

EAGLE
MOUNTAIN



Fiscal Year
Ended June 30

2014 CAFR

Comprehensive Annual
Financial Report



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

Comprehensive Annual Financial Report
For the year ended June 30, 2014

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

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**EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

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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, 2014 is submitted herewith. As a fourth class city, Eagle Mountain is given reasonable exceptions and modifications to accounting, budgetary, and reporting procedures as stated by Utah State law. The law for first, second, and third class cities is to “present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities.” This report, which fulfills the law for higher-class cities, presents a comprehensive financial picture covering all funds and financial transactions for the year.

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

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

As recorded 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, 2014, are fairly presented in conformity with GAAP.

GAAP require 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 42.13 square miles or 26,961 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 a little over 10 years, the City has grown from 2,157 residents to around 25,000 in 2014. About 6,000 residential units have been built, with an average of 250 permits per year over the past 5 years, making Eagle Mountain one of the fastest growing communities in Utah and the state's third largest city geographically.

Since the City was established it has operated under the council-mayor form of government. The City Council, comprised of five elected individuals, is the governing authority for the City. The elected Mayor has various administrative and veto powers. One of the Mayor's administrative powers is the appointment of the City Administrator, Cabinet Officers (Department Heads), and various other positions such as the City Treasurer, the City Recorder, and the City Engineer. The City Council establishes City policy, approves the budget, and ratifies the appointment of City Officials. The City Council is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government.

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

Comprehensive annual budgets are an essential element for the City's financial planning and control. Therefore, budgets are adopted annually (required by Utah state law) by the City Council for all funds except debt

service funds (which although budgeted, are used to account for special assessments and expendable trust funds and therefore are subject to compensating controls).

Utah state law also requires: 1) a balanced budget for each individual fund; however, Redevelopment Agencies are allowed to incur debt prior to the triggering of the tax increment revenue thus allowing an unbalanced budget, 2) department expenditures to conform with departmental appropriations, and 3) individual fund appropriations to be overspent only in “emergencies” (natural disasters). Once the budgets are approved, the City Council may revise the budgets from time to time after following the required procedures. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

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

Local Economy

Utah’s economy has been impacted by the national economic downturn. However, when compared with other states, Utah’s economy has been relatively resilient in the troubled economy. Utah’s unemployment rate as of November 2013 was 4.6%, much lower than the national unemployment rate of 7.0%, with Utah County being near the top third of the state with the lowest unemployment. During the first half of 2013, Utah’s foreclosure rate stood at three-tenths of 1% which up slightly after dropping significantly with the end of the recession.

Corresponding with Utah’s relative economic stability, Eagle Mountain grew by about 6% in 2013 (based on new building permits). As these building permits were almost exclusively 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 0.001380. The City has not gone through the Truth-in-Taxation process 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 third year in a row, this was a challenging task, as the economic downturn continues to negatively impact the City’s revenue streams. 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 FY2014 Budget includes additional a new stoplight, widening of Pony Express Parkway, a cemetery, and additions to the Mid Valley Park complex. Needs for future budget years were also identified and included a master irrigation system as well as road improvements and expansion.

Relevant Financial Policies

Eagle Mountain City incorporates a pay-as-you-go strategy on projects that are financially feasible. Currently, the City has no general obligation debt. However, as the City is so young, a pay-as-you-use strategy was implemented in order to set up the infrastructure throughout the City. All of the utilities that service the City are city-owned, and 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 2015 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 2007 through 2014. 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 fourth 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 four fiscal years (2010 - 2013). 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,

Ifo Pili,
City Administrator

Paul Jerome,
Finance Director



Government Finance Officers Association

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

Presented to

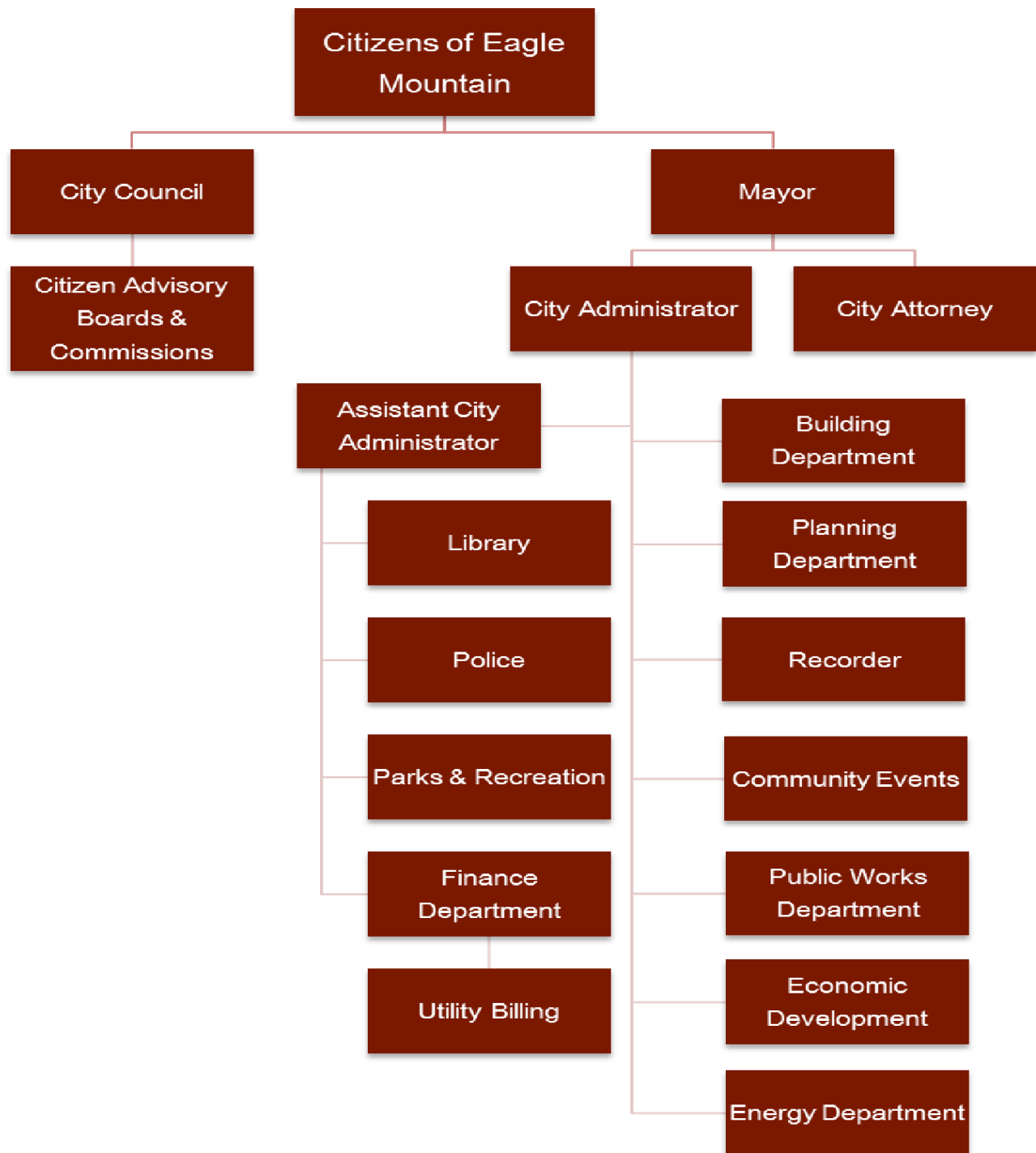
**Eagle Mountain City
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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

Executive Director/CEO



City Officers



Christopher Pengra
Mayor



EAGLE
M O U N T A I N



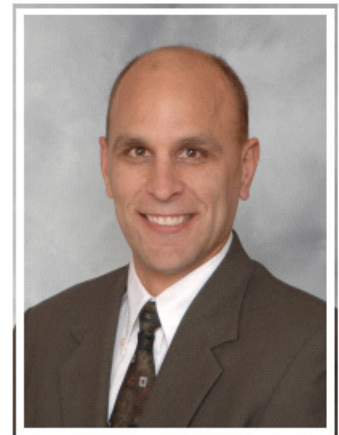
Ifo Pili
City Administrator



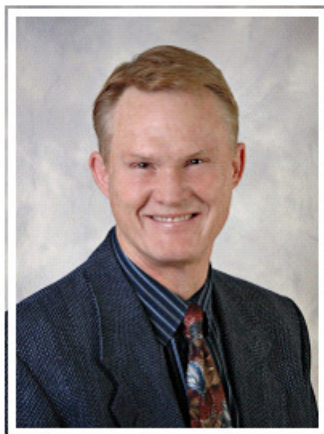
Richard Steinkopf
Council Member



Donna Burnham
Council Member



Ryan Ireland
Council Member



Tom Westmoreland
Council Member



Adam Bradley
Council Member

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INDEPENDENT AUDITOR'S REPORT



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Eagle Mountain City
Eagle Mountain, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City, as of and for the year ended June 30, 2014, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eagle Mountain City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed 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

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United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle Mountain City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2014 on our consideration of Eagle Mountain City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eagle Mountain City's internal control over financial reporting and compliance.

GILBERT & STEWART, CPA, PC

Gilbert & Stewart

Certified Public Accountants
Provo, UT 84601
December 18, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of City of Eagle Mountain, we offer readers of Eagle Mountain City's financial statements this narrative overview and analysis of the financial activities of Eagle Mountain City for the fiscal year ended June 30, 2014. 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 \$106,823,262 is made up of \$80,426,552 in net investment in capital assets, \$3,381,786 in restricted net position and \$23,014,924 in unrestricted net position. Total net position increased by \$6,881,054 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,364,718. Of this amount, \$1,688,626 is restricted and must only be spent on projects for which the money is restricted. \$2,073,633 is assigned by the City administration and is divided as follows: \$154,059 for storm water projects, \$1,410,269 for debt service, and \$509,305 for capital projects. The remaining \$2,602,459 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$1,915,475 (7.51%). This change was due to additional customers using the systems. Corresponding operating expenses increased by \$1,253,644(5.69%). This increase was due to additional depreciation on completed capital projects.

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) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 26 and 27 of this report.

Reporting the City's Most Significant Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Eagle Mountain City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

The governmental fund financial statements can be found on pages 28-31 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 32-34 of this report.

- Additionally, the City 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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Eagle Mountain City, assets exceed liabilities by \$106,823,262.

One of the largest portions of Eagle Mountain City's net position (77%) 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 2014 and 2013 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 13,145,653	\$ 10,303,268	\$ 17,214,598	\$ 19,270,838	\$ 30,360,251	\$ 29,574,106
Capital assets	52,545,617	51,354,674	82,530,386	80,072,815	135,076,003	131,427,489
Total assets	65,691,270	61,657,942	99,744,984	99,343,653	165,436,254	161,001,595
Deferred Outflows of Resources	-	-	1,867,161	321,757	1,867,161	321,757
Long-term debt outstanding	4,824,012	3,916,506	51,024,118	52,248,437	55,848,130	56,164,943
Other liabilities	1,479,003	1,569,701	2,264,611	2,798,380	3,743,614	4,368,081
Total liabilities	6,303,015	5,486,207	53,288,729	55,046,817	59,591,744	60,533,024
Deferred Inflows of Resources	888,409	848,119	-	-	888,409	848,119
Net position:						
Net investment in capital assets,	47,939,072	47,599,396	32,487,480	30,175,509	80,426,552	77,774,905
Restricted	668,962	510,486	2,712,824	2,326,787	3,381,786	2,837,273
Unrestricted	9,891,812	7,213,734	13,123,112	12,116,297	23,014,924	19,330,031
Total net assets	\$ 58,499,846	\$ 55,323,616	\$ 48,323,416	\$ 44,618,593	\$ 106,823,262	\$ 99,942,209

The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 3,485,946	\$ 4,685,581	\$ 24,004,272	\$ 20,737,488	\$ 27,490,218	\$ 25,423,069
Operating grants & contrib.	29,359	138,386	-	-	29,359	138,386
Capital grants & contrib.	6,473,181	1,742,092	948,298	231,593	7,421,479	1,973,685
General revenues:						
Property taxes	1,124,767	1,378,945	-	-	1,124,767	1,378,945
General sales & use tax	2,246,317	2,053,493	-	-	2,246,317	2,053,493
Franchise tax	697,421	869,847	-	-	697,421	869,847
Interest earnings	25,015	26,550	-	-	25,015	26,550
Total revenues	14,082,006	10,894,894	24,952,570	20,969,081	39,034,576	31,863,975

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Changes in net position continued:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Expenses:						
General government	\$ 2,731,266	\$ 3,121,417	\$ -	\$ -	\$ 2,731,266	\$ 3,121,417
Public safety	2,083,205	3,581,943	-	-	2,083,205	3,581,943
Highways & public works	4,516,101	3,973,735	-	-	4,516,101	3,973,735
Community development	1,036,699	1,280,805	-	-	1,036,699	1,280,805
Planning	327,311	357,287	-	-	327,311	357,287
Interest on long-term debt	243,250	308,993	-	-	243,250	308,993
Water utility	-	-	3,017,295	2,692,125	3,017,295	2,692,125
Sewer utility	-	-	2,899,340	3,014,536	2,899,340	3,014,536
Electric utility	-	-	10,135,436	9,819,481	10,135,436	9,819,481
Gas utility	-	-	4,102,155	3,494,341	4,102,155	3,494,341
Non-major business	-	-	1,061,465	3,047,851	1,061,465	3,047,851
Total expenses	10,937,832	12,624,180	21,215,691	22,068,334	32,153,523	34,692,514
Gain (Loss) on sale of capital asset:	-	-	-	-	-	-
Increase (decrease) in net assets before transfers	3,144,174	(1,729,286)	3,736,879	(1,099,253)	6,881,053	(2,828,539)
Transfers	32,056	-	(32,056)	-	-	-
Increase (decr.) in net assets	3,176,230	(1,729,286)	3,704,823	(1,099,253)	6,881,053	(2,828,539)
Net position - beginning	55,323,616	57,052,902	44,618,593	45,747,846	99,942,209	102,800,748
Net position - ending	<u>\$ 58,499,846</u>	<u>\$ 55,323,616</u>	<u>\$ 48,323,416</u>	<u>\$ 44,648,593</u>	<u>\$ 106,823,262</u>	<u>\$ 99,972,209</u>

Business-type activities

Business-type activities increased the City's net position by \$3,793,112. 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 \$6,634,718. Of this total amount, 41% constitutes assigned and unassigned fund balances, \$2,073,633 is assigned by the administration of the City and will be used for the following: \$154,059 for Storm water projects, \$1,410,269 for debt service, and \$509,305 for capital projects. \$2,602,459 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 \$2,602,459, an increase of \$792,202 from fiscal year 2013. The total balance is \$1,890,982, an increase of \$711,477 from the prior year. A major reason for the increase in the fund balance is that 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 36% of total general governmental fund expenditures, while total fund balance represents 36% of that same amount.

The City has one major Governmental Debt Service Fund – 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 \$404,406, a decrease of \$603,936. The main reason for the decrease in fund balance was the extinguishment of debt.

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

Unrestricted net position of the combined enterprise funds at the end of the year amounted to \$13,134,889. The net investment in capital assets in these same funds is \$32,487,480.

As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds increased by \$1,915,475 (4.27%) and \$1,253,644 (7.39%), respectively.

All of the four major enterprise funds showed a net operating profit. After non-operating revenues/expenses, contributions and transfers are taken into account, the water, sewer, electric and gas fund net position increased by \$1,066,972, 391,804, 1,247,003 and \$903,611 respectively. The major reasons for the increase in net position is a increase in impact fees collected and an increase in contributed capital from developers.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget expenditure total of \$6,830,632 to a final budget of \$7,545,132, an increase of \$714,500. 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, 2014 amounts to \$135,076,003 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,735,925	\$ 5,735,924	\$ 4,861,143	\$ 4,861,143	\$ 10,597,068	\$ 10,597,067
Water Shares	-		\$ 3,183,767	\$ 3,183,767	3,183,767	-
Buildings	1,145,522	1,173,708	5,440,341	5,453,100	6,585,863	6,626,808
Improvements	98,724	107,402		-	98,724	107,402
Equipment	893,307	992,300		-	893,307	992,300
Infrastructure	43,462,835	43,336,898	69,045,135	61,842,759	112,507,970	105,179,657
Construction in progress	1,209,304	8,442	-	4,732,046	1,209,304	4,740,488
Total net assets	<u>\$ 52,545,617</u>	<u>\$ 51,354,674</u>	<u>\$ 82,530,386</u>	<u>\$ 80,072,815</u>	<u>\$ 135,076,003</u>	<u>\$ 128,243,722</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 \$53,025,022. Of this amount, \$2,400,000 is from special assessment bonds. The remaining \$47,925,022 is secured solely by specific revenue sources (i.e., revenue bonds, sales tax revenue bonds or excise tax road bond).

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Special assessment bonds	\$ 2,400,000	\$ 2,926,000		\$ -	\$ 2,400,000	\$ 2,926,000
Excise tax bonds	146,000	285,000		-	146,000	285,000
Revenue bonds	1,621,000	-	48,858,022	49,587,777	50,479,022	49,587,777
Total bonds	<u>\$ 4,167,000</u>	<u>\$ 3,211,000</u>	<u>\$ 48,858,022</u>	<u>\$ 49,587,777</u>	<u>\$ 53,025,022</u>	<u>\$ 52,798,777</u>

During fiscal year 2014 the City's total outstanding debt increased by a net amount of \$226,245.

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 \$27,934,807, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statutes allows for an additional 4% to be used for water, sewer, or other projects, thus resulting in a debt limit of 8% of total taxable value. Total limitation is \$55,869,614, which again exceeds the outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- Eagle Mountain City issued 370 new building permits in fiscal year 2014. This reflects an increase of 78 building permits over the previous fiscal year. The City anticipates that this trend will continue in fiscal year 2015.
- Eagle Mountain City administration is conservative in estimating budgeted revenues. In the general fund, budgeted revenues for fiscal year 2014 are the same in total as fiscal year 2013 budgeted revenues. This is due partly to the city anticipating a sale if it's electric and gas utilities that would decrease administrative transfers and an increase to growth related tax revenues that offsets that decrease. The city's budgeted expenditures are up 10% due to expansion of city services.
- Eagle Mountain City's residents voted in early fiscal year 2015 to sell both its electric and natural gas utility rates changed in fiscal year 2015. This will result in all long term resource contracts the city has with 3rd party entities being resolved. The purchaser of the electrical system will be Rocky Mountain Power and the purchaser of the gas system will be Questar Gas. The city was anticipating doing another rate study in the near future if the residents of the city voted to maintain ownership.
- With Eagle Mountain City's high desert location, the city entered into an agreement with the Central Utah Water Conservancy District to purchase 15,000 acre feet of water from fiscal year 2012 through fiscal year 2021. In fiscal years 2012-2014, the City purchased 250 acre feet of water each year for a total of 750 acre feet. The city recently bonded for a pipeline to be constructed to bring the purchased water into the city's system. The pipeline project was completed by the end of fiscal year 2014 and water is currently flowing through the line. This water is piped in from the east side of the Wasatch Front for use by the city for economic development, schools and other public facilities.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY

Statement of Net Position

June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,292,047	\$ 10,470,306	\$ 13,762,353
Restricted cash and cash equivalents	3,153,373	2,626,055	5,779,428
Accounts receivable			
Customers (net of allowance)	376,948	3,413,051	3,789,999
Intergovernmental	548,851	-	548,851
Assessments receivable	4,372,624	-	4,372,624
Taxes receivable	1,390,033	-	1,390,033
Other	-	-	-
Internal balances	11,777	(11,777)	-
Note Receivable - net of current portion	-	550,000	550,000
Prepaid bond insurance - net	-	166,963	166,963
Capital assets (net of accumulated depreciation):			
Land	5,735,925	4,861,143	10,597,068
Water Shares		3,183,767	3,183,767
Buildings	1,145,522	5,440,341	6,585,863
Improvements	98,724	-	98,724
Equipment and systems	893,307	69,045,135	69,938,442
Infrastructure	43,462,835	-	43,462,835
Construction in progress	1,209,304	-	1,209,304
Total assets	<u>\$ 65,691,270</u>	<u>\$ 99,744,984</u>	<u>\$ 165,436,254</u>
DEFERRED OUT FLOW OF RESOURCES			
Bond refunding costs	-	1,867,161	1,867,161
LIABILITIES			
Accounts payable and accrued liabilities	727,824	1,639,943	2,367,767
Deposits	607,600	462,775	1,070,375
Bond interest payable	143,579	161,893	305,472
Long-term liabilities			
Due within one year	313,577	2,857,096	3,170,673
Due in more than one year	4,510,435	48,167,022	52,677,457
Total liabilities	<u>6,303,015</u>	<u>53,288,729</u>	<u>59,591,744</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property taxes levied for future years	888,409	-	888,409
NET POSITION			
Net investment in capital assets	47,939,072	32,487,480	80,426,552
Restricted			
C Roads	-	-	-
Impact fees	668,962	2,712,824	3,381,786
Unrestricted	9,891,812	13,123,112	23,014,924
Total net position	<u>\$ 58,499,846</u>	<u>\$ 48,323,416</u>	<u>\$ 106,823,262</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Activities
For the Year Ended June 30, 2014

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	Total
Primary government:							
Governmental activities:							
General government	\$ 2,731,266	\$ 1,418,925	\$ -	\$ -	\$ (1,312,341)	\$ -	\$ (1,312,341)
Public safety	2,083,205	48,009	26,359	22,615	(1,986,222)	-	(1,986,222)
Public works	4,516,101	316,845	-	6,450,566	2,251,310	-	2,251,310
Community development	1,036,699	167,695	-	-	(869,004)	-	(869,004)
Planning	327,311	1,534,472	3,000	-	1,210,161	-	1,210,161
Interest on long-term debt	243,250	-	-	-	(243,250)	-	(243,250)
Total governmental activities	10,937,832	3,485,946	29,359	6,473,181	(949,346)	-	(949,346)
Business-type activities:							
Water	3,017,295	4,169,806	-	255,166	-	1,407,677	1,407,677
Sewer	2,899,340	3,054,430	-	284,600	-	439,690	439,690
Electric	10,135,436	10,278,038	-	388,738	-	531,340	531,340
Gas	4,102,155	5,395,756	-	19,794	-	1,313,395	1,313,395
Non major business-type	1,061,465	1,106,242	-	-	-	44,777	44,777
Total business-type activities	21,215,691	24,004,272	-	948,298	-	3,736,879	3,736,879
Total primary government	\$ 32,153,523	\$ 27,490,218	\$ 29,359	\$ 7,421,479	(949,346)	3,736,879	2,787,534
General revenues:							
Property taxes					\$ 1,124,767	\$ -	\$ 1,124,767
General sales and use tax					2,246,317	-	2,246,317
Franchise taxes					697,421	-	697,421
Interest earnings					25,015	-	25,015
Transfers					32,056	(32,056)	-
Total general revenues and transfers					4,125,576	(32,056)	4,093,520
Change in net Position					3,176,230	3,704,823	6,881,054
Net position- beginning					55,323,616	44,618,593	99,942,209
Net position - ending					\$ 58,499,846	\$ 48,323,416	\$ 106,823,263

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY

Balance Sheet Governmental Funds June 30, 2014

	General Fund	Debt Service 2000-1	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,725,960	\$ -	\$ 412,022	\$ 3,137,982
Restricted cash	-	404,605	2,748,768	3,153,373
Receivables (net):				
Accounts	333,648	-	43,300	376,948
Taxes	1,390,033	-	-	1,390,033
Intergovernmental	136,851	-	412,000	548,851
Special assessments	-	2,012,624	2,360,000	4,372,624
Other	-	-	-	-
Total assets	<u>\$ 4,586,492</u>	<u>\$ 2,417,229</u>	<u>\$ 5,976,090</u>	<u>\$ 12,979,811</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 607,240	\$ -	\$ 104,752	\$ 711,992
Deposits	453,915	-	153,685	607,600
Deferred revenue	-	-	-	-
Total liabilities	<u>1,061,155</u>	<u>-</u>	<u>258,437</u>	<u>1,319,592</u>
Deferred inflows of Resources:				
Unearned property taxes levied for future years	888,409	-	-	888,409
Unavailable property taxes-delinquent	34,469	-	-	34,469
Unavailable special improvement assessments	-	2,012,623	2,360,000	4,372,623
Total deferred inflows of resources	<u>922,878</u>	<u>2,012,623</u>	<u>2,360,000</u>	<u>5,295,501</u>
Fund Balances:				
Fund balances Restricted for:				
Roads	-	-	-	-
Impact fees	-	-	668,962	668,962
Special assessments	-	404,606	615,058	1,019,664
Assigned, for:				
Storm water	-	-	154,059	154,059
Debt service	-	-	1,410,269	1,410,269
Capital projects	-	-	509,305	509,305
Unassigned:	2,602,459	-	-	2,602,459
Total fund balances	<u>2,602,459</u>	<u>404,606</u>	<u>3,357,653</u>	<u>6,364,718</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,586,492</u>	<u>\$ 2,417,229</u>	<u>\$ 5,976,090</u>	<u>\$ 12,979,811</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet Reconciliation to
Statement of Net Assets
June 30, 2014

Total fund balances - governmental fund types:	\$ 6,364,718
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.	52,545,617
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,407,092
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,967,591)
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.	150,010
Net assets of government activities	<u><u>\$ 58,499,846</u></u>

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, 2014

	General Fund	Debt Service 2000-1	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 4,128,574	\$ -	\$ -	\$ 4,128,574
Special assessments	-	656,197	210,952	867,149
Licenses and permits	1,552,860	-	-	1,552,860
Intergovernmental	778,765	-	-	778,765
Charges for services	1,585,467	-	296,654	1,882,121
Impact fees	-	337,487	1,157,739	1,495,226
Miscellaneous	72,501	1,743	1,736	75,980
Total revenues	<u>8,118,167</u>	<u>995,427</u>	<u>1,667,081</u>	<u>10,780,675</u>
EXPENDITURES				
Current:				
General government	2,457,405	46,388	199,673	2,703,466
Public safety	2,065,929	-	-	2,065,929
Public works	1,421,661	-	1,990,605	3,412,266
Planning and zoning	317,400	-	-	317,400
Community development	1,027,595	-	-	1,027,595
Debt service:				
Principal retirement	-	3,512,000	139,000	3,651,000
Bond issuance costs	-	36,086	87,200	123,286
Interest and fiscal charges	-	211,889	14,551	226,440
Capital outlay	-	-	375,859	375,859
Total expenditures	<u>7,289,990</u>	<u>3,806,363</u>	<u>2,806,888</u>	<u>13,903,241</u>
Excess revenues over (under) expenditures	<u>828,177</u>	<u>(2,810,936)</u>	<u>(1,139,807)</u>	<u>(3,122,566)</u>
OTHER FINANCING SOURCES (USES)				
Contributions	-	-	45,000	45,000
Bond proceeds	-	2,207,000	2,409,245	4,616,245
Transfers in	239,488	-	421,188	660,676
Transfers out	(356,188)	-	(272,432)	(628,620)
Total other financing sources and uses	<u>(116,700)</u>	<u>2,207,000</u>	<u>2,603,001</u>	<u>4,693,301</u>
Net change in fund balance	711,477	(603,936)	1,463,194	1,570,735
Fund balances - beginning of year	1,890,982	1,008,542	1,894,459	4,793,983
Fund balances - end of year	<u>\$ 2,602,459</u>	<u>\$ 404,606</u>	<u>\$ 3,357,653</u>	<u>\$ 6,364,718</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, 2014

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

Net changes in fund balances - total governmental funds	\$ 1,570,735
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.	(609,558)
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 of transfer of assets	1,862,078
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,394,253
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.	(965,245)
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.	(12,228)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(63,805)
Change in net assets of governmental activities	<u><u>\$ 3,176,230</u></u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	NonMajor Enterprise Funds	Total	
<u>ASSETS</u>							
Current assets:							
Cash and cash equivalents	\$ 1,339,821	\$ 1,310,683	\$ -	\$ 7,296,061	\$ 523,741	\$ 10,470,306	\$ 154,065
Accounts receivable - net	546,179	478,651	1,327,045	900,866	160,310	3,413,051	-
Due from other funds	-	-	-	1,680,197	-	1,680,197	-
Total current assets	<u>1,886,000</u>	<u>1,789,334</u>	<u>1,327,045</u>	<u>9,877,124</u>	<u>684,051</u>	<u>15,563,554</u>	<u>154,065</u>
Noncurrent assets:							
Restricted cash and cash equivalents	691,756	339,284	1,106,291	488,724	-	2,626,055	-
Note receivable (Net of Current Portion)	-	-	-	-	550,000	550,000	-
Prepaid Bond Insurance -net	27,663	36,431	91,554	11,315	-	166,963	-
Land, equipment, buildings and improv.	40,773,614	29,024,068	36,031,657	8,471,844	600,176	114,901,359	2,630,995
Less: Accumulated depreciation	(9,712,235)	(7,348,395)	(11,193,868)	(4,020,468)	(96,007)	(32,370,973)	(1,839,577)
Total noncurrent assets	<u>31,780,798</u>	<u>22,051,388</u>	<u>26,035,634</u>	<u>4,951,415</u>	<u>1,054,169</u>	<u>85,873,404</u>	<u>791,418</u>
Total assets	<u>33,666,798</u>	<u>23,840,722</u>	<u>27,362,679</u>	<u>14,828,539</u>	<u>1,738,220</u>	<u>101,436,958</u>	<u>945,483</u>
<u>DEFERRED IN FLOWS OF RESOURCES</u>							
Bond refunding costs - net	127,686	168,158	1,335,620	235,697	-	1,867,161	-
Total deferred outflow of resources	<u>127,686</u>	<u>168,158</u>	<u>1,335,620</u>	<u>235,697</u>	<u>-</u>	<u>1,867,161</u>	<u>-</u>
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable and accrued liabilities	365,698	122,390	844,123	187,080	120,652	1,639,943	15,831
Due to other funds	-	-	1,680,197	-	-	1,680,197	-
Debt interest payable	43,709	58,446	51,990	7,748	-	161,893	3,533
Current portion of long-term debt	544,050	347,950	1,601,350	257,650	-	2,751,000	106,755
Total current liabilities	<u>953,457</u>	<u>528,786</u>	<u>4,177,660</u>	<u>452,478</u>	<u>120,652</u>	<u>6,233,033</u>	<u>126,119</u>
Noncurrent liabilities:							
Deposits	167,780	-	149,815	145,180	-	462,775	-
Compensated absences	13,579	13,394	66,705	12,418	-	106,096	-
Long-term debt (net of current portion)	10,155,777	14,315,946	20,496,256	3,199,043	-	48,167,022	332,789
Total noncurrent liabilities	<u>10,337,136</u>	<u>14,329,340</u>	<u>20,712,776</u>	<u>3,356,641</u>	<u>-</u>	<u>48,735,893</u>	<u>332,789</u>
Total liabilities	<u>11,290,593</u>	<u>14,858,126</u>	<u>24,890,436</u>	<u>3,809,119</u>	<u>120,652</u>	<u>54,968,926</u>	<u>458,908</u>
<u>NET POSITION</u>							
Net investment in capital assets	19,903,969	7,121,251	3,333,721	1,624,370	504,169	32,487,480	245,119
Restricted - impact fees	340,365	534,569	1,837,890	-	-	2,712,824	-
Unrestricted	2,259,557	1,494,934	(1,363,748)	9,630,747	1,113,399	13,134,889	241,456
Total net position	<u>\$ 22,503,891</u>	<u>\$ 9,150,754</u>	<u>\$ 3,807,863</u>	<u>\$ 11,255,117</u>	<u>\$ 1,617,568</u>	<u>\$ 48,335,193</u>	<u>\$ 486,575</u>
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds						(11,777)	
Net position business-type activities						<u>\$ 48,323,416</u>	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 1,099,914	\$ 1,099,914
Charges for services pledged as security on revenue bonds	2,811,503	2,757,962	9,392,512	5,243,347	-	20,207,324
Other operating income	159,107	-	54,079	-	6,328	219,514
Total operating revenues	2,970,610	2,757,962	9,446,591	5,243,347	1,106,242	21,526,752
Operating expenses:						
Salaries and wages	499,135	423,163	734,226	559,973	107,885	2,324,382
Purchased services	466,806	1,030,276	7,093,321	2,491,997	918,980	12,001,380
Supplies and materials	383,683	48,607	106,332	596,860	9,946	1,145,428
Depreciation and amortization	1,183,989	848,636	1,350,730	300,294	20,005	3,703,654
Miscellaneous	16,588	31,598	46,192	40,492	4,649	139,519
Total operating expenses	2,550,201	2,382,280	9,330,801	3,989,616	1,061,465	19,314,363
Operating income	420,409	375,682	115,790	1,253,731	44,777	2,212,389
Nonoperating revenues (expenses):						
Interest revenue	8,590	9,198	338,573	147,519	-	503,880
Impact fees	768,181	287,270	492,874	-	-	1,548,325
Assessment revenue	422,424	-	-	2,890	-	425,314
Developer reimbursements	(68,564)	(24,329)	(78,944)	-	-	(171,837)
Bond refunding cost amortization	(11,184)	(14,729)	-	-	-	(25,913)
Gain (Loss) on sale of assets	-	-	-	-	-	-
Interest expense and fiscal charges	(384,860)	(475,415)	(722,733)	(111,225)	-	(1,694,233)
Total nonoperating revenues (expenses)	734,587	(218,005)	29,770	39,184	-	585,536
Net income (loss) before contributions and transfers	1,154,996	157,677	145,560	1,294,915	44,777	2,797,925
Capital contributions	255,166	284,600	388,738	19,794	-	948,298
Transfers in	-	-	735,557	-	60,000	795,557
Transfers out	(343,190)	(50,473)	(22,852)	(411,098)	-	(827,613)
Total contributions and transfers	(88,024)	234,127	1,101,443	(391,304)	60,000	916,242
Change in net position	1,066,972	391,804	1,247,003	903,611	104,777	3,714,167
Total net position - beginning	21,436,919	8,758,950	2,560,860	10,351,506	1,512,791	503,732
Total net position - ending	\$ 22,503,891	\$ 9,150,754	\$ 3,807,863	\$ 11,253,117	\$ 1,617,568	\$ 486,575
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds						(9,343)
Change in net position of business-type activities						\$ 3,704,824

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	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	\$ 2,940,989	\$ 2,714,586	\$ 9,390,451	\$ 5,169,410	\$ 1,049,613	\$ 21,265,049	\$ 489,149
Payments to suppliers	(612,814)	(1,212,697)	(7,927,061)	(3,126,567)	(983,919)	(13,863,058)	(332,695)
Payments to interfund services	-	-	-	-	-	-	-
Payments to employees	(509,379)	(422,571)	(724,000)	(555,111)	(30,119)	(2,241,180)	-
Net cash provided (used) by operating activities	1,818,796	1,079,318	739,390	1,487,732	35,575	5,160,811	156,454
Cash Flows From Noncapital Financing Activities							
Transfers in	-	-	735,557	-	60,000	795,557	-
Transfers out	(343,190)	(50,473)	(22,852)	(411,098)	-	(827,613)	-
Net cash provided (used) by noncapital financing activities	(343,190)	(50,473)	712,705	(411,098)	60,000	(32,056)	-
Cash Flows From Capital and Related Financing Activities							
Contributions	-	-	-	-	-	-	-
Purchases of capital assets	(370,274)	(1,880)	(1,678,035)	(486,367)	-	(2,536,556)	(250,364)
Impact fees collected	768,181	287,270	492,874	-	-	1,548,325	-
Refunding Bond Proceeds	-	-	14,876,700	2,625,300	-	17,502,000	-
Bond refunding costs	-	-	(1,335,620)	(235,698)	-	(1,571,318)	-
Bond issuance costs	-	-	(118,337)	(23,523)	-	(141,860)	-
Revenue bond proceeds	-	-	-	-	-	-	-
Assessment proceeds	422,424	-	-	2,890	-	425,314	-
Proceeds from sale of assets	-	-	-	-	-	-	34,800
Payments for developer reimbursements	(68,564)	(24,329)	(78,944)	-	-	(171,837)	-
Principal paid on capital debt	(637,300)	(312,400)	(16,762,500)	(2,931,500)	-	(20,643,700)	(104,734)
Interest paid on capital debt	(380,094)	(476,546)	(636,292)	(94,537)	-	(1,587,469)	(10,505)
Net cash provided (used) by capital and related financing activities	(265,627)	(527,885)	(5,240,154)	(1,143,435)	-	(7,177,101)	(330,803)
Cash Flows From Investing Activities							
Interest and dividends received	1,831	298	76,156	101,835	-	180,120	-
Net increase (decrease) in cash and cash equivalents	1,211,810	501,258	(3,711,903)	35,034	95,575	(1,868,226)	(174,349)
Cash and cash equivalents - beginning	819,767	1,148,709	4,818,194	7,749,751	428,166	14,964,587	328,414
Cash and cash equivalents (deficit) - ending	<u>\$ 2,031,577</u>	<u>\$ 1,649,967</u>	<u>\$ 1,106,291</u>	<u>\$ 7,784,785</u>	<u>\$ 523,741</u>	<u>\$ 13,096,361</u>	<u>\$ 154,065</u>
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ 420,409	\$ 375,682	\$ 115,790	\$ 1,255,731	\$ 44,777	\$ 2,212,389	\$ (16,459)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	1,183,989	848,636	1,350,730	300,294	20,005	3,703,654	281,688
(Inc.)/decrease in accounts rec.	(29,621)	(43,376)	(56,140)	(75,937)	(56,629)	(261,703)	-
(Inc.)/decrease in due from other funds	-	-	-	(35,200)	-	(35,200)	-
Increase/(decr.) in accounts payable	226,996	(102,216)	(731,983)	22,415	27,422	(557,366)	(108,775)
Increase/(decr.) in due to other funds	-	-	35,200	-	-	35,200	-
Increase/(decr.) in compensated absences	(10,244)	592	10,226	4,862	-	5,436	-
Increase/(decr.) in deposits	27,267	-	15,567	15,567	-	58,401	-
Total adjustments	1,398,387	703,636	623,600	232,001	(9,202)	2,948,422	172,913
Net cash provided (used) by operating activities	<u>\$ 1,818,796</u>	<u>\$ 1,079,318</u>	<u>\$ 739,390</u>	<u>\$ 1,487,732</u>	<u>\$ 35,575</u>	<u>\$ 5,160,811</u>	<u>\$ 156,454</u>
Noncash investing, capital, and financing activities							
Contributions by developers	\$ 255,166	\$ 284,600	\$ 388,738	\$ 19,794	\$ -	\$ 948,298	\$ -
Capital assets acquired through long term debt	\$ 2,236,000	\$ -	\$ -	\$ -	\$ -	\$ 2,236,000	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eagle Mountain (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict the GASB pronouncements. The City applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established by GAAP and used by the City are discussed below.

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Presentation

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

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

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

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

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

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

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

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

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

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

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

Additionally the government reports the following fund types:

The *internal service fund* accounts for the fleet management services provided to other departments of the government, on a cost reimbursement basis.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

D. Cash and Investments

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

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

E. Inter fund Transactions

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

F. Restricted Assets

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

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

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

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

H. Compensated Absences

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

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

I. Taxes

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

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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures. Interest expense is not included in the functions of governmental activities.

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

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item bond refunding costs that is 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2013 for the 2014 fiscal year.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

L. 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. 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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

M. 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.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

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

1. Capital related items:

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

Cost of capital assets	\$77,044,773
Accumulated depreciation	(24,499,156)
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>\$52,545,617</u>

2. Long-term assets:

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

Special assessment revenue	\$4,467,161
Delinquent property taxes	<u>(60,069)</u>
Net adjustment to increase <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net</i> <i>assets - governmental activities</i>	<u>\$4,407,092</u>

3. Long-term debt transactions:

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

Bonds payable	(\$4,167,000)
Capital lease payable	(439,544)
Bond interest payable	(143,579)
Bond premium	(9,245)
Compensated absences	(<u>208,223</u>)
Net adjustment to reduce <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net position – governmental activities</i>	(<u>\$4,967,591</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	\$ 1,537,390
Depreciation expense	(<u>2,146,948</u>)
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>\$ 609,558</u>)

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

Debt issued or Incurred:	
Refunding special assessment bond	\$2,207,000
Sales tax revenue bond	2,400,000
Bond premium	<u>9,245</u>
Total increase	4,616,245

Principal payments:	
Principal paid on bonds and capital leases	\$3,651,000
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>\$ 965,245</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	\$ (16,810)
Compensated absences	<u>(46,995)</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>\$ (63,805)</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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

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

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

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

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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, 2014 the City's cash balance consisted of the following:

	<u>All Fund Types</u>
Cash, cash equivalents, and temporary cash investments	\$ 13,762,353
Cash, and cash equivalents - restricted	<u>5,779,428</u>
Total cash and cash equivalents	<u><u>\$ 19,541,781</u></u>

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

A. Deposits

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The City considers the actions of the State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, the City's custodial credit risk, for deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2014</u>
Checking and savings	Insured and collateralized	\$ 373,213
Checking and savings	Uninsured and uncollateralized	1,303,802
Investment sweep	Uninsured and uncollateralized	<u>6,711,798</u>
Total deposits		<u><u>\$ 8,388,813</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank and local bank CD's. As of June 30, 2014, the City had the following investments:

Investments	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More than 10
Utah Public Treasurer's Investment Fund	\$ 5,163,323	\$ -	\$ -	\$ -
Bank CD's		\$ 3,000,000		
First American Treasury Obligations	3,671,205			
Total investments	<u>\$ 8,834,528</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

Investments – Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of increasing interest managing its exposure to fair value losses arising from 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 20, 2014

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 \$28,430 which is immaterial.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$ 5,163,323	\$ -	\$ -	\$ -	\$ 5,163,323
Bank CD's	3,000,000				3,000,000
First American Treasury Obligations	3,671,205	3,671,205			-
Total investments	<u>\$ 11,834,528</u>	<u>\$ 3,671,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,163,323</u>

Investments Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City’s \$3,671,205 investment in a trust arrangement, the entire amount of underlying securities are held by the Investment’s counterparty, not in the City’s name and are not insured. The City’s investment arrangements primarily invest in obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. The City does not have an investment policy for custodial credit risk.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 5 - RECEIVABLES

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

	General	SID 2001-1	Water	Sewer	Electric	Gas	Nonmajor Enterprise	Non major Govt'l	Total
Receivables:									
Accounts	\$ 419,705	\$ -	\$ 548,714	\$ 528,351	\$ 1,476,496	\$ 795,142	\$ 180,610	\$ 44,290	\$ 3,993,308
Taxes	1,390,033								1,390,033
Special									
Assessments		2,012,623				253,441		2,360,000	4,626,064
Intergovernmental	136,851		60,105	27,487				412,000	636,443
Less: allowance for uncollectible accounts	(86,057)		(62,641)	(77,186)	(149,451)	(147,717)	(20,300)	(990)	(544,342)
	<u>\$ 1,860,532</u>	<u>\$ 2,012,623</u>	<u>\$ 546,178</u>	<u>\$ 478,652</u>	<u>\$ 1,327,045</u>	<u>\$ 900,866</u>	<u>\$ 160,310</u>	<u>\$ 2,815,300</u>	<u>\$ 10,101,506</u>

NOTE 6 – NOTE RECEIVABLE

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

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 7 – INTERFUND RECEIVABLES AND TRANSFERS

The operating transfers of the City consist of the following:

Transfer In:	General	SID 2000-1	Nonmajor Govrnmntl.	Business Type	Total
General		\$ -	\$ 147,432	\$ 92,056	\$ 239,488
SID 2000-1	-	-	-	-	-
Nonmajor govtl.	296,188	-	125,000	-	421,188
Business type	60,000	-	-	735,557	795,557
Total transfer out	<u>\$ 356,188</u>	<u>\$ -</u>	<u>\$ 272,432</u>	<u>\$ 827,613</u>	<u>\$ 1,456,233</u>

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

The inter fund balances at June 30, 2014 consist of balances due from the Electric Fund to the Gas Fund in the amount of \$1,680,197. It will be repaid from continuing operations.

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

	<u>Unavailable</u>	<u>Unearned</u>	
Property taxes receivable (general fund)			\$ 888,409
Property tax delinquent		\$ 34,469	
Special assessments (special revenue fund)		<u>4,372,623</u>	
Total		<u>\$4,407,092</u>	<u>\$ 888,409</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 8 – CAPITAL ASSETS

Primary Government

Governmental activities:

Capital assets not being depreciated:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 5,735,924	\$ -	\$ -	\$ 5,735,924
Construction in progress	8,442	1,200,862	-	1,209,304
Total capital assets not being depreciated	<u>5,744,366</u>	<u>1,200,862</u>	<u>0</u>	<u>6,945,228</u>

Capital assets being depreciated:

Buildings	1,304,477		-	1,304,477
Improvements	133,964	-	-	133,964
Machinery and equipment	3,350,696	266,243	55,969	3,560,970
Infrastructure	62,917,407	2,182,727	-	65,100,134
Total capital assets being depreciated	<u>67,706,544</u>	<u>2,448,970</u>	<u>55,969</u>	<u>70,099,545</u>

Less accumulated depreciation for:

Buildings	130,767	28,188		158,955
Improvements	26,562	8,678		35,240
Machinery and equipment	2,358,398	340,980	31,716	2,667,662
Infrastructure	19,580,509	2,056,790		21,637,299
Total accumulated depreciation	<u>22,096,236</u>	<u>2,434,636</u>	<u>31,716</u>	<u>24,499,156</u>
Total capital assets, being depreciated, net	<u>45,610,308</u>	<u>14,334</u>	<u>24,253</u>	<u>45,600,389</u>
Governmental activities capital assets, net	<u>\$ 51,354,674</u>	<u>\$ 1,215,196</u>	<u>\$ 24,253</u>	<u>\$ 52,545,617</u>

Business-type activities:

Capital assets not being depreciated:

	Beginning Balance	Increases	Decreases	Ending Balance
Construction in progress	\$ 4,732,046	\$ -	\$ 4,732,046	\$ -
Land	4,861,143	-	-	4,861,143
Water shares	3,183,767	-	-	3,183,767
Total capital assets not being depreciated	<u>12,776,956</u>	<u>-</u>	<u>4,732,046</u>	<u>8,044,910</u>

Capital assets being depreciated:

Buildings	6,878,059	116,205	-	6,994,264
Equipment and systems	89,525,488	10,336,697	-	99,862,185
Total capital assets being depreciated	<u>96,403,547</u>	<u>10,452,902</u>	<u>-</u>	<u>106,856,449</u>

Less accumulated depreciation for:

Buildings	1,424,959	128,964	-	1,553,923
Equipment and Systems	27,682,729	3,134,321	-	30,817,050
Total accumulated depreciation	<u>29,107,688</u>	<u>3,263,285</u>	<u>-</u>	<u>32,370,973</u>
Total capital assets, being depreciated, net	<u>67,295,859</u>	<u>7,189,617</u>	<u>-</u>	<u>74,485,476</u>
Business-type activities capital assets, net	<u>\$ 80,072,815</u>	<u>\$ 7,189,617</u>	<u>\$ 4,732,046</u>	<u>\$ 82,530,386</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 8 - CAPITAL ASSETS *(Continued)*

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

Governmental activities:

General government	\$ 36,003
Public safety	17,276
Public works	2,357,223
Planning	1,700
Community development	22,434
Total depreciation expense - governmental activities	<u>\$ 2,434,636</u>

Business-type activities:

Water	\$ 1,182,401
Sewer	846,544
Electric	979,289
Gas	235,046
Golf course	20,005
Total depreciation expense - business-type activities	<u>\$ 3,263,285</u>

Total depreciation expense	<u>\$ 5,697,921</u>
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The City has various construction projects as of June 30, 2014. The City's commitments with contractors are as follows:

Project	Remaining Commitment
Cemetery projects	\$ 275,000
Park projects	68,000
Special assessments area projects	1,271,979
Total	<u>\$ 1,614,979</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 9 – LEASE COMMITMENTS

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

Assets acquired through capital leases are as follows:

	<u>Activities</u>
Asset:	
Machinery and equipment	\$ 544,278
Less: Accumulated amortization	<u>(125,745)</u>
Total	<u><u>\$ 418,533</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>
2015	\$ 115,239
2016	115,239
2017	115,239
2018	<u>115,239</u>
Total minimum lease payments	\$ 460,956
Less amounts representing interest	<u>(21,412)</u>
Present value of minimum lease payments	<u><u>\$ 439,544</u></u>

As of June 30, 2014 the lease payable consisted of the following:

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 10 – LONG-TERM DEBT

Bonds and notes payable at June 30, 2014 are comprised of the following:

1. \$8,840,000 Eagle Mountain City Special Assessment Bond 2006 (SID 2001-1)

This bond was used to refund the original SID 2001-1 Bond. The refunding was undertaken to reduce future debt payments. This bond requires annual installments of interest and principal due beginning February 2007 through February 2021 bearing an interest rate ranging from 8.25% to 8.35%. The Bond was refunded with a sales tax revenue bond in 2014.

2. \$1,226,000 Eagle Mountain City Excise Tax Road Bonds Series 2005

This bond requires semiannual payments of interest and annual payments of principal due September 1, 2005 through September 1, 2014, bearing interest ranging from 2.52% to 4.5%. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 146,000	\$ 3,285	\$ 149,285
Total	\$ 146,000	\$ 3,285	\$ 149,285

3. \$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>
2015	\$ 40,000	\$ 159,314	\$ 199,314
2016	95,000	103,668	198,668
2017	95,000	101,768	196,768
2018	100,000	98,918	198,918
2019	100,000	95,918	195,918
2020-2024	560,000	443,149	1,003,149
2025-2029	705,000	289,290	994,290
2030-2033	705,000	90,254	795,254
Total	\$ 2,400,000	\$ 1,382,279	\$ 3,782,279

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 10 – LONG-TERM DEBT (Continued)

4. \$2,207,000 Eagle Mountain Refunding Sales Tax Revenue Bond Series 2014

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 43,919	\$ 43,919
2016	-	43,919	43,919
2017	315,000	43,919	358,919
2018	459,000	37,651	496,651
2019	475,000	27,024	502,024
2020	372,000	13,751	385,751
Total	<u>\$ 1,621,000</u>	<u>\$ 210,183</u>	<u>\$ 1,831,183</u>

5. \$16,500,000 Eagle Mountain Water and Sewer Refunding Bonds Series 2007

This bond was used to refund the original Water and Sewer Bond. The refunding was undertaken to reduce future debt payments. This bond requires annual installments of principal and interest due beginning November 2008 through November 2031, bearing an interest ranging from 4.00% to 5.00%. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 335,000	\$ 710,912	\$ 1,045,912
2016	360,000	696,676	1,056,676
2017	400,000	682,276	1,082,276
2018-2022	2,545,000	3,093,130	5,638,130
2023-2027	3,615,000	2,374,502	5,989,502
2028-2032	7,305,000	1,250,500	8,555,500
Total	<u>\$ 14,560,000</u>	<u>\$ 8,807,996</u>	<u>\$ 23,367,996</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 10 – LONG-TERM DEBT (Continued)

6. Eagle Mountain City Electric and Gas Revenue Bonds Series 2006.

This bond was issued to refund a prior revenue bond and to reduce restrictive covenants. This bond requires semi-annual payments of interest and principal beginning June 2006 through June 2026, bearing an interest rate ranging from 3.5% to 5.0 %. During 2014 this bond was legally defeased with an advanced refunding (see page 44)

7. \$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>
2015	\$ 157,000	\$ 61,565	\$ 218,565
2016	183,000	59,865	242,865
2017	215,000	57,875	272,875
2018-2022	1,545,000	263,275	1,808,275
2023-2027	2,325,000	174,150	2,499,150
2028-2032	1,810,000	48,800	1,858,800
	<u>\$ 6,235,000</u>	<u>\$ 665,530</u>	<u>\$ 6,900,530</u>

8. \$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. The bond requires annual payments of principal and semi-annual payments of interest, beginning December 2011 through December 2030, bearing a variable interest rate ranging from 2.00-5.00%. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 530,000	\$ 382,644	\$ 912,644
2016	485,000	370,718	855,718
2017	445,000	359,806	804,806
2018	405,000	342,006	747,006
2018-2022	2,330,000	141,130	2,471,130
2023-2027	2,900,000	863,794	3,763,794
2028-2032	2,100,000	186,374	2,286,374
	<u>\$ 9,195,000</u>	<u>\$ 2,646,472</u>	<u>\$ 11,841,472</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 10 – LONG-TERM DEBT (Continued)

9. \$2,536,000 Eagle Mountain City Water Quality Revenue Bond Series 2013

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 100,000	\$ 159,314	\$ 259,314
2016	102,000	103,668	205,668
2017	103,000	101,768	204,768
2018	105,000	98,918	203,918
2019	107,000	95,918	202,918
2020-2024	578,000	443,149	1,021,149
2025-2029	690,000	289,290	979,290
2030-2034	451,000	90,254	541,254
Total	<u>\$ 2,236,000</u>	<u>\$ 1,382,279</u>	<u>\$ 3,618,279</u>

10. \$17,502,000 Eagle Mountain City Gas and Electric Refunding Revenue Bond Series 2013

This bond was issued to refund the 2006 series Gas and Electric bonds and to reduce debt service payments. The bond requires annual principal and semi-annual interest payments beginning December 1, 2013 through May 1, 2024, bearing an interest rate of 2.30%. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,329,000	\$ 371,290	\$ 1,700,290
2016	1,411,000	340,722	1,751,722
2017	1,495,000	308,268	1,803,268
2018	1,587,000	273,882	1,860,882
2019	1,626,000	237,384	1,863,384
2020-2024	8,695,000	609,042	9,304,042
Total	<u>\$ 16,143,000</u>	<u>\$ 2,140,588</u>	<u>\$ 18,283,588</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 10 – LONG-TERM DEBT (Continued)

11. \$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>
2015	\$ 300,000	\$ -	\$ 300,000
2016	1,760,000	-	1,760,000
Total	<u>\$ 2,060,000</u>	<u>\$ -</u>	<u>\$ 2,060,000</u>

12. Total Debt Service Requirements of the City for All Bonds and Notes are as Follows:

Total changes in long-term debt are as follows:

	<u>July 1 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30 2014</u>	<u>Due in One Yr</u>
Governmental Activities:					
Bonds Payable					
Excise tax road bonds	\$ 285,000	\$ -	\$ 139,000	\$ 146,000	\$ 146,000
Special assessment bond 2006 200-1	2,926,000	-	2,926,000	-	-
Special assessment bond SAA 2014	-	2,400,000	-	2,400,000	40,000
Sales tax revenue refunding bond 2000-1	-	2,207,000	586,000	1,621,000	-
Total bonds payable	<u>3,211,000</u>	<u>4,607,000</u>	<u>3,651,000</u>	<u>4,167,000</u>	<u>186,000</u>
Leases payable	544,278	-	104,734	439,544	106,755
Compensated absences	161,228	62,231	15,236	208,223	20,822
Gov't activities long-term debt	<u>\$ 3,916,506</u>	<u>\$ 4,669,231</u>	<u>\$ 3,770,970</u>	<u>\$ 4,814,767</u>	<u>\$ 313,577</u>
Business-Type Activities:					
Bonds payable:					
2008 water and sewer refunding bond	\$ 14,880,000	\$ -	\$ 320,000	\$ 14,560,000	\$ 335,000
Unamortized bond premium	288,387	-	15,659	272,725	-
Electric and gas refunding bond	17,770,000	-	17,770,000	-	-
Unamortized bond premium	294,837	-	294,837	-	-
2009 sewer revenue bond	6,365,000	-	130,000	6,235,000	157,000
2011 Electric and gas revenue bond	9,760,000	-	565,000	9,195,000	530,000
Unamortized bond premium	229,553	-	13,256	216,297	-
2013 Water quality revenue bond	-	2,236,000	-	2,236,000	100,000
2013 Gas and Electric Refunding bond	-	17,502,000	1,359,000	16,143,000	1,329,000
Total bonds payable	<u>49,587,777</u>	<u>19,738,000</u>	<u>20,467,752</u>	<u>48,858,022</u>	<u>2,451,000</u>
Notes Payable	2,560,000	-	500,000	2,060,000	300,000
Compensated absences	100,660	8,586	3,150	106,096	106,096
Business type long-term debt	<u>\$ 52,248,437</u>	<u>\$ 19,746,586</u>	<u>\$ 20,970,902</u>	<u>\$ 51,024,118</u>	<u>\$ 2,857,096</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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

13. Advanced Refunding – The City issued \$17,502,000 in Gas and Electric revenue bonds. The proceeds were used to advance refund \$17,770,000 of outstanding 2006 series Gas and Electric revenue bonds the net proceeds of \$17,490,000 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result the 2006 Gas and Electric bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,517,318. This amount is recorded as a deferred outflow on the statement of net position and is being amortized over the life of the refunding debt. As of June 30, 2014 \$16,900,000 of the original debt is still outstanding. The City advance refunded this bond to reduce its total debt service payments over two years by \$4,417,455 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,973,076.

NOTE 11 – RESTRICTED FUND BALANCES

The City has restricted fund balances for unspent impact fees.

NOTE 12 - LITIGATION

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

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

NOTE 14 - RETIREMENT PLAN

Plan Description. Eagle Mountain City contributes to the Local Governmental Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy.

In the Local Governmental Contributory Retirement System, Tier II, The City is required to contribute 13.990% of their annual covered salary. Tier II covers those employees who have been hired on or after July 1, 2011, and have not previously been hired at a covered employer.

In the Local Governmental Noncontributory Retirement System Tier I, the City is required to contribute 17.290% of the member annual covered salary. Tier I covers those employees that have been hired prior to July 1, 2011, or have previously worked at an employer in the system.

In the Fire Fighters System Tier I, members are required to contribute 16.710% of their annual covered salary. Tier I covers those employees that have been hired prior to July 1, 2011, or have previously worked at an employer in the system. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are approved by the Board. The City has chosen to contribute the 16.18% of the members required contribution. In 2013 the City fire department was transferred to a unified authority, therefore no retirement after 2013 will be contributed by the City.

	2014	2013	2012
Local Government - Contributory (Tier 2)	\$23,059	\$18,135	\$ 3,361
Local Government - Noncontributory (Tier 1)	15,074	474,360	434,532
Firefighters - Division A (Tier 1)	-	33,584	67,711
401(k)	33,149	29,387	49,278
457	200,994	209,058	184,487

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2014

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 \$5,404,544.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 15, 2014, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,104,000	\$ 4,150,967	\$ 4,128,574	\$ (22,393)
Licenses and permits	480,000	1,187,902	1,552,860	364,958
Intergovernmental	750,000	750,000	778,765	28,765
Charges for services	1,577,213	1,577,213	1,585,467	8,254
Miscellaneous	612,775	612,775	72,501	(540,274)
Total revenues	<u>7,523,988</u>	<u>8,278,857</u>	<u>8,118,167</u>	<u>(160,690)</u>
EXPENDITURES				
Current:				
General government	2,368,090	2,477,590	2,457,405	20,185
Public safety	2,047,631	2,124,631	2,065,929	58,702
Planning and zoning	222,182	320,182	317,400	2,782
Public works	1,329,895	1,559,895	1,421,661	138,234
Community development	862,834	1,062,834	1,027,595	35,239
Total expenditures	<u>6,830,632</u>	<u>7,545,132</u>	<u>7,289,990</u>	<u>255,142</u>
Excess (deficit) of revenues over (under) expenditures	<u>693,356</u>	<u>733,725</u>	<u>828,177</u>	<u>94,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	197,432	197,432	239,488	42,056
Transfers out	<u>(873,296)</u>	<u>(1,024,134)</u>	<u>(356,188)</u>	<u>667,946</u>
Total other financing sources (uses)	<u>(675,864)</u>	<u>(826,702)</u>	<u>(116,700)</u>	<u>710,002</u>
Net change in fund balance	17,492	(92,977)	711,477	804,454
Fund balances - beginning	<u>1,890,982</u>	<u>1,890,982</u>	<u>1,890,982</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,908,474</u>	<u>\$ 1,798,005</u>	<u>\$ 2,602,459</u>	<u>\$ 804,454</u>

CITY OF EAGLE MOUNTAIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

1. 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 AND ENTERPRISE FUNDS

EAGLE MOUNTAIN CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	General Debt Service Fund	Capital Projects Fund	Capital Projects Special Improv. District 98-1	Capital Projects Special Improv. District 98-3	Capital Projects Special Improv. District 97-1	Storm Water Fund	Special Revenue Funds Impact Fee Parks	Special Revenue Funds Impact Fee Public Safety	Impact Fee Transportation	Cemetery	Debt Service Special Assess. Area-2014	Total Nonmajor Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 339	\$ 255,736	\$ -	\$ -	\$ -	\$ 112,373	\$ -	\$ -	\$ -	\$ 3,900	\$ 39,674	\$ 412,022
Restricted cash	-	-	563,472	37,789	64,416	145,750	339,340	20,681	207,064	-	1,370,256	2,748,768
Receivables (net):												
Special assessments	-	-	-	-	-	-	-	-	-	-	2,360,000	2,360,000
Intergovernmental	-	412,000	-	-	-	-	-	-	-	-	-	412,000
Accounts	-	-	-	-	-	43,300	-	-	-	-	-	43,300
Total assets	\$ 339	\$ 667,736	\$ 563,472	\$ 37,789	\$ 64,416	\$ 301,423	\$ 339,340	\$ 20,681	\$ 207,064	\$ 3,900	\$ 3,769,930	\$ 5,976,090
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable & accrued liabilities	\$ -	\$ 4,746	\$ -	\$ 17,055	\$ 33,564	\$ 5,514	\$ -	\$ -	\$ 43,873	\$ -	\$ -	\$ 104,752
Deposits	-	153,685	-	-	-	-	-	-	-	-	-	153,685
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	158,431	-	17,055	33,564	5,514	-	-	43,873	-	-	258,437
Deferred inflows of resources:												
Unavailable Special Improvement Assessments	-	-	-	-	-	-	-	-	-	-	2,360,000	2,360,000
Fund Balances:												
Fund balances restricted for:												
Impact fees	-	-	-	-	-	145,750	339,340	20,681	163,191	-	-	668,962
Special Assessments	-	-	563,472	20,734	30,852	-	-	-	-	-	-	615,058
Assigned for:												
Debt service fund	339	-	-	-	-	-	-	-	-	-	1,409,930	1,410,269
Capital projects fund	-	509,305	-	-	-	-	-	-	-	-	-	509,305
Special revenue funds	-	-	-	-	-	150,159	-	-	-	3,900	-	154,059
Total fund balances	339	509,305	563,472	20,734	30,852	295,909	339,340	20,681	163,191	3,900	1,409,930	3,357,653
Total Liabilities, Deferred inflows of resources and fund balances	\$ 339	\$ 667,736	\$ 563,472	\$ 37,789	\$ 64,416	\$ 301,423	\$ 339,340	\$ 20,681	\$ 207,064	\$ 3,900	\$ 3,769,930	\$ 5,976,090

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	General Debt Service Fund	Capital Projects Fund	Special Improv. Dist. 98-1	Special Improv. Dist. 98-3	Special Improv. Revenue 97-1	Storm Water Fund	Impact Fee Parks	Impact Fee Public Safety	Impact Fee Transportation	Cemetery	Debt Service Special Asses. Area-2014	Total Nonmajor Governmental Funds
REVENUES												
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,952	\$ 210,952
Impact fees	-	-	288,614	47,652	93,784	73,246	169,741	16,215	463,533	-	4,954	1,157,739
Charges for services	-	-	-	-	-	292,754	-	-	-	3,900	-	296,654
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	742	-	17	5	965	-	-	7	-	-	1,736
Total revenues	-	742	288,614	47,669	93,789	366,965	169,741	16,215	463,540	3,900	215,906	1,667,081
EXPENDITURES												
Current:												
General government	-	-	199,673	-	-	-	-	-	-	-	-	199,673
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	60,080	94,623	286,974	30,360	-	390,547	-	1,128,021	1,990,605
Planning and Zoning	-	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	139,000	-	-	-	-	-	-	-	-	-	-	139,000
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	87,200	87,200
Interest and fiscal charges	10,885	-	3,666	-	-	-	-	-	-	-	-	14,551
Capital outlay	-	375,859	-	-	-	-	-	-	-	-	-	375,859
Total expenditures	149,885	375,859	203,339	60,080	94,623	286,974	30,360	-	390,547	-	1,215,221	2,806,888
Excess revenues over (under) expenditures	(149,885)	(375,117)	85,275	(12,411)	(834)	79,991	139,381	16,215	72,993	3,900	(999,315)	(1,139,807)
Other financing sources (uses)												
Bond proceeds	-	-	-	-	-	-	-	-	-	-	2,409,245	2,409,245
Contributions	-	45,000	-	-	-	-	-	-	-	-	-	45,000
Transfers in	145,350	125,000	-	-	-	-	-	(147,432)	150,838	-	-	421,188
Transfers out	-	-	-	-	-	-	-	(125,000)	(125,000)	-	-	(272,432)
Total other financing sources and uses	145,350	170,000	-	-	-	-	-	(147,432)	25,838	-	2,409,245	2,603,001
Excess revenues and other sources over (under) expend. and other uses	(4,535)	(205,117)	85,275	(12,411)	(834)	79,991	139,381	(131,217)	98,831	3,900	1,409,930	1,463,194
Fund balances - beginning of year	4,874	714,422	478,197	33,145	31,686	215,918	199,959	151,898	64,360	-	-	1,894,459
Fund balances - end of year	339	\$ 509,305	\$ 563,472	\$ 20,734	\$ 30,852	\$ 295,909	\$ 339,340	\$ 20,681	\$ 163,191	\$ 3,900	\$ 1,409,930	\$ 3,357,653

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SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 38,179	\$ 38,179	\$ -	\$ (38,179)
Miscellaneous	-	-	742	742
Total Revenues	<u>38,179</u>	<u>38,179</u>	<u>742</u>	<u>(37,437)</u>
EXPENDITURES				
Debt service				
Capital outlay	<u>1,295,000</u>	<u>1,335,000</u>	<u>375,859</u>	<u>959,141</u>
Total expenditures	<u>1,295,000</u>	<u>1,335,000</u>	<u>375,859</u>	<u>959,141</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,256,821)</u>	<u>(1,296,821)</u>	<u>(375,117)</u>	<u>921,704</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,027,795	1,027,795	125,000	(902,795)
Contributions	<u>340,000</u>	<u>340,000</u>	<u>45,000</u>	<u>(295,000)</u>
Total other financing sources (uses)	<u>1,367,795</u>	<u>1,367,795</u>	<u>170,000</u>	<u>(1,197,795)</u>
Net change in fund balance	110,974	70,974	(205,117)	(276,091)
Fund balances - beginning	<u>714,422</u>	<u>714,422</u>	<u>714,422</u>	<u>-</u>
Fund balances - ending	<u>\$ 825,396</u>	<u>\$ 785,396</u>	<u>\$ 509,305</u>	<u>\$ (276,091)</u>

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal	139,000	139,000	139,000	-
Interest	10,885	10,885	10,885	-
Total expenditures	149,885	149,885	149,885	-
Excess (deficit) of revenues over (under) expenditures	(149,885)	(149,885)	(149,885)	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	149,885	149,885	145,350	(4,535)
Total other financing sources (uses)	149,885	149,885	145,350	4,535
Net change in fund balance	-	-	(4,535)	(4,535)
Fund balances - beginning	4,874	4,874	4,874	-
Fund balances - ending	\$ 4,874	\$ 4,874	\$ 339	\$ (4,535)

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 1,097,888	\$ 1,097,888	\$ 656,197	\$ (441,691)
Miscellaneous	3,500	3,500	1,743	(1,757)
Impact fees	-	125,000	337,487	212,487
Total revenues	1,101,388	1,226,388	995,427	(230,961)
EXPENDITURES				
Debt service	1,046,288	4,046,288	3,759,975	286,313
General government	55,100	55,100	46,388	8,712
Public works	-	125,000	-	125,000
Total expenditures	1,101,388	4,226,388	3,806,363	420,025
Excess (deficit) of revenues over (under) expenditures	-	(3,000,000)	(2,810,936)	189,064
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	3,000,000	2,207,000	(793,000)
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources and uses	-	3,000,000	2,207,000	(793,000)
Net change in fund balance	-	-	(603,936)	(603,936)
Fund balances - beginning	1,008,542	1,008,542	1,008,542	-
Fund balances - ending	\$ 1,008,542	\$ 1,008,542	\$ 404,606	\$ (603,936)

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Impact fees	-	225,000	288,614	63,614
Total revenues	-	225,000	288,614	63,614
EXPENDITURES				
Public works	-	225,000	199,673	25,327
Debt service	-	-	3,666	(3,666)
Total expenditures	-	225,000	203,339	21,661
Excess (deficit) of revenues over (under) expenditures	-	-	85,275	85,275
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	-	-	85,275	85,275
Fund balances - beginning	478,197	478,197	478,197	-
Fund balances - ending	<u>\$ 478,197</u>	<u>\$ 478,197</u>	<u>\$ 563,472</u>	<u>\$ 85,275</u>

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	17	17
Impact fees	-	75,000	47,652	(27,348)
Total revenues	-	75,000	47,669	(27,331)
EXPENDITURES				
Public works	-	75,000	60,080	14,920
Total expenditures	-	75,000	60,080	14,920
Excess (deficit) of revenues over (under) expenditures	-	-	(12,411)	(12,411)
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(12,411)	(12,411)
Fund balances - beginning	33,145	33,145	33,145	-
Fund balances - ending	\$ 33,145	\$ 33,145	\$ 20,734	\$ (12,411)

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	5	5
Impact fees	-	75,000	93,784	18,784
Total revenues	-	75,000	93,789	18,789
EXPENDITURES				
Public works	-	75,000	94,623	(19,623)
Total expenditures	-	75,000	94,623	(19,623)
Excess (deficit) of revenues over (under) expenditures	-	-	(834)	(834)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(834)	(834)
Fund balances - beginning	31,686	31,686	31,686	-
Fund balances - ending	\$ 31,686	\$ 31,686	\$ 30,852	\$ (834)

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Storm Water
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 260,000	\$ 260,000	\$ 292,754	\$ 32,754
Miscellaneous	1,500	1,500	965	(535)
Impact fees	26,300	26,300	73,246	46,946
Total revenues	<u>287,800</u>	<u>287,800</u>	<u>366,965</u>	<u>79,165</u>
EXPENDITURES				
Public Works	<u>257,037</u>	<u>257,037</u>	<u>286,974</u>	<u>(29,937)</u>
Total expenditures	<u>257,037</u>	<u>257,037</u>	<u>286,974</u>	<u>(29,937)</u>
Excess (deficit) of revenues over (under) expenditures	<u>30,763</u>	<u>30,763</u>	<u>79,991</u>	<u>49,228</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(82,930)</u>	<u>(82,930)</u>	<u>-</u>	<u>82,930</u>
Total other financing sources	<u>(82,930)</u>	<u>(82,930)</u>	<u>-</u>	<u>82,930</u>
Net change in fund balance	(52,167)	(52,167)	79,991	132,158
Fund balances - beginning	215,918	215,918	215,918	-
Fund balances - ending	<u>\$ 163,751</u>	<u>\$ 163,751</u>	<u>\$ 295,909</u>	<u>\$ 132,158</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Parks Impact Fee
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 113,000	\$ 113,000	\$ 169,741	\$ 56,741
Total revenues	113,000	113,000	169,741	56,741
EXPENDITURES				
Public works	184,499	184,499	30,360	154,139
Total expenditures	184,499	184,499	30,360	154,139
Excess (deficit) of revenues over (under) expenditures	(71,499)	(71,499)	139,381	210,880
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(71,499)	(71,499)	139,381	210,880
Fund balances - beginning	199,959	199,959	199,959	-
Fund balances - ending	\$ 128,460	\$ 128,460	\$ 339,340	\$ 210,880

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ -	\$ -	\$ 16,215	\$ 16,215
Total revenues	-	-	16,215	16,215
EXPENDITURES				
Public safety	147,432	147,432	-	147,432
Total expenditures	147,432	147,432	-	147,432
Excess (deficit) of revenues over (under) expenditures	(147,432)	(147,432)	16,215	163,647
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	-	-	(147,432)	(147,432)
Total other financing sources	-	-	(147,432)	(147,432)
Net change in fund balance	(147,432)	(147,432)	(131,217)	16,215
Fund balances - beginning	151,898	151,898	151,898	-
Fund balances - ending	\$ 4,466	\$ 4,466	\$ 20,681	\$ 16,215

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Transportation Impact Fee
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 6	\$ 6	\$ 7	\$ 1
Impact fees	150,500	150,500	463,533	313,033
Total revenues	150,506	150,506	463,540	313,034
EXPENDITURES				
Public works	-	-	390,547	(390,547)
Total expenditures	-	-	390,547	(390,547)
Excess (deficit) of revenues over (under) expenditures	150,506	150,506	72,993	(77,513)
OTHER FINANCING SOURCES (USES)				
Operating transfers In		-	150,838	150,838
Operating transfers out	(275,000)	(275,000)	(125,000)	150,000
Total other financing sources	(275,000)	(275,000)	25,838	300,838
Net change in fund balance	(124,494)	(124,494)	98,831	223,325
Fund balances - beginning	64,360	64,360	64,360	-
Fund balances - ending	\$ (60,134)	\$ (60,134)	\$ 163,191	\$ 223,325

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, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ 100,000	\$ 210,952	\$ 110,952
Miscellaneous	-	-	4,954	4,954
Total revenues	-	100,000	215,906	115,906
EXPENDITURES				
Public works	-	900,000	1,128,021	(228,021)
Debt service				-
Bond issuance costs	-	100,000	87,200	12,800
Interest and fees	-	-	-	-
Total expenditures	-	1,000,000	1,215,221	(215,221)
Excess (deficit) of revenues over (under) expenditures	-	(900,000)	(999,315)	(99,315)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds		900,000	2,409,245	1,509,245
Total other financing sources	-	900,000	2,409,245	1,509,245
Net change in fund balance	-	-	1,409,930	1,409,930
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 1,409,930	\$ 1,409,930

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Cemetery Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 3,900	\$ 3,900
Impact fees	-	-	-	-
Total revenues	-	-	3,900	3,900
EXPENDITURES				
Community Development	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	-	-	3,900	3,900
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	3,900	3,900
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 3,900	\$ 3,900

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2014

	Garbage	Business Incubator	Golf Course	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 206,875	\$ 235,755	\$ 81,111	\$ 523,741
Accounts receivable - net	158,910	1,400	-	160,310
Total current assets	<u>365,785</u>	<u>237,155</u>	<u>81,111</u>	<u>684,051</u>
Noncurrent assets:				
Note Receivable -(net of current portion)	-	-	550,000	550,000
Land, equipment, buildings and improvements	-	-	600,176	600,176
Less: Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(96,007)</u>	<u>(96,007)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,054,169</u>	<u>1,054,169</u>
Total assets	<u>365,785</u>	<u>237,155</u>	<u>1,135,280</u>	<u>1,738,220</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	88,849	1,803.00	30,000	120,652
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>88,849</u>	<u>1,803.00</u>	<u>30,000</u>	<u>120,652</u>
Noncurrent liabilities:				
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>88,849</u>	<u>1,803.00</u>	<u>30,000</u>	<u>120,652</u>
Net Position:				
Net investment in capital assets	-	-	504,169	504,169
Unrestricted	<u>276,936</u>	<u>235,352</u>	<u>601,111</u>	<u>1,113,399</u>
Total net Position	<u>\$ 276,936</u>	<u>\$ 235,352</u>	<u>1,105,280</u>	<u>\$ 1,617,568</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2014

	Garbage	Business Incubator	Golf Course	Total
Operating revenues:				
Charges for services	\$ 1,072,051	\$ 27,746	\$ 117	\$ 1,099,914
Other operating revenue	-	6,328	-	\$ 6,328
Total operating revenues	<u>1,072,051</u>	<u>34,074</u>	<u>117</u>	<u>1,106,242</u>
Operating expenses:				
Salaries and wages	30,119	77,766	-	107,885
Purchased services	854,169	64,811	-	918,980
Materials and supplies	9,946	-	-	9,946
Depreciation and amortization	-	-	20,005	20,005
Miscellaneous	4,649	-	-	4,649
Total operating expenses	<u>898,883</u>	<u>142,577</u>	<u>20,005</u>	<u>1,061,465</u>
Operating income	<u>173,168</u>	<u>(108,503)</u>	<u>(19,888)</u>	<u>44,777</u>
Nonoperating revenues (expenses):				
Loss on sale of assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) before contributions and transfers	<u>173,168</u>	<u>(108,503)</u>	<u>(19,888)</u>	<u>44,777</u>
Contributions and transfers				
Contributions	-	-	-	-
Operating transfers in	-	60,000	-	60,000
Operating transfers out	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Change in net Position	<u>173,168</u>	<u>(48,503)</u>	<u>(19,888)</u>	<u>104,777</u>
Total net position - beginning	<u>103,768</u>	<u>283,855</u>	<u>1,125,168</u>	<u>1,512,791</u>
Total net position - ending	<u>\$ 276,936</u>	<u>\$ 235,352</u>	<u>\$ 1,105,280</u>	<u>\$ 1,617,568</u>

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2014

	Garbage	Business Incubator	Golf Course	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,015,183	\$ 34,313	\$ 117	\$ 1,049,613
Payments to employees	(30,119)	-	-	(30,119)
Payments to suppliers	(843,145)	(140,774)	-	(983,919)
Net cash provided (used) by operating activities	141,919	(106,461)	117	35,575
Cash Flows From Noncapital Financing Activities				
Transfers In	-	60,000	-	60,000
Transfers Out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	60,000	-	60,000
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-
Cash Flows From Investing Activities				
Note receivable proceeds	-	-	-	-
Net cash provided (used) by investing and related financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	141,919	(46,461)	117	95,575
Cash and cash equivalents - beginning	64,956	282,216	80,994	428,166
Cash and cash equivalents (deficit) - end	\$ 206,875	\$ 235,755	\$ 81,111	\$ 523,741
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 173,168	\$ (108,503)	\$ (19,888)	\$ 44,777
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	-	-	20,005	20,005
(Inc.)/decrease in accounts rec.	(56,868)	239	-	(56,629)
(Inc.)/decrease in due from other funds	-	-	-	-
Increase/(decr.) in accounts payable	25,619	1,803	-	27,422
Increase/(decr.) in due to other funds	-	-	-	-
Total adjustments	(31,249)	2,042	20,005	(9,202)
Net cash provided (used) by operating activities	\$ 141,919	\$ (106,461)	\$ 117	\$ 35,575

STATISTICAL SECTION

FINANCIAL TRENDS

Pages 86-91 of the Statistical Section of this report show financial trends in the City over the last five years, both for governmental activities as well as business-type activities (proprietary or enterprise funds)

CITY OF EAGLE MOUNTAIN

Net Position by Component

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities					
Invested in capital assets*	\$ 44,418,052	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396	\$ 47,939,072
Restricted	1,065,240	714,724	542,636	510,486	668,962
Unrestricted	11,520,458	9,051,382	7,743,147	7,213,734	989,181
Total governmental activities	<u>57,003,750</u>	<u>56,263,115</u>	<u>57,404,320</u>	<u>55,323,616</u>	<u>58,499,846</u>
Business-type activities					
Invested in capital assets*	31,480,947	29,952,526	31,476,911	30,175,509	32,487,480
Restricted	1,283,953	1,429,319	2,074,128	2,326,787	2,712,824
Unrestricted	11,302,137	13,459,716	12,984,090	12,116,297	13,123,112
Total business-type activities net position	<u>44,067,037</u>	<u>44,841,561</u>	<u>46,536,129</u>	<u>44,618,593</u>	<u>48,323,416</u>
Primary government					
Invested in capital assets*	75,898,999	76,449,535	80,595,448	77,774,905	80,426,552
Restricted	2,349,193	2,144,043	2,616,764	2,837,273	3,381,786
Unrestricted	22,822,595	22,511,098	20,728,237	19,330,031	23,014,924
Total primary government net position	<u>\$ 101,070,787</u>	<u>\$ 101,104,676</u>	<u>\$ 103,940,449</u>	<u>\$ 99,942,209</u>	<u>\$ 106,823,262</u>

Source: The City of Eagle Mountain

*Net of Related Debt

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004

CITY OF EAGLE MOUNTAIN

Changes in Net Position
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses					
Government activities:					
General government	\$ 3,106,320	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417	\$ 2,731,266
Public safety	3,178,543	3,365,961	3,293,066	3,581,943	2,083,205
Highways & public works	2,892,028	3,214,925	3,213,528	3,973,735	4,516,101
Community development	1,298,779	1,412,892	1,018,550	1,280,805	1,036,699
Planning	286,370	272,774	427,747	357,287	327,311
Interest on long-term debt	596,349	547,600	476,291	308,993	243,250
Total governmental activities expense	<u>11,358,389</u>	<u>11,804,235</u>	<u>11,582,533</u>	<u>12,624,180</u>	<u>10,937,832</u>
Business-type activities					
Water utility	2,736,064	2,662,958	2,770,503	2,692,125	3,017,295
Sewer utility	2,332,494	2,789,203	2,957,091	3,014,536	2,899,340
Electric utility	7,652,208	7,681,522	8,608,622	9,819,481	10,135,436
Gas utility	3,548,988	3,538,421	3,789,711	3,494,341	4,102,155
Golf Course	444,284	287,459	-	-	-
Non Major Business	689,636	859,093	1,202,245	3,047,851	1,061,465
Total business-type activities expense	<u>17,403,674</u>	<u>17,818,656</u>	<u>19,328,172</u>	<u>22,068,334</u>	<u>21,215,691</u>
Total primary government expenses	<u>28,762,063</u>	<u>29,622,891</u>	<u>30,910,705</u>	<u>34,692,514</u>	<u>32,153,523</u>
Program Revenues					
Governmental activities					
Charges for services:	3,705,627	3,916,189	4,167,532	4,685,581	3,485,946
Operating grants and contributions	319,680	442,020	198,014	138,386	29,359
Capital grants and contributions	6,545,969	3,016,669	4,365,668	1,742,092	6,473,566
Total governmental activities programs revenues	<u>10,571,276</u>	<u>7,374,878</u>	<u>8,731,214</u>	<u>6,566,059</u>	<u>9,988,871</u>
Business-type activities:					
Charges for services:	18,004,454	17,864,153	19,213,210	20,737,488	24,004,272
Operating grants and contributions	650,000	-	-	-	-
Capital grants and contributions	6,397,229	729,027	1,381,304	231,593	948,298
Total business-type activities program revenues	<u>25,051,683</u>	<u>18,593,180</u>	<u>20,594,514</u>	<u>20,969,081</u>	<u>24,952,570</u>
Total primary governmental program revenues	<u>35,622,959</u>	<u>25,968,058</u>	<u>29,325,728</u>	<u>27,535,140</u>	<u>34,941,441</u>

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN
Changes in Net Position (continued)
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense)/Revenue					
Governmental activities	\$ (787,113)	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)	\$ (948,961)
Business-type activities	1,189,507	774,524	1,266,341	(1,099,253)	3,736,879
Total Primary government net expense	(2,794,005)	(297,163)	(3,375,565)	(7,157,374)	2,787,918
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	835,302	943,293	1,194,590	1,378,945	1,088,228
General sales & use tax	1,682,982	1,809,411	1,918,612	2,053,493	2,246,317
Franchise tax	813,319	870,743	840,600	869,847	777,315
Other	122,869	-	-	-	16,714
Gain (loss) on disposition of capital assets					
Interest earnings	202,373	62,486	38,722	26,550	26,275
Transfers					
Total governmental activities	3,656,845	3,685,933	3,992,524	4,328,835	4,154,849
Other activities:					
Gain (loss) on disposition of capital assets		2,790	428,227		
Transfers					
Total other activities	0	2,790	428,227	-	-
Total primary government	3,656,845	3,688,723	4,420,751	4,328,835	4,154,849
Change in Net Position					
Governmental activities	2,869,732	(740,634)	1,569,432	(1,729,286)	3,205,888
Business-type activities	1,189,507	774,524	1,266,341	(1,099,253)	3,736,879
Total primary government	\$ 4,059,239	\$ 33,890	\$ 2,835,773	\$ (2,828,539)	\$ 6,942,767

Source: The City of Eagle Mountain

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004

*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

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

	Fiscal Year									
General Fund	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Restricted	\$ 2,023,265	\$ 3,137,232	\$ 4,346,597	\$ 366,766	\$ 226,675	\$ 330,030	\$ 259,994	\$ 322,006	\$ 20,468	\$ -
Unassigned	1,064,002	2,433,605	1,501,372	1,515,640	572,725	1,030,020	744,883	1,078,312	1,870,514	2,602,459
Total general fund	3,087,267	5,570,837	5,847,969	1,882,406	799,400	1,360,050	1,004,877	1,400,318	1,890,982	2,602,459
<hr/>										
All Other Governmental Funds										
Restricted	538,987		2,847,017	2,620,428	1,273,921	735,210	454,730	2,277,180	2,041,588	1,688,626
Assigned								498,146	861,413	2,073,633
Unassigned reported in										
Special Revenue Funds	0	0	9,703,661	4,456,595	1,637,680	1,679,518	1,291,126			
Capital Projects Funds					(274,214)	1,120,288	583,268			
Nonmajor	1,187,326	588,515	2,250,432	3,077,418	1,445,534	1,551,808	1,371,682			
Total all other governmental funds	\$ 1,726,313	\$ 588,515	\$ 14,801,110	\$ 10,154,441	\$ 4,082,921	\$ 5,086,824	\$ 3,700,806	\$ 2,775,326	\$ 2,903,001	\$ 3,762,259

Source: The City of Eagle Mountain

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

	Fiscal Year									
Revenues	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxes	\$ 1,368,415	\$ 1,975,019	\$ 2,526,531	\$ 3,427,645	\$ 3,364,610	\$ 3,625,087	\$ 3,725,354	\$ 3,983,273	\$ 4,260,060	\$ 4,128,574
Licenses, fees, and permits	1,330,391	2,555,678	3,136,160	942,640	786,417	948,384	582,467	705,536	1,124,774	1,552,860
Intergovernmental	614,413	499,806	485,576	712,562	1,008,313	1,025,706	1,470,391	1,148,673	1,047,984	778,765
Charges for services	1,043,987	1,426,009	2,017,438	2,093,475	2,450,291	2,533,440	3,221,891	3,361,767	3,428,521	1,882,121
Special assessments	3,799,135	6,396,127	5,631,699	585,043	419,457	657,738	833,525	650,680	398,497	867,149
Impact fees	873,266	2,218,140	2,546,345	426,557	258,491	971,829	372,702	434,374	877,598	1,495,226
Miscellaneous	284,367	935,818	1,645,395	1,072,658	517,664	606,367	549,381	138,951	158,836	75,980
Total Revenues	9,313,974	16,006,597	17,989,144	9,260,580	8,805,243	10,368,551	10,755,711	10,423,254	11,296,270	10,780,675
Expenditures										
Current:										
General Government	2,103,122	2,674,990	2,888,265	3,378,071	3,240,846	3,070,761	3,030,497	3,001,105	3,109,776	2,703,466
Community Development	357,171	602,492	855,794	895,471	894,762	1,538,065	1,423,667	1,037,651	1,266,531	1,027,595
Public Works	985,122	890,946	761,717	1,795,329	1,313,918	1,097,471	1,452,650	1,249,543	1,863,423	3,412,266
Public Safety	908,775	1,326,771	2,027,829	2,811,955	3,162,711	3,146,335	3,312,336	3,246,420	2,806,751	2,065,929
Planning and Zoning	183,079	198,802	221,004	346,933	304,463	273,129	270,376	432,894	348,991	317,400
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal Retirement	12,354,965	13,721,208	5,508,514	3,464,889	390,000	342,000	1,133,000	1,092,000	854,000	3,651,000
Bond Issuance Costs										123,286
Interest and Fiscal Charges	2,369,618	1,952,068	1,271,139	907,643	545,830	529,374	511,161	416,682	313,772	226,440
Capital Outlay	815,086	951,398	1,669,906	620,132	3,593,620	1,013,590	1,363,216	476,999	144,662	375,859
Total expenditures	20,076,938	22,318,675	15,204,168	14,220,423	13,446,150	11,010,725	12,496,903	10,953,294	10,707,906	13,903,241
Excess of revenues over (under) expenditure	(10,762,964)	(6,312,078)	2,784,976	(4,959,843)	(4,640,907)	(642,174)	(1,741,192)	(530,040)	588,364	(3,122,566)

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other Financing Sources (Uses)										
Issuance of long term debt										
Interim warrants										
Sale of capital assets										
Debt Proceeds	7,421,000	8,740,000								4616245
Contributions									30,000	45,000
Transfer in	386,581	375,335	2,550,698	3,681,608	1,606,049	4,716,936	478,504	400,426	608,584	660,676
Transfers out	(257,101)	(375,335)	(2,550,698)	(3,681,608)	(1,606,049)	(2,510,210)	(478,504)	(400,426)	(608,584)	(628,620)
Total other financing sources (uses)	7,550,480	8,740,000	0	0	0	2,206,726	0	-	30,000	4,693,301
Net change in fund balances	(3,212,484)	2,427,922	2,784,976	(4,959,843)	(4,640,907)	1,564,552	(1,741,192)	(530,040)	618,364	1,570,735
Debt service as a percentage of noncapital	76.44%	73.35%	50.09%	32.15%	9.50%	8.72%	14.77%	14.40%	11.06%	28.66%

Source: The City of Eagle Mountain

REVENUE CAPACITY

Pages 92-99 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.

CITY OF EAGLE MOUNTAIN Assessed Value and Estimate Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Commercial and				Unimproved Non FAA-Vacant	Centrally Assessed Values	Less: Tax-		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	Total Taxable Assessed Value			
2005	272,152,286	11,505,620	1,006,847	25,147,684	543,244	21,969,964	48,667,739	283,657,906	1.79	515,741,647	0.55
2006	347,865,641	11,875,595	1,007,314	21,300,553	555,296	22,250,192	56,988,950	347,865,641	1.75	632,482,984	0.55
2007	636,747,198	12,611,862	1,007,400	653,702	15,848,952	27,676,960	45,187,014	649,359,060	1.16	1,180,652,836	0.55
2008	743,789,652	24,341,246	1,007,400	656,571	18,900,020	28,594,463	49,158,454	768,130,898	1.23	1,396,601,633	0.55
2009	640,167,504	38,659,780	1,007,400	704,063	18,694,414	31,439,606	51,845,483	678,827,284	1.40	1,234,231,425	0.55
2010	603,122,184	32,364,170	801,342	741,782	15,794,967	31,393,836	48,731,927	635,486,354	1.51	1,155,429,735	0.55
2011	584,256,640	29,931,499	944,800	1,029,619	14,520,156	32,887,551	49,382,126	614,188,139	1.64	1,116,705,707	0.55
2012	535,698,926	13,742,397	1,794,000	1,067,528	73,571,670	35,388,207	111,821,405	549,441,323	1.67	998,984,224	0.55
2013	686,272,348	17,590,268	2,296,320	1,366,436	94,171,737	33,929,671	131,764,164	703,862,616	1.38	1,279,750,211	0.55
2014	576,027,914	15,222,724	1,744,200	1,080,159	75,696,353	33,929,671	112,450,383	591,250,638	1.30	1,075,001,160	0.55

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'

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

City Direct Rates			Overlapping Rates					
Fiscal Year	Basic Rates	Total Direct Rates	Utah County	Central Utah		Salt Lake		Local Assessing
				Water Conservancy District	Alpine School District	Valley Fire District	Multi County Assessing	
2005	1.79	1.79	1.04	0.40	8.08		0.17	0.18
2006	1.75	1.75	1.08	0.36	6.88		0.14	0.04
2007	1.16	1.16	0.84	0.30	6.94		0.12	0.04
2008	1.23	1.23	0.81	0.29	7.06		0.12	0.18
2009	1.40	1.40	0.88	0.40	7.54		0.14	0.18
2010	1.51	1.51	1.10	0.42	8.22		0.16	0.24
2011	1.64	1.64	1.14	0.44	8.81		0.17	0.27
2012	1.67	1.67	1.13	0.46	8.83		0.17	0.29
2013	1.38	1.38	1.01	0.45	8.70	2.19	0.16	0.10
2014	1.30	1.30	0.92	0.42	8.10	2.10	0.01	0.22

Source: Utah County Treasurer

CITY OF EAGLE MOUNTAIN

Principle Property Tax Payers
Current Year and Nine Years ago

TAXPAYER	2014			2005		
			Percentage of Total City Taxable Assessed Value			Percentage of Total City Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
KERN RIVER GAS TRANS CO	\$ 14,096,150	1	1.79%			
DIRECT COMMUNICATIONS	11,416,794	2	1.45%			
CJM LIMITED PARTNERSHIP	4,067,400	3	0.52%			
PACIFICORP	3,572,468	4	0.45%			
VESTIN MORTGAGE INC	1,549,400	5	0.20%			
WAGSTAFF INVESTMENTS LLC	1,425,100	6	0.18%			
STAR WEST EAGLE MTN. PROPRTY	1,400,000	7	0.18%			
MAVERIK INC	1,126,900	8	0.14%			
MARSH WOODRUFF LC	1,099,500	9	0.14%			
TOD COR HOLDINGS LLC	1,027,500	10	0.13%			
	<u>\$ 40,781,212</u>					
KERN RIVER GAS TRANSMISSION CO				\$ 17,442,817	1	5.67%
EAGLE MOUNTAIN HOLDINGS				5,652,357	2	1.84%
SL6 LLC				4,413,650	3	1.44%
PACIFIC CORP				2,575,168	4	0.84%
CHARTER SCHOOL WHOLESALE SERVICE & SUPPLY				2,100,000	5	0.68%
PARKWAY CROSSROADS LLC				1,454,782	6	0.47%
RALPH & JUDITH MARSH				1,024,728	7	0.33%
IBA LLC				669,820	8	0.22%
MCI WORLDCOM				535,703	9	0.17%
COMMUNITIES OF THE APOSTOLIC UNITED BRETHREN (ET AL)				499,455	10	0.16%
				<u>\$ 36,368,480</u>		

Source: Utah County Assessor

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

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Taxes Collected for Levy Year	Total Collected	Percentage of Levy
2005	541,653	484,428	89.4%	37,914	522,342	96.4%
2006	594,531	527,289	88.7%	71,726	599,014	100.8%
2007	707,304	637,440	90.1%	65,177	702,617	99.3%
2008	807,757	685,943	84.9%	57,773	743,716	92.1%
2009	1,005,266	824,566	82.0%	75,349	899,916	89.5%
2010	1,022,944	865,717	84.6%	131,482	997,200	97.5%
2011	1,033,170	912,961	88.4%	113,876	1,026,837	99.4%
2012	1,082,688	990,018	91.4%	90,859	1,080,877	99.8%
2013	1,102,986	1,027,078	93.1%	-	1,027,078	93.1%
2014	1,198,025	1,124,767	93.9%	60,069	1,184,836	98.9%

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Taxable Sales by Category
Last Ten Fiscal Years

Fiscal Year

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Retail/Grocery					\$ 3,901	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984	\$ 127,141
Utility/Communication					209,307	159,474	172,425	182,864	195,865	201,344
Auto dealers & supplies					1,393	1,373	6,781	9,006	11,539	13,639
Eating & drinking establishments					9,040	7,784	7,476	12,503	11,119	9,687
Home furnishings and appliances					3,208	2,184	1,914	975	1,774	2,827
Medical					110	217	1,483	2,265	2,698	2,300
Service stations					39,461	33,609	38,238	39,338	43,905	47,175
All other outlets					68,466	27,393	11,698	15,415	16,041	36,561
Utah State Tax- Motor Vehicle					19,761	38,309	45,568	46,642	50,422	54,359
Totals					\$ 354,647	\$ 280,527	\$ 339,688	\$ 376,346	\$ 416,347	\$ 495,032

Source: The City of Eagle Mountain

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

CITY OF EAGLE MOUNTAIN
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
2005	1.00%	0.25%		4.75%
2006	1.00%	0.25%		4.75%
2007	1.00%	0.25%	0.25%	4.75%
2008	1.00%	0.25%	0.30%	4.65%
2009	1.00%	0.25%	0.55%	4.70%
2010	1.00%	0.25%	0.80%	4.70%
2011	1.00%	0.25%	0.80%	4.70%
2012	1.00%	0.25%	0.80%	4.70%
2013	1.00%	0.25%	0.80%	4.70%
2014	1.00%	0.25%	0.80%	4.70%

CITY OF EAGLE MOUNTAIN
Sales Tax Revenue Payers by Industry
Fiscal Years 2005 and 2014

	Fiscal Year 2005				Fiscal Year 2014			
	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	705	53.8%	\$ 127,140.88	25.7%
Utility/Communication	N/A	N/A	N/A	N/A	100	7.6%	201,344.17	40.7%
Auto Dealers & Supplies	N/A	N/A	N/A	N/A	39	3.0%	13,638.52	2.8%
Eating/Drinking Establishments	N/A	N/A	N/A	N/A	12	0.9%	9,686.98	2.0%
Home Furnishings & Appliances	N/A	N/A	N/A	N/A	38	2.9%	2,826.60	0.6%
Medical	N/A	N/A	N/A	N/A	27	2.1%	2,299.89	0.5%
Service Stations	N/A	N/A	N/A	N/A	3	0.2%	47,174.66	9.5%
All Other Outlets	N/A	N/A	N/A	N/A	385	29.4%	36,561.33	7.4%
Utah State Tax- Motor Vehicle	N/A	N/A	N/A	N/A	1	0.1%	54,359.14	11.0%
Total	N/A	N/A	N/A	N/A	1310	100.0%	\$ 495,032.17	100.0%

Source: The City of Eagle Mountain

*City has no records for FY2005.

CITY OF EAGLE MOUNTAIN

Charges for Water Fees
Last Ten Fiscal Years

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water Sales	\$ 1,169,370	\$ 1,180,166	\$ 1,592,488	\$ 1,803,162	\$ 1,872,564	\$ 2,004,797	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,811,503
Secondary Water	-	-	-	-	-	-	-	-	-	-
Other	234,087	406,545	519,303	142,505	92,515	172,399	-	-	-	159,107
Totals	\$ 1,403,457	\$ 1,586,711	\$ 2,111,791	\$ 1,945,667	\$ 1,965,079	\$ 2,177,196	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,970,610

Source: The City of Eagle Mountain

DEBT CAPACITY

Pages 100-104 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.

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

Fiscal Year	Governmental Activities										Business-type Activities												
	Excise tax road bonds	Special Assessment bond 97-1	Special Assessment bond 98-3	Special Assessment bond 2001-1	Special Assessment bond 2004A 98-1	Sales Tax Series 2013 (SA bond 2006 2000-1)	Special Assessment bond 2013-1	Capital Leases	Water and Sewer Revenue		Electric and Gas Revenue		Telecommu ication Revenue		Water and Sewer Refunding Bonds		Electric and Gas Refunding Bonds		Water and Sewer Revenue Bonds	Unamortized Bond Premium	Total Primary Government Income	Percentage of Personal Income	Per Capita
2005	1,226	470	1,879	11,585	5,637	-	-	80	8,130	19,825	4,050	-	-	-	-	-	-	-	-	52,882	-	39,58%	6,037
2006	1,123	322	1,446	-	4,210	8,840	-	55	7,920	-	-	-	21,475	-	-	-	-	-	-	45,391	-	22.36%	3,681
2007	1,015	-	989	-	2,341	6,114	-	27	7,700	-	-	-	-	-	-	-	-	-	-	39,704	43	15.95%	2,227
2008	904	-	-	-	1,632	4,486	-	-	-	-	-	-	16,500	-	21,015	-	-	-	-	44,951	414	18.61%	2,015
2009	789	-	-	-	1,508	4,335	-	-	-	-	-	-	16,115	-	20,500	-	-	-	-	43,637	390	16.32%	1,897
2010	670	-	-	-	1,396	4,224	-	153	-	-	-	-	15,775	-	19,920	-	-	-	-	42,504	366	14.20%	1,985
2011	547	-	-	-	1,081	3,529	-	-	6,665	-	-	-	15,495	-	19,275	-	-	-	-	46,934	342	15.77%	2,133
2012	419	-	-	-	558	3,088	-	-	6,587	-	-	-	15,205	-	18,560	-	-	-	-	44,935	518	11.37%	1,988
2013	285	-	-	-	-	2,926	-	-	6,365	9,760	-	-	14,880	-	17,770	-	-	-	-	52,852	866	12.78%	2,277
2014	146	-	-	-	-	1,621	2,400	440	6,235	9,195	-	-	14,560	-	16,143	2,236	-	-	-	53,465	489	11.65%	2,076

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Utah County	\$ -	4.20%	\$ -
Alpine School District	412,100,000	7.80%	32,143,800
Central Utah Water Cons. Dist.	750,300,000	0.93%	6,977,790
Subtotal, overlapping debt			39,121,590
City direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 39,121,590</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.

Legal Debt Margin Calculation for FY 2014

Assessed value	698,370
Debt limit (12% of the assessed value)	83,804
Debt applicable to limit	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	
Total debt applicable to limit	
Legal debt margin	83,804

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	39,879	48,583	83,346	98,075	90,254	83,359	75,720	74,895	79,794	83,804
Total net debt applicable to limit										
Legal debt margin	39,879	48,583	83,346	98,075	90,254	83,359	75,720	74,895	79,794	83,804

Total net debt applicable to the limit as a percentage of debt limit

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.

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

Fiscal Year	Water and Sewer Revenue Bonds										Electric and Gas Revenue Bonds										SID 2000-1			
	Utility Service Charge					Less: Operating Expenses					Net Available Revenue					Debt Service								
	Principal	Interest	Coverage	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Special Assessment	Principal	Interest	Coverage	Special Assessment	Principal	Interest	Coverage	
2005	214	239	0.49	1,169	955	214	200	239	0.49	5,317	5,302	15	200	817	0.01	1,333	350	983	1.00	1,333	350	983	1.00	
2006	423	234	0.95	2,187	1,764	423	210	234	0.95	7,889	7,298	591	19,825	1,017	0.03	12,560	11,585	975	1.00	12,560	11,585	975	1.00	
2007	872	229	1.94	2,969	2,097	872	220	229	1.94	9,973	9,134	839	-	977	0.86	3,521	2,726	795	1.00	3,521	2,726	795	1.00	
2008	798	441	1.18	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	2,132	1,628	504	1.00	
2009	1,080	790	0.92	3,694	2,614	1,080	385	790	0.92	10,065	10,123	(58)	515	944	(0.04)	521	151	370	1.00	521	151	370	1.00	
2010	695	789	0.62	4,387	3,692	695	340	789	0.62	11,292	9,958	1,334	580	929	0.88	491	111	380	1.00	491	111	380	1.00	
2011	264	829	0.22	4,696	4,432	264	358	829	0.22	11,551	10,246	1,305	645	918	0.83	651	695	387	0.60	651	695	387	0.60	
2012	76	830	0.06	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	346	441	294	0.47	
2013	295	802	0.24	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	394	162	257	0.94	
2014	797	788	0.64	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	656	109	241	1.87	

Source: The City of Eagle Mountain

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

Fiscal Year	Special Assessments	SID 98-1 (2005A)			Excise Tax Road Bond			
		Debt Service			Debt Service			
		Principal	Interest	Coverage	Class B & C Road Funds	Principal	Interest	Coverage
2005	7,849	726	47	10.15	394	-	24	-
2006	1,592	995	597	1.00	371	103	46	2.49
2007	2,687	1,869	263	1.26	428	108	43	2.83
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	5
2013	5	558	41	0.01	772	134	16	5.15
2014	-	-	-	-	738	146	10	4.73

Source: The City of Eagle Mountain

DEMOGRAPHICS AND ECONOMICS

Pages 105-106 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.

CITY OF EAGLE MOUNTAIN Demographic and Economic Statistics Last Ten Calendar Years

Calendar	Population	Personal Income	Per Capita Personal Income	Unemployment Rate*
2005	12,332	\$ 133,613,457	\$ 10,835	4.0
2006	17,391	\$ 202,998,196	\$ 11,673	2.9
2007	19,890	\$ 248,855,393	\$ 12,512	2.5
2008	22,309	\$ 271,043,036	\$ 12,149	3.2
2009	23,000	\$ 292,965,933	\$ 12,738	5.2
2010	21,415	\$ 299,270,206	\$ 13,975	7.1
2011	22,008	\$ 297,656,898	\$ 13,525	7.5
2012	23,531	\$ 395,326,200	\$ 16,800	6.1
2013	24,097	\$ 355,865,378	\$ 14,768	4.6
2014	25,760	\$ 386,553,677	\$ 15,005.97	3.7

Source: The City of Eagle Mountain
Utah State Tax Commission

CITY OF EAGLE MOUNTAIN

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	2014			2005 ⁽¹⁾		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alpine School District	354	1	46.15%	N/A		N/A
Eagle Mountain City	98	2	12.78%	N/A		N/A
Ridley's Family Market	85	3	11.08%	N/A		N/A
Ranches Academy	48	4	6.26%	N/A		N/A
Job Match	47	5	6.13%	N/A		N/A
Rockwell High School	35	6	4.56%	N/A		N/A
Ranches Golf Course	30	7	3.91%	N/A		N/A
TM Crushing LLC	19	8	2.48%	N/A		N/A
Direct Communications	19	8	2.48%	N/A		N/A
Village Pizza	19	8	2.48%	N/A		N/A
Maverik	13	11	1.69%	N/A		N/A
Total	767		100.00%	N/A		N/A

Source: The City of Eagle Mountain

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

N/A = Not Available

OPERATING INFORMATION

Pages 107-109 of the Statistical Section show operating statistics and performance measurement data for the City's overall performance over the last 10 years.

CITY OF EAGLE MOUNTAIN Full-time-Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

Full-time-Equivalent Employees as of June 30, 2014

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
Administration	4.25	5	8.6	8.6	6.6	8.6	11	8	7	5
Finance	4	4	4	4	4	3	3	3	3	4
Planning	3	3.4	5	5	4	3.5	2.5	3.5	2.83	4
Building	3	5.5	7	7	6	5.5	3.5	3.5	3.5	5.5
Recorder	2	2	2	3	3	3	3	3	3	3
Facilities	0	0	0	0	0	0	0	0	0	1
Public Information	0	0	0	0	0	0	0	0	0	1
Human Resources	0	0	0	0	0	0	0	0	0	1
Other	7	9	0	0	0	0	0	3.38	3	1.5
Police										
Crossing Guards	1.75	3	3	3.5	3.5	3.2	3.2	3.2	3.2	4.75
Fire										
Firefighters and office	7	8.75	10.75	16.75	15.8	16.59	16.59	17	17	0
Parks and recreation	8	3	4	5	5	1	4.75	4.5	4.5	7.2
Library	1.5	1.2	2	2.3	2.2	2.3	2.3	4.13	4.13	5.15
Other public works										
Management	2	2	2	3	4	0	0	0	0	0
Engineering	4	2	3	2	2	2.3	2.6	2.66	2.66	4.96
Streets	3	3	4	4	4	3.5	3.25	3.5	3.5	4.5
Water	2	4	3.5	4	4	6	5.17	5.17	5.16	5.3
Wastewater	3	2	4.5	4	4	5.1	5.17	5.17	5.17	5.31
Utility Billing	2	4	4	4	4	4	3.75	4.75	5	5.5
Other		4	4	0	1	4	2	2	2	2.68
Energy	4	11	15	18	13	13	12	12	11	13
Total	61.5	76.85	86.35	94.15	86.1	84.59	83.78	88.46	85.65	84.35

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program: <u>General government</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Building										
Building permits issued	482	849	964	254	131	323	259	280	458	559
Police										
Building inspections conducted	3,603	6,313	9,134	3,869	2,471	3,900	1,698	1,850	2,864	4,155
Physical arrest					392	424	454	384	416	353
Warrants served					34	53	66	58	48	39
Traffic violations					1,157	1,730	1,565	2,062	1,399	1,500
Fire										
Emergency responses	267	547	621	640	612	676	693	694	766	672
Inspections	38	51	64	73	95	105	110	155	150	148
Streets										
Miles plowed - snow removal					14,546	9,594	12,185	5,339	10,574	5,896
Crack seal - staff hours						567	513	1,280	480	720
Asphalt Repairs (sq. ft.)					309,798	18,484	130,786	10,308	21,768	58,313
Parks and recreation		590,300								
Youth City sports registrations					2,056	2,183	2,301	2,747	2,704	3,379
Total recreational sports (youth/adult)					4/1	3/0	3/1	3/1	3/5	4/5
Water										
New meters installed					310	351	147	137	228	354
Water meters replaced					190	169	169	169	239	156
Average daily pumped (gallons)					3,231,197	3,262,153	3,785,400	4,272,384	4,142,638	4,285,000
Avg daily consumption (gallons)					2,730,512	3,305,721	4,013,088	3,732,753	4,332,255	4,076,000

Source: The City of Eagle Mountain

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police					15	15	15	15	15	15
Fire										
Patrol units										
Fire Hydrants							918	918	958	957
Fire Stations			2	2	2	2	2	2	2	2
Other public works										
Streets (miles)				113.52	122.98	136	142	133	133.5	138.37
Gas mains (miles)					103	114	114	116	129	136.5
Sewer plant capacity (gallons)					250,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Sanitary sewers (miles)					72	72.2	72.2	72.2	73	85
Parks and recreation										
Total developed park (acres)					78.22	58	66	76	79	88
Playgrounds				11	11	11	12	15	15	15
Baseball/softball diamonds	2	2	3	3	3	3	7	7	7	7
Soccer/football fields	2	2	2	3	3	3	4	4	5	5
Water										
Water pipe (miles)					136	139	139	141	142	151.9
Total water storage (gallons)					4,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000

Source: The City of Eagle Mountain

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GOVERNMENT AUDITING STANDARDS REPORT
UTAH STATE COMPLIANCE REPORT



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CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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SIDNEY S. GILBERT, CPA
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**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 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, each major fund, and the aggregate remaining fund information of Eagle Mountain City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Eagle Mountain City's basic financial statements, and have issued our report thereon dated December 18, 2014.

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 Eagle Mountain City's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle Mountain City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Eagle Mountain City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

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provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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
Certified Public Accountants
December 18, 2014

EAGLE MOUNTAIN CITY
SCHEDULE OF FINDINGS
JUNE 30, 2014

Significant Deficiencies in Internal Control:

12-01 Adjustments to proper basis of accounting

Finding: The City did not post all of the year-end adjusting journal entries necessary to adjust the financial statements to the proper basis of accounting.

Recommendation: Management should make efforts to make the year-end entries to adjust to the proper basis of accounting. The City is addressing this issue by a greater awareness of the necessary adjustments needed. Based on our discussions with management we don't anticipate this issue being a finding in the future.

City's Response: We concur with the auditor's recommendation and have taken steps to put procedures in place to ensure that the necessary journal entries are made at year end.



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**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE
STATE COMPLIANCE AUDIT GUIDE ON:
COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
COMPLIANCE FOR EACH MAJOR STATE PROGRAM
INTERNAL CONTROL OVER COMPLIANCE AND
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

Honorable Mayor and City Council
Eagle Mountain City
Eagle Mountain, Utah

December 18, 2014

***REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND
FOR EACH MAJOR STATE PROGRAM***

We have audited Eagle Mountain City's compliance with applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Eagle Mountain City or each of its major state programs for the year ended June 30, 2014.

The general compliance requirements applicable to the City are identified as follows:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System Compliance
- Transfers from Utility Enterprise Funds
- Cash Management
- Impact Fees
- Nepotism
- Utah Public Finance Website
- Open & Public Meetings Act

The City received state funding from the following programs classified as major programs for the year ended June 30, 2014:

B&C Road funds

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

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

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accounting principles generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, 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 or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion

In our opinion, Eagle Mountain City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in a separate letter to management dated December 18, 2014. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying 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 OF INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of out 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.

REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

We have audited the financial statements of the governmental activities, *the business-type activities*, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 18, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of 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

Certified Public Accountants

Eagle Mountain City
Comprehensive Annual Financial Report
Fiscal Year Ending June 30, 2014



EAGLE
M O U N T A I N