

FISCAL YEAR ENDED JUNE 30, 2017

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

CAFR

FOR EAGLE MOUNTAIN CITY, UT



EAGLE
MOUNTAIN

- ▶ BASIC FINANCIAL STATEMENTS
- ▶ REVENUE SCHEDULES
- ▶ EXPENDITURE SCHEDULES
- ▶ FUND BALANCES
- ▶ NET POSITION STATEMENTS
- ▶ OPERATING INFORMATION

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

Prepared by:
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**EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017**

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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, 2017 is submitted herewith. As a third 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, 2017, 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 twenty years, the City has grown from 2,157 residents to about 35,000 in 2017. About 8,500 residential units have been built, with an average of 486 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 unemployment rate as of October 2017 was 3.3%, much lower than the national unemployment rate of 4.1%, with Utah County being tied for second for the lowest unemployment. During the last half of 2017, Utah's foreclosure rate stood at 0.3% which has improved significantly with the end of the recession.

Corresponding with Utah's relative economic stability, Eagle Mountain grew by about 10.3% in 2017 (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 0.001011. 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 fifth 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 FY2018 Budget includes additional additions to the Cory B. Wride Memorial Park complex, infrastructure improvements to handle increasing demands, continuing and new road paving projects throughout the city, and the purchase of a new screen press installed at the sewer plant.

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 2018 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 2009 through 2016. 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 seven fiscal years (2010 - 2016). 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 the name 'Paul A. Jerome' in a stylized script.

Paul Jerome,
Finance Director



Government Finance Officers Association

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

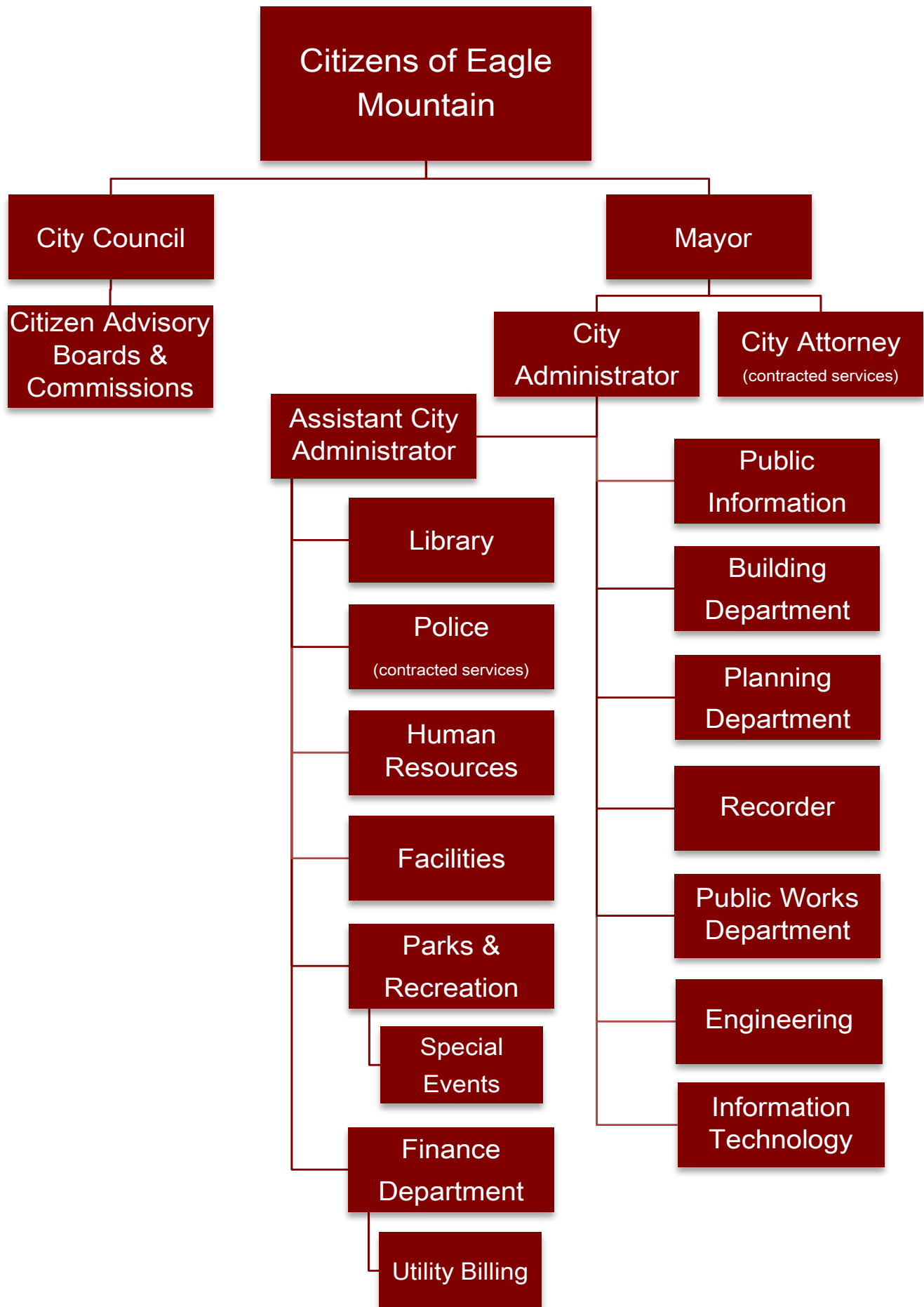
Presented to

**Eagle Mountain City
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



CITY OFFICERS



Stephanie Gricius
Council Member



Colby Curtis
Council Member



Ben Reaves
Council Member



Adam Bradley
Council Member



Tom Westmoreland
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, 2017, 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, 2017, 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.

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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 to 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 10, 2017, 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, 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 10, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eagle Mountain City, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of Eagle Mountain City for the fiscal year ended June 30, 2017. 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 \$150,657,999 is made up of \$120,060,973 in net investment in capital assets, \$5,239,686, in restricted net position, and \$25,357,340 in unrestricted net position. Total net position increased by \$18,845,631 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,726,666. Of this amount, \$2,463,417 must only be spent on projects for which the money is restricted. \$2,303,926 is assigned by the City administration and is divided as follows: \$6,058 for storm water projects, \$280,237 for debt service, and \$2,017,631 for capital projects. The remaining \$2,959,323 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$570,348. Corresponding operating expenses increased by \$412,840. This change was due in part to the continued growth within the City.

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. Eagle Mountain 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) 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 21 and 22 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 on 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

The governmental fund financial statements can be found on pages 23-26 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, and business incubator.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

- Additionally, the City reports the following fund types:

The Internal Service Fund accounts for the fleet management, utility billing, and GIS 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 and deferred outflows exceed liabilities and deferred inflows by \$150,657,999.

One of the largest portions of Eagle Mountain City's net position (80%) 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 2017 and 2016 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 17,614,700	\$ 11,984,644	\$ 24,611,329	\$ 22,899,211	\$ 42,226,029	\$ 34,883,855
Capital Assets	78,185,120	67,734,966	65,476,387	61,241,698	143,661,507	128,976,664
Total assets	<u>95,799,820</u>	<u>79,719,610</u>	<u>90,087,716</u>	<u>84,140,909</u>	<u>185,887,536</u>	<u>163,860,519</u>
Deferred Outflows of Resources	<u>728,191</u>	<u>634,159</u>	<u>1,158,226</u>	<u>1,241,905</u>	<u>1,886,417</u>	<u>1,876,064</u>
Long-term debt outstanding	2,884,083	3,105,582	23,574,198	24,684,426	26,458,281	27,790,008
Other liabilities	<u>7,145,732</u>	<u>2,941,214</u>	<u>1,820,707</u>	<u>1,717,843</u>	<u>8,966,439</u>	<u>4,659,057</u>
Total liabilities	<u>10,029,815</u>	<u>6,046,796</u>	<u>25,394,905</u>	<u>26,402,269</u>	<u>35,424,720</u>	<u>32,449,065</u>
Deferred Inflows of Resources	<u>1,605,927</u>	<u>1,395,227</u>	<u>85,307</u>	<u>79,923</u>	<u>1,691,234</u>	<u>1,475,150</u>
Net position:						
Net investment in capital assets,	76,834,279	66,092,722	43,226,694	38,007,144	120,060,973	104,099,866
Restricted	1,107,530	1,642,085	4,132,156	2,992,801	5,239,686	4,634,886
Unrestricted	<u>6,950,460</u>	<u>5,176,939</u>	<u>18,406,880</u>	<u>17,900,677</u>	<u>25,357,340</u>	<u>23,077,616</u>
Total net assets	<u>\$ 84,892,269</u>	<u>\$ 72,911,746</u>	<u>\$ 65,765,730</u>	<u>\$ 58,900,622</u>	<u>\$ 150,657,999</u>	<u>\$ 131,812,368</u>

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The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 4,898,084	\$ 4,569,333	\$ 13,254,589	\$ 11,472,554	\$ 18,152,673	\$ 16,041,887
Operating grants & contrib.	24,429	52,235	-	-	24,429	52,235
Capital grants & contrib.	13,384,998	10,001,603	6,250,205	3,431,786	19,635,203	13,433,389
General revenues:						
Property taxes	1,377,090	1,202,258	-	-	1,377,090	1,202,258
General sales & use tax	3,139,809	2,751,058	-	-	3,139,809	2,751,058
Franchise tax	1,224,569	1,110,170	-	-	1,224,569	1,110,170
Interest earnings	204,058	82,267	-	-	204,058	82,267
Total revenues	<u>24,253,037</u>	<u>19,768,924</u>	<u>19,504,794</u>	<u>14,904,340</u>	<u>43,757,831</u>	<u>34,673,264</u>
Expenses:						
General government	\$ 3,075,688	\$ 3,257,255	\$ -	\$ -	\$ 3,075,688	\$ 3,257,255
Public safety	2,332,378	2,286,418	-	-	2,332,378	2,286,418
Highways & public works	7,506,410	6,496,475	-	-	7,506,410	6,496,475
Community development	1,281,716	1,174,443	-	-	1,281,716	1,174,443
Planning	508,154	380,673	-	-	508,154	380,673
Interest on long-term debt	68,597	166,707	-	-	68,597	166,707
Water utility	-	-	4,217,435	4,077,461	4,217,435	4,077,461
Sewer utility	-	-	4,004,069	3,923,954	4,004,069	3,923,954
Electric utility	-	-	61,235	95,183	61,235	95,183
Gas utility	-	-	61,731	79,069	61,731	79,069
Golf course	-	-	-	-	-	-
Non-major business	-	-	1,310,495	1,148,040	1,310,495	1,148,040
Total expenses	<u>14,772,942</u>	<u>13,761,971</u>	<u>9,654,965</u>	<u>9,323,707</u>	<u>24,427,907</u>	<u>23,085,678</u>
Increase (decrease) in net assets						
before transfers	9,480,095	6,006,953	9,849,829	5,580,633	19,329,924	11,587,586
Transfers	<u>2,684,721</u>	<u>80,184</u>	<u>(2,684,721)</u>	<u>(80,184)</u>	<u>-</u>	<u>-</u>
Increase (decr.) in net assets	12,164,816	6,087,137	7,165,108	5,500,449	19,329,924	11,587,586
Net position - beginning	72,911,746	66,824,609	58,900,622	53,400,173	131,812,368	120,224,782
Restatement of net position	(184,293)	-	(300,000)	-	(484,293)	-
Net position - ending	<u>\$ 84,892,269</u>	<u>\$ 72,911,746</u>	<u>\$ 65,765,730</u>	<u>\$ 58,900,622</u>	<u>\$ 150,657,999</u>	<u>\$ 131,812,368</u>

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Governmental activities

Governmental activities increased the City's net position by \$12,164,816. The increase is due mainly to strong residential growth, which helped fuel the increase in revenues related to property taxes, sales taxes, and charges for services. Also contributing to the increase in net position is the City's commitment to conservative budgeting in order to keep expenditures as low as possible despite the rapid growth.

Business-type activities

Business-type activities increased the City's net position by \$7,165,108. 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 \$7,726,666. Of this total amount, 40% constitutes assigned and unassigned fund balances. \$2,303,926 is assigned by the administration of the City and will be used for the following: \$6,058 for storm water projects, \$280,237 for debt service, and \$2,017,631 for capital projects. \$2,959,323 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 \$2,959,323, a decrease of \$111,565 from fiscal year 2016. The total balance is \$2,959,323, a decrease of \$111,565 from the prior year. A major reason for the change is a restatement of the fund balance which reduced fund balance by \$184,293 and an increase in the fund balance due to revenues from taxes increased. The City has implemented measures to reduce the expenditures, which contributed to the increase in fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31% of total general governmental fund expenditures, while total fund balance represents 31% of that same amount.

The City has two major Governmental Funds:

1. Special Improvement District 2000-1. The District was established originally to bond for certain infrastructure improvements in the north service area of the City. The repayment of the bonds is 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 \$608,687, an increase of \$354,263. The main reason for the increase in fund balance was additional impact fees received
2. General Capital Projects fund. The fund was created to account for financial resources to be used for the acquisition and construction major capital facilities within the City. At the end of fiscal year 2017 the fund balance is \$2,017,631 which is an increase of \$2,017,598. This increase is from operating transfers from the funds of the City in preparation for the construction of several projects.

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 \$18,406,880. The net investment in capital assets in these same funds is \$43,226,694.

As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds increased by \$570,348 (42%) and \$412,840 (50%), respectively.

The water and sewer Funds showed a net operating profit. After non-operating revenues/expenses, contributions, and transfers are taken into account, the water, sewer, electric, and gas fund net position increased (or decreased) by \$6,622,373, \$3,781,655, \$(821,620), and \$(2,191,532) respectively. The major reasons for the increase in net position is an increase in impact fees collected and an increase in contributed capital from developers in the water and sewer funds. The decreases in the electric and gas funds are due to transfers to the capital projects fund.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget expenditure total of \$9,534,471 to a final budget of \$10,216,658, an increase of \$682,187. 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, 2017, amounts to \$143,661,507 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,469,999	\$ 6,469,999	\$ 3,690,765	\$ 3,690,764	\$ 10,160,764	\$ 10,160,763
Water Shares	-	-	3,237,532	5,073,787	3,237,532	5,073,787.0
Buildings	3,292,174	3,326,242	1,468,092	1,661,651	4,760,266	4,987,893
Improvements	3,260,849	1,464,852	-	-	3,260,849	1,464,852
Equipment	1,215,163	1,033,734	55,403,377	50,789,001	56,618,540	51,822,735
Infrastructure	60,747,306	54,945,344	-	-	60,747,306	54,945,344
Construction in progress	3,199,629	494,795	1,676,621	26,494	4,876,250	521,289
Total net assets	<u>\$ 78,185,120</u>	<u>\$ 67,734,966</u>	<u>\$ 65,476,387</u>	<u>\$ 61,241,697</u>	<u>\$ 143,661,507</u>	<u>\$ 128,976,663</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 \$22,971,000. Of this amount, \$1,230,000 is from special assessment bonds. The remaining \$21,741,000 is secured solely by specific revenue sources (i.e., revenue bonds and sales tax revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Special assessment bonds	\$ 1,230,000	\$ 1,410,000	\$ -	\$ -	\$ 1,230,000	\$ 1,410,000
Excise tax bonds	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-
Revenue bonds	-	-	21,741,000	22,419,000	21,741,000	22,419,000
Total bonds	<u>\$ 1,230,000</u>	<u>\$ 1,410,000</u>	<u>\$ 21,741,000</u>	<u>\$ 22,419,000</u>	<u>\$ 22,971,000</u>	<u>\$ 23,829,000</u>

During fiscal year 2017, the City's total outstanding debt decreased by a net amount of \$858,000.

As management of Eagle Mountain City, we offer the readers of the financial statements this narrative overview

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 \$39,192,030, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statutes allow 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 \$76,144,061, which again exceeds the outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 10 in the Notes to this financial report.

Economic Factors and Next Year's Budgets and Rates

- Eagle Mountain City issued 782 new building permits in fiscal year 2017. This reflects an increase of 212 building permits over the previous fiscal year. The City anticipates that this trend will continue in fiscal year 2018.
- Eagle Mountain City administration is very conservative in estimating budgeted revenues. In the general fund, budgeted revenues for fiscal year 2018 are 1% lower than the revenues collected for fiscal year 2017. This enables the city to respond to any potential market disruptions that could negatively impact revenue streams that the city depends on for services.
- No rate increases were budgeted for in fiscal year 2018, however, the city is actively engaged in analyzing, both internally and externally, revenues from rates and expenditures related to the services provided through those rates to determine future needs.
- 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. As of fiscal year 2017, the city has purchased 1,020 acre feet of water and the pump station and water line to transport the water to the city is fully functioning. The contract has been renegotiated with CUWCD to purchase additional water when new users come on to the system and have need for this specific water source.

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, 2017

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,423,091	\$ 15,016,445	\$ 23,439,536
Restricted cash and cash equivalents	5,436,170	3,694,315	9,130,485
Investments	-	3,022,551	3,022,551
Accounts receivable			
Customers (net of allowance)	328,789	1,751,329	2,080,118
Intergovernmental	275,489	-	275,489
Assessments receivable	1,591,763	-	1,591,763
Taxes receivable	1,983,179	-	1,983,179
Other	-	-	-
Internal balances	(423,781)	423,781	-
Note Receivable - net of current portion	-	702,908	702,908
Prepaid bond insurance - net	-	-	-
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation):			
Land	6,469,999	3,690,765	10,160,764
Water Shares	-	3,237,532	3,237,532
Buildings	3,292,174	1,468,092	4,760,266
Improvements	3,260,849	-	3,260,849
Equipment and systems	1,215,163	55,403,377	56,618,540
Infrastructure	60,747,306	-	60,747,306
Construction in progress	3,199,629	1,676,621	4,876,250
Total assets	<u>\$ 95,799,820</u>	<u>\$ 90,087,716</u>	<u>\$ 185,887,536</u>
DEFERRED OUT FLOW OF RESOURCES			
Pension related costs	\$ 728,191	\$ 152,821	\$ 881,012
Bond refunding costs	-	1,005,405	1,005,405
Total Deferred outflow of resources	<u>728,191</u>	<u>1,158,226</u>	<u>1,886,417</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,471,275	1,691,594	4,162,869
Deposits	4,184,082	44,520	4,228,602
Bond interest payable	10,059	84,593	94,652
Unearned revenue	480,316	-	480,316
Long-term liabilities			
Due within one year	187,176	1,315,577	1,502,753
Due in more than one year	2,696,908	22,258,621	24,955,529
Total liabilities	<u>10,029,815</u>	<u>25,394,905</u>	<u>35,424,720</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related costs	406,486	85,307	491,793
Deferred property taxes levied for future years	1,199,441	-	1,199,441
Total Deferred inflow of resources	<u>1,605,927</u>	<u>85,307</u>	<u>1,691,234</u>
NET POSITION			
Net investment in capital assets	76,834,279	43,226,694	120,060,973
Restricted			
C Roads	-	-	-
Impact fees	1,107,530	4,132,156	5,239,686
Unrestricted	6,950,460	18,406,880	25,357,340
Total net position	<u>\$ 84,892,269</u>	<u>\$ 65,765,730</u>	<u>\$ 150,657,999</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Activities
For the Year Ended June 30, 2017

Function/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 3,075,688	\$ 1,095,343	\$ -	\$ -	\$ (1,980,345)	\$ -
Public safety	2,332,378	31,057	24,429	26,498	(2,250,394)	-
Public works	7,506,410	696,514	-	13,358,500	6,548,604	-
Community development	1,281,716	199,681	-	-	(1,082,035)	-
Planning	508,154	2,875,489	-	-	2,367,335	-
Interest on long-term debt	68,597	-	-	-	(68,597)	-
Total governmental activities	14,772,942	4,898,084	24,429	13,384,998	3,534,569	-
Business-type activities:						
Water	4,217,435	7,240,619	-	3,017,235	-	6,040,419
Sewer	4,004,069	4,673,637	-	3,232,970	-	3,902,538
Electric	61,235	-	-	-	-	(61,235)
Gas	61,731	55,550	-	-	-	(6,181)
Non major business-type	1,310,495	1,284,783	-	-	-	(25,712)
Total business-type activities	9,654,965	13,254,589	-	6,250,205	-	9,849,829
Total primary government	\$ 24,427,907	\$ 18,152,673	\$ 24,429	\$ 19,635,203	3,534,569	13,384,398
General revenues:						
Property taxes					\$ 1,377,090	\$ -
General sales and use tax					3,139,809	-
Franchise taxes					1,224,569	-
Interest earnings					204,058	-
Transfers					2,684,721	(2,684,721)
Total general revenues and transfers					8,630,247	(2,684,721)
Change in net Position					12,164,816	7,165,108
Net position- beginning					72,911,746	58,900,622
Restatement of net position (see note 17)					(184,293)	(300,000)
Net position - ending					\$ 84,892,269	\$ 65,765,730
						\$ 150,657,999

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	General Capital Projects	Debt Service 2000-1	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,373,930	\$ -	\$ -	\$ 651,211	\$ 8,025,141
Restricted cash	-	3,206,970	609,555	1,619,645	5,436,170
Receivables (net):					
Accounts	284,482	-	-	44,307	328,789
Taxes	1,983,179	-	-	-	1,983,179
Intergovernmental	275,489	-	-	-	275,489
Special assessments	-	-	464,282	1,127,481	1,591,763
Other	-	-	-	-	-
Total assets	<u>\$ 9,917,080</u>	<u>\$ 3,206,970</u>	<u>\$ 1,073,837</u>	<u>\$ 3,442,644</u>	<u>\$ 17,640,531</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable & accrued liabilities	\$ 1,068,632	\$ 1,189,339	\$ 868	\$ 174,138	\$ 2,432,977
Deposits	4,184,082	-	-	-	4,184,082
Unearned revenue	480,316	-	-	-	480,316
Total liabilities	<u>5,733,030</u>	<u>1,189,339</u>	<u>868</u>	<u>174,138</u>	<u>7,097,375</u>
Deferred inflows of Resources:					
Deferred property taxes levied for future years	1,199,441	-	-	-	1,199,441
Deferred property taxes-delinquent	25,286	-	-	-	25,286
Unavailable special improvement assessments	-	-	464,282	1,127,481	1,591,763
Total deferred inflows of resources	<u>1,224,727</u>	<u>-</u>	<u>464,282</u>	<u>1,127,481</u>	<u>2,816,490</u>
Fund Balances:					
Fund balances Restricted for:					
Roads	-	-	-	-	-
Impact fees	-	-	-	1,107,530	1,107,530
Special assessments	-	-	608,687	747,200	1,355,887
Assigned, for:					
Storm water	-	-	-	6,058	6,058
Debt service	-	-	-	280,237	280,237
Capital projects	-	2,017,631	-	-	2,017,631
Unassigned:	<u>2,959,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,959,323</u>
Total fund balances	<u>2,959,323</u>	<u>2,017,631</u>	<u>608,687</u>	<u>2,141,025</u>	<u>7,726,666</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,917,080</u>	<u>\$ 3,206,970</u>	<u>\$ 1,073,837</u>	<u>\$ 3,442,644</u>	<u>\$ 17,640,531</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet Reconciliation to
Statement of Net Assets
June 30, 2017

Total fund balances - governmental fund types: \$ 7,726,666

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. 78,185,120

Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,617,049

Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds. 728,191

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. (2,894,142)

Deferred inflows of resources are not available financial resources and are not reported in the governmental funds. (406,483)

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. (64,132)

Net assets of government activities \$ 84,892,269

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	General Capital Projects	Debt Service 2000-1	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 5,694,480	\$ -	\$ -	\$ 40,335	\$ 5,734,815
Special assessments	-	-	56,978	250,663	307,641
Licenses and permits	2,895,474	-	-	-	2,895,474
Intergovernmental	1,322,460	13,823	-	-	1,336,283
Charges for services	1,288,452	-	-	398,207	1,686,659
Impact fees	-	-	579,249	2,729,355	3,308,604
Miscellaneous	640,324	16,736	4,870	4,946	666,876
Total revenues	<u>11,841,190</u>	<u>30,559</u>	<u>641,097</u>	<u>3,423,506</u>	<u>15,936,352</u>
EXPENDITURES					
Current:					
General government	2,750,887	-	51,361	224,786	3,027,034
Public safety	2,332,378	-	-	-	2,332,378
Public works	3,115,775	-	235,473	1,448,620	4,799,868
Planning and zoning	487,486	-	-	-	487,486
Community development	1,171,572	-	-	46,216	1,217,788
Debt service:					
Principal retirement	-	-	-	180,000	180,000
Bond issuance costs	-	-	-	-	-
Interest and fiscal charges	-	-	-	70,618	70,618
Capital outlay	-	4,444,671	-	-	4,444,671
Total expenditures	<u>9,858,098</u>	<u>4,444,671</u>	<u>286,834</u>	<u>1,970,240</u>	<u>16,559,843</u>
Excess revenues over (under) expenditures	<u>1,983,092</u>	<u>(4,414,112)</u>	<u>354,263</u>	<u>1,453,266</u>	<u>(623,491)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from asset disposals	-	-	-	-	-
Loss on grant noncompliance	-	-	-	-	-
Transfers in	91,023	6,431,710	-	5,000	6,527,733
Transfers out	(2,001,387)	-	-	(1,841,625)	(3,843,012)
Total other financing sources and uses	<u>(1,910,364)</u>	<u>6,431,710</u>	<u>-</u>	<u>(1,836,625)</u>	<u>2,684,721</u>
Net change in fund balance	72,728	2,017,598	354,263	(383,359)	2,061,230
Fund balances - beginning of year	3,070,888	33	254,424	2,524,384	5,849,729
Restatement of net position (see Note 17)	(184,293)	-	-	-	(184,293)
Fund balances - end of year	<u>\$ 2,959,323</u>	<u>\$ 2,017,631</u>	<u>\$ 608,687</u>	<u>\$ 2,141,025</u>	<u>\$ 7,726,666</u>

See accompanying notes to the financial statements.

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, 2017

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

Net changes in fund balances - total governmental funds	\$ 2,061,230
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,842,344
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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	8,607,809

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(340,729)
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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.	291,403
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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.	(215,811)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in as expenditures in the governmental funds	(81,430)
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Change in net assets of governmental activities	\$ 12,164,816
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See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise					Governmental Activities Internal Service Funds
	Water	Sewer	Electric	Gas	NonMajor Enterprise Funds	Total
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 3,446,535	\$ 3,883,843	\$ 17,438	\$ 6,992,350	676,279	\$ 15,016,445
Accounts receivable - net	563,112	482,548	201,971	339,270	164,428	1,751,329
Due from other funds	-	-	-	-	-	-
Total current assets	4,009,647	4,366,391	219,409	7,331,620	840,707	16,767,774
Noncurrent assets:						
Restricted cash and cash equivalents	3,420,159	274,156	-	-	-	3,694,315
Investments	-	-	-	3,022,551	-	3,022,551
Note receivable (Net of Current Portion)	-	-	-	-	702,908	702,908
Net pension asset	-	-	-	-	-	-
Land, equipment, buildings and improv.	53,349,314	36,471,635	-	-	-	89,820,949
Less: Accumulated depreciation	(13,988,152)	(10,356,409)	-	-	-	(24,344,561)
Total noncurrent assets	42,781,321	26,389,382	-	3,022,551	702,908	72,896,162
Total assets	46,790,968	30,755,773	219,409	10,354,171	1,543,615	89,663,936
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Bond refunding costs - net	432,324	573,081	-	-	-	1,005,405
Pension related costs	82,171	65,144	-	-	5,506	152,821
Total deferred outflow of resources	514,495	638,225	-	-	5,506	1,158,226
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	1,100,990	471,557	-	246	118,802	1,691,595
Due to other funds	-	-	-	-	-	-
Debt interest payable	36,079	48,514	-	-	-	84,593
Current portion of long-term debt	856,827	458,750	-	-	-	1,315,577
Total current liabilities	1,993,896	978,821	-	246	118,802	3,091,765
Noncurrent liabilities:						
Deposits	44,520	-	-	-	-	44,520
Compensated absences	27,906	10,656	-	-	-	38,562
Net pension liability	150,843	119,586	-	-	10,108	280,537
Long-term debt (net of current portion)	8,334,084	13,605,438	-	-	-	21,939,522
Total noncurrent liabilities	8,557,353	13,735,680	-	-	10,108	22,303,141
Total liabilities	10,551,249	14,714,501	-	246	128,910	25,394,906
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Pension related costs	45,869	36,364	-	-	3,074	85,307
Total deferred outflow of resources	45,869	36,364	-	-	3,074	85,307
<u>NET POSITION</u>						
Net investment in capital assets	30,602,575	12,624,119	-	-	-	43,226,694
Restricted - impact fees	2,357,101	1,775,055	-	-	-	4,132,156
Unrestricted	3,748,669	2,243,959	219,409	10,353,925	1,417,137	17,983,099
Total net position	\$ 36,708,345	\$ 16,643,133	\$ 219,409	\$ 10,353,925	\$ 1,417,137	\$ 65,341,949
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds						423,781
Net position business-type activities						\$ 65,765,730

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, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total	
Operating revenues:							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 1,279,961	\$ 1,279,961	\$ 865,867
Charges for services pledged as security on revenue bonds	3,802,599	3,655,264	-	-	-	7,457,863	-
Other operating income	1,512	-	-	-	4,822	6,334	570
Total operating revenues	3,804,111	3,655,264	-	-	1,284,783	8,744,158	866,437
Operating expenses:							
Salaries and wages	507,684	367,373	-	-	79,055	954,112	222,345
Purchased services	1,290,881	1,744,821	5,388	5,115	1,178,661	4,224,866	92,679
Supplies and materials	378,651	89,442	-	-	42,669	510,762	236,983
Depreciation and amortization	1,532,550	1,094,290	-	-	-	2,626,840	283,339
Miscellaneous	35,320	45,835	55,847	56,616	13,518	207,136	3,253
Total operating expenses	3,745,086	3,341,761	61,235	61,731	1,313,903	8,523,716	838,599
Operating income	59,025	313,503	(61,235)	(61,731)	(29,120)	220,442	27,838
Nonoperating revenues (expenses):							
Interest revenue	1,984	1,248	-	55,550	-	58,782	-
Gain on sale of capital assets	519,452	-	-	-	-	519,452	-
Developer reimbursements	(188,063)	(278,985)	-	-	-	(467,048)	-
Bond refunding cost amortization	(28,822)	(38,205)	-	-	-	(67,027)	-
Loss on retirement and defeasance of bonds	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Interest expense and fiscal charges	(274,634)	(365,141)	-	-	-	(639,775)	49,116
Total nonoperating revenues (expenses)	29,917	(681,083)	-	55,550	-	(595,616)	(3,425)
Net income (loss) before contributions and transfers	88,942	(367,580)	(61,235)	(6,181)	(29,120)	(375,174)	73,529
Capital contributions	2,497,783	3,232,970	-	-	-	5,730,753	-
Impact fees	3,434,524	1,017,125	-	-	-	4,451,649	-
Transfers in	630,091	-	-	-	224,908	854,999	-
Transfers out	(28,967)	(100,860)	(760,385)	(2,185,351)	(464,157)	(3,539,720)	-
Total contributions and transfers	6,533,431	4,149,235	(760,385)	(2,185,351)	(239,249)	7,497,681	-
Change in net position	6,622,373	3,781,655	(821,620)	(2,191,532)	(268,369)	7,122,507	73,529
Total net position - beginning	30,385,972	12,861,478	1,041,029	12,545,457	1,685,506	936,542	-
Restatement of net position (see Note 17)	(300,000)	-	-	-	-	-	-
Total net position - ending	\$ 36,708,345	\$ 16,643,133	\$ 219,409	\$ 10,353,925	\$ 1,417,137	\$ 1,010,071	\$ -
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds						42,601	
Change in net position of business-type activities						\$ 7,165,108	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total BTAs	
Cash Flows From Operating Activities							
Receipts from customers	\$ 3,761,426	\$ 3,658,253	\$ 186,718	\$ 105,638	\$ 1,289,686	\$ 9,001,721	\$ 866,437
Payments to suppliers	(1,769,764)	(1,738,672)	(62,787)	(61,515)	(1,204,879)	(4,837,617)	(220,533)
Payments to interfund services	-	-	-	-	-	-	-
Payments to employees	(502,193)	(405,274)	-	-	(82,907)	(990,374)	(311,590)
Net cash provided (used) by operating activities	1,489,469	1,514,307	123,931	44,123	1,900	3,173,730	334,314
Cash Flows From Noncapital Financing Activities							
Transfers in	165,934	-	-	-	72,000	237,934	-
Transfers out	(28,967)	(100,860)	(760,385)	(2,185,351)	-	(3,075,563)	-
Net cash provided (used) by noncapital financing activities	136,967	(100,860)	(760,385)	(2,185,351)	72,000	(2,837,629)	-
Cash Flows From Capital and Related Financing Activities							
Payable Forgiveness	-	-	-	-	-	-	-
Purchases of capital assets	(3,340,806)	-	-	-	-	(3,340,806)	(420,058)
Impact fees collected	3,434,524	1,017,125	-	-	-	4,451,649	-
Capital grant proceeds	-	-	-	-	-	-	-
Proceeds from sale of assets	2,729,482	-	-	-	-	2,729,482	49,116
Payments for developer reimbursements	(188,063)	(278,985)	-	-	-	(467,048)	-
Principal paid on capital debt	(870,120)	(420,200)	-	-	-	(1,290,320)	(110,916)
Interest paid on capital debt	(302,097)	(401,528)	-	-	-	(703,625)	(4,323)
Net cash provided (used) by capital and related financing activities	1,462,920	(83,588)	-	-	-	1,379,332	(486,181)
Cash Flows From Investing Activities							
Interest and dividends received	1,984	1,248	-	55,550	-	58,782	-
Net increase (decrease) in cash and cash equivalents	3,091,340	1,331,107	(636,454)	(2,085,678)	73,900	1,774,215	(151,867)
Cash and cash equivalents - beginning	3,775,354	2,826,892	653,892	12,100,579	602,379	19,959,096	549,817
Cash and cash equivalents (deficit) - ending	\$ 6,866,694	\$ 4,157,999	\$ 17,438	\$ 10,014,901	\$ 676,279	\$ 21,733,311	\$ 397,950
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ 59,025	\$ 313,503	\$ (61,235)	\$ (61,731)	\$ (29,120)	\$ 220,442	\$ 27,838
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	1,532,550	1,094,290	-	-	-	2,626,840	283,339
(Inc.)/decrease in accounts rec.	(42,685)	2,989	186,718	105,638	4,903	257,563	-
(Inc.)/decrease in due from other funds	-	-	-	-	-	-	-
(Inc.)/decrease in due from net pension asset	19	22	-	-	2	43	6
(Inc.)/decrease in deferred outflows	(7,126)	21,601	-	-	2,176	16,651	(1,778)
Increase/(decr.) in accounts payable	(85,042)	141,426	(1,552)	216	29,969	85,017	21,325
Increase/(decr.) in due to other funds	-	-	-	-	(5,481)	(5,481)	-
Increase/(decr.) in compensated absences	3,566	1,466	-	-	(549)	4,483	1,854
Increase/(decr.) in net pension liability	(1,446)	(56,445)	-	-	-	(57,891)	(1,311)
Increase/(decr.) in deferred inflows	10,478	(4,545)	-	-	-	5,933	3,041
Increase/(decr.) in deposits	20,130	-	-	-	-	20,130	-
Total adjustments	1,430,444	1,200,804	185,166	105,854	31,020	2,953,288	306,476
Net cash provided (used) by operating activities	\$ 1,489,469	\$ 1,514,307	\$ 123,931	\$ 44,123	\$ 1,900	\$ 3,173,730	\$ 334,314
Noncash investing, capital, and financing activities							
Contributions by developers	\$ 2,497,783	\$ 3,232,970	\$ -	\$ -	\$ -	\$ 5,730,753	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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) accepted in the United States of America as applicable to Governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for accounting and financial reporting principles.

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 criterion 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 Redevelopment Agency of Eagle Mountain City is considered a blended component unit and is included in the governmental funds of the City. It was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the Mayor and members of the City Council. Although it is a legally separate entity for the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue fund. Separate financial statements are not issued for the RDA.

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 30, 2017

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, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of 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. Expenditures related to compensated absences, claims, and judgments are also recorded, but 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 30, 2017

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 general capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds.)

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 30, 2017

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. Interfund 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 acquisition 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 30, 2017

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 all accrued comp, long term sick leave, and up to 240 hours of vacation time into the next calendar year, 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, and long-term sick leave, but will forfeit 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 30, 2017

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 in the 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 30, 2017

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

and financial reporting standards that reclassify certain items as deferred outflows of resources or deferred inflows of resources that were previously reported as assets and liabilities, and recognizes certain items as outflows of resources or inflows of resources 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, 2016, for the 2017 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 30, 2017

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 30, 2017

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 is 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	\$110,636,178
Accumulated depreciation	(32,451,058)
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>\$78,185,120</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	\$1,610,396
Delinquent property taxes	<u>6,653</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>\$1,617,049</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 30, 2017

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

Bonds payable	(\$1,230,000)
Capital lease payable	(113,057)
Bond interest payable	(10,059)
Bond premium	(7,784)
Net Pension Liability	(1,336,750)
Compensated absences	(196,492)
Net adjustment to reduce <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$2,894,142)</u>

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	\$ 5,088,694
Depreciation expense	(3,246,350)
Net adjustment to increase <i>net changes in fund</i> <i>balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 1,842,344)</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 30, 2017

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	290,916
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>\$ 291,403</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	\$ 2,021
Pension related costs	(63,400)
Compensated absences	<u>(20,051)</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>\$ (81,430)</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 30, 2017

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 30, 2017

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, 2017 the City's cash balance consisted of the following:

	<u>All Fund Types</u>
Cash, cash equivalents, and temporary cash investments	\$ 23,577,536
Cash, and cash equivalents - restricted	8,992,485
Total cash and cash equivalents	<u>\$ 32,570,021</u>

While the City's carrying amount of deposits was \$36,891,892 the balance in the City's bank account and cash on hand was \$32,570,021, 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, 2017, the City's custodial credit risk, for deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2017</u>
Checking and savings	Insured and collateralized	\$ 250,000
Checking and savings	Uninsured and uncollateralized	1,951,171
Investment sweep	Uninsured and uncollateralized	12,565,977
Total deposits		<u>\$ 14,767,148</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

B. Investments

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

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard and Poor’s; bankers’ acceptances; obligations of the U.S. Treasury, including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer’s Investment Fund. All investments held by the City at June 30, 2017, comply with the provisions of the Act.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. The PTIF is considered a cash equivalent for the purposes of the financial statements.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

Fair Value of Investments

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

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

At June 30, 2017, the District had the following recurring fair value measurements.

Investments	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund	\$ 19,090,634	\$ -	\$ 19,090,634	\$ -
Morten Asset Management Account	3,034,110	3,034,110		
Total Investments	<u>\$ 22,124,744</u>	<u>\$ 3,034,110</u>	<u>\$ 19,090,634</u>	<u>\$ -</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

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 a liquid asset management account. As of June 30, 2017, the City had the following investments:

<u>Investments</u>	<u>Investment Maturities (in Years)</u>			
	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Utah Public Treasurer's Investment Fund	\$ 19,090,634	\$ 19,090,634	\$ -	\$ -
Morten Asset Management Account	3,034,110	3,034,110	-	-
Total investments	<u>\$ 22,124,744</u>	<u>\$ 22,124,744</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 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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

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 \$86,887, which is immaterial.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$19,090,634	\$ -	\$ -	\$ -	\$ 19,090,634
Morten Asset Management Account	3,034,110	3,034,110	-	-	-
Total investments	<u>\$22,124,744</u>	<u>\$ 3,034,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,090,634</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. The City's investment arrangements primarily invest in the Utah Public Treasurers Investment fund and agencies or in 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 30, 2017

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 Govtl	Total
Receivables:									
Accounts	\$ 425,667	\$ -	\$ 678,323	\$ 623,363	\$ 439,161	\$ 577,526	\$ 204,547	\$ 50,116	\$ 2,998,703
Taxes	1,983,179	-	-	-	-	-	-	-	1,983,179
Special									-
Assessments	-	464,282	-	-	-	-	-	1,127,481	1,591,763
Intergovernmental	275,489	-	-	-	-	-	-	-	275,489
Less: allowance									-
for uncollectible									-
accounts	(141,185)	-	(115,211)	(140,815)	(237,190)	(238,256)	(40,119)	(5,809)	(918,585)
	<u>\$ 2,543,150</u>	<u>\$ 464,282</u>	<u>\$ 563,112</u>	<u>\$ 482,548</u>	<u>\$ 201,971</u>	<u>\$ 339,270</u>	<u>\$ 164,428</u>	<u>\$ 1,171,788</u>	<u>\$ 5,930,549</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. During fiscal year 2017 the City negotiated with the Golf course to amend the original contract to include unpaid utility fees owed to the City in the amount of \$152,908. As of June 30, 2017 the outstanding note balance was \$702,908.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 7 – INTERFUND RECEIVABLES AND TRANSFERS

The operating transfers of the City consist of the following:

Transfer In:	General	Capital Projects	SID 2000-1	Nonmajor Govrnmntl.	Business Type	Internal Service	Total
General	\$ -	\$ -	\$ -	\$ 91,023	\$ -	\$ -	\$ 91,023
SID 2000-1	-	-	-	-	-	-	-
Nonmajor govtl.	5,000	-	-	-	-	-	5,000
Capital projects	1,846,435	-	-	1,750,000	2,835,275	-	6,431,710
Internal Service	-	-	-	-	-	-	-
Business type	149,952	-	-	602	704,445	-	854,999
Total transfer out	<u>\$ 2,001,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,841,625</u>	<u>\$ 3,539,720</u>	<u>\$ -</u>	<u>\$ 7,382,732</u>

The City transferred monies to support capital project payments in the capital projects fund. The City also transferred monies to support operations in the economic development fund.

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)	\$ 1,199,441	\$ 1,199,441
Property tax delinquent	25,286	
Special assessments (special revenue fund)	<u>1,591,763</u>	
Total	<u>\$2,816,490</u>	<u>\$ 1,199,441</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 8 – CAPITAL ASSETS

Primary Government	Beginning				Ending
Governmental activities:	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land	\$ 6,469,999	\$ -	\$ -	\$ -	\$ 6,469,999
Construction in progress	494,795	2,713,234	(8,400)	-	3,199,629
Total capital assets not being depreciated	6,964,794	2,713,234	(8,400)	0	9,669,628
Capital assets being depreciated:					
Buildings	4,194,577	80,631	-	-	4,275,208
Improvements	1,592,649	1,857,921	8,400	-	3,458,970
Machinery and equipment	3,242,873	576,465	-	185,842	3,633,496
Infrastructure	81,130,624	8,468,252	-	-	89,598,876
Total capital assets being depreciated	90,160,723	10,983,269	8,400	185,842	100,966,550
Less accumulated depreciation for:					
Buildings	868,334	114,700	-	-	983,034
Improvements	127,797	70,324	-	-	198,121
Machinery and equipment	2,209,139	395,036	-	185,842	2,418,333
Infrastructure	26,185,280	2,666,290	-	-	28,851,570
Total accumulated depreciation	29,390,550	3,246,350	0	185,842	32,451,058
Total capital assets, being depreciated, net	60,770,173	7,736,919	8,400	0	68,515,492
Governmental activities capital assets, net	\$ 67,734,967	\$ 10,450,153	\$ -	\$ -	\$ 78,185,120
Business-type activities:	Beginning				Ending
	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Construction in progress	\$ 26,494	\$ 1,676,621	\$ (26,494)	\$ -	\$ 1,676,621
Land	3,690,765	-	-	-	3,690,765
Water shares	5,073,787	373,775	-	2,210,030	3,237,532
Total capital assets not being depreciated	8,791,046	2,050,396	(26,494)	2,210,030	8,604,918
Capital assets being depreciated:					
Buildings	2,824,595	-	-	-	2,824,595
Equipment and systems	71,343,778	7,021,162	26,494	-	78,391,435
Total capital assets being depreciated	74,168,373	7,021,162	26,494	-	81,216,030
Less accumulated depreciation for:					
Buildings	1,162,944	193,559	-	-	1,356,503
Equipment and Systems	20,554,777	2,433,281	-	-	22,988,058
Total accumulated depreciation	21,717,721	2,626,840	-	-	24,344,561
Total capital assets, being depreciated, net	52,450,652	4,394,322	26,494	-	56,871,469
Business-type activities capital assets, net	\$ 61,241,698	\$ 6,444,718	\$ -	\$ 2,210,030	\$ 65,476,387

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS *(Continued)*

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

Governmental activities:

General government	\$ 86,331
Public safety	-
Public works	3,114,627
Planning	567
Community development	44,825
Total depreciation expense - governmental activities	<u>\$ 3,246,350</u>

Business-type activities:

Water	\$ 1,392,861
Sewer	1,041,074
Golf course	20,006
Total depreciation expense - business-type activities	<u>\$ 2,453,941</u>

Total depreciation expense	<u>\$ 5,700,291</u>
----------------------------	---------------------

The City has various construction projects as of June 30, 2017. The City's commitments with contractors are as follows:

Park projects	\$ 1,956,000
Road projects	3,012,000
Cemetery projects	70,000
Water projects	407,000
Total	<u>\$ 5,445,000</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 9 – LEASE COMMITMENTS

During 2014, 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:

Asset:	<u>Activities</u>
Machinery and equipment	\$ 544,278
Less: Accumulated amortization	<u>(435,422)</u>
Total	<u><u>\$ 108,856</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>
2018	<u>\$ 115,239</u>
Total minimum lease payments	115,239
Less amounts representing interest	<u>(2,182)</u>
Present value of minimum lease payments	<u><u>\$ 113,057</u></u>

As of June 30, 2017 the lease payable consisted of the following:

	<u>Total Capital Leases Payable All Fund Types</u>
Capital leases payable	\$ 113,057
Current portion capital lease payable	<u>(113,057)</u>
Long-term capital leases payable	<u><u>\$ -</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 10 – LONG-TERM DEBT

Bonds and notes payable at June 30, 2017, are comprised of the following:

1. \$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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 55,000	\$ 56,118	\$ 111,118
2019	55,000	54,468	109,468
2020	60,000	52,818	112,818
2021	65,000	61,018	126,018
2022	60,000	48,906	108,906
2023-2027	360,000	202,292	562,292
2028-2032	465,000	99,462	564,462
2033	110,000	5,500	115,500
Total	\$ 1,230,000	\$ 580,582	\$ 1,810,582

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 375,000	\$ 192,725	\$ 567,725
2019	400,000	172,350	572,350
2020	420,000	152,850	572,850
2021	430,000	131,600	561,600
2022	460,000	109,350	569,350
2023-2027	2,060,000	201,638	2,261,638
Total	\$ 4,145,000	\$ 960,513	\$ 5,105,513

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 10 – LONG-TERM DEBT (Continued)

3. \$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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 245,000	\$ 56,800	\$ 301,800
2019	275,000	54,350	329,350
2020	310,000	51,600	361,600
2021	340,000	48,500	388,500
2022	375,000	43,225	418,225
2023-2027	2,325,000	151,675	2,476,675
2028-2031	<u>1,810,000</u>	<u>28,050</u>	<u>1,838,050</u>
Total	\$ 5,680,000	\$ 434,200	\$ 6,114,200

4. \$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. The City used a portion of the proceeds from the sale of the Utility System to advance refund \$9,195,000 of outstanding 2012 series Gas and Electric revenue-bonds. As of June 30, 2017, \$7,735,000 of the original debt is still outstanding.

5. \$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 debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 105,000	\$ 38,373	\$ 143,373
2019	107,000	36,567	143,567
2020	109,000	34,727	143,727
2021	111,000	32,852	143,852
2022	113,000	30,942	143,942
2023-2027	652,000	123,478	775,478
2028-2032	726,000	64,380	790,380
2033-2034	<u>308,000</u>	<u>7,965</u>	<u>315,965</u>
Total	\$ 2,231,000	\$ 369,284	\$ 2,600,284

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 10 – LONG-TERM DEBT (Continued)

6. \$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>
2018	\$ 590,577	\$ -	\$ 590,577
Total	<u>\$ 590,577</u>	<u>\$ -</u>	<u>\$ 590,577</u>

7. \$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>
2018	\$ -	\$ 379,150	\$ 379,150
2019	-	379,150	379,150
2020	-	379,150	379,150
2021	120,000	377,650	497,650
2022	185,000	373,375	558,375
2023-2027	1,890,000	1,737,550	3,627,550
2028-2032	7,490,000	867,200	8,357,200
Total	<u>\$ 9,685,000</u>	<u>\$ 4,493,225</u>	<u>\$ 14,178,225</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 10 – LONG-TERM DEBT (Continued)

8. Changes in long term liabilities.

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year June 30, 2017 were as follows:

	July 1 2016	Additions	Reductions	June 30 2017	Due in One Yr
Governmental Activities:					
Bonds Payable					
Special assessment bond 2006 200-1	\$ 1,410,000	\$ -	\$ 180,000	\$ 1,230,000	\$ 55,000
Unamortized bond premium	8,271	-	487	7,784	-
Total bonds payable	<u>1,418,271</u>	<u>-</u>	<u>180,487</u>	<u>1,237,784</u>	<u>55,000</u>
Leases payable	223,973	-	110,916	113,057	113,057
Net pension liability	1,286,897	49,853	-	1,336,750	-
Compensated absences	179,893	124,507	107,908	196,492	19,119
Gov't activities long-term debt	<u>\$ 3,109,034</u>	<u>\$ 174,360</u>	<u>\$ 399,311</u>	<u>\$ 2,884,083</u>	<u>\$ 187,176</u>
Business-Type Activities:					
Bonds payable:					
2008 water and sewer refunding bond	\$ 4,505,000	\$ -	\$ 360,000	\$ 4,145,000	\$ 375,000
Unamortized bond premium	-	-	-	-	-
2009 sewer revenue bond	5,895,000	-	215,000	5,680,000	245,000
2011 Electric and gas revenue bond	-	-	-	-	-
Unamortized bond premium	-	-	-	-	-
2013 Water quality revenue bond	2,334,000	-	103,000	2,231,000	105,000
2013 Gas and electric refunding bond	-	-	-	-	-
2014 Water and sewer refunding bond	9,685,000	-	-	9,685,000	-
Unamortized bond premium	<u>985,090</u>	<u>-</u>	<u>61,568</u>	<u>923,522</u>	<u>-</u>
Total bonds payable	<u>23,404,090</u>	<u>-</u>	<u>739,568</u>	<u>22,664,522</u>	<u>725,000</u>
Notes Payable	1,202,897	-	612,320	590,577	590,577
Net pension liability	343,909	-	63,372	280,537	-
Compensated absences	33,530	24,571	19,539	38,562	-
Business type long-term debt	<u>\$ 24,984,426</u>	<u>\$ 24,571</u>	<u>\$ 1,434,799</u>	<u>\$ 23,574,198</u>	<u>\$ 1,315,577</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 30, 2017

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

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

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
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 30, 2017

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	Employer rate for 401(k) Plan
Contributory System				
111 - Local Governmental Division Tier 2	N/A	N/A	16.670%	1.780%
Noncontributory				
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%	N/A
Tier 20 DC Only				
211 Local Government	N/A	N/A	6.690%	10.000%

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

For the fiscal year ended June 30, 2017, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 355,432	N/A
Tier 2 Public Employee System	138,865	-
Tier 2 DC Only System	9,203	N/A
	<u>\$ 503,500</u>	<u>\$ -</u>

Contributions reported are the URS Board approved required contributions by the System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities of the Tier 1 Systems.

Pension assets, liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2017 the City reported a net pension assets of \$0 and a net pension liability of \$1,617,287.

	<u>(Measurement Date): December 31, 2016</u>				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 1,606,251	0.2514720%	0.2882055%	-0.0380583%
Tier 2 Public Employees System	-	11,036	0.0989357%	0.0035549%	0.0035549%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 1,606,251</u>			

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 11 – STATE RETIREMENT PLANS (Continued)

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, the City recognized pension expense of \$525,535. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,890	\$ 52,865
Changes in assumptions	224,099	53,285
Net difference between projected and actual earnings on the pension plan investments	361,144	107,153
Changes in proportion and differences between contributions and proportionate shares of contributions	7,953	278,491
Contributions subsequent to the measurement date	252,927	-
Total	<u>\$ 881,013</u>	<u>\$ 491,794</u>

The \$252,927 was reported as deferred outflows of resources related to pensions resulting from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2016	30,108
2017	31,500
2018	84,904
2019	(13,914)
2020	309
Thereafter	3,386

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 11 – STATE RETIREMENT PLANS *(Continued)*

Actuarial assumptions – The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.35-10.35 percent, average, including inflation
Investment rate of return	7.2 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 below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women 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, 2017, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 to December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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:

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60% and a real return of 4.60% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the City's proportionate share of the net pension asset and 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportion Share of			
Noncontributory Systems	\$ 3,327,091	\$ 1,606,251	\$ 170,305
Tier 2 Public Employees System	75,120	11,036	(37,715)
Total	<u>\$ 3,402,211</u>	<u>\$ 1,617,287</u>	<u>\$ 132,590</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

Defined Contribution Savings Plans

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

Eagle Mountain City participates in the following Defined Contribution Savings plans with the Utah Retirement Systems:

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
401(k) Plan			
Employer Contributions	\$ 53,059	\$ 39,832	\$ 34,468
Employee Contributions	23,876	23,086	24,432
 457 Plan			
Employer Contributions	159,569	158,995	188,953
Employee Contributions	146,485	142,136	169,503
 457 Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	21,395	26,547	33,783

NOTE 12 – RESTRICTED FUND BALANCES

The City has restricted fund balances for unspent roads funds, special assessments, and impact fees.

NOTE 13 - LITIGATION

The City is a defendant in certain legal actions and pending actions or is 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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 14 - 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 15 – 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 \$4,982,921.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 10, 2017, the date the financial statements were available to be issued.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

The City received funds paid by developers as deposits for landscaping projects throughout the City. When the projects are completed the funds are returned to the developer. During the 2017 fiscal year it was discovered the \$184,293 of these funds were incorrectly recorded as revenue on the financial statements in prior years. As a result the beginning fund balance of the general fund and the governmental activities net position has been restated. In May of 2014 the City issued Series 2013 water quality revenue bonds. The bond proceeds were received as reimbursements were submitted. \$300,000 of the bond proceeds were incorrectly recorded as revenue on the financial statements in subsequent years. As a result the beginning net position of the business type activities have been restated.

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2017
Last 10 Fiscal Years*

Fiscal Year	Proportion of the net liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System					
2015	0.3418200%	\$ 1,484,263	\$ 2,830,676	52.4%	90.2%
2016	0.2882055%	1,630,807	2,337,197	69.78%	87.80%
2017	0.2514720%	1,606,251	1,989,663	80.73%	87.30%
Tier 2 Public Employees Retirement System					
2015	0.0903999%	(2,740)	444,513	-0.6%	103.5%
2016	0.0953808%	(208)	616,135	-0.030%	100.200%
2017	0.9893570%	11,036	811,348	1.360%	95.100%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EAGLE MOUNTAIN CITY
Required Supplementary Information
Schedule of Contributions
June 30, 2017
Last 10 Fiscal Years*

	Fiscal year ended June 30,	Actuarial Determined		Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll
		\$	\$				
Noncontributory System	2014	495,209	495,209	495,209	-	\$ 2,864,137	19.98%
	2015	481,847	481,847	481,847	-	2,608,808	22.03%
	2016	394,681	394,681	394,681	-	2,136,875	22.19%
	2017	355,432	355,432	355,432	-	1,924,378	18.47%
Tier 2 Public Employees Systems	2014	38,159	38,159	38,159	-	272,757	16.64%
	2015	89,317	89,317	89,317	-	597,837	13.85%
	2016	98,396	98,396	98,396	-	659,935	12.13%
	2017	138,865	138,865	138,865	-	931,353	14.91%
Tier 2 Public Employees DC Only System	2014	4,971	4,971	4,971	-	89,085	0.00%
	2015	979	979	979	-	14,572	0.00%
	2016	4,526	4,526	4,526	-	67,651	10.02%
	2017	9,203	9,203	9,203	-	137,568	6.69%

* Contributions in Tier 2 include an amortization rate to help the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

** The amounts presented were determined for the Calendar year January 1-December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,200,000	\$ 5,200,000	\$ 5,694,480	\$ 494,480
Licenses and permits	1,740,800	1,838,800	2,895,474	1,056,674
Intergovernmental	925,000	967,965	1,322,460	354,495
Charges for services	223,200	263,200	1,288,452	1,025,252
Miscellaneous	214,050	217,050	640,324	423,274
Total revenues	8,303,050	8,487,015	11,841,190	3,354,175
EXPENDITURES				
Current:				
General government	2,790,916	2,991,191	2,750,887	240,304
Public safety	2,427,590	2,463,855	2,332,378	131,477
Planning and zoning	394,750	394,750	487,486	(92,736)
Public works	2,746,114	3,047,061	3,115,775	(68,714)
Community development	1,175,101	1,319,801	1,171,572	148,229
Total expenditures	9,534,471	10,216,658	9,858,098	358,560
Excess (deficit) of revenues over (under) expenditures	(1,231,421)	(1,729,643)	1,983,092	3,712,735
OTHER FINANCING SOURCES (USES)				
Proceeds from asset disposals	-	-	-	-
Transfers in	1,231,421	1,331,421	91,023	(1,240,398)
Transfers out	-	(206,508)	(2,001,387)	(1,794,879)
Total other financing sources (uses)	1,231,421	1,124,913	(1,910,364)	(3,035,277)
Net change in fund balance	-	(604,730)	72,728	677,458
Fund balances - beginning	3,070,888	3,070,888	3,070,888	-
Restatement of fund balance (see Note 17)	(184,293)	(184,293)	(184,293)	-
Fund balances - ending	\$ 2,886,595	\$ 2,281,865	\$ 2,959,323	\$ 677,458

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance Detail
Budget to Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,200,000	\$ 5,200,000	\$ 5,694,480	\$ 494,480
Licenses and permits	1,740,800	1,838,800	2,895,474	1,056,674
Intergovernmental	925,000	967,965	1,322,460	354,495
Charges for services	223,200	263,200	1,288,452	1,025,252
Miscellaneous	214,050	217,050	640,324	423,274
Total revenues	8,303,050	8,487,015	11,841,190	3,354,175
EXPENDITURES				
Current:				
General government:				
Legislative	40,795	40,795	35,268	5,527
Recorders	302,584	302,584	256,900	45,684
Attorney	75,000	100,000	116,751	(16,751)
Executive	537,032	569,307	606,883	(37,576)
Finance	391,194	391,194	375,897	15,297
Engineering	464,749	464,749	440,091	24,658
Human Resources	226,293	226,293	-	226,293
Information Technology	241,300	281,300	237,809	43,491
Miscellaneous	-	-	-	-
Public Information	189,208	289,208	227,869	61,339
Building Maintenance	322,761	325,761	453,419	(127,658)
Total general government	2,790,916	2,991,191	2,750,887	240,304
Public safety				
Police	2,427,590	2,463,855	2,332,378	131,477
Planning and zoning	394,750	394,750	487,486	(92,736)
Public works	-	-	-	-
Streets and Roads	1,781,263	1,930,945	1,914,179	16,766
Parks	964,851	1,116,116	1,201,596	(85,480)
Total public works	2,746,114	3,047,061	3,115,775	(68,714)
Community development				
Arts council	-	-	-	-
Youth committee	1,400	1,400	580	820
Recreation	276,808	316,808	317,220	(412)
Senior council	11,427	11,427	46,857	(35,430)
Special events	135,355	135,355	98,761	36,594
Building	417,360	515,360	407,292	108,068
Library	332,751	339,451	300,862	38,589
Total community development	1,175,101	1,319,801	1,171,572	148,229
Total expenditures	9,534,471	10,216,658	9,858,098	358,560
Excess (deficit) of revenues over (under) expenditures	(1,231,421)	(1,729,643)	1,983,092	3,712,735
OTHER FINANCING SOURCES (USES)				
Proceeds from asset sales	-	-	-	-
Transfers in	1,231,421	1,331,421	91,023	(1,240,398)
Transfers out	-	(206,508)	(2,001,387)	(1,794,879)
Total other financing sources (uses)	1,231,421	1,124,913	(1,910,364)	(3,035,277)
Net change in fund balance	-	(604,730)	72,728	677,458
Fund balances - beginning	3,070,888	3,070,888	3,070,888	-
Restatement of net position (see Note 17)	(184,293)	(184,293)	(184,293)	-
Fund balances - ending	\$ 2,886,595	\$ 2,281,865	\$ 2,959,323	\$ 677,458

EAGLE MOUNTAIN CITY
NOTES TO THE REQUIRED SUPPLEMENTARY STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – Changes in assumptions

The following actuarial assumptions changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

NOTE 2 – Budgetary Information

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

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

EAGLE MOUNTAIN CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Debt Service		Capital Projects		Special Revenue Funds				Total Nonmajor Governmental Funds			
	General Debt Service Fund	Special Assess. Area -2014	Special Improv. District 98-1	Special Improv. District 98-3	Special Improv. District 97-1	Storm Water Fund	Impact Fee Parks	Impact Fee Public Safety		Impact Fee Transportation	Cemetery	RDA
ASSETS												
Cash and cash equivalents	\$ 339	\$ -	\$ 554,221	\$ 79,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554	\$ 16,594	\$ 651,211
Restricted cash	-	279,898	-	14,048	173,652	637,981	222,947	-	291,119	-	-	1,619,645
Receivables (net):												
Special assessments	-	1,127,481	-	-	-	-	-	-	-	-	-	1,127,481
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	44,307	-	-	-	-	-	44,307
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 339	\$ 1,407,379	\$ 554,221	\$ 93,551	\$ 173,652	\$ 682,288	\$ 222,947	\$ -	\$ 291,119	\$ 554	\$ 16,594	\$ 3,442,644
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities:												
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 24,864	\$ 49,360	\$ 98,847	\$ -	\$ -	\$ 975	\$ 92	\$ -	\$ 174,138
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	24,864	49,360	98,847	-	-	975	92	-	174,138
Deferred inflows of resources:												
Unavailable Special Improvement Assessments	-	1,127,481	-	-	-	-	-	-	-	-	-	1,127,481
Fund Balances:												
Fund balances restricted for:												
Impact fees	-	-	-	-	-	594,439	222,947	-	290,144	-	-	1,107,530
Special Assessments	-	-	554,221	68,687	124,292	-	-	-	-	-	-	747,200
Assigned for:												
Debt service fund	339	279,898	-	-	-	-	-	-	-	-	-	280,237
Capital projects fund	-	-	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	(10,998)	-	-	-	-	-	-
Total fund balances	339	279,898	554,221	68,687	124,292	583,441	222,947	0	290,144	462	16,594	6,058
Total Liabilities, Deferred inflows of resources, and fund balances	\$ 339	\$ 1,407,379	\$ 554,221	\$ 93,551	\$ 173,652	\$ 682,288	\$ 222,947	\$ -	\$ 291,119	\$ 554	\$ 16,594	\$ 3,442,644

EAGLE MOUNTAIN CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended June 30, 2017

	Debt Service		Capital Projects		Special Revenue Funds				Total Nonmajor Governmental Funds			
	General Debt Service Fund	Special Assess. Area -2014	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	RDA	
REVENUES												
Taxes	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,335	\$ 40,335
Special assessments	-	250,663	-	-	-	-	-	-	-	-	-	250,663
Impact fees	-	-	453,859	107,143	212,248	216,779	866,803	24,394	848,129	-	-	2,729,355
Charges for services	-	-	-	-	-	380,562	-	-	-	17,645	-	398,207
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	2,654	-	17	5	2,257	-	-	13	-	-	4,946
Total revenues	-	253,317	453,859	107,160	212,253	599,598	866,803	24,394	848,142	17,645	40,335	3,423,506
EXPENDITURES												
Current:												
General government	-	-	224,786	-	-	-	-	-	-	-	-	224,786
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	20,000	-	85,735	169,818	525,994	61,028	-	586,045	-	-	1,448,620
Planning and Zoning	-	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	22,475	23,741	46,216
Debt service:												
Principal retirement	0	180,000	-	-	-	-	-	-	-	-	-	180,000
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	0	70,618	-	-	-	-	-	-	-	-	-	70,618
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	0	270,618	224,786	85,735	169,818	525,994	61,028	-	586,045	22,475	23,741	1,970,240
Excess revenues over (under) expenditures	0	(17,301)	229,073	21,425	42,435	73,604	805,775	24,394	262,097	(4,830)	16,594	1,453,266
Other financing sources (uses)												
Loss on grant noncompliance	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	5,000	-	5,000
Transfers out	-	-	-	-	-	(602)	(1,200,000)	(91,023)	(550,000)	-	-	(1,841,625)
Total other financing sources and uses	-	-	-	-	-	(602)	(1,200,000)	(91,023)	(550,000)	5,000	-	(1,836,625)
Excess revenues and other sources over (under) expend. and other uses	-	(17,301)	229,073	21,425	42,435	73,002	(394,225)	(66,629)	(287,903)	170	16,594	(383,359)
Fund balances - beginning of year	339	297,199	325,148	47,262	81,857	510,439	617,172	66,629	578,047	292	-	2,524,384
Fund balances - end of year	\$ 339	\$ 279,898	\$ 554,221	\$ 68,687	\$ 124,292	\$ 583,441	\$ 222,947	\$ -	\$ 290,144	\$ 462	\$ 16,594	\$ 2,141,025

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, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 366,648	\$ 366,648	\$ 56,978	\$ (309,670)
Miscellaneous	1,500	1,500	4,870	3,370
Impact fees	300,000	300,000	579,249	279,249
Total revenues	<u>668,148</u>	<u>668,148</u>	<u>641,097</u>	<u>(27,051)</u>
EXPENDITURES				
Debt service				-
Principal	321,000	321,000	-	321,000
Interest and fees	232,148	232,148	-	232,148
General government	55,000	55,000	51,361	3,639
Public works	60,000	200,000	235,473	(35,473)
Total expenditures	<u>668,148</u>	<u>808,148</u>	<u>286,834</u>	<u>521,314</u>
Excess (deficit) of revenues over (under) expenditures	<u>-</u>	<u>(140,000)</u>	<u>354,263</u>	<u>494,263</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(154,424)	(154,424)	-	154,424
Total other financing sources and uses	<u>(154,424)</u>	<u>(154,424)</u>	<u>-</u>	<u>154,424</u>
Net change in fund balance	(154,424)	(294,424)	354,263	648,687
Fund balances - beginning	254,424	254,424	254,424	-
Fund balances - ending	<u>\$ 100,000</u>	<u>\$ (40,000)</u>	<u>\$ 608,687</u>	<u>\$ 648,687</u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
REVENUES				
Special assessments	\$ 208,769	\$ 212,769	\$ 250,663	\$ 37,894
Miscellaneous	-	-	2,654	2,654
Total revenues	208,769	212,769	253,317	40,548
EXPENDITURES				
Public works	-	4,000	20,000	(16,000)
Debt service				-
Principal	95,000	95,000	180,000	(85,000)
Interest and fees	113,769	113,769	70,618	43,151
Total expenditures	208,769	212,769	270,618	(57,849)
Excess (deficit) of revenues over (under) expenditures	-	-	(17,301)	(17,301)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(17,301)	(17,301)
Fund balances - beginning	297,199	297,199	297,199	-
Fund balances - ending	\$ 297,199	\$ 297,199	\$ 279,898	\$ (17,301)

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 13,823	\$ 13,823
Miscellaneous	-	-	16,736	16,736
Total Revenues	-	-	30,559	30,559
EXPENDITURES				
Debt service				
Capital outlay	1,862,800	6,691,075	4,444,671	2,246,404
Total expenditures	1,862,800	6,691,075	4,444,671	2,246,404
Excess (deficit) of revenues over (under) expenditures	(1,862,800)	(6,691,075)	(4,414,112)	2,276,963
OTHER FINANCING SOURCES (USES)				
Transfers in	1,771,012	6,599,287	6,431,710	(167,577)
Transfers out	-	-	-	-
Total other financing sources (uses)	1,771,012	6,599,287	6,431,710	(167,577)
Net change in fund balance	(91,788)	(91,788)	2,017,598	2,109,386
Fund balances - beginning	33	33	33	-
Fund balances - ending	\$ (91,755)	\$ (91,755)	\$ 2,017,631	\$ 2,109,386

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, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
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
Special Improvement District 98-1
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Impact fees	200,000	225,000	453,859	228,859
Total revenues	200,000	225,000	453,859	228,859
EXPENDITURES				
Public works	200,000	225,000	224,786	214
Debt service	-	-	-	-
Total expenditures	200,000	225,000	224,786	214
Excess (deficit) of revenues over (under) expenditures	-	-	229,073	229,073
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	-	-	229,073	229,073
Fund balances - beginning	325,148	325,148	325,148	-
Fund balances - ending	\$ 325,148	\$ 325,148	\$ 554,221	\$ 229,073

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	17	17
Impact fees	62,000	75,000	107,143	32,143
Total revenues	62,000	75,000	107,160	32,160
EXPENDITURES				
Public works	62,000	75,000	85,735	(10,735)
Total expenditures	62,000	75,000	85,735	(10,735)
Excess (deficit) of revenues over (under) expenditures	-	-	21,425	21,425
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	21,425	21,425
Fund balances - beginning	47,262	47,262	47,262	-
Fund balances - ending	\$ 47,262	\$ 47,262	\$ 68,687	\$ 21,425

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, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	5	5
Impact fees	154,786	185,786	212,248	26,462
Total revenues	154,786	185,786	212,253	26,467
EXPENDITURES				
Public works	154,786	185,786	169,818	15,968
Total expenditures	154,786	185,786	169,818	15,968
Excess (deficit) of revenues over (under) expenditures	-	-	42,435	42,435
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	42,435	42,435
Fund balances - beginning	81,857	81,857	81,857	-
Fund balances - ending	\$ 81,857	\$ 81,857	\$ 124,292	\$ 42,435

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Storm Water Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
REVENUES				
Charges for Services	\$ 350,000	\$ 350,000	\$ 380,562	\$ 30,562
Miscellaneous	500	500	2,257	1,757
Impact fees	66,500	66,500	216,779	150,279
Total revenues	417,000	417,000	599,598	182,598
EXPENDITURES				
Public Works	545,090	545,090	525,994	19,096
Total expenditures	545,090	545,090	525,994	19,096
Excess (deficit) of revenues over (under) expenditures	(128,090)	(128,090)	73,604	201,694
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	(602)	(602)
Total other financing sources	-	-	(602)	(602)
Net change in fund balance	(128,090)	(128,090)	73,002	201,092
Fund balances - beginning	510,439	510,439	510,439	-
Fund balances - ending	\$ 382,349	\$ 382,349	\$ 583,441	\$ 201,092

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Parks Impact Fee
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget - Positive (Negative)
REVENUES				
Impact fees	\$ 510,000	\$ 510,000	\$ 866,803	\$ 356,803
Total revenues	510,000	510,000	866,803	356,803
EXPENDITURES				
Public works	75,000	110,000	61,028	48,972
Total expenditures	75,000	110,000	61,028	48,972
Excess (deficit) of revenues over (under) expenditures	435,000	400,000	805,775	405,775
OTHER FINANCING SOURCES (USES)				
Transfers Out	(600,000)	(1,800,000)	(1,200,000)	600,000
Total other financing sources	(600,000)	(1,800,000)	(1,200,000)	600,000
Net change in fund balance	(165,000)	(1,400,000)	(394,225)	1,005,775
Fund balances - beginning	617,172	617,172	617,172	-
Fund balances - ending	\$ 452,172	\$ (782,828)	\$ 222,947	\$ 1,005,775

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, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 21,500	\$ 21,500	\$ 24,394	\$ 2,894
Total revenues	21,500	21,500	24,394	2,894
EXPENDITURES				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	21,500	21,500	24,394	2,894
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	-	(91,000)	(91,023)	(23)
Total other financing sources	-	(91,000)	(91,023)	(23)
Net change in fund balance	21,500	(69,500)	(66,629)	2,871
Fund balances - beginning	66,629	66,629	66,629	-
Fund balances - ending	\$ 88,129	\$ (2,871)	\$ -	\$ 2,871

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Transportation Impact Fee
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 5	\$ 5	\$ 13	\$ 8
Impact fees	525,500	525,500	848,129	322,629
Total revenues	525,505	525,505	848,142	322,637
EXPENDITURES				
Public works	395,000	775,000	586,045	188,955
Total expenditures	395,000	775,000	586,045	188,955
Excess (deficit) of revenues over (under) expenditures	130,505	(249,495)	262,097	511,592
OTHER FINANCING SOURCES (USES)				
Operating transfers in		-	-	-
Operating transfers out	(550,000)	(550,000)	(550,000)	-
Total other financing sources	(550,000)	(550,000)	(550,000)	-
Net change in fund balance	(419,495)	(799,495)	(287,903)	511,592
Fund balances - beginning	578,047	578,047	578,047	-
Fund balances - ending	\$ 158,552	\$ (221,448)	\$ 290,144	\$ 511,592

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Cemetery Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 33,000	\$ 33,000	\$ 17,645	\$ (15,355)
Intergovernmental	-	-	-	-
Impact fees	-	-	-	-
Total revenues	33,000	33,000	17,645	(15,355)
EXPENDITURES				
Community Development	37,884	37,884	22,475	15,409
Total expenditures	37,884	37,884	22,475	15,409
Excess (deficit) of revenues over (under) expenditures	(4,884)	(4,884)	(4,830)	54
OTHER FINANCING SOURCES (USES)			-	
Operating Transfers In		-	5,000	5,000
Total other financing sources	-	-	5,000	5,000
Net change in fund balance	(4,884)	(4,884)	170	5,054
Fund balances - beginning	292	292	292	-
Fund balances - ending	\$ (4,592)	\$ (4,592)	\$ 462	\$ 5,054

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Redevelopment Agency
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
REVENUES				
Taxes	\$ -	\$ 42,225	\$ 40,335	\$ (1,890)
Intergovernmental	-	-	-	-
Impact fees	-	-	-	-
Total revenues	-	42,225	40,335	(1,890)
EXPENDITURES				
Community Development	-	42,225	23,741	18,484
Total expenditures	-	42,225	23,741	18,484
Excess (deficit) of revenues over (under) expenditures	-	-	16,594	16,594
OTHER FINANCING SOURCES (USES)				
Operating Transfers In		-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	16,594	16,594
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 16,594	\$ 16,594

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2017

	Garbage	Business Incubator	Golf Course	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 539,317	\$ 83,351	\$ 53,611	\$ 676,279
Accounts receivable - net	163,916	512	-	164,428
Total current assets	703,233	83,863	53,611	840,707
Noncurrent assets:				
Note Receivable -(net of current portion)	-	-	702,908	702,908
Net pension asset	-	-	-	-
Land, equipment, buildings and improvements	-	-	-	-
Less: Accumulated depreciation	-	-	-	-
Total noncurrent assets	-	-	702,908	702,908
Total assets	703,233	83,863	756,519	1,543,615
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related costs	-	5,506	-	5,506
Total deferred outflow of resources	-	5,506	-	5,506
Current liabilities:				
Accounts payable and accrued liabilities	116,570	2,232	-	118,802
Due to other funds	-	-	-	-
Total current liabilities	116,570	2,232	-	118,802
Noncurrent liabilities:				
Deposits	-	-	-	-
Compensated absences	-	-	-	-
Net pension liability	-	10,108	-	10,108
Bonds payable	-	-	-	-
Total noncurrent liabilities	-	10,108	-	10,108
Total liabilities	116,570	12,340	-	128,910
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related costs	-	3,074	-	3,074
Total deferred outflow of resources	-	3,074	-	3,074
Net Position:				
Net investment in capital assets	-	-	-	-
Unrestricted	586,663	73,955	756,519	1,417,137
Total net Position	\$ 586,663	\$ 73,955	\$ 756,519	\$ 1,417,137

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2017

	Garbage	Business Incubator	Golf Course	Total
Operating revenues:				
Charges for services	\$ 1,276,313	\$ 3,648	\$ -	\$ 1,279,961
Other operating revenue	-	4,822	-	4,822
Total operating revenues	1,276,313	8,470	-	1,284,783
Operating expenses:				
Salaries and wages	934	78,121	-	79,055
Purchased services	1,118,407	60,254	-	1,178,661
Materials and supplies	42,669	-	-	42,669
Depreciation and amortization	-	-	-	-
Miscellaneous	13,518	-	-	13,518
Total operating expenses	1,175,528	138,375	-	1,313,903
Operating income	100,785	(129,905)	-	(29,120)
Nonoperating revenues (expenses):				
Other Income	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-
Net income (loss) before contributions and transfers	100,785	(129,905)	-	(29,120)
Contributions and transfers				
Contributions	-	-	-	-
Operating transfers in	-	72,000	152,908	224,908
Operating transfers out	-	-	(464,157)	(464,157)
Total contributions and transfers	-	72,000	(311,249)	(239,249)
Change in net Position	100,785	(57,905)	(311,249)	(268,369)
Total net position - beginning	485,878	131,860	1,067,768	1,685,506
Total net position - ending	\$ 586,663	\$ 73,955	\$ 756,519	\$ 1,417,137

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2017

	Garbage	Business Incubator	Golf Course	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,279,123	\$ 10,563	\$ -	\$ 1,289,686
Payments to employees	(934)	(81,973)	-	(82,907)
Payments to suppliers	(1,145,898)	(58,981)	-	(1,204,879)
Net cash provided (used) by operating activities	132,291	(130,391)	-	1,900
Cash Flows From Noncapital Financing Activities				
Transfers In	-	72,000	-	72,000
Transfers Out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	72,000	-	72,000
Cash Flows From Capital and Related Financing Activities				
Net cash provided (used) by capital and related financing activities	-	-	-	-
Cash Flows From Investing Activities				
Net cash provided (used) by investing and related financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	132,291	(58,391)	-	73,900
Cash and cash equivalents - beginning	407,026	141,742	53,611	602,379
Cash and cash equivalents (deficit) - end	<u>\$ 539,317</u>	<u>\$ 83,351</u>	<u>\$ 53,611</u>	<u>\$ 676,279</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 100,785	\$ (129,905)	\$ -	\$ (29,120)
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	-	-	-	-
(Inc.)/decrease in accounts rec.	2,810	2,093	-	4,903
(Inc.)/decrease in due from other funds	-	-	-	-
(Inc.)/decrease in due from net pension asset	-	2	-	2
(Inc.)/decrease in deferred outflows	-	2,176	-	2,176
Increase/(decr.) in net pension liability	-	(5,481)	-	(5,481)
Increase/(decr.) in deferred inflows	-	(549)	-	(549)
Increase/(decr.) in accounts payable	28,696	1,273	-	29,969
Increase/(decr.) in due to other funds	-	-	-	-
Total adjustments	31,506	(486)	-	31,020
Net cash provided (used) by operating activities	<u>\$ 132,291</u>	<u>\$ (130,391)</u>	<u>\$ -</u>	<u>\$ 1,900</u>

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	<u>Fleet</u>	<u>Utility Billing</u>	<u>GIS Services</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 247,667	104,770	\$ 45,513	\$ 397,950
Accounts receivable - net	-	-	-	-
Receivable from Sale of Telecom Assets	-	-	-	-
Due from other funds	-	-	-	-
Total current assets	<u>247,667</u>	<u>104,770</u>	<u>45,513</u>	<u>397,950</u>
Noncurrent assets:				
Net pension asset	-	-	-	-
Land, equipment, buildings and improvements	2,075,242	13,996	34,581	2,123,819
Less: Accumulated depreciation	(1,293,618)	(6,065)	(19,019)	(1,318,702)
Deferred bond financing costs - net	-	-	-	-
Total noncurrent assets	<u>781,624</u>	<u>7,931</u>	<u>15,562</u>	<u>805,117</u>
Total assets	<u>1,029,291</u>	<u>112,701</u>	<u>61,075</u>	<u>1,203,067</u>
<u>DEFERRED OUT FLOW OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>16,943</u>	<u>8,471</u>	<u>25,414</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	34,360	2,269	1,670	38,299
Debt interest payable	909	-	-	909
	-	-	-	-
Current portion of long-term debt	<u>113,056</u>	<u>-</u>	<u>-</u>	<u>113,056</u>
Total current liabilities	<u>148,325</u>	<u>2,269</u>	<u>1,670</u>	<u>152,264</u>
Noncurrent liabilities:				
Deposits	-	-	-	-
Compensated absences	-	4,465	841	5,306
Net pension liability	-	31,102	15,551	46,653
Bonds payable - net of current portion	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>35,567</u>	<u>16,392</u>	<u>51,959</u>
Total liabilities	<u>148,325</u>	<u>37,836</u>	<u>18,062</u>	<u>204,223</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>9,458</u>	<u>4,729</u>	<u>14,187</u>
Net Position:				
Net investment in capital assets	668,568	7,931	15,562	692,061
Unrestricted	<u>212,398</u>	<u>74,419</u>	<u>31,193</u>	<u>318,010</u>
Total net Position	<u>\$ 880,966</u>	<u>\$ 82,350</u>	<u>\$ 46,755</u>	<u>\$ 1,010,071</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Garbage	Business Incubator	Golf Course	Total
Operating revenues:				
Charges for services	\$ 1,276,313	\$ 3,648	\$ -	\$ 1,279,961
Other operating revenue	-	4,822	-	4,822
Total operating revenues	1,276,313	8,470	-	1,284,783
Operating expenses:				
Salaries and wages	934	78,121	-	79,055
Purchased services	1,118,407	60,254	-	1,178,661
Materials and supplies	42,669	-	-	42,669
Depreciation and amortization	-	-	-	-
Miscellaneous	13,518	-	-	13,518
Total operating expenses	1,175,528	138,375	-	1,313,903
Operating income	100,785	(129,905)	-	(29,120)
Nonoperating revenues (expenses):				
Other Income	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-
Net income (loss) before contributions and transfers	100,785	(129,905)	-	(29,120)
Contributions and transfers				
Contributions	-	-	-	-
Operating transfers in	-	72,000	152,908	224,908
Operating transfers out	-	-	(464,157)	(464,157)
Total contributions and transfers	-	72,000	(311,249)	(239,249)
Change in net Position	100,785	(57,905)	(311,249)	(268,369)
Total net position - beginning	485,878	131,860	1,067,768	1,685,506
Total net position - ending	\$ 586,663	\$ 73,955	\$ 756,519	\$ 1,417,137

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Fleet	Utility Billing	GIS Services	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 537,257	\$ 207,159	\$ 122,021	\$ 866,437
Payments to employees	-	(137,758)	(82,775)	(220,533)
Payments to suppliers	(220,937)	(62,463)	(28,190)	(311,590)
Net cash provided (used) by operating activities	316,320	6,938	11,056	334,314
Cash Flows From Noncapital Financing Activities				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of assets	49,116	-	-	49,116
Acquisition of capital assets	(420,058)	-	-	(420,058)
Principal paid on outstanding debt	(110,916)	-	-	(110,916)
Interest paid on outstanding debt	(4,323)	-	-	(4,323)
Net cash provided (used) by capital and related financing activities	(486,181)	-	-	(486,181)
Cash Flows From Investing Activities				
Net cash provided (used) by investing and related financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(169,861)	6,938	11,056	(151,867)
Cash and cash equivalents - beginning	417,528	97,832	34,457	549,817
Cash and cash equivalents (deficit) - end	\$ 247,667	\$ 104,770	\$ 45,513	\$ 397,950
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 17,075	\$ 88	\$ 10,675	\$ 27,838
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	273,623	2,800	6,916	283,339
(Inc.)/decrease in accounts rec.	-	-	-	-
(Inc.)/decrease in due from other funds	-	-	-	-
(Inc.)/decrease in due from net pension asset	-	3	3	6
(Inc.)/decrease in deferred outflows	-	(5,125)	3,347	(1,778)
Increase/(decr.) in accounts payable	25,622	(3,437)	(860)	21,325
Increase/(decr.) in net pension liability	-	7,120	(8,431)	(1,311)
Increase/(decr.) in deferred inflows	-	3,885	(844)	3,041
Increase/(decr.) in compensated absences	-	1,604	250	1,854
Total adjustments	299,245	6,850	381	306,476
Net cash provided (used) by operating activities	\$ 316,320	\$ 6,938	\$ 11,056	\$ 334,314

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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)

	<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>2016</u>	<u>2017</u>
Governmental activities										
Invested in capital assets*	\$ 38,569,662	\$ 40,748,737	\$ 44,418,052	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396	\$ 47,939,072	\$ 59,048,455	\$ 66,092,722	\$ 76,834,279
Restricted	2,987,194	1,500,596	1,065,240	714,724	542,636	510,486	668,962	1,081,833	1,642,085	1,107,530
Unrestricted	12,138,463	9,592,381	11,520,458	9,051,382	7,743,147	7,213,734	9,891,812	6,694,321	5,176,939	6,950,460
Total governmental activities	53,695,319	51,841,714	57,003,750	56,263,115	57,404,320	55,323,616	58,499,846	66,824,609	72,911,746	84,892,269
Business-type activities										
Invested in capital assets*	20,641,852	26,114,762	31,480,947	29,952,526	31,476,911	30,175,509	32,487,480	32,767,922	38,007,144	43,226,694
Restricted	6,183,242	2,564,551	1,283,953	1,429,319	2,074,128	2,326,787	2,712,824	1,239,952	2,992,801	4,132,156
Unrestricted	10,477,807	9,991,369	11,302,137	13,459,716	12,984,090	12,116,297	13,123,112	19,392,299	17,900,677	18,406,880
Total business-type activities net position	37,302,901	38,670,682	44,067,037	44,841,561	46,535,129	44,618,593	48,323,416	53,400,173	58,900,622	65,765,730
Primary government										
Invested in capital assets*	59,211,514	66,863,499	75,898,999	76,449,535	80,595,448	77,774,905	80,426,552	91,816,377	104,099,866	120,060,973
Restricted	9,170,436	4,065,147	2,349,193	2,144,043	2,616,764	2,837,273	3,381,786	2,321,785	4,634,886	5,239,686
Unrestricted	22,616,270	19,583,750	22,822,595	22,511,098	20,728,237	19,330,031	23,014,924	26,086,621	23,077,616	25,357,340
Total primary government net position	\$ 90,998,220	\$ 90,512,396	\$ 101,070,787	\$ 101,104,676	\$ 103,940,449	\$ 99,942,209	\$ 106,823,262	\$ 120,224,783	\$ 131,812,368	\$ 150,657,999

Source: Eagle Mountain City

*Net of Related Debt

EAGLE MOUNTAIN CITY

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Government activities:										
General government	\$ 3,393,442	\$ 3,259,897	\$ 3,106,320	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417	\$ 2,731,266	\$ 2,555,214	\$ 3,257,256	\$ 3,075,688
Public safety	2,598,390	3,224,661	3,178,543	3,365,961	3,293,066	3,581,943	2,083,205	2,352,818	2,286,418	2,332,378
Highways & public works	3,365,857	3,008,069	2,892,028	3,214,925	3,213,528	3,973,735	4,516,101	6,730,966	6,496,475	7,506,410
Community development	887,663	856,425	1,298,779	1,412,892	1,018,550	1,280,805	1,036,699	876,459	1,174,443	1,281,716
Planning	353,383	311,035	286,370	272,774	427,747	357,287	327,311	395,512	380,673	508,154
Interest on long-term debt	904,835	642,187	596,349	547,600	476,291	308,993	243,250	160,767	166,707	68,597
Total governmental activities expense	11,503,570	11,302,274	11,358,389	11,804,235	11,582,533	12,624,180	10,937,832	13,071,736	13,761,972	14,772,943
Business-type activities										
Water utility	3,192,084	2,219,747	2,736,064	2,662,958	2,770,503	2,692,125	3,017,295	3,589,243	4,077,461	4,217,435
Sewer utility	2,237,142	2,140,464	2,332,494	2,789,203	2,957,091	3,014,536	2,899,340	3,510,591	3,923,954	4,004,069
Electric utility	7,369,758	6,901,985	7,652,208	7,681,522	8,608,622	9,819,481	10,135,436	9,834,298	95,183	61,235
Gas utility	4,290,584	4,027,587	3,548,988	3,538,421	3,789,711	3,494,341	4,102,155	3,452,371	79,069	61,731
Golf Course	-	-	444,284	287,459	-	-	-	-	-	-
Non Major Business	610,650	640,488	689,636	859,093	1,202,245	3,047,851	1,061,465	1,031,895	1,148,040	1,310,495
Total business-type activities expense	17,700,218	15,930,271	17,403,674	17,818,656	19,328,172	22,068,334	21,215,691	21,418,398	9,323,707	9,654,965
Total primary government expenses	29,203,788	27,232,545	28,762,063	29,622,891	30,910,705	34,692,514	32,153,523	34,490,134	23,085,679	24,427,908
Program Revenues										
Governmental activities										
Charges for services:	6,352,024	4,491,894	3,705,627	3,916,189	4,167,532	4,685,581	3,485,946	3,574,307	4,569,333	4,898,084
Operating grants and contributions	339,536	288,904	319,680	442,020	198,014	138,386	29,359	14,442	52,235	24,429
Capital grants and contributions	2,211,621	1,011,026	6,545,969	3,016,669	4,365,668	1,742,092	6,473,181	10,865,051	10,001,603	13,384,998
Total governmental activities program revenues	8,903,181	5,791,824	10,571,276	7,374,878	8,731,214	6,566,059	9,988,486	14,453,800	14,623,171	18,307,511
Business-type activities:										
Charges for services:	17,301,246	16,324,142	18,004,454	17,864,153	19,213,210	20,737,488	24,004,272	20,171,460	11,472,554	13,254,589
Operating grants and contributions	-	-	650,000	-	-	-	-	-	-	-
Capital grants and contributions	1,371,050	973,910	6,397,229	729,027	1,381,304	231,593	948,298	4,418,845	3,431,786	6,250,205
Total business-type activities program revenues	18,672,296	17,298,052	25,051,683	18,593,180	20,594,514	20,969,081	24,952,570	24,590,305	14,904,340	19,504,794
Total primary governmental program revenues	27,575,477	23,089,876	35,622,959	25,968,058	29,325,728	27,535,140	34,941,056	39,044,105	29,527,511	37,812,305

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	\$ (2,600,389)	\$ (5,510,450)	\$ (787,113)	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)	\$ (949,346)	\$ 1,382,064	\$ 861,199	\$ 3,534,568
Business-type activities	972,078	1,367,781	7,648,008	774,524	1,266,342	(1,099,253)	3,736,879	3,171,906	5,580,633	9,849,829
Total Primary government net expense	(1,628,311)	(4,142,669)	6,860,895	(3,654,833)	(1,584,977)	(7,157,374)	2,787,533	4,553,970	6,441,832	13,384,397
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	932,200	835,302	1,044,484	943,293	1,194,590	1,378,945	1,124,767	1,089,674	1,202,258	1,377,090
General sales & use tax	1,716,936	1,682,982	1,768,140	1,809,411	1,918,612	2,053,493	2,246,317	2,478,132	2,751,058	3,139,809
Franchise tax	839,254	813,319	673,339	870,743	840,600	869,847	697,421	870,287	1,110,170	1,224,569
Other	224,844	122,869	-	-	-	-	-	-	-	-
Interest earnings	847,814	202,373	56,460	62,486	38,722	26,550	25,015	43,559	82,267	204,058
Contribution of assets from Utility Funds	-	-	-	-	-	-	-	3,852,118	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(297,188)	-	-
Transfers	-	-	2,206,726	-	-	-	32,056	195,519	80,184	2,684,721
Total Governmental activities	4,561,048	3,656,845	5,749,149	3,685,933	3,992,524	4,328,835	4,125,576	8,232,101	5,225,937	8,630,247
Other Business-type activities:										
Gain (loss) on disposition of capital assets	-	-	(44,928)	2,790	428,227	-	-	6,234,012	-	-
Contribution of assets from Utility Funds	-	-	-	-	-	-	-	(3,852,118)	-	-
Transfers	-	-	(2,206,726)	-	-	-	(32,056)	(195,519)	(80,184)	(2,684,721)
Total Other Business-type activities	-	-	(2,251,654)	2,790	428,227	0	(32,056)	2,186,375	(80,184)	(2,684,721)
Change in Net Position										
Governmental activities	566,238	(1,853,605)	5,162,036	837,404	(1,637,370)	3,379,489	5,507,640	8,232,101	5,225,937	12,164,815
Business-type activities	(402,166)	1,367,781	5,396,355	1,266,342	(1,099,253)	3,736,878	3,139,851	2,186,375	(80,184)	7,165,108
Total primary government	\$ 164,072	\$ (485,824)	\$ 10,558,391	\$ 2,103,746	\$ (2,736,623)	\$ 7,116,367	\$ 8,647,491	\$ 10,418,476	\$ 5,145,753	\$ 19,329,923

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)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ 366,766	\$ 226,675	\$ 330,030	\$ 259,994	\$ 322,006	\$ 20,468	\$ -	\$ -	\$ -	\$ -
Unassigned	1,515,640	572,725	1,030,020	744,883	1,078,312	1,870,514	2,602,459	2,162,826	3,070,888	2,959,323
Total general fund	1,882,406	799,400	1,360,050	1,004,877	1,400,318	1,890,982	2,602,459	2,162,826	3,070,888	2,959,323
All Other Governmental Funds										
Restricted	2,620,428	1,273,921	735,210	454,730	2,277,180	2,041,588	1,688,626	1,934,908	2,350,766	2,463,417
Assigned					498,146	861,413	2,073,633	965,104	428,063	2,303,926
Unassigned reported in										
Special Revenue Funds	9,703,661	1,637,680	1,679,518	1,291,126						
Capital Projects Funds		(274,214)	1,120,288	583,268						
Nonmajor	3,077,418	1,445,534	1,551,808	1,371,682						
Total all other governmental funds	\$ 15,401,507	\$ 4,082,921	\$ 5,086,824	\$ 3,700,806	\$ 2,775,326	\$ 2,903,001	\$ 3,762,259	\$ 2,900,012	\$ 2,778,829	\$ 4,767,343

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 3,427,645	\$ 3,364,610	\$ 3,625,087	\$ 3,725,354	\$ 3,983,273	\$ 4,260,060	\$ 4,128,574	\$ 4,438,660	\$ 5,060,489	\$ 5,734,815
Licenses, fees, and permits	942,640	786,417	948,384	582,467	705,536	1,124,774	1,552,860	1,662,088	2,214,940	2,895,474
Intergovernmental	712,562	1,008,313	1,025,706	1,470,391	1,148,673	1,047,984	778,765	821,777	948,648	1,336,283
Charges for services	2,093,475	2,450,291	2,533,440	3,221,891	3,361,767	3,428,521	1,882,121	1,855,281	2,039,483	1,686,659
Special assessments	585,043	419,457	657,738	833,525	650,680	398,497	867,149	422,258	1,922,459	307,641
Impact fees	426,557	258,491	971,829	372,702	434,374	877,598	1,495,226	1,523,058	2,024,613	3,308,604
Miscellaneous	1,072,658	517,664	606,367	549,381	138,951	158,836	120,980	313,700	767,731	666,876
Total Revenues	9,260,580	8,805,243	10,368,551	10,755,711	10,423,254	11,296,270	10,825,675	11,036,822	14,978,363	15,936,352
Expenditures										
Current:										
General Government	3,378,071	3,240,846	3,070,761	3,030,497	3,001,105	3,109,776	2,703,466	2,617,687	3,222,850	3,027,034
Community Development	895,471	894,762	1,538,065	1,423,667	1,037,651	1,266,531	1,027,595	1,106,656	1,245,069	1,217,788
Public Works	1,795,329	1,313,918	1,097,471	1,452,650	1,249,543	1,863,423	3,412,266	3,136,684	2,880,937	4,799,868
Public Safety	2,811,955	3,162,711	3,146,335	3,312,336	3,246,420	2,806,751	2,065,929	2,367,014	2,286,418	2,332,378
Planning and Zoning	346,933	304,463	273,129	270,376	432,894	348,991	317,400	386,939	415,180	487,486
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal Retirement	3,464,889	390,000	342,000	1,133,000	1,092,000	854,000	3,651,000	940,000	1,817,000	180,000
Bond Issuance Costs							123,286	-	-	-
Interest and Fiscal Charges	907,643	545,830	529,374	511,161	416,682	313,772	226,440	277,744	180,379	70,618
Capital Outlay	620,132	3,593,620	1,013,590	1,363,216	476,999	144,662	375,859	1,664,752	2,223,822	4,444,671
Total expenditures	14,220,423	13,446,150	11,010,725	12,496,903	10,953,294	10,707,906	13,903,241	12,497,476	14,271,655	16,559,843
Excess of revenues over (under) expenditure	(4,959,843)	(4,640,907)	(642,174)	(1,741,192)	(530,040)	588,364	(3,077,566)	(1,460,654)	706,708	(623,491)

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

	<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>2016</u>	<u>2017</u>
Other Financing Sources (Uses)										
Issuance of long term debt										
Interim warrants								497,516		
Proceeds from Asset Disposals						30000		(412,000)		
Loss on Grant Noncompliance							4,616,245			
Debt Proceeds										
Contributions										
Transfer in	3,681,608	1,606,049	4,716,936	478,504	400,426	608,584	660,676	2,154,692	1,802,835	6,527,733
Transfers out	(3,681,608)	(1,606,049)	(2,510,210)	(478,504)	(400,426)	(608,584)	(628,620)	(2,081,434)	(1,722,651)	(3,843,012)
Total other financing sources (uses)	0	0	2,206,726	0	0	30,000	4,648,301	158,774	80,184	2,684,721
Net change in fund balances	\$ (4,959,843)	\$ (4,640,907)	\$ 1,564,552	\$ (1,741,192)	\$ (530,040)	\$ 618,364	\$ 1,570,735	\$ (1,301,880)	\$ 786,892	\$ 2,061,230
Debt service as a percentage of noncapital expenditures	32.15%	9.50%	8.72%	14.77%	14.40%	11.06%	28.66%	11.24%	16.58%	2.18%

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	Commercial and				Unimproved Non FAA-Vacant	Centrally Assessed Values	Less: Tax-		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential Property (1)	Industrial Property (2)	Agricultural Property	FAA			Exempt Property					
2008	\$ 743,789,652	\$ 24,341,246	\$ 1,007,400	\$ 656,571	\$ 18,900,020	\$ 28,594,463	\$ 49,158,454	\$	768,130,898	0.1163%	\$ 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	0.1230%	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	0.1400%	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	0.1510%	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	0.1636%	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	0.1668%	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	0.1380%	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	0.1192%	1,298,297,438	0.55
2016	790,828,684	21,392,771	3,835,800	984,050	104,647,449	39,069,499	148,536,798		812,221,455	0.1118%	1,476,766,282	0.55
2017	906,140,094	31,143,681	3,824,900	1,120,838	104,011,021	56,115,663	165,072,422		937,283,775	0.1081%	1,704,152,318	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	
2008	1.163	1.163	0.843	0.302	6.937		0.121	0.036	9.402
2009	1.230	1.230	0.809	0.286	7.057		0.121	0.175	9.678
2010	1.400	1.400	0.878	0.400	7.541		0.142	0.183	10.544
2011	1.510	1.510	1.108	0.421	8.220		0.162	0.024	11.445
2012	1.636	1.636	1.143	0.436	8.812		0.172	0.027	12.226
2013	1.668	1.668	1.127	0.455	8.828		0.168	0.029	12.275
2014	1.380	1.380	1.006	0.446	8.699	2.192	0.158	0.095	13.976
2015	1.192	1.192	0.916	0.422	8.096	2.097	0.013	0.220	12.956
2016	1.118	1.118	0.870	0.405	8.177	1.997	0.012	0.216	12.795
2017	1.081	1.081	0.834	0.400	7.718	1.884	0.011	0.204	12.132

Source: Utah County Treasurer

EAGLE MOUNTAIN CITY
Principal Property Tax Payers
Fiscal Years 2008 and 2017

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
TAXPAYER						
PACIFICORP	\$ 24,680,445	1	2.04%			
QUESTAR GAS	16,128,641	2	1.34%			
KERN RIVER GAS TRANSMISSION CO	11,429,128	3	0.95%			
DIRECT COMMUNICATIONS	9,840,331	4	0.82%			
CJM LIMITED PARTNERSHIP	5,633,400	5	0.47%			
RESIDENTIAL CONSTRUCTION MANAGEMENT LLC	5,387,920	6	0.45%			
AMH 2014-3 BORROWER LLC	5,038,220	7	0.42%			
PONY EXPRESS LAND DEVELOPMENT INC	4,330,600	8	0.36%			
FIELDSTONE SILVERLAKE LLC	4,041,790	9	0.33%			
RPP LLC	3,831,300	10	0.32%			
	<u>\$ 90,341,775</u>					
KERN RIVER GAS TRANS CO				\$ 15,565,483	1	1.99%
BUCKEYE PROPERTIES LLC				11,939,500	2	1.53%
STONE HAVEN DEVELOPMENT LLC				9,666,000	3	1.24%
EAGLE MOUNTAIN HOLDINGS LLC				8,565,196	4	1.09%
EAGLE MOUNTAIN LINKS LLC				7,982,890	5	1.02%
DIRECT COMMUNICATIONS CEDAR VALLEY LLC				7,847,015	6	1.00%
S L 6 LLC				7,840,602	7	1.00%
SUNDANCE HOMES LLC				7,781,876	8	0.99%
PREMA-SCHILL LLC				4,848,347	9	0.62%
MONTERRA ENTERPRISES LLP				4,212,490	10	0.54%
	<u><u>\$ 86,249,399</u></u>					

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

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Current Amount Collected	Percentage of Levy	Subsequent Delinquent Amount Collected	Total Collected to Date	Percentage of Levy
2008	\$ 807,757	\$ 685,943	84.9%	\$ 121,814	\$ 807,757	100.00%
2009	1,005,266	824,566	82.0%	180,700	1,005,266	100.00%
2010	1,022,944	865,717	84.6%	157,227	1,022,944	100.00%
2011	1,033,170	912,961	88.4%	119,773	1,032,734	99.96%
2012	1,082,688	990,018	91.4%	92,363	1,082,381	99.97%
2013	1,102,986	1,027,078	93.1%	75,594	1,102,672	99.97%
2014	972,744	910,201	93.6%	61,263	971,464	99.87%
2015	987,417	931,878	94.4%	53,731	985,610	99.82%
2016	1,074,593	1,014,350	94.4%	52,093	1,066,444	99.24%
2017	1,191,899	1,136,921	95.4%	41,987	1,178,908	98.91%

Source: Utah County Treasurer

EAGLE MOUNTAIN CITY

Taxable Sales by Category

Last Ten Fiscal Years

	Fiscal Year									
	<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>2016</u>	<u>2017</u>
Retail/Grocery	\$ 3,901	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984	\$ 127,141	\$ 222,813	\$ 298,627	\$ 339,642	
Utility/Communication	209,307	159,474	172,425	182,864	195,865	201,344	223,063	224,107	234,343	
Auto dealers & supplies	1,393	1,373	6,781	9,006	11,539	13,639	15,401	15,978	18,382	
Eating & drinking establishments	9,040	7,784	7,476	12,503	11,119	9,687	10,251	24,765	32,893	
Home furnishings and appliances	3,208	2,184	1,914	975	1,774	2,827	2,326	5,719	2,735	
Medical	110	217	1,483	2,265	2,698	2,300	3,872	3,815	6,680	
Service stations	39,461	33,609	38,238	39,338	43,905	47,175	45,297	53,990	68,693	
All other outlets	68,466	27,393	11,698	15,415	16,041	36,561	39,795	58,993	143,245	
Utah State Tax- Motor Vehicle	19,761	38,309	45,568	46,642	50,422	54,359	60,151	67,971	85,646	
Totals	\$ 354,647	\$ 280,527	\$339,688	\$ 376,346	\$ 416,347	\$ 495,032	\$ 622,970	\$ 753,965	\$ 932,259	

Source: The City of Eagle Mountain

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
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%
2016	1.00%	0.25%	0.80%	4.70%
2017	1.00%	0.25%	0.80%	4.70%

Source: Utah State Tax Commission

EAGLE MOUNTAIN CITY

Sales Tax Revenue Payers by Industry

Fiscal Years 2008 and 2017

	Fiscal Year 2008*				Fiscal Year 2017			
	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	836	49.5%	\$ 339,642.20	36.4%
Utility/Communication	N/A	N/A	N/A	N/A	95	5.6%	234,342.69	25.1%
Auto Dealers & Supplies	N/A	N/A	N/A	N/A	37	2.2%	18,382.20	2.0%
Eating/Drinking Establishments	N/A	N/A	N/A	N/A	21	1.2%	32,893.33	3.5%
Home Furnishings & Appliances	N/A	N/A	N/A	N/A	52	3.1%	2,734.93	0.3%
Medical	N/A	N/A	N/A	N/A	31	1.8%	6,679.80	0.7%
Service Stations	N/A	N/A	N/A	N/A	6	0.4%	68,693.02	7.4%
All Other Outlets	N/A	N/A	N/A	N/A	611	36.2%	143,245.25	15.4%
Utah State Tax- Motor Vehicle	N/A	N/A	N/A	N/A	1	0.1%	85,645.88	9.2%
Total	N/A	N/A	N/A	N/A	1690	100.0%	\$ 932,259.30	100.0%

Source: The City of Eagle Mountain

*City has no records for FY2008.

EAGLE MOUNTAIN CITY

Charges for Water Fees

Last Ten Fiscal Years

	Fiscal Year									
	<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>2016</u>	<u>2017</u>
Water Sales	\$ 1,803,162	\$ 1,872,564	\$ 2,004,797	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,811,503	\$ 3,062,503	\$ 3,222,097	\$ 3,802,599
Secondary Water	-	-	-	-	-	-	-	-	-	-
Other	142,505	92,515	172,399	-	-	-	159,107	15,973	470,701	1,512
Totals	<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>	<u>\$ 3,692,798</u>	<u>\$ 3,804,111</u>

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.

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

108

EAGLE MOUNTAIN CITY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Utah County	\$ -	4.20%	\$ -
Alpine School District	441,725,000	7.80%	34,454,550
Central Utah Water Cons. Dist.	661,689,000	0.93%	6,153,708
Subtotal, overlapping debt			40,608,258
City direct debt			<u>1,343,000</u>
Total direct and overlapping debt			<u><u>\$ 41,951,258</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 2017

Assessed value	\$1,110,387
Debt limit (12% of the assessed value)	133,246
Debt applicable to limit	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	
Total debt debt applicable to limit	133,246
Legal debt margin	

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 98,075	\$ 90,254	\$ 83,359	\$ 75,720	\$ 74,895	\$ 79,794	\$ 83,804	\$ 96,938	\$ 109,972	\$ 133,246
Total net debt applicable to limit										
Legal debt margin	98,075	90,254	83,359	75,720	74,895	79,794	83,804	96,938	109,972	133,246

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%	0.00%
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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					Debt Service					Utility Service Charge	Less: Operating Expenses					Net Available Revenue					Debt Service					Special Assessment	Debt Service		
	Year	Charge	Less: Operating Expenses	Net Available Revenue	Coverage	Principal	Interest	Coverage	Principal	Interest		Coverage	Principal	Interest	Coverage	Principal	Interest	Coverage	Principal	Interest	Coverage									
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		754		88	0.25	
2016		7,031		6,787		244		530		515	0.23		-		-		-		-		-	-		964		867		62	1.04	
2017		7,459		7,087		372		678		688	0.27		-		-		-		-		-	-		57		-		-	-	

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			Debt Service				Special Assessments	Debt Service			
	Assessments	Principal	Interest	Coverage	Assessments	Principal	Interest		Coverage	Class B & C Road Funds	Principal	Interest
2008	\$ 230	\$ 345	\$ 703	0.22	-	-	-	-	\$ 563	\$ 111	\$ 39	3.75
2009	166	108	101	0.79	-	-	-	-	618	115	36	4.09
2010	132	112	110	0.59	-	-	-	-	704	119	31	4.69
2011	182	315	97	0.44	-	-	-	-	745	123	28	4.93
2012	305	523	66	0.52	-	-	-	-	729	128	21	4.89
2013	5	558	41	0.01	-	-	-	-	772	134	16	5.15
2014	-	-	-	-	211	-	-	-	738	146	10	5
2015	-	-	-	-	209	224	-	0.93	-	-	-	-
2016	-	-	-	-	959	950	118	0.90	-	-	-	-
2017	-	-	-	-	251	180	71	1.00	-	-	-	-

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*
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
2016	31,165	512,700,028	16,451	2.9
2017	32,980	570,420,663	17,296	2.9

EAGLE MOUNTAIN CITY
Principal Employers
Current Year and Nine Years Ago

	2017			2008 ⁽²⁾		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Alpine School District	482	1	41.80%	N/A		N/A
Eagle Mountain City	128	2	11.10%	N/A		N/A
Ridley's Family Market	114	3	9.89%	N/A		N/A
Job Match LLC	60	4	5.20%	N/A		N/A
Rockwell High School	50	5	4.34%	N/A		N/A
Ranches Academy	48	6	4.16%	N/A		N/A
Questar Gas	37	7	3.21%	N/A		N/A
The Ranches Golf Club	30	8	2.60%	N/A		N/A
TM Crushing LLC	27	9	2.34%	N/A		N/A
Maverik	23	10	1.99%	N/A		N/A
Revere Health	20	11	1.73%	N/A		N/A
Direct Communications	19	12	1.65%	N/A		N/A
Village Pizza	18	13	1.56%	N/A		N/A
Six Sisters Deli & Grille	18	13	1.56%	N/A		N/A
Subway	15	15	1.30%	N/A		N/A
Domino's Pizza	15	15	1.30%	N/A		N/A
Utah Addiction Centers, LLC	13	17	1.13%	N/A		N/A
Jiffy Lube	13	17	1.13%	N/A		N/A
Gotta Dance	12	19	1.04%	N/A		N/A
Holiday Oil	11	20	0.95%	N/A		N/A
Total City Employment	1,153		88.38%	N/A		N/A

Source: The City of Eagle Mountain

(1) Includes the top twenty employers according to total number of employees.

(2) 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

Full-time-Equivalent Employees as of June 30

<u>Function/Program</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>2016</u>	<u>2017</u>
General government										
Administration	8.6	6.6	8.6	11	8	7	5	5.5	4	5.41
Finance	4	4	3	3	3	3	4	4	4	3.6
Planning	5	4	3.5	2.5	3.5	2.83	4	4	4	4
Building	7	6	5.5	3.5	3.5	3.5	5.5	5.75	5	5.25
Recorder	3	3	3	3	3	3	3	3	3	3
Facilities	0	0	0	0	0	0	1	1.5	3	2.1
Public Information	0	0	0	0	0	0	1	1.25	2	2.4
Human Resources	0	0	0	0	0	0	1	1	1	1
Other	0	0	0	0	3.38	3	1.5	2.15	1.5	7.38
Police										
Crossing Guards	3.5	3.5	3.2	3.2	3.2	3.2	4.75	5.25	5	4.52
Fire										
Firefighters and office	16.75	15.8	16.59	16.59	17	17	0	0	0	0
Parks and recreation	5	5	1	4.75	4.5	4.5	7.2	7.2	7.5	9.33
Library	2.3	2.2	2.3	2.3	4.13	4.13	5.15	5.5	6	6.33
Other public works										
Management	3	4	0	0	0	0	0	0	0	0
Engineering	2	2	2.3	2.6	2.66	2.66	4.96	5	5	4.33
Streets	4	4	3.5	3.25	3.5	3.5	4.5	4.5	7.5	6.01
Water	4	4	6	5.17	5.17	5.16	5.3	5.5	7	5.93
Wastewater	4	4	5.1	5.17	5.17	5.17	5.31	4	4.5	5.3
Utility Billing	4	4	4	3.75	4.75	5	5.5	4	3	3.5
Other	0	1	4	2	2	2	2.68	3.38	3	4.63
Energy	18	13	13	12	12	11	13	0	0	0
Total	94.15	86.1	84.59	83.78	88.46	85.65	84.35	72.48	76	84.02

EAGLE MOUNTAIN CITY

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program: <u>General government</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>2016</u>	<u>2017</u>
Building										
Building permits issued	254	131	323	259	280	458	559	674	1,086	1,437
Building inspections conducted	3,869	2,471	3,900	1,698	1,850	2,864	4,155	4,958	6,382	8,000
Police¹										
Physical arrest		392	424	454	384	416	353	498	481	492
Warrants served		34	53	66	58	48	39	86	154	86
Traffic violations		1,157	1,730	1,565	2,062	1,399	1,500	1,821	2,148	1,420
Fire²										
Emergency responses	640	612	676	693	694					
Inspections	73	95	105	110	155					
Streets										
Miles plowed - snow removal		14,546	9,594	12,185	5,339	10,574	5,896	1,394	11,522	10,981
Crack seal (sq. ft.) ³			567	513	1,280	480	720	305	147	462,000
Asphalt Repairs (sq. ft.)		309,798	18,484	130,786	10,308	21,768	58,313	88,454	75,782	365,731
Parks and recreation										
Youth City sports registrations		2,056	2,183	2,301	2,747	2,704	3,379	3,402	2,448	1,011
Total recreational sports (youth/adult)		4/1	3/0	3/1	3/1	3/5	4/5	4/5	3/5	1/7
Water										
New meters installed		310	351	147	137	228	354	410	446	657
Water meters replaced		190	169	169	169	239	156	646	436	318
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	4,820,000	4,903,000
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	4,366,025	4,858,875

Source: The City of Eagle Mountain

Notes:

¹ The City contracts with the Utah County Sheriff's Department for police services.

² Unified Fire Authority acquired the assets and took over operations of the City's Fire Department in January of 2013.

³ Starting in 2017, crack seal repairs are measured in number of square feet of roads repaired. Prior to 2017, crack seal was measured in number of staff hours spent.

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

<u>Function/Program</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>2016</u>	<u>2017</u>
Police ¹										
Patrol units		15	15	15	15	15	15	16	16	16
Fire ²										
Fire Hydrants				918	918	958	957	998	1,116	1,123
Fire Stations	2	2	2	2	2					
Other public works										
Streets (miles)	113.52	122.98	136	142	133	133.5	138.37	143	151.97	154.14
Gas mains (miles) ³		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	1,200,000	1,200,000
Sanitary sewers (miles) ⁴		72	72.2	72.2	72.2	73	85	89.49	83.95	94.6
Parks and recreation										
Total developed park (acres)		78.22	58	66	76	79	88	90	100	124
Playgrounds	11	11	11	12	15	15	15	15	17	23
Baseball/softball diamonds	3	3	3	7	7	7	7	7	7	7
Soccer/football fields	3	3	3	4	4	5	5	5	5	5
Water										
Water pipe (miles) ⁴		136	139	139	141	142	151.9	156.65	125.59	136.59
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	6,600,000	9,000,000

Source: The City of Eagle Mountain

Notes:

¹ The City contracts with the Utah County Sheriff's Department for police services

² 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.

³ Questar Gas acquired the assets and took over operations of the City's natural gas utility in March of 2015

⁴ Sanitary sewer miles and water pipe miles decreased in 2016 due to improvements made in the City's GIS system to make it more accurate.

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GOVERNMENT AUDITING STANDARDS REPORT
UTAH STATE COMPLIANCE REPORT



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ESTABLISHED 1974

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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, 2017, 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 10, 2017.

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 10, 2017

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GILBERT & STEWART

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

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

Report On Compliance with General State Compliance Requirements

We have audited Eagle Mountain City's ("the City") compliance with the applicable general state 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 for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

Budgetary Compliance
Fund Balance
Utah Retirement Systems
Restricted Taxes and Related Revenues
Open and Public Meetings Act
Treasurer's Bond
Enterprise Fund Transfers
Tax Levy Revenue Recognition

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

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 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 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. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion, Eagle Mountain City, complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2017.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Audit Guide and which are described in a separate letter to management dated December 10, 2017, as item 2017-1. Our opinion on compliance was not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in a separate letter to management. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Financial Reporting

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 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 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 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 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 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. However, material weaknesses may exist that have not been identified.

We noted matters involving internal control over compliance which we are submitting for your consideration. These matters are described in a separate letter to management as item 2017-1.

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

December 10, 2017

EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FY ENDED JUNE 30, 2017



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QUESTIONS: DIAL 801-789-6601