

EAGLE  
MOUNTAIN



FISCAL YEAR  
ENDED JUNE 30 2015  
CAFR

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR  
EAGLE MOUNTAIN CITY  
UTAH



**Eagle Mountain City**  
**1650 East Stagecoach Run**  
**Eagle Mountain, Utah 84005**

**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2015**

**Prepared by:**  
Finance & Executive Departments  
Paul Jerome, Asst. City Administrator / Finance Director  
David Mortensen, Asst. Finance Director / Treasurer  
Aaron Sanborn, Management Analyst

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**EAGLE MOUNTAIN CITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2015**

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December 17, 2015



# EAGLE MOUNTAIN

Letter of Transmittal

Honorable Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of Eagle Mountain City (the City), for the fiscal year ended June 30, 2015 is submitted herewith. As a fourth class city, Eagle Mountain is given reasonable exceptions and modifications to accounting, budgetary, and reporting procedures as stated by Utah State law. The law for first, second, and third class cities is to “present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities.” This report, which fulfills the law for higher-class cities, presents a comprehensive financial picture covering all funds and financial transactions for the year.

This CAFR has been prepared by the City’s Finance and Management Departments. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City’s management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the government’s financial activities have been included. Likewise, the “Notes to the Financial Statements” are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report.

Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The City’s internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of the control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

As required by Utah state law, an annual audit has been conducted by independent certified public accountants. The Report of Independent Certified Public Accountants, as prepared by Gilbert & Stewart, CPA, A Professional Corporation, is included within the Financial Section of this report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation.

The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP.



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

## **Profile of the Government**

Eagle Mountain City was incorporated in December 1996 and includes over 50 square miles or around 27,000 acres. The City is located approximately 10 miles West of the City of Lehi, Utah, 40 miles Southwest of Salt Lake City, Utah, and 30 miles Northwest of Provo, Utah.

Since the 2000 U.S. Census, Eagle Mountain City has shown steady, and often rapid, growth. In fifteen years, the City has grown from 2,157 residents to around 30,000 in 2015. About 7,300 residential units have been built, with an average of 250 permits per year over the past 5 years, making Eagle Mountain one of the fastest growing communities in Utah and the state's third largest city geographically.

Since the City was established it has operated under the council-mayor form of government. The City Council, comprised of five elected individuals, is the governing authority for the City. The elected Mayor has various administrative and veto powers. One of the Mayor's administrative powers is the appointment of the City Administrator, Cabinet Officers (Department Heads), and various other positions such as the City Treasurer, the City Recorder, and the City Engineer.

The City Council establishes City policy, approves the budget, and ratifies the appointment of City Officials. The City Council is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general government functions include police protection, park construction and maintenance, street construction and maintenance, public improvements, engineering, building inspection, planning and zoning, administrative services, and park and recreation services. The City also operates water, solid waste, and sewer services as enterprise funds.

Comprehensive annual budgets are an essential element for the City's financial planning and control. Therefore, budgets are adopted annually (required by Utah state law) by the City Council for all funds except debt service funds (which although budgeted, are used to account for special assessments and expendable trust funds and therefore are subject to compensating controls).

Utah state law also requires: 1) a balanced budget for each individual fund; however, Redevelopment Agencies are allowed to incur debt prior to the triggering of the tax increment revenue thus allowing an unbalanced budget, 2) department expenditures to conform with departmental appropriations, and 3) individual fund appropriations to be overspent only in "emergencies" (natural disasters).

Once the budgets are approved, the City Council may revise the budgets from time to time after following the required procedures. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Local Economy**

Utah's economy has been impacted by the national economic downturn. However, when compared with other states, Utah's economy has been relatively resilient in the troubled economy.

Utah's unemployment rate as of April 2015 was 3.4%, much lower than the national unemployment rate of 5.0%, with Utah County being near the top third of the state with the lowest unemployment. During the last half of 2015, Utah's foreclosure rate stood at 0.6% which has improved significantly with the end of the recession.

Corresponding with Utah's relative economic stability, Eagle Mountain grew by about 6% in 2015 (based on new building permits). As these building permits were largely residential units, Eagle Mountain is and should continue seeing an increase in building since the recession ended.

Despite the small commercial tax base, Eagle Mountain residents enjoy a tax rate that is in the bottom third of all cities in Utah County. Eagle Mountain's current property tax rate is 0.0011180. The City has not gone through the Truth-in-Taxation process (to raise the rate) since FY2005. The City has been able to manage services for this quick-growing community without levying heavy taxes to balance the budget. Additional information about economic factors can be found in the MD&A.

### **Long-Term Financial Planning**

Per State law requirements, the City Council approved a balanced budget for the upcoming fiscal year. For the fourth year in a row, this was a challenging task, as the City's revenue streams continue to recover from the economic downturn. City officials sought to reduce expenditures while minimizing the impact on services to residents.

Despite the continued impact the economy is having on the City's revenue streams, the FY2015 Budget includes additional additions to the Cory B. Wride Memorial Park complex, the purchase of new road paving equipment, various major road paving projects, and various improvements and increases to the City's expansive parks and trail system. Needs for future budget years were also identified and included a master irrigation system, general transportation and master plan updates, as well as road improvements and expansion.

### **Relevant Financial Policies**

Eagle Mountain City incorporates a pay-as-you-go strategy on projects that are financially feasible. Currently, the City has no general obligation debt. However, as the City is so young, a pay-as-you-use strategy was implemented in order to set up the infrastructure throughout the City. All of the City-owned utilities were financed through revenue bonds. The City consistently monitors its long-term debt situation, and refunds or repays its bonds where it is financially advantageous to the City.

### **Major Initiatives**

As we prepare for the future, the Mayor is committed to 1) Improvement of Services; 2) Park Improvements; 3) Improved Public Safety; 4) Improved Transportation; and 5) Emphasis on Economic Development. These initiatives are reflected in the fiscal year 2016 Budget.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award for the City's annual budget document for fiscal years 2008 through 2015. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the eighth consecutive year that the City has received this esteemed award.

The Government Finance Officers Association (GFOA) has also awarded the Certificate of Achievement in Financial Reporting award to the City for the past five fiscal years (2010 - 2014). In order to qualify for the Certificate of Achievement in Financial Reporting award, the City's financial status must meet rigorous standards for transparency and accuracy.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance and Management Department. Each member of these departments has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the governing body of Eagle Mountain City, preparation of this report would not have been possible.

Respectfully Submitted,

A stylized, handwritten signature in black ink, likely belonging to Ifo Pili, the City Administrator. The signature is fluid and cursive, with a prominent initial 'I' and 'P'.

Ifo Pili,  
City Administrator

A handwritten signature in black ink, likely belonging to Paul Jerome, the Finance Director. The signature is cursive and includes a long horizontal stroke at the end.

Paul Jerome,  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

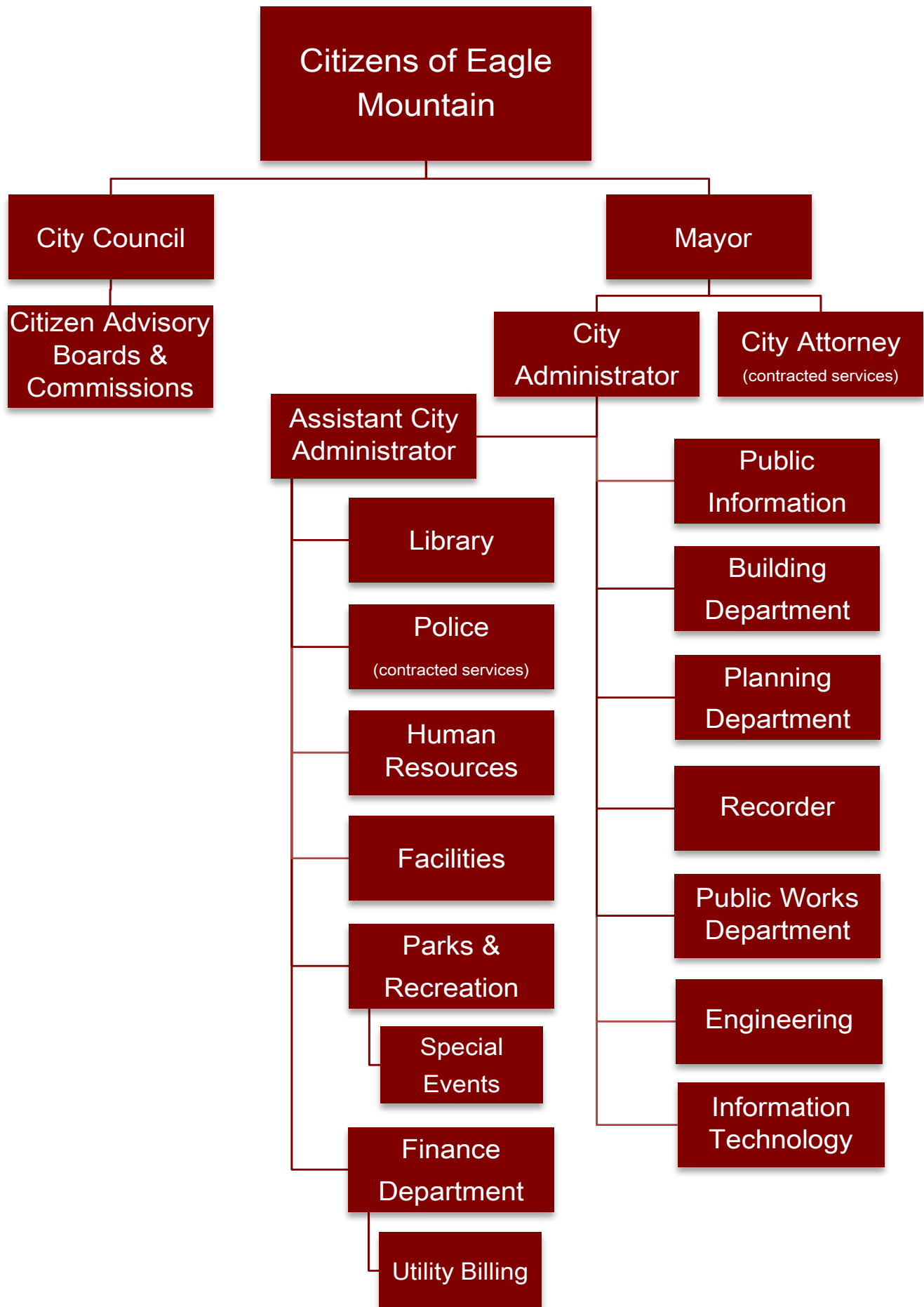
**Eagle Mountain City  
Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO



## CITY OFFICERS



Donna Burnham  
Council Member



Ryan Ireland  
Council Member



Tom Westmoreland  
Council Member



Adam Bradley  
Council Member



Richard Steinkopf  
Council Member



Christopher Pengra  
Mayor

Ifo Pili  
City Administrator



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## INDEPENDENT AUDITOR'S REPORT





## GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H. PROBST, CPA  
RONALD J. STEWART, CPA  
  
SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
Eagle Mountain, Utah

#### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City, Utah (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015 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.

#### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, in 2015 the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment to*

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*GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other 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 introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, budgetary comparisons, and capital assets as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, budgetary comparisons, and capital assets are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

## **Gilbert & Stewart**

GILBERT & STEWART, CPA, PC  
Provo, Utah  
December 17, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eagle Mountain City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- In the Government Wide Statement of Net Position the total net position of \$120,224,783 is made up of \$91,816,377 in net investment in capital assets, \$2,321,785 in restricted net position and \$26,086,620 in unrestricted net position. Total net position increased by \$14,972,446 from the prior year.
- As of the end of the current fiscal year, the City's Governmental funds reported combined ending fund balances of \$5,062,838. Of this amount, \$1,934,908 is restricted and must only be spent on projects for which the money is restricted. \$965,104 is assigned by the City administration and is divided as follows: \$134,746 for storm water projects, \$425,327 for debt service, and \$405,031 for capital projects. The remaining \$2,162,826 is unassigned in the general fund.
- In the Enterprise (Proprietary) funds, operating revenues decreased by \$4,306,425 (20%). This change was mainly due to the city selling its Electric and Gas systems to private entities during the 3<sup>rd</sup> quarter and the subsequent decrease in utility revenues from those operations. Corresponding operating expenses decreased by \$2,979,634 (15.4%). This decrease was also mainly due to the sale of the Electric and Gas systems.

### Reporting the City as a Whole

This discussion and analysis is intended to serve as an introduction to Eagle Mountain City's basic financial statements. The 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 includes other supplementary information in addition to the basic financial statements.

***The government-wide financial statements*** are designed to provide readers with a broad overview of Eagle Mountain City's finances, in a manner similar to a private-sector business.

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

Both of the government-wide financial statements distinguish functions of Eagle Mountain City that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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 government-wide financial statements can be found on pages 22 and 23 of this report.

## **Reporting the City's Most Significant Funds**

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. Eagle Mountain City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and Governmental funds in a reconciliation included with the fund financial statements.

The Governmental fund financial statements can be found on pages 24-27 of this report.

The major Governmental funds (as determined by generally accepted accounting principles) are the General Fund and certain debt service funds. The balance of the Governmental funds are determined to be nonmajor and are included in the combined statements within this report.

- Proprietary funds – Eagle Mountain City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Eagle Mountain City uses Enterprise funds to account for its Water Utility, Sewer Utility, Gas Utility, Electric Utility, Golf Course, Garbage service, and Business Incubator.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

- Additionally, the City reports the following fund types:

The Internal Service Funds which are comprised of Fleet management, Utility Billing services and GIS and are all services provided to other departments of the government on a cost reimbursement basis.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Eagle Mountain City, assets exceed liabilities by \$120,224,775.

One of the largest portions of Eagle Mountain City's net position (76.6%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), 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 this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net position. Comparative figures for Fiscal Years 2015 and 2014 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 11,742,700	\$ 13,145,653	\$ 20,240,740	\$ 17,214,598	\$ 31,983,440	\$ 30,360,251
Capital assets	62,617,003	52,545,617	58,283,939	82,530,386	120,900,942	135,076,003
Total assets	74,359,703	65,691,270	78,524,679	99,744,984	152,884,382	165,436,254
Deferred Outflows of Resources	250,827	-	1,194,225	1,867,161	1,445,052	1,867,161
Long-term debt outstanding	4,991,864	4,824,012	25,812,069	51,024,118	30,803,933	55,848,130
Other liabilities	1,656,977	1,479,003	472,037	2,264,611	2,129,014	3,743,614
Total liabilities	6,648,841	6,303,015	26,284,106	53,288,729	32,932,947	59,591,744
Deferred Inflows of Resources	1,137,080	888,409	34,625	-	1,171,705	888,409
<b>Net position:</b>						
Net investment in capital assets,	59,048,455	47,939,072	32,767,922	32,487,480	91,816,377	80,426,552
Restricted	1,081,833	668,962	1,239,952	2,712,824	2,321,785	3,381,786
Unrestricted	6,694,321	9,891,812	19,392,299	13,123,112	26,086,620	23,014,924
Total net assets	<u>\$ 66,824,609</u>	<u>\$ 58,499,846</u>	<u>\$ 53,400,173</u>	<u>\$ 48,323,416</u>	<u>\$ 120,224,783</u>	<u>\$ 106,823,262</u>

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The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 3,574,307	\$ 3,485,946	\$ 27,536,801	\$ 24,004,272	\$ 31,111,108	\$ 27,490,218
Operating grants & contrib.	14,442	29,359	-	-	14,442	29,359
Capital grants & contrib.	10,865,051	6,473,181	4,418,845	948,298	15,283,896	7,421,479
General revenues:						
Property taxes	1,089,674	1,124,767	-	-	1,089,674	1,124,767
General sales & use tax	2,478,132	2,246,317	-	-	2,478,132	2,246,317
Franchise tax	870,287	697,421	-	-	870,287	697,421
Interest earnings	43,559	25,015	-	-	43,559	25,015
Total revenues	<u>18,935,452</u>	<u>14,082,006</u>	<u>31,955,646</u>	<u>24,952,570</u>	<u>50,891,098</u>	<u>39,034,576</u>
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Expenses:</b>						
General government	\$ 2,555,215	\$ 2,731,266	\$ -	\$ -	\$ 2,555,215	\$ 2,731,266
Public safety	2,650,006	2,083,205	-	-	2,650,006	2,083,205
Highways & public works	6,730,966	4,516,101	-	-	6,730,966	4,516,101
Community development	876,459	1,036,699	-	-	876,459	1,036,699
Planning	395,512	327,311	-	-	395,512	327,311
Interest on long-term debt	160,767	243,250	-	-	160,767	243,250
Water utility	-	-	3,589,243	3,017,295	3,589,243	3,017,295
Sewer utility	-	-	3,510,591	2,899,340	3,510,591	2,899,340
Electric utility	-	-	14,524,286	10,135,436	14,524,286	10,135,436
Gas utility	-	-	3,745,830	4,102,155	3,745,830	4,102,155
Golf course	-	-	-	-	-	-
Non-major business	-	-	1,031,896	1,061,465	1,031,896	1,061,465
Total expenses	<u>13,368,925</u>	<u>10,937,832</u>	<u>26,401,846</u>	<u>21,215,691</u>	<u>39,770,771</u>	<u>32,153,523</u>
Contribution of utility capital assets	<u>3,852,118</u>		<u>-</u>	<u>-</u>	<u>3,852,118</u>	<u>-</u>
Increase (decrease) in net assets before transfers	9,418,645	3,144,174	5,553,800	3,736,879	14,972,445	6,881,053
Transfers	<u>195,519</u>	<u>32,056</u>	<u>(195,519)</u>	<u>(32,056)</u>	<u>-</u>	<u>-</u>
Increase (decr.) in net assets	9,614,164	3,176,230	5,358,281	3,704,823	14,972,445	6,881,053
Net position - beginning	58,499,846	55,323,616	48,323,416	44,618,593	106,823,262	99,942,209
Restatement of net position	(1,289,401)	-	(281,524)	-	(1,570,925)	-
Net position - ending	<u>\$ 66,824,609</u>	<u>\$ 58,499,846</u>	<u>\$ 53,400,173</u>	<u>\$ 48,323,416</u>	<u>\$ 120,224,783</u>	<u>\$ 106,823,262</u>

## Business-type activities

Business-type activities increased the City's net position by \$5,358,281. As of the end of the current fiscal year, all of the City's business-type funds reported positive net position.

## Financial Analysis of the Government's 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.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,062,838. Of this total amount, 41% constitutes assigned and unassigned fund balances, \$3,127,930 is assigned by the administration of the City and will be used for the following: \$134,746 for Storm water projects, \$425,327 for debt service, and \$405,031 for capital projects. \$2,162,826 is unassigned and is available for spending at the government's discretion.



The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,162,826, a decrease of \$439,633 from fiscal year 2014's total of \$2,602,459. A major reason for the decrease in the fund balance is that the City sold its Electric and Gas systems in the 3<sup>rd</sup> quarter of fiscal year 2015 and realized a subsequent decrease in administrative overhead reimbursed amounts to the General Fund. This decrease in revenues shown in the General Fund also decreases the amount the City can hold in reserve. The current unassigned amount represents the maximum allowed by state law.

The City has two major Governmental Debt Service Funds – Special Improvement District 2000-1 (Sales Tax Bond 2013) and Assessment Area 2014-1. These Districts and Assessment Areas were established originally to bond for certain infrastructure improvements in the north service area of the City. The repayment of the bonds come from annual assessments to the property owners within the district and from prepayments on the initial sale of a property. The fund balance of SID 2000-1 at the end of the fiscal year is \$44,587, a decrease of \$360,019. The main reason for the decrease in fund balance was the extinguishment of debt.

The City maintains enterprise funds to account for the business-type activities of the City. The information is found in the government-wide financial statements, but in more detail.

Unrestricted net position of the combined enterprise funds at the end of the year amounted to \$19,392,299. The net investment in capital assets in these same funds is \$32,767,922.

As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds decreased by \$4,306,425 (20%) and \$2,979,634 (15.4%), respectively.

All but one of the four major enterprise funds showed a net operating profit. After non-operating revenues/expenses, contributions and transfers are taken into account, the Water, Sewer, Electric and Gas Funds' net position changed by the following respectively: \$4,050,822, \$2,177,087, (\$2,519,467), and \$1,289,211. The major reasons for the increases in net position is an increase in impact fees collected and an increase in contributed capital from developers. The reason for the decrease in the Electric Fund was due to settling long-term resource contracts as part of the sale of the utility.

## General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget expenditure total of \$7,568,483 to a final budget of \$8,294,344, an increase of \$725,861. The increase reflects higher than anticipated expenditures within the general government and the public works departments.

## Capital Assets and Debt Administration

**Capital Assets.** Eagle Mountain City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$120,900,942 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,470,000	\$ 5,735,925	\$ 3,690,765	\$ 4,861,143	\$ 10,160,765	\$ 10,597,068
Water Shares	-	-	4,646,267	3,183,767	4,646,267	3,183,767.0
Buildings	3,440,942	1,145,522	1,855,210	5,440,341	5,296,152	6,585,863
Improvements	1,180,467	98,724	-	-	1,180,467	98,724
Equipment	1,223,486	893,307	47,817,215	-	49,040,701	893,307
Infrastructure	49,961,550	43,462,835	-	69,045,135	49,961,550	112,507,970
Construction in progress	340,558	1,209,304	274,482	-	615,040	1,209,304
Total net assets	<u>\$ 62,617,003</u>	<u>\$ 52,545,617</u>	<u>\$ 58,283,939</u>	<u>\$ 82,530,386</u>	<u>\$ 120,900,942</u>	<u>\$ 135,076,003</u>



Additional information on the City's capital assets can be found in the footnotes to this financial report.

**Long-term debt.** At the end of the current year, the City had total bonded debt outstanding of \$30,537,940. Of this amount, \$4,991,864 is from special assessment bonds. The remaining \$25,812,069 is secured solely by specific revenue sources (i.e., revenue bonds, sales tax revenue bonds or excise tax road bond).

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Special assessment bonds	\$ 2,360,000	\$ 2,400,000	\$ -	\$ -	\$ 2,360,000	\$ 2,400,000
Excise tax bonds	-	146,000	-	-	-	146,000
Capital Lease					-	-
Revenue bonds	867,000	1,621,000	22,754,000	48,858,022	23,621,000	50,479,022
Total bonds	<u>\$ 3,227,000</u>	<u>\$ 4,167,000</u>	<u>\$ 22,754,000</u>	<u>\$ 48,858,022</u>	<u>\$ 25,981,000</u>	<u>\$ 53,025,022</u>

During fiscal year 2015 the City's total outstanding debt decreased by a net amount of \$25,212,049.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$32,312,723. Currently, the City has zero outstanding general obligation debt. In addition, state statutes allows for an additional 4% to be used for water, sewer, or other projects, thus resulting in a debt limit of 8% of total taxable value. Total limitation is \$64,624,646, which far exceeds the current total debt of the city.

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

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

- Eagle Mountain City issued 409 new residential building permits in fiscal year 2015. This reflects an increase of 39 building permits over the previous fiscal year. The City anticipates that this trend will continue in fiscal year 2016.
- Eagle Mountain City administration is conservative in estimating budgeted revenues. In the General Fund, budgeted revenues and expenditures for fiscal year 2015 are \$477,171 higher than fiscal year 2014's budgeted revenues and expenditures. This is due to increasing growth related revenue streams and increased service levels to meet the increased growth.
- Eagle Mountain City's residents voted in early fiscal year 2015 to sell both its Electric and Natural Gas utilities. The sale was completed in early March 2015 for a total of \$33,400,000. This resulted in all long term resource contracts the city had with 3<sup>rd</sup> party entities for electric and gas infrastructure being resolved. The purchaser of the electrical system was Rocky Mountain Power and the purchaser of the gas system was Questar Gas.
- With Eagle Mountain City's high desert location, the city entered into an agreement with the Central Utah Water Conservancy District to purchase 15,000 acre feet of water from fiscal year 2012 through fiscal year 2021. In fiscal years 2012-2015, the City purchased a total of 750 acre feet. The city recently bonded for a pipeline to be constructed to bring the purchased water into the city's system. The pipeline project was completed by the end of fiscal year 2014 and water is currently flowing through the line. This water is piped in from the east side of the Wasatch Front for use by the city for economic development, schools and other public facilities.

## **Request for Information**

This financial report is designed to provide a general overview of Eagle Mountain City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Eagle Mountain City, Finance Director, 1650 East Stagecoach Run, Eagle Mountain, UT 84005.

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## **BASIC FINANCIAL STATEMENTS**

# EAGLE MOUNTAIN CITY

## Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,781,447	\$ 16,565,978	\$ 20,347,425
Restricted cash and cash equivalents	2,372,393	542,552	2,914,945
Accounts receivable			
Customers (net of allowance)	306,429	2,229,765	2,536,194
Intergovernmental	151,889	-	151,889
Assessments receivable	3,975,619	-	3,975,619
Taxes receivable	1,504,628	-	1,504,628
Other	-	-	-
Internal balances	(351,954)	351,954	-
Note Receivable - net of current portion	-	550,000	550,000
Prepaid bond insurance - net	-	-	-
Net pension asset	2,249	491	2,740
Capital assets (net of accumulated depreciation):			
Land	6,470,000	3,690,765	10,160,765
Water Shares	-	4,646,267	4,646,267
Buildings	3,440,942	1,855,210	5,296,152
Improvements	1,180,467	-	1,180,467
Equipment and systems	1,223,486	47,817,215	49,040,701
Infrastructure	49,961,550	-	49,961,550
Construction in progress	340,558	274,482	615,040
Total assets	<u>\$ 74,359,703</u>	<u>\$ 78,524,679</u>	<u>\$ 152,884,382</u>
<b>DEFERRED OUT FLOW OF RESOURCES</b>			
Pension related costs	\$ 250,827	\$ 54,765	\$ 305,592
Bond refunding costs	-	1,139,460	1,139,460
Total Deferred outflow of resources	<u>250,827</u>	<u>1,194,225</u>	<u>1,445,052</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	659,720	412,246	1,071,966
Deposits	970,654	18,115	988,769
Bond interest payable	26,602	41,676	68,278
Long-term liabilities			
Due within one year	224,320	963,058	1,187,378
Due in more than one year	4,767,544	24,849,011	29,616,555
Total liabilities	<u>6,648,840</u>	<u>26,284,106</u>	<u>32,932,946</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related costs	158,584	34,625	193,209
Unearned property taxes levied for future years	978,496	-	978,496
Total Deferred inflow of resources	<u>1,137,080</u>	<u>34,625</u>	<u>1,171,705</u>
<b>NET POSITION</b>			
Net investment in capital assets	59,048,455	32,767,922	91,816,377
Restricted			
C Roads	-	-	-
Impact fees	1,081,833	1,239,952	2,321,785
Unrestricted	6,694,321	19,392,299	26,086,621
Total net position	<u>\$ 66,824,609</u>	<u>\$ 53,400,173</u>	<u>\$ 120,224,783</u>

**EAGLE MOUNTAIN CITY**  
Statement of Activities  
For the Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,555,214	\$ 1,310,868	\$ -	\$ -	\$ (1,244,346)	\$ -	\$ (1,244,346)
Public safety	2,352,818	68,047	14,442	16,215	(2,254,114)	-	(2,254,114)
Public works	6,730,966	329,579	-	10,848,836	4,447,449	-	4,447,449
Community development	876,459	223,312	-	-	(653,147)	-	(653,147)
Planning	395,512	1,642,501	-	-	1,246,989	-	1,246,989
Interest on long-term debt	160,767	-	-	-	(160,767)	-	(160,767)
Total governmental activities	<u>13,071,737</u>	<u>3,574,307</u>	<u>14,442</u>	<u>10,865,051</u>	<u>1,382,063</u>	<u>-</u>	<u>1,382,063</u>
Business-type activities:							
Water	3,589,243	4,934,508	-	2,308,424	-	3,653,689	3,653,689
Sewer	3,510,591	3,523,360	-	1,675,984	-	1,688,753	1,688,753
Electric	9,834,298	7,038,706	-	368,321	-	(2,427,271)	(2,427,271)
Gas	3,452,371	3,624,499	-	66,116	-	238,244	238,244
Non major business-type	1,031,895	1,050,387	-	-	-	18,492	18,492
Total business-type activities	<u>21,418,399</u>	<u>20,171,460</u>	<u>-</u>	<u>4,418,845</u>	<u>-</u>	<u>3,171,906</u>	<u>3,171,906</u>
Total primary government	<u>\$ 34,490,135</u>	<u>\$ 23,745,767</u>	<u>\$ 14,442</u>	<u>\$ 15,283,896</u>	<u>1,382,063</u>	<u>3,171,906</u>	<u>4,553,970</u>
General revenues:							
Property taxes					\$ 1,089,674	\$ -	\$ 1,089,674
General sales and use tax					2,478,132	-	2,478,132
Franchise taxes					870,287	-	870,287
Miscellaneous					-	-	-
Interest earnings					43,559	-	43,559
Contribution of assets from Utility funds					3,852,118	(3,852,118)	-
Gain (loss) on sale of capital assets					(297,188)	6,234,012	5,936,824
Transfers					195,519	(195,519)	-
Total general revenues and transfers					<u>8,232,101</u>	<u>2,186,375</u>	<u>10,418,476</u>
Change in net Position					9,614,164	5,358,281	14,972,446
Net position- beginning					58,499,846	48,323,416	106,823,262
Net position as restated (see note 18)					(1,289,401)	(281,524)	(1,570,925)
Net position - ending					<u>\$ 66,824,609</u>	<u>\$ 53,400,173</u>	<u>\$ 120,224,783</u>

*See accompanying notes to the financial statements.*

**EAGLE MOUNTAIN CITY**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

	General Fund	Debt Service 2000-1	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,452,409	\$ -	\$ 894,016	\$ 3,346,425
Restricted cash	-	44,587	2,327,806	2,372,393
Receivables (net):				
Accounts	259,646	-	46,783	306,429
Taxes	1,504,628	-	-	1,504,628
Intergovernmental	151,889	-	-	151,889
Special assessments	-	1,710,619	2,265,000	3,975,619
Other	-	-	-	-
Total assets	<u>\$ 4,368,572</u>	<u>\$ 1,755,206</u>	<u>\$ 5,533,605</u>	<u>\$ 11,657,383</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable & accrued liabilities	\$ 487,189	\$ -	\$ 147,651	\$ 634,840
Deposits	705,125	-	265,529	970,654
Deferred revenue	-	-	-	-
Total liabilities	<u>1,192,314</u>	<u>-</u>	<u>413,180</u>	<u>1,605,494</u>
Deferred inflows of Resources:				
Unearned property taxes levied for future years	978,496	-	-	978,496
Unavailable property taxes-delinquent	34,936	-	-	34,936
Unavailable special improvement assessments	-	1,710,619	2,265,000	3,975,619
Total deferred inflows of resources	<u>1,013,432</u>	<u>1,710,619</u>	<u>2,265,000</u>	<u>4,989,051</u>
Fund Balances:				
Fund balances Restricted for:				
Roads	-	-	-	-
Impact fees	-	-	1,081,833	1,081,833
Special assessments	-	44,587	808,488	853,075
Assigned, for:				
Storm water	-	-	134,746	134,746
Debt service	-	-	425,327	425,327
Capital projects	-	-	405,031	405,031
Unassigned:	<u>2,162,826</u>	<u>-</u>	<u>-</u>	<u>2,162,826</u>
Total fund balances	<u>2,162,826</u>	<u>44,587</u>	<u>2,855,425</u>	<u>5,062,838</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,368,572</u>	<u>\$ 1,755,206</u>	<u>\$ 5,533,605</u>	<u>\$ 11,657,383</u>

**EAGLE MOUNTAIN CITY**  
Balance Sheet Reconciliation to  
Statement of Net Assets  
June 30, 2015

Total fund balances - governmental fund types:	\$ 5,062,838
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	62,617,003
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,010,555
Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds	253,076
Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.	(5,018,484)
Deferred inflows of resources are not available financial resources and are not reported in the governmental funds	(158,584)
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	58,206
Net assets of government activities	<u><u>\$ 66,824,609</u></u>



**EAGLE MOUNTAIN CITY**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
**Governmental Funds**  
For the Year Ended June 30, 2015

	General Fund	Debt Service 2000-1	Nonmajor Governmental Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 4,438,660	\$ -	\$ -	\$ 4,438,660
Special assessments	-	212,780	209,478	422,258
Licenses and permits	1,662,088	-	-	1,662,088
Intergovernmental	821,777	-	-	821,777
Charges for services	1,523,402	-	331,879	1,855,281
Impact fees	-	294,895	1,228,163	1,523,058
Miscellaneous	205,377	3,918	104,405	313,700
Total revenues	<u>8,651,304</u>	<u>511,593</u>	<u>1,873,925</u>	<u>11,036,822</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,431,838	30,314	155,535	2,617,687
Public safety	2,367,014	-	-	2,367,014
Public works	1,358,743	-	1,777,941	3,136,684
Planning and zoning	386,939	-	-	386,939
Community development	1,095,743	-	10,913	1,106,656
Debt service:				
Principal retirement	-	754,000	186,000	940,000
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	87,298	190,446	277,744
Capital outlay	-	-	1,664,752	1,664,752
Total expenditures	<u>7,640,277</u>	<u>871,612</u>	<u>3,985,587</u>	<u>12,497,476</u>
Excess revenues over (under) expenditures	<u>1,011,027</u>	<u>(360,019)</u>	<u>(2,111,662)</u>	<u>(1,460,654)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from asset disposals	497,516	-	-	497,516
Loss on grant noncompliance	-	-	(412,000)	(412,000)
Transfers in	133,258.00	-	2,021,434	2,154,692
Transfers out	(2,081,434.00)	-	-	(2,081,434)
Total other financing sources and uses	<u>(1,450,660.00)</u>	<u>-</u>	<u>1,609,434</u>	<u>158,774</u>
Net change in fund balance	(439,632.80)	(360,019)	(502,228)	(1,301,880)
Fund balances - beginning of year	2,602,459.00	404,606	3,357,653	6,364,718
Fund balances - end of year	<u>\$ 2,162,826</u>	<u>\$ 44,587</u>	<u>\$ 2,855,425</u>	<u>\$ 5,062,838</u>

**EAGLE MOUNTAIN CITY**  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2015

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

Net changes in fund balances - total governmental funds	\$ (1,301,880)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,318,266)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	
- Current year capital contributions from developers and loss on transfer of assets	11,474,355
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(396,519)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	940,487
Internal service funds are used by management to charge the cost of the fleet management to the individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(69,788)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in as expenditures in the governmental funds	285,776
Change in net assets of governmental activities	<u><u>\$ 9,614,164</u></u>

**EAGLE MOUNTAIN CITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Business-Type Activities - Enterprise						Governmental Activities Internal Service Funds
	Water	Sewer	Electric	Gas	NonMajor Enterprise Funds	Total	
<b><u>ASSETS</u></b>							
Current assets:							
Cash and cash equivalents	\$ 1,525,657	\$ 1,566,963	\$ 927,136	\$ 12,021,913	524,309	\$ 16,565,978	\$ 435,022
Accounts receivable - net	568,443	465,782	497,444	535,553	162,543	2,229,765	-
Due from other funds	-	-	-	-	-	-	-
Total current assets	2,094,100	2,032,745	1,424,580	12,557,466	686,852	18,795,743	435,022
Noncurrent assets:							
Restricted cash and cash equivalents	208,026	334,526	-	-	-	542,552	-
Note receivable (Net of Current Portion)	-	-	-	-	550,000	550,000	-
Net pension asset	252	217	-	-	22	491	155
Land, equipment, buildings and improv.	45,346,748	31,600,796	-	-	600,176	77,547,720	1,838,904
Less: Accumulated depreciation	(10,926,722)	(8,221,045)	-	-	(116,013)	(19,263,780)	(953,175)
Total noncurrent assets	34,628,304	23,714,494	-	-	1,034,185	59,376,983	885,884
Total assets	36,722,404	25,747,239	1,424,580	12,557,466	1,721,037	78,172,726	1,320,906
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>							
Bond refunding costs - net	489,968	649,492	-	-	-	1,139,460	-
Pension related costs	28,051	24,231	-	-	2,483	54,765	17,184
Total deferred outflow of resources	518,019	673,723	-	-	2,483	1,194,225	17,184
<b><u>LIABILITIES</u></b>							
Current liabilities:							
Accounts payable and accrued liabilities	45,112	109,649	136,159	13,138	108,188	412,246	24,878
Due to other funds	-	-	-	-	-	-	-
Debt interest payable	17,655	24,021	-	-	-	41,676	2,675
Current portion of long-term debt	550,500	382,500	-	-	-	933,000	108,816
Total current liabilities	613,267	516,170	136,159	13,138	108,188	1,386,922	136,369
Noncurrent liabilities:							
Deposits	18,090	-	25	-	-	18,115	-
Compensated absences	16,130	13,928	-	-	-	30,058	-
Net pension liability	136,243	117,690	-	-	12,060	265,993	83,490
Long-term debt (net of current portion)	10,028,443	14,554,575	-	-	-	24,583,018	223,972
Total noncurrent liabilities	10,198,906	14,686,193	25	-	12,060	24,897,184	307,462
Total liabilities	10,812,173	15,202,363	136,184	13,138	120,248	26,284,106	443,831
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>							
Pension related costs	17,735	15,320	-	-	1,570	34,625	10,868
Total deferred outflow of resources	17,735	15,320	-	-	1,570	34,625	10,868
<b><u>NET POSITION</u></b>							
Net investment in capital assets	23,841,083	8,442,676	-	-	484,163	32,767,922	552,941
Restricted - impact fees	705,383	534,569	-	-	-	1,239,952	-
Unrestricted	1,864,049	2,226,034	1,288,396	12,544,328	1,117,539	19,040,345	330,450
Total net position	\$ 26,410,515	\$ 11,203,279	\$ 1,288,396	\$ 12,544,328	1,601,702	\$ 53,048,219	\$ 883,391
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds						351,954	
Net position business-type activities						\$ 53,400,173	

*See accompanying notes to the financial statements.*

**EAGLE MOUNTAIN CITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total	
<b>Operating revenues:</b>							
Charges for services	\$ -	\$ -	\$ 6,561,258	\$ 3,504,220	\$ 1,045,816	\$ 11,111,294	\$ 1,271,780
Charges for services pledged as security on revenue bonds	3,062,503	3,021,667	-	-	-	6,084,170	-
Other operating income	15,973	-	4,302	17	4,571	24,863	684
Total operating revenues	<u>3,078,476</u>	<u>3,021,667</u>	<u>6,565,560</u>	<u>3,504,237</u>	<u>1,050,387</u>	<u>17,220,327</u>	<u>1,272,464</u>
<b>Operating expenses:</b>							
Salaries and wages	421,245	483,827	431,928	339,286	92,714	1,769,000	254,786
Purchased services	794,650	1,417,284	5,077,818	2,038,384	988,445	10,316,581	131,146
Supplies and materials	524,119	58,982	82,766	261,701	10,485	938,053	209,184
Depreciation and amortization	1,189,411	855,665	962,162	200,044	20,006	3,227,288	269,351
Miscellaneous	12,915	14,382	42,138	12,533	1,839	83,807	3,661
Total operating expenses	<u>2,942,340</u>	<u>2,830,140</u>	<u>6,596,812</u>	<u>2,851,948</u>	<u>1,113,489</u>	<u>16,334,729</u>	<u>868,128</u>
Operating income	<u>136,136</u>	<u>191,527</u>	<u>(31,252)</u>	<u>652,289</u>	<u>(63,102)</u>	<u>885,598</u>	<u>404,336</u>
<b>Nonoperating revenues (expenses):</b>							
Interest revenue	134,300	175,761	250,539	120,262	-	680,862	-
Grant proceeds	100,000	100,000	-	-	-	200,000	-
Developer reimbursements	(158,825)	(35,284)	(85,862)	-	-	(279,971)	-
Bond refunding cost amortization	(155,349)	(202,497)	-	-	-	(357,846)	-
Loss on retirement and defeasance of bonds	-	-	(2,948,173)	(453,829)	-	(3,402,002)	-
Bond issuance costs	(95,545)	(126,653)	-	-	-	(222,198)	-
Gain (Loss) on sale of assets	-	-	(1,131,329)	7,365,341	-	6,234,012	(33,791)
Interest expense and fiscal charges	(308,531)	(405,437)	(307,965)	(163,450)	-	(1,185,383)	(7,625)
Total nonoperating revenues (expenses)	<u>(483,950)</u>	<u>(494,110)</u>	<u>(4,222,790)</u>	<u>6,868,324</u>	<u>-</u>	<u>1,667,474</u>	<u>(41,416)</u>
<b>Net income (loss) before contributions and transfers</b>	<u>(347,814)</u>	<u>(302,583)</u>	<u>(4,254,042)</u>	<u>7,520,613</u>	<u>(63,102)</u>	<u>2,553,071</u>	<u>362,920</u>
<b>Capital contributions</b>	<u>2,208,424</u>	<u>1,575,984</u>	<u>368,321</u>	<u>66,116</u>	<u>-</u>	<u>4,218,845</u>	<u>-</u>
Contribution of capital assets to governmental funds	-	-	(3,558,659)	(293,459)	-	(3,852,118)	-
Impact fees	1,721,732	325,932	222,607	-	-	2,270,271	-
Transfers in	581,750	581,749	6,000,000	-	60,000	7,223,499	122,261
Transfers out	(113,270)	(3,995)	(1,297,694)	(6,004,059)	-	(7,419,018)	-
Total contributions and transfers	<u>4,398,636</u>	<u>2,479,670</u>	<u>1,734,575</u>	<u>(6,231,402)</u>	<u>60,000</u>	<u>2,441,479</u>	<u>122,261</u>
<b>Change in net position</b>	<u>4,050,822</u>	<u>2,177,087</u>	<u>(2,519,467)</u>	<u>1,289,211</u>	<u>(3,102)</u>	<u>4,994,550</u>	<u>485,181</u>
<b>Total net position - beginning</b>	<u>22,503,891</u>	<u>9,150,754</u>	<u>3,807,863</u>	<u>11,255,117</u>	<u>1,617,568</u>		<u>486,575</u>
Restatement of net position (see Note 18)	(144,198)	(124,562)	-	-	(12,764)		(88,365)
<b>Total net position - ending</b>	<u>\$ 26,410,515</u>	<u>\$ 11,203,279</u>	<u>\$ 1,288,396</u>	<u>\$ 12,544,328</u>	<u>\$ 1,601,702</u>		<u>\$ 883,391</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds						363,731	
Change in net position of business-type activities						<u>\$ 5,358,281</u>	

See accompanying notes to the financial statements.

# EAGLE MOUNTAIN CITY

## Statement of Cash Flows

### Proprietary Funds

#### For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total BTAs	
<b>Cash Flows From Operating Activities</b>							
Receipts from customers	\$ 3,056,212	\$ 3,034,536	\$ 7,392,161	\$ 3,869,550	\$ 1,048,154	\$ 18,400,613	\$ 1,272,464
Payments to suppliers	(1,801,960)	(1,504,898)	(7,657,318)	(951,093)	(1,013,233)	(12,928,502)	(266,132)
Payments to interfund services	-	-	-	-	-	-	-
Payments to employees	(437,217)	(499,293)	(581,718)	(351,704)	(94,353)	(1,964,285)	(334,944)
Net cash provided (used) by operating activities	817,035	1,030,345	(846,875)	2,566,753	(59,432)	3,507,826	671,388
<b>Cash Flows From Noncapital Financing Activities</b>							
Transfers in	-	-	6,000,000	-	60,000	6,060,000	-
Transfers out	(113,270)	(3,995)	(11,994)	(6,003,998)	-	(6,133,257)	-
Net cash provided (used) by noncapital financing activities	(113,270)	(3,995)	5,988,006	(6,003,998)	60,000	(73,257)	-
<b>Cash Flows From Capital and Related Financing Activities</b>							
Contributions	-	-	-	-	-	-	-
Purchases of capital assets	(1,757,885)	(398,407)	(211,794)	(10,203)	-	(2,378,289)	(326,123)
Impact fees collected	1,721,732	325,932	222,607	-	-	2,270,271	-
Refunding Bond Proceeds	4,614,613	6,117,045	-	-	-	10,731,658	-
Bond refunding costs	(489,968)	(649,492)	(1,525,267)	(207,795)	-	(2,872,522)	-
Bond issuance costs	(95,545)	(126,653)	-	-	-	(222,198)	-
Capital grant proceeds	100,000	100,000	-	-	-	200,000	-
Assessment proceeds	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	18,484,326	11,400,000	-	29,884,326	50,931
Payments for developer reimbursements	(158,825)	(35,284)	(85,862)	-	-	(279,971)	-
Principal paid on capital debt	(4,617,790)	(5,688,850)	(21,905,100)	(3,432,900)	-	(35,644,640)	(106,755)
Interest paid on capital debt	(334,584)	(439,862)	(359,955)	(171,198)	-	(1,305,599)	(8,484)
Net cash provided (used) by capital and related financing activities	(1,018,252)	(795,571)	(5,381,045)	7,577,904	-	383,036	(390,431)
<b>Cash Flows From Investing Activities</b>							
Interest and dividends received	16,593	20,743	60,759	96,469	-	194,564	-
Net increase (decrease) in cash and cash equivalents	(297,894)	251,522	(179,155)	4,237,128	568	4,012,169	280,957
Cash and cash equivalents - beginning	2,031,577	1,649,967	1,106,291	7,784,785	523,741	13,096,361	154,065
Cash and cash equivalents (deficit) - ending	<u>\$ 1,733,683</u>	<u>\$ 1,901,489</u>	<u>\$ 927,136</u>	<u>\$ 12,021,913</u>	<u>\$ 524,309</u>	<u>\$ 17,108,530</u>	<u>\$ 435,022</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income	\$ 136,136	\$ 191,527	\$ (31,252)	\$ 652,289	\$ (63,102)	\$ 885,598	\$ 404,336
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	1,189,411	855,665	962,162	200,044	20,006	3,227,288	269,351
(Inc.)/decrease in accounts rec.	(22,264)	12,869	826,601	365,313	(2,233)	1,180,286	-
(Inc.)/decrease in due from other funds	-	-	-	1,680,197	-	1,680,197	-
(Inc.)/decrease in due from net pension asset	(252)	(217)	-	-	(22)	(491)	(155)
(Inc.)/decrease in deferred outflows	(2,877)	(2,485)	-	-	(255)	(5,617)	(1,757)
Increase/(decr.) in accounts payable	(320,586)	(14,250)	(707,694)	(173,492)	(12,464)	(1,228,486)	9,047
Increase/(decr.) in due to other funds	-	-	(1,680,197)	-	(2,932)	(1,683,129)	-
Increase/(decr.) in compensated absences	2,551	534	(149,790)	(12,418)	1,570	(157,553)	-
Increase/(decr.) in net pension liability	(33,129)	(28,618)	-	-	-	(61,747)	(20,302)
Increase/(decr.) in deferred inflows	17,735	15,320	-	-	-	33,055	10,868
Increase/(decr.) in deposits	(149,690)	-	(66,705)	(145,180)	-	(361,575)	-
Total adjustments	680,899	838,818	(815,623)	1,914,464	3,670	2,622,228	267,052
Net cash provided (used) by operating activities	<u>\$ 817,035</u>	<u>\$ 1,030,345</u>	<u>\$ (846,875)</u>	<u>\$ 2,566,753</u>	<u>\$ (59,432)</u>	<u>\$ 3,507,826</u>	<u>\$ 671,388</u>
<b>Noncash investing, capital, and financing activities</b>							
Contributions by developers	\$ 2,208,424	\$ 398,407	\$ 368,321	\$ 66,116	\$ -	\$ 3,041,268	\$ -
Capital assets transferred from Utility Funds	581,750	581,749	-	-	-	1,163,499	-

## NOTES TO THE FINANCIAL STATEMENTS

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Eagle Mountain (the City) 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict the GASB pronouncements. The City applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established by GAAP and used by the City are discussed below.

**A. Reporting Entity**

Eagle Mountain City was incorporated December 1996, under laws of the State of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Administrator, who also is the City's budget officer. The Treasurer is currently responsible for the financial matters of the City, including money management, accounts payable, financial statements, utility billing, and accounts receivable. The City provides the following services as mandated by law: Public Safety, Highways and Streets, Sanitation, Parks, Water, Public Improvements, Planning and Zoning, and General Administrative Services.

The General Purpose Financial Statements of the City include the financial statements for all activities of the City based upon the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14. The primary criteria for including a board or agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations and therefore data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City. The City reports no component units.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, 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 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, 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 revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.



**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

The government reports the following **major governmental funds**:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Special Improvement Districts Debt Service Fund, 2001-1*, is used to account for the proceeds of specific revenue sources (other than expendable trusts, or capital projects) that are legally restricted to expenditures for repayment of debt obligations.

The government reports the following **major proprietary funds**:

The *Water Fund* accounts for the activities of the City's water operations.

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

The *Electric Fund* accounts for the activities of the City's electric operations.

The *Gas Fund* accounts for the activities of the City's gas operations.

Additionally the government reports the following fund types:

The *Internal Service Fund* accounts for the fleet management services provided to other departments of the government, on a cost reimbursement basis.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

**D. Cash and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City's temporary cash investments consist of amounts deposited with Utah Public Treasurer's Investment Fund and money market funds. Investments are stated at cost, which approximates fair value.

**E. Inter fund Transactions**

During the course of normal operations, the City has transactions between funds to distribute administrative costs and distribute grant proceeds. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended. The General Fund billed the respective enterprise funds for administrative costs associated with billing and collection of utility charges. These changes are reflected as revenues and expenses in the respective funds.

**F. Restricted Assets**

The City maintains cash balances as required by bond covenants. These amounts are reflected in the financial statements as restricted cash. It is the City's policy to use restricted assets first and then unrestricted assets.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	30-50
Improvements other than buildings	20-50
Infrastructure	30-50
Machinery and equipment	5-10
Furniture and fixtures	5-10

**H. Compensated Absences**

City employees accrue earned vacation, sick leave, long-term sick leave, and comp time throughout the year. They are allowed to carry forward into the next calendar year all accrued comp, long term sick leave, and up to 240 hours of vacation time, but are encouraged to take their vacation leave within the calendar year in which it is earned. Upon termination of employment, an employee will be compensated for up to 240 hours of unused vacation leave, comp time, long-term sick leave but forfeits any accumulated sick leave.

Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

**I. Taxes**

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax, which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on all business personal property on January 1, and real estate and improvement taxes are levied on January 1 and are payable by November 30. The real property taxes, which are due in November, are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred revenue.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22 each year.

The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

**J. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures. Interest expense is not included in the functions of governmental activities.

**K. 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.

**L. Deferred Outflows/Inflows of Resources**

Beginning with 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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 has two items, bond refunding costs and pension related costs, that are reported on the statement of net position as a deferred outflow.

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, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and pension related costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2013 for the 2014 fiscal year.

**M. Fund Equity**

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports non spendable balances, then restricted, then committed, and so forth. The City's governmental funds beginning balances have been restated to reflect the below classifications. Fund balance classifications are summarized as follows:

- **Non spendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as non spendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

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

Restricted fund balance amounts include the following:

- a) Unspent B&C road funds.
  - b) Unspent Impact fees.
  - c) Special Assessments.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the City Council. Fund balance commitments can only be removed or changed by the same type of resolution of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City Council has not committed any fund balance amounts.
  - **Assigned.** This category includes Governmental Fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by formal action of the City's administration comprised of the City administrative council. This category also includes the remaining positive fund balance for other governmental funds. The City has assigned debt service requirement, storm drain charges and capital projects.
  - **Unassigned.** Residual balances in the Governmental Funds are classified as unassigned.

It is the City's policy to use restricted, committed, assigned, and then unassigned fund balance.

**N. Use of Estimates**

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (*Continued*)**

This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

**1. Capital related items:**

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the city as a whole.

Cost of capital assets	\$89,111,101
Accumulated depreciation	( 26,494,098)
Net adjustment to increase <i>fund balance</i> <i>total governmental funds</i> to arrive at <i>net-</i> <i>assets - governmental activities</i> )	<u>\$62,617,003</u>

**2. Long-term assets:**

Long-term assets applicable to the City's governmental activities are not available to pay for expenditures of the current period and are, therefore, deferred in the governmental balance sheet.

Special assessment revenue	\$4,011,122
Delinquent property taxes	<u>( 567)</u>
Net adjustment to increase <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net</i> <i>assets - governmental activities</i>	<u>\$4,010,555</u>

**3. Long-term debt transactions:**

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund statements. All liabilities (both current and long-term) are reported in the statement of net assets.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Bonds payable	(\$3,227,000)
Capital lease payable	( 332,789)
Bond interest payable	( 26,620)
Bond premium	( 8,758)
Net Pension Liability	( 1,218,270)
Compensated absences	( 205,047)

Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	( <u>\$5,018,484</u> )
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**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$ 1,238,457
Depreciation expense	( 2,556,723)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	( <u>\$ 1,318,266</u> )

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”



**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Principal payments:

Amortization of bond premiums	\$ 487
Principal paid on bonds and capital leases	<u>940,000</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 940,487</u>

Another element of that reconciliation states that certain expenses reported in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental funds.

Accrued bond interest	\$ (116,977)
Pension related costs	(165,623)
Compensated absences	<u>(3,176)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (285,776)</u>

**NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

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**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING *(Continued)***

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the City Administrator, authorized under state statute to be appointed budget officer, submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given in the local newspaper at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City Administrator, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in (B) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to reappropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget using the above procedures.

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**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2015 the City's cash balance consisted of the following:

	<u>All Fund Types</u>
Cash, cash equivalents, and temporary cash investments	\$ 20,347,425
Cash, and cash equivalents - restricted	2,914,945
Total cash and cash equivalents	<u>\$ 23,262,370</u>

While the City's carrying amount of deposits was \$19,541,781, the balance in the City's bank account and cash on hand was \$20,223,341, with the difference being due to outstanding checks and deposits in transit.

**A. Deposits**

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The City considers the actions of the State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2015, the City's custodial credit risk, for deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2015</u>
Checking and savings	Insured and collateralized	\$ 421,199
Checking and savings	Uninsured and uncollateralized	1,023,986
Investment sweep	Uninsured and uncollateralized	<u>13,176,954</u>
Total deposits		<u>\$ 14,622,139</u>

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Investments**

The City's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank and local bank CD's. As of June 30, 2015, the City had the following investments:

Investments	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More than 10
Utah Public Treasurer's Investment Fund	\$ 5,615,932	\$ -	\$ -	\$ -
Bank CD's	-	3,000,000	-	-
First American Treasury Obligations	628,408	-	-	-
Total investments	<u>\$ 6,244,340</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

Investments – Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance with the Utah Money Management Act, which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk. The City follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. The City's investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The City considers the actions of the

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices.

The PTIF operates and reports to participants on a amortized cost basis, The income gains, and losses – net of administration fees, of the PTIF are allocated based on the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares with a difference of \$27,857 which is immaterial.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$ 5,615,932	\$ -	\$ -	\$ -	\$5,615,932
Bank CD's	3,000,000	-	-	-	3,000,000
First American Treasury Obligations	628,408	628,408	-	-	-
Total investments	<u>\$ 9,244,340</u>	<u>\$ 628,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,615,932</u>

Investments Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City’s \$628,408 investment in a trust arrangement, the entire amount of underlying securities are held by the Investment’s counterparty, not in the City’s name and are not insured. The City’s investment arrangements primarily invest in obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. The City does not have an investment policy for custodial credit risk.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 5 - RECEIVABLES**

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	SID 2001-1	Water	Sewer	Electric	Gas	Nonmajor Enterprise	Non major Govt'l	Total
Receivables:									
Accounts	\$ 358,169	\$ -	\$ 640,447	\$ 552,554	\$ 645,322	\$ 695,090	\$ 184,529	\$ 47,956	\$ 3,124,067
Taxes	1,504,628	-	-	-	-	-	-	-	1,504,628
Special									
Assessments	-	1,710,619	-	-	-	-	-	2,265,000	3,975,619
Intergovernmental	151,889	-	-	-	-	-	-	-	151,889
Less: allowance for uncollectible accounts	(98,523)	-	(72,004)	(86,772)	(147,878)	(159,537)	(21,986)	(1,173)	(587,873)
	<u>\$ 1,916,163</u>	<u>\$ 1,710,619</u>	<u>\$ 568,443</u>	<u>\$ 465,782</u>	<u>\$ 497,444</u>	<u>\$ 535,553</u>	<u>\$ 162,543</u>	<u>\$ 2,311,783</u>	<u>\$ 8,168,330</u>

**NOTE 6 – NOTE RECEIVABLE**

During the fiscal year 2012 the City sold the golf course to an outside party for \$550,000, the purchase was financed with a note receivable to the City of \$550,000. The note has no interest rate. The outside party will pay the City 10% of its net income annually until the debt is repaid. The Note is treated as long term on the financial statements.

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**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 7 – INTERFUND RECEIVABLES AND TRANSFERS**

The operating transfers of the City consist of the following:

Transfer In:	General	SID 2000-1	Nonmajor Govrmtl.	Business Type	Internal Service	Total
General	\$ -	\$ -	\$ -	\$ 133,258	\$ -	\$ 133,258
SID 2000-1	-	-	-	-	-	-
Nonmajor govtl.	2,021,434	-	-	-	-	2,021,434
Internal Service	-	-	-	122,261	-	122,261
Business type	60,000	-	-	7,163,499	-	7,223,499
Total transfer out	<u>\$ 2,081,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,419,018</u>	<u>\$ -</u>	<u>\$ 9,500,452</u>

The City transferred funds monies to support debt service payments in the debt service fund. The City also transferred monies to support operations in the electric fund, and to provide for projects in the Capital Projects fund.

The inter fund balances at June 30, 2015 consist of balances due from the Cemetery Fund to the Capital Projects fund in the amount of \$713. It will be repaid from continuing operations.

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ -	\$ 978,496
Property tax delinquent	34,936	
Special assessments (special revenue fund)	<u>3,975,619</u>	
Total	<u>\$4,010,555</u>	<u>\$ 978,496</u>

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

<b>Primary Government Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:					
Land	\$ 5,735,924	\$ -	\$ 734,075	\$ -	\$ 6,469,999
Construction in progress	1,209,304	319,202	-	1,187,948	340,558
Total Capital Assets Not Being Depreciated	<u>6,945,228</u>	<u>319,202</u>	<u>734,075</u>	<u>1,187,948</u>	<u>6,810,557</u>
Capital Assets Being Depreciated:					
Buildings	1,304,477	-	3,753,907	863,807	4,194,577
Improvements	133,964	1,128,021	-	-	1,261,985
Machinery and Equipment	3,560,970	646,636	149,473	1,240,475	3,116,604
Infrastructure	65,100,134	8,627,244	-	-	73,727,378
Total Capital Assets Being Depreciated	<u>70,099,545</u>	<u>10,401,901</u>	<u>3,903,380</u>	<u>2,104,282</u>	<u>82,300,544</u>
Less Accumulated Depreciation For:					
Buildings	158,955	10,911	652,871	69,103	753,634
Improvements	35,240	46,278	-	-	81,518
Machinery and Equipment	2,667,662	371,004	10,205	1,155,753	1,893,118
Infrastructure	21,637,299	2,128,529	-	-	23,765,828
Total Accumulated Depreciation	<u>24,499,156</u>	<u>2,556,722</u>	<u>663,076</u>	<u>1,224,856</u>	<u>26,494,098</u>
Total Capital Assets, Being Depreciated, Net	<u>45,600,389</u>	<u>7,845,179</u>	<u>3,240,304</u>	<u>879,426</u>	<u>55,806,446</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,545,617</u>	<u>\$ 8,164,381</u>	<u>\$ 3,974,379</u>	<u>\$ 2,067,374</u>	<u>\$ 62,617,003</u>
<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:					
Construction in Process	\$ -	\$ 274,482	\$ -	\$ -	\$ 274,482
Land	4,861,143	-	(734,075)	436,303	3,690,765
Water Shares	3,183,767	1,462,500	-	-	4,646,267
Total Capital Assets Not Being Depreciated	<u>8,044,910</u>	<u>1,736,982</u>	<u>(734,075)</u>	<u>436,303</u>	<u>8,611,514</u>
Capital Assets Being Depreciated:					
Buildings	6,994,264	36,637	(3,753,907)	452,399	2,824,595
Equipment and Systems	99,862,185	4,825,026	(149,473)	38,426,128	66,111,610
Total Capital Assets Being Depreciated	<u>106,856,449</u>	<u>4,861,663</u>	<u>(3,903,380)</u>	<u>38,878,527</u>	<u>68,936,205</u>
Less Accumulated Depreciation For:					
Buildings	1,553,923	170,379	(652,870)	102,047	969,385
Equipment and Systems	30,817,050	3,050,021	(10,205)	15,562,471	18,294,395
Total Accumulated Depreciation	<u>32,370,973</u>	<u>3,220,400</u>	<u>(663,075)</u>	<u>15,664,518</u>	<u>19,263,780</u>
Total Capital Assets, Being Depreciated, Net	<u>74,485,476</u>	<u>1,641,263</u>	<u>(3,240,305)</u>	<u>23,214,009</u>	<u>49,672,425</u>
Business-Type Activities Capital Assets, Net	<u>\$ 82,530,386</u>	<u>\$ 3,378,245</u>	<u>\$ (3,974,380)</u>	<u>\$ 23,650,312</u>	<u>\$ 58,283,939</u>



**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 8 - CAPITAL ASSETS *(Continued)***

Depreciation expense was charged to functions/programs of the primary government as follows

**Governmental Activities:**

General Government	\$ 39,485
Public Safety	-
Public Works	2,493,104
Planning/Zoning	1,700
Community Development	22,434
Total Depreciation Expense-Governmental Activities	<u><u>\$ 2,556,723</u></u>

**Business-Type Activities**

Water	\$ 1,189,411
Sewer	853,574
Electric	957,893
Gas	199,516
Golf Course	20,006
Total Depreciation Expense-Business-Type Activities	<u><u>\$ 3,220,400</u></u>

The City has various construction projects as of June 30, 2015. The City's commitments with contractors are as follows:

Project	Remaining Commitment
Park projects	\$ 199,201
Total	<u><u>\$ 199,201</u></u>

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**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 9 – LEASE COMMITMENTS**

During 2013 the City executed a new lease in the internal service fund, in the amount of \$544,278 payable in annual installments for 4 years.

Assets acquired through capital leases are as follows:

	<u>Activities</u>
Asset:	
Machinery and equipment	\$ 544,278
Less: Accumulated amortization	<u>(234,601)</u>
Total	<u><u>\$ 309,677</u></u>

Amortization of capital assets purchased under capital leases are included in depreciation.

The future payments required by the lease are as follows:

<u>Fiscal Year</u>	<u>Governmental Amount</u>
2016	\$ 115,239
2017	115,239
2018	<u>115,239</u>
Total minimum lease payments	345,717
Less amounts representing interest	<u>(12,928)</u>
Present value of minimum lease payments	<u><u>\$ 332,789</u></u>

As of June 30, 2015 the lease payable consisted of the following:

	<u>Total Capital Leases Payable All Fund Types</u>
Capital leases payable	\$ 439,544
Current portion capital lease payable	<u>(106,755)</u>
Long-term capital leases payable	<u><u>\$ 332,789</u></u>

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 10 – LONG-TERM DEBT**

Bonds and notes payable at June 30, 2015 are comprised of the following:

**1. \$1,226,000 Eagle Mountain City Excise Tax Road Bonds Series 2005**

This bond requires semiannual payments of interest and annual payments of principal due September 1, 2005 through September 1, 2014, bearing interest ranging from 2.52% to 4.5%. The Bond was retired in 2015.

**2. \$2,400,000 Eagle Mountain City Special Assessment Bond 2014 (SAA-2014)**

This bond requires semiannual payments of interest and annual payments of principal due November 1, 2014 through May 1, 2033, bearing a variable interest rate ranging from 2-5% the debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 95,000	\$ 103,668	\$ 198,668
2017	95,000	101,768	196,768
2018	100,000	98,918	198,918
2019	100,000	95,918	195,918
2020	105,000	92,918	197,918
2021-2025	580,000	408,356	988,356
2026-2030	745,000	252,664	997,664
2031-2035	540,000	55,004	595,004
Total	<u>\$ 2,360,000</u>	<u>\$ 1,209,214</u>	<u>\$ 3,569,214</u>

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 10 – LONG-TERM DEBT (Continued)**

**1. \$2,207,000 Eagle Mountain Refunding Sales Tax Revenue Bond Series 2014**

This bond was used to refund the 2006 Special Assessment Bond Series 2006. The refunding was undertaken to reduce future debt payments. The bond requires annual interest payments beginning February 1, 2014 through February 1, 2020 and one principal payment due February 2014, and annual principal payments beginning February 1, 2017 through February 1, 2020. The debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ -	\$ 17,253	\$ 17,253
2017	280,000	17,253	297,253
2018	317,000	98,918	415,918
2019	270,000	95,918	365,918
Total	<u>\$ 867,000</u>	<u>\$ 229,342</u>	<u>\$ 1,096,342</u>

**2. \$16,500,000 Eagle Mountain Water and Sewer Refunding Bonds Series 2007**

This bond was used to refund the original Water and Sewer Bond. This bond requires annual installments of principal and interest due beginning November 2008 through November 2026, bearing an interest ranging from 4.00% to 5.00%. During 2015 the bond was partially defeased through an advanced refunding, \$9,705,000 of the principal was defeased and the remaining \$4,855,000 will require annual installments of principal and interest due beginning November 2015 through November 2026. The debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 350,000	\$ 223,500	\$ 573,500
2017	360,000	209,300	569,300
2018	375,000	192,725	567,725
2019	400,000	173,350	573,350
2020	420,000	152,850	572,850
2021-2025	2,400,000	429,525	2,829,525
2026	550,000	13,063	563,063
Total	<u>\$ 4,855,000</u>	<u>\$ 1,394,313</u>	<u>\$ 6,249,313</u>

**Advanced Refunding** – The City issued \$9,685,000 in Water and Sewer revenue bonds. The proceeds were used to advance refund \$9,370,000 of outstanding 2007 series Water and Sewer revenue bonds the net proceeds of \$10,509,460 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 10 – LONG-TERM DEBT (Continued)**

result that portion of the 2007 Water and Sewer bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,139,460. This amount is recorded as a deferred outflow on the statement of net position and is being amortized over the life of the refunding debt. As of June 30, 2015 \$9,370,000 of the original debt is still outstanding. The City advance refunded this bond to reduce its total debt service payments over two years by \$4,417,455 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,973,076.

**1. \$6,665,000 Eagle Mountain City Sewer Water Quality Board Bond Series 2008.**

This bond was issued for the construction of a waste water treatment plant expansion. This bond requires annual payments of interest and principal beginning December 2009 through December 2028, bearing an interest rate of 1%. The bond is a reimbursement bond. The total amount of the bond is \$6,665,000. The debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 78,000	\$ 59,865	\$ 137,865
2017	215,000	57,875	272,875
2018	245,000	55,575	300,575
2019	275,000	52,975	327,975
2020	310,000	50,050	360,050
2021-2025	2,015,000	195,075	2,210,075
2026-2030	2,940,000	74,675	3,014,675
Total	\$ 6,078,000	\$ 546,090	\$ 6,624,090

**2. \$11,085,000 Eagle Mountain City Gas & Electric Revenue Bond Series 2012.**

This bond was issued for the construction of a utilities building and redundancy lines within the City. During 2015 the bond was defeased through an advanced refunding,

**Advanced Refunding** – The City used a portion of the proceeds from the sale of the Utility Sytem to advance refund the bonds. The proceeds were used to advance refund \$9,195,000 of outstanding 2012 series Gas and Electric revenue bonds. The net proceeds of \$10,508,685 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result the 2012 Gas and Electric bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 10 – LONG-TERM DEBT (Continued)**

The City advance refunded this bond to reduce its total debt service payments over two years by \$4,417,455 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,973,076.

**1. \$2,536,000 Eagle Mountain City Water Quality Revenue Bond Series 2013**

This bond was issued for water system improvements within the City. The bond requires annual principal beginning May 2015 and interest payments beginning May 2014 through May 2034, bearing an interest rate of 1.72%. The City has drawn down \$2,236,000 as of June 30, 2015. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 102,000	\$ 41,899	\$ 143,899
2017	103,000	40,145	143,145
2018	105,000	38,373	143,373
2019	107,000	36,567	143,567
2020	109,000	34,727	143,727
2021-2025	602,000	144,616	746,616
2026-2030	702,000	88,735	790,735
2031-2035	306,000	26,266	332,266
Total	<u>\$ 2,136,000</u>	<u>\$ 451,328</u>	<u>\$ 2,587,328</u>

**2. \$17,502,000 Eagle Mountain City Gas and Electric Refunding Revenue Bond Series 2013**

During 2015 these bonds were retired with proceeds from the sale of the Electric and Gas Utility system.

**3. \$4,560,000 Note Payable Water Well.**

The note was issued with a settlement of a lawsuit regarding the purchase of a well within the City. The note carries no interest rate. The note requires annual principal payments with a set amortization for 2014 and 2015 the note will then be repaid with impact fees as they are collected by the City.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 300,000	\$ -	\$ 300,000
2017	1,415,360	-	1,415,360
Total	<u>\$ 1,715,360</u>	<u>\$ -</u>	<u>\$ 1,715,360</u>

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 10 – LONG-TERM DEBT *(Continued)***

**1. \$9,685,000 2014 Water and Sewer Refunding Bond.**

This bond was used to refund a portion of the original Water and Sewer Bonds. This bond requires annual installments of principal beginning November 2021 and interest due beginning November 2015 through November 2032, bearing an interest ranging from 4.00%. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 189,575	\$ 189,575
2017	-	379,150	379,150
2018	-	379,150	379,150
2019	-	379,150	379,150
2020	-	379,150	379,150
2021-2025	1,020,000	1,830,275	2,850,275
2026-2030	4,830,000	1,369,600	6,199,600
2031-2035	3,835,000	155,900	3,990,900
Total	<u>\$ 9,685,000</u>	<u>\$ 5,061,950</u>	<u>\$ 14,746,950</u>

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**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 10 – LONG-TERM DEBT (Continued)**

**1. Changes in long term liabilities.**

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year June 30, 2015 were as follows:

	July 1 2014	Additions	Reductions	June 30 2015	Due in One Yr
<b>Governmental Activities:</b>					
Bonds Payable					
Excise tax road bonds	\$ 146,000	\$ -	\$ 146,000	\$ -	\$ -
	-	-	-	-	-
Special assessment bond 2006 200-1	2,400,000	-	40,000	2,360,000	95,000
Unamortized bond premium	9,245	-	487	8,758	-
Special assessment bond 2006 200-1	1,621,000	-	754,000	867,000	-
Total bonds payable	4,176,245	-	940,487	3,235,758	95,000
Leases payable	439,544	-	106,755	332,789	108,816
Net pension liability	1,514,510	-	296,240	1,218,270	-
Compensated absences	208,223	-	3,176	205,047	20,504
Gov't activities long-term debt	<u>\$ 6,338,522</u>	<u>\$ -</u>	<u>\$ 1,346,658</u>	<u>\$ 4,991,864</u>	<u>\$ 224,320</u>
<b>Business-Type Activities:</b>					
Bonds payable:					
2008 water and sewer refunding bond	\$ 14,560,000	\$ -	\$ 9,705,000	\$ 4,855,000	\$ 350,000
Unamortized bond premium	272,725	-	272,725	-	-
2009 sewer revenue bond	6,235,000	-	157,000	6,078,000	183,000
2011 Electric and gas revenue bond	9,195,000	-	9,195,000	-	-
Unamortized bond premium	216,297	-	216,297	-	-
2013 Water quality revenue bond	2,236,000	-	100,000	2,136,000	100,000
2013 Gas and electric refunding bond	16,143,000	-	16,143,000	-	-
2014 Water and sewer refunding bond	-	9,685,000	-	9,685,000	-
Unamortized bond premium		1,046,658		1,046,658	
Total bonds payable	48,858,022	10,731,658	35,789,022	23,800,658	633,000
Notes Payable	2,060,000	-	344,640	1,715,360	300,000
Net pension liability	315,680	-	49,687	265,993	-
Compensated absences	106,096	-	76,038	30,058	30,058
Business type long-term debt	<u>\$ 51,339,798</u>	<u>\$ 10,731,658</u>	<u>\$ 36,259,387</u>	<u>\$ 25,812,069</u>	<u>\$ 963,058</u>

**NOTE 11 – STATE RETIREMENT PLANS**

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

- 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.



**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 11 – STATE RETIREMENT PLANS (Continued)**

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 System (URS) is established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS'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 Board, whose members are appointed by the Governor. They URS 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 which can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org)

**Benefits Provided** – URS Provides retirement, disability, and death benefits. Retirement benefits are as follows:

<b>System</b>	<b>Final average salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year to to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\*with actuarial reductions

\*\*all post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 11 – STATE RETIREMENT PLANS (Continued)**

**Contributions** – As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS 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 are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Fierfighters System			
32 - Division B Tier 1	N/A	16.710%	6.590%
132 - Division B Tier 2	N/A	N/A	10.800%

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** – At December 30, 2014, the City reported a net pension asset of \$2,740 and a net pension liability of \$1,484,263. At December 31, 2014, the City's proportionate shares in the defined benefit pension plans were as follows:

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3418200%	\$ -	\$ 1,484,263
Tier 2 Public Employees System	0.0903999%	2,740	-
Total Net Pension Asset/Liability		<u>\$ 2,740</u>	<u>\$ 1,484,263</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2014. The City's proportion of the net pension asset and liability were based on a projection of the City's long-term share of contributions to the defined benefit pension plans relative to the projected contributions of all participating employers.

For the year ended December 31, 2014, the City recognized pension expense of \$369,355. At December 31, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 11 – STATE RETIREMENT PLANS (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 47,731
Changes in assumptions	-	145,478
Net difference between projected and actual earnings on the pension plan investments	33,750	-
Changes in proportion and differences between contributions and proportionate shares of contributions	-	-
Contributions subsequent to the measurement date	271,842	-
Total	<u>\$ 305,592</u>	<u>\$ 193,209</u>

The \$271,842 was reported as deferred outflows of resources related to pensions resulting from contributions prior to the fiscal year end, but subsequent to the measurement date of December 31, 2014. 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 defined benefit pension plans will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	\$ (39,591)
2016	(39,591)
2017	(39,591)
2018	(37,689)
2019	(479)
Thereafter	(2,516)

**Actuarial assumptions** – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.75 percent
<b>Salary increases</b>	3.5-10.5 percent, average, including inflation
<b>Investment rate of return</b>	7.5 percent, net of pension plan investment expenses, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table on the next page.

**EAGLE MOUNTAIN CITY**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 20, 2015

**NOTE 11 – STATE RETIREMENT PLANS (Continued)**

**Retired Member Mortality**

Class of Member

**Educators**

Men EDUM (90%)

Womend EDUF (100%)

**Public Safety and Firefighters**

Men RP 2000mWC (100%)

Womend EDUF (120%)

**Local Government, Public Employees**

Men RP 2000mWC (100%)

Womend EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

The long-term expected rate of return on defined benefit 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. 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	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 11 – STATE RETIREMENT PLANS (Continued)**

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

**Discount rate** – The discount rate used to measure the total pension liability was 7.50%. 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 of all participating employers will be made at contractually required rates, actuarially determined. 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.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate** – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
<b>Proportion Share of</b>			
Net Pension (asset)/liability	\$ 3,581,475	\$ 1,481,523	\$ (266,361)

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

**NOTE 12 – SALE OF UTILITY SYSTEM**

During the fiscal year 2015 the City sold their Gas and Electric systems and the related assets to outside private companies. The proceeds from the sale were \$11,400,000 and \$22,700,326 respectively. The cost of the assets sold less the associated accumulated depreciation in the Gas fund amounted to \$4,034,659 resulting in gain on the sale of the system of \$7,365,341. The cost of the assets sold less the associated accumulated depreciation in the Electric fund amounted to \$19,615,655. The Electric was also invested in a power generating venture; the cost of disassociation with this venture was \$4,216,000, resulting in the Electric fund recognizing a \$1,131,329 loss on the sale of the system.

Assets less accumulated depreciation in the amount of \$5,137,879 that were not part of the sale of the system were transferred to other utility funds and contributed to the Governmental funds.

**NOTE 13 – RESTRICTED FUND BALANCES**

The City has restricted fund balances for unspent impact fees.

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 14 - LITIGATION**

The City is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material affect on the City's financial statements.

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Utah Local Governments Trust (a public entity risk pool). All claims are submitted to the Utah Local Governments Trust, which acts as a commercial insurer. The Association is obligated to pay all claims covered by its plan. All claims are subject to a \$5,000 deductible. The deductible is accrued as a current liability when the claim is incurred. The Utah Local Governments Trust covers claims up to \$10,000,000. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years.

**NOTE 16 – CONTINGENT LIABILITIES**

The City has entered into agreements with various developers to donate infrastructure that will benefit future development within the city. These developers will be repaid with the impact fees collected from those future developments. Because of the fluctuations in the building market within the City and due to the uncertainty of new developments actually being built, the amounts are not reflected as liabilities on the financial statements. They will be recorded as expenses as the future impact fees are received. The amount of outstanding impact fee reimbursement agreements as of the balance sheet date is \$5,404,544.

**NOTE 17 – SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 17, 2015, the date the financial statements were available to be issued.

**NOTE 18 – RESTATEMENT OF NET POSITION**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 Accounting for Financial Reporting of pensions which became effective for financial statement reporting periods beginning after June 15, 2014. As a result of implementing this statement, pension related items, which were previously not recognized, are now required to be reported in the City's financial statements. In the year of implementation, the City is required to include the pension related amounts and restate the earliest Net Position presented.

Therefore the effect of adding the pension related items is reflected as a restatement of net position in the statement of Activities for Governmental Activities of \$1,281,401 as well as \$12,764 in the proprietary funds statement of Revenues, Expenses, and Change in Net Position, since these pension items do not relate to the current financial reporting period.

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## REQUIRED SUPPLEMENTAL INFORMATION



**EAGLE MOUNTAIN CITY**  
Required Supplementary Information  
Schedule of the Proportionate Share of the Net Pension Liability  
June 30, 2015  
Last 10 Fiscal Years\*

	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of the net pension liability (asset)	0.3418200%	0.0903999%
Proportionate share of the net pension liability (asset)	\$ 1,484,263	\$ (2,740)
Covered employee payroll	\$ 2,830,676	\$ 444,513
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.4%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	103.5%

\*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. Prior year numbers are available from the prior year note disclosure confirmation.

**EAGLE MOUNTAIN CITY**  
Required Supplementary Information  
Schedule of Contributions  
June 30, 2015  
Last 10 Fiscal Years\*

	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Contractually required contribution	\$ 537,245	\$ 37,297
Contributions in relation to the contractually require contribution	(537,245)	(37,297)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Porportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	\$ 2,830,676	\$ 444,513
Plan fiduciary net position as a percentage of the total pension liability	48.98%	8.39%

\* The amounts presented were determined for the Calendar year January 1-December 31. Employers will be required to prospectively develop this table in future years to show 10-year information. The schedule above is only for the current year. Prior year numbers are available from the prior year note disclosure confirmation.

\*\*Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**General Fund**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,500,500	\$ 4,500,500	\$ 4,438,660	\$ (61,840)
Licenses and permits	920,750	920,750	1,662,088	741,338
Intergovernmental	792,500	792,500	821,777	29,277
Charges for services	1,332,545	1,332,545	1,523,402	190,857
Miscellaneous	120,950	120,950	205,377	84,427
Total revenues	<u>7,667,245</u>	<u>7,667,245</u>	<u>8,651,304</u>	<u>984,059</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,378,600	2,622,900	2,431,838	191,062
Public safety	2,160,631	2,518,053	2,367,014	151,039
Planning and zoning	369,180	400,758	386,939	13,819
Public works	1,459,201	1,482,001	1,358,743	123,258
Community development	1,200,871	1,202,871	1,095,743	107,128
Total expenditures	<u>7,568,483</u>	<u>8,226,583</u>	<u>7,640,277</u>	<u>586,306</u>
Excess (deficit) of revenues over (under) expenditures	<u>98,762</u>	<u>(559,338)</u>	<u>1,011,027</u>	<u>1,570,365</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from asset disposals	-	-	497,516	497,516
Transfers in	-	-	133,258	133,258
Transfers out	(98,762)	(98,762)	(2,081,434)	(1,982,672)
Total other financing sources (uses)	<u>(98,762)</u>	<u>(98,762)</u>	<u>(1,450,660)</u>	<u>(1,351,898)</u>
Net change in fund balance	-	(658,100)	(439,633)	218,467
Fund balances - beginning	2,602,459	2,602,459	2,602,459	-
Fund balances - ending	<u>\$ 2,602,459</u>	<u>\$ 1,944,359</u>	<u>\$ 2,162,826</u>	<u>\$ 218,467</u>

# EAGLE MOUNTAIN CITY

## Schedule of Revenues, Expenditures, and Changes in Fund Balance Detail

### Budget to Actual

### General Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
<b>REVENUES</b>				
Taxes	\$ 4,500,500	\$ 4,500,500	\$ 4,438,660	\$ (61,840)
Licenses and permits	920,750	920,750	1,662,088	741,338
Intergovernmental	792,500	792,500	821,777	29,277
Charges for services	1,332,545	1,332,545	1,523,402	190,857
Miscellaneous	120,950	120,950	205,377	84,427
Total revenues	<u>7,667,245</u>	<u>7,667,245</u>	<u>8,651,304</u>	<u>984,059</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative	40,785	40,785	44,536	(3,751)
Recorders	277,728	277,728	277,319	409
Attorney	100,000	125,000	117,113	7,887
Executive	542,930	542,930	518,285	24,645
Finance	376,825	401,825	377,175	24,650
Engineering	353,954	403,954	329,203	74,751
Human Resources	196,006	196,006	180,318	15,688
Information Technology	226,700	264,000	253,550	10,450
Miscellaneous	-	50,000	7,764	42,236
Public Information	120,619	122,619	125,495	(2,876)
Building Maintenance	143,053	198,053	208,845	(10,792)
Total general government	<u>2,378,600</u>	<u>2,622,900</u>	<u>2,439,603</u>	<u>183,297</u>
Public safety				
Police	<u>2,160,631</u>	<u>2,518,053</u>	<u>2,367,014</u>	<u>151,039</u>
Planning and zoning	<u>369,180</u>	<u>400,758</u>	<u>386,939</u>	<u>13,819</u>
Public works	-	-	-	-
Streets and Roads	817,615	817,615	579,795	237,820
Parks	641,586	664,386	778,947	(114,561)
Total public works	<u>1,459,201</u>	<u>1,482,001</u>	<u>1,358,743</u>	<u>123,259</u>
Community development				
Arts council	-	-	-	-
Youth committee	7,661	7,661	2,291	5,370
Recreation	281,547	281,547	253,274	28,273
Senior council	10,366	10,366	-	10,366
Special events	118,193	118,193	112,127	6,066
Building	499,177	499,177	444,254	54,923
Library	283,927	285,927	276,032	9,895
Total community development	<u>1,200,871</u>	<u>1,202,871</u>	<u>1,087,978</u>	<u>114,893</u>
Total expenditures	<u>7,568,483</u>	<u>8,226,583</u>	<u>7,640,277</u>	<u>586,306</u>
Excess (deficit) of revenues over (under) expenditures	<u>98,762</u>	<u>(559,338)</u>	<u>1,011,027</u>	<u>1,570,365</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from asset sales			497,516	497,516
Transfers in	-	-	133,258	133,258
Transfers out	(98,762)	(98,762)	(2,081,434)	(1,982,672)
Total other financing sources (uses)	<u>(98,762)</u>	<u>(98,762)</u>	<u>(1,450,660)</u>	<u>(1,351,898)</u>
Net change in fund balance	-	(658,100)	(439,633)	218,467
Fund balances - beginning	<u>2,602,459</u>	<u>2,602,459</u>	<u>2,602,459</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,602,459</u>	<u>\$ 1,944,359</u>	<u>\$ 2,162,826</u>	<u>\$ 218,467</u>

**EAGLE MOUNTAIN CITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY STATEMENTS**  
**YEAR ENDED JUNE 20, 2015**

**NOTE 1 – Defined Contribution System**

The District participates in a defined Contribution plan. The summary of the contributions made from January 1 to December 31 2014 are as follows:

	Employee Paid Contributions	Employer Paid Contributions
401 (k) Plan	\$ 24,546	\$ 36,219
457 Plan	\$ 175,414	\$ 197,307
Roth IRA Plan	\$ 42,475	\$ -

The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

**NOTE 2 – Budgetary Information**

Budgets for the general fund are adopted and presented on a basis consistent with generally accepted accounting principles.

**COMBINING AND INDIVIDUAL FUND STATEMENTS**  
**GOVERNMENTAL FUNDS, PROPRIETARY, AND INTERNAL**  
**SERVICE FUNDS**

**EAGLE MOUNTAIN CITY**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2015

	General Debt Service Fund	Capital Projects Fund	Capital Projects			Storm Water Fund	Special Revenue Funds				Debt Service Special Assess. Area -2014	Nonmajor Governmental Funds
			Special Improv. District 98-1	Special Improv. District 98-3	Special Improv. District 97-1		Impact Fee Parks	Impact Fee Public Safety	Impact Fee Transportation	Cemetery		
<b>ASSETS</b>												
Cash and cash equivalents	\$ 339	\$ 748,073	\$ -	\$ -	\$ -	\$ 101,593	\$ -	\$ -	\$ -	\$ -	\$ 44,011	\$ 894,016
Restricted cash	-	-	675,346	48,236	84,906	232,398	504,487	40,131	361,325	-	380,977	2,327,806
Receivables (net):												
Special assessments	-	-	-	-	-	-	-	-	-	-	2,265,000	2,265,000
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	46,783	-	-	-	-	-	46,783
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 339</u>	<u>\$ 748,073</u>	<u>\$ 675,346</u>	<u>\$ 48,236</u>	<u>\$ 84,906</u>	<u>\$ 380,774</u>	<u>\$ 504,487</u>	<u>\$ 40,131</u>	<u>\$ 361,325</u>	<u>\$ -</u>	<u>\$ 2,689,988</u>	<u>\$ 5,533,605</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable & accrued liabilities	\$ -	\$ 77,513	\$ -	\$ -	\$ -	\$ 13,630	\$ -	\$ -	\$ 56,508	\$ -	\$ -	\$ 147,651
Deposits	-	265,529	-	-	-	-	-	-	-	-	-	265,529
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>343,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,630</u>	<u>-</u>	<u>-</u>	<u>56,508</u>	<u>-</u>	<u>-</u>	<u>413,180</u>
Deferred inflows of resources:												
Unavailable Special Improvement Assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,265,000</u>	<u>2,265,000</u>
Fund Balances:												
Fund balances restricted for:												
Impact fees	-	-	-	-	-	232,398	504,487	40,131	304,817	-	-	1,081,833
Special Assessments	-	-	675,346	48,236	84,906	-	-	-	-	-	-	808,488
Assigned for:												
Debt service fund	339	-	-	-	-	-	-	-	-	-	424,988	425,327
Capital projects fund	-	405,031	-	-	-	-	-	-	-	-	-	405,031
Special revenue funds	-	-	-	-	-	134,746	-	-	-	-	-	134,746
Total fund balances	<u>339</u>	<u>405,031</u>	<u>675,346</u>	<u>48,236</u>	<u>84,906</u>	<u>367,144</u>	<u>504,487</u>	<u>40,131</u>	<u>304,817</u>	<u>-</u>	<u>424,988</u>	<u>2,855,425</u>
Total Liabilities, Deferred inflows of resources and fund balances	<u>\$ 339</u>	<u>\$ 748,073</u>	<u>\$ 675,346</u>	<u>\$ 48,236</u>	<u>\$ 84,906</u>	<u>\$ 380,774</u>	<u>\$ 504,487</u>	<u>\$ 40,131</u>	<u>\$ 361,325</u>	<u>\$ -</u>	<u>\$ 2,689,988</u>	<u>\$ 5,533,605</u>

**EAGLE MOUNTAIN CITY**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2015

	Capital Projects					Special Revenue Funds					Debt Service	Total Nonmajor
	General Debt Service Fund	Capital Projects Fund	Special Improv. Dist. 98-1	Special Improv. Dist. 98-3	Special Improv. Revenue 97-1	Storm Water Fund	Impact Fee Parks	Impact Fee Public Safety	Impact Fee Transportation	Cemetery	Special Assess. Area -2014	Governmental Funds
<b>REVENUES</b>												
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,478	\$ 209,478
Impact fees	-	-	267,409	57,170	112,294	88,391	203,097	19,450	476,015	-	4,337	1,228,163
Charges for services	-	-	-	-	-	325,579	-	-	-	6,300	-	331,879
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	103,392	-	17	5	984	-	-	7	-	-	104,405
Total revenues	-	103,392	267,409	57,187	112,299	414,954	203,097	19,450	476,022	6,300	213,815	1,873,925
<b>EXPENDITURES</b>												
Current:												
General government	-	-	155,535	-	-	-	-	-	-	-	-	155,535
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	29,685	58,245	343,719	37,950	-	334,396	-	973,946	1,777,941
Planning and Zoning	-	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	10,913	-	10,913
Debt service:												
Principal retirement	146,000	-	-	-	-	-	-	-	-	-	40,000	186,000
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	5,635	-	-	-	-	-	-	-	-	-	184,811	190,446
Capital outlay	-	1,664,752	-	-	-	-	-	-	-	-	-	1,664,752
Total expenditures	151,635	1,664,752	155,535	29,685	58,245	343,719	37,950	-	334,396	10,913	1,198,757	3,985,587
Excess revenues over (under) expenditures	(151,635)	(1,561,360)	111,874	27,502	54,054	71,235	165,147	19,450	141,626	(4,613)	(984,942)	(2,111,662)
<b>Other financing sources (uses)</b>												
Loss on grant noncompliance	-	(412,000)	-	-	-	-	-	-	-	-	-	(412,000)
Transfers in	151,635	1,869,086	-	-	-	-	-	-	-	713	-	2,021,434
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	151,635	1,457,086	-	-	-	-	-	-	-	713	-	1,609,434
Excess revenues and other sources over (under) expend. and other uses	-	(104,274)	111,874	27,502	54,054	71,235	165,147	19,450	141,626	(3,900)	(984,942)	(502,228)
Fund balances - beginning of year	339	509,305	563,472	20,734	30,852	295,909	339,340	20,681	163,191	3,900	1,409,930	3,357,653
Fund balances - end of year	\$ 339	\$ 405,031	\$ 675,346	\$ 48,236	\$ 84,906	\$ 367,144	\$ 504,487	\$ 40,131	\$ 304,817	\$ -	\$ 424,988	\$ 2,855,425



**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**General Debt Service Fund**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Debt service				
Principal	146,000	146,000	146,000	-
Interest and fees	4,535	5,635	5,635	-
Total expenditures	150,535	151,635	151,635	-
Excess (deficit) of revenues over (under) expenditures	(150,535)	(151,635)	(151,635)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	150,535	151,635	151,635	-
Total other financing sources (uses)	150,535	151,635	151,635	-
Net change in fund balance	-	-	-	-
Fund balances - beginning	339	339	339	-
Fund balances - ending	\$ 339	\$ 339	\$ 339	\$ -

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Capital Projects Fund**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	50,000	103,392	53,392
Total Revenues	-	50,000	103,392	53,392
<b>EXPENDITURES</b>				
Debt service				
Capital outlay	1,222,510	1,750,510	1,664,752	85,758
Total expenditures	1,222,510	1,750,510	1,664,752	85,758
Excess (deficit) of revenues over (under) expenditures	(1,222,510)	(1,700,510)	(1,561,360)	139,150
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss on grant noncompliance	-	(412,000)	(412,000)	-
Transfers in	507,191	507,191	1,869,086	1,361,895
Transfers out	-	-	-	-
Total other financing sources (uses)	507,191	95,191	1,457,086	1,361,895
Net change in fund balance	(715,319)	(1,605,319)	(104,274)	1,501,045
Fund balances - beginning	509,305	509,305	509,305	-
Fund balances - ending	\$ (206,014)	\$ (1,096,014)	\$ 405,031	\$ 1,501,045

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Special Improvement District 2000-1**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ 650,000	\$ 1,465,000	\$ 212,780	\$ (1,252,220)
Miscellaneous	2,500	2,500	3,918	1,418
Impact fees	350,000	350,000	294,895	(55,105)
Total revenues	<u>1,002,500</u>	<u>1,817,500</u>	<u>511,593</u>	<u>(1,305,907)</u>
<b>EXPENDITURES</b>				
Debt service				-
Principal	-	883,919	754,000	129,919
Interest and fees	68,919	129,919	87,298	42,621
General government	55,000	55,000	30,314	24,686
Public works	-	-	-	-
Total expenditures	<u>123,919</u>	<u>1,068,838</u>	<u>871,612</u>	<u>197,226</u>
Excess (deficit) of revenues over (under) expenditures	<u>878,581</u>	<u>748,662</u>	<u>(360,019)</u>	<u>(1,108,681)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	878,581	748,662	(360,019)	(1,108,681)
Fund balances - beginning	404,606	404,606	404,606	-
Fund balances - ending	<u>\$ 1,283,187</u>	<u>\$ 1,153,268</u>	<u>\$ 44,587</u>	<u>\$ (1,108,681)</u>

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Special Improvement District 98-1**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Impact fees	-	175,000	267,409	92,409
Total revenues	-	175,000	267,409	92,409
<b>EXPENDITURES</b>				
Public works	-	175,000	155,535	19,465
Debt service	-	-	-	-
Total expenditures	-	175,000	155,535	19,465
Excess (deficit) of revenues over (under) expenditures	-	-	111,874	111,874
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Change in Fund Balance	-	-	111,874	111,874
Fund balances - beginning	563,472	563,472	563,472	-
Fund balances - ending	\$ 563,472	\$ 563,472	\$ 675,346	\$ 111,874

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Special Improvement District 98-3**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	17	17
Impact fees	-	60,000	57,170	(2,830)
Total revenues	-	60,000	57,187	(2,813)
<b>EXPENDITURES</b>				
Public works	-	60,000	29,685	30,315
Total expenditures	-	60,000	29,685	30,315
Excess (deficit) of revenues over (under) expenditures	-	-	27,502	27,502
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	27,502	27,502
Fund balances - beginning	20,734	20,734	20,734	-
Fund balances - ending	\$ 20,734	\$ 20,734	\$ 48,236	\$ 27,502

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Special Improvement District 97-1**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	5	5
Impact fees	-	65,000	112,294	47,294
Total revenues	-	65,000	112,299	47,299
<b>EXPENDITURES</b>				
Public works	-	65,000	58,245	6,755
Total expenditures	-	65,000	58,245	6,755
Excess (deficit) of revenues over (under) expenditures	-	-	54,054	54,054
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	54,054	54,054
Fund balances - beginning	30,852	30,852	30,852	-
Fund balances - ending	<u>\$ 30,852</u>	<u>\$ 30,852</u>	<u>\$ 84,906</u>	<u>\$ 54,054</u>

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Storm Water Fund**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 330,000	\$ 330,000	\$ 325,579	\$ (4,421)
Miscellaneous	500	500	984	484
Impact fees	48,500	48,500	88,391	39,891
Total revenues	<u>379,000</u>	<u>379,000</u>	<u>414,954</u>	<u>35,954</u>
<b>EXPENDITURES</b>				
Public Works	<u>416,205</u>	<u>416,205</u>	<u>343,719</u>	<u>72,486</u>
Total expenditures	<u>416,205</u>	<u>416,205</u>	<u>343,719</u>	<u>72,486</u>
Excess (deficit) of revenues over (under) expenditures	<u>(37,205)</u>	<u>(37,205)</u>	<u>71,235</u>	<u>108,440</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(37,205)	(37,205)	71,235	108,440
Fund balances - beginning	<u>295,909</u>	<u>295,909</u>	<u>295,909</u>	<u>-</u>
Fund balances - ending	<u>\$ 258,704</u>	<u>\$ 258,704</u>	<u>\$ 367,144</u>	<u>\$ 108,440</u>

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Parks Impact Fee**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 135,000	\$ 135,000	\$ 203,097	\$ 68,097
Total revenues	135,000	135,000	203,097	68,097
<b>EXPENDITURES</b>				
Public works	65,000	65,000	37,950	27,050
Total expenditures	65,000	65,000	37,950	27,050
Excess (deficit) of revenues over (under) expenditures	70,000	70,000	165,147	95,147
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	100,000	100,000	-	(100,000)
Total other financing sources	100,000	100,000	-	(100,000)
Net change in fund balance	170,000	170,000	165,147	(4,853)
Fund balances - beginning	339,340	339,340	339,340	-
Fund balances - ending	\$ 509,340	\$ 509,340	\$ 504,487	\$ (4,853)



**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Public Safety Impact Fee**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 12,550	\$ 12,550	\$ 19,450	\$ 6,900
Total revenues	12,550	12,550	19,450	6,900
<b>EXPENDITURES</b>				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	12,550	12,550	19,450	6,900
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	12,550	12,550	19,450	6,900
Fund balances - beginning	20,681	20,681	20,681	-
Fund balances - ending	<u>\$ 33,231</u>	<u>\$ 33,231</u>	<u>\$ 40,131</u>	<u>\$ 6,900</u>

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Transportation Impact Fee**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 5	\$ 5	\$ 6	\$ 1
Impact fees	334,250	404,250	476,015	71,765
Total revenues	334,255	404,255	476,021	71,766
<b>EXPENDITURES</b>				
Public works	270,000	340,000	334,396	5,604
Total expenditures	270,000	340,000	334,396	5,604
Excess (deficit) of revenues over (under) expenditures	64,255	64,255	141,625	77,370
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers In		-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	64,255	64,255	141,625	77,370
Fund balances - beginning	163,191	163,191	163,191	-
Fund balances - ending	\$ 227,446	\$ 227,446	\$ 304,816	\$ 77,370

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Special Assessment Area - 2014**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ 199,315	\$ 199,315	\$ 209,478	\$ 10,163
Miscellaneous	-	-	4,337	4,337
Total revenues	199,315	199,315	213,815	14,500
<b>EXPENDITURES</b>				
Public works		1,000,000	973,946	26,054
Debt service				-
Principal	40,000	40,000	40,000	-
Interest and fees	159,315	159,315	184,811	(25,496)
Total expenditures	199,315	1,199,315	1,198,757	558
Excess (deficit) of revenues over (under) expenditures	-	(1,000,000)	(984,942)	15,058
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds		-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	(1,000,000)	(984,942)	15,058
Fund balances - beginning	1,409,930	1,409,930	1,409,930	-
Fund balances - ending	\$ 1,409,930	\$ 409,930	\$ 424,988	\$ 15,058

**EAGLE MOUNTAIN CITY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual  
**Cemetery Fund**  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 26,750	\$ 26,750	\$ 6,300	\$ (20,450)
Impact fees	-	-	-	-
Total revenues	<u>26,750</u>	<u>26,750</u>	<u>6,300</u>	<u>(20,450)</u>
<b>EXPENDITURES</b>				
Community Development	<u>8,800</u>	<u>20,600</u>	<u>10,913</u>	<u>9,687</u>
Total expenditures	<u>8,800</u>	<u>20,600</u>	<u>10,913</u>	<u>9,687</u>
Excess (deficit) of revenues over (under) expenditures	<u>17,950</u>	<u>6,150</u>	<u>(4,613)</u>	<u>(10,763)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>713</u>	<u>713</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>713</u>	<u>713</u>
Net change in fund balance	17,950	6,150	(3,900)	(10,050)
Fund balances - beginning	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>-</u>
Fund balances - ending	<u>\$ 21,850</u>	<u>\$ 10,050</u>	<u>\$ -</u>	<u>\$ (10,050)</u>

**EAGLE MOUNTAIN CITY**  
Combining Statement of Net Position  
**Nonmajor Proprietary Funds**  
June 30, 2015

	Garbage	Business Incubator	Golf Course	Total
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 281,051	\$ 161,647	\$ 81,611	\$ 524,309
Accounts receivable - net	157,488	5,055	-	162,543
Total current assets	438,539	166,702	81,611	686,852
Noncurrent assets:				
Note Receivable -(net of current portion)	-	-	550,000	550,000
Net pension asset	-	22	-	22
Land, equipment, buildings and improvements	-	-	600,176	600,176
Less: Accumulated depreciation	-	-	(116,013)	(116,013)
Total noncurrent assets	-	22	1,034,163	1,034,185
Total assets	438,539	166,724	1,115,774	1,721,037
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Pension related costs	-	2,483	-	2,483
Total deferred outflow of resources	-	2,483	-	2,483
Current liabilities:				
Accounts payable and accrued liabilities	74,350	3,838	30,000	108,188
Due to other funds	-	-	-	-
Total current liabilities	74,350	3,838	30,000	108,188
Noncurrent liabilities:				
Deposits	-	-	-	-
Compensated absences	-	-	-	-
Net pension liability	-	12,060	-	12,060
Bonds payable	-	-	-	-
Total noncurrent liabilities	-	12,060	-	12,060
Total liabilities	74,350	15,898	30,000	120,248
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Pension related costs	-	1,570	-	1,570
Total deferred outflow of resources	-	1,570	-	1,570
Net Position:				
Net investment in capital assets	-	-	484,163	484,163
Unrestricted	364,189	151,739	601,611	1,117,539
Total net Position	\$ 364,189	\$ 151,739	\$ 1,085,774	\$ 1,601,702

**EAGLE MOUNTAIN CITY**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
**Nonmajor Proprietary Funds**  
For the Year Ended June 30, 2015

	Garbage	Business Incubator	Golf Course	Total
<b>Operating revenues:</b>				
Charges for services	\$ 1,016,511	\$ 28,805	\$ 500	\$ 1,045,816
Other operating revenue	-	4,571	-	4,571
Total operating revenues	1,016,511	33,376	500	1,050,387
<b>Operating expenses:</b>				
Salaries and wages	-	92,714	-	92,714
Purchased services	916,934	71,511	-	988,445
Materials and supplies	10,485	-	-	10,485
Depreciation and amortization	-	-	20,006	20,006
Miscellaneous	1,839	-	-	1,839
Total operating expenses	929,258	164,225	20,006	1,113,489
Operating income	87,253	(130,849)	(19,506)	(63,102)
<b>Nonoperating revenues (expenses):</b>				
Other Income	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-
Net income (loss) before contributions and transfers	87,253	(130,849)	(19,506)	(63,102)
<b>Contributions and transfers</b>				
Contributions	-	-	-	-
Operating transfers in	-	60,000	-	60,000
Operating transfers out	-	-	-	-
Total contributions and transfers	-	60,000	-	60,000
Change in net Position	87,253	(70,849)	(19,506)	(3,102)
Total net position - beginning	276,936	235,352	1,105,280	1,617,568
Restatement of net position (see Note 18)		(12,764)		(12,764)
Total net position - ending	\$ 364,189	\$ 151,739	\$ 1,085,774	\$ 1,601,702

**EAGLE MOUNTAIN CITY**  
Combining Statement of Cash Flows  
**Nonmajor Proprietary Funds**  
For the Year Ended June 30, 2015

	Garbage	Business Incubator	Golf Course	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 1,017,933	\$ 29,721	\$ 500	\$ 1,048,154
Payments to employees	-	(94,353)	-	(94,353)
Payments to suppliers	(943,757)	(69,476)	-	(1,013,233)
Net cash provided (used) by operating activities	74,176	(134,108)	500	(59,432)
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers In	-	60,000	-	60,000
Transfers Out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	60,000	-	60,000
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from the sale of assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-
<b>Cash Flows From Investing Activities</b>				
Note receivable proceeds	-	-	-	-
Net cash provided (used) by investing and related financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	74,176	(74,108)	500	568
Cash and cash equivalents - beginning	206,875	235,755	81,111	523,741
Cash and cash equivalents (deficit) - end	<u>\$ 281,051</u>	<u>\$ 161,647</u>	<u>\$ 81,611</u>	<u>\$ 524,309</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	\$ 87,253	\$ (130,849)	\$ (19,506)	\$ (63,102)
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	-	-	20,006	20,006
(Inc.)/decrease in accounts rec.	1,422	(3,655)	-	(2,233)
(Inc.)/decrease in due from other funds	-	-	-	-
(Inc.)/decrease in due from net pension asset	-	(22)	-	(22)
(Inc.)/decrease in deferred outflows	-	(255)	-	(255)
Increase/(decr.) in net pension liability	-	(2,932)	-	(2,932)
Increase/(decr.) in deferred inflows	-	1,570	-	1,570
Increase/(decr.) in accounts payable	(14,499)	2,035	-	(12,464)
Increase/(decr.) in due to other funds	-	-	-	-
Total adjustments	(13,077)	(3,259)	20,006	3,670
Net cash provided (used) by operating activities	<u>\$ 74,176</u>	<u>\$ (134,108)</u>	<u>\$ 500</u>	<u>\$ (59,432)</u>

**EAGLE MOUNTAIN CITY**  
Combining Statement of Net Position  
**Internal Service Funds**  
June 30, 2015

	<u>Fleet</u>	<u>Utility Billing</u>	<u>GIS Services</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 319,980	87,977	\$ 27,065	\$ 435,022
Accounts receivable - net	-	-	-	-
Total current assets	<u>319,980</u>	<u>87,977</u>	<u>27,065</u>	<u>435,022</u>
Noncurrent assets:				
Net pension asset	-	86	69	155
Land, equipment, buildings and improvements	1,790,326	13,996	34,582	1,838,904
Less: Accumulated depreciation	<u>(947,520)</u>	<u>(467)</u>	<u>(5,188)</u>	<u>(953,175)</u>
Total noncurrent assets	<u>842,806</u>	<u>13,615</u>	<u>29,463</u>	<u>885,884</u>
Total assets	<u>1,162,786</u>	<u>101,592</u>	<u>56,528</u>	<u>1,320,906</u>
<b><u>DEFERRED OUT FLOW OF RESOURCES</u></b>				
Pension related costs	<u>-</u>	<u>9,547</u>	<u>7,637</u>	<u>17,184</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	14,809	7,645	2,424	24,878
Debt interest payable	2,675	-	-	2,675
Current portion of long-term debt	<u>108,816</u>	<u>-</u>	<u>-</u>	<u>108,816</u>
Total current liabilities	<u>126,300</u>	<u>7,645</u>	<u>2,424</u>	<u>136,369</u>
Noncurrent liabilities:				
Deposits	-	-	-	-
Compensated absences	-	-	-	-
Net pension liability	-	46,383	37,107	83,490
Bonds payable - net of current portion	<u>223,972</u>	<u>-</u>	<u>-</u>	<u>223,972</u>
Total noncurrent liabilities	<u>223,972</u>	<u>46,383</u>	<u>37,107</u>	<u>307,462</u>
Total liabilities	<u>350,272</u>	<u>54,028</u>	<u>39,531</u>	<u>443,831</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Pension related costs	<u>-</u>	<u>6,038</u>	<u>4,830</u>	<u>10,868</u>
Net Position:				
Net investment in capital assets	510,018	13,529	29,394	552,941
Unrestricted	<u>302,496</u>	<u>37,544</u>	<u>(9,590)</u>	<u>330,450</u>
Total net Position	<u>\$ 812,514</u>	<u>\$ 51,073</u>	<u>\$ 19,804</u>	<u>\$ 883,391</u>



**EAGLE MOUNTAIN CITY**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
**Internal Service Funds**  
For the Year Ended June 30, 2015

	Fleet	Utility Billing	GIS Services	Total
<b>Operating revenues:</b>				
Charges for services	\$ 717,290	\$ 414,681	\$ 139,809	\$ 1,271,780
Other operating revenue	684	-	-	684
Total operating revenues	<u>717,974</u>	<u>414,681</u>	<u>139,809</u>	<u>1,272,464</u>
<b>Operating expenses:</b>				
Salaries and wages	-	210,263	44,523	254,786
Purchased services	-	100,126	31,020	131,146
Materials and supplies	209,184	-	-	209,184
Depreciation and amortization	263,696	467	5,188	269,351
Interest and fees	-	-	-	-
Miscellaneous	-	3,661	-	3,661
Total operating expenses	<u>472,880</u>	<u>314,517</u>	<u>80,731</u>	<u>868,128</u>
Operating income	<u>245,094</u>	<u>100,164</u>	<u>59,078</u>	<u>404,336</u>
<b>Nonoperating revenues (expenses):</b>				
Gain (Loss) on sale of assets	(33,791)	-	-	(33,791)
Interest expense	(7,625)	-	-	(7,625)
Total nonoperating revenues (expenses)	<u>(41,416)</u>	<u>-</u>	<u>-</u>	<u>(41,416)</u>
Net income (loss) before contributions and transfers	<u>203,678</u>	<u>100,164</u>	<u>59,078</u>	<u>362,920</u>
<b>Contributions and transfers</b>				
Contributions	-	-	-	-
Operating transfers in	122,261	-	-	122,261
Operating transfers out	-	-	-	-
Total contributions and transfers	<u>122,261</u>	<u>-</u>	<u>-</u>	<u>122,261</u>
Change in net Position	325,939	100,164	59,078	485,181
Total net position - beginning	486,575	-	-	486,575
Restatement of net position (see Note 18)	-	(49,091)	(39,274)	(88,365)
Total net position - ending	<u>\$ 812,514</u>	<u>\$ 51,073</u>	<u>\$ 19,804</u>	<u>\$ 883,391</u>

**EAGLE MOUNTAIN CITY**  
Combining Statement of Cash Flows  
**Internal Service Funds**  
For the Year Ended June 30, 2015

	<u>Fleet</u>	<u>Utility Billing</u>	<u>GIS Services</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 717,974	\$ 414,681	\$ 139,809	\$ 1,272,464
Payments to employees	-	(216,566)	(49,566)	(266,132)
Payments to suppliers	(210,206)	(96,142)	(28,596)	(334,944)
Net cash provided (used) by operating activities	<u>507,768</u>	<u>101,973</u>	<u>61,647</u>	<u>671,388</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from the sale of assets	50,931	-	-	50,931
Acquisition of capital assets	(277,545)	(13,996)	(34,582)	(326,123)
Principal paid on outstanding debt	(106,755)	-	-	(106,755)
Interest paid on outstanding debt	(8,484)	-	-	(8,484)
Net cash provided (used) by capital and related financing activities	<u>(341,853)</u>	<u>(13,996)</u>	<u>(34,582)</u>	<u>(390,431)</u>
<b>Cash Flows From Investing Activities</b>				
Note receivable proceeds	-	-	-	-
Net cash provided (used) by investing and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	165,915	87,977	27,065	280,957
Cash and cash equivalents - beginning	154,065	-	-	154,065
Cash and cash equivalents (deficit) - end	<u>\$ 319,980</u>	<u>\$ 87,977</u>	<u>\$ 27,065</u>	<u>\$ 435,022</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	<u>\$ 245,094</u>	<u>\$ 100,164</u>	<u>\$ 59,078</u>	<u>\$ 404,336</u>
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	263,696	467	5,188	269,351
(Inc.)/decrease in accounts rec.	-	-	-	-
(Inc.)/decrease in due from other funds	-	-	-	-
(Inc.)/decrease in due from net pension asset	-	(86)	(69)	(155)
(Inc.)/decrease in deferred outflows	-	(976)	(781)	(1,757)
Increase/(decr.) in accounts payable	(1,022)	7,645	2,424	9,047
Increase/(decr.) in net pension liability	-	(11,279)	(9,023)	(20,302)
Increase/(decr.) in deferred inflows	-	6,038	4,830	10,868
Increase/(decr.) in due to other funds	-	-	-	-
Total adjustments	<u>262,674</u>	<u>1,809</u>	<u>2,569</u>	<u>267,052</u>
Net cash provided (used) by operating activities	<u>\$ 507,768</u>	<u>\$ 101,973</u>	<u>\$ 61,647</u>	<u>\$ 671,388</u>

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## STATISTICAL SECTION

## FINANCIAL TRENDS

Pages 94-99 of the Statistical Section of this report show financial trends in the City over the last ten years, both for governmental activities as well as business-type activities (proprietary or enterprise funds)

### **EAGLE MOUNTAIN CITY** Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Invested in capital assets*	\$ 23,315,628	\$ 31,856,452	\$ 38,569,662	\$ 40,748,737	\$ 44,418,052	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396	\$ 47,939,072	\$ 59,048,455
Restricted	4,674,238	7,193,614	2,987,194	1,500,596	1,065,240	714,724	542,636	510,486	668,962	1,081,833
Unrestricted	21,773,213	14,360,362	12,138,463	9,592,381	11,520,458	9,051,382	7,743,147	7,213,734	9,891,812	6,694,321
Total governmental activities	49,763,079	53,410,428	53,695,319	51,841,714	57,003,750	56,263,115	57,404,320	55,323,616	58,499,846	66,824,609
Business-type activities										
Invested in capital assets*	14,064,344	15,451,719	20,641,852	26,114,762	31,480,947	29,952,526	31,476,911	30,175,509	32,487,480	32,767,922
Restricted	4,686,839	7,707,386	6,183,242	2,564,551	1,283,953	1,429,319	2,074,128	2,326,787	2,712,824	1,239,952
Unrestricted	9,887,185	10,331,830	10,477,807	9,991,369	11,302,137	13,459,716	12,984,090	12,116,297	13,123,112	19,392,299
Total business-type activities net position	28,638,368	33,490,935	37,302,901	38,670,682	44,067,037	44,841,561	46,536,129	44,618,593	48,323,416	53,400,173
Primary government										
Invested in capital assets*	37,379,972	47,308,171	59,211,514	66,863,499	75,898,999	76,449,535	80,595,448	77,774,905	80,426,552	91,816,377
Restricted	9,361,077	14,901,000	9,170,436	4,065,147	2,349,193	2,144,043	2,616,764	2,837,273	3,381,786	2,321,785
Unrestricted	31,660,398	24,692,192	22,616,270	19,583,750	22,822,595	22,511,098	20,728,237	19,330,031	23,014,924	26,086,621
Total primary government net position	\$ 78,401,447	\$ 86,901,363	\$ 90,998,220	\$ 90,512,396	\$ 101,070,787	\$ 101,104,676	\$ 103,940,449	\$ 99,942,209	\$ 106,823,262	\$ 120,224,783

Source: Eagle Mountain City

\*Net of Related Debt

**EAGLE MOUNTAIN CITY**  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>										
Government activities:										
General government	\$ 2,611,321	\$ 2,811,732	\$ 3,393,442	\$ 3,259,897	\$ 3,106,320	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417	\$ 2,731,266	\$ 2,555,214
Public safety	1,395,467	1,879,106	2,598,390	3,224,661	3,178,543	3,365,961	3,293,066	3,581,943	2,083,205	2,352,818
Highways & public works	2,022,183	2,068,551	3,365,857	3,008,069	2,892,028	3,214,925	3,213,528	3,973,735	4,516,101	6,730,966
Community development	585,551	839,020	887,663	856,425	1,298,779	1,412,892	1,018,550	1,280,805	1,036,699	876,459
Planning	187,097	227,114	353,383	311,035	286,370	272,774	427,747	357,287	327,311	395,512
Interest on long-term debt	1,912,814	1,363,842	904,835	642,187	596,349	547,600	476,291	308,993	243,250	160,767
Total governmental activities expense	8,714,433	9,189,365	11,503,570	11,302,274	11,358,389	11,804,235	11,582,533	12,624,180	10,937,832	13,071,737
Business-type activities										
Water utility	1,531,759	1,769,645	3,192,084	2,219,747	2,736,064	2,662,958	2,770,503	2,692,125	3,017,295	3,589,243
Sewer utility	1,606,516	1,641,345	2,237,142	2,140,464	2,332,494	2,789,203	2,957,091	3,014,536	2,899,340	3,510,591
Electric utility	5,786,783	6,110,689	7,369,758	6,901,985	7,652,208	7,681,522	8,608,622	9,819,481	10,135,436	9,834,298
Gas utility	3,454,314	3,874,831	4,290,584	4,027,587	3,548,988	3,538,421	3,789,711	3,494,341	4,102,155	3,452,371
Golf Course	-	-	-	-	444,284	287,459	-	-	-	-
Non Major Business	1,608,990	423,219	610,650	640,488	689,636	859,093	1,202,245	3,047,851	1,061,465	1,031,895
Total business-type activities expense	13,988,362	13,819,729	17,700,218	15,930,271	17,403,674	17,818,656	19,328,172	22,068,334	21,215,691	21,418,398
Total primary government expenses	22,702,795	23,009,094	29,203,788	27,232,545	28,762,063	29,622,891	30,910,705	34,692,514	32,153,523	34,490,135
<b>Program Revenues</b>										
Governmental activities										
Charges for services:	3,453,004	6,199,826	6,352,024	4,491,894	3,705,627	3,916,189	4,167,532	4,685,581	3,485,946	3,574,307
Operating grants and contributions	209,081	159,011	339,536	288,904	319,680	442,020	198,014	138,386	29,359	14,442
Capital grants and contributions	3,985,979	3,579,836	2,211,621	1,011,026	6,545,969	3,016,669	4,365,668	1,742,092	6,473,181	10,865,051
Total governmental activities programs revenues	7,648,064	9,938,673	8,903,181	5,791,824	10,571,276	7,374,878	8,731,214	6,566,059	9,988,486	14,453,800
Business-type activities:										
Charges for services:	10,496,527	14,666,038	17,301,246	16,324,142	18,004,454	17,864,153	19,213,210	20,737,488	24,004,272	20,171,460
Operating grants and contributions	-	-	-	-	650,000	-	-	-	-	-
Capital grants and contributions	423,145	959,172	1,371,050	973,910	6,397,229	729,027	1,381,304	231,593	948,298	4,418,845
Total business-type activities program revenues	10,919,672	15,625,210	18,672,296	17,298,052	25,051,683	18,593,180	20,594,514	20,969,081	24,952,570	24,590,305
Total primary governmental program revenues	18,567,736	25,563,883	27,575,477	23,089,876	35,622,959	25,968,058	29,325,728	27,535,140	34,941,056	39,044,105

Source: Eagle Mountain City

**EAGLE MOUNTAIN CITY**  
Changes in Net Position (cont.)  
Last Ten Fiscal Years  
(accrual basis of accounting)

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (1,066,369)	\$ 749,308	\$ (2,600,389)	\$ (5,510,450)	\$ (787,113)	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)	\$ (949,346)	\$ 1,382,063
Business-type activities	1,636,848	1,805,481	972,077	1,367,781	7,648,009	2,775,858	1,266,342	(1,099,254)	3,736,879	3,171,907
Total Primary government net expense	2,861,088	4,566,383	(6,113,912)	(4,142,669)	6,860,896	(297,163)	(3,375,565)	248,542	2,787,533	4,553,970
General Revenues and Other Changes in Net Position										
<b>Governmental activities</b>										
Taxes										
Property taxes	723,710	795,209	932,200	835,302	1,044,484	943,293	1,194,590	1,378,945	1,124,767	1,089,674
General sales & use tax	778,689	1,065,841	1,716,936	1,682,982	1,768,140	1,809,411	1,918,612	2,053,493	2,246,317	2,478,132
Franchise tax	479,024	709,610	839,254	813,319	673,339	870,743	840,600	869,847	697,421	870,287
Other	283,485	188,593	224,844	122,869	-	-	-	-	-	-
Interest earnings	610,962	1,174,280	847,814	202,373	56,460	62,486	38,722	26,550	25,015	43,559
Contribution of assets from Utility Fund:	-	-	-	-	-	-	-	-	-	3,852,118
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(297,188)
Transfers	-	-	-	-	2,206,726	-	-	-	32,056	195,519
Total Governmental activities	2,875,870	3,933,533	4,561,048	3,656,845	5,749,149	3,685,933	3,992,524	4,328,835	4,125,576	8,232,101
<b>Other Business-type activities:</b>										
Gain (loss) on disposition of capital assets	(83,138)	-	-	-	(44,928)	2,790	428,227	-	-	6,234,012
Contribution of assets from Utility Fund:	-	-	-	-	-	-	-	-	-	(3,852,118)
Transfers	-	-	-	-	(2,206,726)	-	-	-	(32,056)	(195,519)
Total Other Business-type activities	(83,138)	-	-	-	(2,251,654)	2,790	428,227	0	(32,056)	2,186,375
<b>Change in Net Position</b>										
Governmental activities	4,878,799	4,713,190	566,238	(1,853,605)	5,162,036	(740,634)	1,569,432	(1,729,286)	3,176,230	9,614,164
Business-type activities	1,553,710	4,852,567	(402,166)	1,367,781	5,396,355	2,775,858	1,266,342	(1,099,254)	3,704,823	5,358,282
Total primary government	\$ 6,432,509	\$ 9,565,757	\$ 164,072	\$ (485,824)	\$ 10,558,391	\$ 2,035,224	\$ 2,835,774	\$ (2,828,540)	\$ 6,881,053	\$ 14,972,446

Source: Eagle Mountain City

\*Adjustment to reflect the consolidations of internal service fund activities to enterprise funds.

1. Capital Contributions are part of the activities and should not be reported separate
2. Adjustments for the internal service funds are included in the activities and should not be reported separate

**EAGLE MOUNTAIN CITY**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Restricted	\$ 3,137,232	\$ 4,346,597	\$ 366,766	\$ 226,675	\$ 330,030	\$ 259,994	\$ 322,006	\$ 20,468	\$ -	\$ -
Unassigned	2,433,605	1,501,372	1,515,640	572,725	1,030,020	744,883	1,078,312	1,870,514	2,602,459	2,162,826
Total general fund	<u>5,570,837</u>	<u>5,847,969</u>	<u>1,882,406</u>	<u>799,400</u>	<u>1,360,050</u>	<u>1,004,877</u>	<u>1,400,318</u>	<u>1,890,982</u>	<u>2,602,459</u>	<u>2,162,826</u>
All Other Governmental Funds										
Restricted		2,847,017	2,620,428	1,273,921	735,210	454,730	2,277,180	2,041,588	1,688,626	1,934,908
Assigned							498,146	861,413	2,073,633	965,104
Unassigned reported in										
Special Revenue Funds	0	0	9,703,661	1,637,680	1,679,518	1,291,126				
Capital Projects Funds				(274,214)	1,120,288	583,268				
Nonmajor	588,515	2,250,432	3,077,418	1,445,534	1,551,808	1,371,682				
Total all other governmental funds	<u>\$ 588,515</u>	<u>\$ 5,097,449</u>	<u>\$ 15,401,507</u>	<u>\$ 4,082,921</u>	<u>\$ 5,086,824</u>	<u>\$ 3,700,806</u>	<u>\$ 2,775,326</u>	<u>\$ 2,903,001</u>	<u>\$ 3,762,259</u>	<u>\$ 2,900,012</u>

Source: Eagle Mountain City



**EAGLE MOUNTAIN CITY**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Taxes	\$ 1,975,019	\$ 2,526,531	\$ 3,427,645	\$ 3,364,610	\$ 3,625,087	\$ 3,725,354	\$ 3,983,273	\$ 4,260,060	\$ 4,128,574	\$ 4,438,660
Licenses, fees, and permits	2,555,678	3,136,160	942,640	786,417	948,384	582,467	705,536	1,124,774	1,552,860	1,662,088
Intergovernmental	499,806	485,576	712,562	1,008,313	1,025,706	1,470,391	1,148,673	1,047,984	778,765	821,777
Charges for services	1,426,009	2,017,438	2,093,475	2,450,291	2,533,440	3,221,891	3,361,767	3,428,521	1,882,121	1,855,281
Special assessments	6,396,127	5,631,699	585,043	419,457	657,738	833,525	650,680	398,497	867,149	422,258
Impact fees	2,218,140	2,546,345	426,557	258,491	971,829	372,702	434,374	877,598	1,495,226	1,523,058
Miscellaneous	935,818	1,645,395	1,072,658	517,664	606,367	549,381	138,951	158,836	120,980	313,700
Total Revenues	16,006,597	17,989,144	9,260,580	8,805,243	10,368,551	10,755,711	10,423,254	11,296,270	10,825,675	11,036,822
<b>Expenditures</b>										
Current:										
General Government	2,674,990	2,888,265	3,378,071	3,240,846	3,070,761	3,030,497	3,001,105	3,109,776	2,703,466	2,617,687
Community Development	602,492	855,794	895,471	894,762	1,538,065	1,423,667	1,037,651	1,266,531	1,027,595	1,106,656
Public Works	890,946	761,717	1,795,329	1,313,918	1,097,471	1,452,650	1,249,543	1,863,423	3,412,266	3,136,684
Public Safety	1,326,771	2,027,829	2,811,955	3,162,711	3,146,335	3,312,336	3,246,420	2,806,751	2,065,929	2,367,014
Planning and Zoning	198,802	221,004	346,933	304,463	273,129	270,376	432,894	348,991	317,400	386,939
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal Retirement	13,721,208	5,508,514	3,464,889	390,000	342,000	1,133,000	1,092,000	854,000	3,651,000	940,000
Bond Issuance Costs									123,286	-
Interest and Fiscal Charges	1,952,068	1,271,139	907,643	545,830	529,374	511,161	416,682	313,772	226,440	277,744
Capital Outlay	951,398	1,669,906	620,132	3,593,620	1,013,590	1,363,216	476,999	144,662	375,859	1,664,752
Total expenditures	22,318,675	15,204,168	14,220,423	13,446,150	11,010,725	12,496,903	10,953,294	10,707,906	13,903,241	12,497,476
Excess of revenues over (under) expenditure	(6,312,078)	2,784,976	(4,959,843)	(4,640,907)	(642,174)	(1,741,192)	(530,040)	588,364	(3,077,566)	(1,460,654)

Source: Eagle Mountain City

**EAGLE MOUNTAIN CITY**  
**Changes in Fund Balances, Governmental Funds (cont.)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of long term debt										
Interim warrants										
Proceeds from Asset Disposals										497,516
Loss on Grant Noncompliance										(412,000)
Debt Proceeds	8,740,000								4,616,245	
Contributions								30,000		
Transfer in	375,335	2,550,698	3,681,608	1,606,049	4,716,936	478,504	400,426	608,584	660,676	2,154,692
Transfers out	(375,335)	(2,550,698)	(3,681,608)	(1,606,049)	(2,510,210)	(478,504)	(400,426)	(608,584)	(628,620)	(2,081,434)
Total other financing sources (uses)	8,740,000	0	0	0	2,206,726	0	-	30,000	4,648,301	158,774
Net change in fund balances	<u>\$ 2,427,922</u>	<u>\$ 2,784,976</u>	<u>\$(4,959,843)</u>	<u>\$(4,640,907)</u>	<u>\$ 1,564,552</u>	<u>\$(1,741,192)</u>	<u>\$ (530,040)</u>	<u>\$ 618,364</u>	<u>\$ 1,570,735</u>	<u>\$(1,301,880)</u>
Debt service as a percentage of noncapital	73.35%	50.09%	32.15%	9.50%	8.72%	14.77%	14.40%	11.06%	28.66%	11.24%

Source: Eagle Mountain City

## REVENUE CAPACITY

Pages 100-107 of the Statistical Section of this report show the revenue capacity for the City from taxes and fees. Also shown are taxable values for property within the City.

### EAGLE MOUNTAIN CITY Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Residential Property (1)	Commercial and Industrial Property (2)	Agricultural Property	FAA	Unimproved Non FAA-Vacant	Centrally Assessed Values	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2006	\$ 347,865,641	\$ 11,875,595	\$ 1,007,314	\$ 21,300,553	\$ 555,296	\$ 22,250,192	\$ 56,988,950	\$ 347,865,641	1.75	\$ 632,482,984	0.55
2007	636,747,198	12,611,862	1,007,400	653,702	15,848,952	27,676,960	45,187,014	649,359,060	1.16	1,180,652,836	0.55
2008	743,789,652	24,341,246	1,007,400	656,571	18,900,020	28,594,463	49,158,454	768,130,898	1.23	1,396,601,633	0.55
2009	640,167,504	38,659,780	1,007,400	704,063	18,694,414	31,439,606	51,845,483	678,827,284	1.40	1,234,231,425	0.55
2010	603,122,184	32,364,170	801,342	741,782	15,794,967	31,393,836	48,731,927	635,486,354	1.51	1,155,429,735	0.55
2011	584,256,640	29,931,499	944,800	1,029,619	14,520,156	32,887,551	49,382,126	614,188,139	1.64	1,116,705,707	0.55
2012	535,698,926	13,742,397	1,794,000	1,067,528	73,571,670	35,388,207	111,821,405	549,441,323	1.67	998,984,224	0.55
2013	686,272,348	17,590,268	2,296,320	1,366,436	94,171,737	33,929,671	131,764,164	703,862,616	1.38	1,279,750,211	0.55
2014	576,027,914	15,222,724	1,744,200	1,080,159	75,696,353	33,929,671	112,450,383	591,250,638	1.30	1,075,001,160	0.55
2015	694,523,745	19,539,846	3,722,200	1,017,153	74,765,712	33,648,886	113,153,951	714,063,591	1.33	1,298,297,438	0.55

Source: Utah State Tax Commission

\*2013 figures are estimates

1) Residential Property has been combined with 'Personal Property-Primary Mobile Homes'

2) Commercial and Industrial Property has been combined with 'Personal Property-Other Property'

**EAGLE MOUNTAIN CITY**  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$1,000 of assessed value)

City Direct Rates			Overlapping Rates						Total Tax Rate
Fiscal Year	Basic Rates	Total Direct Rates	Utah County	Central Utah Water Conservancy District	Alpine School District	Salt Lake Valley Fire District	State Assessing & Collecting	Local Assessing & Collecting	
2006	1.747	1.747	1.079	0.357	6.883		0.139	0.044	10.249
2007	1.163	1.163	0.843	0.302	6.937		0.121	0.036	9.402
2008	1.230	1.230	0.809	0.286	7.057		0.121	0.175	9.678
2009	1.400	1.400	0.878	0.400	7.541		0.142	0.183	10.544
2010	1.510	1.510	1.108	0.421	8.220		0.162	0.024	11.445
2011	1.636	1.636	1.143	0.436	8.812		0.172	0.027	12.226
2012	1.668	1.668	1.127	0.455	8.828		0.168	0.029	12.275
2013	1.380	1.380	1.006	0.446	8.699	2.192	0.158	0.095	13.976
2014	1.192	1.192	0.916	0.422	8.096	2.097	0.013	0.220	12.956
2015	1.118	1.118	0.870	0.405	8.177	1.997	0.012	0.216	12.795

Source: Utah County Treasurer

# EAGLE MOUNTAIN CITY

## Principal Property Tax Payers

Fiscal Years 2006 and 2015

	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>TAXPAYER</b>						
KERN RIVER GAS TRANS CO	\$ 13,174,289	1	1.44%			
PACIFICORP	10,921,078	2	1.19%			
DIRECT COMMUNICATIONS	9,501,617	3	1.04%			
CJM LIMITED PARTNERSHIP	4,654,000	4	0.51%			
TWO A LLC	3,860,300	5	0.42%			
VESTIN MORTGAGE INC	1,936,700	6	0.21%			
STAR WEST EAGLE MTN PROPERTY	1,410,800	7	0.15%			
MARSH WOODRUFF LC	1,224,700	8	0.13%			
CEDAR DEVELOPMENT PARTNERS LLC	1,191,600	9	0.13%			
VERIZON WIRELESS	1,169,807	10	0.13%			
	<u>\$ 49,044,891</u>					
KERN RIVER GAS TRANS CO				\$ 16,226,992	1	4.27%
EAGLE MOUNTAIN HOLDINGS				6,286,872	2	1.65%
PACIFICORP				2,762,674	3	0.73%
RANCHES ACADEMY INC				2,100,000	4	0.55%
SL6 LLC				1,940,250	5	0.51%
PARKWAY CROSSROADS LLC				1,488,891	6	0.39%
RALPH & JUDITH MARSH				1,024,728	7	0.27%
LEGENDS LAND & RANCH LLC				869,616	8	0.23%
VERIZON WIRELESS				778,084	9	0.20%
THE RANCHES				688,680	10	0.18%
				<u>\$ 34,166,787</u>		

Source: Utah County Assessor

**EAGLE MOUNTAIN CITY**  
Property Tax Levied and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Taxes Collected for Levy Year	Total Collected	Percentage of Levy
2006	\$ 594,531	\$ 527,289	88.7%	\$ 71,726	\$ 599,014	100.8%
2007	707,304	637,440	90.1%	65,177	702,617	99.3%
2008	807,757	685,943	84.9%	57,773	743,716	92.1%
2009	1,005,266	824,566	82.0%	75,349	899,916	89.5%
2010	1,022,944	865,717	84.6%	131,482	997,200	97.5%
2011	1,033,170	912,961	88.4%	113,876	1,026,837	99.4%
2012	1,082,688	990,018	91.4%	90,859	1,080,877	99.8%
2013	1,102,986	1,027,078	93.1%	60,069	1,087,147	98.6%
2014	1,198,025	1,124,767	93.9%	-	1,124,767	93.9%
2015	1,077,629	979,584	90.9%	1,829	981,414	91.1%

Source: Eagle Mountain City

# EAGLE MOUNTAIN CITY

## Taxable Sales by Category

Last Ten Fiscal Years

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Retail/Grocery				\$ 3,901	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984	\$ 127,141	\$ 222,813
Utility/Communication				209,307	159,474	172,425	182,864	195,865	201,344	223,063
Auto dealers & supplies				1,393	1,373	6,781	9,006	11,539	13,639	15,401
Eating & drinking establishments				9,040	7,784	7,476	12,503	11,119	9,687	10,251
Home furnishings and appliances				3,208	2,184	1,914	975	1,774	2,827	2,326
Medical				110	217	1,483	2,265	2,698	2,300	3,872
Service stations				39,461	33,609	38,238	39,338	43,905	47,175	45,297
All other outlets				68,466	27,393	11,698	15,415	16,041	36,561	39,795
Utah State Tax- Motor Vehicle				19,761	38,309	45,568	46,642	50,422	54,359	60,151
Totals				\$354,647	\$ 280,527	\$ 339,688	\$ 376,346	\$ 416,347	\$ 495,032	\$ 622,970

Source: Eagle Mountain City

Note: The City did not keep track of taxable sales by category prior to FY 2009.

**EAGLE MOUNTAIN CITY**  
Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Eagle Mountain City Direct Rate	Utah County	Mass Transit, Highway and Airport	State of Utah
2006	1.00%	0.25%		4.75%
2007	1.00%	0.25%	0.25%	4.75%
2008	1.00%	0.25%	0.30%	4.65%
2009	1.00%	0.25%	0.55%	4.70%
2010	1.00%	0.25%	0.80%	4.70%
2011	1.00%	0.25%	0.80%	4.70%
2012	1.00%	0.25%	0.80%	4.70%
2013	1.00%	0.25%	0.80%	4.70%
2014	1.00%	0.25%	0.80%	4.70%
2015	1.00%	0.25%	0.80%	4.70%

Source: Utah State Tax Commission



**EAGLE MOUNTAIN CITY**  
Sales Tax Revenue Payers by Industry  
Fiscal Years 2006 and 2015

	Fiscal Year 2006				Fiscal Year 2015			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail/Grocery	N/A	N/A	N/A	N/A	727	51.9%	\$ 222,812.51	35.8%
Utility/Communication	N/A	N/A	N/A	N/A	95	6.8%	223,063.26	35.8%
Auto Dealers & Supplies	N/A	N/A	N/A	N/A	38	2.7%	15,401.45	2.5%
Eating/Drinking Establishments	N/A	N/A	N/A	N/A	13	0.9%	10,250.55	1.6%
Home Furnishings & Appliances	N/A	N/A	N/A	N/A	36	2.6%	2,326.47	0.4%
Medical	N/A	N/A	N/A	N/A	36	2.6%	3,872.41	0.6%
Service Stations	N/A	N/A	N/A	N/A	7	0.5%	45,297.33	7.3%
All Other Outlets	N/A	N/A	N/A	N/A	449	32.0%	39,794.52	6.4%
Utah State Tax- Motor Vehicle	N/A	N/A	N/A	N/A	1	0.1%	60,151.32	9.7%
<b>Total</b>	N/A	N/A	N/A	N/A	1402	100.0%	\$ 622,969.82	100.0%

Source: Eagle Mountain City

\*City has no records for FY2006.

**EAGLE MOUNTAIN CITY**

## Charges for Water Fees

Last Ten Fiscal Years

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water Sales	\$ 1,180,166	\$ 1,592,488	\$ 1,803,162	\$ 1,872,564	\$ 2,004,797	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,811,503	\$ 3,062,503
Secondary Water	-	-	-	-	-	-	-	-		
Other	406,545	519,303	142,505	92,515	172,399	-	-	-	159,107	15,973
Totals	<u>\$ 1,586,711</u>	<u>\$ 2,111,791</u>	<u>\$ 1,945,667</u>	<u>\$ 1,965,079</u>	<u>\$ 2,177,196</u>	<u>\$ 2,284,387</u>	<u>\$ 2,439,024</u>	<u>\$ 2,633,580</u>	<u>\$ 2,970,610</u>	<u>\$ 3,078,476</u>

Source: Eagle Mountain City

## DEBT CAPACITY

Pages 108-112 of the Statistical Section of this report show ratios and margins for debt obtained by the City in the form of bonds for capital infrastructure within the City.

**EAGLE MOUNTAIN CITY**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in thousands except per capita)

Governmental Activities									Business-type Activities							
Fiscal Year	Excise tax road bonds	Special Assessment bond 97-1	Special Assessment bond 98-3	Special Assessment Bond 2001-1	Special Assessment bond 2004A 98-1	Sales Tax Series 2013 (SA bond 2006 2000-1)	Special Assessment bond 2013-1	Capital Leases	Water and Sewer Revenue	Electric and Gas Revenue Bonds	Telecommu nication Revenue Bonds	Unamortized Bond Premium	Total Primary Government	Percentage of Personal Income	Per Capita	
2006	\$ 1,123	\$ 322	\$ 1,446	\$ -	\$ 4,210	\$ 8,840	\$ -	\$ 55	\$ 7,920	\$21,475	\$ -	\$ -	\$ 45,391	22.36%	\$ 3,681	
2007	1,015	-	989	-	2,341	6,114	-	27	7,700	21,475	-	43	39,704	15.95%	2,227	
2008	904	-	-	-	1,632	4,486	-	-	16,500	21,015	-	414	44,951	18.61%	2,015	
2009	789	-	-	-	1,508	4,335	-	-	16,115	20,500	-	390	43,637	16.32%	1,897	
2010	670	-	-	-	1,396	4,224	-	153	15,778	19,920	-	366	42,507	14.20%	1,985	
2011	547	-	-	-	1,081	3,529	-	-	22,160	19,275	-	342	46,934	15.77%	2,133	
2012	419	-	-	-	558	3,088	-	-	21,792	18,560	-	518	44,935	11.37%	1,988	
2013	285	-	-	-	-	2,926	-	-	21,245	27,530	-	866	52,852	12.78%	2,277	
2014	146	-	-	-	-	1,621	2,400	440	23,031	25,338	-	489	53,465	11.65%	2,076	
2015	-	-	-	-	-	867	2,400	333	22,754	-	-	490	26,844	5.85%	1,042	

Source: Eagle Mountain City

**EAGLE MOUNTAIN CITY**  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Utah County	\$ -	4.20%	\$ -
Alpine School District	455,597,890	7.80%	35,536,635
Central Utah Water Cons. Dist.	757,644,412	0.93%	7,046,093
Subtotal, overlapping debt			42,582,728
<b>City direct debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 42,582,728</u></u>

**Please Note:** Direct and Overlapping Governmental Activities Debt includes bonds and other debt from entities which appear on Eagle Mountain residents' property tax statements. These debts are not Eagle Mountain City obligations directly but instead are obligations other taxing entities have to which residents of Eagle Mountain are required to pay through property tax assessments to those entities. The overlap percentage is calculated based on population and value assessment statistics gathered by Utah County.

**EAGLE MOUNTAIN CITY**  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(dollars in thousands)

**Legal Debt Margin Calculation for FY 2015**

Assessed value	\$807,819
Debt limit (12% of the assessed value)	96,938
Debt applicable to limit	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	
Total debt debt applicable to limit	
Legal debt margin	96,938

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	2015
Debt limit	\$ 48,583	\$ 83,346	\$ 98,075	\$ 90,254	\$ 83,359	\$ 75,720	\$ 74,895	\$ 79,794	\$ 83,804	\$ 96,938
Total net debt applicable to limit										
Legal debt margin	48,583	83,346	98,075	90,254	83,359	75,720	74,895	79,794	83,804	96,938
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Utah State Tax Commission

Notes: Under state finance law, the city's outstanding general obligation debt should not exceed 12% of total assessed property value. Of this percent, a maximum of 4% may be used for general purpose. The remaining 8% and any unused portion of the 4% available for general purpose up to a maximum of 12% may be used for water, sewer, and electrical projects.

**EAGLE MOUNTAIN CITY**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(dollars in thousands)

Water and Sewer Revenue Bonds							Electric and Gas Revenue Bonds						SID 2000-1 (Sales Tax 2013)			
Fiscal Year	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Special Assessment	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
2006	\$ 2,187	\$ 1,764	\$ 423	\$ 210	\$ 234	0.95	\$ 7,889	\$ 7,298	\$ 591	\$19,825	\$ 1,017	0.03	\$ 12,560	\$ 11,585	\$ 975	1.00
2007	2,969	2,097	872	220	229	1.94	9,973	9,134	839	-	977	0.86	3,521	2,726	795	1.00
2008	3,517	2,719	798	235	441	1.18	11,397	9,980	1,417	460	971	0.99	2,132	1,628	504	1.00
2009	3,694	2,614	1,080	385	790	0.92	10,065	10,123	(58)	515	944	(0.04)	521	151	370	1.00
2010	4,387	3,692	695	340	789	0.62	11,292	9,958	1,334	580	929	0.88	491	111	380	1.00
2011	4,696	4,432	264	358	829	0.22	11,551	10,246	1,305	645	918	0.83	651	695	387	0.60
2012	4,901	4,825	76	395	830	0.06	12,089	11,061	1,028	1,435	1,231	0.39	346	441	294	0.47
2013	5,128	4,833	295	442	802	0.24	13,266	12,002	1,264	1,395	1,271	0.47	394	162	257	0.94
2014	5,729	4,932	797	450	788	0.64	14,692	13,321	1,371	1,435	1,227	0.52	656	109	241	1.87
2015	6,101	5,774	327	592	933	0.21	-	-	-	-	-	-	213	130	43	1.23

Source: Eagle Mountain City

**EAGLE MOUNTAIN CITY**  
Pledged-Revenue Coverage (cont.)  
Last Ten Fiscal Years  
(dollars in thousands)

SID 98-1 (2005A)					SAA 2014-1					Excise Tax Road Bond			
Fiscal Year	Special Assessments	Debt Service			Fiscal Year	Special Assessments	Debt Service			Class B & C Road Funds	Debt Service		
		Principal	Interest	Coverage			Principal	Interest	Coverage		Principal	Interest	Coverage
2006	\$ 1,592	\$ 995	\$ 597	1.00	2006	-	-	-	-	\$ 371	\$ 103	\$ 46	2.49
2007	2,687	1,869	263	1.26	2007	-	-	-	-	428	108	43	2.83
2008	230	345	703	0.22	2008	-	-	-	-	563	111	39	3.75
2009	166	108	101	0.79	2009	-	-	-	-	618	115	36	4.09
2010	132	112	110	0.59	2010	-	-	-	-	704	119	31	4.69
2011	182	315	97	0.44	2011	-	-	-	-	745	123	28	4.93
2012	305	523	66	0.52	2012	-	-	-	-	729	128	21	5
2013	5	558	41	0.01	2013	-	-	-	-	772	134	16	5.15
2014	-	-	-	-	2014	-	-	-	-	738	146	10	4.73
2015	-	-	-	-	2015	211	88	-	2.40	-	-	-	-

Source: Eagle Mountain City

## **DEMOGRAPHICS AND ECONOMICS**

Pages 113-114 of the Statistical Section of this report show demographic and economic statistics for the City over the last 10 years of the City's history.

### **EAGLE MOUNTAIN CITY** Demographic and Economic Statistics Last Ten Calendar Years

Calendar	Population	Personal Income	Per Capita Personal Income	Unemployment Rate*
2006	17,391	\$ 202,998,196	\$ 11,673	2.9
2007	19,890	248,855,393	12,512	2.5
2008	22,309	271,043,036	12,149	3.2
2009	23,000	292,965,933	12,738	5.2
2010	21,415	299,270,206	13,975	7.1
2011	22,008	297,656,898	13,525	7.5
2012	23,531	395,326,200	16,800	6.1
2013	24,097	355,865,378	14,768	4.6
2014	25,760	386,553,677	15,006	3.7
2015	27,027	440,705,329	16,306	3.2

Source: Eagle Mountain City  
Utah State Tax Commission



**EAGLE MOUNTAIN CITY**  
Principal Employers  
Current Year and Nine Years Ago

<u>Employer</u>	2015			2006 <sup>(1)</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alpine School District	417	1	42.77%	N/A		N/A
Eagle Mountain City	103	2	10.56%	N/A		N/A
Ridley's Family Market	73	3	7.49%	N/A		N/A
Job Match	55	4	5.64%	N/A		N/A
Ranches Academy	48	5	4.92%	N/A		N/A
Rockwell High School	35	6	3.59%	N/A		N/A
Ranches Golf Course	30	7	3.08%	N/A		N/A
TM Crushing LLC	19	8	1.95%	N/A		N/A
Direct Communications	19	8	1.95%	N/A		N/A
Village Pizza	19	8	1.95%	N/A		N/A
Maverik	13	11	1.33%	N/A		N/A
<b>Total City Employment</b>	<b>975</b>		<b>85.23%</b>	<b>N/A</b>		<b>N/A</b>

Source: Eagle Mountain City

(1) The City did not collect employee information as part of business license or any other process until 2009.

N/A = Not Available

## **OPERATING INFORMATION**

Pages 115-117 of the Statistical Section show operating statistics and performance measurement data for the City's overall performance over the last 10 years.

### **EAGLE MOUNTAIN CITY**

Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
General government										
Administration	5	8.6	8.6	6.6	8.6	11	8	7	5	5.5
Finance	4	4	4	4	3	3	3	3	4	4
Planning	3.4	5	5	4	3.5	2.5	3.5	2.83	4	4
Building	5.5	7	7	6	5.5	3.5	3.5	3.5	5.5	5.75
Recorder	2	2	3	3	3	3	3	3	3	3
Facilities	0	0	0	0	0	0	0	0	1	1.5
Public Information	0	0	0	0	0	0	0	0	1	1.25
Human Resources	0	0	0	0	0	0	0	0	1	1
Other	9	0	0	0	0	0	3.38	3	1.5	2.15
Police										
Crossing Guards	3	3	3.5	3.5	3.2	3.2	3.2	3.2	4.75	5.25
Fire										
Firefighters and office	8.75	10.75	16.75	15.8	16.59	16.59	17	17	0	0
Parks and recreation	3	4	5	5	1	4.75	4.5	4.5	7.2	7.2
Library	1.2	2	2.3	2.2	2.3	2.3	4.13	4.13	5.15	5.5
Other public works										
Management	2	2	3	4	0	0	0	0	0	0
Engineering	2	3	2	2	2.3	2.6	2.66	2.66	4.96	5
Streets	3	4	4	4	3.5	3.25	3.5	3.5	4.5	4.5
Water	4	3.5	4	4	6	5.17	5.17	5.16	5.3	5.5
Wastewater	2	4.5	4	4	5.1	5.17	5.17	5.17	5.31	4
Utility Billing	4	4	4	4	4	3.75	4.75	5	5.5	4
Other	4	4	0	1	4	2	2	2	2.68	3.38
Energy	11	15	18	13	13	12	12	11	13	0
Total	76.85	86.35	94.15	86.1	84.59	83.78	88.46	85.65	84.35	72.48

Source: Eagle Mountain City

**EAGLE MOUNTAIN CITY**  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program: General government</u>										
Building										
Building permits issued	849	964	254	131	323	259	280	458	559	674
Building inspections conducted	6,313	9,134	3,869	2,471	3,900	1,698	1,850	2,864	4,155	4,958
Police*										
Physical arrest				392	424	454	384	416	353	498
Warrants served				34	53	66	58	48	39	86
Traffic violations				1,157	1,730	1,565	2,062	1,399	1,500	1,821
Fire**										
Emergency responses	547	621	640	612	676	693	694	766	672	831
Inspections	51	64	73	95	105	110	155	150	148	142
Streets										
Miles plowed - snow removal				14,546	9,594	12,185	5,339	10,574	5,896	1,394
Crack seal - staff hours					567	513	1,280	480	720	305
Asphalt Repairs (sq. ft.)	590,300			309,798	18,484	130,786	10,308	21,768	58,313	88,454
Parks and recreation										
Youth City sports registrations				2,056	2,183	2,301	2,747	2,704	3,379	3,402
Total recreational sports (youth/adult)				4/1	3/0	3/1	3/1	3/5	4/5	4/5
Water										
New meters installed				310	351	147	137	228	354	410
Water meters replaced				190	169	169	169	239	156	646
Average daily pumped (gallons)				3,231,197	3,262,153	3,785,400	4,272,384	4,142,638	4,285,000	4,036,302
Avg daily consumption (gallons)				2,730,512	3,305,721	4,013,088	3,732,753	4,332,255	4,076,000	4,030,318

Source: Eagle Mountain City

\* The City contracts with the Utah County Sheriff's Department for police services

\*\* Unified Fire Authority acquired the assets and took over operations of the City's Fire Department in January of 2013

**EAGLE MOUNTAIN CITY**  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>											
Police*											
	Patrol units				15	15	15	15	15	15	16
Fire**											
	Fire Hydrants						918	918	958	957	998
	Fire Stations		2	2	2	2	2	2			
Other public works											
	Streets (miles)			113.52	122.98	136	142	133	133.5	138.37	143
	Gas mains (miles)***				103	114	114	116	129	136.5	
	Sewer plant capacity (gallons)				250,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	Sanitary sewers (miles)				72	72.2	72.2	72.2	73	85	89.49
Parks and recreation											
	Total developed park (acres)				78.22	58	66	76	79	88	90
	Playgrounds			11	11	11	12	15	15	15	15
	Baseball/softball diamonds	2	3	3	3	3	7	7	7	7	7
	Soccer/football fields	2	2	3	3	3	4	4	5	5	5
Water											
	Water pipe (miles)				136	139	139	141	142	151.9	156.65
	Total water storage (gallons)				4,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000

Source: Eagle Mountain City

\* The City contracts with the Utah County Sheriff's Department for police services

\*\* Unified Fire Authority acquired the assets and took over operations of the City's Fire Department in January of 2013. Fire hydrants are still owned by the City.

\*\*\* Questar Gas acquired the assets and took over operations of the City's natural gas utility in March of 2015

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**GOVERNMENT AUDITING STANDARDS REPORT**  
**UTAH STATE COMPLIANCE REPORT**



## GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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SIDNEY S. GILBERT, CPA  
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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council  
Eagle Mountain City  
Eagle Mountain, 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, each major fund, and the aggregate remaining fund information of Eagle Mountain City (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2015.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle Mountain City's internal control over financial reporting (internal control) to determine the 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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

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

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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.

**Gilbert & Stewart**

GILBERT & STEWART, CPA PC  
December 17, 2015



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JAMES E. STEWART, CPA

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### INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE* *AUDIT GUIDE ON: COMPLIANCE WITH GENERAL STATE COMPLIANCE* REQUIREMENTS COMPLIANCE FOR EACH MAJOR STATE PROGRAM, INTERNAL CONTROL OVER COMPLIANCE

Honorable Mayor and  
Members of the City Council  
Eagle Mountain City, Utah

#### **Report on Compliance with General State Compliance requirements and for Each Major State Program**

We have audited Eagle Mountain City's (the City) compliance with applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Enterprise Transfer
- Tax Levy Revenue Recognition
- Restricted Tax
- Open and Public Meetings
- Grammar
- Conflict of Interest

The City received state funding from the following programs classified as major programs for the year ended June 30, 2015:

B&C Road Funds (Department of Transportation)

#### ***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing

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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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City and its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on General State Compliance Requirements and Each Major State Program***

In our opinion, Eagle Mountain City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on its major state programs for the year ended June 30, 2015.

### **Report of Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 general state or major state program 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 general state or major state program 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 general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

## **Gilbert & Stewart**

GILBERT & STEWART  
*Certified Public Accountants*  
December 17, 2015

Eagle Mountain City, UT  
Comprehensive Annual Financial Report  
Fiscal Year Ending June 30, 2015



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