



EAGLE
MOUNTAIN



FISCAL YEAR
ENDED JUNE 30 2016
CAFR

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR
EAGLE MOUNTAIN CITY
UTAH



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

Prepared by:
Finance & Executive Departments
Paul Jerome, Asst. City Administrator / Finance Director
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**EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016**

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EAGLE MOUNTAIN

Letter of Transmittal

Honorable Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of Eagle Mountain City (the City), for the fiscal year ended June 30, 2016 is submitted herewith. As a third class city, Eagle Mountain is given reasonable exceptions and modifications to accounting, budgetary, and reporting procedures as stated by Utah State law. The law for first, second, and third class cities is to “present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities.” This report, which fulfills the law for higher-class cities, presents a comprehensive financial picture covering all funds and financial transactions for the year.

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

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

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

The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP.

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

Profile of the Government

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

Since the 2000 U.S. Census, Eagle Mountain City has shown steady, and often rapid, growth. In twenty years, the City has grown from 2,157 residents to about 31,000 in 2016. About 8,000 residential units have been built, with an average of 370 permits per year over the past 5 years, making Eagle Mountain one of the fastest growing communities in Utah and the state's third largest city geographically.

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

Utah's unemployment rate as of October 2016 was 3.2%, much lower than the national unemployment rate of 4.6%, with Utah County being near the top third of the state with the lowest unemployment. During the last half of 2016, Utah's foreclosure rate stood at 0.3% which has improved significantly with the end of the recession.

Corresponding with Utah's relative economic stability, Eagle Mountain grew by about 9% in 2016 (based on new building permits). As these building permits were largely residential units, Eagle Mountain is and should continue seeing an increase in building since the recession ended.

Despite the small commercial tax base, Eagle Mountain residents enjoy a tax rate that is in the bottom third of all cities in Utah County. Eagle Mountain's current property tax rate is 0.001081. The City has not gone through the Truth-in-Taxation process (to raise the rate) since FY2005. The City has been able to manage services for this quick-growing community without levying heavy taxes to balance the budget. Additional information about economic factors can be found in the MD&A.

Long-Term Financial Planning

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

Despite the continued impact the economy is having on the City's revenue streams, the FY2017 Budget includes additional additions to the Cory B. Wride Memorial Park complex, infrastructure improvements to handle increasing demands, continuing and new road paving projects throughout the city, and the purchase of a new screen press installed at the sewer plant.

Relevant Financial Policies

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

Major Initiatives

As we prepare for the future, the Mayor is committed to 1) Improvement of Services; 2) Park Improvements; 3) Improved Public Safety; 4) Improved Transportation; and 5) Emphasis on Economic Development. These initiatives are reflected in the fiscal year 2017 Budget.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award for the City's annual budget document for fiscal years 2009 through 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the eighth consecutive year that the City has received this esteemed award.

The Government Finance Officers Association (GFOA) has also awarded the Certificate of Achievement in Financial Reporting award to the City for the past six fiscal years (2010 - 2015). In order to qualify for the Certificate of Achievement in Financial Reporting award, the City's financial status must meet rigorous standards for transparency and accuracy.

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

Respectfully Submitted,

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

Ifo Pili,
City Administrator

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

Paul Jerome,
Finance Director



Government Finance Officers Association

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

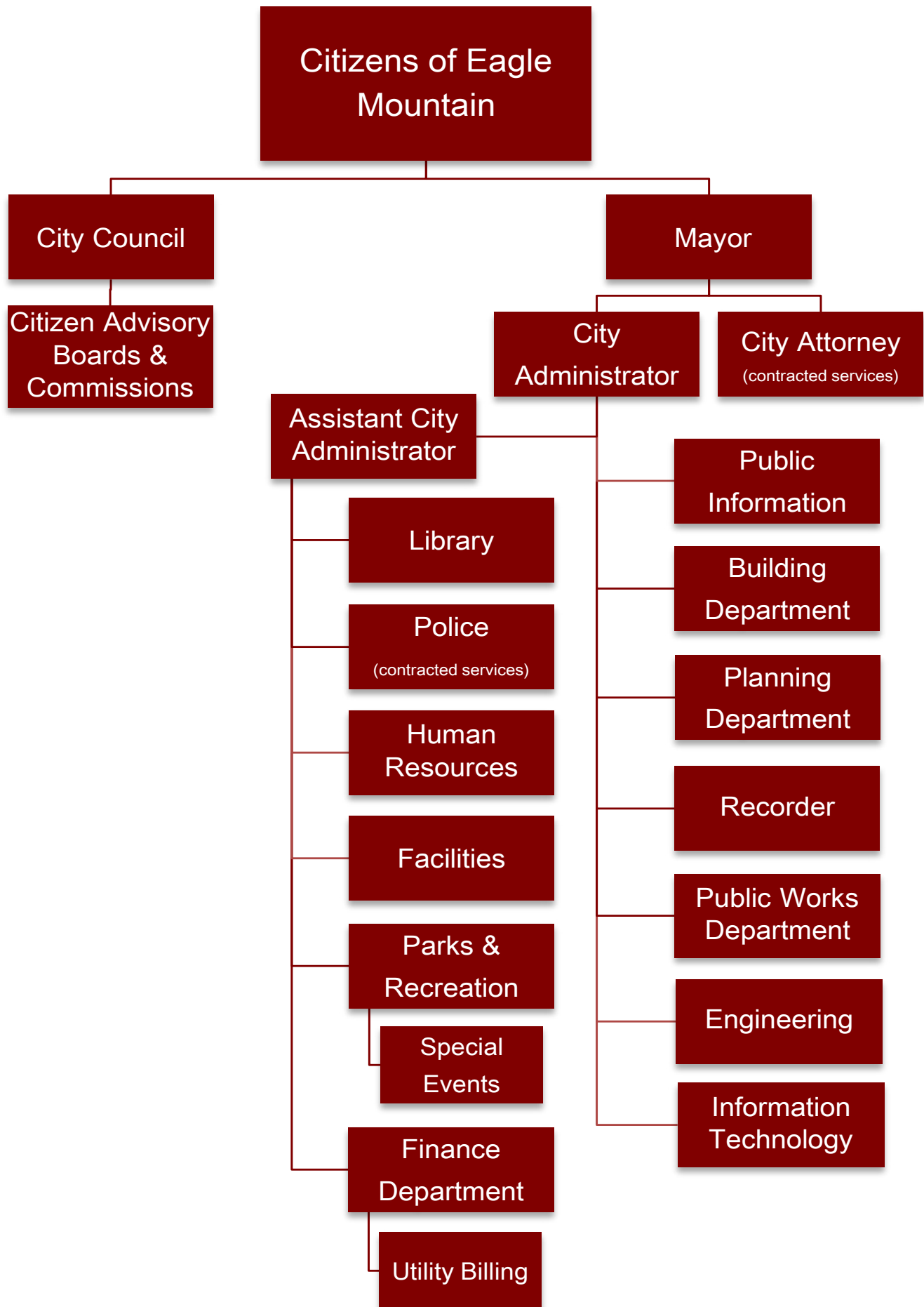
Presented to

**Eagle Mountain City
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



CITY OFFICERS



Stephanie Gricius
Council Member



Colby Curtis
Council Member



Ben Reaves
Council Member



Adam Bradley
Council Member



Tom Westmoreland
Council Member



Christopher Pengra
Mayor

Ifo Pili
City Administrator



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INDEPENDENT AUDITOR'S REPORT



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Eagle Mountain, Utah

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City, Utah (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

December 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Eagle Mountain City, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of Eagle Mountain City for the fiscal year ended June 30, 2016. 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 \$131,812,368 is made up of \$104,099,866 in net investment in capital assets, \$2,734,196 in restricted net position, and \$24,978,306 in unrestricted net position. Total net position increased by \$11,587,586 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,849,727. Of this amount, \$2,202,935 must only be spent on projects for which the money is restricted. \$575,904 is assigned by the City administration and is divided as follows: \$278,333 for storm water projects, \$278,333 for debt service, and \$33 for capital projects. The remaining \$3,070,888 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues decreased by \$9,046,517. Corresponding operating expenses decreased by \$8,223,853. This decrease was due to the sale of the Gas and Electric systems in March 2015 there by having a complete fiscal year without the associated revenues and expenses for those operations.

Reporting the City as a Whole

This discussion and analysis is intended to serve as an introduction to Eagle Mountain City's basic financial statements. Eagle Mountain City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

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

Both of the government-wide financial statements distinguish functions of Eagle Mountain City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 10 and 11 of this report.

Reporting the City's Most Significant Funds

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

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

The governmental fund financial statements can be found on pages 12-15 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 16-18 of this report.

- Additionally, the City reports the following fund types:

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Eagle Mountain City, assets exceed liabilities by \$120,224,783.

One of the largest portions of Eagle Mountain City's net position (88%) 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 2016 and 2015 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 11,984,644	\$ 11,742,700	\$ 22,899,211	\$ 20,240,740	\$ 34,883,855	\$ 31,983,440
Water Line Project	67,734,966	62,617,003	61,241,698	58,283,939	128,976,664	120,900,942
Total assets	<u>79,719,610</u>	<u>74,359,703</u>	<u>84,140,909</u>	<u>78,524,679</u>	<u>163,860,519</u>	<u>152,884,382</u>
Deferred Outflows of Resources	<u>634,159</u>	<u>250,827</u>	<u>1,241,905</u>	<u>1,194,225</u>	<u>1,876,064</u>	<u>1,445,052</u>
Long-term debt outstanding	3,105,582	4,991,864	24,684,426	25,812,069	27,790,008	30,803,933
Other liabilities	2,941,214	1,656,977	1,717,843	472,037	4,659,057	2,129,014
Total liabilities	<u>6,046,796</u>	<u>6,648,841</u>	<u>26,402,269</u>	<u>26,284,106</u>	<u>32,449,065</u>	<u>32,932,947</u>
Deferred Inflows of Resources	<u>1,395,227</u>	<u>1,137,080</u>	<u>79,923</u>	<u>34,625</u>	<u>1,475,150</u>	<u>1,171,705</u>
Net position:						
Net investment in capital assets,	66,092,722	59,048,455	38,007,114	32,767,922	104,099,836	91,816,377
Restricted	1,494,244	1,081,833	1,239,952	1,239,952	2,734,196	2,321,785
Unrestricted	5,324,780	6,694,321	19,653,526	19,392,299	24,978,306	26,086,620
Total net assets	<u>\$ 72,911,746</u>	<u>\$ 66,824,609</u>	<u>\$ 58,900,592</u>	<u>\$ 53,400,173</u>	<u>\$ 131,812,338</u>	<u>\$ 120,224,782</u>

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The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 4,569,333	\$ 3,574,307	\$ 11,472,554	\$ 27,536,801	\$ 16,041,887	\$ 31,111,108
Operating grants & contrib.	52,235	14,442	-	-	52,235	14,442
Capital grants & contrib.	10,001,603	10,865,051	3,431,786	4,418,845	13,433,389	15,283,896
General revenues:						
Property taxes	1,202,258	1,089,674	-	-	1,202,258	1,089,674
General sales & use tax	2,751,058	2,478,132	-	-	2,751,058	2,478,132
Franchise tax	1,110,170	870,287	-	-	1,110,170	870,287
Interest earnings	82,267	43,559	-	-	82,267	43,559
Total revenues	<u>19,768,924</u>	<u>18,935,452</u>	<u>14,904,340</u>	<u>31,955,646</u>	<u>34,673,264</u>	<u>50,891,098</u>
Expenses:						
General government	\$ 3,257,255	\$ 2,731,266	\$ -	\$ -	\$ 3,257,255	\$ 2,731,266
Public safety	2,286,418	2,083,205	-	-	2,286,418	2,083,205
Highways & public works	6,496,475	4,516,101	-	-	6,496,475	4,516,101
Community development	1,174,443	1,036,699	-	-	1,174,443	1,036,699
Planning	380,673	327,311	-	-	380,673	327,311
Interest on long-term debt	166,707	243,250	-	-	166,707	243,250
Water utility	-	-	4,077,461	3,589,243	4,077,461	3,589,243
Sewer utility	-	-	3,923,954	3,510,591	3,923,954	3,510,591
Electric utility	-	-	95,183	14,524,286	95,183	14,524,286
Gas utility	-	-	79,069	3,745,830	79,069	3,745,830
Golf course	-	-	-	-	-	-
Non-major business	-	-	1,148,040	1,031,896	1,148,040	1,031,896
Total expenses	<u>13,761,971</u>	<u>10,937,832</u>	<u>9,323,707</u>	<u>26,401,846</u>	<u>23,085,678</u>	<u>37,339,678</u>
Increase (decrease) in net assets before transfers	6,006,953	9,418,645	5,580,633	5,553,800	11,587,586	13,551,420
Transfers	<u>80,184</u>	<u>195,519</u>	<u>(80,184)</u>	<u>(195,519)</u>	<u>-</u>	<u>-</u>
Increase (decr.) in net assets	6,087,137	9,614,164	5,500,449	5,358,281	11,587,586	13,551,420
Net position - beginning	66,824,609	58,499,846	53,440,173	48,323,416	120,264,782	106,823,262
Restatement of net position	-	(1,289,401)	-	(281,524)	-	-
Net position - ending	<u>\$ 72,911,746</u>	<u>\$ 66,824,609</u>	<u>\$ 58,940,622</u>	<u>\$ 53,400,173</u>	<u>\$ 131,852,368</u>	<u>\$ 120,374,682</u>

Governmental activities

Governmental activities increased the City's net position by \$6,006,953. This increase is due mainly to strong residential growth, which helped fuel the increase in revenues related to property taxes, sales taxes, and charges for services. Also contributing to the increase in net position is the City's commitment to conservative budgeting in order to keep expenditures as low as possible despite the rapid growth.

Business-type activities

Business-type activities increased the City's net position by \$5,500,449. The same factors of strong residential growth and conservative budgeting mentioned above led to this increase in net position.

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,849,727. Of this total amount, 48% constitutes assigned and unassigned fund balances. \$575,904 is assigned by the administration of the City and will be used for the following: \$278,333 for storm water projects, \$297,538 for debt service, and \$33 for capital projects. \$3,070,888 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 \$3,070,888, a decrease of \$908,062 from fiscal year 2015. The total balance is \$3,070,888, an increase of \$908,062 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 38% of total general governmental fund expenditures, while total fund balance represents 38% 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 \$254,424, an increase of \$209,837. The main reason for the increase in fund balance was additional impact fees received.

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 \$20,344,779. The net investment in capital assets in these same funds is \$36,934,711.

As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds decreased by \$9,046,517 (42%) and \$8,223,853 (50%), 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 (or decreased) by \$3,975,457, \$1,658,199, \$(247,367), and \$1,129 respectively. The major reasons for the increase in net position is an increase in impact fees collected and an increase in contributed capital from developers.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget expenditure total of \$8,045,654 to a final budget of \$8,703,754, an increase of \$445,590. The increase reflects higher than anticipated expenditures within the general government and the public works departments. During the fiscal year, actual general fund revenues exceeded the final budget amounts by \$3,291,638. This difference is due mainly to larger than anticipated increases in building permit fee revenue and other charges for services revenue,

both related to growth. Actual expenditures in the general fund were \$386,894 lower than the final budgeted expenditure amounts for the fiscal year.

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, 2016, amounts to \$128,976,664 (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	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,470,000	\$ 6,470,000	\$ 3,690,764	\$ 3,690,765	\$ 10,160,764	\$ 10,160,765
Water Shares	-	-	5,073,787	4,646,267	5,073,787	4,646,267.0
Buildings	3,326,242	3,440,942	1,661,651	1,855,210	4,987,893	5,296,152
Improvements	1,464,852	1,180,467	-	-	1,464,852	1,180,467
Equipment	1,033,734	1,223,486	50,789,001	47,817,215	51,822,735	49,040,701
Infrastructure	54,945,344	49,961,550	-	-	54,945,344	49,961,550
Construction in progress	494,795	340,558	26,494	274,482	521,289	615,040
Total net assets	\$ 67,734,967	\$ 62,617,003	\$ 61,241,697	\$ 58,283,939	\$ 128,976,664	\$ 120,900,942

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 \$23,529,000. Of this amount, \$1,410,000 is from special assessment bonds. The remaining \$22,119,000 is secured solely by specific revenue sources (i.e., revenue bonds and sales tax revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Special assessment bonds	\$ 1,410,000	\$ 2,360,000	\$ -	\$ -	\$ 1,410,000	\$ 2,360,000
Excise tax bonds	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-
Revenue bonds	-	867,000	22,119,000	22,754,000	22,119,000	23,621,000
Total bonds	\$ 1,410,000	\$ 3,227,000	\$ 22,119,000	\$ 22,754,000	\$ 23,529,000	\$ 25,981,000

During fiscal year 2014, the City's total outstanding debt decreased by a net amount of \$2,740,490.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$39,192,030, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water, sewer, or other projects, thus resulting in a debt limit of 8% of total taxable value. Total limitation is \$76,144,061, which again exceeds the outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- Eagle Mountain City issued 570 new building permits in fiscal year 2016. This reflects an increase of 161 building permits over the previous fiscal year. The City anticipates that this trend will continue in fiscal year 2017.
- Eagle Mountain City administration is very conservative in estimating budgeted revenues. In the general fund, budgeted revenues for fiscal year 2017 are 9.6% lower than the revenues collected for fiscal year 2016. This enables the city to respond to any potential market disruptions that could

negatively impact revenue streams that the city depends on for services.

- No rate increases were budgeted for in fiscal year 2017, however, the city is actively engaged in analyzing, both internally and externally, revenues from rates and expenditures related to the services provided through those rates to determine future needs.
- With Eagle Mountain City's high desert location, the city entered into an agreement with the Central Utah Water Conservancy District to purchase 15,000 acre feet of water from fiscal year 2012 through fiscal year 2021. As of fiscal year 2016, the city has purchased 750 acre feet of water and the pump station and water line to transport the water to the city is fully functioning. The contract has been renegotiated with CUWCD to purchase additional water when new users come on to the system and have need for this specific water source.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,118,653	\$ 13,253,231	\$ 18,371,884
Restricted cash and cash equivalents	3,128,335	2,704,450	5,832,785
Investments	-	4,001,415	4,001,415
Accounts receivable			
Customers (net of allowance)	291,939	2,008,892	2,300,831
Intergovernmental	227,470	-	227,470
Assessments receivable	1,925,839	-	1,925,839
Taxes receivable	1,673,423	-	1,673,423
Other	-	-	-
Internal balances	(381,180)	381,180	(0)
Note Receivable - net of current portion	-	550,000	550,000
Prepaid bond insurance - net	-	-	-
Net pension asset	165	43	208
Capital assets (net of accumulated depreciation):			
Land	6,469,999	3,690,765	10,160,764
Water Shares	-	5,073,787	5,073,787
Buildings	3,326,242	1,661,651	4,987,893
Improvements	1,464,852	-	1,464,852
Equipment and systems	1,033,734	50,789,001	51,822,735
Infrastructure	54,945,344	-	54,945,344
Construction in progress	494,795	26,494	521,289
Total assets	<u>\$ 79,719,610</u>	<u>\$ 84,140,909</u>	<u>\$ 163,860,519</u>
DEFERRED OUT FLOW OF RESOURCES			
Pension related costs	\$ 634,159	\$ 169,472	\$ 803,631
Bond refunding costs	-	1,072,433	1,072,433
Total Deferred outflow of resources	<u>634,159</u>	<u>1,241,905</u>	<u>1,876,064</u>
LIABILITIES			
Accounts payable and accrued liabilities	971,544	1,606,578	2,578,122
Deposits	1,957,590	24,390	1,981,980
Bond interest payable	12,080	86,875	98,955
Long-term liabilities			
Due within one year	188,560	1,911,427	2,099,987
Due in more than one year	2,917,022	22,772,999	25,690,021
Total liabilities	<u>6,046,796</u>	<u>26,402,269</u>	<u>32,449,065</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related costs	299,071	79,923	378,994
Unearned property taxes levied for future years	1,096,156	-	1,096,156
Total Deferred inflow of resources	<u>1,395,227</u>	<u>79,923</u>	<u>1,475,150</u>
NET POSITION			
Net investment in capital assets	66,092,722	38,007,144	104,099,866
Restricted			
C Roads	-	-	-
Impact fees	1,494,244	1,239,952	2,734,196
Unrestricted	5,324,780	19,653,526	24,978,306
Total net position	<u>\$ 72,911,746</u>	<u>\$ 58,900,622</u>	<u>\$ 131,812,368</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Activities
For the Year Ended June 30, 2016

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	\$ 3,257,256	\$ 1,333,720	\$ -	\$ -	\$ (1,923,536)	\$ -	\$ (1,923,536)
Public safety	2,286,418	249,809	16,693	26,498	(1,993,418)	-	(1,993,418)
Public works	6,496,475	657,052	-	9,975,105	4,135,682	-	4,135,682
Community development	1,174,443	132,799	-	-	(1,041,644)	-	(1,041,644)
Planning	380,673	2,195,953	35,542	-	1,850,822	-	1,850,822
Interest on long-term debt	166,707	-	-	-	(166,707)	-	(166,707)
Total governmental activities	13,761,971	4,569,333	52,235	10,001,603	861,200	-	861,200
Business-type activities:							
Water	4,077,461	6,284,853	-	1,780,087	-	3,987,479	3,987,479
Sewer	3,923,954	3,944,732	-	1,651,699	-	1,672,477	1,672,477
Electric	95,183	-	-	-	-	(95,183)	(95,183)
Gas	79,069	80,198	-	-	-	1,129	1,129
Non major business-type	1,148,040	1,162,771	-	-	-	14,731	14,731
Total business-type activities	9,323,707	11,472,554	-	3,431,786	-	5,580,633	5,580,633
Total primary government	\$ 23,085,678	\$ 16,041,887	\$ 52,235	\$ 13,433,389	861,200	5,580,633	6,441,833
General revenues:							
Property taxes					\$ 1,202,258	\$ -	\$ 1,202,258
General sales and use tax					2,751,058	-	2,751,058
Franchise taxes					1,110,170	-	1,110,170
Miscellaneous					-	-	-
Interest earnings					82,267	-	82,267
Transfers					80,184	(80,184)	-
Total general revenues and transfers					5,225,937	(80,184)	5,145,753
Change in net Position					6,087,137	5,500,449	11,587,586
Net position- beginning					66,824,609	53,400,173	120,224,782
Net position - ending					\$ 72,911,746	\$ 58,900,622	\$ 131,812,368

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Debt Service 2000-1	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,761,511	\$ -	\$ (192,675)	\$ 4,568,836
Restricted cash	-	254,424	2,873,911	3,128,335
Receivables (net):				
Accounts	250,853	-	41,086	291,939
Taxes	1,673,423	-	-	1,673,423
Intergovernmental	227,470	-	-	227,470
Special assessments	-	626,038	1,299,801	1,925,839
Other	-	-	-	-
Total assets	<u>\$ 6,913,257</u>	<u>\$ 880,462</u>	<u>\$ 4,022,123</u>	<u>\$ 11,815,842</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 756,684	\$ -	\$ 197,907	\$ 954,591
Deposits	1,957,590	-	-	1,957,590
Deferred revenue	-	-	-	-
Total liabilities	<u>2,714,274</u>	<u>-</u>	<u>197,907</u>	<u>2,912,181</u>
Deferred inflows of Resources:				
Unearned property taxes levied for future years	1,096,156	-	-	1,096,156
Unavailable property taxes-delinquent	31,939	-	-	31,939
Unavailable special improvement assessments	-	626,038	1,299,801	1,925,839
Total deferred inflows of resources	<u>1,128,095</u>	<u>626,038</u>	<u>1,299,801</u>	<u>3,053,934</u>
Fund Balances:				
Fund balances Restricted for:				
Roads	-	-	-	-
Impact fees	-	-	1,494,244	1,494,244
Special assessments	-	254,424	454,267	708,691
Assigned, for:				
Storm water	-	-	278,333	278,333
Debt service	-	-	297,538	297,538
Capital projects	-	-	33	33
Unassigned:	3,070,888	-	-	3,070,888
Total fund balances	<u>3,070,888</u>	<u>254,424</u>	<u>2,524,415</u>	<u>5,849,727</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,913,257</u>	<u>\$ 880,462</u>	<u>\$ 4,022,123</u>	<u>\$ 11,815,842</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet Reconciliation to
Statement of Net Assets
June 30, 2016

Total fund balances - governmental fund types:	\$ 5,849,727
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.	67,734,966
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,957,778
Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds.	634,324
Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.	(3,117,662)
Deferred inflows of resources are not available financial resources and are not reported in the governmental funds.	(299,068)
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.	151,681
Net assets of government activities	<u><u>\$ 72,911,746</u></u>

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Debt Service 2000-1	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 5,060,489	\$ -	\$ -	\$ 5,060,489
Special assessments	-	963,798	958,661	1,922,459
Licenses and permits	2,214,940	-	-	2,214,940
Intergovernmental	930,356	-	18,292	948,648
Charges for services	1,673,007	-	366,476	2,039,483
Impact fees	-	411,401	1,613,212	2,024,613
Miscellaneous	756,271	3,881	7,579	767,731
Total revenues	<u>10,635,063</u>	<u>1,379,080</u>	<u>2,964,220</u>	<u>14,978,363</u>
EXPENDITURES				
Current:				
General government	2,554,553	33,738	634,559	3,222,850
Public safety	2,286,418	-	-	2,286,418
Public works	1,633,673	206,489	1,040,775	2,880,937
Planning and zoning	415,180	-	-	415,180
Community development	1,214,526	-	30,543	1,245,069
Debt service:				
Principal retirement	-	867,000	950,000	1,817,000
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	62,016	118,363	180,379
Capital outlay	-	-	2,223,822	2,223,822
Total expenditures	<u>8,104,350</u>	<u>1,169,243</u>	<u>4,998,062</u>	<u>14,271,655</u>
Excess revenues over (under) expenditures	<u>2,530,713</u>	<u>209,837</u>	<u>(2,033,842)</u>	<u>706,708</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from asset disposals	-	-	-	-
Loss on grant noncompliance	-	-	-	-
Transfers in	-	-	1,802,835	1,802,835
Transfers out	(1,622,651)	-	(100,000)	(1,722,651)
Total other financing sources and uses	<u>(1,622,651)</u>	<u>-</u>	<u>1,702,835</u>	<u>80,184</u>
Net change in fund balance	908,062	209,837	(331,007)	786,892
Fund balances - beginning of year	2,162,826	44,587	2,855,422	5,062,835
Fund balances - end of year	<u>\$ 3,070,888</u>	<u>\$ 254,424</u>	<u>\$ 2,524,415</u>	<u>\$ 5,849,727</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, 2016

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

Net changes in fund balances - total governmental funds	\$ 786,892
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,724,887)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	
- Current year capital contributions from developers and loss on transfer of assets	6,842,851
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,052,777)
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.	1,926,303
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.	94,342
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in as expenditures in the governmental funds	214,412
Change in net assets of governmental activities	<u>\$ 6,087,136</u>

EAGLE MOUNTAIN CITY
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise						Governmental Activities Internal Service Funds
	Water	Sewer	Electric	Gas	NonMajor Enterprise Funds	Total	
<u>ASSETS</u>							
Current assets:							
Cash and cash equivalents	\$ 1,249,801	\$ 2,647,995	\$ 653,892	\$ 8,099,164	602,379	\$ 13,253,231	\$ 549,817
Accounts receivable - net	520,427	485,537	388,689	444,908	169,331	2,008,892	-
Due from other funds	-	-	-	-	-	-	-
Total current assets	1,770,228	3,133,532	1,042,581	8,544,072	771,710	15,262,123	549,817
Noncurrent assets:							
Restricted cash and cash equivalents	2,525,553	178,897	-	-	-	2,704,450	-
Investments	-	-	-	4,001,415	-	4,001,415	-
Note receivable (Net of Current Portion)	-	-	-	-	550,000	550,000	-
Net pension asset	19	22	-	-	2	43	6
Land, equipment, buildings and improv.	49,120,578	33,238,665	-	-	600,176	82,959,419	1,885,420
Less: Accumulated depreciation	(12,319,583)	(9,262,119)	-	-	(136,019)	(21,717,721)	(1,217,041)
Total noncurrent assets	39,326,567	24,155,465	-	4,001,415	1,014,159	68,497,606	668,385
Total assets	41,096,795	27,288,997	1,042,581	12,545,487	1,785,869	83,759,729	1,218,202
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Bond refunding costs - net	461,146	611,287	-	-	-	1,072,433	-
Pension related costs	75,045	86,745	-	-	7,682	169,472	23,636
Total deferred outflow of resources	536,191	698,032	-	-	7,682	1,241,905	23,636
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable and accrued liabilities	1,186,032	330,131	1,552	30	88,833	1,606,578	16,954
Due to other funds	-	-	-	-	-	-	-
Debt interest payable	37,066	49,809	-	-	-	86,875	1,807
Current portion of long-term debt	1,457,697	420,200	-	-	-	1,877,897	110,916
Total current liabilities	2,680,795	800,140	1,552	30	88,833	3,571,350	129,677
Noncurrent liabilities:							
Deposits	24,390	-	-	-	-	24,390	-
Compensated absences	24,340	9,190	-	-	-	33,530	3,452
Net pension liability	152,289	176,031	-	-	15,589	343,909	47,964
Long-term debt (net of current portion)	8,329,809	14,099,281	-	-	-	22,429,090	113,057
Total noncurrent liabilities	8,530,828	14,284,502	-	-	15,589	22,830,919	164,473
Total liabilities	11,211,623	15,084,642	1,552	30	104,422	26,402,269	294,150
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Pension related costs	35,391	40,909	-	-	3,623	79,923	11,146
Total deferred outflow of resources	35,391	40,909	-	-	3,623	79,923	11,146
<u>NET POSITION</u>							
Net investment in capital assets	27,474,635	10,068,352	-	-	464,157	38,007,144	444,406
Restricted - impact fees	705,383	534,569	-	-	-	1,239,952	-
Unrestricted	2,205,954	2,258,557	1,041,029	12,545,457	1,221,349	19,272,346	492,136
Total net position	\$ 30,385,972	\$ 12,861,478	\$ 1,041,029	\$ 12,545,457	1,685,506	\$ 58,519,442	\$ 936,542
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds						381,180	
Net position business-type activities						\$ 58,900,622	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total	
Operating revenues:							
Charges for services	\$ -	\$ -	\$ -	\$ 10,816	\$ 1,125,277	\$ 1,136,093	\$ 734,027
Charges for services pledged as security on revenue bonds	3,222,097	3,337,425	-	-	-	6,559,522	-
Other operating income	470,701	-	-	-	7,494	478,195	2,947
Total operating revenues	<u>3,692,798</u>	<u>3,337,425</u>	<u>-</u>	<u>10,816</u>	<u>1,132,771</u>	<u>8,173,810</u>	<u>736,974</u>
Operating expenses:							
Salaries and wages	505,617	423,889	-	-	82,600	1,012,106	146,172
Purchased services	1,230,197	1,620,212	41,462	4,442	1,029,366	3,925,679	103,928
Supplies and materials	353,401	179,412	4,817	15,199	14,046	566,875	173,026
Depreciation and amortization	1,392,861	1,041,074	-	-	20,006	2,453,941	263,867
Miscellaneous	20,057	19,990	48,904	58,778	4,546	152,275	10,474
Total operating expenses	<u>3,502,133</u>	<u>3,284,577</u>	<u>95,183</u>	<u>78,419</u>	<u>1,150,564</u>	<u>8,110,876</u>	<u>697,467</u>
Operating income	<u>190,665</u>	<u>52,848</u>	<u>(95,183)</u>	<u>(67,603)</u>	<u>(17,793)</u>	<u>62,934</u>	<u>39,507</u>
Nonoperating revenues (expenses):							
Interest revenue	27,594	35,665	-	69,382	-	132,641	-
Grant proceeds	-	54,000	-	-	-	54,000	-
Developer reimbursements	(214,975)	(182,208)	-	-	-	(397,183)	-
Bond refunding cost amortization	(28,822)	(38,205)	-	-	-	(67,027)	-
Loss on retirement and defeasance of bonds	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Other Income	-	-	-	-	30,000	30,000	19,199
Interest expense and fiscal charges	(343,553)	(433,242)	-	(650)	-	(777,445)	(5,555)
Total nonoperating revenues (expenses)	<u>(559,756)</u>	<u>(563,990)</u>	<u>-</u>	<u>68,732</u>	<u>30,000</u>	<u>(1,025,014)</u>	<u>13,644</u>
Net income (loss) before contributions and transfers	<u>(369,091)</u>	<u>(511,142)</u>	<u>(95,183)</u>	<u>1,129</u>	<u>12,207</u>	<u>(962,080)</u>	<u>53,151</u>
Capital contributions	<u>1,780,087</u>	<u>1,597,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,377,786</u>	<u>-</u>
Contribution of capital assets to governmental funds	-	-	-	-	-	-	-
Impact fees	2,564,461	571,642	-	-	-	3,136,103	-
Transfers in	-	-	-	-	102,000	102,000	-
Transfers out	-	-	(152,184)	-	(30,000)	(182,184)	-
Total contributions and transfers	<u>4,344,548</u>	<u>2,169,341</u>	<u>(152,184)</u>	<u>-</u>	<u>72,000</u>	<u>6,433,705</u>	<u>-</u>
Change in net position	<u>3,975,457</u>	<u>1,658,199</u>	<u>(247,367)</u>	<u>1,129</u>	<u>84,207</u>	<u>5,471,625</u>	<u>53,151</u>
Total net position - beginning	<u>26,410,515</u>	<u>11,203,279</u>	<u>1,288,396</u>	<u>12,544,328</u>	<u>1,601,299</u>		<u>883,391</u>
Total net position - ending	<u>\$ 30,385,972</u>	<u>\$ 12,861,478</u>	<u>\$ 1,041,029</u>	<u>\$ 12,545,457</u>	<u>\$ 1,685,506</u>		<u>\$ 936,542</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds						28,824	
Change in net position of business-type activities						<u>\$ 5,500,449</u>	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total BTAs	
Cash Flows From Operating Activities							
Receipts from customers	\$ 3,740,814	\$ 3,317,670	\$ 108,755	\$ 101,461	\$ 1,125,983	\$ 8,394,683	\$ 739,599
Payments to suppliers	(456,435)	(1,598,570)	(229,815)	(91,527)	(1,067,716)	(3,444,063)	(184,271)
Payments to interfund services	-	-	-	-	-	-	-
Payments to employees	(510,466)	(407,016)	-	-	(82,197)	(999,679)	(297,977)
Net cash provided (used) by operating activities	2,773,913	1,312,084	(121,060)	9,934	(23,930)	3,950,941	257,351
Cash Flows From Noncapital Financing Activities							
Transfers in	-	-	-	-	102,000	102,000	-
Transfers out	-	-	(152,184)	-	(30,000)	(182,184)	-
Net cash provided (used) by noncapital financing activities	-	-	(152,184)	-	72,000	(80,184)	-
Cash Flows From Capital and Related Financing Activities							
Payable Forgiveness	-	-	-	-	30,000	30,000	-
Purchases of capital assets	(1,993,743)	(40,170)	-	-	-	(2,033,913)	(46,516)
Impact fees collected	2,564,461	571,642	-	-	-	3,136,103	-
Capital grant proceeds	-	54,000	-	-	-	54,000	-
Proceeds from sale of assets	-	-	-	-	-	-	19,199
Payments for developer reimbursements	(214,975)	(182,208)	-	-	-	(397,183)	-
Principal paid on capital debt	(764,963)	(382,500)	-	-	-	(1,147,463)	(108,816)
Interest paid on capital debt	(324,142)	(407,454)	-	(650)	-	(732,246)	(6,423)
Net cash provided (used) by capital and related financing activities	(733,362)	(386,690)	-	(650)	30,000	(1,090,702)	(142,556)
Cash Flows From Investing Activities							
Interest and dividends received	1,120	9	-	69,382	-	70,511	-
Net increase (decrease) in cash and cash equivalents	2,041,671	925,403	(273,244)	78,666	78,070	2,850,566	114,795
Cash and cash equivalents - beginning	1,733,683	1,901,489	927,136	12,021,913	524,309	17,108,530	435,022
Cash and cash equivalents (deficit) - ending	\$ 3,775,354	\$ 2,826,892	\$ 653,892	\$ 12,100,579	\$ 602,379	\$ 19,959,096	\$ 549,817
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ 190,665	\$ 52,848	\$ (95,183)	\$ (67,603)	\$ (17,793)	\$ 62,934	\$ 39,507
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	1,392,861	1,041,074	-	-	20,006	2,453,941	263,867
(Inc.)/decrease in accounts rec.	48,016	(19,755)	108,755	90,645	(6,788)	220,873	2,625
(Inc.)/decrease in due from other funds	-	-	-	-	-	-	-
(Inc.)/decrease in due from net pension asset	233	195	-	-	20	448	149
(Inc.)/decrease in deferred outflows	(46,994)	(62,514)	-	-	(5,199)	(114,707)	(6,452)
Increase/(decr.) in accounts payable	1,140,920	221,044	(134,607)	(13,108)	(19,758)	1,194,491	(10,549)
Increase/(decr.) in due to other funds	-	-	-	-	3,529	3,529	-
Increase/(decr.) in compensated absences	8,210	(4,738)	-	-	2,053	5,525	3,452
Increase/(decr.) in net pension liability	16,046	58,341	-	-	-	74,387	(35,526)
Increase/(decr.) in deferred inflows	17,656	25,589	-	-	-	43,245	278
Increase/(decr.) in deposits	6,300	-	(25)	-	-	6,275	-
Total adjustments	2,583,248	1,259,236	(25,877)	77,537	(6,137)	3,888,007	217,844
Net cash provided (used) by operating activities	\$ 2,773,913	\$ 1,312,084	\$ (121,060)	\$ 9,934	\$ (23,930)	\$ 3,950,941	\$ 257,351
Noncash investing, capital, and financing activities							
Contributions by developers	\$ 1,780,087	\$ 1,597,699	\$ -	\$ -	\$ -	\$ 3,377,786	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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 criterion for including a board or agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations, and therefore, data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City. The 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 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Measurement Focus, Basis of Accounting, and Presentation

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

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

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

E. Interfund Transactions

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

F. Restricted Assets

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

H. Compensated Absences

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

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

I. Taxes

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

J. Long-Term Obligations

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

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

K. Pensions

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

L. Deferred Outflows/Inflows of Resources

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

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

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items, bond refunding costs and pension related costs, that are reported on the statement of net position as a deferred outflow.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and pension related costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2013 for the 2014 fiscal year.

M. Fund Equity

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

Restricted fund balance amounts include the following:

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

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

N. Use of Estimates

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

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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	\$97,125,517
Accumulated depreciation	(<u>19,390,549</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>\$67,734,968</u>

2. Long-term assets:

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

Special assessment revenue	\$1,954,781
Delinquent property taxes	<u>2997</u>
Net adjustment to increase <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net</i> <i>assets - governmental activities</i>	<u>\$1,957,778</u>

3. Long-term debt transactions:

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

Bonds payable	(\$1,410,000)
Capital lease payable	(223,973)
Bond interest payable	(12,080)
Bond premium	(8,271)
Net Pension Liability	(1,286,898)
Compensated absences	(<u>176,440</u>)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	(<u>\$3,117,660</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	\$ 1,233,206
Depreciation expense	(<u>2,958,092</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>\$ 1,724,886</u>)

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

Principal payments:

Amortization of bond premiums	\$ 487
Principal paid on bonds and capital leases	1,925,816
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>\$ 1,926,303</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	\$ 13,672
Pension related costs	172,133
Compensated absences	<u>28,607</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>\$ 214,412</u>

NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING

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

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

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

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

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

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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, 2016 the City's cash balance consisted of the following:

	<u>All Fund Types</u>
Cash, cash equivalents, and temporary cash investments	\$ 18,372,476
Cash, and cash equivalents - restricted	<u>5,832,785</u>
Total cash and cash equivalents	<u><u>\$ 24,205,261</u></u>

While the City's carrying amount of deposits was \$24,564,807 the balance in the City's bank account and cash on hand was \$24,205,261, 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, 2016, the City's custodial credit risk, for deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2016</u>
Checking and savings	Insured and collateralized	\$ 187,778
Checking and savings	Uninsured and uncollateralized	1,420,709
Investment sweep	Uninsured and uncollateralized	<u>12,913,950</u>
Total deposits		<u><u>\$ 14,522,437</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Investments

The City's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank and local bank CD's. As of June 30, 2016, 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	\$ 10,041,796	\$ -	\$ -	\$ -
Certificate of Deposit	-	3,000,000	-	-
Morten Asset Management Account		1,001,415	-	-
Total investments	<u>\$ 10,041,796</u>	<u>\$ 4,001,415</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

The PTIF operates and reports to participants on a amortized cost basis. The income gains, and losses (net of administration fees) of the PTIF are allocated based on the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares with a difference of \$45,760, which is immaterial.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$ 10,041,796	\$ -	\$ -	\$ -	\$ 10,041,796
Bank CD's	3,000,000	-	-	-	3,000,000
Morten Asset Management Account	1,001,415	1,001,415	-	-	-
Total investments	<u>\$ 14,043,211</u>	<u>\$ 1,001,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,041,796</u>

Investments Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment arrangements primarily invest in the Utah Public Treasurers Investment fund and agencies or in instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. The City does not have an investment policy for custodial credit risk.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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	\$ 367,781	\$ -	\$ 605,119	\$ 586,923	\$ 575,696	\$ 631,382	\$ 201,069	\$ 43,667	\$ 3,011,637
Taxes	1,673,423	-	-	-	-	-	-	-	1,673,423
Special									
Assessments	-	626,038	-	-	-	-	-	1,299,801	1,925,839
Intergovernmental	227,470	-	-	-	-	-	-	-	227,470
Less: allowance for uncollectible accounts	(116,928)	-	(84,692)	(101,386)	(187,007)	(186,474)	(31,738)	(2,581)	(710,806)
	<u>\$ 2,151,746</u>	<u>\$ 626,038</u>	<u>\$ 520,427</u>	<u>\$ 485,537</u>	<u>\$ 388,689</u>	<u>\$ 444,908</u>	<u>\$ 169,331</u>	<u>\$ 1,340,887</u>	<u>\$ 6,127,563</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 30, 2016

NOTE 7 – INTERFUND RECEIVABLES AND TRANSFERS

The operating transfers of the City consist of the following:

Transfer In:	General	SID 2000-1	Nonmajor Govrnmtl.	Business Type	Internal Service	Total
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SID 2000-1	-	-	-	-	-	-
Nonmajor govtl.	1,550,651	-	100,000	152,184	-	1,802,835
Internal Service	-	-	-	-	-	-
Business type	72,000	-	-	30,000	-	102,000
Total transfer out	<u>\$ 1,622,651</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 182,184</u>	<u>\$ -</u>	<u>\$ 1,904,835</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.

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:

	Unavailable	Unearned
Property taxes receivable (general fund)	\$ -	\$ 1,096,156
Property tax delinquent	31,939	
Special assessments (special revenue fund)	1,925,839	
Total	\$1,957,778	\$ 1,096,156

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 8 – CAPITAL ASSETS

Primary Government

Governmental activities:

Capital assets not being depreciated:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 6,469,999	\$ -	\$ -	\$ -	\$ 6,469,999
Construction in progress	340,558	484,901	(330,664)	-	494,795
Total capital assets not being depreciated	6,810,557	484,901	(330,664)	0	6,964,794

Capital assets being depreciated:

Buildings	4,194,577	-	-	-	4,194,577
Improvements	1,261,985	-	330,664	-	1,592,649
Machinery and equipment	3,116,604	187,910	-	61,641	3,242,873
Infrastructure	73,727,378	7,403,246	-	-	81,130,624
Total capital assets being depreciated	82,300,544	7,591,156	330,664	61,641	90,160,723

Less accumulated depreciation for:

Buildings	753,634	114,700	-	-	868,334
Improvements	81,518	46,279	-	-	127,797
Machinery and equipment	1,893,118	377,662	-	61,641	2,209,139
Infrastructure	23,765,828	2,419,452	-	-	26,185,280
Total accumulated depreciation	26,494,098	2,958,093	-	61,641	29,390,550
Total capital assets, being depreciated, net	55,806,446	4,633,063	330,664	-	60,770,173
Governmental activities capital assets, net	\$ 62,617,003	\$ 5,117,964	\$ -	\$ -	\$ 67,734,967

Business-type activities:

Capital assets not being depreciated:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Construction in progress	\$ 274,482	\$ 26,494	\$ (274,482)	-	\$ 26,494
Land	3,690,765	-	-	-	3,690,765
Water shares	4,646,267	427,520	-	-	5,073,787
Total capital assets not being depreciated	8,611,514	454,014	(274,482)	-	8,791,046

Capital assets being depreciated:

Buildings	2,824,595	-	-	-	2,824,595
Equipment and systems	66,111,610	4,957,685	274,482	-	71,343,778
Total capital assets being depreciated	68,936,205	4,957,685	274,482	-	74,168,373

Less accumulated depreciation for:

Buildings	969,385	193,559	-	-	1,162,944
Equipment and Systems	18,294,395	2,260,382	-	-	20,554,777
Total accumulated depreciation	19,263,780	2,453,941	-	-	21,717,721
Total capital assets, being depreciated, net	49,672,425	2,503,744	274,482	-	52,450,652
Business-type activities capital assets, net	\$ 58,283,939	\$ 2,957,758	\$ -	\$ -	\$ 61,241,698

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 8 - CAPITAL ASSETS *(Continued)*

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

Governmental activities:

General government	\$ 107,430
Public safety	-
Public works	2,802,705
Planning	1,700
Community development	46,258
Total depreciation expense - governmental activities	<u>\$ 2,958,093</u>

Business-type activities:

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

Total depreciation expense	<u>\$ 5,412,034</u>
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The City has various construction projects as of June 30, 2016. The City's commitments with contractors are as follows:

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

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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>(326,566)</u>
Total	<u><u>\$ 217,712</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>
2017	115,239
2018	<u>115,239</u>
Total minimum lease payments	230,478
Less amounts representing interest	<u>(6,505)</u>
Present value of minimum lease payments	<u><u>\$ 223,973</u></u>

As of June 30, 2016 the lease payable consisted of the following:

	<u>Total Capital Leases Payable All Fund Types</u>
Capital leases payable	\$ 223,973
Current portion capital lease payable	<u>(110,916)</u>
Long-term capital leases payable	<u><u>\$ 113,057</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 10 – LONG-TERM DEBT

Bonds and notes payable at June 30, 2016 are comprised of the following:

1. \$2,400,000 Eagle Mountain City Special Assessment Bond 2014 (SAA-2014)

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

Fiscal Year	Principal	Interest	Total
2017	\$ 60,000	\$ 63,006	\$ 123,006
2018	65,000	61,206	126,206
2019	65,000	59,256	124,256
2020	70,000	57,306	127,306
2021	70,000	55,206	125,206
2022-2026	375,000	234,890	609,890
2027-2031	475,000	131,914	606,914
2032-2036	230,000	17,500	247,500
Total	\$ 1,410,000	\$ 680,284	\$ 2,090,284

2. \$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, one principal payment due February 2014, and annual principal payments beginning February 1, 2017 through February 1, 2020. The bond was retired by the City in fiscal year 2016.

3. \$16,500,000 Eagle Mountain Water and Sewer Refunding Bonds Series 2007

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

Fiscal Year	Principal	Interest	Total
2016	\$ -	\$ -	\$ -
2017	\$ 360,000	\$ 209,300	\$ 569,300
2018	375,000	192,725	567,725
2019	400,000	173,350	573,350
2020	420,000	152,850	572,850
2021	430,000	131,600	561,600
2022-2026	2,520,000	310,988	2,830,988
Total	<u>\$ 4,505,000</u>	<u>\$ 1,170,813</u>	<u>\$ 5,675,813</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

4. \$6,665,000 Eagle Mountain City Sewer Water Quality Board Bond Series 2008.

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

Fiscal Year	Principal	Interest	Total
2017	215,000	58,950	273,950
2018	245,000	56,800	301,800
2019	275,000	54,350	329,350
2020	310,000	51,600	361,600
2021	340,000	48,500	388,500
2022-2026	2,170,000	185,000	2,355,000
2027-2031	2,340,000	60,500	2,400,500
Total	<u>\$ 5,895,000</u>	<u>\$ 515,700</u>	<u>\$ 6,410,700</u>

5. \$11,085,000 Eagle Mountain City Gas & Electric Revenue Bond Series 2012.

This bond was issued for the construction of a utilities building and redundancy lines within the City. During 2015 the bond was defeased through an advanced refunding. The City used a portion of the proceeds from the sale of the Utility System to advance refund \$9,195,000 of outstanding 2012 series Gas and Electric revenue-bonds. As of June 30, 2016, \$8,180,000 of the original debt is still outstanding

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 10 – LONG-TERM DEBT (Continued)

6. \$2,536,000 Eagle Mountain City Water Quality Revenue Bond Series 2013

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

Fiscal Year	Principal	Interest	Total
2017	103,000	40,145	143,145
2018	105,000	38,373	143,373
2019	107,000	36,567	143,567
2020	109,000	34,727	143,727
2021	111,000	144,616	255,616
2022-2026	627,000	88,735	715,735
2027-2031	714,000	26,266	740,266
2032-2036	158,000	26,266	184,266
Total	<u>\$ 2,034,000</u>	<u>\$ 435,695</u>	<u>\$ 2,469,695</u>

7. \$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.

Fiscal Year	Principal	Interest	Total
2017	\$ 1,202,897	\$ -	\$ 1,202,897
Total	<u>\$ 1,202,897</u>	<u>\$ -</u>	<u>\$ 1,202,897</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

8. \$9,685,000 2014 Water and Sewer Refunding Bond.

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

Fiscal Year	Principal	Interest	Total
2017	\$ -	\$ 379,150	\$ 379,150
2018	-	379,150	379,150
2019	-	379,150	379,150
2020	-	379,150	379,150
2021	120,000	377,650	497,650
2022-2026	1,185,000	1,793,525	2,978,525
2027-2031	6,400,000	1,145,000	7,545,000
2032-2036	1,980,000	39,600	2,019,600
	-		
Total	\$ 9,685,000	\$ 4,872,375	\$ 14,557,375

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 10 – LONG-TERM DEBT (Continued)

1. Changes in long term liabilities.

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year June 30, 2016 were as follows:

	July 1 2015	Additions	Reductions	June 30 2016	Due in One Yr
Governmental Activities:					
Bonds Payable					
Excise tax road bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessment bond 2006 200-1	\$ 2,360,000	\$ -	\$ 950,000	\$ 1,410,000	\$ 60,000
Unamortized bond premium	8,758	-	487	8,271	-
Special assessment bond 2006 200-1	867,000	-	867,000	-	-
Total bonds payable	3,235,758	-	1,817,487	1,418,271	60,000
Leases payable	332,789	-	108,816	223,973	110,916
Net pension liability	1,218,270	68,627	-	1,286,897	-
Compensated absences	205,047	124,252	152,858	176,441	17,644
Gov't activities long-term debt	<u>\$ 4,991,864</u>	<u>\$ 192,879</u>	<u>\$ 2,079,161</u>	<u>\$ 3,105,582</u>	<u>\$ 188,560</u>
Business-Type Activities:					
Bonds payable:					
2008 water and sewer refunding bond	\$ 4,855,000	\$ -	\$ 350,000	\$ 4,505,000	\$ 360,000
Unamortized bond premium	-	-	-	-	-
2009 sewer revenue bond	6,078,000	-	183,000	5,895,000	215,000
2011 Electric and gas revenue bond	-	-	-	-	-
Unamortized bond premium	-	-	-	-	-
2013 Water quality revenue bond	2,136,000	-	102,000	2,034,000	100,000
2013 Gas and electric refunding bond	-	-	-	-	-
2014 Water and sewer refunding bond	9,685,000	-	-	9,685,000	-
Unamortized bond premium	1,046,658	-	61,568	985,090	-
Total bonds payable	23,800,658	-	696,568	23,104,090	675,000
Notes Payable	1,715,360	-	512,463	1,202,897	1,202,897
Net pension liability	265,993	77,916	-	343,909	-
Compensated absences	30,058	29,046	25,574	33,530	-
Business type long-term debt	<u>\$ 25,812,069</u>	<u>\$ 106,962</u>	<u>\$ 1,234,605</u>	<u>\$ 24,684,426</u>	<u>\$ 1,877,897</u>

NOTE 11 – STATE RETIREMENT PLANS

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

The Utah Retirement System (URS) is established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. They URS are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report which can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org

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

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

*with actuarial reductions

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

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

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

For the fiscal year ended June 30, 2016, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 394,681	N/A
Tier 2 Public Employee System	968,396	-
Tier 2 DC Only System	4,526	N/A
	<u>\$ 1,367,603</u>	<u>\$ -</u>

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

Pension assets, liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At December 30, 2015, the City reported a net pension asset of \$208 and a net pension liability of \$1,630,807.

	Proportionat e Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2882055%	\$ -	\$ 1,630,807
Tier 2 Public Employees System	0.9538080%	208	
Total Net Pension Asset/Liability		<u>\$ 208</u>	<u>\$ 1,630,807</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – STATE RETIREMENT PLANS (Continued)

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016, the City recognized pension expense of \$334,242. At December 31, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 79,915
Changes in assumptions	-	92,052
Net difference between projected and actual earnings		
on the pension plan investments	556,121	-
Changes in proportion and differences between		
contributions and proportionate shares of contributions	3,636	207,027
Contributions subsequent to the measurement date	243,873	-
Total	<u>\$ 803,631</u>	<u>\$ 378,994</u>

The \$243,873 was reported as deferred outflows of resources related to pensions resulting from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2016	30,617
2017	30,617
2018	32,221
2019	90,410
2020	(571)
Thereafter	(2,529)

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

			Inflation	2.75 percent
			Salary increases	3.5-10.5 percent, i
			Investment rate of return	7.5 percent, net o
				expenses, includi

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

Retired Member Mortality				
Class of Member				
Educators				
Men EDUM (90%)				
Women EDUF (100%)				
Public Safety and Firefighters				
Men RP 2000mWC (100%)				
Women EDUF (120%)				
Local Government, Public Employees				
Men RP 2000mWC (100%)				
Women EDUF (120%)				
EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage				
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage				
RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage				

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

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

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportion Share of			
Noncontributory Systems	\$ 3,445,733	\$ 1,630,807	\$ 115,707
Tier 2 Public Employees System	38,183	(208)	(29,305)
Total	\$ 3,483,916	\$ 1,630,599	\$ 86,402

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

Defined Contribution Savings Plans

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

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

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

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

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 39,832	\$ 34,468	\$ 115,707
Employee Contributions	23,086	24,432	115,707
457 Plan			
Employer Contributions	159,995	188,953	115,707
Employee Contributions	143,136	169,503	115,707
457 Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	26,547	33,783	45,547

NOTE 12 – RESTRICTED FUND BALANCES

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

NOTE 13 - LITIGATION

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 – CONTINGENT LIABILITIES

The City has entered into agreements with various developers to donate infrastructure that will benefit future development within the city. These developers will be repaid with the impact fees collected from those future developments. Because of the fluctuations in the building market within the City and due to the uncertainty of new developments actually being built, the amounts are not reflected as liabilities on the financial statements. They will be recorded as expenses as the future impact fees are received. The amount of outstanding impact fee reimbursement agreements as of the balance sheet date is \$6,307,482.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 2, 2016, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2016
Last 10 Fiscal Years*

	<u>Fiscal Year</u>	<u>Proportion of the net liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Noncontributory System						
	2015	0.3418200%	\$ 1,484,263	\$ 2,830,676	52.4%	90.2%
	2016	0.2882055%	1,630,807	2,337,197	69.78%	87.80%
Tier 2 Public Employees Retirement System						
	2015	0.0903999%	(2,740)	444,513	-0.6%	103.5%
	2016	0.0953808%	(208)	616,135	-0.030%	100.200%

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

EAGLE MOUNTAIN CITY
Required Supplementary Information
Schedule of Contributions
June 30, 2016
Last 10 Fiscal Years*

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

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

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

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,965,500	\$ 4,965,500	\$ 5,060,489	\$ 94,989
Licenses and permits	1,048,850	1,048,850	2,214,940	1,166,090
Intergovernmental	754,000	754,000	930,356	176,356
Charges for services	374,200	374,200	1,673,007	1,298,807
Miscellaneous	200,875	200,875	756,271	555,396
Total revenues	<u>7,343,425</u>	<u>7,343,425</u>	<u>10,635,063</u>	<u>3,291,638</u>
EXPENDITURES				
Current:				
General government	2,585,940	2,749,390	2,554,553	194,837
Public safety	2,227,509	2,378,071	2,286,418	91,653
Planning and zoning	391,221	422,799	415,180	7,619
Public works	1,588,702	1,628,702	1,633,673	(4,971)
Community development	1,252,282	1,312,282	1,214,526	97,756
Total expenditures	<u>8,045,654</u>	<u>8,491,244</u>	<u>8,104,350</u>	<u>386,894</u>
Excess (deficit) of revenues over (under) expenditures	<u>(702,229)</u>	<u>(1,147,819)</u>	<u>2,530,713</u>	<u>3,678,532</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from asset disposals	-	-	-	-
Transfers in	702,229	702,229	-	(702,229)
Transfers out	-	-	(1,622,651)	(1,622,651)
Total other financing sources (uses)	<u>702,229</u>	<u>702,229</u>	<u>(1,622,651)</u>	<u>(2,324,880)</u>
Net change in fund balance	-	(445,590)	908,062	1,353,652
Fund balances - beginning	<u>2,162,826</u>	<u>2,162,826</u>	<u>2,162,826</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,162,826</u>	<u>\$ 1,717,236</u>	<u>\$ 3,070,888</u>	<u>\$ 1,353,652</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance Detail
Budget to Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,965,500	\$ 4,965,500	\$ 5,060,489	\$ 94,989
Licenses and permits	1,048,850	1,048,850	2,214,940	1,166,090
Intergovernmental	754,000	754,000	930,356	176,356
Charges for services	374,200	374,200	1,673,007	1,298,807
Miscellaneous	200,875	200,875	756,271	555,396
Total revenues	7,343,425	7,343,425	10,635,063	3,291,638
EXPENDITURES				
Current:				
General government:				
Legislative	40,795	40,795	37,747	3,048
Recorders	309,141	309,141	273,807	35,334
Attorney	75,000	125,000	136,253	(11,253)
Executive	528,904	528,904	515,385	13,519
Finance	395,601	395,601	384,155	11,446
Engineering	500,831	500,831	430,105	70,726
Human Resources	218,592	218,592	-	218,592
Information Technology	200,300	213,750	207,502	6,248
Miscellaneous	-	50,000	-	50,000
Public Information	143,880	193,880	147,251	46,629
Building Maintenance	172,896	172,896	422,348	(249,452)
Total general government	2,585,940	2,749,390	2,554,553	194,837
Public safety				
Police	2,227,509	2,378,071	2,286,418	91,653
Planning and zoning	391,221	422,799	415,180	7,619
Public works	-	-	-	-
Streets and Roads	899,862	919,862	813,097	106,765
Parks	688,840	708,840	820,576	(111,736)
Total public works	1,588,702	1,628,702	1,633,673	(4,971)
Community development				
Arts council	-	-	-	-
Youth committee	1,400	1,400	-	1,400
Recreation	289,187	289,187	270,244	18,943
Senior council	11,560	11,560	43,852	(32,292)
Special events	132,920	177,920	136,212	41,708
Building	518,142	518,142	459,865	58,277
Library	299,073	314,073	304,353	9,720
Total community development	1,252,282	1,312,282	1,214,526	97,756
Total expenditures	8,045,654	8,491,244	8,104,350	386,894
Excess (deficit) of revenues over (under) expenditures	(702,229)	(1,147,819)	2,530,713	3,678,532
OTHER FINANCING SOURCES (USES)				
Proceeds from asset sales	-	-	-	-
Transfers in	702,229	702,229	-	(702,229)
Transfers out	-	-	(1,622,651)	(1,622,651)
Total other financing sources (uses)	702,229	702,229	(1,622,651)	(2,324,880)
Net change in fund balance	-	(445,590)	908,062	1,353,652
Fund balances - beginning	2,162,826	2,162,826	2,162,826	-
Fund balances - ending	\$ 2,162,826	\$ 1,717,236	\$ 3,070,888	\$ 1,353,652

EAGLE MOUNTAIN CITY
NOTES TO THE REQUIRED SUPPLEMENTARY STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 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, PROPRIETARY, AND INTERNAL
SERVICE FUNDS

EAGLE MOUNTAIN CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Debt Service		Capital Projects				Special Revenue Funds					Total Nonmajor Governmental Funds
	General Debt Service Fund	Special Assess. Area -2014	Capital Projects Fund	Special Improv. District 98-1	Special Improv. District 98-3	Special Improv. District 97-1	Storm Water Fund	Impact Fee Parks	Impact Fee Public Safety	Impact Fee Transportation	Cemetery	
ASSETS												
Cash and cash equivalents	\$ 339	\$ (389,084)	\$ 41,097	\$ -	\$ 58,842	\$ -	\$ 93,793	\$ -	\$ -	\$ -	\$ 2,338	\$ (192,675)
Restricted cash	-	686,283	-	325,148	14,051	133,192	381,602	617,172	66,629	649,834	-	2,873,911
Receivables (net):												
Special assessments	-	1,299,801	-	-	-	-	-	-	-	-	-	1,299,801
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	41,086	-	-	-	-	41,086
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 339</u>	<u>\$ 1,597,000</u>	<u>\$ 41,097</u>	<u>\$ 325,148</u>	<u>\$ 72,893</u>	<u>\$ 133,192</u>	<u>\$ 516,481</u>	<u>\$ 617,172</u>	<u>\$ 66,629</u>	<u>\$ 649,834</u>	<u>\$ 2,338</u>	<u>\$ 4,022,123</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities:												
Accounts payable & accrued liabilities	\$ -	\$ -	\$ 41,064	\$ -	\$ 25,631	\$ 51,335	\$ 6,042	\$ -	\$ -	\$ 71,789	\$ 2,046	\$ 197,907
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>41,064</u>	<u>-</u>	<u>25,631</u>	<u>51,335</u>	<u>6,042</u>	<u>-</u>	<u>-</u>	<u>71,789</u>	<u>2,046</u>	<u>197,907</u>
Deferred inflows of resources:												
Unavailable Special Improvement Assessments	<u>-</u>	<u>1,299,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,299,801</u>
Fund Balances:												
Fund balances restricted for:												
Impact fees	-	-	-	-	-	-	232,398	617,172	66,629	578,045	-	1,494,244
Special Assessments	-	-	-	325,148	47,262	81,857	-	-	-	-	-	454,267
Assigned for:												
Debt service fund	339	297,199	-	-	-	-	-	-	-	-	-	297,538
Capital projects fund	-	-	33	-	-	-	-	-	-	-	-	33
Special revenue funds	-	-	-	-	-	-	278,041	-	-	-	292	278,333
Total fund balances	<u>339</u>	<u>297,199</u>	<u>33</u>	<u>325,148</u>	<u>47,262</u>	<u>81,857</u>	<u>510,439</u>	<u>617,172</u>	<u>66,629</u>	<u>578,045</u>	<u>292</u>	<u>2,524,415</u>
Total Liabilities, Deferred inflows of resources, and fund balances	<u>\$ 339</u>	<u>\$ 1,597,000</u>	<u>\$ 41,097</u>	<u>\$ 325,148</u>	<u>\$ 72,893</u>	<u>\$ 133,192</u>	<u>\$ 516,481</u>	<u>\$ 617,172</u>	<u>\$ 66,629</u>	<u>\$ 649,834</u>	<u>\$ 2,338</u>	<u>\$ 4,022,123</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Debt Service		Capital Projects				Special Revenue Funds					Total Nonmajor Governmental Funds
	General Debt Service Fund	Special Assess. Area -2014	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	
REVENUES												
Special assessments	\$ -	\$ 958,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 958,661
Impact fees	-	-	-	284,361	75,302	149,314	150,693	273,344	26,498	653,700	-	1,613,212
Charges for services	-	-	-	-	-	-	342,141	-	-	-	24,335	366,476
Intergovernmental	-	-	13,292	-	-	-	-	-	-	-	5,000	18,292
Miscellaneous	-	1,913	4,197	-	17	5	1,440	-	-	7	-	7,579
Total revenues	-	960,574	17,489	284,361	75,319	149,319	494,274	273,344	26,498	653,707	29,335	2,964,220
EXPENDITURES												
Current:												
General government	-	-	-	634,559	-	-	-	-	-	-	-	634,559
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	20,000	-	-	76,293	152,368	350,979	60,659	-	380,476	-	1,040,775
Planning and Zoning	-	-	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	30,543	30,543
Debt service:												
Principal retirement	0	950,000	-	-	-	-	-	-	-	-	-	950,000
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	0	118,363	-	-	-	-	-	-	-	-	-	118,363
Capital outlay	-	-	2,223,822	-	-	-	-	-	-	-	-	2,223,822
Total expenditures	0	1,088,363	2,223,822	634,559	76,293	152,368	350,979	60,659	-	380,476	30,543	4,998,062
Excess revenues over (under) expenditures	0	(127,789)	(2,206,333)	(350,198)	(974)	(3,049)	143,295	212,685	26,498	273,231	(1,208)	(2,033,842)
Other financing sources (uses)												
Loss on grant noncompliance	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	1,801,335	-	-	-	-	-	-	-	1,500	1,802,835
Transfers out	-	-	-	-	-	-	-	(100,000)	-	-	-	(100,000)
Total other financing sources and uses	-	-	1,801,335	-	-	-	-	(100,000)	-	-	1,500	1,702,835
Excess revenues and other sources over (under) expend. and other uses	-	(127,789)	(404,998)	(350,198)	(974)	(3,049)	143,295	112,685	26,498	273,231	292	(331,007)
Fund balances - beginning of year	339	424,988	405,031	675,346	48,236	84,906	367,144	504,487	40,131	304,814	-	2,855,422
Fund balances - end of year	<u>\$ 339</u>	<u>\$ 297,199</u>	<u>\$ 33</u>	<u>\$ 325,148</u>	<u>\$ 47,262</u>	<u>\$ 81,857</u>	<u>\$ 510,439</u>	<u>\$ 617,172</u>	<u>\$ 66,629</u>	<u>\$ 578,045</u>	<u>\$ 292</u>	<u>\$ 2,524,415</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, 2016

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

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 13,292	\$ 13,292
Miscellaneous	-	-	4,197	4,197
Total Revenues	-	-	17,489	17,489
EXPENDITURES				
Debt service				
Capital outlay	1,680,477	3,521,477	2,223,822	1,297,655
Total expenditures	1,680,477	3,521,477	2,223,822	1,297,655
Excess (deficit) of revenues over (under) expenditures	(1,680,477)	(3,521,477)	(2,206,333)	1,315,144
OTHER FINANCING SOURCES (USES)				
Loss on grant noncompliance	-	-	-	-
Transfers in	1,680,477	3,490,477	1,801,335	(1,689,142)
Transfers out	-	-	-	-
Total other financing sources (uses)	1,680,477	3,490,477	1,801,335	(1,689,142)
Net change in fund balance	-	(31,000)	(404,998)	(373,998)
Fund balances - beginning	405,031	405,031	405,031	-
Fund balances - ending	\$ 405,031	\$ 374,031	\$ 33	\$ (373,998)

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, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 283,754	\$ 1,384,754	\$ 963,798	\$ (420,956)
Miscellaneous	-	-	3,881	3,881
Impact fees	350,000	350,000	411,401	61,401
Total revenues	633,754	1,734,754	1,379,080	(355,674)
EXPENDITURES				
Debt service				-
Principal	169,000	1,020,000	867,000	153,000
Interest and fees	247,090	247,090	62,016	185,074
General government	55,000	55,000	33,738	21,262
Public works	-	250,000	206,489	43,511
Total expenditures	471,090	1,572,090	1,169,243	402,847
Excess (deficit) of revenues over (under) expenditures	162,664	162,664	209,837	47,173
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balance	162,664	162,664	209,837	47,173
Fund balances - beginning	44,587	44,587	44,587	-
Fund balances - ending	\$ 207,251	\$ 207,251	\$ 254,424	\$ 47,173

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, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Impact fees	-	362,000	284,361	(77,639)
Total revenues	-	362,000	284,361	(77,639)
EXPENDITURES				
Public works	-	762,000	634,559	127,441
Debt service	-	-	-	-
Total expenditures	-	762,000	634,559	127,441
Excess (deficit) of revenues over (under) expenditures	-	(400,000)	(350,198)	49,802
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	-	(400,000)	(350,198)	49,802
Fund balances - beginning	675,346	675,346	675,346	-
Fund balances - ending	\$ 675,346	\$ 275,346	\$ 325,148	\$ 49,802

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, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	17	17
Impact fees	-	61,000	75,302	14,302
Total revenues	-	61,000	75,319	14,319
EXPENDITURES				
Public works	-	61,000	76,293	(15,293)
Total expenditures	-	61,000	76,293	(15,293)
Excess (deficit) of revenues over (under) expenditures	-	-	(974)	(974)
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(974)	(974)
Fund balances - beginning	48,236	48,236	48,236	-
Fund balances - ending	\$ 48,236	\$ 48,236	\$ 47,262	\$ (974)

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, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	5	5
Impact fees	-	125,000	149,314	24,314
Total revenues	-	125,000	149,319	24,319
EXPENDITURES				
Public works	-	125,000	152,368	(27,368)
Total expenditures	-	125,000	152,368	(27,368)
Excess (deficit) of revenues over (under) expenditures	-	-	(3,049)	(3,049)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(3,049)	(3,049)
Fund balances - beginning	84,906	84,906	84,906	-
Fund balances - ending	<u>\$ 84,906</u>	<u>\$ 84,906</u>	<u>\$ 81,857</u>	<u>\$ (3,049)</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Storm Water Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 365,000	\$ 365,000	\$ 342,141	\$ (22,859)
Miscellaneous	-	-	1,440	1,440
Impact fees	67,000	67,000	150,693	83,693
Total revenues	432,000	432,000	494,274	62,274
EXPENDITURES				
Public Works	350,986	350,986	350,979	7
Total expenditures	350,986	350,986	350,979	7
Excess (deficit) of revenues over (under) expenditures	81,014	81,014	143,295	62,281
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	81,014	81,014	143,295	62,281
Fund balances - beginning	367,144	367,144	367,144	-
Fund balances - ending	\$ 448,158	\$ 448,158	\$ 510,439	\$ 62,281

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Parks Impact Fee
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 170,000	\$ 186,936	\$ 273,344	\$ 86,408
Total revenues	<u>170,000</u>	<u>186,936</u>	<u>273,344</u>	<u>86,408</u>
EXPENDITURES				
Public works	70,000	86,936	60,659	26,277
Total expenditures	<u>70,000</u>	<u>86,936</u>	<u>60,659</u>	<u>26,277</u>
Excess (deficit) of revenues over (under) expenditures	<u>100,000</u>	<u>100,000</u>	<u>212,685</u>	<u>112,685</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	-	-	112,685	112,685
Fund balances - beginning	504,487	504,487	504,487	-
Fund balances - ending	<u>\$ 504,487</u>	<u>\$ 504,487</u>	<u>\$ 617,172</u>	<u>\$ 112,685</u>

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, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 15,000	\$ 15,000	\$ 26,498	\$ 11,498
Total revenues	15,000	15,000	26,498	11,498
EXPENDITURES				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	15,000	15,000	26,498	11,498
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	15,000	15,000	26,498	11,498
Fund balances - beginning	40,131	40,131	40,131	-
Fund balances - ending	\$ 55,131	\$ 55,131	\$ 66,629	\$ 11,498

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Transportation Impact Fee
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 5	\$ 5	\$ 9	\$ 4
Impact fees	364,500	364,500	653,700	289,200
Total revenues	364,505	364,505	653,709	289,204
EXPENDITURES				
Public works	390,000	535,000	380,476	154,524
Total expenditures	390,000	535,000	380,476	154,524
Excess (deficit) of revenues over (under) expenditures	(25,495)	(170,495)	273,233	443,728
OTHER FINANCING SOURCES (USES)				
Operating transfers in		-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(25,495)	(170,495)	273,233	443,728
Fund balances - beginning	304,814	304,814	304,814	-
Fund balances - ending	\$ 279,319	\$ 134,319	\$ 578,047	\$ 443,728

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Special Assessment Area - 2015
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 230,469	\$ 1,135,469	\$ 958,661	\$ (176,808)
Miscellaneous	-	-	1,913	1,913
Total revenues	230,469	1,135,469	960,574	(174,895)
EXPENDITURES				
Public works	20,000	20,000	20,000	-
Debt service				-
Principal	95,000	1,000,000	950,000	50,000
Interest and fees	115,469	115,469	118,363	(2,894)
Total expenditures	230,469	1,135,469	1,088,363	47,106
Excess (deficit) of revenues over (under) expenditures	-	-	(127,789)	(127,789)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(127,789)	(127,789)
Fund balances - beginning	424,988	424,988	424,988	-
Fund balances - ending	\$ 424,988	\$ 424,988	\$ 297,199	\$ (127,789)

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Cemetery Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 18,000	\$ 18,000	\$ 24,335	\$ -
Intergovernmental	\$ -	\$ 8,000	\$ 5,000	3,000
Impact fees	-	-	-	-
Total revenues	18,000	26,000	29,335	3,335
EXPENDITURES				
Community Development	28,749	36,749	30,543	6,206
Total expenditures	28,749	36,749	30,543	6,206
Excess (deficit) of revenues over (under) expenditures	(10,749)	(10,749)	(1,208)	9,541
OTHER FINANCING SOURCES (USES)				
Operating Transfers In		-	1,500	1,500
Total other financing sources	-	-	1,500	1,500
Net change in fund balance	(10,749)	(10,749)	292	11,041
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (10,749)	\$ (10,749)	\$ 292	\$ 11,041

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2016

	Garbage	Business Incubator	Golf Course	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 407,026	\$ 141,742	\$ 53,611	\$ 602,379
Accounts receivable - net	166,726	2,605	-	169,331
Total current assets	573,752	144,347	53,611	771,710
Noncurrent assets:				
Note Receivable -(net of current portion)	-	-	550,000	550,000
Net pension asset	-	2	-	2
Land, equipment, buildings and improvements	-	-	600,176	600,176
Less: Accumulated depreciation	-	-	(136,019)	(136,019)
Total noncurrent assets	-	2	1,014,157	1,014,159
Total assets	573,752	144,349	1,067,768	1,785,869
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related costs	-	7,682	-	7,682
Total deferred outflow of resources	-	7,682	-	7,682
Current liabilities:				
Accounts payable and accrued liabilities	87,874	959	-	88,833
Due to other funds	-	-	-	-
Total current liabilities	87,874	959	-	88,833
Noncurrent liabilities:				
Deposits	-	-	-	-
Compensated absences	-	-	-	-
Net pension liability	-	15,589	-	15,589
Bonds payable	-	-	-	-
Total noncurrent liabilities	-	15,589	-	15,589.00
Total liabilities	87,874	16,548	-	104,422
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related costs	-	3,623	-	3,623
Total deferred outflow of resources	-	3,623	-	3,623
Net Position:				
Net investment in capital assets	-	-	-	-
Unrestricted	485,878	131,860	1,067,768	1,685,506
Total net Position	\$ 485,878	\$ 131,860	\$ 1,067,768	\$ 1,685,506

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2016

	Garbage	Business Incubator	Golf Course	Total
Operating revenues:				
Charges for services	\$ 1,111,124	\$ 12,153	\$ 2,000	\$ 1,125,277
Other operating revenue	-	7,494	-	7,494
Total operating revenues	<u>1,111,124</u>	<u>19,647</u>	<u>2,000</u>	<u>1,132,771</u>
Operating expenses:				
Salaries and wages	-	82,600	-	82,600
Purchased services	970,843	58,523	-	1,029,366
Materials and supplies	14,046	-	-	14,046
Depreciation and amortization	-	-	20,006	20,006
Miscellaneous	4,546	-	-	4,546
Total operating expenses	<u>989,435</u>	<u>141,123</u>	<u>20,006</u>	<u>1,150,564</u>
Operating income	<u>121,689</u>	<u>(121,476)</u>	<u>(18,006)</u>	<u>(17,793)</u>
Nonoperating revenues (expenses):				
Other Income	-	-	30,000	30,000
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net income (loss) before contributions and transfers	<u>121,689</u>	<u>(121,476)</u>	<u>11,994</u>	<u>12,207</u>
Contributions and transfers				
Contributions	-	-	-	-
Operating transfers in	-	102,000	-	102,000
Operating transfers out	-	-	(30,000)	(30,000)
Total contributions and transfers	<u>-</u>	<u>102,000</u>	<u>(30,000)</u>	<u>72,000</u>
Change in net Position	121,689	(19,476)	(18,006)	84,207
Total net position - beginning	364,189	151,336	1,085,774	1,601,299
Total net position - ending	<u>\$ 485,878</u>	<u>\$ 131,860</u>	<u>\$ 1,067,768</u>	<u>\$ 1,685,506</u>

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2016

	Garbage	Business Incubator	Golf Course	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,101,886	\$ 22,097	\$ 2,000	\$ 1,125,983
Payments to employees	-	(82,197)	-	(82,197)
Payments to suppliers	(975,911)	(61,805)	(30,000)	(1,067,716)
Net cash provided (used) by operating activities	125,975	(121,905)	(28,000)	(23,930)
Cash Flows From Noncapital Financing Activities				
Transfers In	-	102,000	-	102,000
Transfers Out	-	-	(30,000)	(30,000)
Net cash provided (used) by noncapital financing activities	-	102,000	(30,000)	72,000
Cash Flows From Capital and Related Financing Activities				
Forgiveness of accounts payable	-	-	30,000	30,000
Net cash provided (used) by capital and related financing activities	-	-	30,000	30,000
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	125,975	(19,905)	(28,000)	78,070
Cash and cash equivalents - beginning	281,051	161,647	81,611	524,309
Cash and cash equivalents (deficit) - end	<u>\$ 407,026</u>	<u>\$ 141,742</u>	<u>\$ 53,611</u>	<u>\$ 602,379</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	<u>\$ 121,689</u>	<u>\$ (121,476)</u>	<u>\$ (18,006)</u>	<u>\$ (17,793)</u>
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	-	-	20,006	20,006
(Inc.)/decrease in accounts rec.	(9,238)	2,450	-	(6,788)
(Inc.)/decrease in due from other funds	-	-	-	-
(Inc.)/decrease in due from net pension asset	-	20	-	20
(Inc.)/decrease in deferred outflows	-	(5,199)	-	(5,199)
Increase/(decr.) in net pension liability	-	3,529	-	3,529
Increase/(decr.) in deferred inflows	-	2,053	-	2,053
Increase/(decr.) in accounts payable	13,524	(3,282)	(30,000)	(19,758)
Increase/(decr.) in due to other funds	-	-	-	-
Total adjustments	4,286	(429)	(9,994)	(6,137)
Net cash provided (used) by operating activities	<u>\$ 125,975</u>	<u>\$ (121,905)</u>	<u>\$ (28,000)</u>	<u>\$ (23,930)</u>

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	<u>Fleet</u>	<u>Utility Billing</u>	<u>GIS Services</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 417,528	97,832	\$ 34,457	\$ 549,817
Accounts receivable - net	-	-	-	-
Receivable from Sale of Telecom Assets	-	-	-	-
Due from other funds	-	-	-	-
Total current assets	<u>417,528</u>	<u>97,832</u>	<u>34,457</u>	<u>549,817</u>
Noncurrent assets:				
Net pension asset	-	3	3	6
Land, equipment, buildings and improvements	1,836,842	13,996	34,582	1,885,420
Less: Accumulated depreciation	(1,201,651)	(3,266)	(12,124)	(1,217,041)
Deferred bond financing costs - net	-	-	-	-
Total noncurrent assets	<u>635,191</u>	<u>10,733</u>	<u>22,461</u>	<u>668,385</u>
Total assets	<u>1,052,719</u>	<u>108,565</u>	<u>56,918</u>	<u>1,218,202</u>
<u>DEFERRED OUT FLOW OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>11,818</u>	<u>11,818</u>	<u>23,636</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	8,739	5,705	2,510	16,954
Debt interest payable	1,807	-	-	1,807
	-	-	-	-
Current portion of long-term debt	<u>110,916</u>	<u>-</u>	<u>-</u>	<u>110,916</u>
Total current liabilities	<u>121,462</u>	<u>5,705</u>	<u>2,510</u>	<u>129,677</u>
Noncurrent liabilities:				
Deposits	-	-	-	-
Compensated absences	-	2,861	591	3,452
Net pension liability	-	23,982	23,982	47,964
Bonds payable - net of current portion	<u>113,057</u>	<u>-</u>	<u>-</u>	<u>113,057</u>
Total noncurrent liabilities	<u>113,057</u>	<u>26,843</u>	<u>24,573</u>	<u>164,473</u>
Total liabilities	<u>234,519</u>	<u>32,548</u>	<u>27,083</u>	<u>294,150</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>5,573</u>	<u>5,573</u>	<u>11,146</u>
Net Position:				
Net investment in capital assets	411,218	10,730	22,458	444,406
Unrestricted	<u>406,982</u>	<u>71,532</u>	<u>13,622</u>	<u>492,136</u>
Total net Position	<u>\$ 818,200</u>	<u>\$ 82,262</u>	<u>\$ 36,080</u>	<u>\$ 936,542</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Fleet	Utility Billing	GIS Services	Total
Operating revenues:				
Charges for services	\$ 428,509	\$ 201,858	\$ 103,660	\$ 734,027
Other operating revenue	2,947	-	-	2,947
Total operating revenues	<u>431,456</u>	<u>201,858</u>	<u>103,660</u>	<u>736,974</u>
Operating expenses:				
Salaries and wages	-	96,137	50,035	146,172
Purchased services	12,256	65,283	26,389	103,928
Materials and supplies	173,026	-	-	173,026
Depreciation and amortization	254,132	2,799	6,936	263,867
Interest and fees	-	-	-	-
Miscellaneous	-	6,450	4,024	10,474
Total operating expenses	<u>439,414</u>	<u>170,669</u>	<u>87,384</u>	<u>697,467</u>
Operating income	<u>(7,958)</u>	<u>31,189</u>	<u>16,276</u>	<u>39,507</u>
Nonoperating revenues (expenses):				
Gain (Loss) on sale of assets	19,199	-	-	19,199
Interest expense	(5,555)	-	-	(5,555)
Total nonoperating revenues (expenses)	<u>13,644</u>	<u>-</u>	<u>-</u>	<u>13,644</u>
Net income (loss) before contributions and transfers	<u>5,686</u>	<u>31,189</u>	<u>16,276</u>	<u>53,151</u>
Contributions and transfers				
Contributions	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net Position	5,686	31,189	16,276	53,151
Total net position - beginning	812,514	51,073	19,804	883,391
Total net position - ending	<u>\$ 818,200</u>	<u>\$ 82,262</u>	<u>\$ 36,080</u>	<u>\$ 936,542</u>

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Fleet	Utility Billing	GIS Services	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 431,456	\$ 204,483	\$ 103,660	\$ 739,599
Payments to employees	-	(118,330)	(65,941)	(184,271)
Payments to suppliers	(191,352)	(76,298)	(30,327)	(297,977)
Net cash provided (used) by operating activities	240,104	9,855	7,392	257,351
Cash Flows From Noncapital Financing Activities				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of assets	19,199	-	-	19,199
Acquisition of capital assets	(46,516)	-	-	(46,516)
Principal paid on outstanding debt	(108,816)	-	-	(108,816)
Interest paid on outstanding debt	(6,423)	-	-	(6,423)
Net cash provided (used) by capital and related financing activities	(142,556)	-	-	(142,556)
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	97,548	9,855	7,392	114,795
Cash and cash equivalents - beginning	319,980	87,977	27,065	435,022
Cash and cash equivalents (deficit) - end	\$ 417,528	\$ 97,832	\$ 34,457	\$ 549,817
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (7,958)	\$ 31,189	\$ 16,276	\$ 39,507
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	254,132	2,799	6,936	263,867
(Inc.)/decrease in accounts rec.	-	2,625	-	2,625
(Inc.)/decrease in due from other funds	-	-	-	-
(Inc.)/decrease in due from net pension asset	-	83	66	149
(Inc.)/decrease in deferred outflows	-	(2,271)	(4,181)	(6,452)
Increase/(decr.) in accounts payable	(6,070)	(4,565)	86	(10,549)
Increase/(decr.) in net pension liability	-	(22,401)	(13,125)	(35,526)
Increase/(decr.) in deferred inflows	-	(465)	743	278
Increase/(decr.) in compensated absences	-	2,861	591	3,452
Total adjustments	248,062	(21,334)	(8,884)	217,844
Net cash provided (used) by operating activities	\$ 240,104	\$ 9,855	\$ 7,392	\$ 257,351

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STATISTICAL SECTION

FINANCIAL TRENDS

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

EAGLE MOUNTAIN CITY

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Invested in capital assets*	\$ 31,856,452	\$ 38,569,662	\$ 40,748,737	\$ 44,418,052	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396	\$ 47,939,072	\$ 59,048,455	\$ 66,092,722
Restricted	7,193,614	2,987,194	1,500,596	1,065,240	714,724	542,636	510,486	668,962	1,081,833	1,494,244
Unrestricted	14,360,362	12,138,463	9,592,381	11,520,458	9,051,382	7,743,147	7,213,734	9,891,812	6,694,321	5,324,780
Total governmental activities	<u>53,410,428</u>	<u>53,695,319</u>	<u>51,841,714</u>	<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>	<u>66,824,609</u>	<u>72,911,746</u>
Business-type activities										
Invested in capital assets*	15,451,719	20,641,852	26,114,762	31,480,947	29,952,526	31,476,911	30,175,509	32,487,480	32,767,922	36,934,711
Restricted	7,707,386	6,183,242	2,564,551	1,283,953	1,429,319	2,074,128	2,326,787	2,712,824	1,239,952	1,239,952
Unrestricted	10,331,830	10,477,807	9,991,369	11,302,137	13,459,716	12,984,090	12,116,297	13,123,112	19,392,299	20,725,959
Total business-type activities net position	<u>33,490,935</u>	<u>37,302,901</u>	<u>38,670,682</u>	<u>44,067,037</u>	<u>44,841,561</u>	<u>46,535,129</u>	<u>44,618,593</u>	<u>48,323,416</u>	<u>53,400,173</u>	<u>58,900,622</u>
Primary government										
Invested in capital assets*	47,308,171	59,211,514	66,863,499	75,898,999	76,449,535	80,595,448	77,774,905	80,426,552	91,816,377	103,027,433
Restricted	14,901,000	9,170,436	4,065,147	2,349,193	2,144,043	2,616,764	2,837,273	3,381,786	2,321,785	2,734,196
Unrestricted	24,692,192	22,616,270	19,583,750	22,822,595	22,511,098	20,728,237	19,330,031	23,014,924	26,086,621	26,050,739
Total primary government net position	<u>\$ 86,901,363</u>	<u>\$ 90,998,220</u>	<u>\$ 90,512,396</u>	<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>	<u>\$ 120,224,783</u>	<u>\$ 131,812,368</u>

Source: Eagle Mountain City

*Net of Related Debt

EAGLE MOUNTAIN CITY

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Government activities:										
General government	\$ 2,811,732	\$ 3,393,442	\$ 3,259,897	\$ 3,106,320	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417	\$ 2,731,266	\$ 2,555,214	\$ 3,257,256
Public safety	1,879,106	2,598,390	3,224,661	3,178,543	3,365,961	3,293,066	3,581,943	2,083,205	2,352,818	2,286,418
Highways & public works	2,068,551	3,365,857	3,008,069	2,892,028	3,214,925	3,213,528	3,973,735	4,516,101	6,730,966	6,496,475
Community development	839,020	887,663	856,425	1,298,779	1,412,892	1,018,550	1,280,805	1,036,699	876,459	1,174,443
Planning	227,114	353,383	311,035	286,370	272,774	427,747	357,287	327,311	395,512	380,673
Interest on long-term debt	1,363,842	904,835	642,187	596,349	547,600	476,291	308,993	243,250	160,767	166,707
Total governmental activities expense	9,189,365	11,503,570	11,302,274	11,358,389	11,804,235	11,582,533	12,624,180	10,937,832	13,071,736	13,761,972
Business-type activities										
Water utility	1,769,645	3,192,084	2,219,747	2,736,064	2,662,958	2,770,503	2,692,125	3,017,295	3,589,243	4,077,461
Sewer utility	1,641,345	2,237,142	2,140,464	2,332,494	2,789,203	2,957,091	3,014,536	2,899,340	3,510,591	3,923,954
Electric utility	6,110,689	7,369,758	6,901,985	7,652,208	7,681,522	8,608,622	9,819,481	10,135,436	9,834,298	95,183
Gas utility	3,874,831	4,290,584	4,027,587	3,548,988	3,538,421	3,789,711	3,494,341	4,102,155	3,452,371	79,069
Golf Course	-	-	-	444,284	287,459	-	-	-	-	-
Non Major Business	423,219	610,650	640,488	689,636	859,093	1,202,245	3,047,851	1,061,465	1,031,895	1,148,040
Total business-type activities expense	13,819,729	17,700,218	15,930,271	17,403,674	17,818,656	19,328,172	22,068,334	21,215,691	21,418,398	9,323,707
Total primary government expenses	23,009,094	29,203,788	27,232,545	28,762,063	29,622,891	30,910,705	34,692,514	32,153,523	34,490,134	23,085,679
Program Revenues										
Governmental activities										
Charges for services:	6,199,826	6,352,024	4,491,894	3,705,627	3,916,189	4,167,532	4,685,581	3,485,946	3,574,307	4,569,333
Operating grants and contributions	159,011	339,536	288,904	319,680	442,020	198,014	138,386	29,359	14,442	52,235
Capital grants and contributions	3,579,836	2,211,621	1,011,026	6,545,969	3,016,669	4,365,668	1,742,092	6,473,181	10,865,051	10,001,603
Total governmental activities programs revenues	9,938,673	8,903,181	5,791,824	10,571,276	7,374,878	8,731,214	6,566,059	9,988,486	14,453,800	14,623,171
Business-type activities:										
Charges for services:	14,666,038	17,301,246	16,324,142	18,004,454	17,864,153	19,213,210	20,737,488	24,004,272	20,171,460	11,472,554
Operating grants and contributions	-	-	-	650,000	-	-	-	-	-	-
Capital grants and contributions	959,172	1,371,050	973,910	6,397,229	729,027	1,381,304	231,593	948,298	4,418,845	3,431,786
Total business-type activities program revenues	15,625,210	18,672,296	17,298,052	25,051,683	18,593,180	20,594,514	20,969,081	24,952,570	24,590,305	14,904,340
Total primary governmental program revenues	25,563,883	27,575,477	23,089,876	35,622,959	25,968,058	29,325,728	27,535,140	34,941,056	39,044,105	29,527,511

Source: Eagle Mountain City

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue										
Governmental activities	\$ 749,308	\$ (2,600,389)	\$ (5,510,450)	\$ (787,113)	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)	\$ (949,346)	\$ 1,382,064	\$ 861,199
Business-type activities	1,805,481	972,078	1,367,780	7,648,009	774,524	1,266,342	(1,099,253)	3,736,878	3,171,907	5,580,633
Total Primary government net expense	2,554,789	(1,628,311)	(4,142,670)	6,860,896	(3,654,833)	(1,584,977)	(7,157,374)	2,787,532	4,553,971	6,441,832
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	795,209	932,200	835,302	1,044,484	943,293	1,194,590	1,378,945	1,124,767	1,089,674	1,202,258
General sales & use tax	1,065,841	1,716,936	1,682,982	1,768,140	1,809,411	1,918,612	2,053,493	2,246,317	2,478,132	2,751,058
Franchise tax	709,610	839,254	813,319	673,339	870,743	840,600	869,847	697,421	870,287	1,110,170
Other	188,593	224,844	122,869	-	-	-	-	-	-	-
Interest earnings	1,174,280	847,814	202,373	56,460	62,486	38,722	26,550	25,015	43,559	82,267
Contribution of assets from Utility Funds	-	-	-	-	-	-	-	-	3,852,118	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	(297,188)	-
Transfers	-	-	-	2,206,726	-	-	-	32,056	195,519	80,184
Total Governmental activities	3,933,533	4,561,048	3,656,845	5,749,149	3,685,933	3,992,524	4,328,835	4,125,576	8,232,101	5,225,937
Other Business-type activities:										
Gain (loss) on disposition of capital assets	-	-	-	(44,928)	2,790	428,227	-	-	6,234,012	-
Contribution of assets from Utility Funds	-	-	-	-	-	-	-	-	(3,852,118)	-
Transfers	-	-	-	(2,206,726)	-	-	-	(32,056)	(195,519)	(80,184)
Total Other Business-type activities	-	-	-	(2,251,654)	2,790	428,227	-	(32,056)	2,186,375	(80,184)
Change in Net Position										
Governmental activities	4,713,190	566,238	(1,853,605)	5,162,036	837,404	(1,637,370)	3,379,489	5,507,640	8,232,101	6,087,136
Business-type activities	4,852,567	(402,166)	1,367,781	5,396,355	1,266,342	(1,099,253)	3,736,878	3,139,851	2,186,375	5,500,449
Total primary government	\$ 9,565,757	\$ 164,072	\$ (485,824)	\$ 10,558,391	\$ 2,103,746	\$ (2,736,623)	\$ 7,116,367	\$ 8,647,491	\$ 10,418,476	\$ 11,587,585

Source: Eagle Mountain City

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

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

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Restricted	\$ 4,346,597	\$ 366,766	\$ 226,675	\$ 330,030	\$ 259,994	\$ 322,006	\$ 20,468	\$ -	\$ -	\$ -
Unassigned	1,501,372	1,515,640	572,725	1,030,020	744,883	1,078,312	1,870,514	2,602,459	2,162,826	3,070,888
Total general fund	5,847,969	1,882,406	799,400	1,360,050	1,004,877	1,400,318	1,890,982	2,602,459	2,162,826	3,070,888
All Other Governmental Funds										
Restricted	2,847,017	2,620,428	1,273,921	735,210	454,730	2,277,180	2,041,588	1,688,626	1,934,908	2,202,935
Assigned						498,146	861,413	2,073,633	965,104	575,904
Unassigned reported in										
Special Revenue Funds	0	9,703,661	1,637,680	1,679,518	1,291,126					
Capital Projects Funds			(274,214)	1,120,288	583,268					
Nonmajor	2,250,432	3,077,418	1,445,534	1,551,808	1,371,682					
Total all other governmental funds	\$ 5,097,449	\$ 15,401,507	\$ 4,082,921	\$ 5,086,824	\$ 3,700,806	\$ 2,775,326	\$ 2,903,001	\$ 3,762,259	\$ 2,900,012	\$ 2,778,839

Source: Eagle Mountain City

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes	\$ 2,526,531	\$ 3,427,645	\$ 3,364,610	\$ 3,625,087	\$ 3,725,354	\$ 3,983,273	\$ 4,260,060	\$ 4,128,574	\$ 4,438,660	\$ 5,060,489
Licenses, fees, and permits	3,136,160	942,640	786,417	948,384	582,467	705,536	1,124,774	1,552,860	1,662,088	2,214,940
Intergovernmental	485,576	712,562	1,008,313	1,025,706	1,470,391	1,148,673	1,047,984	778,765	821,777	948,648
Charges for services	2,017,438	2,093,475	2,450,291	2,533,440	3,221,891	3,361,767	3,428,521	1,882,121	1,855,281	2,039,483
Special assessments	5,631,699	585,043	419,457	657,738	833,525	650,680	398,497	867,149	422,258	1,922,459
Impact fees	2,546,345	426,557	258,491	971,829	372,702	434,374	877,598	1,495,226	1,523,058	2,024,613
Miscellaneous	1,645,395	1,072,658	517,664	606,367	549,381	138,951	158,836	120,980	313,700	767,731
Total Revenues	17,989,144	9,260,580	8,805,243	10,368,551	10,755,711	10,423,254	11,296,270	10,825,675	11,036,822	14,978,363
Expenditures										
Current:										
General Government	2,888,265	3,378,071	3,240,846	3,070,761	3,030,497	3,001,105	3,109,776	2,703,466	2,617,687	3,222,850
Community Development	855,794	895,471	894,762	1,538,065	1,423,667	1,037,651	1,266,531	1,027,595	1,106,656	1,245,069
Public Works	761,717	1,795,329	1,313,918	1,097,471	1,452,650	1,249,543	1,863,423	3,412,266	3,136,684	2,880,937
Public Safety	2,027,829	2,811,955	3,162,711	3,146,335	3,312,336	3,246,420	2,806,751	2,065,929	2,367,014	2,286,418
Planning and Zoning	221,004	346,933	304,463	273,129	270,376	432,894	348,991	317,400	386,939	415,180
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal Retirement	5,508,514	3,464,889	390,000	342,000	1,133,000	1,092,000	854,000	3,651,000	940,000	1,817,000
Bond Issuance Costs								123,286	-	-
Interest and Fiscal Charges	1,271,139	907,643	545,830	529,374	511,161	416,682	313,772	226,440	277,744	180,379
Capital Outlay	1,669,906	620,132	3,593,620	1,013,590	1,363,216	476,999	144,662	375,859	1,664,752	2,223,822
Total expenditures	15,204,168	14,220,423	13,446,150	11,010,725	12,496,903	10,953,294	10,707,906	13,903,241	12,497,476	14,271,655
Excess of revenues over (under) expenditure	2,784,976	(4,959,843)	(4,640,907)	(642,174)	(1,741,192)	(530,040)	588,364	(3,077,566)	(1,460,654)	706,708

Source: The City of Eagle Mountain

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources (Uses)										
Issuance of long term debt										
Interim warrants										
Proceeds from Asset Disposals									497,516	
Loss on Grant Noncompliance									(412,000)	
Debt Proceeds								4,616,245		
Contributions							30,000			
Transfer in	2,550,698	3,681,608	1,606,049	4,716,936	478,504	400,426	608,584	660,676	2,154,692	1,802,835
Transfers out	(2,550,698)	(3,681,608)	(1,606,049)	(2,510,210)	(478,504)	(400,426)	(608,584)	(628,620)	(2,081,434)	(1,722,651)
Total other financing sources (uses)	0	0	0	2,206,726	0	0	30,000	4,648,301	158,774	80,184
Net change in fund balances	<u>\$ 2,784,976</u>	<u>\$ (4,959,843)</u>	<u>\$ (4,640,907)</u>	<u>\$ 1,564,552</u>	<u>\$ (1,741,192)</u>	<u>\$ (530,040)</u>	<u>\$ 618,364</u>	<u>\$ 1,570,735</u>	<u>\$ (1,301,880)</u>	<u>\$ 786,892</u>
Debt service as a percentage of noncapital expenditures	50.09%	32.15%	9.50%	8.72%	14.77%	14.40%	11.06%	28.66%	11.24%	16.58%

Source: The City of Eagle Mountain

REVENUE CAPACITY

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

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

Fiscal Year	Residential Property (1)	Commercial and Industrial Property (2)	Agricultural Property	FAA	Unimproved Non FAA-Vacant	Centrally Assessed Values	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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	1.3	1,075,001,160	0.55
2015	694,523,745	19,539,846	3,722,200	1,017,153	74,765,712	33,648,886	113,153,951	714,063,591	1.33	1,298,297,438	0.55
2016	790,828,684	21,392,771	3,835,800	984,050	104,647,449	39,069,499	148,536,798	812,221,455	1.29	1,476,766,282	0.55

Source: Utah State Tax Commission

*2013 figures are estimates

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

City Direct Rates			Overlapping Rates						Total Tax Rate
Fiscal Year	Basic Rates	Total Direct Rates	Utah County	Central Utah Water Conservancy District	Alpine School District	Salt Lake Valley Fire District	State Assessing & Collecting	Local Assessing & Collecting	
2007	1.163	1.163	0.843	0.302	6.937		0.121	0.036	9.402
2008	1.230	1.230	0.809	0.286	7.057		0.121	0.175	9.678
2009	1.400	1.400	0.878	0.400	7.541		0.142	0.183	10.544
2010	1.510	1.510	1.108	0.421	8.220		0.162	0.024	11.445
2011	1.636	1.636	1.143	0.436	8.812		0.172	0.027	12.226
2012	1.668	1.668	1.127	0.455	8.828		0.168	0.029	12.275
2013	1.380	1.380	1.006	0.446	8.699	2.192	0.158	0.095	13.976
2014	1.192	1.192	0.916	0.422	8.096	2.097	0.013	0.220	12.956
2015	1.118	1.118	0.870	0.405	8.177	1.997	0.012	0.216	12.795
2016	1.081	1.081	0.834	0.400	7.718	1.884	0.011	0.204	12.132

Source: Utah County Treasurer

EAGLE MOUNTAIN CITY

Principal Property Tax Payers

Fiscal Years 2007 and 2016

TAXPAYER	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PACIFICORP	\$ 23,096,961	1	2.22%			
KERN RIVER GAS TRANS CO	11,820,983	2	1.14%			
DIRECT COMMUNICATIONS	9,883,873	3	0.95%			
QUESTAR GAS	7,938,782	4	0.76%			
CJM LIMITED PARTNERSHIP	5,603,300	5	0.54%			
RPP LLC	3,778,000	6	0.36%			
TM CRUSHING LLC	1,853,521	7	0.18%			
PONY EXPRESS LAND DEVELOPMENT INC	1,607,600	8	0.15%			
IRON EAGLE DEVELOPMENT INC	1,550,000	9	0.15%			
STAR WEST EAGLE MTN PROPERTIES LLC	1,416,500	10	0.14%			
	<u>\$ 68,549,520</u>					
KERN RIVER GAS TRANS CO				\$ 15,693,264	1	3.19%
SL6 LLC				7,503,000	2	1.53%
EAGLE MOUNTAIN HOLDINGS				6,000,000	3	1.22%
DIRECT COMMUNICATIONS				5,769,992	4	1.17%
PACIFICORP				2,581,605	5	0.53%
ISAAC PATTERSON PROPERTIES INC				1,933,500	6	0.39%
BERRY, WESTON GLADE & ZANE R				1,895,600	7	0.39%
SMITH, GLENNETH B H & MARIANNE M				1,843,692	8	0.38%
PARKWAY CROSSROADS LLC				1,643,200	9	0.33%
WAGSTAFF INVESTMENTS LLC				1,563,800	10	0.32%
				<u>\$ 46,427,653</u>		

Source: Utah County Assessor

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

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Taxes Collected for Levy Year	Total Collected	Percentage of Levy
2007	\$ 707,304	\$ 637,440	90.1%	\$ 65,177	\$ 702,617	99.3%
2008	807,757	685,943	84.9%	57,773	743,716	92.1%
2009	1,005,266	824,566	82.0%	75,349	899,916	89.5%
2010	1,022,944	865,717	84.6%	131,482	997,200	97.5%
2011	1,033,170	912,961	88.4%	113,876	1,026,837	99.4%
2012	1,082,688	990,018	91.4%	90,859	1,080,877	99.8%
2013	1,102,986	1,027,078	93.1%	60,069	1,087,147	98.6%
2014	1,198,025	1,124,767	93.9%	-	1,124,767	93.9%
2015	1,077,629	979,584	90.9%	1,829	981,414	91.1%
2016	1,177,620	1,074,631	91.3%	1,861	1,076,492	91.4%

Source: The City of Eagle Mountain

EAGLE MOUNTAIN CITY

Taxable Sales by Category

Last Ten Fiscal Years

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Retail/Grocery			3901	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984	\$ 127,141	\$ 222,813	\$ 298,627
Utility/Communication			209307	159,474	172,425	182,864	195,865	201,344	223,063	224,107
Auto dealers & supplies			1393	1,373	6,781	9,006	11,539	13,639	15,401	15,978
Eating & drinking establishments			9040	7,784	7,476	12,503	11,119	9,687	10,251	24,765
Home furnishings and appliances			3208	2,184	1,914	975	1,774	2,827	2,326	5,719
Medical			110	217	1,483	2,265	2,698	2,300	3,872	3,815
Service stations			39461	33,609	38,238	39,338	43,905	47,175	45,297	53,990
All other outlets			68466	27,393	11,698	15,415	16,041	36,561	39,795	58,993
Utah State Tax- Motor Vehicle			19761	38,309	45,568	46,642	50,422	54,359	60,151	67,971
Totals				\$280,527	\$ 339,688	\$ 376,346	\$ 416,347	\$ 495,032	\$ 622,970	\$ 753,965

Source: The City of Eagle Mountain

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

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

Fiscal Year	Eagle Mountain City Direct Rate	Utah County	Mass Transit, Highway and Airport	State of Utah
2007	1.00%	0.25%	0.25%	4.75%
2008	1.00%	0.25%	0.30%	4.65%
2009	1.00%	0.25%	0.55%	4.70%
2010	1.00%	0.25%	0.80%	4.70%
2011	1.00%	0.25%	0.80%	4.70%
2012	1.00%	0.25%	0.80%	4.70%
2013	1.00%	0.25%	0.80%	4.70%
2014	1.00%	0.25%	0.80%	4.70%
2015	1.00%	0.25%	0.80%	4.70%
2016	1.00%	0.25%	0.80%	4.70%

Source: Utah State Tax Commission

EAGLE MOUNTAIN CITY
Sales Tax Revenue Payers by Industry
Fiscal Years 2007 and 2016

	Fiscal Year 2007*				Fiscal Year 2016			
	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	763	51.3%	\$ 298,626.84	39.6%
Utility/Communication	N/A	N/A	N/A	N/A	89	6.0%	224,106.78	29.7%
Auto Dealers & Supplies	N/A	N/A	N/A	N/A	40	2.7%	15,977.98	2.1%
Eating/Drinking Establishments	N/A	N/A	N/A	N/A	20	1.3%	24,764.60	3.3%
Home Furnishings & Appliances	N/A	N/A	N/A	N/A	45	3.0%	5,719.01	0.8%
Medical	N/A	N/A	N/A	N/A	31	2.1%	3,815.11	0.5%
Service Stations	N/A	N/A	N/A	N/A	5	0.3%	53,990.10	7.2%
All Other Outlets	N/A	N/A	N/A	N/A	493	33.2%	58,993.42	7.8%
Utah State Tax- Motor Vehicle	N/A	N/A	N/A	N/A	1	0.1%	67,971.28	9.0%
Total	N/A	N/A	N/A	N/A	1487	100.0%	\$ 753,965.12	100.0%

Source: The City of Eagle Mountain

*City has no records for FY2007.

EAGLE MOUNTAIN CITY

Charges for Water Fees

Last Ten Fiscal Years

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Water Sales	\$ 1,592,488	\$ 1,803,162	\$ 1,872,564	\$ 2,004,797	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,811,503	\$ 3,062,503	\$ 3,222,097
Secondary Water	-	-	-	-	-	-	-	-	-	-
Other	519,303	142,505	92,515	172,399	-	-	-	159,107	15,973	470,701
Totals	\$ 2,111,791	\$ 1,945,667	\$ 1,965,079	\$ 2,177,196	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,970,610	\$ 3,078,476	\$ 3,692,798

Source: The City of Eagle Mountain

DEBT CAPACITY

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

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

Governmental Activities							Business-type Activities					
Fiscal Year	Excise tax road bonds	Special Assessment bond 98-3	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 Bonds	Electric and Gas Revenue Bonds	Unamortized Bond Premium	Total Primary Government	Percentage of Personal Income	Per Capita
2007	\$ 1,015	\$ 989	\$ 2,341	\$ 6,114	\$ -	\$ 27	\$ 7,700	\$ 21,475	\$ 43	\$ 39,704	15.95%	\$ 2,227
2008	904	-	1,632	4,486	-	-	16,500	21,015	414	44,951	18.61%	2,015
2009	789	-	1,508	4,335	-	-	16,115	20,500	390	43,637	16.32%	1,897
2010	670	-	1,396	4,224	-	153	15,778	19,920	366	42,507	14.20%	1,985
2011	547	-	1,081	3,529	-	-	22,160	19,275	342	46,934	15.77%	2,133
2012	419	-	558	3,088	-	-	21,792	18,560	518	44,935	11.37%	1,988
2013	285	-	-	2,926	-	-	21,245	27,530	816	52,802	12.77%	2,275
2014	146	-	-	1,621	2,400	440	23,031	25,338	489	53,465	11.65%	2,076
2015	-	-	-	867	2,360	333	22,754	-	1,047	26,804	5.84%	1,041
2016	-	-	-	-	1,410	224	22,119	-	985	24,738	4.70%	905

Source: The City of Eagle Mountain

EAGLE MOUNTAIN CITY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Utah County	\$ -	4.20%	\$ -
Alpine School District	375,435,000	7.80%	29,283,930
Central Utah Water Cons. Dist.	678,610,000	0.93%	6,311,073
Subtotal, overlapping debt			35,595,003
City direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 35,595,003</u></u>

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

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

Legal Debt Margin Calculation for FY 2016

Assessed value	\$916,436
Debt limit (12% of the assessed value)	109,972
Debt applicable to limit	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	
Total debt debt applicable to limit	
Legal debt margin	109,972

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 83,346	\$ 98,075	\$ 90,254	\$ 83,359	\$ 75,720	\$ 74,895	\$ 79,794	\$ 83,804	\$ 96,938	\$ 109,972
Total net debt applicable to limit										
Legal debt margin	83,346	98,075	90,254	83,359	75,720	74,895	79,794	83,804	83,804	109,972
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Utah State Tax Commission

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

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

Water and Sewer Revenue Bonds							Electric and Gas Revenue Bonds						SID 2000-1 (Sales Tax 2013)			
Fiscal Year	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Special Assessment	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
2007	\$ 2,969	\$ 2,097	\$ 872	\$ 220	\$ 229	1.94	\$ 9,973	\$ 9,134	\$ 839	\$ -	\$ 977	0.86	\$ 3,521	\$ 2,726	\$ 795	1.00
2008	3,517	2,719	798	235	441	1.18	11,397	9,980	1,417	460	971	0.99	2,132	1,628	504	1.00
2009	3,694	2,614	1,080	385	790	0.92	10,065	10,123	(58)	515	944	(0.04)	521	151	370	1.00
2010	4,387	3,692	695	340	789	0.62	11,292	9,958	1,334	580	929	0.88	491	111	380	1.00
2011	4,696	4,432	264	358	829	0.22	11,551	10,246	1,305	645	918	0.83	651	695	387	0.60
2012	4,901	4,825	76	395	830	0.06	12,089	11,061	1,028	1,435	1,231	0.39	346	441	294	0.47
2013	5,128	4,833	295	442	802	0.24	13,266	12,002	1,264	1,395	1,271	0.47	394	162	257	0.94
2014	5,729	4,932	797	450	788	0.64	14,692	13,321	1,371	1,435	1,227	0.52	656	109	241	1.87
2015	6,101	5,774	327	592	933	0.21	-	-	-	-	-	-	213	754	88	0.25
2016	7,031	6,787	244	530	515	0.23	-	-	-	-	-	-	964	867	62	1.04

Source: The City of Eagle Mountain

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

SID 98-1 (2005A)						SAA 2014-1					Excise Tax Road Bond			
Debt Service						Debt Service					Debt Service			
Fiscal Year	Special Assessments	Principal	Interest	Coverage		Fiscal Year	Special Assessments	Principal	Interest	Coverage	Class B & C Road Funds	Principal	Interest	Coverage
2007	\$ 2,687	\$ 1,869	\$ 263	1.26		2007	-	-	-	-	\$ 428	\$ 108	\$ 43	2.83
2008	230	345	703	0.22		2008	-	-	-	-	563	111	39	3.75
2009	166	108	101	0.79		2009	-	-	-	-	618	115	36	4.09
2010	132	112	110	0.59		2010	-	-	-	-	704	119	31	4.69
2011	182	315	97	0.44		2011	-	-	-	-	745	123	28	4.93
2012	305	523	66	0.52		2012	-	-	-	-	729	128	21	4.89
2013	5	558	41	0.01		2013	-	-	-	-	772	134	16	5
2014	-	-	-	-		2014	-	-	-	-	738	146	10	4.73
2015	-	-	-	-		2015	211	88	-	2	-	-	-	-
2016	-	-	-	-		2016	961	950	119	0.90	-	-	-	-

Source: The City of Eagle Mountain

DEMOGRAPHICS AND ECONOMICS

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

EAGLE MOUNTAIN CITY Demographic and Economic Statistics Last Ten Calendar Years

<u>Calendar</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate*</u>
2007	19,890	\$ 248,855,393	\$ 12,512	2.5
2008	22,309	271,043,036	12,149	3.2
2009	23,000	292,965,933	12,738	5.2
2010	21,415	299,270,206	13,975	7.1
2011	22,008	297,656,898	13,525	7.5
2012	23,531	395,326,200	16,800	6.1
2013	24,097	355,865,378	14,768	4.6
2014	25,760	386,553,677	15,006	3.7
2015	27,027	440,705,329	16,306	3.2
2016	31,165	512,700,028	16,451	2.9

Source: Eagle Mountain City
Utah State Tax Commission

EAGLE MOUNTAIN CITY
Principal Employers
Current Year and Nine Years Ago

	2016			2007 ⁽¹⁾		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alpine School District	555	1	52.31%	N/A		N/A
Ridley's Family Market	114	2	10.74%	N/A		N/A
Eagle Mountain City	97	3	9.14%	N/A		N/A
Job Match	55	4	5.18%	N/A		N/A
Questar Gas	52	5	4.90%	N/A		N/A
Ranches Academy	48	6	4.52%	N/A		N/A
Rockwell High School	45	7	4.24%	N/A		N/A
Ranches Golf Course	30	8	2.83%	N/A		N/A
TM Crushing LLC	27	9	2.54%	N/A		N/A
Direct Communications	19	10	1.79%	N/A		N/A
Village Pizza	19	10	1.79%	N/A		N/A
Total City Employment	1,061		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 115-117 of the Statistical Section show operating statistics and performance measurement data for the City's overall performance over the last 10 years.

EAGLE MOUNTAIN CITY

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
Administration	8.6	8.6	6.6	8.6	11	8	7	5	5.5	4
Finance	4	4	4	3	3	3	3	4	4	4
Planning	5	5	4	3.5	2.5	3.5	2.83	4	4	4
Building	7	7	6	5.5	3.5	3.5	3.5	5.5	5.75	5
Recorder	2	3	3	3	3	3	3	3	3	3
Facilities	0	0	0	0	0	0	0	1	1.5	3
Public Information	0	0	0	0	0	0	0	1	1.25	2
Human Resources	0	0	0	0	0	0	0	1	1	1
Other	0	0	0	0	0	3.38	3	1.5	2.15	1.5
Police										
Crossing Guards	3	3.5	3.5	3.2	3.2	3.2	3.2	4.75	5.25	5
Fire										
Firefighters and office	10.75	16.75	15.8	16.59	16.59	17	17	0	0	0
Parks and recreation	4	5	5	1	4.75	4.5	4.5	7.2	7.2	7.5
Library	2	2.3	2.2	2.3	2.3	4.13	4.13	5.15	5.5	6
Other public works										
Management	2	3	4	0	0	0	0	0	0	0
Engineering	3	2	2	2.3	2.6	2.66	2.66	4.96	5	5
Streets	4	4	4	3.5	3.25	3.5	3.5	4.5	4.5	7.5
Water	3.5	4	4	6	5.17	5.17	5.16	5.3	5.5	7
Wastewater	4.5	4	4	5.1	5.17	5.17	5.17	5.31	4	4.5
Utility Billing	4	4	4	4	3.75	4.75	5	5.5	4	3
Other	4	0	1	4	2	2	2	2.68	3.38	3
Energy	15	18	13	13	12	12	11	13	0	0
Total	86.35	94.15	86.1	84.59	83.78	88.46	85.65	84.35	72.48	76

Source: The City of Eagle Mountain

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program: General government</u>										
Building										
Building permits issued	964	254	131	323	259	280	458	559	674	1,086
Building inspections conducted	9,134	3,869	2,471	3,900	1,698	1,850	2,864	4,155	4,958	6,382
Police ¹										
Physical arrest			392	424	454	384	416	353	498	481
Warrants served			34	53	66	58	48	39	86	154
Traffic violations			1,157	1,730	1,565	2,062	1,399	1,500	1,821	2,148
Fire ²										
Emergency responses	621	640	612	676	693	694				
Inspections	64	73	95	105	110	155				
Streets										
Miles plowed - snow removal			14,546	9,594	12,185	5,339	10,574	5,896	1,394	11,522
Crack seal - staff hours				567	513	1,280	480	720	305	147
Asphalt Repairs (sq. ft.)			309,798	18,484	130,786	10,308	21,768	58,313	88,454	75,782
Parks and recreation										
Youth City sports registrations			2,056	2,183	2,301	2,747	2,704	3,379	3,402	2,448
Total recreational sports (youth/adult)		4/1		3/0	3/1	3/1	3/5	4/5	4/5	3/5
Water										
New meters installed			310	351	147	137	228	354	410	446
Water meters replaced			190	169	169	169	239	156	646	436
Average daily pumped (gallons)			3,231,197	3,262,153	3,785,400	4,272,384	4,142,638	4,285,000	4,036,302	4,820,000
Avg daily consumption (gallons)			2,730,512	3,305,721	4,013,088	3,732,753	4,332,255	4,076,000	4,030,318	4,366,025

Source: The City of Eagle Mountain

Notes:

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

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

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

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>											
Police ¹											
	Patrol units			15	15	15	15	15	15	16	16
Fire ²											
	Fire Hydrants					918	918	958	957	998	1,116
	Fire Stations	2	2	2	2	2	2				
Other public works											
	Streets (miles)		113.52	122.98	136	142	133	133.5	138.37	143	151.97
	Gas mains (miles) ³			103	114	114	116	129	136.5		
	Sewer plant capacity (gallons)			250,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	Sanitary sewers (miles) ⁴			72	72.2	72.2	72.2	73	85	89.49	83.95
Parks and recreation											
	Total developed park (acres)			78.22	58	66	76	79	88	90	100
	Playgrounds		11	11	11	12	15	15	15	15	17
	Baseball/softball diamonds	3	3	3	3	7	7	7	7	7	7
	Soccer/football fields	2	3	3	3	4	4	5	5	5	5
Water											
	Water pipe (miles) ⁴			136	139	139	141	142	151.9	156.65	125.59
	Total water storage (gallons)			4,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000

Source: The City of Eagle Mountain

Notes:

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

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

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

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

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GOVERNMENT AUDITING STANDARDS REPORT
UTAH STATE COMPLIANCE REPORT



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
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ESTABLISHED 1974

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle Mountain City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART, CPA PC
December 2, 2016

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INDEPENDENT AUDITORS' REPORT AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE* ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE

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

Report On Compliance with General State Compliance Requirements

We have audited Eagle Mountain City's ("the City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Budgetary Compliance
Fund Balance
Utah Retirement Systems
Restricted Taxes and Related Revenues
Open and Public Meetings Act
Treasurer's Bond
Impact Fees

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on General State Compliance Requirements

In our opinion, Eagle Mountain City, complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2016.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Audit Guide and which are described in a separate letter to management dated December 12, 2016, as items 2016-1. Our opinion on compliance was not modified with respect to these matters.

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

Report on Internal Control over Financial Reporting

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

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

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

We noted matters involving internal control over compliance which we are submitting for your consideration. These matters are described in a separate letter to management as items 2016-1.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Gilbert & Stewart

December 12, 2016

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EAGLE MOUNTAIN CITY, UT
COMPREHENSIVE ANNUAL FINANCIAL
REPORT



EAGLE
M O U N T A I N