



# HIGHLAND CITY COUNCIL MINUTES

Tuesday, March 4, 2025

Approved April 15, 2025

Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

## 6:00 PM WORK SESSION - LIBRARY FUND STUDY

The meeting was called to order by Mayor Kurt Ostler as a work session at 6:07 p.m. The meeting agenda was posted on the Utah State Public Meeting Website at least 24 hours prior to the meeting.

PRESIDING: Mayor Kurt Ostler

### COUNCIL MEMBERS:

|                   |         |
|-------------------|---------|
| Brittney P. Bills | Present |
| Ron Campbell      | Present |
| Doug Cortney      | Present |
| Kim Rodela        | Present |
| Scott L. Smith    | Present |

CITY STAFF PRESENT: City Administrator Erin Wells, Assistant City Administrator/Community Development Director Jay Baughman, City Attorney/Planning & Zoning Administrator Rob Patterson, City Recorder Stephannie Cottle, Finance Director David Mortensen, City Engineer/Public Works Director Chris Trusty, Library Director Donna Cardon

OTHERS PRESENT: Jon Hart, Fred Philpot (Zoom), Amy Brinton, Lynn Lonsdale, Kevin Tams, Wesley Warren

Fred Philpot, consultant from Lewis Young Robertson, used the aid of a PowerPoint presentation to provide the results of the library fund study. The objective of the study was to review the library fund, and the specific tax levy associated with the operations of the library and develop a financial model for sustainability of the library fund. He stated the assumptions used in the model were:

- Growth in revenues at 2% annually (2020-2024 Average Annual Growth Rate (AAGR) = 2.9%)
- Base expenses increase by 2% annually
- No existing debt

He presented several scenarios responsive to the model assumptions:

- Baseline scenario is no tax increase, no new operation and maintenance needs, and no new capital. This results in the cumulative fund balance decreasing steadily over the next 10 years.
- Scenario 1 is a 33% tax increase (\$1.42 per month more for Highland residents), plus some new operations and maintenance needs, no new capital. This increases the cumulative fund balance sufficient to replace aging books and pay for staffing needs until 2030.
- Scenario 2 is doubling the tax rate, increasing the average household monthly amount by \$4.35 per month;

this provides funding for new operations and maintenance needs and capital improvement plan (CIP) projects. This increases the cumulative fund balance sufficient to replace aging books, increase staff, and begin to save for a library addition. It would also support the cost of \$1M bond payments through 2030.

Mr. Philpot then offered a comparison of Highland's dedicated library tax rates with those in other communities and indicated the Highland Library is funded at the second lowest level of all single-city libraries in the State; it is funded at a lower rate than Gunnison that has an average household income of \$55,000 and Santaquin which has a similar population. Most of these communities have about half the average household income of Highland.

Throughout Mr. Philpot's presentation, he engaged in discussion with the Mayor, Council, and Library Director Cardon regarding the size and age of the current library collection; wage benchmarking for the Library Director and other library staff; the appropriate fund balance amount for the library; natural growth in tax revenue for the library associated with population growth; whether an impact fee could be imposed for the library; options for absorbing some operational costs into the City's budget; membership auto renewal options; and additional information needed to continue discussion of the ideal scenario for the library.

Council Member Smith expressed his support for the library but noted there are many other moving parts in terms of other taxes and fees that will be increasing in the next fiscal year; he supports a library tax increase at some point, but that may not be this year. He would like to think more about the information provided tonight before giving any clear direction on the matter. Ms. Cardon stated that because other fees and taxes are going to be increasing this year or next, she thinks now is the right time to increase the library tax rate. She feels it would be best to increase the library tax before tax implications of the creation of a new School District come to fruition. Mayor Ostler referenced the 2024 community survey, in which 70 percent of the respondents said they would not support a tax increase for the library. He stated that given the current political environment, it will be necessary for the City to be cautious when considering any fee or tax increases. Ms. Cardon stated she wished to address the results of the community survey; she acknowledged that 70 percent of respondents were opposed to a library tax increase, but there was also a 94 percent approval rating for the library and 68 percent said they would use the library consortium service. These are high ratings for the library, and it is interesting that a majority of the people who expressed support for the library no longer have children at home. Finally, relative to keeping up with growth and inflation of library costs, 38 percent said definitely not while 32 percent said probably not; she feels that with a bit of education and publicity about the library, the 'probably not' answers may shift to 'probably yes' or 'definitely yes'. She does not believe the financial implications of a library tax increase are a 'hard sell'; \$4.65 could get someone a half-dozen eggs, a specialty drink, or a large cookie versus a whole bunch of new books for kids, shorter wait times at the library, or support for seniors. If the City were to start a public relations campaign, many people would get behind it and the result could be bringing needed revenue to the library and to the City, by extension. Not proceeding with increasing the tax rate for the library is a missed opportunity.

The Mayor and Council thanked Ms. Cardon for all of her efforts and for the information provided tonight. They also thanked the Library Board for the valuable service they provide. Mayor Ostler concluded the Council will need additional time to consider the information presented tonight and consider it as part of the 'bigger picture' in terms of the City's budget and needs.

## **7:00 PM REGULAR SESSION**

Call to Order: Mayor Kurt Ostler

Invocation: Council Member Brittney P. Bills

Pledge of Allegiance: Mayor Kurt Ostler

The meeting was called to order by Mayor Kurt Ostler as a regular session at 7:09 pm. The meeting agenda was posted on the Utah State Public Meeting Website at least 24 hours prior to the meeting. The prayer was offered by Council Member Brittney P. Bills and those in attendance were led in the Pledge of Allegiance by Mayor Kurt Ostler.



PRESIDING: Mayor Kurt Ostler

COUNCIL MEMBERS:

|                   |         |
|-------------------|---------|
| Brittney P. Bills | Present |
| Ron Campbell      | Present |
| Doug Cortney      | Present |
| Kim Rodela        | Present |
| Scott L. Smith    | Present |

CITY STAFF PRESENT: City Administrator Erin Wells, Assistant City Administrator/Community Development Director Jay Baughman, City Attorney/Planning & Zoning Administrator Rob Patterson, City Recorder Stephannie Cottle, Finance Director David Mortensen, City Engineer/Public Works Director Chris Trusty, Police Chief Brian Gwilliam, Fire Chief Brian Patten

OTHERS PRESENT: Jon Hart, Carl Hull, Aaron Gleave, Steve Rowley, Lynn Lonsdale, Wesley Warren, Amy Brinton, Curtis Miner, Manuel Bueno, Liz Rice, Jerry Abbott, Alex Bean, Traci Barnes, Maryelle Bueno, Dave Barnes, Chris Howden, Brandon McCollum

## 1. UNSCHEDULED PUBLIC APPEARANCES

Please limit comments to three minutes per person. Please state your name.

Carl Hull stated he is a 26-year resident of Highland City and a frequent user of Canal Boulevard. He would like to increase the speed limit on that road to 35 miles per hour. Speeders are going to speed no matter what; the speed bumps will slow them down a bit, but they will still speed. He feels that a reduction of the speed limit is a way of punishing those that follow the laws. The decision to lower the speed limit on Canal Boulevard is a result of a small number of people who drive fast on the road, but everyone will be punished. The reduced speed limit will create a speed trap for people who live on or travel the road frequently. He stated 35 miles per hour is an appropriate speed limit because Canal Boulevard intersects with 6000 West and the speed limit on that road is 35 miles per hour. He acknowledged 6000 West is a straight road, but it is narrower than Canal Boulevard and has driveways coming onto the street. Canal Boulevard has no driveways coming onto the street, is much wider, and has just one swell that can be safely managed at 35 miles per hour. He asked the Council to consider setting the speed limit back to 35 miles per hour and post signs notifying speeders that fines are double for speeding on the road and then aggressively enforce the speed limit and punish those that deserve to be punished. He stated that if the City does reduce the speed limit to 25 miles per hour, he will obey that law, but he will be aggravated the entire time.

Aaron Gleave stated he has been a resident of Highland for four years and he has young children; he has noticed families driving through the City on golf carts with their children and he felt that he has moved to coolest city ever. Eighteen months later, he invested in a golf cart for his family and has enjoyed using it over the past two years. He visits the parks frequently and goes to other areas of the community in a way he never had before, and his children love it. They discovered driving their golf cart connects them with the community in a way he did not expect. He has made many friends throughout the community and has driven most of the collector roads on his golf cart as he has found the road shoulders are wide enough to accommodate up to two golf carts. Golf carts are not meant to be intimidating, they do not go much faster than 15 miles per hour, and he is in strong support of Highland allowing golf cart use in a responsible way. He reviewed some data about traffic accidents in and around the community; there have been 31 vehicle accidents on 10400 North, but no accidents involving a golf cart anywhere in the City, ever. This is remarkable given that people have been driving golf carts in Highland for several years. He asked the Council to consider supporting freedoms and liberties of residents and keep in mind that golf carts do contribute in a meaningful way to community connectiveness.

## 2. ACTION ITEMS

### a. PUBLIC HEARING/ORDINANCE: PO Zone Amendments *Land Use (Legislative)*

*Rob Patterson, City Attorney/Planning & Zoning Administrator*

The City Council will conduct a public hearing and consider a request from Patterson Homes to amend the PO zone.

City Attorney/Planning & Zoning Administrator Patterson explained there are two areas of the City that currently have the Professional Office (PO) Zone designated: an area on the west side of Highland Boulevard and an office lot across from Lone Peak High School. The PO Zone was created in 2002-2003 in connection with annexation of the Sunset Mountain property, which was master-planned at inception with specific design and development conditions, similar to a PD. There were three exhibits that were part of the PO Zone: master site plan exhibit, master landscaping exhibit, and building-specific design requirements and architecture standards. The purposes of the PO Zone were:

- Create an attractive commercial zone for office-type activities and uses that does not include retail
- Promote development in harmony with open, rural atmosphere
- Promote architecture with residential flavor and avoid industrial or pre-fabricated appearances
- Allow some flexibility of architecture to encourage creativity of design

Additional properties were zoned PO in 2007 and 2018, and the PO Zone exhibits were amended in 2005 for storage units, 2019-2020 for flex office buildings, and 2021 for building ‘c’ and building ‘7’; the amendments do not address new PO properties nor always specifically address/revise the site plan or design criteria. He presented the original PO Zone exhibits A, B, and C, after which he noted the application for a text amendment, submitted by Patterson Homes, would do the following:

- Removes prior site-specific site plan, landscaping plan, and architectural design details
- Changes text to remove references to exhibits
- Provides new architectural design exhibit
- Requires all sites to be master planned prior to site plan or architectural design
- Change screening of HVAC/mechanical equipment to require screening from adjacent streets and properties, but requiring completely hidden
- Clarify site plan requirements
- Remove front setback landscaping requirement that was in conflict with front setback requirements

He indicated that as he reviewed the proposed text amendment, he was not concerned about the implications; however, the biggest question relates to architectural design in the PO Zone going forward. He presented the original architectural design exhibit proposed by Patterson Homes, which was presented to the Planning Commission last week. The Commission reviewed the application and invited public comment on the current proposal. The Commission discussed the changes and generally were not concerned with the text changes. Discussion centered on changes to the exhibits and architectural requirements and there was significant discussion on building height and roof requirements and whether to retain some or all of Exhibit C’s building-specific design requirements, such as square footage limitations and story limitations (i.e., one-story limit for buildings on the east side of Highland Boulevard.) The Commission ultimately voted, six to one, to recommend approval of proposed text amendments with two stipulations

- Top middle and bottom left examples in the architectural design exhibit be replaced with two of the residential examples presented by Patterson Homes (“Saltaire” and “Mountain Ridge”)
- The previously approved master site plan would remain the approved master site plan for the properties shown therein, and applicants who want to change that plan would need to amend or update the plan through the new master site plan process.



PROPOSED EXHIBIT WITH PLANNING COMMISSION CHANGES:



Additionally, per the Commission's recommendation, language would be added to Section 3-4904(2)(a): [development requires:]

- "Master Site Plan approval per 3-4901, which includes review and approval of overall building location and footprint, access and parking areas, and compatibility with adjacent developments. If a master site plan was previously approved for a property, including master site plans previously approved and adopted as part of the P.O. zone, the applicant must comply with such master site plan unless they receive new master site plan approval as set forth herein."

Council Member Campbell asked if the maximum height for a single-story building would be 35 feet. Mr. Patterson answered yes, but that would be a fairly large building for just one-story.

Council Member Cortney referenced the Commission's proposed text amendment pertaining to the Master Site Plan and asked if that only applies to Exhibit A to the PO Zone. Mr. Patterson stated there may be some confusion around that matter; his understanding was that the Commission wanted to remove all exhibits except for Exhibit A, with the Master Site Plan as the only approved site plan and add a new exhibit. Whether that is the right approach is up to the Council to decide.

Council Member Smith referred to the amendment that occurred in 2021 regarding building '7'; that building is currently two stories with a flat roof and much more modern architecture than is present elsewhere in the Zone. He does not remember that architecture style being approved. Mr. Patterson stated the Council reviewed and approved the elevations for building '7' in 2021; however, the way it was presented was unclear and he and the Council thought the decision was administrative in nature and that the Planning Commission was the land use authority for architectural design. The Council and staff treated the application as one that was administrative in nature, even though it was a legislative matter. The Council approved the architectural design as recommended by the Planning Commission, but without a full understanding of the implications of that approval. Council Member Smith stated that building would be consistent with the proposed amendments to the PO Zone. Mr. Patterson agreed.

Council Member Bills asked if the proposal before the Council tonight would change architectural design of a PO building to administrative rather than legislative, to which Mr. Patterson answered yes; if a building complies with the language of the Zone and Exhibit A, it would qualify for administrative approval.

Council Member Smith stated that he is still not clear on the Planning Commission's recommendations regarding the landscaping exhibit. Mr. Patterson stated the Planning Commission recommended elimination of that exhibit. The text of the ordinance still provides landscaping requirements, but the actual landscaping plan identified in Exhibit B will be removed. Mayor Ostler asked how that will impact the center medians that are landscaped. Mr. Patterson stated the master site plan still identifies those medians and that plan will remain in effect. A certificate of occupancy will not be issued until the medians are constructed. Mayor Ostler suggested it would be wise to include language in the motion regarding compliance with the master plan in terms of the landscape design. Mr. Patterson stated that would be appropriate.

Mr. Patterson concluded staff has reviewed and supports the amendment to the language of the PO zone to make it applicable to all PO zone property. Staff does not have a recommendation regarding the architectural exhibit or whether to keep original Exhibit C's building restrictions (size, stories, etc.). This is a legislative decision, and the Council has broad discretion when considering the application; a public hearing must be held before any action can be taken.

Mayor Ostler invited input from the applicant.

Curtis Miner stated he is the architect for Patterson Development Group; he also used the aid of a PowerPoint presentation to summarize the merits of the application. He noted the main purposes of the zone were:

1. ... Achieve a high quality, cohesive design for professional office development in Highland City.
2. ... Lend guidance to staff, the Planning Commission and the City Council in the review and evaluation of future development projects related to professional office development
3. Allow some flexibility of architecture so as to encourage creativity of design.

He also summarized the purpose of the three exhibits to the PO Zone and emphasized that currently, the PO Zone is neither a general one nor a site-specific zone. One aspect of the zone that generated a great deal of discussion among the Planning Commission pertains to the purpose/intent statement in the introduction of the Zone: "The



overall intent of these regulations is to establish a standard for professional office and storage facility development and maintenance which: b. Promotes architecture with a residential flavor.” He stated the word ‘flavor’ is not a technical term and he presented images of residential architecture throughout Highland on Saltaire Drive, Mountain Ridge Way, Bull River, and Yorkshire Court, all of which have a modern feeling with a flat roof. He then stated another point of concern for the Planning Commission was building heights; the original site plan, Exhibit A, and the architectural building elevation drawings, Exhibit C, called for one-story buildings. Section 3-4907, Building Height, of the PO Zone says: “the maximum height of any building in the Professional Office zone shall not exceed thirty-five (35) feet.” He presented an aerial photograph of the area around the subject property, on the eastern side of Highland Boulevard, and stated the closest home to the subject property is about 300 feet away. He wanted to understand the impact of a one-story building versus a two-story building on the subject property and stated regardless of the pitch of the roof of the building, depending on how it is configured, it could be 35-feet in height and many of the residential buildings immediately east of the subject property are 35 feet. The difference in height for a one-story building with a 6-12 pitch versus a two-story building with a 12-12 pitch is about 10.5 feet. The elevation difference that is created by that height difference is about two degrees, and this is the impact on the nearest residential property. A two-degree difference is very difficult to observe in a regular field of view. There was an argument that the one-story building height requirement must be maintained in the zone, but his thought is that in order to be fair and equitable to all property owners, removing the exhibit that requires one-story buildings and simply allowing the 35-foot building height as is allowed for all other residential properties would be appropriate. He also reminded the Council that views are not protected in zoning ordinances, unless there is a specific development code that protects view corridors. He concluded the purpose of the proposed text amendment is to update the PO Zone for general use in Highland by:

1. Requiring a “Master Site Plan” for all properties to ensure development is compatible with adjacent properties.
2. Requiring compliance with updated architectural design standards (see new Exhibit “A”).
3. Removing references to site specific and outdated design guidelines (previous exhibits “A”, “B”, and “C”).
4. Making technical edits and adjustments to better conform with other Highland City code sections.

This will allow the PO Zone to be used in other locations in Highland City. He also presented his proposed updates to architectural design standards, Exhibit A. He noted there have already been some buildings approved in the PO zone that do not comply with the original Exhibit A, so there are already some inconsistencies in application of the Code. He added that he has adjusted his proposed Exhibit A as requested by the Planning Commission to include images of some homes that are already constructed in the City.

Council Member Smith asked Mr. Miner if he has a photo of the final product of building 7 that is being built on the west side of the project area. Mr. Miner indicated that he does not have a copy of that tonight. Council Member Smith asked if it is similar to one of the images on the proposed Exhibit A. Mr. Miner stated it is consistent with a more contemporary building style. Council Member Smith asked Mr. Miner which design will be used for building 3, to which Mr. Miner indicated the building in the center of all photographs on Exhibit A. He stated that building 3 was actually the impetus for this entire discussion; Patterson Development Group desired to make the PO Zone more appropriate for current development and design rather than what was in style 20 years ago. This led to discussion of the plans for building 3 and the purpose of building something different than the two buildings that have already been constructed on the property. Mr. Miner suggested the design of the two existing buildings are no longer efficient and do not suit the needs of today’s market. The updated design takes advantage of simplified building methodologies and efficiencies. Mayor Ostler inquired as to the intended use of the lower level of building 3. Mr. Miner indicated that due to the slope of the property, it will be below grade and not accessible by vehicle; his understanding is that it is intended to be used as office space.

Mayor Ostler opened the public hearing at 7:49 p.m.

Alex Bean stated he is the owner of the home that Mr. Miner used in his diagram of roof pitches and distance between the nearest home and the subject property. He stated that he has beehives that are closer than 300 feet

to the subject property and he paid a significant amount of money for his property and has spent millions on the home and hundreds of thousands on trees and other landscaping to keep the property looking natural. He has a giant window in the front of his home that will look directly into the office building. The second floor of the office building does matter because the windows of the office building will look directly into his children's rooms. He stated that he is pro-business and pro-development because it leads to a vital economy, but when he bought his home, he understood the intent to require single-level buildings on the subject property. He knew this meant he would be able to view the sunset regardless of what was being built on the property. He noted that he would prefer the building be pushed to the south to increase the distance from the office development and the residential neighborhood. He advised the Council to consider Patterson's record of following the Master Plan; the median that has been constructed is concrete, not landscaped. They have done nothing to beautify the area in a way to show him that their intent is to make this project a positive aspect for Highland. He has spent significantly more than them out of his personal bank account to make Highland beautiful. He welcomes the business but asked that the Council uphold the original requirement for single-story buildings.

Brandon McCollum stated that he has met with Patterson Development Group and the homeowner's association (HOA) for Bull River when the first proposal for development of the property was made. He suggested professional development of the property that would have a residential flavor, and Patterson was quite enthusiastic about that concept at the time. He and his neighbors agreed that would be a lower impact on the area. He is not thrilled about the proposed amendments, including the style of the buildings. He noted that Mr. Miner has presented images of the elevations from the street side of the buildings, but the existing residents will be looking at the rear elevations, which is much different than the front. The two buildings that have already been built are three stories in height, though not all stories are above ground level. However, this impacts the nearby residents. He stated Mr. Miner has presented options for minimizing the impact of the development, but some of the adjustments that are being made result in the buildings no longer looking like residences. This is not what the neighbors agreed to 20 years ago; the changes are convenient for Patterson Development Group, but not good for the residents.

Traci Barnes stated that everyone who built their home near the subject property did so believing that the future development would be one-story in height. She and others have large windows that will directly face the new development. She referenced page 36 of the meeting packet, highlighting buildings seven and five; building five was originally much smaller on the plans and she asked if the actual development is a combination of buildings four and five. She stated there is a hill on the property and she asked if the building elevations will be measured at the top of the hill or at the bottom of the hill. Mr. Patterson stated that buildings four and six will still be built, in addition to building five. The allowed elevation is 35 feet from the finished grade of the property, so it is measured from the higher point of the property. This often results in some stories of a building being located below the ground level, which is allowed. Ms. Barnes stated this means the buildings could be built starting at the top of the hill, so they will be very tall and block her view of the sunset. She added that a modern look on the exterior of the new buildings will not match building three and will look very odd and different. If the developer were willing to adjust the design to make the project more cohesive, and reduce the building heights to one story, that would make more sense to her.

Manuel Bueno thanked the Mayor and Council for their service. He stated he lives just north of Ms. Barnes, and he wondered if the requested amendment is truly needed when the PO zone has been functioning for so many years. This amendment will hurt the residents, and he asked if it will result in elimination of the conditional use permit (CUP) approval process. He stated that the original proposal for the subject property referred to one of the buildings as office warehouse, but it is truly a warehouse and the name was later changed to 'flex'; the citizens were able to get involved in discussion of that element of the project and the developer still got approval to build, but the residents received a much better project. It is concerning to him that a developer is approaching the City to change zoning laws and proposing something that is 'better' in their opinion. He also referenced the shift to modern architecture and noted that one of the buildings on the site is very modern, but he missed notification of the CUP application for that change, and he inquired as to the current notification requirements.

for CUP permits. He stated he feels the developer can follow the existing laws of the City and still achieve a modern development on the site. He concluded the most recent plan for the project identifies some type of improvement on the area immediately south of the church that was marked as open space. He asked for information on development of that area.

Dave Barnes addressed the medians in Highland Boulevard throughout the development; the residents in the area have cleaned the medians because they look so bad, and Patterson Development Group filled one of the medians with concrete rather than landscaping them. He asked that the City pays attention to that matter and requires decorative medians rather than concrete medians. He then stated that he bought his home knowing Patterson Development Group owned the property across from his home; he has lived with their construction and dust for many years and now there is a risk of the value of his home being negatively impacted due to these new plans and elimination of his views. He added that he is disappointed that power lines in the area are overhead rather than underground. He asked the City to consider the quality of life and property values of the residents that live near the subject property and keep the current plans requiring one-story buildings.

Jerry Abbott stated he lives in Bull River as well and wished to offer some clarification so the Mayor and Council are fully informed before making a decision on this application. He stated he was here when Patterson Development Group first asked to deviate from the Master Plan that was approved for the project. When he bought his home, he was told the entire area would have a residential feel and he was comfortable with the original plans. Patterson indicated that the Master Plan created a financial hardship for them, and they asked the City for lenience, which is how one of the buildings was built. That leniency is now being used against the residents. The area has a very commercial appearance and does not have a residential feel. He discussed ongoing discussions with the Patterson Development Group and the Planning Commission throughout the process of requesting the deviation from the plans and asked that the Council consider the impact further changes to the Master Plan will have on residents and the community at large. The Council can require protection of views and appropriate buffering between commercial and residential properties. He was originally comfortable with a slight deviation relative to architecture and landscaping, but he does not support an increase in building heights from one story to two stories.

Liz Rice stated she was a member of the Planning Commission when the original plan for this property was approved; the Commission wanted it to have a residential feeling and one-story in height, but she has an issue with flat roofs. She feels pitched roofs are more attractive and stable during the winter months.

Mayor Kurt Ostler closed the public hearing at 8:10 pm.

Mr. Patterson provided the plan that was approved for building seven as part of the overall site plan in 2021; the actual building design aligns with that approved site plan. Council Member Smith asked Mr. Patterson if it is his opinion that building seven has a residential look and feel. Mr. Patterson stated that there are some residences that look like building seven, but it is not a traditional residential look. The majority of homes in Highland are traditional in nature and have pitched roofs. However, it is a policy decision for the Council whether to allow a more transitional design as has been seen in some of the newer developments in Highland City.

Mayor Ostler facilitated discussion among the Council and staff regarding the application and whether approving something that is only specific to the subject property would set a legal precedent. There was extensive discussion and debate regarding whether to allow flat roofs rather than sloped roofs and if that would be considered a non-conforming use; maximum building heights and whether a two-story building can measure below 35 feet depending on the measurement of the building height from finished grade; and the impact that broad changes to the PO zone could have on other properties in the City.

Council Member Campbell expressed his beliefs that the building heights should be maintained, whether the buildings are one or two stories in height. He understands the argument behind flat roofs but believes pitched

roofs should be required. He does not like the idea of a developer ‘changing the rules’ for a development after it has been approved, and residents have bought into an area based upon approved plans. Council Member Rodela understands Council Member Campbell’s point of view; if the maximum building height is maintained at 35 feet, but the developer is able to build a two-story building and stay under that height, that should not be of concern to the City or residents. She does not understand the opposition to two stories versus one story if the maximum height will stay the same.

Council Member Cortney stated that he believes the ordinance must be amended because it is not functional for locations that are not part of the original plans, meaning the space immediately south of the church. He does not have any objection to the text changes, or the architectural styles exhibit, though some of the styles would not be his personal choice. He does not want to impose his aesthetic sense on others. The third thing, which gives him heartburn, is that the developer brought a proposal to the City, there was some back and forth, and the proposal was approved and written into the City Code. The developer is now broaching a discussion around architectural styles, but wants to make other changes, such as allowing a two-story building. He would be in favor of approving the amendment if the City Council limits buildings that front onto the east side of Highland Boulevard to one-story in height, adds a requirement to landscape the medians, and changes back to the average for determining building height from grade. Council Member Smith asked if that means building three would be one-story in height, but the other two buildings could be taller. Council Member Cortney stated he would limit the one-story requirement to buildings one, two, and three; one and two are already built, but if they were eventually demolished and rebuilt, they could still only be one-story in height.

Council Member Bills stated that if the Council were to approve the changes requested tonight, Patterson could come back to the Planning Commission to request administrative approval of future development. The Planning Commission’s authority would be limited as they would be required to approve future plans. Mr. Patterson stated that is correct if the plans align with the code text amendments and the exhibits to the zone. Council Member Bills stated she is comfortable changing the exhibit relating to architectural design; however, she recalls the amount of work and compromise that went into discussions between the developer and residents and the agreement that was eventually signed to document the position of both sides. She is less willing to throw that work away and make a totally different decision. She agrees with Council Member Cortney’s suggestion to require one-story buildings on the east side of Highland Boulevard, and she would be interested in hearing more from the Planning Commission regarding their feelings about whether the text amendments would tie their hands.

Council Member Campbell asked if the Planning Commission’s motion included a limitation on buildings on the east side of Highland Boulevard to keep them at one-story. Mr. Patterson stated the motion removed the three exhibits, which would remove the one-story restriction on the east side of Highland Boulevard; he cannot say with 100 percent certainty that the Commission understood that was part of their motion. Council Member Bills stated that she believes it was unclear that the recommendation the Planning Commission was making would impact the ability to build a two-story building. Council Member Campbell noted that he served on the Planning Commission for five years and that body takes their work very seriously; he wants to honor a six to one vote unless there is a reason not to. He wondered if it would be appropriate to table action on the application tonight and ask the Planning Commission to clarify their recommendation. The Council debated whether to rely on the current recommendation of the Planning Commission or send the matter back to them for further consideration.

Council Member Smith stated that it is important for the Council to consider the long-term implications of this vote; if the changes to the PO zone are approved, those changes will apply to all PO-zoned property in the City, not just the subject property.

Council Member Campbell asked that the Council have the opportunity to hear from Planning Commissioner Howden; he asked Commissioner Howden if the Commission understood they were removing the one-story requirement for properties on the east side of Highland Boulevard. Mr. Howden stated the Commission discussed the 35-foot limitation and the architecture of a building, and whether the one-story restriction as important. The



Commission felt that as long as the building’s height was no taller than 35-feet, they were comfortable with two stories rather than one. If the Council has any doubts, he believes the Planning Commission would be amenable to a request from the Council for them to clarify their intent relative to the number of stories allowed in a building. Council Member Smith asked if the Commission was comfortable with any/all of the architectural styles included in the exhibit to be located in or near a residential area. Mr. Howden stated he cannot speak for the entire Commission, but he believes they understood the exhibit and that some of the buildings were two-stories rather than one.

Council Member Bills stated she listened to the Planning Commission meeting, but the audio was not good quality; she supports a decision to send the item back to the Commission to clarify their recommendation.

*Council Member Ron Campbell MOVED to continue this item to the April 15th City Council Meeting in order to allow the Planning Commission to clarify their recommendation on removing the one-story requirement and to make a determination on how height is to be measured.*

*Council Member Kim Rodela SECONDED the motion.*

Council Member Smith noted there is a big difference between a flat roof, two-story, 35-foot-tall building and one that has a gabled roof. He would like a bit more discussion on flat versus pitched roofs and maximum stories.

Council Members Cortney stated he would also like some clarification on the method for measuring building heights from grade.

*Council Member Campbell stated he will include those two requests in his motion.*

*Council Member Rodela indicated that her SECOND of the motion stands.*

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

Mayor Kurt Ostler requested that the Audit Presentation be moved to this point in the meeting.

**3. PRESENTATIONS**

**a. 2023-2024 Audit Presentation**

Steven Rowley from Keddington & Christensen Certified Public Accountants, will present the results of the Highland City FY24 audit.

Steve Rowley, Keddington & Christensen Certified Public Accountants, presented the Fiscal Year (FY) 2024 audit of Highland City; he summarized State audit requirements, the basis for audit opinions, and the responsibilities of City Administration, the City Council, and the auditing firm in the audit process. For the single audit, Keddington & Christensen has issued an unmodified opinion with no instances of non-compliance; in terms of State compliance, there were no instances of noncompliance and no weaknesses or deficiencies in regard to internal controls; and there were no difficulties working with City management. There was one material

weakness noted related to financial close and reporting to which the city provided a written response and corrective action plan.

Throughout his presentation, Mr. Rowley engaged in discussion with the Council regarding the material correctness of financial statements, findings of past audits that have been corrected, effectiveness of internal controls; auditing of grant funds/reports, financial highlights and the need to adjust the general fund balance to be in-line with fund balance controls from the State of Utah, the cash balance in unrestricted funds, and outstanding bond debt of the City;

**b. ORDINANCE: Fling Committee Structure and Amendments *Municipal Code Update***  
*(Legislative)*

*Rob Patterson, City Attorney/Planning & Zoning Administrator*

The City Council will consider a municipal code amendment that formally establishes and clarifies the scope and membership of the Fling Committee.

Council Member Scott L. Smith requested a 5-minute break at approximately 9:15 p.m.

City Attorney/Planning & Zoning Administrator Patterson explained on February 18, 2025, the Council discussed the current status of City committees and directed staff to prepare updates to the City's code to align the City committees with current and best practices. The Council directed staff to begin with the Fling Committee, as that was a committee that needs to be functioning properly as soon as possible in order to plan and prepare the 2025 Fling. The Council previously adopted an Ordinance 2011-1 establishing the Fling Committee in 2011, but it appears that ordinance either did not make it into City Code or was inadvertently repealed. Regardless, the Fling Committee has not been following that ordinance, so a new code amendment is warranted. The Fling Committee has been operating since the 1980s in some capacity, but the structure of the Committee is not clear and staff has discussed whether a formal committee is needed. The Fling Committee has generally been treated like a formal Committee because it has been a “committee” for decades. However, committees are not necessary. Committees are formal in that they are organized like a public body, require appointments, meetings and agendas, etc. and formal committees are less responsive and can be slow to react or make decisions. Formal committees require rules and procedures. Options available to the Council regarding the Fling Committee include:

- Disband (or don't create) the formal “Fling Committee” and instead simply empower staff to operate the Fling and have residents volunteer to help;
  - Can appoint a council member to be liaison with staff and assist with volunteers; and
  - Similar to other City events (egg hunt, trick-or-treat street) that are run by staff
- Create a formal “Fling Committee”
  - Staff asks for additional time to review the structure of the committee.

Council Member Campbell stated he likes the idea of disbanding because that will give the staff the ability to pull together a team without significant formalities. Council Members Rodela and Bills agreed. Council Member Cortney agreed as well and indicated this would be a vote in favor of the status quo. Council Member Smith asked City Administrator Wells if this action would put an undue burden on City staff. Ms. Wells answered no; it will not change how the City has been operating, and it will eliminate the need for an additional committee to abide by rules and regulations that apply to public bodies. Council Member Smith asked if the City has difficulty getting enough volunteers for the Fling, to which Ms. Wells answered no.

*Council Member Ron Campbell MOVED to dissolve the Fling Committee and instruct staff to directly oversee and operate the Fling with the assistance of volunteers.*

*Council Member Kim Rodela SECONDED the motion.*

Council Member Cortney stated he is concerned about the implications of the motion; there has not been a formal committee, so there is not really something to dissolve. Mr. Patterson stated that is a good point, but a group of volunteers has been operating as a committee in some ways. If the Council does not want a formal structure, it is good to make a motion to that effect. Council Member Cortney stated he is comfortable with the motion based upon Mr. Patterson’s explanation.

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

- c. RESOLUTION: Resolution For Meeting End Time General City Management**  
*Rob Patterson, City Attorney/Planning & Zoning Administrator*  
The City Council will consider changing its current standard meeting end time from 10:00 pm to 9:00 pm.

City Attorney/Planning & Zoning Administrator Patterson explained on February 18, 2025, the City Council amended its meeting schedule to adjust the standard meeting start time from 7:00 p.m. to 6:00 p.m., beginning May 1. There was brief discussion about the standard meeting end time, with comments made that it should be adjusted to 9:00 p.m., but also that, when necessary, the Council would hold work sessions after the regular business meeting.

Council Member Cortney provided the Council with a substitute resolution that would be different from what was included in the meeting packet. Mr. Patterson highlighted the differences between the original resolution and Council Member Cortney’s resolution were that a super majority vote would be required to extend a meeting past 9:00 p.m. Council Member Cortney stated that requirement has been stated in the past, but it has not been followed; motions to extend meeting times have been approved by a vote of three to two.

There was brief discussion about the requirement for a super majority versus a simple majority; Council Member Smith indicated he is comfortable with a simple majority for the purpose of extending a meeting end time.

*Council Member Kim Rodela MOVED that City Council ADOPT the proposed resolution setting a meeting end time of 9:00 p.m., which could be extended with a majority vote, effective May 1, 2025.*

*Council Member Doug Cortney SECONDED the motion.*

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

#### 4. **CONSENT ITEMS**

Items on the consent agenda are of a routine nature. They are intended to be acted upon in one motion. Items on the consent agenda may be pulled for separate consideration.

**b. Approval or Ratification of Large Purchases** *General City Management*  
*David Mortensen, Finance Director*

*Council Member Doug Cortney pulled item 4a from consent agenda.*

*Council Member Doug Cortney MOVED to adopt the consent agenda.*

*Council Member Scott L. Smith SECONDED the motion.*

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

**a. Approval of Meeting Minutes** *General City Management*  
*Stephannie Cottle, City Recorder*  
*February 4, 2025*

*Council Member Doug Cortney reviewed his revisions of the February 4, 2025 minutes.*

*Council Member Scott L. Smith MOVED that the Highland City Council approve consent item 4a, with revisions that Council Member Cortney has suggested.*

*Council Member Kim Rodela SECONDED the motion.*

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

#### 5. **EXPEDITED ITEMS**

Items in this section are to be acted upon by City Council. These items have been brought before Council previously. The report and presentation may be abbreviated.

**a. ACTION: Sewer Slip Lining Project Bid Award** *General City Management* *Chris Trusty, City Engineer/Public Works Director*

The City Council will consider a bid award to Insituform for the installation of 4,955 linear feet for an 8-inch sewer liner in an amount up to \$249,850 for the FY 2025 Sewer Slip Lining Project.

City Engineer/Public Works Director Trusty explained as part of the approved FY25 City budget, the City Council approved funding for Sanitary Sewer Capital Expenses as they relate to the operations and maintenance of city infrastructure. This budget line item included the slip lining project which has been part of the City's overall capital improvement plan to extend the service life of the sewer main lines throughout the City. He presented an aerial map highlighting the locations of the slip lining projects, and noted he is asking that the Council award phase one of the project tonight. The low bid for the project was \$227,136 from Insituform. Typically, a 10 percent contingency is added to the bid award, so the total value of the bid award is up to \$249,850. Staff has been pleased with the work that Insituform has done in the past and recommends working with them again.

Council Member Smith stated a slip lining project was completed in his neighborhood in the past and it went very smoothly, and he supports future projects; however, he thought that the sewer was already replaced in the area identified as phase one. Mr. Trusty stated that projects have not been completed in this area. This led to discussion of the areas in which sewer pipes were replaced, with City Administrator Wells referring to the aerial map to identify the areas in which sewer pipes were completed. The Council also reviewed future phases of the slip-lining project.

Mayor Ostler stated he has heard from residents on 6400 West who have noticed that the sewer manholes on that street have been marked. He asked what that is related to. Mr. Trusty stated the City has been analyzing the sewer lines in the area; a flow meter was installed in the area in February.

*Council Member Kim Rodela MOVED that the City Council APPROVE a contract with Insituform in an amount up to \$249,850 for the FY25 Sewer lining project and AUTHORIZE the City Administrator to sign the contract documents.*

*Council Member Ron Campbell SECONDED the motion.*

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

Council Member Campbell stated that the City Council reviews and approves a budget annually, which includes funding for capital improvement projects. He does not understand why staff needs to come back to the Council for approval of the contract award as long as the project has been included in the budget. He stated he cannot picture the Council rejecting a staff recommendation to award a contract that has already been discussed in the budget; this process seems like a waste of time. Mayor Ostler stated that there have been instances in the past when staff has recommended against accepting the low bid for a project and that has required a Council action. Council Member Campbell stated those actions could still be brought to the Council, but a formal action is not necessary in his opinion.

Council Member Cortney stated that the question is whether staff or the Council should be making the decision. He referred to a case where staff may decide not to accept the low bid and Council Member Campbell reiterated

that type of action would still be brought to the Council. He stated the item that was on the agenda tonight is in line with the budget that was approved; staff is simply saying they are going to spend the budgeted funds as planned and the Council would not typically reject that proposal.

Council Member Smith stated he understands Council Member Campbell's argument, but the purpose of bringing these matters to the Council is public transparency; the Council does adopt a budget every year, but it is fairly detailed, and the public likely will not review every line item to understand the capital projects that are being funded over the course of the year. Mayor Ostler agreed; presenting these types of items to the Council gives the public greater access to all the bid information.

City Administrator Wells stated there was a recent discussion regarding this process and staff is researching what other communities are doing. She will come back to the Council with a formal recommendation about the purchasing levels within the City and the threshold that must be presented to the Council for formal action.

## **6. COMMUNICATION ITEMS**

Communication items are informational only. No final action will be taken.

### **a. East West Collector Road Data Follow-up** *Chris Trusty, City Engineer/Public Works Director*

City Engineer/Public Works Director Trusty used the aid of a PowerPoint presentation to provide an update regarding data collection in the area of Canal Boulevard.

- Speed data is currently being collected on east section of Canal Boulevard between Alpine Hwy and North County Boulevard.
- Subsequently, additional data will be collected on other east/ west streets including 11800 North and 11200 North.
- Speed and traffic data collection to be completed by the end of March.
- Temp driver feedback sign on EB East Canal Boulevard.

Council Member Cortney asked how data can be collected on three roads by the end of March when the previous discussion entailed collecting data on each section for a two-week period. Mr. Trusty stated that one section was monitored for just one week and he felt that was a sufficient duration. He then stated other steps being taken include:

- A temporary driver feedback trailer will be placed on 9600 North with intent to relocate every couple weeks throughout the city.
- City to add driver feedback signs to east Canal Boulevard.
- City to add "Cross Traffic Does Not Stop" signs at 6610 West Madison- this week.
- Staff to present to City Council options for traffic calming solutions along east west collector roads.

Steps taken so far include:

- 7 new Driver feedback signs installed
- 6 older driver feedback signs installed
- 5 new driver feedback signs on order
- 10 LED flashing stop signs installed
- 5 sets of RRFB have been installed
- 2 additional sets of RRFB currently in design

Council Member Campbell stated he believed Cedar Hills is removing speed tables; he asked Mr. Trusty if he is aware of that project. Mr. Trusty answered yes; he spoke to them, and they indicated they are removing speed tables as part of new road projects and not replacing them.

Council Member Cortney referenced driver feedback signs and indicated that it seems counterproductive to add



more signs at some point because people start tuning them out. He asked Mr. Trusty if he has given any thought to that. Mr. Trusty stated that is something he will continue to evaluate; different points along Canal Boulevard seem very suitable for driver feedback signs, while that is not the case at all locations.

**b. Urban Deer Program** *Chris Trusty, City Engineer/Public Works Director*

City Engineer/Public Works Director Trusty provided historical information regarding the Urban Deer program; he also summarized sections of the City Code that address baiting of wild animals as well as public nuisances and reviewed the provisions of the Department of Wildlife Resources (DWR) trapping program. He concluded the options currently available to the Council include:

- City could continue with existing trapping program managed by City Public Works
- City could proactively set traps on City owned property
- City could hire outside contractor to be more proactive in harvesting deer
- City could be more proactive in enforcing ordinance against feeding deer and nuisance piles
- Allow residents to install 8-foot fence around garden areas
- Take no additional steps

A trapping program managed by Public Works could include:

- Renew training on setting traps
- Visually document set traps
- Document daily inspections of traps
- Install trail camera to monitor traps
- Provide contact number so resident can notify city if trap gets sprung/ deer gets captured
- Bait traps for week prior to setting trap
- Cut off date of October 1 for applications
- Should be an opt-in program by Public Works employees

*Council Member Doug Cortney MOVED to extend the meeting to 10:15 pm.*

*Council Member Scott L. Smith SECONDED the motion.*

*All voted in favor. The motion passed.*

The Council engaged in high level discussion of the options available to them; this included a review of the success other cities have experienced with the DWR program as well as cities that have discontinued an urban deer program or are allowing hunting within their limits to reduce the urban deer population. Council Member Smith stated that deer can cause a great deal of damage and present safety hazards on roadways; he would support a trapping program, even though it is a burden on City staff, and if that is not successful, he would support bringing in another outside contractor to handle urban deer harvesting. If the deer are left alone for too long, the population will only increase, and it will become a big issue again. Mayor Ostler wondered if controlling the deer is actually the City's responsibility. Council Members Campbell and Smith stated that deer can create a safety issue for residents. Council Member Campbell stated he supports Council Member Smith's recommendation to try the trapping program managed by the City, and then if that is unsuccessful, consider hiring another outside contractor. Mayor Ostler advised the Council to consider how much they are willing to spend on an urban deer program.

**c. Golf Cart Ordinance Research** *Ron Campbell, Council Member, Brian Gwilliam, Police Chief*

Police Chief Gwilliam reported on his research of golf cart regulations in other cities; American Fork and Cedar Hills have no intention of allowing golf carts on city streets. Alpine has discussed the issue in the past, but they have

yet to do anything to address the issue. Lehi elected officials have discussed the issue from time to time, but the Chief of Police in that city has not been involved in those discussions; Lehi has resisted allowing golf carts via a city ordinance due to safety concerns. They have had issues with juveniles driving golf carts on city streets; the golf carts have been overloaded with passengers and the drivers were operating them in a reckless fashion. There have been some traffic accidents involving golf carts and juveniles have been seriously injured. The consensus in Lehi has been that golf carts are not built to adequately protect occupants or drivers in the event of a collision. Lehi does have some private communities where golf carts are allowed, but those are not public streets. The problems have occurred on public streets where golf carts are not technically allowed.

Council Member Campbell pointed out that in Lehi golf carts are not technically allowed, but accidents are still occurring. He does not believe that golf cart incidents would increase simply because a city adopted an ordinance allowing them on public streets with certain regulations/restrictions.

Chief Gwilliam stated in Pleasant Grove, there have been citizen complaints about juveniles driving golf carts on city streets, not following traffic laws, and no headlights. Complaints have increased on the heels of a traffic accident involving a golf cart that sent kids to the hospital. There has not been a presentation regarding golf carts to the Pleasant Grove City Council, but the Police have taken enforcement action to remove golf carts from city streets. Saratoga Springs has not considered allowing golf carts on city streets, but there are some private homeowners association (HOA) communities that do allow golf carts. No traffic laws are enforced in HOAs, with the exception of suspicion of driving under the influence (DUI).

Council Member Campbell stated there has also an accident in Alpine involving a juvenile driving a golf cart; golf carts are not permitted on city streets in Alpine. Chief Gwilliam stated that is correct. Council Member Campbell stated it seems that allowing golf carts with certain regulations would increase safety; this would include publishing a map identifying the streets on which golf carts can be operated, a list of rules and safety restrictions, and requiring a resident to apply for a permit that could be displayed on the golf cart indicating that the cart is authorized to be operated in the City. This would give the Police Department knowledge of residents who have obtained the permit and would help them with enforcement. He asked that the Council consider a policy and regulations regarding golf carts. Council Member Rodela stated she would be comfortable with continued discussion and consideration of a formal policy regulating golf carts. Council Member Campbell stated his impression is that Council Members Bills and Smith are opposed to allowing golf carts on City streets; he would prefer to study the issue further with Council Member Cortney to determine if there should be a future agenda item regarding the issue. City Administrator Wells clarified that two Council Members can give direction to place an item on the agenda; she asked if Council Member Campbell and Rodela want to proceed, or if they want to wait for more discussion with Council Member Cortney. Council Member Cortney stated he wants additional time to investigate the issue before deciding if it will be on a future agenda.

Council Member Bills stated she would like input from City Attorney Patterson regarding the City's ability to require vehicle identification, license plates, or registration to allow golf carts on City streets. Council Member Campbell clarified that is not what he is suggesting. He is suggesting a simple sticker that would be placed on a golf cart indicating the owner has reviewed and agrees to the conditions the City is imposing on golf carts.

Council Member Bills then stated she does not support further extension of the meeting.

**d. Quarterly Finance Report** *David Mortensen, Finance Director*

This item will be presented at the next meeting.

## **7. CLOSED MEETING**

The City Council may recess to convene in a closed meeting to discuss items, as provided by Utah Code

*At 10:17 p.m., Council Member Scott L. Smith MOVED that the City Council recess the regular City Council meeting to convene in a closed meeting in the Executive Conference Room to discuss pending or reasonably imminent litigation and the character, professional competence, or physical or mental health of an individual.*

*Council Member Kim Rodela SECONDED the motion.*

*The vote was recorded as follows:*

|                                         |            |
|-----------------------------------------|------------|
| <i>Council Member Brittney P. Bills</i> | <i>Yes</i> |
| <i>Council Member Ron Campbell</i>      | <i>Yes</i> |
| <i>Council Member Doug Cortney</i>      | <i>Yes</i> |
| <i>Council Member Kim Rodela</i>        | <i>Yes</i> |
| <i>Council Member Scott L. Smith</i>    | <i>Yes</i> |

*The motion carried 5:0*

*Council Member Scott L. Smith MOVED to adjourn the CLOSED MEETING and Council Member Doug Cortney SECONDED the motion. All voted in favor and the motion passed unanimously.  
The CLOSED MEETING adjourned at 11:23 pm.*

## **ADJOURNMENT**

*Council Member Doug Cortney MOVED to adjourn the regular meeting and Council Member Ron Campbell SECONDED the motion. All voted in favor and the motion passed unanimously.*

*The meeting adjourned at 11:24 pm.*

I, Stephannie Cottle, City Recorder of Highland City, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on March 4, 2025. This document constitutes the official minutes for the Highland City Council Meeting.



Stephannie Cottle, CMC, UCC  
City Recorder



# 6:00 PM WORK SESSION - LIBRARY FUND STUDY

Call to Order - Mayor Kurt Ostler

1



# LIBRARY FUND STUDY PRESENTATION

By Fred Philpot



2



# MORE INFORMATION

Tell me more about replacing old books

Tell me more about increased usage

Tell me more about the director's wages

Tell me more about dedicated tax funding rates

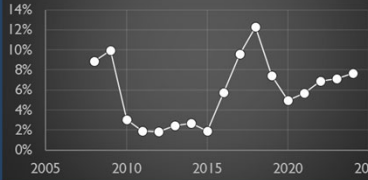
Tell me more about the City Survey

How can we convince citizens to support this?

3

# Aging Collection

## % of collection by year added





4

# Increased Usage

Increase comparing July-Dec 2023 to July-Dec 2024

| Category             | % increase |
|----------------------|------------|
| Physical Circulation | 22%        |
| Digital Circulation  | 20%        |
| New Patrons          | 4%         |
| Library Visits       | 6%         |
| Program Attendance   | 28%        |

5

# Director's Wages

| Library          | Director's Annual Wage 2024 |
|------------------|-----------------------------|
| Lehi             | \$119,655                   |
| Eagle Mountain   | \$96,307                    |
| Saratoga Springs | \$94,982                    |
| Pleasant Grove   | \$95,954                    |
| American Fork    | \$87,486                    |
| Highland         | \$84,550                    |

6

Dedicated Tax Funding Rates

• Salt Lake City

• Mount Pleasant

• Brigham City

• Logan

• Provo

• Murry

• North Logan

• Santaquin

• Gunnison

• Highland

• Tremonton

.000580

.000534

.000504

.000470

.000406

.000331

.000323

.000116

.000115

.000104

.000053

7

The Library in the City Survey

Service Rating - Good or Excellent

| Service      | 2022 | 2024 |
|--------------|------|------|
| City Library | 75%  | 80%  |

8

The Library in the City Survey

Personnel Rating - Percent Good or Excellent

| Personnel            | 2022 | 2024 |
|----------------------|------|------|
| Elected Officials    | 71%  | 71%  |
| General Staff        | 88%  | 89%  |
| Library              | 94%  | 94%  |
| Public Works Field   | 84%  | 85%  |
| Fire/Ambulance Staff |      | 97%  |

9

The Library in the City Survey

The Highland Library is considering partnering with American Fork and Pleasant Grove Libraries as a service to share library catalogues. Books from the other libraries could be picked up in Highland and late fees would be eliminated. How likely are you or someone in your family to use this service?

Library Consortium Use

| Response       | Percentage |
|----------------|------------|
| Definitely Yes | 43%        |
| Probably Yes   | 24%        |
| Probably Not   | 21%        |
| Definitely Not | 12%        |

10

The Library in the City Survey

Minor Children at Home

| Response | Percentage |
|----------|------------|
| Yes      | 43%        |
| No       | 57%        |

11

The Library in the City Survey

Keeping up with growth and inflation of library costs?

| Response       | Percentage |
|----------------|------------|
| Definitely Yes | 9%         |
| Probably Yes   | 21%        |
| Probably Not   | 32%        |
| Definitely Not | 38%        |

12

Possible PR Campaign

\$4.65/ MONTH  
COULD GET  
YOU



OR



12 DOZEN  
EGGS

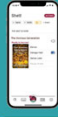
NEW BOOKS  
FOR OUR  
KIDS

HIGHLAND CITY LIBRARY

\$4.65/ MONTH  
COULD GET  
YOU



OR



1 SPECIALTY  
DRINK

SHORTER  
WAIT TIMES

HIGHLAND CITY LIBRARY

\$4.65/ MONTH  
COULD GET  
YOU



OR



1 LARGE  
COOKIE

SUPPORT FOR  
SENIORS

HIGHLAND CITY LIBRARY

13

Welcome to the Highland  
City Council Meeting

March 4, 2025

Please Sign the Attendance Sheet

Scan for Agenda





14



7:00 PM REGULAR SESSION

Call to Order – Mayor Kurt Ostler  
Invocation – Council Member Brittney P. Bills  
Pledge of Allegiance – Mayor Kurt Ostler

15



UNSCHEDULED PUBLIC APPEARANCES

Time set aside for the public to express their ideas and comments on non-agenda items.

- Please state your name clearly.
- Limit your comments to three (3) minutes.

16



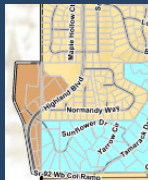
PO ZONE AMENDMENTS *Land Use Land Use (Legislative)*

Item 2a – Public Hearing/Ordinance  
Presented by – Rob Patterson, City Attorney/Planning & Zoning Administrator

17

PO Professional Office Zone

- West side of Highland Blvd
- Office lot across from Lone Peak High School





18

3

Background

- PO Zone created in 2002-2003 in connection with annexation of Sunset Mountain property
- Master-planned at inception with specific design and development conditions, similar to a PD
  - Master site plan exhibit
  - Master landscaping exhibit
  - Building-specific design requirements and architecture standards

19

Background

- PO Zone purposes:
  - Create an attractive commercial zone for office-type activities and uses that does not include retail
  - Promote development in harmony with open, rural atmosphere
  - Promote architecture with residential flavor and avoid industrial or pre-fabricated appearances
  - Allow some flexibility of architecture to encourage creativity of design

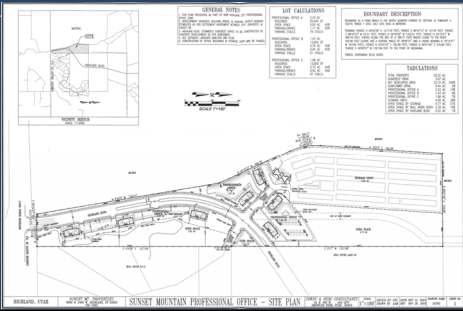
20

Background

- Additional properties zoned PD in 2007 (NE of storage units) and 2018 (across from Lone Peak)
  - 2007 – with senior housing plan that was not implemented
  - 2018 – rezone with stipulations on site plan design
- PO Zone exhibits amended
  - 2005 for storage units
  - 2019-2020 for flex office buildings
  - 2021 for building “c”/building “7”
  - Amendments do not address new PO properties nor always specifically addressed/ revised the site plan or design criteria

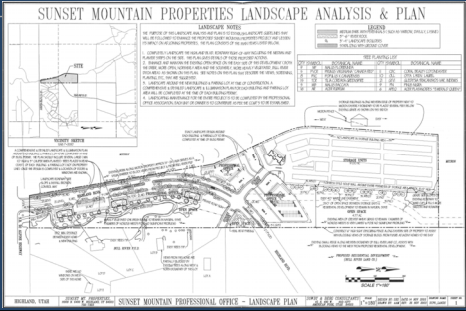
21

Original PO Zone Exhibit A



22

Original PO Zone Exhibit B



23

Original PO Zone Exhibit C

Building 3

Specifications:

One story building  
3400 sq ft main floor  
3000 sq ft basement

Building Materials

Front and sides-  
Cultured Stone  
Shingle Siding- hardy plank  
Wood Trim- resawn & stained fascia material and/or natural timber  
Rear- stone trim with stucco  
Colors- earth tones or muted variations as per renderings  
Emphasis on grey, brown and green  
Matching colored window frames  
Aged metal accents  
Roofing Materials- Heavy grade asphalt 1/4" thickness (appearance of shingles)

24

Original PO Zone Exhibit C



25

Text Amendment

- Removes prior site-specific site plan, landscaping plan, and architectural design details
- Changes text to remove references to exhibits
- Provides new architectural design exhibit
- Requires all sites to be master planned prior to site plan or architectural design
- Change screening of HVAC/mechanical equipment to require screening from adjacent streets and properties, but requiring completely hidden

26

Text Amendment

- Clarify site plan requirements
- Remove front setback landscaping requirement that was in conflict with front setback requirements

27

New (Original) Proposed Exhibit



28

Planning Commission Review

- July 2023 – Commission first held hearing and discussed text amendment; continued item for applicant to prepare exhibits that would demonstrate and limit the scope of permitted architectural themes
- August 2023 – Applicant presented draft exhibits to receive feedback on the types of architecture the Commission was in favor of
- February 25, 2025 – Commission reviewed and invited public comment on current proposal

29

Planning Commission Review

- Commission discussed proposed changes
- Generally no concern with text changes
- Discussion centered on changes to exhibits and architectural requirements
  - Significant discussion on building height and roof requirements and whether to retain some or all of Exhibit C's building-specific design requirements, such as square footage limitations and story limitations (i.e., one-story limit for buildings on east side of Highland Blvd)

30



Planning Commission Action

- Commission voted, 6-1, to recommend approval of proposed text amendments with two stipulations
  - Top middle and bottom left examples in the architectural design exhibit be replaced with two of the residential examples presented by Patterson Homes ("Saltaire" and "Mountain Ridge")
  - The previously approved master site plan would remain the approved master site plan for the properties shown therein, and applicants who want to change that plan would need to amend or update the plan through the new master site plan process.

31

EXHIBIT 'A'

32

Planning Commission Action

- Per Commission recommendation, language added to 3-4904(2)(a): [development requires:]
  - “Master Site Plan approval per 3-4901, which includes review and approval of overall building location and footprint, access and parking areas, and compatibility with adjacent developments. If a master site plan was previously approved for a property, including master site plans previously approved and adopted as part of the P.O. zone, the applicant must comply with such master site plan unless they receive new master site plan approval as set forth herein.”

33

Proposed Exhibit with PC Changes

EXHIBIT 'A'

34

Staff Review and Recommendation

- Staff has reviewed and supports the amendment to the language of the PO zone to make it applicable to all PO zone property
- Staff does not have a recommendation regarding the architectural exhibit or whether to keep original Exhibit C's building restrictions (size, stories, etc.)
- This is a legislative decision – broad discretion
- Public hearing is required

35

Motion to Approve

I move that the City Council APPROVE and ADOPT the ordinance amending the text and exhibits of the PO Zone and ADOPT the revised Exhibit A submitted by the applicant. [Council may specify different or additional changes to be incorporated into the amendments]

36

Motion to Continue

I move that the City Council continue this item  
[Council may add direction to staff or the applicant].

37



FLING COMMITTEE STRUCTURE AND  
AMENDMENTS

*Municipal Code Update  
(Legislative)*

Item 2b – Action/Ordinance

Presented by – Rob Patterson, City Attorney/Planning & Zoning Administrator

38

Background

- Discussed need to update committee code and structure with Council on February 18, 2025
- Fling Committee has been operating since 1980s in some capacity
- Current structure is not clear

39

Do We Need A Committee?

- Fling Committee has generally been treated like a formal Committee because it has been a “committee” for decades
- Committees are not necessary
- Committees are formal – they are organized like a public body, require appointments, meetings and agendas, etc.
- Formal committees are less responsive and can be slow to react or make decisions
- Formal committees require rules and procedures

40

Options

- Disband (or don’t create) the formal “Fling Committee” and instead simply empower staff to operate Fling and have residents volunteer to help
  - Can appoint a council member to be liaison with staff and assist with volunteers
  - Similar to other City events (egg hunt, trick-or-treat street) that are run by staff
- Create a formal “Fling Committee”
  - Staff ask for additional time to review structure of committee

41

Motion to Dissolve

I move that City Council dissolve the formal Fling Committee and instruct staff to directly oversee and operate the Fling with the assistance of volunteers

42

Motion to Continue

I move that City Council CONTINUE the proposed amendments to Title 4, Chapter 12 of the municipal code related to the Fling Committee. [Council may give direction as part of the motion]

43



**RESOLUTION FOR MEETING END TIME**  
*General City Management*

Item 2c - Action/Resolution  
Presented by - Rob Patterson, City Attorney/Planning & Zoning Administrator

44

Background

- Council changed meeting start time to 6:00 pm beginning May
- In 2000, Council adopted resolution establishing a meeting end time of 10:00 pm and required a supermajority (2/3) vote to extend

45

Proposed Resolution

- Changes default meeting end time to 9:00 pm (from 10:00 pm)
- Still requires supermajority (2/3) vote to extend
- Exceptions to 9:00 pm end time for emergency meetings and meetings that are specifically scheduled to begin at or continue through 9:00 pm (example, work sessions at end of meeting)

46

Motion to Approve

I move that City Council ADOPT the proposed resolution setting a meeting end time of 9:00 pm, effective May 1.

47



**PRESENTATIONS**  
*a. 2023-2024 Audit Presentation – Steven Rowley, Keddington & Christensen Certified Public Accountants*

48

CONSENT ITEMS *(5 minutes)*

4a. Approval of Meeting Minutes: February 4, 2025  
*General City Management*

4b. Approval or Ratification of Large Purchases  
*General City Management*

49

Motion to Approve

I move that the City Council approve consent item 4a and 4b, the approval of meeting minutes from February 4, 2025 and Approval or Ratification of Large Purchases.

50

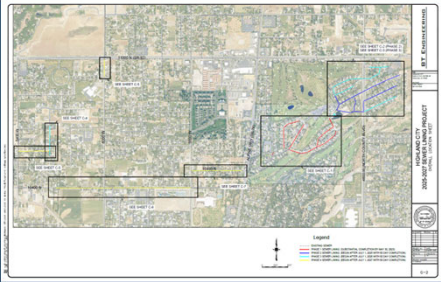


SEWER SLIP LINING PROJECT BID  
AWARD *General City Management*

Item 5a - Expedited  
Presented by - Chris Trusty, City Engineer/Public Works Director

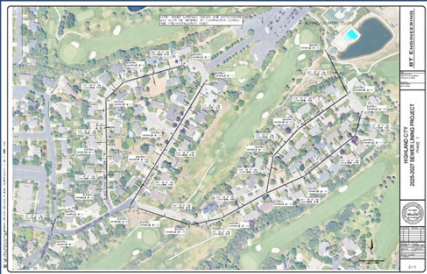
51

Overall Location Sheet



52

Slip Lining Phase 1- 2025



53

Motion to Approve

I move that City Council APPROVE a contract with Insituform in an amount up to \$249,850 for the FY25 Sewer lining project and AUTHORIZE the City Administrator to sign the contract documents.

54

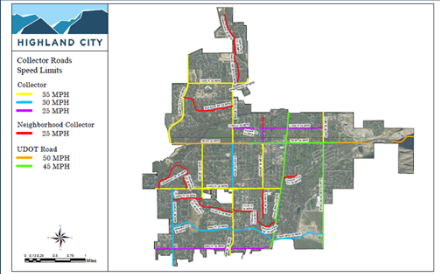


### EAST WEST COLLECTOR ROAD DATA FOLLOW-UP

Item 6a – Communication  
Presented by – Chris Trusty, City Engineer/Public Works Director

55

### Speed Limit Map



56

### Current status

- Speed data is currently being collected on east section of Canal Blvd between Alpine Hwy and North County Blvd
- Subsequently, additional data will be collected on other east/ west streets including 11800 North and 11200 North
- Speed and traffic data collection to be completed by end of March
- Temp driver feedback sign on EB East Canal Blvd

57

### Other steps being taken

- Temporary driver feedback trailer will be placed on 9600 North with intent to relocate every couple weeks throughout city
- City to add driver feedback signs to east Canal Blvd
- City to add "Cross Traffic Does Not Stop" signs at 6610 West Madison- this week
- Staff to present to City Council options for traffic calming solutions along east west collector roads

58

### Steps taken so far (City Wide)

- 7 new Driver feedback signs installed
- 6 older driver feedback signs installed
- 5 new driver feedback signs on order
- 10 LED flashing stops signs installed
- 5 sets of RRFB have been installed
- 2 additional sets of RRFB currently in design

59



### URBAN DEER PROGRAM

Item 6b – Communication  
Presented by – Chris Trusty, City Engineer/Public Works Director

60

Overview

- Program started in 2013 with bow hunting program
- Originally harvested 72 deer.
- Resident vs. migratory deer
- As of 2024 Private contractor no longer interested in providing bow hunting service to our City

61

Deer Harvested

| Year | Deer Harvested |
|------|----------------|
| 2013 | 72             |
| 2014 | 42             |
| 2015 | 25             |
| 2016 | 12             |
| 2017 | 10             |
| 2018 | 8              |
| 2019 | 22             |
| 2020 | 25             |
| 2021 | 18             |
| 2022 | 20             |
| 2023 | 15             |

62

Overview Continued

- Urban Deer Program managed through DWR allows city to trap and euthanize deer
- Public Works agreed to manage urban deer program
- Required city to obtain a COR with DWR
- COR
  - Requires City to have ordinance restricting feeding of wild deer
  - Limits the time frame of when deer can be harvested to August 1-October 15

63

Municipal Code 6.08.110 Baiting of Wild Animals

"It is unlawful to bait wild animals. A person shall not make food available for wild animals with the intent that it be consumed by or attract wild animals. This section does not apply to planted vegetation or landscaping elements that are not intended for feeding wild animals. Wild animals are defined as non-domesticated mammalian wildlife, including, moose, deer, elk, raccoons, skunks, mountain lions, bears. Exceptions are for public employees or authorized urban bowhunting specialist acting within the scope of their authority in conjunction with the Highland City Urban Deer Control Program designed for public safety or for wildlife management purposes."

64

Municipal Code 8.16 Nuisances

"The purpose of this chapter is to define and designate what is a nuisance and to regulate the abatement of such nuisances within the city. Although this chapter outlines the policy and procedure to be followed by city officials in controlling nuisances, it does not preclude the notion that Highland City is made up of people with diverse lifestyles and that the city council must retain the authority to make exceptions to this chapter in reasonable cases and encourage a spirit of tolerance and cooperation between neighbors.

Accumulations. It is unlawful, and shall be considered a nuisance, for any owner or occupant of real property located within the city limits to allow the accumulation or growth of noxious weeds, garbage, refuse, manure or any unsightly or deleterious objects, conditions or structures on such property, when such objects, conditions or structures create a fire hazard, a source of contamination or pollution of water, air or property, a danger to health, a breeding ground or habitation for insects or rodents or other forms of life deleterious to human habitation, or when such objects, conditions or structures are unsightly or deleterious to their surroundings. This shall not apply to well maintained and protected compost piles."

65

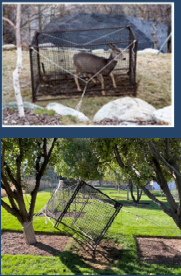
Trapping Program

- DWR recommends baiting trap for 1 week prior to setting trap so animals will become acclimated to the trap
- After trapping a deer, trap can be collapsed to hold deer
- Bolt gun used to euthanize deer; May need to sever neck to ensure animal is deceased before removing from property
- Very likely to be very messy
- City requires resident to agree not to photograph or video record process. Residents are asked to ensure that no one interferes with the trap
- Captured bucks are suggested to be released
- Releasing captured buck could pose danger to city staff

66

Trapping Program 2024

- One trap placed in 2024 at request of resident and was not a success
- Application was made by resident on 10/9 with less than a week remaining in program
- Recommendation from DWR is to bait trap for a week which didn't happen due to the short time frame
- Trap was set on 10/10. Photograph at right was taken 10/13. Trap was removed 10/14



67

Options

- Options the council could consider:
  - City could continue with existing trapping program managed by City Public Works
  - City could proactively set traps on City owned property
  - City could hire outside contractor to be more proactive in harvesting deer
  - City could be more proactive in enforcing ordinance against feeding deer and nuisance piles
  - Allow residents to install 8-foot fence around garden areas
  - Take no additional steps

68

Recommendations for PW program

- Public Works trapping program
  - Renew training on setting traps
  - Visually document set traps
  - Document daily inspections of traps
  - Install trail camera to monitor traps
  - Provide contact number so resident can notify city if trap gets sprung/ deer gets captured
  - Bait traps for week prior to setting trap
  - Cut off date of October 1 for applications
  - Should be an opt-in program by Public Works employees

69



## GOLF CART ORDINANCE

Item 6c – Communication  
Presented by – Ron Campbell, Council Member  
Brian Gwilliam, Police Chief

70



## QUARTERLY FINANCE REPORT

Item 6d – Communication  
Presented by – David Mortensen, Finance Director

71

Highland City  
Financial Report  
Fiscal Year: 2025  
Quarter: 2 (Ending December 31, 2024)  
Percent of Fiscal Year Elapsed: 50%

| Category                      | Year-to-<br>Date Actual | FY25<br>Budget | Percent of<br>Budget | Notes                                          |
|-------------------------------|-------------------------|----------------|----------------------|------------------------------------------------|
| General Fund:                 |                         |                |                      |                                                |
| Revenue                       | 6,893,486               | 13,060,678     | 53%                  |                                                |
| Expenditures                  | 7,871,817               | 13,791,142     | 89%                  | Some front-loaded costs and transfers recorded |
| Net Revenue over Expenditures | (678,331)               | (730,464)      |                      |                                                |
| Open Space Fund:              |                         |                |                      |                                                |
| Revenue                       | 13,118                  | -              |                      | Interest earnings                              |
| Expenditures                  | -                       | -              |                      |                                                |
| Net Revenue over Expenditures | 13,118                  | -              |                      |                                                |
| Cemetery Fund:                |                         |                |                      |                                                |
| Revenue                       | 148,497                 | 365,500        | 41%                  | Cemetery lot sales at 40%                      |
| Expenditures                  | 120,952                 | 321,519        | 38%                  |                                                |
| Net Revenue over Expenditures | 27,546                  | 43,981         |                      |                                                |

72

| Highland City<br>Financial Report<br>Fiscal Year: 2025<br>Quarter: 2 (Ending December 31, 2024)<br>Percent of Fiscal Year Elapsed: 50% |                         |                |                      |                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------|--------------------------------------------------------------------------|
| Category                                                                                                                               | Year-to-<br>Date Actual | FY25<br>Budget | Percent of<br>Budget | Notes                                                                    |
| Library Fund:                                                                                                                          |                         |                |                      |                                                                          |
| Revenue                                                                                                                                | 315,257                 | 447,301        | 70%                  |                                                                          |
| Expenditures                                                                                                                           | 299,469                 | 447,301        | 47%                  |                                                                          |
| Net Revenue over Expenditures                                                                                                          | 105,788                 | -              |                      |                                                                          |
| Parks Tax Fund:                                                                                                                        |                         |                |                      |                                                                          |
| Revenue                                                                                                                                | 101,623                 | 184,000        | 55%                  |                                                                          |
| Expenditures                                                                                                                           | -                       | 175,000        | 0%                   |                                                                          |
| Net Revenue over Expenditures                                                                                                          | 101,623                 | 9,000          |                      |                                                                          |
| Building & Development Fund:                                                                                                           |                         |                |                      |                                                                          |
| Revenue                                                                                                                                | 381,603                 | 1,139,000      | 34%                  | Building permits 32%, plan check fees 27%, inspection fees 23% of budget |
| Expenditures                                                                                                                           | 553,530                 | 1,112,694      | 50%                  |                                                                          |
| Net Revenue over Expenditures                                                                                                          | (171,927)               | 26,306         |                      |                                                                          |

73

| Highland City<br>Financial Report<br>Fiscal Year: 2025<br>Quarter: 2 (Ending December 31, 2024)<br>Percent of Fiscal Year Elapsed: 50% |                         |                |                      |                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------|----------------------------------------------------------------------------|
| Category                                                                                                                               | Year-to-<br>Date Actual | FY25<br>Budget | Percent of<br>Budget | Notes                                                                      |
| Debt Service Fund:                                                                                                                     |                         |                |                      |                                                                            |
| Revenue                                                                                                                                | 951,257                 | 951,257        | 100%                 |                                                                            |
| Expenditures                                                                                                                           | 926,597                 | 951,257        | 97%                  | Debt service payments front-loaded                                         |
| Net Revenue over Expenditures                                                                                                          | 24,660                  | -              |                      |                                                                            |
| Parks Capital Improvement Fund:                                                                                                        |                         |                |                      |                                                                            |
| Revenue                                                                                                                                | 806,404                 | 945,000        | 85%                  |                                                                            |
| Expenditures                                                                                                                           | 3,027,731               | 2,694,876      | 112%                 | Debt service front-loaded, January budget adjustment for park construction |
| Net Revenue over Expenditures                                                                                                          | (2,221,327)             | (1,749,876)    |                      |                                                                            |
| Roads Capital Improvement Fund:                                                                                                        |                         |                |                      |                                                                            |
| Revenue                                                                                                                                | 981,134                 | 995,000        | 99%                  |                                                                            |
| Expenditures                                                                                                                           | 117,779                 | 995,000        | 12%                  |                                                                            |
| Net Revenue over Expenditures                                                                                                          | 863,355                 | -              |                      |                                                                            |

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| Highland City<br>Financial Report<br>Fiscal Year: 2025<br>Quarter: 2 (Ending December 31, 2024)<br>Percent of Fiscal Year Elapsed: 50% |                         |                |                      |                              |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------|------------------------------|
| Category                                                                                                                               | Year-to-<br>Date Actual | FY25<br>Budget | Percent of<br>Budget | Notes                        |
| Buildings Capital Improvement Fund:                                                                                                    |                         |                |                      |                              |
| Revenue                                                                                                                                | 626,147                 | 636,542        | 98%                  |                              |
| Expenditures                                                                                                                           | 795,832                 | 2,443,642      | 32%                  |                              |
| Net Revenue over Expenditures                                                                                                          | (167,685)               | (1,807,100)    |                      |                              |
| Town Center Exaction Fund:                                                                                                             |                         |                |                      |                              |
| Revenue                                                                                                                                | 1,385                   | -              |                      | Interest earnings            |
| Expenditures                                                                                                                           | -                       | -              |                      |                              |
| Net Revenue over Expenditures                                                                                                          | 1,385                   | -              |                      |                              |
| Sewer Fund:                                                                                                                            |                         |                |                      |                              |
| Revenue                                                                                                                                | 1,474,618               | 3,120,000      | 47%                  | Impact fees at 28% of budget |
| Expenditures                                                                                                                           | 1,106,112               | 3,212,675      | 34%                  |                              |
| Net Revenue over Expenditures                                                                                                          | 368,506                 | (92,675)       |                      |                              |

75

| Highland City<br>Financial Report<br>Fiscal Year: 2025<br>Quarter: 2 (Ending December 31, 2024)<br>Percent of Fiscal Year Elapsed: 50% |                         |                |                      |                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------|-------------------------------------------------------------------|
| Category                                                                                                                               | Year-to-<br>Date Actual | FY25<br>Budget | Percent of<br>Budget | Notes                                                             |
| Pressurized Irrigation Fund:                                                                                                           |                         |                |                      |                                                                   |
| Revenue                                                                                                                                | 2,627,004               | 6,508,000      | 40%                  | Impact fees 42%, PI water meters 38%, grant revenue 32% of budget |
| Expenditures                                                                                                                           | 3,154,453               | 7,989,740      | 40%                  |                                                                   |
| Net Revenue over Expenditures                                                                                                          | (527,449)               | (1,481,740)    |                      |                                                                   |
| Storm Sewer Fund:                                                                                                                      |                         |                |                      |                                                                   |
| Revenue                                                                                                                                | 502,844                 | 930,000        | 54%                  |                                                                   |
| Expenditures                                                                                                                           | 279,554                 | 1,255,160      | 30%                  |                                                                   |
| Net Revenue over Expenditures                                                                                                          | 123,290                 | (325,160)      |                      |                                                                   |
| Culinary Water Fund:                                                                                                                   |                         |                |                      |                                                                   |
| Revenue                                                                                                                                | 1,061,977               | 2,973,000      | 36%                  | Impact fees 37%, meter fees 21%, grant revenue 0% of budget       |
| Expenditures                                                                                                                           | 857,799                 | 2,963,898      | 29%                  |                                                                   |
| Net Revenue over Expenditures                                                                                                          | 204,178                 | 9,102          |                      |                                                                   |

76

| Highland City<br>Financial Report<br>Fiscal Year: 2025<br>Quarter: 2 (Ending December 31, 2024)<br>Percent of Fiscal Year Elapsed: 50% |                         |                |                      |                                       |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------|---------------------------------------|
| Category                                                                                                                               | Year-to-<br>Date Actual | FY25<br>Budget | Percent of<br>Budget | Notes                                 |
| Transportation Fund:                                                                                                                   |                         |                |                      |                                       |
| Revenue                                                                                                                                | 636,022                 | 1,155,000      | 55%                  |                                       |
| Expenditures                                                                                                                           | 611,437                 | 1,153,769      | 53%                  | Road fee projects at 53% of budget    |
| Net Revenue over Expenditures                                                                                                          | 24,585                  | 1,231          |                      |                                       |
| Internal Service IT Fund:                                                                                                              |                         |                |                      |                                       |
| Revenue                                                                                                                                | 45,120                  | 48,750         | 101%                 |                                       |
| Expenditures                                                                                                                           | 47,200                  | 48,750         | 97%                  | Computer equipment costs front-loaded |
| Net Revenue over Expenditures                                                                                                          | 1,920                   | -              |                      |                                       |

77



LEGISLATIVE UPDATES

Item 6d - Communication  
Presented by - Kurt Ostler, Mayor  
Ron Campbell, Council Member  
Kim Rodela, Council Member

78





### SCHOOL DISTRICT UPDATES

Item 6d – Communication  
Presented by – Kurt Ostler, Mayor

79



### FUTURE MEETINGS

- March 6, Cell Tower Neighborhood Meeting, 6:00 pm, City Hall
- March 11, General Plan Work Session, 7:00 pm, City Hall
- March 12, Lone Peak Public Safety District Meeting, 7:30 am, City Hall
- March 18, City Council Meeting & Budget Work Session 5:30 pm???, City Hall
- March 25, Planning Commission Meeting, 7:00 pm, City Hall
- April 8, General Plan Work Session, 7:00 pm, City Hall
- April 15, City Council Meeting, 7:00 pm, City Hall
- April 22, Planning Commission Meeting, 7:00 pm, City Hall
- April 29, City Council Work Session, 7:00 pm, City Hall

80

### Motion to Adjourn to Closed Meeting

I move that City Council recess the regular City Council meeting to convene in a closed meeting in the executive conference room to discuss pending or reasonably imminent litigation and the character, professional competence, or physical or mental health of an individual

81



### CLOSED SESSION

The Highland City Council has recessed the regular City Council meeting to convene in a closed session to discuss pending or reasonably imminent litigation and the character, professional competence, or physical or mental health of an individual as provided by Utah Code Annotated §52-4-205.

The regular City Council meeting will adjourn immediately following the end of the closed session.

82



**HIGHLAND, UTAH**  
LIBRARY FINANCIAL PLAN PRELIMINARY REVIEW

FEBRUARY 2025

1

## AGENDA

- ▣ Review Study Objectives
- ▣ Review Model Assumptions
- ▣ Scenario Analysis
- ▣ Next Steps

2

2

## STUDY OBJECTIVES

- ▣ Fund Ongoing Operations & Maintenance (O&M)
- ▣ Identify Unfunded O&M Needs
- ▣ Address Capital Cost for Library Expansion
- ▣ Evaluate Tax Impacts

3

3

## MODEL ASSUMPTIONS

- ▣ Growth in revenues at 2% annually (2020-2024  
Average Annual Growth Rate (AAGR) = 2.9%)
- ▣ Base expenses increase by 2% annually
- ▣ No existing debt

4

4

## SCENARIO EVALUATION

- ▣ Address Unfunded O&M

| Description                          | Year | Base Cost | Note                                                                         |
|--------------------------------------|------|-----------|------------------------------------------------------------------------------|
| Move PT to FT                        | 2026 | \$33,939  | Collection Development manager from part time to full time                   |
| Additional PT Employee               | 2026 | \$13,260  | Storyteller is at capacity, add an additional part-time program team member. |
| New FTE for Library Expansion        | 2028 | \$50,000  | Included if library is expanded                                              |
| New O&M for Library Expansion        | 2028 | \$30,000  | Included if library is expanded                                              |
| Additional Director Wages & Benefits | 2028 | \$20,000  | Bring salary in line with other communities                                  |

5

5

## Library Usage Increase comparing July-Dec 2023 to July-Dec 2024

| Category             | % increase |
|----------------------|------------|
| Physical Circulation | 22%        |
| Digital Circulation  | 20%        |
| New Patrons          | 4%         |
| Library Visits       | 6%         |
| Program Attendance   | 28%        |

6

## SCENARIO EVALUATION

### Address Capital Needs

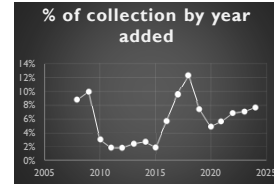
- ▣ Book Replacement
- ▣ Library Expansion

| Description       | Year | Base Cost   | Note                                                                                                                                                    |
|-------------------|------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Replace Books     | 2026 | \$61,180    | Many of the library's books have experienced wear and tear and should be replaced. Scheduled over 5 Years.                                              |
| Replace Books     | 2026 | \$79,800    | Many of the library's books need to be replaced because they are old and yellowing or outdated. Scheduled over 5 Years.                                 |
| Library Expansion | 2028 | \$1,500,000 | Add additional space to library. Total estimated at \$2.5M. Anticipating \$1M will come from fundraising. Will layer in new debt service for expansion. |

7

7

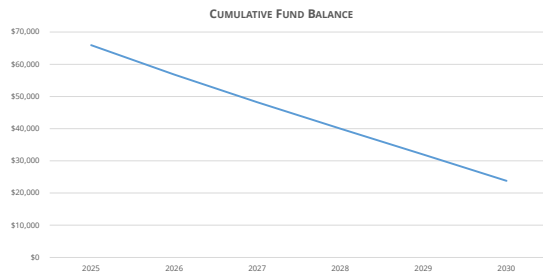
## Aging Books



8

## BASELINE SCENARIO

### No tax increase, no new O&M, no new capital

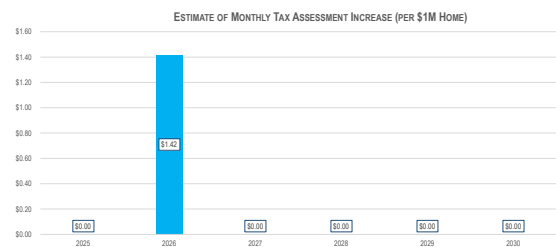


9

9

## SCENARIO 1 – NEW O&M

### Est. tax increase, + new O&M, no new capital

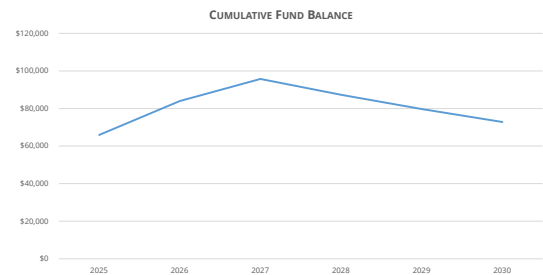


10

10

## SCENARIO 1 – NEW O&M

### Est. tax increase, + new O&M, no new capital

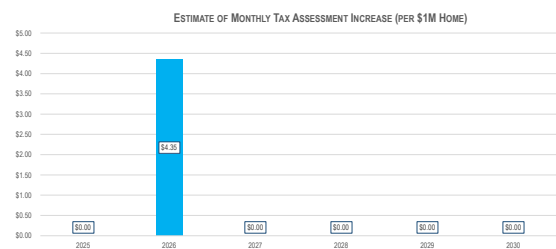


11

11

## SCENARIO 2 – NEW O&M + CIP

### Est. tax increase, + new O&M, + new capital



12

12

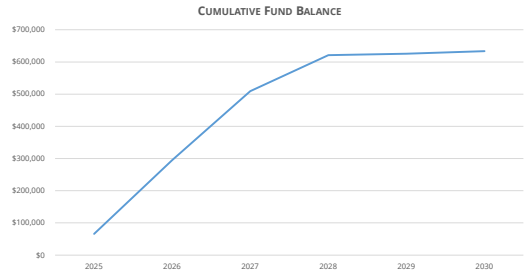
## Other Library Dedicated Tax Rates

|                  |         |
|------------------|---------|
| ■ Salt Lake City | .000580 |
| ■ Mount Pleasant | .000534 |
| ■ Brigham City   | .000504 |
| ■ Logan          | .000470 |
| ■ Provo          | .000406 |
| ■ Murry          | .000331 |
| ■ North Logan    | .000323 |
| ■ Santaquin      | .000116 |
| ■ Gunnison       | .000115 |
| ■ Highland       | .000104 |
| ■ Tremonton      | .000053 |

13

## SCENARIO 2 – NEW O&M + CIP

- Est. tax increase, + new O&M, + new capital



14

## NEXT STEPS

- ❑ Discuss objectives relative to levels of service
- ❑ Discuss funding options
- ❑ Revise scenario analysis
- ❑ Prepare final analysis

15

## QUESTIONS

Fred Philpot | Vice President/COO  
 LRB Public Finance Advisors  
 O 801.596.0700 | C 801.243.0293  
[lrbfinance.com](http://lrbfinance.com)

Lewis Young Robertson & Bunningham is now LRB Public Finance Advisors



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# EXHIBIT 'A'





## "Saltaire" Architectural Example



## "Mountain Ridge" Architectural Example





# EXHIBIT 'A'





# EXHIBIT 'A'





HIGHLAND CITY, UTAH  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024



HIGHLAND CITY, UTAH  
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Highland City, Utah (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Highland City, Utah, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, budgetary comparison schedule for the General fund, budgetary comparison schedule for the Road Fee special revenue fund, and notes to the required supplementary information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

K&C, CPAs

K&C, Certified Public Accountants  
Woods Cross, Utah  
March 4, 2025

**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2024**

**Fund Financial Statements**

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

**Governmental funds**

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

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

Highland City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, road fee special revenue fund, capital projects – parks, and capital projects – roads fund which are considered to be major funds. Data from the other nine (9) governmental funds is provided in the form of individual and combining statements elsewhere in this report.

Highland City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the approved budget amounts.

**Proprietary funds**

Highland City maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, pressurized irrigation, sewer, and storm sewer. A few years ago, the City created the internal service fund to account for IT services purchased and used throughout the City's departments and funds.

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

**Notes to the Financial Statements**

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

**Other Information**

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

**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2024**

The management of Highland City presents the following narrative and analysis of the financial statements and financial activities of Highland City as prescribed by the Government Accounting Standards Board (GASB). The information and analysis pertains to the fiscal year ended June 30, 2024.

**Financial Highlights**

The assets and deferred outflows of resources of Highland City exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$169,735,506 (net position). Of this amount \$29,467,988 (unrestricted net position) may be used to meet the government's ongoing obligations.

Highland City's total net position increased by \$9,815,048. The majority of the increase was the result of assets contributed to the City from developers, and increases in grant revenues earned during the year.

Highland City's governmental funds reported combined ending fund balances at June 30, 2024 of \$17,743,133, an increase of \$849,655. At June 30, 2024 unrestricted fund balance of the general fund was \$4,410,880, or 41.7% of total general fund expenditures for the year, and 35% of the total general fund revenues, which is within the unrestricted general fund balance limitation of 35% required the Utah State Code.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

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

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

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

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

**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2024**

**Government-wide Financial Analysis**

As noted earlier, net position is an indicator of a government's financial position. In the case of Highland City, assets and deferred outflows exceeded liabilities and deferred inflows by \$169,735,506 at the close of the fiscal year. The largest portion (81.3%) of the City's net position reflects its investment in capital assets (land, buildings, machinery and equipment) and infrastructure (roads, sidewalks, curb and gutter and various utility lines and storage facilities); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

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

|                                                                       | Governmental<br>Activities<br>2024 | Governmental<br>Activities<br>2023 | Business-type<br>Activities<br>2024 | Business-type<br>Activities<br>2023 | Total<br>2024 | Total<br>2023 |
|-----------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|---------------|---------------|
| Current and other assets                                              | \$ 23,723,950                      | \$ 21,726,178                      | \$ 15,303,498                       | \$ 13,281,738                       | \$ 39,027,448 | \$ 35,007,916 |
| Capital assets                                                        | 74,652,879                         | 73,177,813                         | 68,176,421                          | 64,674,717                          | 142,829,300   | 137,852,530   |
| Total Assets                                                          | 98,376,829                         | 94,903,991                         | 83,479,919                          | 77,956,455                          | 181,856,748   | 172,860,446   |
| Deferred outflows of resources                                        | 485,798                            | 431,060                            | 268,490                             | 204,280                             | 754,288       | 635,340       |
| Total Assets and Deferred Outflows                                    | \$ 98,862,627                      | \$ 95,335,051                      | \$ 83,748,409                       | \$ 78,160,735                       | \$182,611,036 | \$173,495,786 |
| Current and other liabilities                                         | \$ 3,519,710                       | \$ 2,434,774                       | \$ 1,195,381                        | \$ 2,066,043                        | \$ 4,715,091  | \$ 4,500,817  |
| Long-term liabilities                                                 | 4,185,593                          | 4,989,443                          | 1,485,451                           | 1,657,656                           | 5,671,044     | 6,647,099     |
| Total Liabilities                                                     | 7,705,303                          | 7,424,217                          | 2,680,832                           | 3,723,699                           | 10,386,135    | 11,147,916    |
| Deferred inflows of resources                                         | 2,488,557                          | 2,424,951                          | 838                                 | 2,461                               | 2,489,395     | 2,427,412     |
| Net Position:                                                         |                                    |                                    |                                     |                                     |               |               |
| Net investment in capital assets                                      | 71,061,379                         | 68,743,874                         | 66,949,732                          | 63,228,071                          | 138,011,111   | 131,971,945   |
| Restricted                                                            | 1,825,761                          | 1,295,110                          | 430,646                             | 257,989                             | 2,256,407     | 1,553,099     |
| Unrestricted                                                          | 15,781,627                         | 15,446,899                         | 13,686,361                          | 10,948,515                          | 29,467,988    | 26,395,414    |
| Total Net Position                                                    | 88,668,767                         | 85,485,883                         | 81,066,739                          | 74,434,575                          | 169,735,506   | 159,920,458   |
| Total Liabilities, deferred inflows<br>of Resources, and Net Position | \$ 98,862,627                      | \$ 95,335,051                      | \$ 83,748,409                       | \$ 78,160,735                       | \$182,611,036 | \$173,495,786 |



**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2024**

|                                                      | Governmental<br>Activities<br>2024 | Governmental<br>Activities<br>2023 | Business-type<br>Activities<br>2024 | Business-type<br>Activities<br>2023 | Total<br>2024     | Total<br>2023     |
|------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------|-------------------|
| <b>Revenues:</b>                                     |                                    |                                    |                                     |                                     |                   |                   |
| Program revenues:                                    |                                    |                                    |                                     |                                     |                   |                   |
| Charges for services                                 | \$ 6,602,009                       | \$ 6,323,456                       | \$ 8,003,334                        | \$ 7,697,522                        | \$ 14,605,343     | \$ 14,020,978     |
| Operating grants and contributions                   | 1,173,520                          | 1,729,237                          | -                                   | -                                   | 1,173,520         | 1,729,237         |
| Capital grants and contributions                     | 1,978,978                          | 5,315,068                          | 4,689,914                           | 6,391,185                           | 6,668,892         | 11,706,253        |
| General revenues:                                    |                                    |                                    |                                     |                                     |                   |                   |
| Property and uniform vehicle taxes                   | 2,834,751                          | 2,774,434                          | -                                   | -                                   | 2,834,751         | 2,774,434         |
| Other Taxes                                          | 5,760,132                          | 5,631,709                          | -                                   | -                                   | 5,760,132         | 5,631,709         |
| Other                                                | 884,760                            | 700,935                            | 666,648                             | 394,762                             | 1,551,408         | 1,095,697         |
| Gain (Loss) on disposal of assets                    | 396,701                            | 153,928                            | 7,506                               | 15,000                              | 404,207           | 168,928           |
| <b>Total Revenues</b>                                | <b>19,630,851</b>                  | <b>22,628,767</b>                  | <b>13,367,402</b>                   | <b>14,498,469</b>                   | <b>32,998,253</b> | <b>37,127,236</b> |
| <b>Expenses:</b>                                     |                                    |                                    |                                     |                                     |                   |                   |
| General government                                   | 2,669,869                          | 3,076,125                          | -                                   | -                                   | 2,669,869         | 3,076,125         |
| Public safety                                        | 5,503,369                          | 5,180,797                          | -                                   | -                                   | 5,503,369         | 5,180,797         |
| Streets and public improvements                      | 4,530,779                          | 4,716,650                          | -                                   | -                                   | 4,530,779         | 4,716,650         |
| Parks and recreation                                 | 2,099,916                          | 1,198,185                          | -                                   | -                                   | 2,099,916         | 1,198,185         |
| Cemetery                                             | 264,566                            | 325,695                            | -                                   | -                                   | 264,566           | 325,695           |
| Garbage                                              | 1,384,563                          | 1,134,262                          | -                                   | -                                   | 1,384,563         | 1,134,262         |
| Interest on long-term debt                           | 102,905                            | 126,371                            | -                                   | -                                   | 102,905           | 126,371           |
| Water                                                | -                                  | -                                  | 1,712,782                           | 1,507,763                           | 1,712,782         | 1,507,763         |
| Pressurized irrigation                               | -                                  | -                                  | 1,730,368                           | 1,489,135                           | 1,730,368         | 1,489,135         |
| Storm sewer                                          | -                                  | -                                  | 785,833                             | 966,044                             | 785,833           | 966,044           |
| Sewer                                                | -                                  | -                                  | 2,398,255                           | 3,746,129                           | 2,398,255         | 3,746,129         |
| <b>Total Expenses</b>                                | <b>16,555,967</b>                  | <b>15,758,085</b>                  | <b>6,627,228</b>                    | <b>7,709,071</b>                    | <b>23,183,205</b> | <b>23,467,156</b> |
| Increase (Decrease) in net position before transfers | 3,074,884                          | 6,870,682                          | 6,740,164                           | 6,789,398                           | 9,815,048         | 13,660,080        |
| Transfers                                            | 108,000                            | (6,608)                            | (108,000)                           | 6,608                               | -                 | -                 |
| Increase (Decrease) in Net Position                  | 3,182,884                          | 6,864,074                          | 6,632,164                           | 6,796,006                           | 9,815,048         | 13,660,080        |
| Net Position - Beginning                             | 85,485,883                         | 78,621,809                         | 74,434,575                          | 67,638,569                          | 159,920,458       | 146,260,378       |
| Net Position - Ending                                | \$ 88,668,767                      | \$ 85,485,883                      | \$ 81,066,739                       | \$ 74,434,575                       | \$ 169,735,506    | \$ 159,920,458    |

**Governmental activities.** As noted in the table above, governmental activities increased the City's net position by \$3,182,884. The key element of the increase was assets contributed by developers, and capital and operating grants. Some increases in property and sales tax revenues, also contributed to the overall increase.

**Business-type activities.** As noted in the table above, business-type activities increased the City's net position by \$6,632,164. The key elements of the increase from the prior year were increases in grant funds earned related to the water and pressurized irrigation funds, charges for services, and conservative spending.

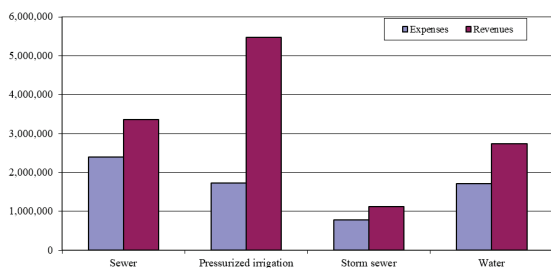
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**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2024**

**Business-type Activities**

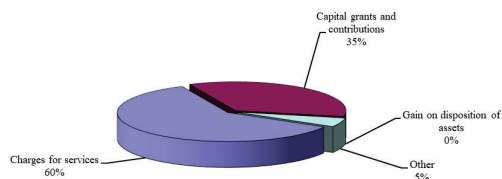
The following chart displays the business-type activities revenues compared to program expenses attributed to the activity. Traditionally business-type activities are self-supporting and the chart depicts the relationship of revenues to expenses.

**Expenses and Program Revenues - Business-type Activities**



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

**Revenues by Source - Business-type Activities**

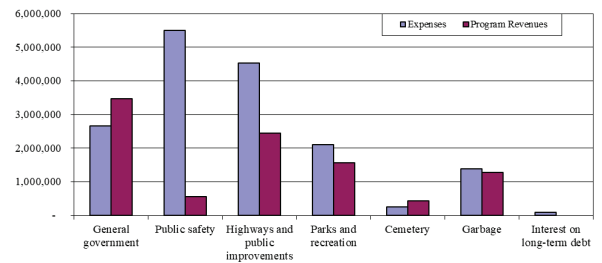


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**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2024**

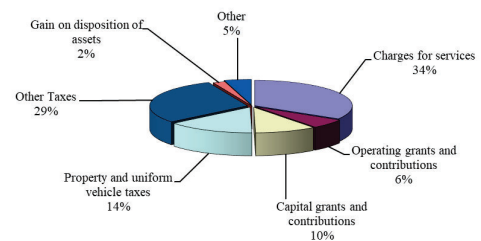
The following chart displays the governmental activities program revenues compared to expenses attributed to the activity.

**Expenses and Program Revenues - Governmental Activities**



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

**Revenues by Source - Governmental Activities**



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**HIGHLAND CITY, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2024**

**Financial Analysis of the Government's Funds**

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

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

At June 30, 2024, the City's governmental funds reported combined ending fund balances of \$17,743,133, which was an increase of \$849,655 in comparison with the prior year.

The general fund is the main operating fund of the City. At June 30, 2024, unrestricted fund balance of the general fund was \$4,471,945. A comparison of the unrestricted fund balance and total fund balance to total general fund expenditures is a measure of liquidity. Unrestricted fund balance represented 41.7% of total general fund expenditures. Unrestricted fund balance also represented 35% of the general fund revenues, which is within the unrestricted general fund balance limitation of 35% required by the Utah State Code.

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

**Sewer fund.** Unrestricted net position at June 30, 2024 amounted to \$3,679,760, which is an increase of \$1,371,042 from the previous year. Operating revenues were \$2,553,633 compared to the prior year's \$2,410,337 due to increases in charges for services. Operating expenses were \$2,397,971 compared to the prior year's \$3,746,461 due to less uncanceled project costs during the year.

**Pressurized Irrigation fund.** Unrestricted net position at June 30, 2024 amounted to \$6,541,618, an increase of \$985,641 from the previous year. Operating revenues were \$2,619,030, compared to the prior year's \$2,612,253. Operating expenses were \$1,696,637, an increase from last year's \$1,467,070 largely due to more uncanceled repair and maintenance costs than the prior year.

**Culinary Water Fund.** Unrestricted net position at June 30, 2024 amounted to \$1,163,469 a decrease of \$56,061 from the previous year. Operating revenues were \$1,959,664, an increase from the prior year's \$1,763,130 operating revenues. Operating expenses were \$1,712,433, which was an increase from the prior year's \$1,508,171 operating expenses largely due to increases in repair and maintenance costs.

**Storm Sewer fund.** Unrestricted net position at June 30, 2024 amounted to \$2,301,079, an increase of \$438,382 from the previous year. Operating revenues were \$941,896, an increase from the prior year's \$926,802 operating revenues. Operating expenses were \$785,655, a decrease from the prior year's \$966,252 of operating expenses due to decreases in uncanceled maintenance costs.

**IT internal service fund.** Unrestricted net position at June 30, 2024 amounted to \$1,334 a decrease of \$6,779 from the prior year. Operating revenues were \$49,142, a slight decrease from the prior year's \$49,945. Operating expenses of \$55,921 an increase from the prior year's \$40,366 of operating expenses.

**General Fund Budgetary Highlights**

During the fiscal year, the general funds original budgeted expenditures was amended from \$9,895,973 to a final budget total of \$11,064,677, largely as the result of anticipated increases of Parks and Recreation expenditures and General Government expenditures. The City's general fund came in \$475,259 under the final amended budget.

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**HIGHLAND CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2024**

**Capital Assets and Debt Administration**

*Capital Assets.* Highland City's investment in capital assets from governmental and business-type activities as of June 30, 2024 was \$142,829,300 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and water stock. The total increase in the City's investment in capital assets for the current year was \$4,976,770, which is primarily as a result of assets contributed from developers and other capital projects undertaken or continued during the year related to parks, water lines, and pressurized irrigation meters.

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

| Highland City's Capital Assets    |                                    |                                    |                                     |                                     |                |                |
|-----------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|----------------|----------------|
|                                   | Governmental<br>Activities<br>2024 | Governmental<br>Activities<br>2023 | Business-type<br>Activities<br>2024 | Business-type<br>Activities<br>2023 | Total<br>2024  | Total<br>2023  |
| Land                              | \$ 37,595,985                      | \$ 37,595,985                      | \$ -                                | \$ 534,455                          | \$ 38,130,440  | \$ 38,130,440  |
| Buildings                         | 15,087,225                         | 14,998,508                         | 1,157,289                           | 1,157,289                           | 16,244,514     | 16,155,797     |
| Improvements other than buildings | 85,375,867                         | 84,703,603                         | 57,005,142                          | 52,812,407                          | 142,381,009    | 137,516,010    |
| Machinery and equipment           | 3,657,476                          | 3,553,163                          | 3,301,728                           | 3,094,366                           | 6,959,204      | 6,647,529      |
| Construction in progress          | 8,885,256                          | 5,859,811                          | 9,388,809                           | 8,326,743                           | 18,274,065     | 14,186,554     |
| Water shares                      | -                                  | -                                  | 24,218,106                          | 24,218,106                          | 24,218,106     | 24,218,106     |
| Total                             | 150,601,809                        | 146,711,070                        | 95,605,529                          | 90,143,366                          | 246,207,338    | 236,854,436    |
| Less accumulated depreciation     | (75,948,930)                       | (73,533,257)                       | (27,429,108)                        | (25,468,649)                        | (103,378,038)  | (99,001,906)   |
| Total Capital Assets, net         | \$ 74,652,879                      | \$ 73,177,813                      | \$ 68,176,421                       | \$ 64,674,717                       | \$ 142,829,300 | \$ 137,852,530 |

Additional information on the City's capital assets is available in Note 6 to the financial statements.

*Long-term debt.* On June 30, 2024 the City had total bonded debt outstanding of \$3,695,000.

| Highland City's Outstanding Debt |                                    |                                    |                                     |                                     |               |               |
|----------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|---------------|---------------|
|                                  | Governmental<br>Activities<br>2024 | Governmental<br>Activities<br>2023 | Business-type<br>Activities<br>2024 | Business-type<br>Activities<br>2023 | Total<br>2024 | Total<br>2023 |
| Revenue bonds                    | \$ 3,695,000                       | \$ 4,574,000                       | \$ -                                | \$ -                                | \$ 3,695,000  | \$ 4,574,000  |
| Notes payable                    | -                                  | -                                  | 1,226,689                           | 1,446,646                           | 1,226,689     | 1,446,646     |
| Compensated absences             | 286,665                            | 260,110                            | 115,340                             | 101,765                             | 402,005       | 361,875       |
| Total                            | \$ 3,981,665                       | \$ 4,834,110                       | \$ 1,342,029                        | \$ 1,548,411                        | \$ 5,323,694  | \$ 6,382,521  |

The Utah State Constitution limits the amount of general obligation debt a municipal government may issue at 4% of its total taxable property value of \$2,933,051,285, except cities of the fourth class (Highland City is classified as a fourth class city) may issue debt up to an additional 8% of its total taxable property value for water systems, artificial lighting systems or sewer systems. On June 30, 2024 the City's limitation was \$117,322,051 and the additional limitation was \$234,644,103. The City does not have any general obligation bonds outstanding at June 30, 2024.

Additional information about the City's long-term debt is available in Note 12 to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The fiscal year 2024-2025 budget and rates are based on the forecast that the Utah economy will continue to experience growth and increased inflation. Sales tax revenues are budgeted to trend upwards still as population in the area continues to grow and consumer activity remains strong. Permit and fee revenues are expected to level off and start to decrease in the coming year as current large development projects near completion. Expenditures overall have been budgeted to increase due to inflation being experienced throughout the area.

**BASIC FINANCIAL STATEMENTS**

**HIGHLAND CITY, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2024**

**Request for Information**

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

| HIGHLAND CITY, UTAH<br>STATEMENT OF NET POSITION<br>June 30, 2024             |                            |                             |                       |
|-------------------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|
|                                                                               | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| <b>Assets:</b>                                                                |                            |                             |                       |
| Cash and cash equivalents                                                     | \$ 16,617,831              | \$ 13,069,430               | \$ 29,687,261         |
| Receivables:                                                                  |                            |                             |                       |
| Accounts                                                                      | 18,262                     | 31,810                      | 50,072                |
| Taxes                                                                         | 3,427,801                  | -                           | 3,427,801             |
| Due from other governments                                                    | 175,504                    | 1,598,604                   | 1,774,108             |
| Lease receivable                                                              | 86,246                     | -                           | 86,246                |
| Notes receivable                                                              | -                          | 172,573                     | 172,573               |
| Internal balances                                                             | (435)                      | 435                         | -                     |
| Prepaid expenses                                                              | 61,065                     | -                           | 61,065                |
| Restricted amounts:                                                           |                            |                             |                       |
| Cash and cash equivalents                                                     | 3,337,676                  | 430,646                     | 3,768,322             |
| Capital Assets:                                                               |                            |                             |                       |
| Non-depreciable Capital Assets                                                | 46,481,241                 | 34,141,370                  | 80,622,611            |
| Depreciable Capital Assets (net)                                              | 28,171,638                 | 34,035,051                  | 62,206,689            |
| <b>Total Assets</b>                                                           | <b>98,376,829</b>          | <b>83,479,919</b>           | <b>181,856,748</b>    |
| <b>Deferred Outflows of Resources</b>                                         |                            |                             |                       |
| Deferred loss on refunding                                                    | 103,500                    | -                           | 103,500               |
| Deferred outflows relating to pensions                                        | 382,298                    | 268,490                     | 650,788               |
| <b>Total Deferred Outflows of Resources</b>                                   | <b>485,798</b>             | <b>268,490</b>              | <b>754,288</b>        |
| <b>Total Assets and Deferred Outflows of Resources</b>                        | <b>\$ 98,862,627</b>       | <b>\$ 83,748,409</b>        | <b>\$ 182,611,036</b> |
| <b>Liabilities:</b>                                                           |                            |                             |                       |
| Accounts payable                                                              | \$ 1,537,598               | \$ 1,074,489                | \$ 2,612,087          |
| Accrued liabilities                                                           | 174,893                    | 14,628                      | 189,521               |
| Retainage payable                                                             | 290,894                    | -                           | 290,894               |
| Accrued interest payable                                                      | 26,396                     | 13,052                      | 39,448                |
| Developer and customer deposits                                               | 1,423,132                  | -                           | 1,423,132             |
| Unearned revenues                                                             | 32,940                     | 93,212                      | 126,152               |
| Payable from restricted assets                                                | 33,857                     | -                           | 33,857                |
| Noncurrent Liabilities:                                                       |                            |                             |                       |
| Due within one year                                                           | 1,044,943                  | 160,607                     | 1,205,550             |
| Due in more than one year                                                     | 2,936,722                  | 1,181,422                   | 4,118,144             |
| Net pension liability                                                         | 203,928                    | 143,422                     | 347,350               |
| <b>Total Liabilities</b>                                                      | <b>7,705,303</b>           | <b>2,680,832</b>            | <b>10,386,135</b>     |
| <b>Deferred Inflows of Resources</b>                                          |                            |                             |                       |
| Unearned property tax revenue                                                 | 2,400,358                  | -                           | 2,400,358             |
| Deferred inflows relating to pensions                                         | 1,953                      | 838                         | 2,791                 |
| Deferred inflows relating to lease receivables                                | 86,246                     | -                           | 86,246                |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>2,488,557</b>           | <b>838</b>                  | <b>2,489,395</b>      |
| <b>Total Liabilities and Deferred Inflows of Resources</b>                    | <b>10,193,860</b>          | <b>2,681,670</b>            | <b>12,875,530</b>     |
| <b>Net Position:</b>                                                          |                            |                             |                       |
| Net investment in capital assets                                              | 71,061,379                 | 66,949,732                  | 138,011,111           |
| Restricted for:                                                               |                            |                             |                       |
| Debt Service                                                                  | -                          | 33,480                      | 33,480                |
| Impact fees                                                                   | 658,021                    | 397,166                     | 1,055,187             |
| RAP/Zoo/Arts                                                                  | 214,295                    | -                           | 214,295               |
| Development fees                                                              | 947,129                    | -                           | 947,129               |
| Open space                                                                    | 6,316                      | -                           | 6,316                 |
| Unrestricted                                                                  | 15,781,627                 | 13,686,361                  | 29,467,988            |
| <b>Total Net Position</b>                                                     | <b>88,668,767</b>          | <b>81,066,739</b>           | <b>169,735,506</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Net Position</b> | <b>\$ 98,862,627</b>       | <b>\$ 83,748,409</b>        | <b>\$ 182,611,036</b> |

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



# HIGHLAND CITY, UTAH BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2024

| Functions/Program                     | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue & Changes in Net Position |                          |                       |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------------------|--------------------------|-----------------------|
|                                       | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                         | Business-type Activities | Total                 |
| <b>Governmental Activities:</b>       |                      |                      |                                    |                                  |                                                 |                          |                       |
| General government                    | \$ 2,669,869         | \$ 3,353,871         | \$ 110,234                         | \$ -                             | \$ 794,236                                      | \$ -                     | \$ 794,236            |
| Public safety                         | 5,503,569            | 285,874              | 96,418                             | 176,158                          | (4,844,919)                                     | -                        | (4,844,919)           |
| Streets and public works              | 4,530,779            | 1,193,632            | 966,868                            | 293,330                          | (2,076,969)                                     | -                        | (2,076,969)           |
| Parks and recreation                  | 2,099,916            | 55,483               | -                                  | 1,205,510                        | (534,923)                                       | -                        | (534,923)             |
| Cemetery                              | 264,566              | 436,408              | -                                  | -                                | 171,842                                         | -                        | 171,842               |
| Garbage                               | 1,384,563            | 1,276,741            | -                                  | -                                | (107,822)                                       | -                        | (107,822)             |
| Interest on long term debt            | 102,905              | -                    | -                                  | -                                | (102,905)                                       | -                        | (102,905)             |
| <b>Total Governmental Activities</b>  | <b>16,555,987</b>    | <b>6,062,089</b>     | <b>1,175,520</b>                   | <b>1,978,978</b>                 | <b>(6,801,460)</b>                              | <b>-</b>                 | <b>(6,801,460)</b>    |
| <b>Business-type Activities:</b>      |                      |                      |                                    |                                  |                                                 |                          |                       |
| Sewer                                 | 2,398,255            | 2,553,633            | -                                  | 803,071                          | -                                               | 958,449                  | 958,449               |
| Pressurized irrigation                | 1,730,368            | 2,619,030            | -                                  | 2,847,921                        | -                                               | 3,736,583                | 3,736,583             |
| Storm sewer                           | 703,633              | 954,392              | -                                  | 190,610                          | -                                               | 339,569                  | 339,569               |
| Water                                 | 1,713,782            | 1,896,379            | -                                  | 588,112                          | -                                               | 1,031,609                | 1,031,609             |
| <b>Total Business-type Activities</b> | <b>6,627,238</b>     | <b>8,003,334</b>     | <b>-</b>                           | <b>4,689,814</b>                 | <b>-</b>                                        | <b>6,066,010</b>         | <b>6,066,010</b>      |
| <b>Total Government</b>               | <b>\$ 23,183,225</b> | <b>\$ 14,065,343</b> | <b>\$ 1,175,520</b>                | <b>\$ 6,668,392</b>              | <b>(6,801,460)</b>                              | <b>6,066,010</b>         | <b>(735,450)</b>      |
| <b>General Revenues:</b>              |                      |                      |                                    |                                  |                                                 |                          |                       |
| Taxes:                                |                      |                      |                                    |                                  |                                                 |                          |                       |
| Property                              | -                    | -                    | -                                  | -                                | 2,678,666                                       | -                        | 2,678,666             |
| Vehicle                               | -                    | -                    | -                                  | -                                | 156,085                                         | -                        | 156,085               |
| Sales                                 | -                    | -                    | -                                  | -                                | 4,803,312                                       | -                        | 4,803,312             |
| Franchise                             | -                    | -                    | -                                  | -                                | 1,356,820                                       | -                        | 1,356,820             |
| Unrestricted investment earnings      | -                    | -                    | -                                  | -                                | 848,715                                         | 666,648                  | 1,515,363             |
| Gain/(Loss) on disposal of assets     | -                    | -                    | -                                  | -                                | 396,700                                         | 2,596                    | 404,297               |
| Miscellaneous                         | -                    | -                    | -                                  | -                                | 36,045                                          | -                        | 36,045                |
| Transfers                             | -                    | -                    | -                                  | -                                | (109,000)                                       | (109,000)                | -                     |
| <b>Total General Revenues</b>         | <b>3,088,548</b>     | <b>466,554</b>       | <b>-</b>                           | <b>-</b>                         | <b>10,530,266</b>                               | <b>10,530,266</b>        | <b>10,530,266</b>     |
| <b>Changes in Net Position</b>        | <b>3,102,284</b>     | <b>6,602,164</b>     | <b>-</b>                           | <b>-</b>                         | <b>9,315,008</b>                                | <b>-</b>                 | <b>9,315,008</b>      |
| <b>Net Position, Beginning</b>        | <b>85,485,883</b>    | <b>74,434,575</b>    | <b>-</b>                           | <b>-</b>                         | <b>159,020,458</b>                              | <b>-</b>                 | <b>159,020,458</b>    |
| <b>Net Position, Ending</b>           | <b>\$ 88,668,767</b> | <b>\$ 81,066,739</b> | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>\$ 169,335,506</b>                           | <b>\$ -</b>              | <b>\$ 169,335,506</b> |

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

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|                                                                           | General Fund        | Special Revenue Road Fee | Capital Projects - Parks | Capital Projects - Roads | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------------------------------------------|---------------------|--------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| <b>Assets:</b>                                                            |                     |                          |                          |                          |                             |                          |
| Cash and cash equivalents                                                 | \$ 4,042,039        | \$ 1,161,033             | \$ 6,444,397             | \$ 763,883               | \$ 4,186,511                | \$ 16,597,863            |
| Receivables:                                                              |                     |                          |                          |                          |                             |                          |
| Accounts                                                                  | 12,046              | 5,145                    | -                        | -                        | 1,071                       | 18,262                   |
| Taxes                                                                     | 3,078,308           | -                        | -                        | -                        | 349,493                     | 3,427,801                |
| Due from other governments                                                | 175,504             | -                        | -                        | -                        | -                           | 175,504                  |
| Notes                                                                     | 86,246              | -                        | -                        | -                        | -                           | 86,246                   |
| Prepaid expenses                                                          | 61,065              | -                        | -                        | -                        | -                           | 61,065                   |
| Restricted amounts:                                                       |                     |                          |                          |                          |                             |                          |
| Cash and cash equivalents                                                 | 1,456,072           | -                        | -                        | 658,021                  | 1,223,583                   | 3,337,676                |
| <b>Total Assets</b>                                                       | <b>\$ 8,911,280</b> | <b>\$ 1,166,178</b>      | <b>\$ 6,444,397</b>      | <b>\$ 1,421,904</b>      | <b>\$ 5,760,658</b>         | <b>\$ 23,704,417</b>     |
| <b>Liabilities:</b>                                                       |                     |                          |                          |                          |                             |                          |
| Accounts payable                                                          | \$ 659,891          | \$ 806,372               | \$ 7,972                 | \$ -                     | \$ 44,729                   | \$ 1,518,964             |
| Accrued liabilities                                                       | 151,569             | 941                      | -                        | -                        | 22,383                      | 174,893                  |
| Retainage payable                                                         | -                   | -                        | 274,840                  | -                        | 16,054                      | 290,894                  |
| Developer bonds - payable from restricted                                 | 1,423,132           | -                        | -                        | -                        | -                           | 1,423,132                |
| Unearned revenue                                                          | 32,940              | -                        | -                        | -                        | -                           | 32,940                   |
| Payable from restricted assets                                            | -                   | -                        | -                        | -                        | 33,857                      | 33,857                   |
| <b>Total Liabilities</b>                                                  | <b>2,267,532</b>    | <b>807,313</b>           | <b>282,812</b>           | <b>-</b>                 | <b>117,023</b>              | <b>3,474,680</b>         |
| <b>Deferred Inflows of Resources</b>                                      |                     |                          |                          |                          |                             |                          |
| Unearned property tax revenue                                             | 2,085,557           | -                        | -                        | -                        | 314,801                     | 2,400,358                |
| Notes receivable                                                          | 86,246              | -                        | -                        | -                        | -                           | 86,246                   |
| <b>Total Deferred Inflows of Resources</b>                                | <b>2,171,803</b>    | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 | <b>314,801</b>              | <b>2,486,604</b>         |
| <b>Fund Balances:</b>                                                     |                     |                          |                          |                          |                             |                          |
| Nonspendable:                                                             |                     |                          |                          |                          |                             |                          |
| Prepaid expenses                                                          | 61,065              | -                        | -                        | -                        | -                           | 61,065                   |
| Restricted for:                                                           |                     |                          |                          |                          |                             |                          |
| Impact fees                                                               | -                   | -                        | -                        | 658,021                  | -                           | 658,021                  |
| RAP/200 Zoo art                                                           | -                   | -                        | -                        | -                        | 214,295                     | 214,295                  |
| Development fees                                                          | -                   | -                        | -                        | -                        | 947,129                     | 947,129                  |
| Assigned to:                                                              |                     |                          |                          |                          |                             |                          |
| Cemetery                                                                  | -                   | -                        | -                        | -                        | 174,921                     | 174,921                  |
| Library                                                                   | -                   | -                        | -                        | -                        | 107,854                     | 107,854                  |
| Debt service                                                              | -                   | -                        | -                        | -                        | 12,715                      | 12,715                   |
| Capital projects & open space funds                                       | -                   | 358,865                  | 6,161,585                | 763,883                  | 3,871,920                   | 11,556,253               |
| Unassigned                                                                | 4,410,880           | -                        | -                        | -                        | -                           | 4,410,880                |
| <b>Total Fund Balances</b>                                                | <b>4,471,945</b>    | <b>358,865</b>           | <b>6,161,585</b>         | <b>1,421,904</b>         | <b>5,328,834</b>            | <b>17,743,133</b>        |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b> | <b>\$ 8,911,280</b> | <b>\$ 1,166,178</b>      | <b>\$ 6,444,397</b>      | <b>\$ 1,421,904</b>      | <b>\$ 5,760,658</b>         | <b>\$ 23,704,417</b>     |

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

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## HIGHLAND CITY, UTAH RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2024

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

|                                                                                                                                                                                                                                             |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                                                                                             | <b>\$ 17,743,133</b> |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                   | 74,652,879           |
| Deferred loss on refunding of debt is not a financial resource, and therefore, is not reported in the funds.                                                                                                                                | 103,500              |
| Interest expense is not due and payable in the current period and therefore is not recorded in the funds.                                                                                                                                   | (26,396)             |
| net pension assets, net pension liabilities, Deferred outflows or resources and deferred inflows of resources related to pensions are not current financial resources, and therefore, are not reported in the governmental funds.           | 176,417              |
| Long-term liabilities, including bonds, leases, and notes are not due and payable in the current period and therefore, are not reported in the funds.                                                                                       | (3,981,665)          |
| Internal service funds are used by management to charge the cost of IT services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. | 899                  |
| <b>Total Net Position - Governmental Activities</b>                                                                                                                                                                                         | <b>\$ 88,668,767</b> |

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

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## HIGHLAND CITY, UTAH STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended June 30, 2024

|                                                           | General Fund        | Special Revenue Road Fee | Capital Projects - Parks | Capital Projects - Roads | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------------------------------|---------------------|--------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| <b>Revenues:</b>                                          |                     |                          |                          |                          |                             |                          |
| Taxes                                                     | \$ 8,066,962        | \$ -                     | \$ -                     | \$ -                     | \$ 527,921                  | \$ 8,594,883             |
| Licenses and permits                                      | 28,328              | -                        | -                        | -                        | 1,416,809                   | 1,445,137                |
| Intergovernmental                                         | 1,063,286           | -                        | 51,063                   | -                        | -                           | 1,114,349                |
| Impact fees                                               | -                   | -                        | 1,473,395                | 125,252                  | 176,158                     | 1,774,805                |
| Charges for services                                      | 2,827,001           | 1,181,807                | -                        | -                        | 475,327                     | 4,484,135                |
| Erection fees                                             | -                   | -                        | -                        | -                        | 16,389                      | 16,389                   |
| Fines and forfeitures                                     | 285,874             | -                        | -                        | -                        | 16,584                      | 302,458                  |
| Contributions from other governments                      | -                   | -                        | 49,719                   | 35                       | 9,452                       | 59,206                   |
| Interest                                                  | 297,473             | 59,934                   | 339,142                  | 4,001                    | 198,684                     | 899,234                  |
| Miscellaneous                                             | 35,653              | -                        | -                        | -                        | -                           | 35,653                   |
| <b>Total Revenues</b>                                     | <b>12,604,577</b>   | <b>1,241,741</b>         | <b>1,913,319</b>         | <b>129,288</b>           | <b>2,837,324</b>            | <b>18,726,249</b>        |
| <b>Expenditures:</b>                                      |                     |                          |                          |                          |                             |                          |
| Current:                                                  |                     |                          |                          |                          |                             |                          |
| General government                                        | 1,304,262           | -                        | -                        | -                        | 1,237,063                   | 2,541,325                |
| Public safety                                             | 5,316,438           | -                        | -                        | -                        | -                           | 5,316,438                |
| Streets and public works                                  | 876,272             | 1,422,472                | -                        | 822,298                  | -                           | 3,121,042                |
| Parks and recreation                                      | 1,707,032           | -                        | 2,969,551                | -                        | -                           | 4,676,583                |
| Cemetery                                                  | -                   | -                        | -                        | -                        | 295,654                     | 295,654                  |
| Garbage                                                   | 1,385,414           | -                        | -                        | -                        | -                           | 1,385,414                |
| Capital outlay                                            | -                   | -                        | -                        | -                        | 94,507                      | 94,507                   |
| Debt service:                                             |                     |                          |                          |                          |                             |                          |
| Principal                                                 | -                   | -                        | -                        | -                        | 879,000                     | 879,000                  |
| Interest                                                  | -                   | -                        | 2,100                    | -                        | 69,232                      | 11,332                   |
| <b>Total Expenditures</b>                                 | <b>10,589,418</b>   | <b>1,422,472</b>         | <b>2,971,651</b>         | <b>822,298</b>           | <b>2,575,456</b>            | <b>18,381,295</b>        |
| Excess (deficiency) of revenues over (under) expenditures | 2,015,159           | (180,731)                | (1,058,332)              | (693,010)                | 261,868                     | 344,954                  |
| <b>Other Financing Sources (Uses):</b>                    |                     |                          |                          |                          |                             |                          |
| Sale of capital assets                                    | 47,352              | -                        | 16,511                   | 332,838                  | -                           | 396,701                  |
| Transfers in                                              | 949,000             | -                        | 470,000                  | 1,400,000                | 3,349,000                   | 6,168,000                |
| Transfers out                                             | (3,989,000)         | -                        | (400,000)                | -                        | (1,671,000)                 | (6,060,000)              |
| <b>Total Other Financing Sources (Uses)</b>               | <b>(2,992,648)</b>  | <b>-</b>                 | <b>86,511</b>            | <b>1,732,838</b>         | <b>1,678,000</b>            | <b>504,701</b>           |
| <b>Net Change in Fund Balances</b>                        | <b>(977,489)</b>    | <b>(180,731)</b>         | <b>(971,821)</b>         | <b>1,039,828</b>         | <b>1,939,868</b>            | <b>849,655</b>           |
| <b>Fund Balances, Beginning</b>                           | <b>5,449,434</b>    | <b>539,596</b>           | <b>7,133,406</b>         | <b>382,076</b>           | <b>3,388,966</b>            | <b>16,893,478</b>        |
| <b>Fund Balances, Ending</b>                              | <b>\$ 4,471,945</b> | <b>\$ 358,865</b>        | <b>\$ 6,161,585</b>      | <b>\$ 1,421,904</b>      | <b>\$ 5,328,834</b>         | <b>\$ 17,743,133</b>     |

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

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**HIGHLAND CITY, UTAH**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2024**

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                                                 | <b>\$ 849,655</b>   |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.                                                                                               |                     |
| Capital outlay                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3,870,048           |
| Depreciation expense                                                                                                                                                                                                                                                                                                                                                                                                                                          | (2,599,120)         |
| Contributed assets are not recorded in governmental funds due to no current resources being expended in the acquisition of such assets. The Statement of Activities will record these contributed assets at their estimated fair value on the date of contribution.                                                                                                                                                                                           | 204,138             |
| Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position.                                                                                                                                                             |                     |
| Payment of bond principal                                                                                                                                                                                                                                                                                                                                                                                                                                     | 879,000             |
| Pension expense resulting from the changes in net pension assets, net pension liabilities, deferred outflows relating to pensions, and deferred inflows relating to pensions are not the use of current financial resources, and therefore, are not reported in the governmental funds.                                                                                                                                                                       | 45,011              |
| Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. This adjustment reflects the changes due to accrued interest on bonds payable, amortization of the deferred loss on bond refunding, and change in compensated absences. |                     |
| Accrued interest                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2,889               |
| Amortization of deferred loss                                                                                                                                                                                                                                                                                                                                                                                                                                 | (36,562)            |
| Compensated absences                                                                                                                                                                                                                                                                                                                                                                                                                                          | (26,555)            |
| Internal service funds are used by management to charge the cost of IT services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.                                                                                                                                                                                                                                               | (5,620)             |
| <b>Changes in net position of governmental activities</b>                                                                                                                                                                                                                                                                                                                                                                                                     | <b>\$ 3,182,884</b> |

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

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**HIGHLAND CITY, UTAH**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**June 30, 2024**

| Assets:                                                                                                                                                      | Business-type Activities - Enterprise Funds |                        |                      |                     |                      | Governmental Activities |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------|----------------------|---------------------|----------------------|-------------------------|
|                                                                                                                                                              | Sewer                                       | Pressurized Irrigation | Culinary Water       | Storm Sewer         | Total                | IT Internal Service     |
| <b>Current Assets:</b>                                                                                                                                       |                                             |                        |                      |                     |                      |                         |
| Cash and cash equivalents                                                                                                                                    | \$ 3,940,354                                | \$ 5,329,610           | \$ 1,485,811         | \$ 2,313,655        | \$ 13,069,430        | \$ 19,968               |
| Restricted cash and cash equivalents                                                                                                                         | -                                           | 60,269                 | 370,377              | -                   | 430,646              | -                       |
| Accounts receivable                                                                                                                                          | 12,582                                      | 5,013                  | 1,187                | 3,128               | 31,810               | -                       |
| Inter governmental receivable                                                                                                                                | -                                           | 1,598,604              | -                    | -                   | 1,598,604            | -                       |
| <b>Total Current Assets</b>                                                                                                                                  | <b>3,952,936</b>                            | <b>6,993,496</b>       | <b>1,867,275</b>     | <b>2,316,783</b>    | <b>15,130,490</b>    | <b>19,968</b>           |
| <b>Noncurrent Assets:</b>                                                                                                                                    |                                             |                        |                      |                     |                      |                         |
| Note receivables                                                                                                                                             | -                                           | 172,573                | -                    | -                   | 172,573              | -                       |
| Capital assets:                                                                                                                                              |                                             |                        |                      |                     |                      |                         |
| Nondepreciable                                                                                                                                               | -                                           | 22,580,257             | 1,637,849            | -                   | 24,218,106           | -                       |
| Water shares                                                                                                                                                 | 26,540                                      | 277,450                | 107,132              | 123,333             | 534,455              | -                       |
| Land                                                                                                                                                         | -                                           | 6,299,733              | 2,976,963            | 1,121,113           | 9,388,809            | -                       |
| Construction in process                                                                                                                                      | -                                           | -                      | -                    | -                   | -                    | -                       |
| Depreciable                                                                                                                                                  | -                                           | 663,667                | 493,622              | -                   | 1,157,289            | -                       |
| Buildings                                                                                                                                                    | 16,872,154                                  | 18,188,669             | 14,816,946           | 7,127,433           | 57,005,142           | -                       |
| Infrastructure                                                                                                                                               | 556,199                                     | 547,523                | 1,818,585            | 379,421             | 3,301,728            | -                       |
| Machinery and equipment                                                                                                                                      | (7,428,701)                                 | (9,224,733)            | (8,082,110)          | (2,693,564)         | (27,429,108)         | -                       |
| Less accumulated depreciation                                                                                                                                | 10,026,192                                  | 39,505,079             | 13,768,987           | 5,048,736           | 68,348,994           | -                       |
| <b>Total Noncurrent Assets</b>                                                                                                                               | <b>13,979,128</b>                           | <b>46,498,575</b>      | <b>15,636,262</b>    | <b>7,365,519</b>    | <b>83,479,484</b>    | <b>19,968</b>           |
| <b>Total Assets</b>                                                                                                                                          | <b>\$ 17,932,064</b>                        | <b>\$ 53,492,071</b>   | <b>\$ 17,503,537</b> | <b>\$ 9,682,292</b> | <b>\$ 98,609,974</b> | <b>\$ 39,936</b>        |
| <b>Deferred Outflows of Resources</b>                                                                                                                        | <b>75,163</b>                               | <b>57,646</b>          | <b>77,427</b>        | <b>58,254</b>       | <b>268,490</b>       | <b>-</b>                |
| Deferred outflows relating to pensions                                                                                                                       |                                             |                        |                      |                     |                      |                         |
| <b>Liabilities:</b>                                                                                                                                          |                                             |                        |                      |                     |                      |                         |
| <b>Current Liabilities:</b>                                                                                                                                  |                                             |                        |                      |                     |                      |                         |
| Accounts payable                                                                                                                                             | \$ 288,390                                  | \$ 532,918             | \$ 237,065           | \$ 163,116          | \$ 1,074,489         | \$ 18,634               |
| Accrued liabilities                                                                                                                                          | 2,055                                       | 4,928                  | 4,465                | 3,180               | 14,628               | -                       |
| Accrued interest payable                                                                                                                                     | -                                           | 13,052                 | -                    | -                   | 13,052               | -                       |
| Unearned revenue                                                                                                                                             | -                                           | -                      | 93,212               | -                   | 93,212               | -                       |
| Compensated absences                                                                                                                                         | 11,520                                      | 14,614                 | 20,691               | 13,164              | 59,989               | -                       |
| <b>Total Current Liabilities</b>                                                                                                                             | <b>301,965</b>                              | <b>666,130</b>         | <b>355,433</b>       | <b>32,460</b>       | <b>1,355,988</b>     | <b>18,634</b>           |
| <b>Noncurrent Liabilities:</b>                                                                                                                               |                                             |                        |                      |                     |                      |                         |
| Compensated absences                                                                                                                                         | 11,404                                      | 17,774                 | 12,612               | 13,561              | 55,351               | -                       |
| Notes payable                                                                                                                                                | -                                           | 1,126,071              | -                    | -                   | 1,126,071            | -                       |
| Net pension liability                                                                                                                                        | 34,735                                      | 38,321                 | 42,578               | 27,788              | 143,422              | -                       |
| <b>Total Noncurrent Liabilities</b>                                                                                                                          | <b>46,139</b>                               | <b>1,182,166</b>       | <b>55,190</b>        | <b>41,349</b>       | <b>1,324,844</b>     | <b>-</b>                |
| <b>Total Liabilities</b>                                                                                                                                     | <b>348,104</b>                              | <b>1,848,296</b>       | <b>410,623</b>       | <b>73,809</b>       | <b>2,680,832</b>     | <b>18,634</b>           |
| <b>Deferred Inflows of Resources</b>                                                                                                                         | <b>235</b>                                  | <b>221</b>             | <b>233</b>           | <b>149</b>          | <b>838</b>           | <b>-</b>                |
| Deferred inflows relating to pension                                                                                                                         |                                             |                        |                      |                     |                      |                         |
| <b>Net Position:</b>                                                                                                                                         |                                             |                        |                      |                     |                      |                         |
| Net investment in capital assets                                                                                                                             | 10,026,192                                  | 38,105,817             | 13,768,987           | 5,048,736           | 66,949,732           | -                       |
| Restricted:                                                                                                                                                  |                                             |                        |                      |                     |                      |                         |
| Impact fees                                                                                                                                                  | -                                           | 26,789                 | 370,377              | -                   | 397,166              | -                       |
| Debt service                                                                                                                                                 | -                                           | 33,480                 | -                    | -                   | 33,480               | -                       |
| Unrestricted                                                                                                                                                 | 3,679,760                                   | 6,541,618              | 1,163,469            | 2,301,079           | 13,685,926           | 1,334                   |
| <b>Net Position</b>                                                                                                                                          | <b>\$ 13,705,952</b>                        | <b>\$ 44,707,704</b>   | <b>\$ 15,302,833</b> | <b>\$ 7,349,815</b> | <b>\$ 81,066,304</b> | <b>\$ 1,334</b>         |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time |                                             |                        |                      |                     | 435                  |                         |
| Net position of business-type activities                                                                                                                     |                                             |                        |                      |                     | <u>\$ 81,066,739</u> |                         |

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

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**HIGHLAND CITY, UTAH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2024**

|                                                                                                                        | Business-type Activities - Enterprise Funds |                        |                      |                     |                      | Governmental Activities |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------|----------------------|---------------------|----------------------|-------------------------|
|                                                                                                                        | Sewer                                       | Pressurized Irrigation | Culinary Water       | Storm Sewer         | Total                | IT Internal Service     |
| <b>Operating Revenues:</b>                                                                                             |                                             |                        |                      |                     |                      |                         |
| Charges for services                                                                                                   | \$ 2,553,633                                | \$ 2,619,030           | \$ 1,737,957         | \$ 934,392          | \$ 7,845,012         | \$ 48,750               |
| Connection fees                                                                                                        | -                                           | -                      | 151,072              | -                   | 151,072              | -                       |
| Miscellaneous                                                                                                          | -                                           | -                      | 70,635               | 7,506               | 78,141               | 392                     |
| <b>Total Operating Revenues</b>                                                                                        | <b>2,553,633</b>                            | <b>2,619,030</b>       | <b>1,959,664</b>     | <b>941,898</b>      | <b>8,074,225</b>     | <b>49,142</b>           |
| <b>Operating Expenses:</b>                                                                                             |                                             |                        |                      |                     |                      |                         |
| Salaries and benefits                                                                                                  | 225,603                                     | 396,020                | 335,519              | 258,877             | 1,216,019            | -                       |
| Operations                                                                                                             | 1,621,980                                   | 765,193                | 779,845              | 241,960             | 3,408,978            | 55,921                  |
| Depreciation                                                                                                           | 550,388                                     | 535,424                | 597,069              | 284,818             | 1,967,699            | -                       |
| <b>Total Operating Expenses</b>                                                                                        | <b>2,397,971</b>                            | <b>1,696,637</b>       | <b>1,712,433</b>     | <b>785,655</b>      | <b>6,592,696</b>     | <b>55,921</b>           |
| <b>Operating Income (Loss)</b>                                                                                         | <b>155,662</b>                              | <b>922,393</b>         | <b>247,231</b>       | <b>156,243</b>      | <b>5,081,529</b>     | <b>(6,779)</b>          |
| <b>Nonoperating Revenues (Expenses):</b>                                                                               |                                             |                        |                      |                     |                      |                         |
| Impact fees                                                                                                            | 723,310                                     | 444,370                | 149,972              | -                   | 1,317,652            | -                       |
| Grant revenue                                                                                                          | -                                           | 2,368,608              | 767,575              | -                   | 3,136,183            | -                       |
| Interest income                                                                                                        | 163,181                                     | 269,677                | 124,356              | 109,434             | 666,648              | -                       |
| Interest expense                                                                                                       | -                                           | (33,384)               | -                    | -                   | (33,384)             | -                       |
| <b>Total Nonoperating Revenues (Expenses)</b>                                                                          | <b>886,491</b>                              | <b>3,049,271</b>       | <b>1,041,903</b>     | <b>109,434</b>      | <b>5,087,099</b>     | <b>-</b>                |
| <b>Income (Loss) Before Contributions and transfers</b>                                                                | <b>1,042,153</b>                            | <b>3,971,664</b>       | <b>1,289,134</b>     | <b>265,677</b>      | <b>6,568,628</b>     | <b>(6,779)</b>          |
| <b>Capital Contributions</b>                                                                                           | <b>79,761</b>                               | <b>24,943</b>          | <b>17,152</b>        | <b>40,838</b>       | <b>172,694</b>       | <b>-</b>                |
| <b>Transfers out</b>                                                                                                   | <b>-</b>                                    | <b>(108,000)</b>       | <b>-</b>             | <b>-</b>            | <b>(108,000)</b>     | <b>-</b>                |
| <b>Changes in Net Position</b>                                                                                         | <b>1,121,914</b>                            | <b>3,888,607</b>       | <b>1,306,286</b>     | <b>306,515</b>      | <b>6,633,322</b>     | <b>(6,779)</b>          |
| <b>Net Position, Beginning</b>                                                                                         | <b>12,584,038</b>                           | <b>40,809,097</b>      | <b>13,996,547</b>    | <b>7,043,300</b>    | <b>\$ 73,433,982</b> | <b>\$ 8,113</b>         |
| <b>Net Position, Ending</b>                                                                                            | <b>\$ 13,705,952</b>                        | <b>\$ 44,707,704</b>   | <b>\$ 15,302,833</b> | <b>\$ 7,349,815</b> | <b>\$ 81,066,304</b> | <b>\$ 1,334</b>         |
| Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds. |                                             |                        |                      |                     | (1,158)              |                         |
| Changes in net position of business-type activities                                                                    |                                             |                        |                      |                     | <u>\$ 6,632,164</u>  |                         |

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

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**HIGHLAND CITY, UTAH**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2024**

|                                                                                                       | Business-type Activities - Enterprise Funds |                        |                     |                     |                      | Governmental Activities |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------|---------------------|---------------------|----------------------|-------------------------|
|                                                                                                       | Sewer                                       | Pressurized Irrigation | Water               | Storm Sewer         | Total                | IT Internal Service     |
| <b>Cash Flows From Operating Activities:</b>                                                          |                                             |                        |                     |                     |                      |                         |
| Cash received from customers                                                                          | \$ 2,554,439                                | \$ 2,692,434           | \$ 1,964,546        | \$ 943,809          | \$ 8,155,228         | \$ -                    |
| Cash receipts from interfund services provided                                                        | -                                           | -                      | -                   | -                   | -                    | 49,142                  |
| Cash payments to suppliers for goods and services                                                     | (1,761,987)                                 | (681,498)              | (784,321)           | (282,663)           | (3,510,469)          | (41,830)                |
| Cash payments to employees                                                                            | (230,940)                                   | (400,641)              | (337,150)           | (263,811)           | (1,232,548)          | -                       |
| <b>Net cash provided (used) by operating activities</b>                                               | <b>561,506</b>                              | <b>1,610,295</b>       | <b>843,075</b>      | <b>397,335</b>      | <b>3,412,211</b>     | <b>7,312</b>            |
| <b>Cash Flows From Non-Capital Financing Activities:</b>                                              |                                             |                        |                     |                     |                      |                         |
| Transfers to other funds                                                                              | -                                           | (108,000)              | -                   | -                   | (108,000)            | -                       |
| <b>Net cash provided (used) by non-capital financing activities</b>                                   | <b>-</b>                                    | <b>(108,000)</b>       | <b>-</b>            | <b>-</b>            | <b>(108,000)</b>     | <b>-</b>                |
| <b>Cash Flows From Capital and Related Financing Activities:</b>                                      |                                             |                        |                     |                     |                      |                         |
| Principal payments on bonds and notes payable                                                         | -                                           | (219,957)              | -                   | -                   | (219,957)            | -                       |
| Capital grants                                                                                        | -                                           | 1,312,800              | -                   | -                   | 1,312,800            | -                       |
| Interest and fees paid on bonds and notes payable                                                     | -                                           | (36,532)               | -                   | -                   | (36,532)             | -                       |
| Receipt of impact fees                                                                                | 723,310                                     | 444,370                | 149,972             | -                   | 1,317,652            | -                       |
| Purchase of capital assets                                                                            | (221,499)                                   | (3,185,648)            | (1,777,449)         | (112,113)           | (5,296,709)          | -                       |
| <b>Net cash provided (used) by capital and related financing activities</b>                           | <b>501,811</b>                              | <b>(1,688,867)</b>     | <b>(1,627,477)</b>  | <b>(112,113)</b>    | <b>(2,922,646)</b>   | <b>-</b>                |
| <b>Cash Flows From Investing Activities:</b>                                                          |                                             |                        |                     |                     |                      |                         |
| Interest on investments                                                                               | 163,181                                     | 269,677                | 124,356             | 109,434             | 666,648              | -                       |
| <b>Net cash provided (used) by investing activities</b>                                               | <b>163,181</b>                              | <b>269,677</b>         | <b>124,356</b>      | <b>109,434</b>      | <b>666,648</b>       | <b>-</b>                |
| <b>Net Increase (Decrease) In Cash</b>                                                                | <b>1,226,498</b>                            | <b>87,105</b>          | <b>(660,040)</b>    | <b>394,656</b>      | <b>1,048,219</b>     | <b>7,312</b>            |
| <b>Cash at Beginning of Year</b>                                                                      | <b>2,713,856</b>                            | <b>5,302,774</b>       | <b>2,516,234</b>    | <b>1,918,999</b>    | <b>12,451,863</b>    | <b>12,656</b>           |
| <b>Cash at End of Year</b>                                                                            | <b>\$ 3,940,354</b>                         | <b>\$ 5,389,879</b>    | <b>\$ 1,856,198</b> | <b>\$ 2,313,655</b> | <b>\$ 13,500,076</b> | <b>\$ 19,968</b>        |
| <b>As reported on the Statement of Net Position:</b>                                                  |                                             |                        |                     |                     |                      |                         |
| Cash and cash equivalents                                                                             | \$ 3,940,354                                | \$ 5,329,610           | \$ 1,485,811        | \$ 2,313,655        | \$ 13,069,430        | \$ 19,968               |
| Restricted cash and cash equivalents                                                                  | -                                           | 60,269                 | 370,377             | -                   | 430,646              | -                       |
| <b>Total Cash at End of Year</b>                                                                      | <b>\$ 3,940,354</b>                         | <b>\$ 5,389,879</b>    | <b>\$ 1,856,198</b> | <b>\$ 2,313,655</b> | <b>\$ 13,500,076</b> | <b>\$ 19,968</b>        |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                                             |                        |                     |                     |                      |                         |
| Operating income (loss)                                                                               | \$ 155,662                                  | \$ 919,821             | \$ 247,231          | \$ 156,243          | \$ 1,478,957         | \$ (6,779)              |
| Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:     |                                             |                        |                     |                     |                      |                         |
| Depreciation                                                                                          | 550,388                                     | 535,424                | 597,069             | 284,818             | 1,967,699            | -                       |
| (Decrease) increase in assets:                                                                        |                                             |                        |                     |                     |                      |                         |
| Accounts receivable                                                                                   | 806                                         | 10,412                 | 4,882               | 1,911               | 18,011               | -                       |
| Note receivable                                                                                       | -                                           | 62,992                 | -                   | -                   | 62,992               | -                       |
| Deferred outflows relating to pensions                                                                | (15,551)                                    | (17,156)               | (19,062)            | (12,441)            | (64,210)             | -                       |
| Increase (decrease) in liabilities:                                                                   |                                             |                        |                     |                     |                      |                         |
| Accounts payable                                                                                      | (140,007)                                   | 83,695                 | (4,470)             | (40,703)            | (101,491)            | 14,091                  |
| Accrued liabilities                                                                                   | (344)                                       | 606                    | 748                 | 542                 | 1,552                | -                       |
| Compensated absences                                                                                  | 2,668                                       | 3,231                  | 7,019               | 657                 | 13,575               | -                       |
| Net pension liability                                                                                 | 8,277                                       | 9,132                  | 10,146              | 6,622               | 34,177               | -                       |
| Deferred inflows relating to pensions                                                                 | (823)                                       | (434)                  | (482)               | (314)               | (1,623)              | -                       |
| <b>Net cash provided (used) by operating activities</b>                                               | <b>\$ 561,506</b>                           | <b>\$ 1,607,723</b>    | <b>\$ 843,075</b>   | <b>\$ 397,335</b>   | <b>\$ 3,409,639</b>  | <b>\$ 7,312</b>         |
| <b>Noncash investing, capital, and financing activities:</b>                                          |                                             |                        |                     |                     |                      |                         |
| Contributions of capital assets                                                                       | \$ 79,761                                   | \$ 34,943              | \$ 17,152           | \$ 40,838           | \$ 172,694           | \$ -                    |
| Addition of capital assets from assumed notes payable                                                 | -                                           | -                      | -                   | -                   | -                    | -                       |

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

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HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) The Reporting Entity

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

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

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

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

(B) Government-Wide and Fund Financial Statements

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

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HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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

The *Road Fee Special Revenue Fund* accounts for the revenues collected from the road fee and expenditures for projects qualifying for use of those funds.

The *Capital Projects – Parks Fund* accounts for the funds set aside for parks projects, including park impact fee revenues.

The *Capital Projects – Roads Fund* accounts for the funds set aside for road projects, including road impact fee revenues.

The City reports the following major proprietary funds:

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

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

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

The *Storm Sewer Fund* accounts for the activities of the City's storm sewer infrastructure and related costs.

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

The City reports a single internal service fund.

The *Information Technology (IT) Internal Service Fund* accounts for the City's information technology costs used by the City's various departments and funds.

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

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

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HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Budgetary Data

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

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 35% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

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

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

(D) Tax Revenues

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

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

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

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(E) Cash, Cash Equivalents, and Investments

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

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

(F) Restricted Assets

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

(G) Capital Assets

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

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

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

| Assets                            | Years    |
|-----------------------------------|----------|
| Buildings and structures          | 20 to 50 |
| Improvements and infrastructure   | 10 to 50 |
| Machinery, equipment and vehicles | 5 to 15  |

(H) Receivables and Payables

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

Receivables at June 30, 2024, consisted of property tax, franchise tax, sales tax, grants and utility customer accounts (billings for user charged services). Taxes and grants are deemed collectible in full. Utility charges have an allowance of \$24,988.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(M) Lease Receivable and Related Deferred Inflows of Resources

A lease receivable and related deferred inflow of resources balances are reported for agreements meeting the requirements of GASB 87, *Leases*. The lease receivable will be relieved as payments are collected and the related deferred inflow will be reduced in a similar manner over the lease term. The City currently reports lease receivable and a related deferred inflow of resources related to telecommunications tower lease arrangement.

(N) Fund Balance and Net Position Classification

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

- (1) *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) *Restricted net position* – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* – All other net position that does not meet the definition of "restricted" or "Net investment in capital assets".

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

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

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(I) Long-Term Obligations

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

(J) Compensated Absences

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

(K) Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently reports deferred outflows of resources relating to pensions, and deferred loss on refunding. The deferred outflows relating to pensions are required to be reported as part of implementing GASB 68 *Accounting and Financial reporting for Pensions*, and GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The City reports a deferred loss on refunding as part of the advanced refunding of the 2015 Sales and Franchise Tax Revenue bonds.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which are reported under this section: deferred property tax revenues, and deferred inflows of resources relating to pensions. Deferred property tax revenue arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts account for property taxes levied on January 1, 2022 for the 2022-2023 fiscal year. The deferred inflows relating to pensions are required to be reported as part of implementing of GASB 68, and GASB 71, as previously mentioned. The City also reports a deferred inflows of resources related to lease receivables, which are required as part of the City's reporting in accordance with GASB 87, *Leases*.

(L) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(N) Fund Balance and Net Position Classification (Continued)

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

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

(O) Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

(A) Deficit Fund Equity

As of June 30, 2024, none of the City's funds had a deficit fund balance or fund net position.

**NOTE 3 CASH AND INVESTMENTS**

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

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City's deposit and investment policy is to follow the Utah Money Management Act (the Act) (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 CASH AND INVESTMENTS (Continued)**

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse purchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by the U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

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

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

*Fair Value of Investments*

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

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

The City's PTIF investment, whose fair value at June 30, 2024 was \$30,852,610 was measured as a *Level 2*. The City maintained no other investments during the year.

The City's cash and investments are summarized below:

|                                        | Fair Value           | Carrying Amount      | Credit Rating (1) | Weighted Average Years to Maturity (2) |
|----------------------------------------|----------------------|----------------------|-------------------|----------------------------------------|
| Cash on deposit                        | \$ 2,202,617         | \$ 2,649,290         | N/A               | N/A                                    |
| Investment (3):                        |                      |                      |                   |                                        |
| Utah State Treasurer's Investment Pool | 30,852,610           | 30,806,293           | N/A               | Less than 1                            |
| Total cash and cash equivalents        | <u>\$ 33,055,227</u> | <u>\$ 33,455,583</u> |                   |                                        |
| Portfolio weighted average maturity    |                      |                      |                   | N/A                                    |

- (1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.  
(2) **Interest Rate Risk** is estimated using the weighted average days to maturity.  
(3) All investments are considered cash equivalents on the financial statements.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 INTERFUND TRANSFERS**

The purpose of the transfers were to provide cash flows and pay operating expenses. Transfers were made among the governmental funds to pay for debt service, and set aside funds for future capital projects. The transfer from the pressurized irrigation fund is to record utilities used by the general fund for watering of parks where funds were not exchanged. The transfers among the funds for the year ended June 30, 2024 were as follows:

|                                | In                  | Out                 |
|--------------------------------|---------------------|---------------------|
| <b>Governmental activities</b> |                     |                     |
| General fund                   | \$ 949,000          | \$ 3,989,000        |
| Capital Projects - Parks       | 470,000             | 400,000             |
| Capital Projects - Roads       | 1,400,000           | -                   |
| Nonmajor governmental funds    | 3,349,000           | 1,671,000           |
| Total governmental activities  | 6,168,000           | 6,060,000           |
| <b>Business activities</b>     |                     |                     |
| Pressurized irrigation         | -                   | 108,000             |
| Total business activities      | -                   | 108,000             |
| <b>Total Transfers</b>         | <u>\$ 6,168,000</u> | <u>\$ 6,168,000</u> |

Transfers made during the year are primarily for re-allocation of resources for capital projects, including the use of restricted grant funds for allowable purposes.

**NOTE 5 RESTRICTED ASSETS**

Certain assets are restricted to use as follows as of June 30, 2024:

|                                 | Restricted Cash and Cash Equivalents | Total Restricted Assets |
|---------------------------------|--------------------------------------|-------------------------|
| <b>Governmental activities</b>  |                                      |                         |
| Construction bonds              | \$ 1,423,132                         | 1,423,132               |
| Unearned revenues               | 32,940                               | 32,940                  |
| Development fees                | 975,431                              | 975,431                 |
| Exaction fee                    | 33,857                               | 33,857                  |
| Impact fees                     | 658,021                              | 658,021                 |
| RAP/Zoo/Arts                    | 214,295                              | 214,295                 |
| Total governmental activities   | 3,337,676                            | 3,337,676               |
| <b>Business-type activities</b> |                                      |                         |
| Restricted for impact fees      | 370,377                              | 370,377                 |
| Debt service                    | 60,269                               | 60,269                  |
| Total business-type activities  | 430,646                              | 430,646                 |
| Total restricted assets         | <u>\$ 3,768,322</u>                  | <u>\$ 3,768,322</u>     |

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 CASH AND INVESTMENTS (Continued)**

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

*Cash Deposits*

*Custodial credit risk* is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2024, \$1,952,617 of the City's deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investments*

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

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

*Custodial credit risk* is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act. The PTIF was unrated as of June 30, 2024.

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

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

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

|                                                              | Balance<br>June 30, 2023 | Additions/<br>Transfers | Deletions/<br>Transfers | Balance<br>June 30, 2024 |
|--------------------------------------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| <b>Governmental activities:</b>                              |                          |                         |                         |                          |
| Capital assets, not being depreciated:                       |                          |                         |                         |                          |
| Land and right of way                                        | \$37,595,985             | \$ -                    | \$ -                    | \$37,595,985             |
| Construction in progress                                     | 5,859,811                | 3,025,445               | -                       | 8,885,256                |
| <b>Total capital assets, not being depreciated</b>           | <u>43,455,796</u>        | <u>3,025,445</u>        | <u>-</u>                | <u>46,481,241</u>        |
| Capital assets, being depreciated:                           |                          |                         |                         |                          |
| Buildings and structures                                     | 14,998,508               | 88,717                  | -                       | 15,087,225               |
| Improvements and infrastructure                              | 84,703,603               | 672,264                 | -                       | 85,375,867               |
| Machinery, equipment and vehicles                            | 3,553,163                | 287,760                 | (183,447)               | 3,657,476                |
| <b>Total capital assets, being depreciated</b>               | <u>103,255,274</u>       | <u>1,048,741</u>        | <u>(183,447)</u>        | <u>104,120,568</u>       |
| Less accumulated depreciation for:                           |                          |                         |                         |                          |
| Buildings and structures                                     | (5,792,574)              | (401,386)               | -                       | (6,193,960)              |
| Improvements and infrastructure                              | (65,524,315)             | (1,909,962)             | -                       | (67,434,277)             |
| Machinery, equipment and vehicles                            | (2,216,368)              | (287,772)               | 183,447                 | (2,320,693)              |
| <b>Total accumulated depreciation</b>                        | <u>(73,533,257)</u>      | <u>(2,599,120)</u>      | <u>183,447</u>          | <u>(75,948,930)</u>      |
| <b>Total capital assets, net of accumulated depreciation</b> | <u>29,722,017</u>        | <u>(1,550,379)</u>      | <u>-</u>                | <u>28,171,638</u>        |
| <b>Governmental activities capital assets, net</b>           | <u>\$73,177,813</u>      | <u>\$ 1,475,066</u>     | <u>\$ -</u>             | <u>\$74,652,879</u>      |

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

|                                                             |                     |
|-------------------------------------------------------------|---------------------|
| <b>Governmental activities:</b>                             |                     |
| General government                                          | \$ 245,754          |
| Public Safety                                               | 183,091             |
| Streets and Public Works                                    | 1,776,229           |
| Parks and recreation                                        | 347,816             |
| Cemetery                                                    | 46,230              |
| <b>Total depreciation expense - governmental activities</b> | <u>\$ 2,599,120</u> |

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS (Continued)**

The Business-type activities property, plant and equipment consist of the following at June 30, 2024:

|                                                              | <u>Balance<br/>June 30, 2023</u> | <u>Additions/<br/>Transfers</u> | <u>Deletions/<br/>Transfers</u> | <u>Balance<br/>June 30, 2024</u> |
|--------------------------------------------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------------|
| <b>Business-type Activities:</b>                             |                                  |                                 |                                 |                                  |
| Capital assets, not being depreciated:                       |                                  |                                 |                                 |                                  |
| Land                                                         | \$ 534,455                       | \$ -                            | \$ -                            | \$ 534,455                       |
| Construction in progress                                     | 8,326,743                        | 4,559,308                       | (3,497,242)                     | 9,388,809                        |
| Water Shares                                                 | 24,218,106                       | -                               | -                               | 24,218,106                       |
| <b>Total capital assets, not being depreciated</b>           | <b>33,079,304</b>                | <b>4,559,308</b>                | <b>(3,497,242)</b>              | <b>34,141,370</b>                |
| Capital assets, being depreciated:                           |                                  |                                 |                                 |                                  |
| Buildings and structures                                     | 1,157,289                        | -                               | -                               | 1,157,289                        |
| Improvements and infrastructure                              | 52,812,407                       | 4,192,734                       | -                               | 57,005,141                       |
| Machinery, equipment and vehicles                            | 3,094,366                        | 214,603                         | (7,241)                         | 3,301,728                        |
| <b>Total capital assets, being depreciated</b>               | <b>57,064,062</b>                | <b>4,407,337</b>                | <b>(7,241)</b>                  | <b>61,464,158</b>                |
| Less accumulated depreciation for:                           |                                  |                                 |                                 |                                  |
| Buildings and structures                                     | (801,345)                        | (40,120)                        | -                               | (841,465)                        |
| Improvements and infrastructure                              | (22,645,907)                     | (1,752,435)                     | -                               | (24,398,342)                     |
| Machinery, equipment and vehicles                            | (2,021,397)                      | (175,144)                       | 7,241                           | (2,189,300)                      |
| <b>Total accumulated depreciation</b>                        | <b>(25,468,649)</b>              | <b>(1,967,699)</b>              | <b>7,241</b>                    | <b>(27,429,107)</b>              |
| <b>Total capital assets, net of accumulated depreciation</b> | <b>31,595,413</b>                | <b>2,439,638</b>                | <b>-</b>                        | <b>34,035,051</b>                |
| <b>Business-type activities capital assets, net</b>          | <b>\$64,674,717</b>              | <b>\$ 6,998,946</b>             | <b>\$(3,497,242)</b>            | <b>\$68,176,421</b>              |

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

|                                                              |  |                     |
|--------------------------------------------------------------|--|---------------------|
| <b>Business-type activities</b>                              |  |                     |
| Sewer                                                        |  | \$ 550,388          |
| Pressurized Irrigation                                       |  | 535,424             |
| Storm Drain                                                  |  | 284,818             |
| Water                                                        |  | 597,069             |
| <b>Total depreciation expense - business-type activities</b> |  | <b>\$ 1,967,699</b> |

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 JOINT VENTURE (Continued)**

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

|                                                                       | <u>2024</u>         |
|-----------------------------------------------------------------------|---------------------|
| Payments to Lone Peak:                                                |                     |
| Administrative expenses                                               | \$ 283,884          |
| Member payments for                                                   |                     |
| Police                                                                | 2,857,933           |
| Fire / EMS                                                            | 2,174,621           |
| <b>Total payments to Lone Peak</b>                                    | <b>\$ 5,316,438</b> |
| Receipts from Lone Peak:                                              |                     |
| Rent of office space                                                  | \$ 221,050          |
| Reimbursement of employee wages and office supplies used by Lone Peak | 160,804             |
| <b>Total receipts from Lone Peak</b>                                  | <b>\$ 381,854</b>   |

**NOTE 12 LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2024:

|                                                      | <u>June 30,<br/>2023</u> | <u>Additions</u>  | <u>Retirements</u>   | <u>June 30,<br/>2024</u> | <u>Due Within<br/>One Year</u> |
|------------------------------------------------------|--------------------------|-------------------|----------------------|--------------------------|--------------------------------|
| <b>Governmental Activities:</b>                      |                          |                   |                      |                          |                                |
| <b>Direct Placement</b>                              |                          |                   |                      |                          |                                |
| Revenue Bonds, Series 2016                           | \$ 2,896,000             | \$ -              | \$(475,000)          | \$ 2,421,000             | \$ 472,000                     |
| Revenue Bonds, Series 2020                           | 1,678,000                | -                 | (404,000)            | 1,274,000                | 422,000                        |
| <b>Total bonds payable</b>                           | <b>4,574,000</b>         | <b>-</b>          | <b>(879,000)</b>     | <b>3,695,000</b>         | <b>894,000</b>                 |
| <b>Other long-term liabilities</b>                   |                          |                   |                      |                          |                                |
| Compensated absences                                 | 260,110                  | 157,811           | (131,256)            | 286,665                  | 150,943                        |
| Net pension liability                                | 155,333                  | 48,595            | -                    | 203,928                  | -                              |
| <b>Total other long-term liabilities</b>             | <b>415,443</b>           | <b>206,406</b>    | <b>(131,256)</b>     | <b>490,593</b>           | <b>150,943</b>                 |
| <b>Governmental activities long-term liabilities</b> | <b>\$ 4,989,443</b>      | <b>\$ 206,406</b> | <b>\$(1,010,256)</b> | <b>\$ 4,185,593</b>      | <b>\$ 1,044,943</b>            |

**Governmental Activities:**

**Revenue Bonds**

Series 2016 Sales and Franchise Tax Revenue Refunding Bonds, original issue of \$4,970,000, principal due in annual installments beginning September 2018, interest at 2.095% due in semi-annual installments beginning March 2016, with the final payment due September 2027. The bonds were issued to partially refund the Series 2007 Sales and Franchise Tax Revenue Bonds. \$ 2,421,000

Series 2020 Sales and Franchise Tax Revenue Refunding Bonds, original issue of \$2,886,000, principal due in annual installments beginning September 2020, interest at 1.08% due in semi-annual installments beginning September 2020, with the final payment due September 2026. The bonds were issued to refund the Series 2015 Sales and Franchise Tax Revenue Bonds. 1,274,000

Total Tax Revenue Bonds - Governmental Activities \$ 3,695,000

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 NOTES RECEIVABLE**

The City has multiple notes receivable for property owners to pay back the City for irrigation water shares purchased on their behalf. The City bills these property owners monthly and the notes mature as final payments are made. There are no pre-payment penalties, and the notes carry no interest. At June 30, 2024 the balance of these notes receivable were \$172,573. The final notes are scheduled to mature in July 2043.

**NOTE 8 GRANTS**

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

**NOTE 9 DEVELOPER AND CUSTOMER DEPOSITS**

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

**NOTE 10 UNEARNED PROPERTY TAXES**

In conjunction with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" the City has accrued property tax receivable and unearned property tax revenue in the General Fund and Library Fund in the amounts of \$2,085,557, and \$314,801, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Property taxes are levied on October 1, and then are due and payable at November 30. Since the property tax amounts are not expected to be received within 60 days after the year ended June 30, 2023 and are intended to fund operations of fiscal year ending June 30, 2025, the City has recorded both a receivable and deferred inflow of resources of the estimated amount of the total property tax to be levied on October 1, 2024.

**NOTE 11 JOINT VENTURE**

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

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

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 12 LONG-TERM DEBT (Continued)**

The advance refunding of the 2015 Sales and Franchise Revenue bonds was done to reduce debt service payments. The refunding resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$155,164. The deferred loss on refunding of \$107,035 is being amortized over the remaining life of the 2020 Sales and Franchise Tax Revenue bonds. At June 30, 2024 \$1,301,000 of the 2015 Sales and Franchise Revenue defeased bonds were outstanding.

All of the City's Sales and Franchise Tax Revenue Bonds (both Governmental and Business-type) are payable solely by a pledge and assignment of their associated revenue sources. Total future sales tax of \$3,695,000 has been pledged through 2028. The current revenue recognized during the period for pledged Franchise and Sales Tax Revenue bonds was \$5,329,340 compared to principal and interest of \$950,637 paid during the year which equals a coverage ratio of 5.61.

The Series 2020 and 2016 Franchise Tax Revenue Refunding bonds contain provisions that in the event of default, the bondholders may force payment of the outstanding bonds whether through legal action or through the appointment of a receiver.

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2024, are as follows:

| Year Ending<br>June 30, | Governmental Activities<br>Sales and Franchise Tax<br>Revenue Bonds |                  |           |                |
|-------------------------|---------------------------------------------------------------------|------------------|-----------|----------------|
|                         | Principal                                                           |                  | Interest  |                |
|                         |                                                                     |                  |           |                |
| 2025                    | \$                                                                  | 894,000          | \$        | 59,535         |
| 2026                    |                                                                     | 912,000          |           | 45,016         |
| 2027                    |                                                                     | 924,000          |           | 30,032         |
| 2028                    |                                                                     | 965,000          |           | 10,108         |
|                         | <b>\$</b>                                                           | <b>3,695,000</b> | <b>\$</b> | <b>144,691</b> |

|                                                       | <u>June 30,<br/>2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30,<br/>2024</u> | <u>Due Within<br/>One Year</u> |
|-------------------------------------------------------|--------------------------|------------------|--------------------|--------------------------|--------------------------------|
| <b>Business-type Activities:</b>                      |                          |                  |                    |                          |                                |
| <b>Direct Placement</b>                               |                          |                  |                    |                          |                                |
| Notes payable                                         | \$ 1,446,646             | \$ -             | \$(219,957)        | \$ 1,226,689             | \$ 100,618                     |
| <b>Total bonds and notes payable</b>                  | <b>1,446,646</b>         | <b>-</b>         | <b>(219,957)</b>   | <b>1,226,689</b>         | <b>100,618</b>                 |
| <b>Other long-term liabilities</b>                    |                          |                  |                    |                          |                                |
| Compensated absences                                  | 101,765                  | 65,758           | (52,183)           | 115,340                  | 59,989                         |
| Net pension liability                                 | 109,245                  | 34,177           | -                  | 143,422                  | -                              |
| <b>Total other long-term liabilities</b>              | <b>211,010</b>           | <b>99,935</b>    | <b>(52,183)</b>    | <b>258,762</b>           | <b>59,989</b>                  |
| <b>Business-type activities long-term liabilities</b> | <b>\$ 1,657,656</b>      | <b>\$ 99,935</b> | <b>\$(272,140)</b> | <b>\$ 1,485,451</b>      | <b>\$ 160,607</b>              |

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 12 LONG-TERM DEBT (Continued)**

**Notes Payable - Direct Borrowings**

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

\$ 284,331

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

942,358

Total Notes Payable - Business-type Activities

\$ 1,226,689

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

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2024, are as follows:

| Year Ending<br>June 30, | Business-type Activities         |                   |
|-------------------------|----------------------------------|-------------------|
|                         | Notes Payable - Direct Borrowing |                   |
|                         | Principal                        | Interest          |
| 2025                    | \$ 100,618                       | \$ 25,022         |
| 2026                    | 102,670                          | 22,970            |
| 2027                    | 104,764                          | 20,876            |
| 2028                    | 106,901                          | 18,739            |
| 2029                    | 109,082                          | 16,558            |
| 2030-2034               | 579,703                          | 48,496            |
| 2035                    | 122,952                          | 2,687             |
|                         | <u>\$ 1,226,689</u>              | <u>\$ 155,346</u> |

During fiscal year 2015, the City defeased \$3,970,000 of the 2006 Sales and Franchise Tax revenue bonds by placing new bond proceeds in an irrevocable trust to provide for the future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2024, \$1,280,000 of defeased bonds are still outstanding.

During fiscal year 2016, the City defeased \$4,600,000 of the 2007 Sales and Franchise Tax revenue bonds by placing new bond proceeds in an irrevocable trust to provide for the future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2024, \$2,310,000 of defeased bonds are still outstanding.

No interest was capitalized during the fiscal year ended June 30, 2024. Total interest incurred and charged to expense totaled \$136,289.

Compensated absence balances are liquidated out of the funds from where the employees are allocated.

The City evaluated all potential lease payable transactions and determined that no such agreements were required to be reported under GASB 87, *Leases*.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION AND RETIREMENT PLANS (Continued)**

**Contribution Rate Summary**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2024 are as follows:

| Utah Retirement Systems              | Employee | Employer | Employer<br>401(k) |
|--------------------------------------|----------|----------|--------------------|
| Contributory System                  |          |          |                    |
| 111 - Local Government Div - Tier 2  | -        | 16.01%   | 0.18%              |
| Noncontributory System               |          |          |                    |
| 15 - Local Governmental Div - Tier 1 | -        | 17.97%   | -                  |
| Tier 2 DC Only                       |          |          |                    |
| 211 - Local Government               | -        | 6.19%    | 10.00%             |

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

For fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

| System                         | Employer<br>Contributions | Employee<br>Contributions |
|--------------------------------|---------------------------|---------------------------|
| Noncontributory System         | \$ 213,436                | -                         |
| Tier 2 Public Employees System | 117,526                   | -                         |
| Tier 2 DC Only System          | 29,156                    | -                         |
| Total Contributions            | <u>\$ 360,118</u>         | <u>\$ -</u>               |

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, 2024, we reported a net pension asset of \$0 and a net pension liability of \$347,350.

|                                     | (Measurement Date): December 31, 2023 |                          |                        |                      |
|-------------------------------------|---------------------------------------|--------------------------|------------------------|----------------------|
|                                     | Net Pension<br>Asset                  | Net Pension<br>Liability | Proportionate<br>Share | Change<br>(Decrease) |
|                                     |                                       |                          | Share 2022             |                      |
| Noncontributory System              | \$ -                                  | \$ 298,388               | 0.1286397%             | 0.1354191%           |
| Tier 2 Public Employees System      | -                                     | 45,962                   | 0.0251551%             | 0.0299748%           |
| Total Net Pension Asset / Liability | <u>\$ -</u>                           | <u>\$ 347,350</u>        |                        |                      |

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023, 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, 2024, we recognized pension expense of \$282,822.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 13 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters. There have been no significant reductions in insurance coverage, and no settlements or incidents have exceeded the City's insurance coverage in any of the past three fiscal years.

**NOTE 14 PENSION AND RETIREMENT PLANS**

**Plan Description**

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

**Defined Benefit Plans**

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

**Summary of Benefits by System**

**Benefits Provided**

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

| System                            | Final Average<br>Salary | Years of Service<br>required and/or age<br>eligible for benefit | Benefit percent per<br>year of service | COLA**     |
|-----------------------------------|-------------------------|-----------------------------------------------------------------|----------------------------------------|------------|
| Noncontributory<br>System         | Highest 3<br>years      | 30 years any age                                                | 2.0% per year all years                | Up to 4%   |
|                                   |                         | 25 years any age*                                               |                                        |            |
|                                   |                         | 20 years age 60*                                                |                                        |            |
|                                   |                         | 10 years age 62*                                                |                                        |            |
| Tier 2 Public<br>Employees System | Highest 5<br>years      | 35 years any age                                                | 1.5% per year all years                | Up to 2.5% |
|                                   |                         | 20 years age 60*                                                |                                        |            |
|                                   |                         | 10 years age 62*                                                |                                        |            |
|                                   |                         | 4 years age 65                                                  |                                        |            |

\* 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 no met may be carried forward to subsequent years.

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**HIGHLAND CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION AND RETIREMENT PLANS (Continued)**

At June 30, 2024 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 224,617                           | \$ 802                              |
| Changes in assumptions                                                                               | 117,565                              | 39                                  |
| Net difference between projected and actual earnings on pension plan investments                     | 102,562                              | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 14,362                               | 1,950                               |
| Contributions subsequent to the measurement date                                                     | 191,682                              | -                                   |
| Total                                                                                                | <u>\$ 650,788</u>                    | <u>\$ 2,791</u>                     |

\$191,682 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, 2023.

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<br>(inflows) of Resources |
|-------------------------|-------------------------------------------------|
| 2024                    | \$ 139,211                                      |
| 2025                    | 130,307                                         |
| 2026                    | 194,060                                         |
| 2027                    | (36,701)                                        |
| 2028                    | 5,504                                           |
| Thereafter              | 23,934                                          |

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION AND RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2024, we recognized pension expense of \$218,530.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 208,935                           | \$ -                                |
| Changes in assumptions                                                                               | 89,540                               | -                                   |
| Net difference between projected and actual earnings on pension plan investments                     | 97,033                               | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 3,807                                | -                                   |
| Contributions subsequent to the measurement date                                                     | 115,354                              | -                                   |
| Total                                                                                                | \$ 514,669                           | \$ -                                |

\$115,354 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<br>(inflows) of Resources |
|-------------------------|-------------------------------------------------|
| 2024                    | \$ 134,247                                      |
| 2025                    | 123,393                                         |
| 2026                    | 182,429                                         |
| 2027                    | (40,754)                                        |
| 2028                    | -                                               |
| Thereafter              | -                                               |

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION AND RETIREMENT PLANS (Continued)**

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<br>Allocation             | Real Return<br>Arithmetic<br>Basis | Long-Term<br>expected<br>portfolio real<br>rate of return |
| Equity securities         | 35.00%                           | 6.87%                              | 2.40%                                                     |
| Debt securities           | 20.00%                           | 1.54%                              | 0.31%                                                     |
| Real assets               | 18.00%                           | 5.43%                              | 0.98%                                                     |
| Private equity            | 12.00%                           | 9.80%                              | 1.18%                                                     |
| Absolute return           | 15.00%                           | 3.86%                              | 0.58%                                                     |
| Cash and cash equivalents | 0.00%                            | 0.24%                              | 0.00%                                                     |
| Totals                    | 100.00%                          |                                    | 5.45%                                                     |
|                           |                                  | Inflation                          | 2.50%                                                     |
|                           |                                  | Expected arithmetic nominal return | 7.95%                                                     |

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 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.

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION AND RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2024, we recognized pension expense of \$64,292.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

|                                                                                                      | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                   | \$ 15,682                            | \$ 802                              |
| Changes in assumptions                                                                               | 28,025                               | 39                                  |
| Net difference between projected and actual earnings on pension plan investments                     | 5,529                                | -                                   |
| Changes in proportion and differences between contributions and proportionate share of contributions | 10,555                               | 1,950                               |
| Contributions subsequent to the measurement date                                                     | 76,328                               | -                                   |
| Total                                                                                                | \$ 136,119                           | \$ 2,791                            |

\$76,328 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, 2023.

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<br>(inflows) of Resources |
|-------------------------|-------------------------------------------------|
| 2024                    | \$ 4,964                                        |
| 2025                    | 6,914                                           |
| 2026                    | 11,631                                          |
| 2027                    | 4,053                                           |
| 2028                    | 5,504                                           |
| Thereafter              | 23,934                                          |

**Actuarial Assumptions**

The total pension liability in the December 31, 2023, 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.

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**HIGHLAND CITY, UTAH  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION AND RETIREMENT PLANS (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 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<br>(5.85%) | Discount Rate<br>(6.85%) | 1% Increase<br>(7.85%) |
|--------------------------------|------------------------|--------------------------|------------------------|
| Noncontributory System         | \$ 1,548,618           | \$ 298,388               | \$ (748,595)           |
| Tier 2 Public Employees System | 168,225                | 48,962                   | (43,527)               |
| Total                          | \$ 1,716,843           | \$ 347,350               | \$ (792,122)           |

**Pension Plan Fiduciary Net Position**

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

**Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

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

|                        | 2024       | 2023       | 2022       |
|------------------------|------------|------------|------------|
| 401(k) Plan            |            |            |            |
| Employer Contributions | \$ 267,566 | \$ 279,116 | \$ 225,169 |
| Employee Contributions | 139,810    | 101,222    | 75,388     |
| 457 Plan               |            |            |            |
| Employer Contributions | 5,420      | -          | 16         |
| Employee Contributions | 49,492     | 28,970     | 28,850     |
| Roth IRA Plan          |            |            |            |
| Employer Contributions | N/A        | N/A        | N/A        |
| Employee Contributions | 31,637     | 37,425     | 31,384     |

**NOTE 15 COMMITMENTS AND AGREEMENTS**

The City has commitments to reimburse developers related to the Town Center project in the aggregate amount of \$33,856, which will be ultimately resolved after exaction fees are received by the Towne Center fund.

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**HIGHLAND CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2024**

|                                                           | Budgeted Amounts   |                       | Actual Amounts      | Variance with Final Budget |
|-----------------------------------------------------------|--------------------|-----------------------|---------------------|----------------------------|
|                                                           | Original Budget    | Final Budget          |                     |                            |
| <b>Revenues:</b>                                          |                    |                       |                     |                            |
| Taxes                                                     | \$ 7,648,183       | \$ 7,993,183          | \$ 8,066,962        | \$ 73,779                  |
| Licenses and permits                                      | 19,000             | 19,000                | 28,328              | 9,328                      |
| Intergovernmental                                         | 1,020,000          | 1,070,000             | 1,063,286           | (6,714)                    |
| Charges for services                                      | 2,650,280          | 2,715,280             | 2,827,001           | 111,721                    |
| Fines and forfeitures                                     | 146,500            | 248,500               | 285,874             | 37,374                     |
| Interest                                                  | 75,000             | 270,000               | 297,473             | 27,473                     |
| Miscellaneous                                             | 30,000             | 30,000                | 35,653              | 5,653                      |
| <b>Total Revenues</b>                                     | <b>11,588,963</b>  | <b>12,345,963</b>     | <b>12,604,577</b>   | <b>258,614</b>             |
| <b>Expenditures:</b>                                      |                    |                       |                     |                            |
| Current:                                                  |                    |                       |                     |                            |
| General government                                        | 1,207,613          | 1,391,980             | 1,304,262           | 87,718                     |
| Public safety                                             | 5,361,339          | 5,397,579             | 5,316,438           | 81,141                     |
| Streets and public works                                  | 1,048,085          | 1,114,085             | 876,272             | 237,813                    |
| Parks and recreation                                      | 1,050,245          | 1,854,040             | 1,707,032           | 147,008                    |
| Garbage                                                   | 1,228,691          | 1,306,993             | 1,385,414           | (78,421)                   |
| <b>Total Expenditures</b>                                 | <b>9,895,973</b>   | <b>11,064,677</b>     | <b>10,589,418</b>   | <b>475,259</b>             |
| Excess (deficiency) of revenues over (under) expenditures | 1,692,990          | 1,281,286             | 2,015,159           | 733,873                    |
| <b>Other Financing Sources (Uses):</b>                    |                    |                       |                     |                            |
| Sale of capital assets                                    | 136,000            | 76,000                | 47,352              | (28,648)                   |
| Transfers in                                              | 1,161,860          | 949,000               | 949,000             | -                          |
| Transfers out                                             | (2,929,152)        | (3,989,000)           | (3,989,000)         | -                          |
| Appropriated fund balance                                 | -                  | 217,973               | -                   | (217,973)                  |
| <b>Total Other Financing Sources (Uses)</b>               | <b>(1,631,292)</b> | <b>(2,746,027)</b>    | <b>(2,992,648)</b>  | <b>(246,621)</b>           |
| <b>Net Change in Fund Balances</b>                        | <b>\$ 61,698</b>   | <b>\$ (1,464,741)</b> | <b>(977,489)</b>    | <b>\$ 487,252</b>          |
| <b>Fund Balance, Beginning</b>                            |                    |                       | <b>5,449,434</b>    |                            |
| <b>Fund Balance, Ending</b>                               |                    |                       | <b>\$ 4,471,945</b> |                            |

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**HIGHLAND CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – ROAD FEE SPECIAL REVENUE**  
**For The Year Ended June 30, 2024**

|                                                           | Budgeted Amounts |                  | Actual Amounts    | Variance with Final Budget |
|-----------------------------------------------------------|------------------|------------------|-------------------|----------------------------|
|                                                           | Original Budget  | Final Budget     |                   |                            |
| <b>Revenues:</b>                                          |                  |                  |                   |                            |
| Charges for services                                      | \$ 1,111,212     | \$ 1,111,212     | \$ 1,181,807      | \$ 70,595                  |
| Interest                                                  | 20,000           | 20,000           | 59,934            | 39,934                     |
| <b>Total Revenues</b>                                     | <b>1,131,212</b> | <b>1,131,212</b> | <b>1,241,741</b>  | <b>110,529</b>             |
| <b>Expenditures:</b>                                      |                  |                  |                   |                            |
| Current:                                                  |                  |                  |                   |                            |
| Streets and public works                                  | 1,131,212        | 1,631,212        | 1,422,472         | 208,740                    |
| <b>Total Expenditures</b>                                 | <b>1,131,212</b> | <b>1,631,212</b> | <b>1,422,472</b>  | <b>208,740</b>             |
| Excess (deficiency) of revenues over (under) expenditures | -                | (500,000)        | (180,731)         | 319,269                    |
| <b>Other Financing Sources (Uses):</b>                    |                  |                  |                   |                            |
| Appropriated fund balance                                 | -                | 500,000          | -                 | (500,000)                  |
| <b>Total Other Financing Sources (Uses)</b>               | <b>-</b>         | <b>500,000</b>   | <b>-</b>          | <b>(500,000)</b>           |
| <b>Net Change in Fund Balances</b>                        | <b>\$ -</b>      | <b>\$ -</b>      | <b>(180,731)</b>  | <b>\$ (180,731)</b>        |
| <b>Fund Balance, Beginning</b>                            |                  |                  | <b>539,596</b>    |                            |
| <b>Fund Balance, Ending</b>                               |                  |                  | <b>\$ 358,865</b> |                            |

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**HIGHLAND CITY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**June 30, 2024**  
**Measurement Date of December 31, 2023**  
**Last 10 Fiscal Years**

|                                                  | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered payroll | Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability (asset) |
|--------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>For the year ended December 31,</b>           |                                                 |                                                          |                 |                                                                                                          |                                                                                    |
| <b>Noncontributory Retirement System</b>         |                                                 |                                                          |                 |                                                                                                          |                                                                                    |
| 2023                                             | 0.1286397%                                      | \$ 298,388                                               | \$ 1,080,937    | 27.60%                                                                                                   | 96.9%                                                                              |
| 2022                                             | 0.1354191%                                      | 231,939                                                  | 1,116,202       | 20.78%                                                                                                   | 97.5%                                                                              |
| 2021                                             | 0.1285900%                                      | (736,448)                                                | 1,049,338       | -70.18%                                                                                                  | 108.7%                                                                             |
| 2020                                             | 0.1177363%                                      | 60,392                                                   | 998,353         | 6.05%                                                                                                    | 99.2%                                                                              |
| 2019                                             | 0.1237794%                                      | 466,508                                                  | 1,000,176       | 46.64%                                                                                                   | 93.7%                                                                              |
| 2018                                             | 0.1255408%                                      | 924,448                                                  | 1,030,491       | 89.71%                                                                                                   | 87.0%                                                                              |
| 2017                                             | 0.1355806%                                      | 594,019                                                  | 1,146,754       | 51.80%                                                                                                   | 91.9%                                                                              |
| 2016                                             | 0.1344475%                                      | 863,317                                                  | 1,159,548       | 74.45%                                                                                                   | 87.3%                                                                              |
| 2015                                             | 0.1325309%                                      | 749,924                                                  | 1,074,504       | 69.79%                                                                                                   | 87.8%                                                                              |
| 2014                                             | 0.1363938%                                      | 592,254                                                  | 1,102,809       | 53.70%                                                                                                   | 90.2%                                                                              |
| <b>Tier 2 Public Employees Retirement System</b> |                                                 |                                                          |                 |                                                                                                          |                                                                                    |
| 2023                                             | 0.0251551%                                      | \$ 48,961                                                | \$ 650,348      | 7.53%                                                                                                    | 89.6%                                                                              |
| 2022                                             | 0.0299748%                                      | 32,639                                                   | 654,873         | 4.98%                                                                                                    | 92.3%                                                                              |
| 2021                                             | 0.0355161%                                      | (15,032)                                                 | 660,017         | -2.28%                                                                                                   | 103.8%                                                                             |
| 2020                                             | 0.0260823%                                      | 3,751                                                    | 416,520         | 0.90%                                                                                                    | 98.3%                                                                              |
| 2019                                             | 0.0245204%                                      | 5,515                                                    | 341,008         | 1.62%                                                                                                    | 96.5%                                                                              |
| 2018                                             | 0.0214487%                                      | 9,186                                                    | 249,592         | 3.68%                                                                                                    | 90.8%                                                                              |
| 2017                                             | 0.0131953%                                      | 1,163                                                    | 129,115         | 0.90%                                                                                                    | 97.4%                                                                              |
| 2016                                             | 0.0055885%                                      | 623                                                      | 45,830          | 1.36%                                                                                                    | 95.1%                                                                              |
| 2015                                             | 0.0257634%                                      | (56)                                                     | 166,425         | -0.03%                                                                                                   | 100.2%                                                                             |
| 2014                                             | 0.0529626%                                      | (1,605)                                                  | 259,759         | -0.62%                                                                                                   | 103.5%                                                                             |

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

| As of fiscal year ended June 30,               | Actuarial<br>Determined<br>Contributions | Contributions<br>in relation to<br>the<br>contractually<br>required<br>contribution | Contribution<br>deficiency<br>(excess) | Covered<br>payroll | Contributions<br>as a<br>percentage of<br>covered<br>payroll |
|------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------|--------------------|--------------------------------------------------------------|
| <b>Nontributary System</b>                     |                                          |                                                                                     |                                        |                    |                                                              |
| 2024                                           | \$ 213,436                               | \$ 213,436                                                                          | \$ -                                   | \$ 1,187,735       | 17.97%                                                       |
| 2023                                           | 202,726                                  | 202,726                                                                             | -                                      | 1,128,172          | 17.97%                                                       |
| 2022                                           | 194,955                                  | 194,955                                                                             | -                                      | 1,069,149          | 18.23%                                                       |
| 2021                                           | 173,272                                  | 173,272                                                                             | -                                      | 986,629            | 17.56%                                                       |
| 2020                                           | 179,819                                  | 179,819                                                                             | -                                      | 999,719            | 17.99%                                                       |
| 2019                                           | 182,483                                  | 182,483                                                                             | -                                      | 988,035            | 18.47%                                                       |
| 2018                                           | 214,531                                  | 214,531                                                                             | -                                      | 1,161,508          | 18.47%                                                       |
| 2017                                           | 208,321                                  | 208,321                                                                             | -                                      | 1,127,891          | 18.47%                                                       |
| 2016                                           | 203,435                                  | 203,435                                                                             | -                                      | 1,101,435          | 18.47%                                                       |
| 2015                                           | 196,026                                  | 196,026                                                                             | -                                      | 1,061,320          | 18.47%                                                       |
| <b>Tier 2 Public Employees System*</b>         |                                          |                                                                                     |                                        |                    |                                                              |
| 2024                                           | \$ 117,526                               | \$ 117,526                                                                          | \$ -                                   | \$ 734,080         | 16.01%                                                       |
| 2023                                           | 103,118                                  | 103,118                                                                             | -                                      | 644,088            | 16.01%                                                       |
| 2022                                           | 106,054                                  | 106,054                                                                             | -                                      | 659,950            | 16.07%                                                       |
| 2021                                           | 92,402                                   | 92,402                                                                              | -                                      | 584,821            | 15.80%                                                       |
| 2020                                           | 51,938                                   | 51,938                                                                              | -                                      | 331,660            | 15.66%                                                       |
| 2019                                           | 51,028                                   | 51,028                                                                              | -                                      | 328,367            | 15.54%                                                       |
| 2018                                           | 25,881                                   | 25,881                                                                              | -                                      | 171,285            | 15.11%                                                       |
| 2017                                           | 12,716                                   | 12,716                                                                              | -                                      | 85,288             | 14.91%                                                       |
| 2016                                           | 15,233                                   | 15,233                                                                              | -                                      | 102,166            | 14.91%                                                       |
| 2015                                           | 32,860                                   | 32,860                                                                              | -                                      | 219,947            | 14.94%                                                       |
| <b>Tier 2 Public Employees DC Only System*</b> |                                          |                                                                                     |                                        |                    |                                                              |
| 2024                                           | \$ 29,156                                | \$ 29,156                                                                           | \$ -                                   | \$ 471,021         | 6.19%                                                        |
| 2023                                           | 27,934                                   | 27,934                                                                              | -                                      | 451,267            | 6.19%                                                        |
| 2022                                           | 18,000                                   | 18,000                                                                              | -                                      | 269,056            | 6.69%                                                        |
| 2021                                           | 8,858                                    | 8,858                                                                               | -                                      | 132,408            | 6.69%                                                        |
| 2020                                           | 17,442                                   | 17,442                                                                              | -                                      | 260,718            | 6.69%                                                        |
| 2019                                           | 14,438                                   | 14,438                                                                              | -                                      | 215,812            | 6.69%                                                        |
| 2018                                           | 12,667                                   | 12,667                                                                              | -                                      | 189,347            | 6.69%                                                        |
| 2017                                           | 12,219                                   | 12,219                                                                              | -                                      | 182,652            | 6.69%                                                        |
| 2016                                           | 10,842                                   | 10,842                                                                              | -                                      | 162,056            | 6.69%                                                        |
| 2015                                           | 4,872                                    | 4,872                                                                               | -                                      | 72,506             | 6.72%                                                        |

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

**HIGHLAND CITY  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
For the fiscal Year Ended June 30, 2024**

Changes in Assumptions:

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

**SUPPLEMENTARY INFORMATION**

**HIGHLAND CITY  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2024**

|                                                               | Special Revenue  |                  |                            |                   |                   | Capital Projects       |                             |                          | Town Center<br>Capital<br>Projects | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------------------------------|------------------|------------------|----------------------------|-------------------|-------------------|------------------------|-----------------------------|--------------------------|------------------------------------|--------------------------------------------|
|                                                               | Debt Service     | Open Space       | Cemetery<br>Perpetual Care | Library           | RAP/Zoo/Arts      | Building<br>Department | Building<br>Capital Project | Northwest<br>Association |                                    |                                            |
| <b>Assets:</b>                                                |                  |                  |                            |                   |                   |                        |                             |                          |                                    |                                            |
| Cash and cash equivalents                                     | \$ 12,715        | \$ 14,560        | \$ 199,877                 | \$ 108,040        | \$ -              | \$ -                   | \$ 3,845,108                | \$ 17                    | \$ 6,194                           | \$ 4,186,511                               |
| Restricted cash and cash equivalents                          | -                | -                | -                          | 214,295           | -                 | 975,431                | -                           | -                        | 33,857                             | 1,223,583                                  |
| Receivables:                                                  |                  |                  |                            |                   |                   |                        |                             |                          |                                    |                                            |
| Accounts                                                      | -                | 1,873            | -                          | -                 | -                 | -                      | -                           | -                        | -                                  | 1,873                                      |
| Property taxes                                                | -                | -                | -                          | 317,014           | 31,579            | -                      | -                           | -                        | -                                  | 349,093                                    |
| <b>Total Assets</b>                                           | <b>\$ 12,715</b> | <b>\$ 15,633</b> | <b>\$ 199,877</b>          | <b>\$ 425,054</b> | <b>\$ 245,874</b> | <b>\$ 975,431</b>      | <b>\$ 3,845,108</b>         | <b>\$ 17</b>             | <b>\$ 40,051</b>                   | <b>\$ 5,760,658</b>                        |
| <b>Liabilities:</b>                                           |                  |                  |                            |                   |                   |                        |                             |                          |                                    |                                            |
| Accounts payable                                              | \$ -             | \$ -             | \$ 22,847                  | \$ 51             | \$ -              | \$ 20,391              | \$ 1,240                    | \$ -                     | \$ -                               | \$ 44,729                                  |
| Accrued liabilities                                           | -                | 9,315            | 2,109                      | 3,348             | -                 | 7,711                  | -                           | -                        | -                                  | 22,383                                     |
| Retainage payable                                             | -                | -                | -                          | -                 | -                 | -                      | 16,054                      | -                        | -                                  | 16,054                                     |
| Payable from restricted assets                                | -                | -                | -                          | -                 | -                 | -                      | -                           | -                        | 33,857                             | 33,857                                     |
| <b>Total Liabilities</b>                                      | <b>-</b>         | <b>9,315</b>     | <b>24,956</b>              | <b>3,399</b>      | <b>-</b>          | <b>28,102</b>          | <b>17,294</b>               | <b>-</b>                 | <b>33,857</b>                      | <b>117,003</b>                             |
| <b>Deferred Inflows of Resources</b>                          |                  |                  |                            |                   |                   |                        |                             |                          |                                    |                                            |
| Unearned property tax revenue                                 | -                | -                | -                          | 314,801           | -                 | -                      | -                           | -                        | -                                  | 314,801                                    |
| <b>Total Deferred Inflows of Resources</b>                    | <b>-</b>         | <b>-</b>         | <b>-</b>                   | <b>314,801</b>    | <b>-</b>          | <b>-</b>               | <b>-</b>                    | <b>-</b>                 | <b>-</b>                           | <b>314,801</b>                             |
| <b>Fund Balances:</b>                                         |                  |                  |                            |                   |                   |                        |                             |                          |                                    |                                            |
| Restricted:                                                   |                  |                  |                            |                   |                   |                        |                             |                          |                                    |                                            |
| RAP/Zoo/Arts                                                  | -                | -                | -                          | -                 | 214,295           | -                      | -                           | -                        | -                                  | 214,295                                    |
| Development fees                                              | -                | -                | -                          | -                 | -                 | 947,129                | -                           | -                        | -                                  | 947,129                                    |
| Assigned                                                      | 12,715           | 6,316            | 174,921                    | 107,854           | 31,579            | -                      | 3,827,814                   | 17                       | 6,194                              | 4,187,410                                  |
| Unassigned                                                    | -                | -                | -                          | -                 | -                 | -                      | -                           | -                        | -                                  | -                                          |
| <b>Total Fund Balances</b>                                    | <b>12,715</b>    | <b>6,316</b>     | <b>174,921</b>             | <b>107,854</b>    | <b>245,874</b>    | <b>947,129</b>         | <b>3,827,814</b>            | <b>17</b>                | <b>6,194</b>                       | <b>5,328,834</b>                           |
| <b>Total Liabilities, Deferred Inflows, and Fund Balances</b> | <b>\$ 12,715</b> | <b>\$ 15,633</b> | <b>\$ 199,877</b>          | <b>\$ 425,054</b> | <b>\$ 245,874</b> | <b>\$ 975,431</b>      | <b>\$ 3,845,108</b>         | <b>\$ 17</b>             | <b>\$ 40,051</b>                   | <b>\$ 5,760,658</b>                        |



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE



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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Highland City, Utah's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Highland City, Utah, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 on compliance for each major federal program. Our audit does not provide a legal determination of the City's 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 the City's federal 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 the 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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HIGHLAND CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/<br>Program Title/Program or Cluster Title | Assistance<br>Listing<br>Number | Pass<br>Through Entity<br>Identifying Number | Passed<br>Through to<br>Subrecipients | Total Federal<br>Expenditures |
|---------------------------------------------------------------------------------|---------------------------------|----------------------------------------------|---------------------------------------|-------------------------------|
| <b>U.S. Department of the Treasury (USDOT)</b>                                  |                                 |                                              |                                       |                               |
| Passed through the State of Utah                                                |                                 |                                              |                                       |                               |
| Coronavirus State and Local Fiscal Recovery Funds                               | 21.027                          | 231380                                       | -                                     | 1,479,160                     |
| Coronavirus State and Local Fiscal Recovery Funds                               | 21.027                          | 230630580                                    | -                                     | 767,575                       |
| Total USDOT                                                                     |                                 |                                              | -                                     | 2,246,735                     |
| <b>US Department of the Interior (USDOL)</b>                                    |                                 |                                              |                                       |                               |
| WaterSMART                                                                      | 15.507                          | R22AP00525-00                                | -                                     | 889,448                       |
| Total USDOL                                                                     |                                 |                                              | -                                     | 889,448                       |
| Total Expenditures of Federal Awards                                            |                                 |                                              | \$ -                                  | \$ 3,136,183                  |

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's 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 City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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, 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 over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

K&C, CPAs

K&C, Certified Public Accountants  
Woods Cross, Utah  
March 4, 2025

HIGHLAND CITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Highland City, Utah (the City) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net position, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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HIGHLAND CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For The Year Ended June 30, 2023

Section II - Financial Statement Findings

2024-001: Financial Close and Reporting (Material Weakness)

**Criteria:** Utah Code Annotated (UCA) 10-6-107 states: "The accounting records of cities shall be established and maintained, and financial statements prepared from those records in conformance with generally accepted accounting principles..."

**Condition:** During our audit, material adjustments were required to bring the City's financial statements into compliance with generally accepted accounting principles as it relates to governmental entities.

**Cause:** The City's internal controls over financial reporting were not sufficiently robust to ensure that material adjustments would not be required to bring the City's financial statements into compliance with generally accepted accounting principles.

**Effect:** Material audit adjustments were required to be made to correct the financial statements. These adjustments impacted the following significant areas:

- Intergovernmental receivables
- Accounts payable
- Capital Assets
- Intergovernmental revenues
- Transfers

**Recommendation:** Although significant improvements have been made from the prior year, we recommend the City staff to continue to improve their efforts to prepare reconciliations for all significant accounts in preparation of closing out the fiscal year. We also recommend the City continue to implement policies and procedures to ensure that the City's records can be prepared in accordance with generally accepted accounting principles.

**Views of Responsible Officials:** Management of the City concurs with the finding and the recommendation. The City is making efforts to strengthen internal controls to prevent future material misstatements. A corrective action plan is included on the following page.

Section III - Federal Award Findings and Questioned Costs

None

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HIGHLAND CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

- |                                                                                                                         |               |
|-------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified    |
| 2. Internal control over financial reporting:                                                                           |               |
| a. Material weakness(es) identified?                                                                                    | Yes           |
| b. Significant deficiency(ies) identified?                                                                              | None reported |
| 3. Noncompliance material to financial statements noted?                                                                | No            |

Federal Awards

- |                                                                                                       |               |
|-------------------------------------------------------------------------------------------------------|---------------|
| 1. Internal control over major federal programs:                                                      |               |
| a. Material weakness(es) identified?                                                                  | No            |
| b. Significant deficiency(ies) identified?                                                            | None reported |
| 2. Type of auditor's report issued on compliance for major federal programs:                          | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 4. Identification of major federal program:                                                           |               |

| Assistance Listing Number                                                   | Name of Federal Program or Cluster              |
|-----------------------------------------------------------------------------|-------------------------------------------------|
| 21.027                                                                      | Coronavirus State and Local Fiscal Relief Funds |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000                                       |
| 6. Auditee qualified as low-risk auditee?                                   | No                                              |

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Highland City Administration Department  
5400 West Civic Center Drive Suite 1  
Highland, UT 84003  
Phone 756-5751 | Fax 756-6903

CITY RESPONSE TO AUDIT FINDING NUMBER 2024-001

Finding:

2024-001 Financial Close and Reporting (Material Weakness)

City Response:

The City agrees with the audit finding that there were material adjustments required to bring the financial statements into compliance with generally accepted accounting principles as it relates to governmental entities. While improvement was made from the prior year, the City agrees that there is still further improvement that needs to be made to the year-end financial close process.

Person Responsible for Corrective Action:

David Mortensen, CGFM – Finance Director for Highland City

Corrective Action Plan:

City staff will work to improve internal controls over financial reporting for the entity. Staff will take steps to minimize the number of needed adjustments during the audit and work to eliminate the need for any material adjustments. Part of this effort will involve more thorough review of capital asset construction in progress transactions, invoices that are received late after year-end, and contracts that create a receivable or liability on the City's financial statements.



INDEPENDENT AUDITORS' 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*



Honorable Mayor and  
Members of the City Council  
Highland City Corporation  
Highland, 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 Highland City Corporation, Utah (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 4, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 the entity's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's 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 financial statements. 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*.

**City of Highland, Utah's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The City's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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**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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
March 4, 2025

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



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

**Report on Compliance**

We have audited Highland City, Utah's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2024.

State compliance requirements were tested for the year ended June 30, 2024, in the following areas:

- |                                                    |                                |
|----------------------------------------------------|--------------------------------|
| • Budgetary Compliance                             | • Fraud Risk Assessment        |
| • Fund Balance                                     | • Governmental Fees            |
| • Justice Court                                    | • Enterprise Fund Transfers    |
| • Restricted Taxes and Related Restricted Revenues | • Tax Levy Revenue Recognition |

**Opinion on Compliance**

In our opinion, Highland City, Utah complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

**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 the City 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 the City's 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 the City's 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 the 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the government program as a whole.

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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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's 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 the City's 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.

**Report On Internal Control over Compliance**

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, as defined below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

*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 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.

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
March 4, 2025

**HIGHLAND CITY  
SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**Government Auditing Standards**

**2023-001: Financial Close and Reporting (Material Weakness)**

Condition: During our audit, material adjustments were required to bring the City's financial statements into compliance with generally accepted accounting principles as it relates to governmental entities.

Criteria: Utah Code Annotated (UCA) 10-6-107 states: "The accounting records of cities shall be established and maintained, and financial statements prepared from those records in conformance with generally accepted accounting principles..."

Cause: As this is the first full year of the finance director's responsibility for the City's financial statements, as well as general time constraints, there were several areas of the financial statements that had not been properly reconciled at the time the audit commenced.

Effect: Material audit adjustments were required to be made to correct the financial statements. These adjustments impacted several significant areas.

Recommendation: Although it appears significant improvements have been made from the prior year, we recommend the City staff to continue to improve its efforts to prepare reconciliations for all significant accounts in preparation of closing out the fiscal year. Additionally, we recommend the City allocate sufficient resources to enable City staff to close out the year in a timely manner. We also recommend the City continue to implement policies and procedures to ensure that the City's records can be prepared in accordance with generally accepted accounting principles.

Current Year Status: This finding has not been completely resolved. A similar finding was noted in the current year.