,859,418
Equipment	2,855,567	412,899	-	3,268,466
Vehicles	6,762,905	3,617,309	(3,967,012)	6,413,202
Infrastructure - Roads	41,567,644	-	-	41,567,644
Infrastructure - Bridges	905,375	-	-	905,375
Infrastructure - Parkways	15,774,768	-	-	15,774,768
Infrastructure - Storm Drains	4,409,016	1,756,682	-	6,165,699
Total capital assets, depreciable	100,725,924	6,195,660	(3,967,012)	102,954,572
Accumulated depreciation				
Buildings	(3,375,409)	(918,665)	-	(4,294,075)
Equipment	(1,821,513)	(309,379)	-	(2,130,892)
Vehicles	(4,934,776)	(1,045,924)	3,759,868	(2,220,832)
Infrastructure - Roads	(33,148,801)	(2,078,382)	-	(35,227,183)
Infrastructure - Bridges	(602,135)	(18,689)	-	(620,824)
Infrastructure - Parkways	(7,740,779)	(821,680)	-	(8,562,459)
Infrastructure - Storm Drains	(682,783)	(129,991)	-	(812,774)
Total accumulated depreciation	(52,306,196)	(5,322,710)	3,759,868	(53,869,039)
Net capital assets	<u>91,270,158</u>	<u>872,950</u>	<u>(207,144)</u>	<u>91,935,964</u>

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Depreciation was charged to governmental activities as follows:

Governmental Activities:

General Government	\$ 492,828
Police	830,772
Public Works	3,799,110
Community Economic Development	200,000
Total depreciation expense and adjustment	<u>\$ 5,322,710</u>

3E - ACCOUNTS PAYABLE

Payables in the general fund are composed of contract payments for public works operations, development permitting and inspections, engineering and the city attorney and general operational supplies and support.

3F - LONG-TERM DEBT

Cottonwood Heights' long-term debt consists of general obligation bonds, sales tax revenue bonds and direct purchases as described below:

As of June 30, 2025, the City had long-term debt payable from originating from two issues of sales tax revenue bonds. On October 12, 2021 both bonds were refunded with a new Series 2021 Sales Tax Revenue bond. The original bonds were totally refunded 7/1/2024. These bonds are described below:

Sales Tax Revenue Bonds Payable:

Series 2014 - City Municipal Center	
3.695%, (07/02/2014 original amount \$13,770,000)	\$ 10,625,000
Less current principal payments	(10,625,000)
Current Fiscal Year End Balance	<u>\$ -</u>

Proceeds from the 2014 Sales Tax Revenue Bond were used towards the construction of the City Municipal Center.

Sales Tax Revenue Bonds Payable:

Series 2016 - City Municipal Center	
2.686%, (07/12/2016 original amount \$3,280,000)	\$ 2,600,000
Less current principal payments	(2,600,000)
Current Fiscal Year End Balance	<u>\$ -</u>

Proceeds from the 2016 Sales Tax Revenue Bond were used towards the construction of the City Municipal Center as well as the construction of the City's public works facility.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Sales Tax Revenue Bonds Payable:

Series 2022 - City Public Works Facility	
3.370%, (06/06/2022 original amount \$7,500,000)	\$ 6,953,000
Less current principal payments	(287,000)
Current Fiscal Year End Balance	<u>\$ 6,666,000</u>

Proceeds from the 2022 Sales Tax Revenue Bond will be used towards the construction of the City Public Works Facility.

Sales Tax Revenue Bonds Payable:

Series 2023 - Hillside Plaza Shopping Center	
5.790%, (04/06/2023 original amount \$13,157,000)	\$ 13,157,000
Less current principal payments	(13,157,000)
Current Fiscal Year End Balance	<u>\$ -</u>

Proceeds from the 2023 Sales Tax Revenue Bond will be used towards the purchase of the Hillside Plaza Shopping Center for the CDRA Fund redevelopment.

Sales Tax Revenue Refunding Bonds Payable:

Series 2021 - Refunding Bonds	
2.148%, (10/27/2021 original amount \$14,171,000)	\$ 13,911,000
Less current principal payments	(111,000)
Current Fiscal Year End Balance	<u>\$ 13,800,000</u>

Proceeds from the 2021 Refunding Bonds will fully refund the 2014 & 2016 Sales Tax Revenue bonds.

General Obligation Bonds Payable:

Series 2025A - Hillside Plaza Shopping Center Development (Tax Exempt)	
4.90%, (06/04/2025 original amount \$15,070,000)	\$ 15,070,000
Less current principal payments	-
Current Fiscal Year End Balance	<u>\$ 15,070,000</u>

Proceeds from the 2025A General Obligation Bond will be used towards the purchase and development of the Hillside Plaza Shopping Center for the CDRA Fund redevelopment.

General Obligation Bonds Payable:

Series 2025B - Hillside Plaza Shopping Center Development (Taxable)	
5.64%, (06/04/2025 original amount \$5,005,000)	\$ 5,005,000
Less current principal payments	-
Current Fiscal Year End Balance	<u>\$ 5,005,000</u>

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Proceeds from the 2025B General Obligation Bond will be used towards the purchase and development of the Hillside Plaza Shopping Center for the CDRA Fund redevelopment.

2022 Zions Bank-Police & PW Vehicles

3.00%, (07/15/2022 original amount \$2,711,668)	\$ 2,267,742
Less current principal payments	<u>(2,267,742)</u>
Current Fiscal Year End Balance	<u><u>-</u></u>

2024 Zions Bank-Police & PW Vehicles

4.71%, (07/10/24 original amount \$3,551,478)	\$ 3,551,478
Less current principal payments	<u>(71,228)</u>
Current Fiscal Year End Balance	<u><u>\$ 3,480,250</u></u>

The City enters into direct purchase agreements for the purchase of police and public works vehicles every two years in which paid off the 2022 agreement.

2016 JPM Chase-Public Works Vehicles

1.65%, (09/14/2016 original amount \$2,519,243)	\$ 799,514
Less current principal payments	<u>(262,155)</u>
Current Fiscal Year End Balance	<u><u>\$ 537,359</u></u>

The City entered into two purchase agreements for the purchase of Public Works vehicles.

All outstanding bonds and other direct borrowings are secured with their respective pledged revenues and/or the property and equipment as collateral.

COTTONWOOD HEIGHTS

NOTES TO THE FINANCIAL STATEMENTS

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2025:

Type of Debt	Original Principal	% Rate	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Remaining Bond Premium	Due Within One Year
Direct Borrowings:								
2016 JPM Chase-Public Works Vehicles Matures 9/21/2026	\$ 2,519,243	1.65	\$ 799,514	\$ -	\$ (262,155)	\$ 537,359	\$ -	\$ 266,481
2022 ZionsBank-Police & Public Works Vehicles Matures 7/15/2024	2,711,668	3.00	2,267,742	-	(2,267,742)	- *	-	-
2024 ZionsBank-Police & Public Works Vehicles Matures 7/XX/2026	3,551,478	4.71	-	3,551,478	(71,228)	3,480,250	-	603,526
Total Direct Borrowings	\$ 8,782,389		\$ 3,067,256	3,551,478	\$ (2,601,125)	\$ 4,017,609	-	\$ 870,007
Bonds Payable:								
2014 Sales Tax Revenue Bond Matures 7/1/2039	\$ 13,770,000	3.70	\$ 10,625,000	\$ -	\$ (10,625,000)	\$ -	\$ -	\$ -
2016 Sales Tax Revenue Bond Matures 7/1/2039	3,280,000	2.69	2,600,000	-	(2,600,000)	-	-	-
2021 Sales Tax Refunding Bond Matures 7/1/2039	14,171,000	2.18	13,911,000	-	(111,000)	13,800,000	-	837,000
2022 Sales Tax Revenue Bond Matures 6/1/2042	7,500,000	3.37	6,953,000	-	(287,000)	6,666,000	-	297,000
2023 Sales Tax Revenue Bond Matures 4/6/2043	13,157,000	5.79	13,157,000	-	(13,157,000)	-	-	-
2025A General Obligation Bond Matures 6/1/2055	15,070,000	4.90	-	15,070,000	-	15,070,000	(202,388)	-
2025B General Obligation Bond Matures 6/1/2038	5,005,000	5.64	-	5,005,000	-	5,005,000	(88,475)	290,000
Total Bonds Payable	\$ 71,953,000		\$ 47,246,000	\$ 20,075,000	\$ (26,780,000)	\$ 40,541,000	\$ (290,863)	\$ 1,424,000
Total governmental activity long-term liabilities	\$ 80,735,389		\$ 50,313,256	\$ 23,626,478	\$ (29,381,125)	\$ 44,558,609	\$ (290,863)	\$ 2,294,007

Annual Debt Service Requirements

The annual debt service requirements to maturity for governmental long-term debt principal and interest as of June 30, 2025, are as follows:

Year Ended June 30	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	1,424,000	1,473,823	870,007	176,141
2027*	1,447,000	1,447,877	3,147,602	143,318
2028	1,479,000	1,411,768		
2029	1,522,000	1,373,474		
2030	1,560,000	1,332,642		
2031-2035	8,501,000	5,958,914		
2036-2040	9,945,000	4,510,837		
2041-2045	4,518,000	3,076,233		
2046-2050	4,480,000	2,070,669		
2051-2055	5,665,000	877,500		
	\$40,541,000	\$23,533,736	\$4,017,609	\$319,459

* Bi-annually, Police & PW vehicle purchase is primarily paid when selling vehicles back to the dealer.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Other long-term liabilities

Compensated absences:	Beginning	Accrued FY2025	Used FY2025	Net Change	Ending
Vacation	\$ 311,022	\$ 227,886	\$ (194,443)	\$ 33,443	\$ 344,465
PTO	270,152	316,726	(327,723)	(10,998)	259,154
Sick	141,413	124,954	(113,051)	11,903	153,316
Comp Time	10,087	35,506	(38,259)	(2,753)	7,334
General Fund	\$ 732,674	\$ 705,072	\$ (673,476)	\$ 31,595	\$ 764,269

Expected utilization of compensated absences in FY 2026 \$ (764,269)

Net Pension Liability:

General Fund	<u>\$ 2,032,894</u>	<u>\$ 477,059</u>	<u>\$ 2,509,953</u>
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3G - INTERFUND TRANSACTIONS AND BALANCES

Transfers

These budgeted transfers are part of the basic funding, budgeted from the General Fund to meet the budgeted needs in these other funds. The transfer from the Capital Projects Fund to the CDRA fund was to facilitate the payoff of the 2023 Bond from proceeds from the 2025 Bond. The transfer from CDRA Fund to the Capital Projects Fund was to fund the Canyons Centra Park.

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$4,972,044	
Debt Service Fund		\$2,332,806
Storm Water Fund		200,000
CDRA Fund		956,001
Capital Projects Fund		3,000,000
Capital Projects Fund	1,516,763	
Capital Projects Fund	13,275,839	
CDRA Fund		13,275,839
CDRA Fund	154,306	
Capital Projects Fund		154,306

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - OTHER INFORMATION

4A - EMPLOYEE PENSION AND OTHER BENEFIT PLANS

General Information about the Pension Plans

Plans description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Participation in 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, retirement system.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer cost sharing public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) 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 Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

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 Percentage 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 <u>years</u>	Up to 4%
Public Safety System	Highest 3 Years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years, <u>any age</u> 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year all <u>years</u>	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year to June 30, 2020 2.00% per year July 1, <u>2020</u> to present	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.

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, 2025 are as follows:

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)	Fund	Employee	Employer	ER 401(k)
Noncontributory System											
15 Local Government	-	16.97	-	111	0.70	15.19	-	211	-	5.19	10.00
Public Safety System											
Noncontributory											
49 Other Div B 2.5% COLA	-	32.57	-	122	4.73	24.03	-	222	-	10.03	14.00

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

Contribution Summary

For fiscal year ended June 30,2025, the employer and employee contributions to the Systems were as follows:

System	Employer	Employee
Noncontributory System	\$ 198,248	\$ -
Public Safety System	\$ 458,082	\$ -
Tier 2 Public Employees System	\$ 314,275	\$ 14,483
Tier 2 Public Safety and Firefighter	\$ 395,988	\$ 77,945
Tier 2 DC Public Employees Plan	\$ 23,141	\$ -
Tier 2 DC Public Safety and Firefighter Plan	\$ 8,378	\$ -
Total Contributions	\$ 1,398,113	\$ 92,428

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, 2025, we reported a net pension liability of \$ 2,509,953 and a net pension asset of \$ 0.

Measurement Date: December 31, 2024

System	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share Dec 31, 2023	Change (Decrease) / Increase
Noncontributory System	\$ 529,457	\$ -	0.1669622 %	0.1643855 %	0.0025767 %
Public Safety System	\$ 1,625,157	\$ -	2.2530694 %	2.1149457 %	0.1381237 %
Tier 2 Public Employees System	\$ 202,629	\$ -	0.0679417 %	0.0770309 %	(0.0090892)%
Tier 2 Public Safety and Firefighter	\$ 152,711	\$ -	0.3376394 %	0.3161578 %	0.0214816 %
	\$ 2,509,953	\$ -			

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, we recognized a pension expense of \$ 2,009,292.

At June 30, 2025, 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	\$ 963,061	\$ 9,420
Changes in assumptions	\$ 253,117	\$ 2,419
Net difference between projected and actual earnings on pension plan investments	\$ 406,550	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 66,112	\$ 15,073
Contributions subsequent to the measurement date	\$ 698,327	\$ -
	<u>\$ 2,387,167</u>	<u>\$ 26,912</u>

\$ 698,327 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, 2024.

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
2025	\$ 847,268
2026	\$ 717,905
2027	\$ (128,849)
2028	\$ 5,120
2029	\$ 78,142
Thereafter	\$ 142,342

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

For the year ended June 30, 2025, we recognized pension expense of \$ 477,155.

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

At June 30, 2025, 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	\$ 315,480	\$ -
Changes in assumptions	\$ 43,796	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 159,481	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ 4,248
Contributions subsequent to the measurement date	\$ 100,533	\$ -
	<u>\$ 619,290</u>	<u>\$ 4,248</u>

\$ 100,533 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, 2024.

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
2025	\$ 300,407
2026	\$ 290,631
2027	\$ (64,712)
2028	\$ (11,817)
2029	\$ -
Thereafter	\$ -

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$ 1,089,949.

At June 30, 2025, 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	\$ 467,530	\$ -
Changes in assumptions	\$ 56,003	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 224,220	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 16,308	\$ -
Contributions subsequent to the measurement date	\$ 221,033	\$ -
	<u>\$ 985,095</u>	<u>\$ -</u>

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

\$ 221,033 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, 2024.

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
2025	\$ 505,958
2026	\$ 364,104
2027	\$ (89,884)
2028	\$ (16,117)
2029	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2025, we recognized pension expense of \$ 221,846.

At June 30, 2025, 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	\$ 87,598	\$ 1,396
Changes in assumptions	\$ 67,675	\$ 21
Net difference between projected and actual earnings on pension plan investments	\$ 12,951	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 36,247	\$ 3,514
Contributions subsequent to the measurement date	\$ 172,934	\$ -
	<u>\$ 377,406</u>	<u>\$ 4,930</u>

\$ 172,934 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, 2024.

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:

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 23,898
2026	\$ 36,630
2027	\$ 16,136
2028	\$ 19,692
2029	\$ 45,745
Thereafter	\$ 57,439

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognized pension expense of \$ 220,341.

At June 30, 2025, 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	\$ 92,453	\$ 8,024
Changes in assumptions	\$ 85,643	\$ 2,398
Net difference between projected and actual earnings on pension plan investments	\$ 9,898	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 13,557	\$ 7,312
Contributions subsequent to the measurement date	\$ 203,826	\$ -
	<u>\$ 405,377</u>	<u>\$ 17,734</u>

\$ 203,826 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, 2024.

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
2025	\$ 17,004
2026	\$ 26,540
2027	\$ 9,611
2028	\$ 13,362
2029	\$ 32,397
Thereafter	\$ 84,902

Actuarial Assumptions

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.5 - 9.5 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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 Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	35.00 %	7.01 %	2.45 %
Debt securities	20.00 %	2.54 %	0.51 %
Real assets	18.00 %	5.45 %	0.98 %
Private equity	12.00 %	10.05 %	1.21 %
Absolute return	15.00 %	4.36 %	0.65 %
Cash and cash equivalents	- %	0.49 %	- %
Totals	100.00 %		5.80 %
	<u>Inflation</u>		<u>2.50 %</u>
	<u>Expected arithmetic nominal return</u>		<u>8.30 %</u>

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 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

COTTONWOOD HEIGHTS NOTES TO THE FINANCIAL STATEMENTS

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.

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 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 2,239,167	529,457	(904,437)
Public Safety System	\$ 4,433,667	1,625,157	(673,506)
Tier 2 Public Employees System	\$ 605,202	202,629	(110,534)
Tier 2 Public Safety and Firefighter	\$ 520,729	152,711	(141,526)
Total	\$ 7,798,764	2,509,953	(1,830,002)

***Pension plan fiduciary net position: Detailed information about the 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.

COTTONWOOD HEIGHTS CITY participates in the following Defined Contribution Savings Plans:

- 401 (k) Plan (URS only)
- 457 (b) (URS and Mission Square)
- 457 (b) Roth Plan (Mission Square)
- Roth IRA Plan (URS and Mission Square)

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

COTTONWOOD HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS

	2025	2024	2023
401(k) Plan (URS)			
Employer Contributions	\$767,048	\$724,379	\$639,845
Employee Contributions	484,199	418,881	372,866
457 Plan (URS)			
Employer Contributions	97,615	108,865	92,545
Employee Contributions	193,678	217,542	202,971
Roth IRA Plan (URS)			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	23,310	9,168	6,761
457 Plan (Mission Square)			
Employer Contributions	59,506	60,352	61,089
Employee Contributions	52,850	53,389	56,182
457 Roth Plan (Mission Square)			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	28,371	37,829	48,817
Roth IRA Plan (Mission Square)			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	-	-	-

4B - 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. The City has purchased comprehensive general liability insurance through the Utah Local Governments Trust. The City pays premiums to the Trust for its general insurance coverage, automobile liability, and personal injury protection. The Trust is self-sustaining through member premiums. The City is subject to a minimal deductible for claims.

4C – SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the audit report, which is the date that the financial statements were available to be issued. No subsequent events were reportable.

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REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

Cottonwood Heights, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Fund Actuals	
	Adopted Budget	Final Budget	Change in Budget	(Budgetary Basis) (See Notes)	Variance with Final Budget
REVENUES					
Taxes:					
Property	\$ 8,279,027	\$ 8,279,027	\$ -	\$ 8,246,426	\$ (32,601)
Sales	9,700,000	9,700,000	-	9,201,815	(498,185)
Highway Transportation Sls Tax	810,000	810,000	-	814,558	4,558
Municipal Energy	2,580,000	2,580,000	-	2,368,801	(211,199)
Motor Vehicle Fee-in-lieu (prop. tax)	325,000	325,000	-	432,458	107,458
Franchise - Cable TV	300,000	300,000	-	271,920	(28,080)
Transient Room	180,000	180,000	-	183,617	3,617
Licenses and Permits	738,000	738,000	-	714,988	(23,012)
Intergovernmental:					
Federal Grant	-	8,513	8,513	9,263	750
State Grants	405,400	625,943	220,543	637,770	11,827
State Class C Roads	1,480,000	1,480,000	-	1,591,069	111,069
State Liquor Fund Allotment	45,000	45,000	-	54,210	9,210
Local Grants	152,185	260,520	108,335	290,712	30,192
Charges for Services	180,000	180,000	-	332,531	152,531
Fines and Forfeitures	420,000	420,000	-	398,479	(21,521)
Investment Earnings	500,000	500,000	-	321,528	(178,472)
Miscellaneous	140,750	206,728	65,978	237,145	30,417
Total revenues	26,235,362	26,638,731	403,369	26,107,292	(531,439)
EXPENDITURES					
Current:					
General Government	5,062,799	5,115,224	52,425	4,916,332	(198,892)
Public Safety	13,798,055	13,943,904	145,849	13,687,144	(256,760)
Highways and Public Improvements	2,781,627	2,781,627	-	3,094,946	313,319
Community and Economic Development	1,312,809	1,313,309	500	1,183,317	(129,992)
Total expenditures	22,955,290	23,154,064	198,774	22,881,739	(272,325)
Excess (deficiency) of revenues over (under) expenditures	3,280,072	3,484,667	204,595	3,225,553	(259,114)
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	-	42,000	42,000	51,000	9,000
(Uses):					
Transfers to Capital Improvement Fund	(3,000,000)	(1,483,237)	1,516,763	(1,483,237)	-
Transfers to CDRA Fund	(956,001)	(956,001)	-	(956,001)	-
Transfers to Stormwater Fund	(200,000)	(200,000)	-	(200,000)	-
Transfers to Debt Service Fund	(2,332,806)	(2,332,806)	-	(2,332,806)	-
Total other financing sources (uses)	(6,488,807)	(4,930,044)	1,558,763	(4,921,044)	9,000
Net change in fund balances	\$ (3,208,735)	\$ (1,445,377)	\$ 1,763,358	\$ (1,695,491)	\$ (250,114)
Fund balance - beginning of year				7,608,902	
Fund balance - end of year				\$ 5,913,412	

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

Cottonwood Heights, Utah
Schedule of the Proportionate Share of the Net Pension Liability - Utah Retirement Systems
As Reported December 31, 2024
Last 10 Fiscal Years *

	Year-end	Noncontributory Retirement System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety & Firefighter System
Proportion of the net pension liability (asset)	2024	0.1669622%	2.2530694%	0.0679417%	0.3376394%
	2023	0.1643855%	2.1149457%	0.0770309%	0.3161578%
	2022	0.1631498%	2.0981894%	0.0844284%	0.3388956%
	2021	0.1822520%	2.1383400%	0.0826330%	0.3916590%
	2020	0.1794397%	1.9456920%	0.0736989%	0.4410832%
	2019	0.1777980%	1.9508345%	0.0744177%	0.4732837%
	2018	0.1772544%	2.4270798%	0.0723742%	0.4406332%
	2017	0.1717693%	2.4454912%	0.0723742%	0.4314339%
	2016	0.1829814%	2.5129097%	5.4530800%	0.3146488%
	2015	0.1556506%	2.3769143%	0.0409095%	0.3793566%
Proportionate share of the net pension liability (asset)	2024	\$ 529,457	\$ 1,625,157	\$ 202,629	\$ 152,711
	2023	\$ 381,303	\$ 1,382,566	\$ 149,931	\$ 119,094
	2022	\$ 279,435	\$ 974,976	\$ 91,934	\$ 28,272
	2021	\$ (1,043,777)	\$ (765,784)	\$ (34,973)	\$ (19,795)
	2020	\$ 92,042	\$ 699,539	\$ 10,600	\$ 39,563
	2019	\$ 670,097	\$ 968,784	\$ 16,737	\$ 44,519
	2018	\$ 1,305,252	\$ 1,912,529	\$ 29,377	\$ 11,040
	2017	\$ 840,199	\$ 1,181,670	\$ 6,381	\$ (4,992)
	2016	\$ 1,174,965	\$ 1,566,289	\$ 6,083	\$ (2,731)
	2015	\$ 880,747	\$ 1,159,818	\$ (89)	\$ (5,543)
Covered employee payroll	2024	\$ 1,285,641	\$ 2,624,596	\$ 2,013,441	\$ 1,541,220
	2023	\$ 1,223,078	\$ 2,557,884	\$ 1,991,511	\$ 1,197,937
	2022	\$ 1,183,447	\$ 2,441,298	\$ 1,841,548	\$ 1,042,711
	2021	\$ 1,381,222	\$ 2,153,970	\$ 1,533,865	\$ 936,610
	2020	\$ 1,424,598	\$ 1,923,853	\$ 1,178,512	\$ 882,216
	2019	\$ 154,680	\$ 1,768,551	\$ 1,033,953	\$ 780,049
	2018	\$ 1,536,787	\$ 1,996,581	\$ 800,764	\$ 588,579
	2017	\$ 1,656,658	\$ 2,043,451	\$ 708,586	\$ 455,286
	2016	\$ 1,697,688	\$ 2,287,211	\$ 447,197	\$ 259,971
	2015	\$ 1,517,660	\$ 2,129,632	\$ 264,295	\$ 225,749
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2024	41.18%	61.92%	10.06%	9.91%
	2023	31.18%	54.05%	7.53%	9.94%
	2022	31.18%	39.94%	4.99%	2.71%
	2021	-75.57%	-35.55%	-2.28%	-2.11%
	2020	6.46%	36.36%	0.90%	4.48%
	2019	46.06%	54.78%	1.62%	5.71%
	2018	84.93%	95.79%	3.67%	1.88%
	2017	50.72%	57.83%	0.90%	-1.10%
	2016	69.21%	68.48%	1.36%	-1.05%
	2015	58.03%	54.46%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability	2024	96.02%	91.84%	87.44%	90.10%
	2023	96.90%	92.09%	89.58%	89.10%
	2022	97.50%	93.70%	92.30%	96.40%
	2021	108.70%	105.10%	103.80%	102.80%
	2020	99.20%	94.50%	98.30%	93.10%
	2019	93.70%	91.70%	96.50%	89.60%
	2018	87.00%	85.60%	90.80%	95.60%
	2017	91.90%	90.50%	97.40%	103.00%
	2016	87.30%	86.10%	95.10%	103.60%
	2015	87.80%	87.60%	100.20%	110.70%
	2014	90.20%	89.00%	103.50%	120.50%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI.

The notes to the required supplementary information are an integral part of this schedule.

Cottonwood Heights, Utah
Schedule of Contributions - Utah Retirement Systems
As Reported June 30, 2025
Last 10 Fiscal Years *

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2025	\$ 198,248	\$ 198,248	-	\$ 1,263,787	15.69%
	2024	\$ 211,919	\$ 211,919	-	\$ 1,267,990	16.71%
	2023	\$ 200,520	\$ 200,520	-	\$ 1,191,722	16.83%
	2022	\$ 217,123	\$ 217,123	-	\$ 1,277,389	17.00%
	2021	\$ 239,916	\$ 239,916	-	\$ 1,387,522	17.29%
	2020	\$ 257,711	\$ 257,711	-	\$ 1,475,246	17.47%
	2019	\$ 241,546	\$ 241,546	-	\$ 1,457,291	16.58%
	2018	\$ 271,541	\$ 271,541	-	\$ 1,625,219	16.71%
	2017	\$ 293,806	\$ 293,806	-	\$ 1,744,071	16.85%
	2016	\$ 253,059	\$ 253,059	-	\$ 1,579,547	16.02%
Public Safety System	2025	\$ 458,082	\$ 458,082	-	\$ 2,593,692	17.66%
	2024	\$ 484,717	\$ 484,717	-	\$ 2,621,264	18.49%
	2023	\$ 460,437	\$ 460,437	-	\$ 2,490,884	18.48%
	2022	\$ 433,605	\$ 433,605	-	\$ 2,300,349	18.85%
	2021	\$ 369,702	\$ 369,702	-	\$ 1,995,210	18.53%
	2020	\$ 344,581	\$ 344,581	-	\$ 1,841,421	18.71%
	2019	\$ 413,859	\$ 413,859	-	\$ 1,869,146	22.14%
	2018	\$ 481,823	\$ 481,823	-	\$ 2,040,777	23.61%
	2017	\$ 507,270	\$ 507,270	-	\$ 2,253,825	22.51%
Tier 2 Public Employees System	2025	\$ 314,275	\$ 314,275	-	\$ 2,068,960	15.19%
	2024	\$ 322,612	\$ 322,612	-	\$ 2,012,423	16.01%
	2023	\$ 313,966	\$ 313,966	-	\$ 1,961,062	16.01%
	2022	\$ 268,070	\$ 268,070	-	\$ 1,671,231	16.04%
	2021	\$ 208,802	\$ 208,802	-	\$ 1,321,529	15.80%
	2020	\$ 179,827	\$ 179,827	-	\$ 1,148,321	15.66%
	2019	\$ 139,168	\$ 139,168	-	\$ 895,569	15.54%
	2018	\$ 113,419	\$ 113,419	-	\$ 750,155	15.12%
	2017	\$ 94,722	\$ 94,722	-	\$ 635,549	14.90%
Tier 2 Public Safety & Firefighter System*	2025	\$ 395,988	\$ 395,988	-	\$ 1,647,990	24.03%
	2024	\$ 322,612	\$ 322,612	-	\$ 1,358,938	23.74%
	2023	\$ 263,934	\$ 263,934	-	\$ 1,111,768	23.74%
	2022	\$ 233,251	\$ 233,251	-	\$ 982,762	23.73%
	2021	\$ 209,427	\$ 209,427	-	\$ 882,223	23.74%
	2020	\$ 183,212	\$ 183,212	-	\$ 870,601	21.04%
	2019	\$ 145,036	\$ 145,036	-	\$ 690,937	20.99%
	2018	\$ 105,808	\$ 105,808	-	\$ 516,371	20.49%
	2017	\$ 69,111	\$ 69,111	-	\$ 339,223	20.37%
Tier 2 DC Only System**	2025	\$ 23,141	\$ 23,141	-	\$ 410,265	5.64%
	2024	\$ 20,207	\$ 20,207	-	\$ 326,448	6.19%
	2023	\$ 8,244	\$ 8,244	-	\$ 133,178	6.19%
	2022	\$ 4,382	\$ 4,382	-	\$ 65,505	6.69%
	2021	\$ 3,618	\$ 3,618	-	\$ 53,980	6.70%
	2020	\$ 3,312	\$ 3,312	-	\$ 49,507	6.69%
	2019	\$ 3,632	\$ 3,632	-	\$ 56,773	6.40%
	2018	\$ 2,843	\$ 2,843	-	\$ 42,504	6.69%
	2017	\$ 2,319	\$ 2,319	-	\$ 34,667	6.69%
Tier 2 Public Safety DC Only System*	2025	\$ 1,706	\$ 1,706	-	\$ 25,505	6.69%
	2024	\$ 8,378	\$ 8,378	-	\$ 83,533	10.03%
	2023	\$ 7,617	\$ 7,617	-	\$ 78,208	9.74%
	2022	\$ 7,026	\$ 7,026	-	\$ 72,135	9.74%
	2021	\$ 6,074	\$ 6,074	-	\$ 62,358	9.74%
	2020	\$ 2,531	\$ 2,531	-	\$ 25,988	9.74%
	2025	\$ -	\$ -	-	\$ -	0.00%
	2024	\$ -	\$ -	-	\$ -	0.00%
	2023	\$ -	\$ -	-	\$ -	0.00%
	2022	\$ -	\$ -	-	\$ -	0.00%
	2021	\$ -	\$ -	-	\$ -	0.00%
	2020	\$ -	\$ -	-	\$ -	0.00%

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

** Paragraph 81.a of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

The notes to the required supplementary information are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

General Fund Budgetary Highlights

The Cottonwood Heights General Fund budget was adjusted several times this year. The city received several Federal, State and Local grants totaling \$337,391 that required additional expenses beyond what was originally budgeted. These grants included Police school resource officer reimbursement, overtime, training, and equipment as well as Historical Committee grants. Additionally, we adjusted the budget for \$65,978 in additional revenues from the Butlerville Days celebration. Expenses were increased when needed for \$198,774. The city also adjusted the budget for vehicles we planned to sell in the amount of \$42,000. The transfers budget changed due to a transfer back to the General Fund from the Capital Projects Fund related to debt service that was funded from the General Fund and paid from the CDRA Fund due to the 2023 Sales Tax Revenue Bond. The source of this transfer back was from the General Obligation Bonds that were issued in June of 2025.

The Cottonwood Heights variance budget to actual follows.

Revenues: The city did not realize as much growth in our Sales Tax revenues as initially anticipated. Overall, this variance was slightly less than \$500,000. The remaining revenue variances were slight up and down variances adding to the total shortfall of \$531,439.

Expenses: The city generally sees underexpend in each section of our expenses verses the budget. The one exception this year is in our Highways and Public Improvements where we saw several large charges related to fire hydrant maintenance that were well beyond what was expected. This has been addressed moving forward.

Changes in Assumptions - Pensions

There were no changes in the actuarial assumptions or methods since the prior valuation.

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SUPPLEMENTARY INFORMATION

Cottonwood Heights, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Renewal Agency
For the Year Ended June 30, 2025

	Budgeted Amounts		Change in Budget	Fund Actuals	Variance with Final Budget
	Adopted Budget	Final Budget		(Budgetary Basis) (See Notes)	
REVENUES					
Taxes:					
Property Tax	\$ 750,000	\$ 750,000	\$ -	\$ 484,443	\$ (265,557)
State Grant	-	-	-	-	-
Investment Earnings	600,000	625,000	25,000	405,240	(219,760)
Total revenues	1,350,000	1,375,000	25,000	889,683	(485,317)
EXPENDITURES					
Current:					
Community and Economic Development	2,306,001	15,663,106	13,357,105	14,785,559	(877,547)
Total expenditures	2,306,001	15,663,106	13,357,105	14,785,559	(877,547)
Excess (deficiency) of revenues over (under) expenditures	(956,001)	(14,288,106)	(13,332,105)	(13,895,876)	392,230
OTHER FINANCING SOURCES (USES)					
Sources/(Uses):					
Funding from Other Governments	-	-	-	-	-
Sales Tax Bonds	-	-	-	-	-
Transfer from General Fund	956,001	14,288,106	13,332,105	14,231,840	(56,266)
Transfer to Capital Improvement Fund	-	-	-	(154,306)	(154,306)
Beginning Fund Balance Appropriated	-	-	-	-	-
Total other financing sources (uses)	\$ 956,001	\$ 14,288,106	\$ 13,332,105	\$ 14,077,535	\$ (210,572)
Net change in fund balances	-	-	-	181,659	181,659
Fund balance - beginning of year				1,937,179	
Fund balance - end of year				\$ 2,118,838	

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

Cottonwood Heights, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Water Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Fund Actuals	
	Adopted Budget	Final Budget	Change in Budget	(Budgetary Basis) (See Notes)	Variance with Final Budget
REVENUES					
Federal Grant	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-
Impact Fees - Current Collections	1,536,844	1,536,844	-	1,352,900	(183,944)
Investment Earnings	20,000	20,000	-	28,062	8,062
Miscellaneous	-	-	-	-	-
Total revenues	1,556,844	1,556,844	-	1,380,962	(175,882)
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Highways and Public Improvements	1,596,844	2,529,387	932,543	1,785,490	(743,897)
Community Economic Development	-	-	-	-	-
Total expenditures	1,596,844	2,529,387	932,543	1,785,490	(743,897)
Excess (deficiency) of revenues over (under) expenditures	(40,000)	(972,543)	(932,543)	(404,528)	568,015
OTHER FINANCING SOURCES (USES)					
Sources/(Uses):					
Beginning Fund Bal Appropriated	(160,000)	772,543	932,543	-	(772,543)
Transfers from General Fund	200,000	200,000	-	200,000	-
Impact Fees	-	-	-	-	-
Private Contributions	-	-	-	-	-
Sales Tax Revenue Bond	-	-	-	-	-
Sale of Bonds - Premium	-	-	-	-	-
Capital Leases	-	-	-	-	-
Total other financing sources (uses)	\$ 40,000	\$ 972,543	\$ 932,543	\$ 200,000	\$ (772,543)
Net change in fund balances	-	-	-	(204,528)	(204,528)
Fund balance - beginning of year				1,272,543	
Fund balance - end of year				\$ 1,068,016	

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

Cottonwood Heights, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Fund Actuals	
	Adopted Budget	Final Budget	Change in Budget	(Budgetary Basis) (See Notes)	Variance with Final Budget
REVENUES					
Federal Grant	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	3,982,121	3,982,121	938,760	(3,043,361)
Impact Fees - Current Collections	-	-	-	2,186	2,186
Other Revenues	-	-	-	-	-
Investment Earnings	100,000	100,000	-	81,139	(18,861)
Total revenues	100,000	4,082,121	3,982,121	1,022,084	(3,060,037)
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Highways and Public Improvements	2,100,000	30,239,794	28,139,794	8,032,677	(22,207,117)
Community Economic Development	-	-	-	-	-
Total expenditures	2,100,000	30,239,794	28,139,794	8,032,677	(22,207,117)
Excess (deficiency) of revenues over (under) expenditures	(2,000,000)	(26,157,673)	(24,157,673)	(7,010,593)	19,147,080
OTHER FINANCING SOURCES (USES)					
Sources/(Uses):					
Beginning Fund Bal Appropriated	-	4,455,062	4,455,062	-	(4,455,062)
Transfers from other Funds	2,000,000	(11,848,868)	(13,848,868)	(11,638,297)	210,572
Impact Fees	-	-	-	-	-
Private Contributions	-	-	-	-	-
Sales Tax Revenue Bond	-	30,000,000	30,000,000	-	(30,000,000)
Sale of Bonds - Premium	-	-	-	20,365,863	20,365,863
Lease proceeds	-	3,551,479	3,551,479	3,551,478	210,572
Total other financing sources (uses)	\$ 2,000,000	\$ 26,157,673	\$ 24,157,673	\$ 12,279,044	\$ (13,668,056)
Net change in fund balances	-	-	-	5,268,452	5,479,024
Fund balance - beginning of year				5,519,884	
Fund balance - end of year				\$ 10,788,336	

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

Cottonwood Heights, Utah
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Change in Budget	Fund Actuals	Variance with Final Budget
	Adopted Budget	Final Budget		(Budgetary Basis) (See Notes)	
REVENUES					
Bond Refunding Interest	\$ -	\$ -	-	\$ 174,107	\$ (174,107)
Total revenues	-	-	-	174,107	(174,107)
EXPENDITURES					
Current:					
Debt Service Principal Payments	2,529,899	2,529,899	-	2,601,126	(71,227)
Bond Debt Service Principal Payments	13,623,000	13,077,500	(545,500)	13,623,000	(545,500)
Lease/Other Debt Service Interest Pmt	81,224	81,224	-	77,067	4,157
Bond Debt Service Interest Pmt	831,564	1,377,064	545,500	831,564	545,500
Bond Refunding Closing Costs	500	500	-	-	500
TOTAL EXPENDITURES	17,066,187	17,066,187	-	17,132,757	(66,570)
Excess (deficiency) of revenues over (under) expenditures	(17,066,187)	(17,066,187)	-	(16,958,650)	(107,537)
OTHER FINANCING SOURCES (USES)					
Unrestricted Beg Bal Appropriated	12,922,381	12,922,381	-	-	(12,922,381)
Proceeds from Capital Asset Disposal	1,810,500	1,810,500	-	1,810,500	-
Sales Tax Bonds - Refunded Issue	-	-	-	-	-
Leases Proceeds	500	500	-	-	(500)
Transfers from General Fund	2,332,806	2,332,806	-	2,332,806	-
TOTAL OTHER FINANCING SOURCES (USES)	17,066,187	17,066,187	-	4,143,306	(12,922,881)
Net change in fund balance	-	-	-	(12,815,344)	(13,030,418)
Fund balance - beginning of year				13,257,401	
Fund balance - end of year				\$ 442,057	

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

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STATISTICAL SECTION (Unaudited)

This section of Cottonwood Heights' Annual Comprehensive Financial Report (ACFR) provides detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health.

The five divisions of the Statistical Section are as follows:

- **Financial Trends:** Included schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- **Revenue Capacity:** Included schedules contain information to help the reader assess the City's most significant local revenue sources, property tax, sales tax, and enterprise fund revenues.
- **Debt Capacity:** Included schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information:** Included schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- **Operating information:** Included schedules contain data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements of Cottonwood Heights for the relevant year.

FINANCIAL TRENDS: CHART-1

Cottonwood Heights
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Investment in capital assets	\$ 52,584,303	\$ 40,219,647	\$ 49,372,277	\$ 44,244,847	\$ 44,093,202	\$ 43,754,779	\$ 45,006,848	\$ 45,584,867	\$ 46,202,080	\$ 46,994,169
Restricted	3,080,181	14,869,973	21,468,947	8,344,435	1,113,981	1,146,413	1,089,772	909,151	862,883	647,829
Unrestricted	10,266,671	13,674,494	(3,129,982)	7,156,973	10,727,397	7,879,862	6,228,800	4,273,643	3,798,023	3,343,509
Total governmental activities net position	<u>\$ 65,931,154</u>	<u>\$ 68,764,114</u>	<u>\$ 67,711,242</u>	<u>\$ 59,746,255</u>	<u>\$ 55,934,580</u>	<u>\$ 52,781,054</u>	<u>\$ 52,325,420</u>	<u>\$ 50,767,661</u>	<u>\$ 50,862,986</u>	<u>\$ 50,985,507</u>
Primary government										
Investment in capital assets	\$ 52,584,303	\$ 40,219,647	\$ 49,372,277	\$ 44,244,847	\$ 44,093,202	\$ 43,754,779	\$ 45,006,848	\$ 45,584,867	\$ 46,202,080	\$ 46,994,169
Restricted	3,080,181	14,869,973	21,468,947	8,344,435	1,113,981	1,146,413	1,089,772	909,151	862,883	647,829
Unrestricted	10,266,671	13,674,494	(3,129,982)	7,156,973	10,727,397	7,879,862	6,228,800	4,273,643	3,798,023	3,343,509
Total primary government net position	<u>\$ 65,931,154</u>	<u>\$ 68,764,114</u>	<u>\$ 67,711,242</u>	<u>\$ 59,746,255</u>	<u>\$ 55,934,580</u>	<u>\$ 52,781,054</u>	<u>\$ 52,325,420</u>	<u>\$ 50,767,661</u>	<u>\$ 50,862,986</u>	<u>\$ 50,985,507</u>

Note: The City has no Business-type activities

FINANCIAL TRENDS: CHART-2

Cottonwood Heights

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities										
General Government	\$ 4,558,299	\$ 5,739,339	\$ 7,720,593	\$ 3,536,712	\$ 3,201,256	\$ 3,798,508	\$ 3,893,596	\$ 3,736,218	\$ 3,505,009	\$ 3,153,137
Public Safety	12,960,269	14,072,760	9,248,755	10,184,531	9,773,560	11,089,234	10,547,363	9,910,192	9,830,415	9,370,954
Highways and Streets	11,308,575	2,224,615	3,716,614	8,296,306	8,322,471	4,997,859	5,770,220	4,907,822	5,101,370	5,156,418
Community and Economic Development	1,937,036	4,005,543	1,740,087	975,144	965,239	2,436,609	7,148,623	1,177,023	1,136,010	1,119,682
Interest on long term debt	1,642,909	2,209,302	1,460,915	944,897	607,188	685,201	340,990	954,272	683,616	529,778
Total Governmental Activities	<u>32,407,088</u>	<u>28,251,559</u>	<u>23,886,964</u>	<u>23,937,590</u>	<u>22,869,714</u>	<u>23,007,411</u>	<u>27,700,792</u>	<u>20,685,527</u>	<u>20,256,420</u>	<u>19,329,969</u>
Total Expenses	<u>\$ 32,407,088</u>	<u>\$ 28,251,559</u>	<u>\$ 23,886,964</u>	<u>\$ 23,937,590</u>	<u>\$ 22,869,714</u>	<u>\$ 23,007,411</u>	<u>\$ 27,700,792</u>	<u>\$ 20,685,527</u>	<u>\$ 20,256,420</u>	<u>\$ 19,329,969</u>
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 714,988	\$ 785,375	\$ 726,083	\$ 956,501	\$ 640,470	\$ 642,630	\$ 687,780	\$ 774,331	\$ 654,736	\$ 744,299
Public Safety	398,479	333,241	297,876	334,794	310,038	359,276	391,709	391,549	388,461	530,137
Highways and Streets	1,693,775	1,579,832	1,248,680	554,036						-
Community and Economic Development	332,531	412,634	271,781	384,625	315,930	275,687	320,515	315,543	272,331	355,582
Operating Grants and Contributions	2,292,312	2,087,503	4,946,695	3,907,024	2,742,973	2,213,878	1,417,229	1,480,356	1,784,554	1,709,911
Capital Grants and Contributions	1,231,657	237,242	302,488	515,687	1,933,615	1,479,585	8,456,439	1,410,309	933,686	836,020
Total Governmental Activities	<u>6,663,742</u>	<u>5,435,827</u>	<u>7,793,603</u>	<u>6,652,667</u>	<u>5,943,026</u>	<u>4,971,056</u>	<u>11,273,673</u>	<u>4,372,088</u>	<u>4,033,768</u>	<u>4,175,949</u>
Total Program Revenues	<u>\$ 6,663,742</u>	<u>\$ 5,435,827</u>	<u>\$ 7,793,603</u>	<u>\$ 6,652,667</u>	<u>\$ 5,943,026</u>	<u>\$ 4,971,056</u>	<u>\$ 11,273,673</u>	<u>\$ 4,372,088</u>	<u>\$ 4,033,768</u>	<u>\$ 4,175,949</u>
Net (Expense)/Revenue										
Governmental Activities	<u>\$ (25,743,346)</u>	<u>\$ (22,815,732)</u>	<u>\$ (16,093,361)</u>	<u>\$ (17,284,923)</u>	<u>\$ (16,926,688)</u>	<u>\$ (18,036,355)</u>	<u>\$ (16,427,119)</u>	<u>\$ (16,313,439)</u>	<u>\$ (16,222,652)</u>	<u>\$ (15,154,020)</u>
Total Net Expense	<u>\$ (25,743,346)</u>	<u>\$ (22,815,732)</u>	<u>\$ (16,093,361)</u>	<u>\$ (17,284,923)</u>	<u>\$ (16,926,688)</u>	<u>\$ (18,036,355)</u>	<u>\$ (16,427,119)</u>	<u>\$ (16,313,439)</u>	<u>\$ (16,222,652)</u>	<u>\$ (15,154,020)</u>

FINANCIAL TRENDS: CHART-2

Cottonwood Heights

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<i>(schedule continued)</i>										
General Revenues										
Governmental Activities:										
Property Taxes	\$ 8,730,869	\$ 8,866,887	\$ 8,669,258	\$ 8,626,664	\$ 8,060,893	\$ 8,065,928	\$ 7,965,867	\$ 6,964,927	\$ 6,843,782	\$ 6,810,924
Sales Taxes	9,201,815	9,069,925	9,088,069	8,755,627	7,894,515	6,719,169	6,341,452	6,138,449	5,816,802	5,622,651
Opt Hwy/Trans SLS Tax	814,558	795,714	797,539	779,546	620,895	586,066	-	-	-	-
Energy Use Tax	2,368,801	2,521,489	2,556,250	2,173,596	2,125,352	1,989,725	1,993,681	2,094,365	2,104,686	1,530,067
Motor Vehicle Fee-In-Lieu	432,458	356,149	340,112	222,276	284,883	417,195	360,581	387,839	354,472	359,521
Franchise Taxes	271,920	291,092	314,089	322,531	313,787	323,830	325,048	335,910	338,833	320,220
Transient Room Tax	183,617	179,666	178,177	144,700	79,654	54,071	53,810	38,004	38,471	34,901
Unrestricted investment earnings	669,201	1,652,362	970,770	(73,828)	39,179	159,277	233,574	103,347	85,570	84,666
Gain (Loss) on sale of Capital Assets	-	(11,473)	929,543	39,800	602,152	-	508,094	3,875	96,926	8,250
Miscellaneous	237,145	146,793	214,541	105,685	58,904	176,727	202,772	151,394	420,589	83,228
Total general revenues, transfers, and special item	<u>22,910,386</u>	<u>23,868,604</u>	<u>24,058,348</u>	<u>21,096,597</u>	<u>20,080,214</u>	<u>18,491,988</u>	<u>17,984,879</u>	<u>16,218,112</u>	<u>16,100,131</u>	<u>14,854,430</u>
Total primary government	<u>\$ 22,910,386</u>	<u>\$ 23,868,604</u>	<u>\$ 24,058,348</u>	<u>\$ 21,096,597</u>	<u>\$ 20,080,214</u>	<u>\$ 18,491,988</u>	<u>\$ 17,984,879</u>	<u>\$ 16,218,112</u>	<u>\$ 16,100,131</u>	<u>\$ 14,854,430</u>
Change in Net Position										
Governmental Activities	<u>\$ (2,832,960)</u>	<u>\$ 1,052,872</u>	<u>\$ 7,964,987</u>	<u>\$ 3,811,674</u>	<u>\$ 3,153,526</u>	<u>\$ 455,633</u>	<u>\$ 1,557,760</u>	<u>\$ (95,327)</u>	<u>\$ (122,521)</u>	<u>\$ (299,590)</u>
Total Change in Net Position	<u>\$ (2,832,960)</u>	<u>\$ 1,052,872</u>	<u>\$ 7,964,987</u>	<u>\$ 3,811,674</u>	<u>\$ 3,153,526</u>	<u>\$ 455,633</u>	<u>\$ 1,557,760</u>	<u>\$ (95,327)</u>	<u>\$ (122,521)</u>	<u>\$ (299,590)</u>

Note: The City has no Business-type activities

As of 2025 Gain/Loss on sale of Capital Assets is included under Expenses.

FINANCIAL TRENDS: CHART-3
Cottonwood Heights
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 11,328	\$ 38,964	\$ 23,500	\$ 25,052	\$ 12,226	\$ 86,936	\$ 15,120	\$ 17,077	\$ 35,274	\$ 273,598
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Assigned	764,269	732,674	739,629	660,343	595,179	513,628	557,107	483,105	440,430	-
Unassigned	5,137,815	6,837,265	8,711,147	8,641,849	7,320,892	4,879,661	3,711,262	3,237,936	3,128,109	2,078,586
Total General Fund	<u>\$ 5,913,412</u>	<u>\$ 7,608,903</u>	<u>\$ 9,474,275</u>	<u>\$ 9,327,244</u>	<u>\$ 7,928,297</u>	<u>\$ 5,480,224</u>	<u>\$ 4,283,489</u>	<u>\$ 3,738,118</u>	<u>\$ 3,603,813</u>	<u>\$ 2,352,184</u>
All other governmental funds										
Restricted:										
Bond Funds in Trust	\$ -	\$ 595,945	\$ 7,599,472	\$ 7,984,907	\$ 929,600	\$ 921,676	\$ 911,389	\$ 805,741	\$ 862,883	\$ 2,788,848
Unspent Bond Proceeds	5,206,948									
CDRA Park	617,222	462,916	308,611							
Canyon Centre Park		-	-	154,305						
Unearned Revenues				-	204,832	204,832	-	-	-	-
Impact Fees	134,217	184,445	194,158	205,223	184,381	224,737	178,383	103,410	-	13,079
Unrestricted:										
Capital Projects	4,829,949	4,276,578	4,072,224	4,633,384	2,836,784	2,691,639	1,449,832	1,063,640	819,901	1,100,977
Debt Service	442,057	13,257,401	13,199,366	13,644,069	673	374	-	618		
CommDev Renewal Agency	2,118,838	1,937,179	1,592,321	1,376,174	1,758,463	1,760,921	2,665,128	1,802,829	1,802,799	1,822,173
Storm Water	1,068,016	1,272,543	2,028,139							
Total all other governmental funds	<u>\$ 14,417,246</u>	<u>\$ 21,987,007</u>	<u>\$ 28,994,291</u>	<u>\$ 27,998,063</u>	<u>\$ 5,914,733</u>	<u>\$ 5,804,177</u>	<u>\$ 5,204,731</u>	<u>\$ 3,776,237</u>	<u>\$ 3,485,583</u>	<u>\$ 5,725,077</u>

Note: The city implemented the requirements of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for fiscal year 2011.

FINANCIAL TRENDS: CHART-4
Cottonwood Heights
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Property Taxes	\$ 8,730,869	\$ 8,703,199	\$ 8,669,258	\$ 8,626,664	\$ 8,060,893	\$ 8,065,928	\$ 7,965,867	\$ 6,964,927	\$ 6,843,782	\$ 6,810,924
Sales Taxes	9,201,815	9,069,925	9,088,069	8,755,627	7,894,215	6,719,169	6,341,451	6,138,449	5,816,802	5,622,651
Opt Hwy/Trans Sales Tax	814,558	795,714	797,539	779,546	620,895	586,066	-	-	-	-
E-911 Emergency Fees	-	-	-	-	-	-	-	-	320,122	313,195
Energy Use Tax	2,368,801	2,521,489	2,556,250	2,173,596	2,125,352	1,989,725	1,993,681	2,094,365	2,104,686	1,530,067
Motor Vehicle Fee-in-lieu	432,458	356,149	340,112	222,276	284,883	417,195	360,581	387,839	354,472	359,521
Franchise Taxes	271,920	291,092	314,089	322,531	313,787	323,830	325,048	335,910	338,833	320,220
Transient Room	183,617	179,666	178,177	144,700	79,954	54,071	53,810	38,004	38,471	34,901
Licenses and Permits	714,988	785,375	726,083	956,501	640,470	642,630	687,780	774,331	654,736	744,299
Intergovernmental	3,521,784	2,322,074	5,246,990	4,379,675	4,647,621	2,803,414	2,798,694	2,787,255	2,345,426	2,138,467
Impact Fees - Current Year Collection *	2,186	2,671	1,943	43,036	28,967	140,049	74,973	103,410	52,691	94,268
Charges for Services	2,026,307	1,992,466	1,520,461	938,662	315,930	275,687	320,515	315,543	272,331	355,582
Fines and Forfeitures	398,479	333,241	297,876	334,794	310,038	359,276	391,709	391,549	388,461	530,137
Investment Earnings	669,201	1,652,362	970,770	(73,828)	39,179	159,277	233,574	103,347	85,570	84,666
Miscellaneous	237,145	146,544	214,541	145,485	49,904	176,727	202,772	151,394	420,589	78,260
Total Revenues	29,574,129	29,151,967	30,922,158	27,749,265	25,412,088	22,713,044	21,750,458	20,586,325	20,036,973	19,017,160
EXPENDITURES										
Current										
General Government	4,645,455	4,761,282	4,475,890	3,645,358	3,415,788	3,349,704	3,271,883	3,386,743	3,302,778	3,151,315
Public Safety	13,574,779	12,757,274	9,439,804	11,307,584	8,137,740	9,917,207	9,583,142	9,237,144	9,387,154	9,045,817
Highways and Public Improvements	7,509,465	993,666	3,725,503	3,817,202	7,359,116	3,182,327	3,919,794	2,568,521	2,592,975	2,607,607
Community and Economic Development	1,737,036	2,174,740	1,752,462	1,488,921	975,144	2,429,577	7,148,623	1,186,229	1,136,010	1,138,028
Debt Service										
Principal	16,224,126	2,172,605	3,482,058	1,092,453	2,252,941	1,123,578	1,918,707	937,888	1,168,552	375,545
Interest and fiscal charges	908,630	772,926	759,531	758,420	714,309	739,870	721,755	795,211	576,150	854,559
Capital Outlays	20,018,730	14,427,882	23,555,568	3,452,444	3,104,905	924,600	2,974,766	2,054,005	11,526,568	11,515,479
Total Expenditures	64,618,221	38,060,375	47,190,815	25,562,383	25,959,943	21,666,863	29,538,670	20,165,741	29,690,187	28,688,350
Excess(Deficiency) of Revenues over Expenditures	(35,044,092)	(8,908,408)	(16,268,657)	2,186,882	(547,855)	1,046,181	(7,788,212)	420,583	(9,653,214)	(9,671,190)
OTHER FINANCING SOURCES (USES)										
Transfers in	18,402,189	5,820,110	7,558,941	6,821,519	4,835,609	3,696,584	3,045,395	2,612,342	478,625	278,625
Transfers out	(18,402,189)	(5,820,110)	(7,558,691)	(6,761,519)	(3,693,805)	(3,696,584)	(3,045,395)	(2,612,342)	(478,625)	(278,625)
Proceeds from Leases	3,551,478	-	2,711,668	-	1,964,679	-	1,859,827	-	4,200,123	-
Proceeds from Revenue Bond	20,365,863	-	13,157,000	21,235,395	-	-	-	-	3,593,857	-
Loans Other Governments	-	-	-	-	-	750,000	7,000,000	-	-	-
Sale of Capital Assets	1,861,500	35,750	1,543,001	-	-	-	902,250	4,375	871,368	8,500
Total Other Financing Sources (Uses)	25,778,841	35,750	17,411,918	21,295,395	3,106,483	750,000	9,762,078	4,376	8,665,348	8,500
Net change in fund balances before special item	(9,265,252)	(8,872,658)	1,143,260	23,482,277	2,558,628	1,796,181	1,973,866	424,959	(987,866)	(9,662,690)
Special item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (9,265,252)	\$ (8,872,658)	\$ 1,143,260	\$ 23,482,277	\$ 2,558,628	\$ 1,796,181	\$ 1,973,866	\$ 424,959	\$ (987,866)	\$ (9,662,690)
Debt service as a percentage of										
Noncapital expenditures	38.41%	12.46%	17.95%	8.37%	12.98%	8.98%	9.94%	9.57%	9.61%	7.16%

Beginning Fund Balance	\$ 29,595,909	\$ 38,468,567	\$ 37,325,306	\$ 13,843,029	\$ 11,284,401	\$ 9,488,220	\$ 7,514,354	\$ 7,089,396	\$ 8,077,261	\$ 17,739,952
Ending Fund Balance	\$ 20,330,658	\$ 29,595,909	\$ 38,468,567	\$ 37,325,306	\$ 13,843,029	\$ 11,284,401	\$ 9,488,220	\$ 7,514,354	\$ 7,089,396	\$ 8,077,261

* Impact Fee Collections moved from Other Sources to Revenues in FY 2016

REVENUE CAPACITY: CHART-5
Cottonwood Heights
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Assessment Year	ASSESSED "MARKET VALUE" OF PROPERTY			Less 100% Tax-Exempt Property (1)	Less Residential Exemption	Total Assessed Taxable Value	Assessed Taxable Value as % Fully Assessed	Taxable Total Direct Rate
		Residential	Commercial (1)	Total					
2025	2024	8,660,797,347	1,824,797,652	10,485,594,999	450,000,000	3,897,358,806	6,138,236,193	58.5%	0.1357%
2024	2023	8,065,748,445	1,870,075,478	9,935,823,924	450,000,000	3,629,586,800	5,856,237,123	58.9%	0.1422%
2023	2022	7,900,133,885	1,854,159,406	9,754,293,291	450,000,000	3,555,060,248	5,749,233,043	58.9%	0.1442%
2022	2021	6,102,794,344	1,776,042,009	7,878,836,353	450,000,000	2,746,257,455	4,682,578,898	59.4%	0.1740%
2021	2020	5,438,356,736	1,497,982,679	6,936,339,415	220,000,000	2,447,260,531	4,269,078,884	61.5%	0.1898%
2020	2019	5,066,364,904	1,429,989,406	6,496,354,310	210,000,000	2,279,864,207	4,006,490,103	61.7%	0.2002%
2019	2018	4,754,574,427	1,369,058,670	6,123,633,097	199,500,000	2,139,558,492	3,784,574,605	61.8%	0.2088%
2018	2017	4,363,396,727	1,245,004,692	5,608,401,419	183,000,000	1,963,528,527	3,461,872,892	61.7%	0.1981%
2017	2016	4,086,437,958	1,238,190,110	5,324,628,068	173,000,000	1,838,897,081	3,312,730,987	62.2%	0.2064%
2016	2015	3,843,244,416	1,062,536,449	4,905,780,865	159,000,000	1,729,459,987	3,017,320,878	61.5%	0.2239%

Source: Cottonwood Heights Finance Department, SL County Auditor, Utah State Tax Commission

Note: Property in the county is reassessed annually, rates change to yield same revenue as prior year unless tax increase is declared and hearings are held.

(1) Property that is 100% exempt from property taxes is "estimated" and included in Assessed "Market Values" - Commercial

REVENUE CAPACITY: CHART-6

Cottonwood Heights

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Cottonwood Heights'					Overlapping Rates								
Fiscal Year Ended June 30	Tax Year	Basic Rate	General Obligation Debt Service	Total Direct	Canyons School District (1)	Jordan School District (Old Debt) (1)	Salt Lake County (countywide) (2)	Salt Lake County Library	South Salt Lake Valley Mosquito Abatement District	Central Utah Water Conservancy District	Cottonwood Improvement 'Sewer' District (3)	Cottonwood Heights Parks & Recreation Service Area (4)	Jordan Valley Water Conservancy District (5)
2025	2024	0.1357%		0.1357%	0.5677%	0.0000%	0.1297%	0.0446%	0.0009%	0.0400%	0.0166%	0.0685%	0.0321%
2024	2023	0.1422%	-	0.1422%	0.5705%	0.0000%	0.1394%	0.0477%	0.0009%	0.0400%	0.0176%	0.0732%	0.0341%
2023	2022	0.1442%	-	0.1442%	0.6053%	0.0000%	0.1459%	0.0386%	0.0009%	0.0400%	0.0119%	0.0583%	0.0319%
2022	2021	0.1740%	-	0.1740%	0.6643%	0.0347%	0.1777%	0.0474%	0.0012%	0.0400%	0.0147%	0.1021%	0.0369%
2021	2020	0.1898%	-	0.1898%	0.6894%	0.0430%	0.1948%	0.0515%	0.0013%	0.0400%	0.0161%	0.1132%	0.0366%
2020	2019	0.2002%	-	0.2002%	0.7019%	0.0488%	0.1933%	0.0536%	0.0014%	0.0400%	0.0162%	0.1205%	0.0383%
2019	2018	0.2088%	-	0.2088%	0.6435%	0.0560%	0.2025%	0.0559%	0.0015%	0.0400%	0.0176%	0.0965%	0.4000%
2018	2017	0.1981%	-	0.1981%	0.6439%	0.0678%	0.2471%	0.0605%	0.0017%	0.0400%	0.0189%	0.1065%	0.4000%
2017	2016	0.2064%	-	0.2064%	0.6463%	0.0764%	0.2371%	0.0639%	0.0018%	0.0400%	0.0199%	0.1117%	0.0372%
2016	2015	0.2239%	-	0.2239%	0.6997%	0.0862%	0.2531%	0.0683%	0.0019%	0.0405%	0.0215%	0.1198%	0.0400%

Source: Utah State Tax Commission - Property Tax Division

Note: Property in the county is reassessed annually, rates change to yield same revenue as prior year unless tax increase is declared and hearings are held.

(1) Local School District - Transitioned from Jordan School District to Canyons School District July 1, 2009, Old Debt from voted General Obligation bonds are now retired.

(2) Salt Lake County - includes Health, Recreation, Flood and general countywide operations

(3) Cottonwood Improvement 'Sewer' District serves approximately 98% of Cottonwood Heights, SL Suburban District serves the remaining 2%

(4) Cottonwood Heights Parks & Recreation Service Area overlaps approximately 70% of the city boundary.

(5) Jordan Valley Water Conservancy District overlaps approximately 8% of the city's boundary.

REVENUE CAPACITY: CHART-7
Cottonwood Heights
Principal Property Taxpayers
Current Year and 9 Years Ago

Taxpayer	FY 2025			FY 2016		
	2024 Taxable Assessed Value	Rank	Percentage of Total Taxable Value	2015 Taxable Assessed Value	Rank	Percentage of Total Taxable Value
HGREIT II (Cottonwood Center)	120,374,000	1	1.96%	116,448,400	2	3.82%
Pinnacle Highland Apartments	82,814,105	2	1.35%	35,318,965	5	1.16%
CornerStone Title Holder	71,452,600	3	1.16%			
Fourels Investment Co. (Shopping area)	65,729,300	4	1.07%	48,413,500	3	1.59%
KW Cottonwood LLC	63,652,490	5	1.04%			
Old Mill Corporate Center (Offices)	59,895,100	6	0.98%	\$ 146,609,500	1	4.81%
JSP Farms II, LLC	49,246,120	7	0.80%	19,818,590	8	0.65%
RBCSU Realty, Inc. / Regence BlueCross/BlueShield	43,482,500	8	0.71%	43,663,700	4	1.43%
Baron CT Union Park LLC (James Campbell Co)	39,883,020	9	0.65%	.	.	.
KWC Union Park LLC	38,655,500	10	0.63%			
Santa Fe Apartments, LLC. (KW Cottonwood)				27,824,610	7	0.91%
James Campbell Company, LLC.				27,884,220	6	0.92%
Park V Partners				11,591,350	10	0.38%
Roderick Enterprises				14,814,500	9	0.49%
	231,162,240		3.77%	292,206,470		9.59%
Total City Certified Taxable Assessed Value	\$ 6,138,236,193			\$ 3,047,320,043		

Source: Salt Lake County Treasurer

REVENUE CAPACITY: CHART-8
Cottonwood Heights
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Delinquent Collections in Subsequent Years Classified in Tax YR	Total Collections to Date		Total Year-end Assessed Taxable Value	Assessed Taxable % of Assessed Market Value	Total Direct Rate	Original Budget Used to Set Tax Rate
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy				
2025	\$8,360,119	\$8,169,800	97.7%	\$123,850	\$8,293,650	99.2%	6,138,236,193	58.5%	0.1357%	\$8,127,886
2024	8,361,834	8,171,360	97.7%	93,407	8,264,767	98.8%	5,856,237,123	58.9%	0.1422%	8,069,606
2023	8,347,143	8,195,008	98.2%	106,005	8,301,013	99.4%	5,749,233,043	58.9%	0.1442%	8,028,665
2022	8,203,180	8,041,700	98.0%	177,104	8,218,805	100.2%	4,682,578,898	59.4%	0.1740%	7,999,019
2021	8,160,889	7,960,974	97.6%	129,141	8,090,115	99.1%	4,269,078,884	61.5%	0.1898%	7,909,517
2020	8,067,623	7,880,168	97.7%	159,911	8,040,079	99.7%	4,006,490,103	61.7%	0.2002%	7,846,375
2019	7,967,299	7,742,626	97.2%	97,965	7,840,591	98.4%	3,784,574,605	61.8%	0.2088%	7,784,801
2018	6,914,242	6,767,944	97.9%	94,669	6,862,613	99.3%	3,461,872,892	61.7%	0.1981%	6,750,134
2017	6,883,512	6,747,221	98.0%	126,349	6,873,570	99.9%	3,289,724,113	62.1%	0.2064%	6,648,354
2016	6,828,225	6,692,242	98.0%	105,383	6,797,625	99.6%	3,024,301,732	61.6%	0.2239%	6,600,465

Source: Cottonwood Heights Finance Department, SL County Auditor, Utah State Tax Commission

DEBT CAPACITY: CHART-9
Cottonwood Heights
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Capital Leases	Special Assessment Bonds	Sales Tax Revenue Bonds (1)	Outstanding Debt	Unamortized Premium	Percentage of Personal Income (2)	State Committee Calculated Population (3)	Debt Per Capita
Governmental Activities									
2025	\$ 20,075,000	\$ 4,017,609	-	\$ 20,466,000	\$ 44,558,609	\$ (290,863)	2.366%	33,118	1,345.45
2024	-	3,067,258	-	47,246,000 (4,5)	50,313,258	(741,290)	2.870%	32,204	1,562.33
2023	-	3,803,362	-	48,137,000 (4,5)	51,940,362	(790,710)	3.231%	32,420	1,602.11
2022	-	3,042,253	-	35,966,000 (4)	39,008,253	(840,130)	2.545%	32,864	1,186.96
2021	-	3,629,697	-	14,800,000	18,429,697	(889,550)	1.159%	33,617	548.23
2020	-	3,424,776	-	15,290,000	18,714,776	(938,970)	1.140%	33,843	552.99
2019	-	4,073,354	-	15,765,000	19,838,354	(988,390)	1.217%	34,117	581.48
2018	-	3,662,235	-	16,235,000	19,897,235	(1,037,810)	1.263%	33,996	585.28
2017	-	4,200,123	-	16,635,000	20,835,123	(1,087,230)	1.353%	34,285	607.70
2016	-	818,552	-	13,705,000	14,523,552	(822,793)	0.979%	34,343	422.90

Note: The City has no Business-type activities

(1) Bonds, principle without premium

(2) Personal income is disclosed on Chart 14

(3) Utah State Population Committee, US Census

(4) Includes Refunding of Bonds (3 year "Balloon" Period) & \$7.5 Million Public Works Facilities Building Bond

(5) Includes CDRA Bond to Purchase Hillside Plaza (\$13,157,000)

DEBT CAPACITY: CHART-10
Cottonwood Heights
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Funds (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2025	\$ 20,075,000	\$ -	\$ 20,075,000	0.32%	\$ 619
2024	-	-	-	-	-
2023	-	-	-	-	-
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-

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

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums

(2) This is the amount restricted for general obligation debt service principal payments

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on Chart 5 for property value data.

(4) Population data can be found on the Schedule of Demographic and Economic Statistics on Chart 14

DEBT CAPACITY: CHART-11
Cottonwood Heights
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Overlapping Government Unit	2025 Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Cottonwood Heights
Central Utah Water Conservancy District	\$ 103,975,000	3.32%	\$ 3,454,030
Canyons School District	365,060,000	15.83%	57,783,261
Salt Lake County - General & Library	87,748,136	3.32%	2,914,977
Jordan Valley Water Conservancy District	395,011,850	0.04%	154,493
Subtotal, overlapping governmental activity debt	951,794,986		64,306,761
City direct debt (net of premium)		100.00%	-
Total direct and overlapping debt	<u>\$ 951,794,986</u>		<u>\$ 64,306,761</u>

Sources: Salt Lake County - Annual Comprehensive Financial Report for 2024, and other entities ACFR.

DEBT CAPACITY: CHART-12

Cottonwood Heights

Legal Debt Margin Information

June 30, 2025

	Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Constitutional Limit										
General (4% Fair Cash Value)	\$ 401,423,800	\$ 379,432,957	\$ 372,171,732	\$ 297,153,454	\$ 268,653,577	\$ 251,454,172	\$ 238,025,324	\$ 217,016,057	\$ 206,065,123	\$ 189,871,235
Sewer, Water (4% Fair Cash Value)	401,423,800	379,432,957	372,171,732	297,153,454	268,653,577	251,454,172	238,025,324	217,016,057	206,065,123	189,871,235
Total 8% Debt Constitutional Limit	802,847,600	758,865,914	744,343,463	594,306,908	537,307,153	502,908,345	476,050,648	434,032,114	412,130,245	379,742,469
Total Net Debt Applicable to Limit	40,541,000	47,246,000	48,137,000	35,966,000	14,800,000	15,290,000	15,765,000	16,235,000	16,635,000	13,705,000
Legal Debt Margin	<u>\$ 762,306,600</u>	<u>\$ 711,619,914</u>	<u>\$ 696,206,463</u>	<u>\$ 558,340,908</u>	<u>\$ 522,507,153</u>	<u>\$ 487,618,345</u>	<u>\$ 460,285,648</u>	<u>\$ 417,797,114</u>	<u>\$ 395,495,245</u>	<u>\$ 366,037,469</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.050%	6.226%	6.467%	6.052%	2.754%	3.040%	3.312%	3.741%	4.036%	3.609%
Legal Debt Margin Calculations										
Tax Years										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Assessed Valuation:										
Reasonable Fair Cash Value	\$ 10,035,594,999	\$ 9,485,823,924	\$ 9,304,293,291	\$ 7,428,836,353	\$ 6,716,339,415	\$ 6,286,354,310	\$ 5,950,633,097	\$ 5,425,401,419	\$ 5,151,628,068	\$ 4,746,780,865
Debt Limit (8% of reasonable Fair Cash Value)	802,847,600	758,865,914	744,343,463	594,306,908	537,307,153	502,908,345	476,050,648	434,032,114	412,130,245	379,742,469
Debt Applicable to Limit:										
General Obligation Bonds	40,541,000	47,246,000	48,137,000	35,966,000	14,800,000	15,290,000	15,765,000	16,235,000	16,635,000	13,705,000
Less: Amount Set Aside for Repayment of General Obligation Debt	20,000,000	-	-	-	-	-	-	-	-	-
Total Net Debt Applicable to Limit	<u>60,541,000</u>	<u>47,246,000</u>	<u>48,137,000</u>	<u>35,966,000</u>	<u>14,800,000</u>	<u>15,290,000</u>	<u>15,765,000</u>	<u>16,235,000</u>	<u>16,635,000</u>	<u>13,705,000</u>
Legal Debt Margin	<u>\$ 742,306,600</u>	<u>\$ 711,619,914</u>	<u>\$ 696,206,463</u>	<u>\$ 558,340,908</u>	<u>\$ 522,507,153</u>	<u>\$ 487,618,345</u>	<u>\$ 460,285,648</u>	<u>\$ 417,797,114</u>	<u>\$ 395,495,245</u>	<u>\$ 366,037,469</u>

Source: Finance Department

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements
Currently water and sewer services are provided by other special service districts

DEBT CAPACITY: CHART-13
Cottonwood Heights
Pledged-Revenue Coverage
June 30, 2025

Sales Tax Revenue Bonds				
Fiscal Year	Sales Tax Revenues	Debt Service *		Coverage
		Principal	Interest	
2025	9,183,475	\$ 26,780,000	\$ 1,952,828	0.32
2024	8,669,258	891,000	1,230,906	4.09
2023	9,088,069	986,000	1,428,487	3.76
2022	8,755,627	505,000	768,509	6.88
2021	7,894,215	490,000	586,381	7.33
2020	6,719,169	475,000	597,231	6.27
2019	6,341,451	470,000	607,730	5.88
2018	6,138,449	400,000	618,130	6.03
2017	5,816,802	350,000	626,166	5.96
2016	5,622,651	65,000	533,726	9.39

Three bonds were paid off in FY2025 from escrow funds or GO bond proceeds for a total of \$25,607,000

* Debt Service - Interest net of amortized Bond Premium

DEMOGRAPHIC AND ECONOMIC: CHART-14
Cottonwood Heights
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	State Committee Calculated Population (1)	Median Age (1)	Per Capita Income (1)	Personal Income (in '000)	Education		Metro SLC, UT Unemployment Rate (3)
					Age 25+ Avg Yrs of Formal Schooling (2)	K-12 School Enrollment (2)	
2025	32,984	39.10	\$ 57,103	1,883,485	14.3 *	5,442 *	3.6%
2024	32,204	39.40	54,444	1,753,315	14.8 *	6,000 *	3.0%
2023	32,420	39.60	49,584	1,607,513	14.6 *	5,995 *	2.4%
2022	32,864	39.00	46,632	1,532,514	14.6 *	5,889	2.0%
2021	33,617	37.90 *	47,304 *	1,590,219	14.7 *	5,019 *	2.7%
2020	33,843	36.70 *	48,500 *	1,641,386	14.7 *	5,225 *	5.1%
2019	34,117	36.90 *	47,796 *	1,630,642	14.8 *	5,473 *	2.8%
2018	33,996	37.10 *	46,336 *	1,575,239	14.8 *	5,393 *	3.1%
2017	34,285	37.50	44,921	1,540,116	14.8	5,261	3.4%
2016	34,343	35.70	43,206	1,483,824	14.8	5,327	3.3%

(1) Utah State Population Committee, US Census Bureau, 2022 American Community Survey 5 yr estimates (* City Finance Estimate)

(2) US Census Bureau, 2022 American Community Survey 5 yr estimates (* City Finance Estimate)

(3) Bureau of Labor Statistics - June FY

DEMOGRAPHIC AND ECONOMIC: CHART -15
Cottonwood Heights
Principal Employers in City Boundries
Current Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Jet Blue Airways Corporation	500-999	1	3.76%	1000-1999	1	6.67%
Breeze Aviation Group	500-999	2	3.76%			
Canyons School District	500-999	3	3.76%	500-999	4	3.33%
Extra Space Management Inc	500-999	4	3.76%	250-499	5	1.67%
Instructure, Inc	250-499	5	1.88%	500-999	2	3.33%
Mastercontrol Inc (EBR Labs)	250-499	6	1.88%	100-249	8	0.67%
SOFI Lending Corp.	250-499	7	1.88%	100-249	9	0.67%
Target Corporation	250-499	8	1.88%	100-249	10	0.67%
Apartment Mgt Consultant	100-249	9	75.00%			
Aumni Inc	100-249	10	0.75%			
Overstock.Com Inc.				500-999	3	3.33%
Western Digital (San Disk)				250-499	6	1.67%
Regence BlueCross BlueSheild of Utah				100-249	7	0.67%
Total Employees	3100 - 6240		98.32%	3400 - 6990		17.00%

Source: Utah Department of Workforce Services

Cottonwood Heights does not maintain employer - employee data

OPERATING INFORMATION: CHART -16
Cottonwood Heights
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
General Government	18.00	18.00	17.00	17.00	16.50	16.50	16.50	18.00	18.00	17.75
Public Safety										
Police										
Sworn Officers	40.00	40.00	37.00	37.00	37.00	37.00	37.50	39.50	39.50	39.50
Non-Sworn	11.88	11.88	11.88	11.88	11.88	11.48	11.48	11.48	11.46	11.46
Ordinance Enforcement	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Highways and streets										
Maintenance	17.00	17.00	17.00	16.00	16.00	15.00	14.00	14.00	14.00	4.65
Community & Economic Development	8.25	7.75	7.75	7.75	7.75	7.75	7.75	6.50	6.50	6.04
Total	97.13	96.63	92.63	91.63	91.13	89.73	89.23	91.48	91.46	81.40

Source: City Finance / Budget department

OPERATING INFORMATION: CHART-17

Cottonwood Heights

Operating Indicators by Function

Last Ten Years

Fiscal year

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety										
Police:										
Total calls for service	16,288	17,446	17,793	17,700	17,992	16,917	19,009	19,041	18,463	18,210
Homicide, Armed Robbery, Assaults w/Weapons	39	25	20	37	39	35	37	44	51	38
Clearance Rates	66%	44%	90%	83%	66%	71%	86%	65%	70%	64%
Assault, Burglary, Larceny, Vehicle Thefts & Rape	601	644	625	742	946	1,002	971	1,014	1,170	1,101
Clearance Rates	45%	37%	28%	24%	26%	35%	37%	31%	29%	29%
Number of arrests	870	870	435	859	950	1,026	1,385	1,458	1,204	1,393
Number of DUI arrests	66	111	62	126	86	111	156	168	118	166
Avg. Priority 1 calls response times	4:07	3:56	4:06	3:53	4:13	4:37	4:10	4:10	4:36	4:19
Ordinance Enforcement										
Animal involved calls for service	904	956	1,156	1,437	1,543	637	844	860	854	932
Ordinance violation citations issued	147	262	222	178	203	164	203	221	126	166
Fire:										
Number of fire calls	641	639	671	578	701	481	610	460	633	531
Number of medical calls	1,607	1,513	1,593	1,743	1,491	1,454	1,358	1,755	2,081	1,843
Public Works										
Number of issued excavation permits closed	318	289	253	254	170	257	337	300	285	332
Square feet of chip seal applied	810,000	-	-	-	-	-	367,500	1,729,600	78,090	198,900
Square feet of slurry seal / reclaimer applied	90,000	-	-	1,800,000	2,508,000	4,011,000	2,100,000	-	-	-
Square feet of overlay completed	-	174,526	-	325,985	248,066	76,000	74,500	283,500	-	715,397
Community and Economic Development										
Number of business licenses renewed	1,803	1,815	1,384	1,573	1,561	1,533	1,555	1,464	1,302	1,259
Number of new business licenses issued	182	191	102	239	243	207	217	208	198	244
Building permits issued	905	836	797	819	824	682	669	691	591	402
Number of building inspections	2,063	2,308	2,125	1,951	2,062	2,175	2,164	1,926	1,389	1,403
Square footage of new office space	-	-	-	-	-	2,000	33,885	39,515	23,540	158,000
Total square footage of office space	2,225,009	2,517,895	3,371,506	2,726,282	2,726,282	2,726,282	2,724,282	2,690,397	2,650,882	2,627,342
Public Parks										
# of Parks / Acres										
Cayons School District	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3
Cottonwood Heights City	30.4	30.4	30.4	25.4	23.0	23.0	23.0	23.0	23.0	23.0
Salt Lake County	105.7	105.7	105.7	105.7	105.7	105.7	105.7	105.7	105.7	105.7
CWH Recreation District	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9

Source: Various City departments

OPERATING INFORMATION: CHART -18

Cottonwood Heights
Capital Asset Statistics by Function
Last Ten Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
General Government										
Number of general governmental buildings (owned / leased)	1/0	1/0	1/0	1/0	1/0	1/0	1/0	1/0	1/0	0/1
Number of storage buildings (owned/ leased)	0/2	0/2	0/4	0/4	0/4	0/4	0/4	0/4	0/4	0/4
Public Safety										
Number of Police stations (owned / leased)	1/0	1/0	1/0	1/0	1/0	1/0	1/0	1/0	1/0	0/1
Number of Police substations (County owned) (1)	1	1	1	1	1	1	1	1	1	1
Number of Fire stations (1)	2	2	2	2	2	2	2	2	2	2
Fire Hydrants	1255	1255	1255	1255	1261	1261	1258	1212	1212	1197
Library (1)	1	1	1	1	1	1	1	1	1	1
Public Works										
Number of Public Works buildings / Yards	1/1	1/1	1/1	1/1	1/1	1/1	1/1	1/1	1/1	0/1
Number of Street Lights	1,141	1,141	1,141	1,141	1,141	1,141	1,136	1,135	1,115	1,100
Number of Lane Miles of Road	270	270	270	270	270	270	270	265	253	253
Number of Intersections with Traffic Signals	32	32	32	32	32	32	32	32	32	32
Miles of Storm drains	92	92	92	92	92	92	92	90	86	86
Number of issued excavation permits closed	318	289	253	254	170	257	337	300	285	332
Recreations and Parks										
Number of full service Recreation Facilities (1)	1	1	1	1	1	1	1	1	1	1
Acres of City owned Parks	27.12	27.12	27.12	18.96	18.96	18.96	18.96	18.96	18.96	18.96
Acres of non-City owned Parks (1)	117.25	117.25	117.25	117.25	117.25	117.25	117.25	117.25	117.25	117.25

Source: City Finance / Budget department

(1) Owned by Salt Lake County or a Special District

COTTONWOOD HEIGHTS CITY



SUPPLEMENTAL REPORTS

For the Year Ended December 31, 2025

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COTTONWOOD HEIGHTS
Supplementary Reports
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For the Year Ended June 30, 2025

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

The Honorable Mayor, and
Members of the City Council
Cottonwood Heights, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cottonwood Heights (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cottonwood Heights' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cottonwood Heights' internal control. Accordingly, we do not express an opinion on the effectiveness of Cottonwood Heights' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Larson & Company, PC

Spanish Fork, Utah
December 12, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

The Honorable Mayor, and
Member of the City Council
Cottonwood Heights, Utah

Report on Compliance with General State Compliance Requirements

We have audited Cottonwood Heights' compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

Budgetary Compliance	Fund Balance
Restricted Taxes and Related Revenues	Fraud Risk Assessment
Government Fees	Cash Management
Tax Levy Revenue Recognition	Impact Fees
Utah Retirement Systems	Public Treasurer's Bond
Open and Public Meetings Act	

Opinion on Compliance

In our opinion, Cottonwood Heights complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cottonwood Heights and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Cottonwood Heights' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cottonwood Heights' government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cottonwood Heights' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cottonwood Heights' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide but not for the purpose of expressing an opinion on the effectiveness of Cottonwood Heights' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and questioned costs as items 2025-001. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on Cottonwood Heights' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Cottonwood Heights' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Larson & Company, PC

Spanish Fork, Utah
December 12, 2025

COTTONWOOD HEIGHTS

Schedule of Findings and Recommendations

For the Year Ended June 30, 2025

Current Year Findings

Financial Statement and State Compliance Findings:

2025-001 Cash Management

Criteria: Per Utah State Code, “51-4-1, states that a city shall deposit all collections within three banking days to a qualified depository.”

Condition and Context: Physical cash received by Cottonwood Heights was not deposited within three banking days.

Cause and Effect: Oversight by management and staff. Cottonwood Heights City is not in compliance with State Code.

Recommendation: We recommend that Cottonwood Heights City ensure all cash deposits are made within three business days of receipt, in accordance with best practices for timely financial management and internal controls.

Client Comment: Our cash receipting is very minimal with most deposits being under \$100 at most. The discovery was made that deposits were being held due to the minimal amount of funds and deposited together in a lump sum. A practice has been set in place to ensure that no matter the amount of deposits, they are fulfilled within compliance guidelines.

2025-002 Budget

Criteria: Per Utah Code Section 10-6-123 “City officer may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended.”

Condition and Context: Highways and Public Improvements department exceeded budgeted appropriations.

Cause and Effect: Oversight by management and staff. Cottonwood Heights City is not in compliance with State Code.

Recommendation: We recommend that management closely monitor fund/department expenditures and amend the budget as needed to ensure that fund expenditures do not exceed the amount appropriated in the adopted budget.

Client Comment: Management agrees with the finding. We were over budget on our Highways and Public Works due to an unexpected increase in our annual invoice related to fire hydrant maintenance from Salt Lake City public utilities. We attempted to negotiate this down and were unsuccessful in those efforts. Our city council is aware of this overage and it has been addressed moving forward so we won’t have this happen again.

Prior Year Findings

Financial Statement and State Compliance Findings

None noted during prior year.