

FISCAL YEAR ENDED JUNE 30, 2018

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

CAFR

FOR EAGLE MOUNTAIN CITY, UT



EAGLE
M O U N T A I N

- ▶ BASIC FINANCIAL STATEMENTS
- ▶ REVENUES & EXPENDITURES
- ▶ FUND BALANCES
- ▶ CAPITAL PROJECTS
- ▶ FINANCIAL TRENDS
- ▶ OPERATING INFORMATION

SEE TABLE OF CONTENTS FOR FULL
LIST OF CONTENTS





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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

Prepared by:
Finance & Executive Departments
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**EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	1
Certificate of Achievement for 2017 CAFR.....	5
Organizational Chart.....	6
Eagle Mountain City Officers.....	7

FINANCIAL SECTION

Independent Auditor's Report.....	9
Management's Discussion and Analysis.....	12

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position.....	21
Statement of Activities.....	27

Governmental Funds Financial Statements

Balance Sheet.....	23
Balance Sheet Reconciliation to Statement of Net Position.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	25
Statement of Changes Reconciliation to Statement of Activities.....	26

Proprietary Funds Financial Statements

Statement of Net Position.....	27
Statement of Revenues, Expenditures, and Changes in Fund Net Position.....	28
Statement of Cash Flows.....	29

Notes to the Financial Statements.....	30
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REQUIRED SUPPLEMENTAL INFORMATION

Net Pension Liability

Schedule of the Proportionate Share of the Net Pension Liability.....	65
Schedule of Contributions.....	66

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

General Fund	67
--------------------	----

Notes to the Required Supplemental Information.....	68
---	----

COMBINING AND INDIVIDUAL FUND STATEMENTS
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

Nonmajor Governmental Funds

Combining Balance Sheet.....	70
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances.....	76

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget-to-Actual

Special Improvement District 2000-1.....	72
Special Assessment Area 2014.....	73
Capital Projects Fund.....	74
General Debt Service Fund.....	75
Special Improvement District 98-1.....	76
Special Improvement District 98-3.....	77
Special Improvement District 97-1.....	78
Storm Water Fund.....	79
Parks Impact Fee.....	80
Transportation Impact Fee.....	81
Cemetery Fund.....	82
Redevelopment Agency.....	83

Nonmajor Proprietary Funds

Combining Statement of Net Position.....	84
Combining Statement of Revenues, Expenditures, and Changes In Fund Net Position.....	85
Combining Statement of Cash Flows.....	86

Internal Service Funds

Combining Statement of Net Position.....	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position.....	88
Combining Statement of Cash Flows.....	89

STATISTICAL SECTION

Financial Trends

Net Position by Component.....	92
Changes in Net Position.....	93
Governmental Fund – Fund Balance.....	95
Governmental Fund – Changes in Fund Balance.....	96

Revenue Capacity

Assessed/Estimated Actual Value of Taxable Property.....	98
Direct and Overlapping Property Tax Rates.....	99
Principal Property Tax Payers.....	100
Property Tax Levied and Collections.....	101
Taxable Sales by Category.....	102
Direct and Overlapping Sales Tax Rates.....	103
Sales Tax Revenues.....	104
Charges for Water Fees.....	105

Debt Capacity

Ratios of Outstanding Debt by Type.....	106
Direct and Overlapping Governmental Activities Debt.....	107
Legal Debt Margin Information.....	108
Pledged-Revenue Coverage.....	109

Demographic and Economic Information

Demographic and Economic Statistics.....	111
Principal Employers.....	112

Operating Information

FTE City Employees by Function/Program.....	113
Operating Indicators by Function/Program.....	114
Capital Asset Statistics by Function/Program.....	115

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

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.....	118
Independent Auditor's Report on Legal Compliance.....	121

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December 21, 2018



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, 2018 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, 2018, 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 36,000 in 2018. About 9,500 residential units have been built, with an average of 612 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 2018 was 3.2%, lower than the national unemployment rate of 3.7%, with Utah County being tied for second for the lowest unemployment. During the last half of 2018, 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 12% in 2018 (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 0.000924. 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 FY2019 Budget includes widening of portions of Pony Express Parkway, the installation of multiple traffic signals along Pony Express Parkway, and enhancements to Eagle Mountain's trails and landmark signage.

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 2019 Budget.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award for the City's annual budget document for fiscal years 2008 through 2018. 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 ninth 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 eight fiscal years (2010 - 2017). In order to qualify for the Certificate of Achievement in Financial Reporting award, the City's financial status must meet rigorous standards for transparency and accuracy.

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

Respectfully Submitted,

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

Ifo Pili,
City Administrator

A handwritten signature in black ink, likely belonging to Paul Jerome, the Finance Director. The signature is cursive and includes the name 'Paul A. Jerome' in a stylized script.

Paul Jerome,
Finance Director



Government Finance Officers Association

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

Presented to

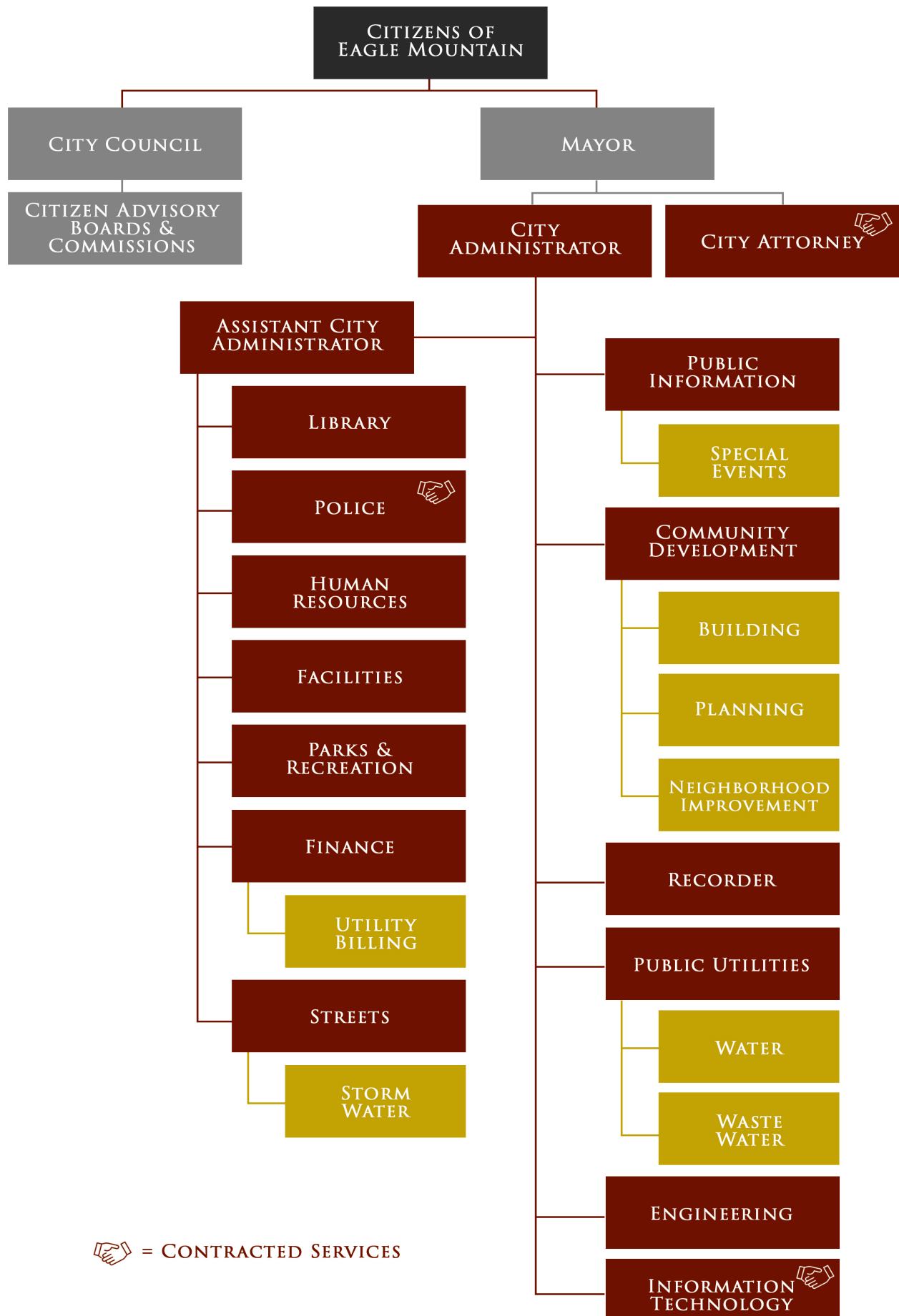
**Eagle Mountain City
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



CITY OFFICERS



Stephanie Gricius
Council Member



Colby Curtis
Council Member



Ben Reaves
Council Member



Melissa Clark
Council Member



Tom Westmoreland
Mayor



Donna Burnham
Council Member



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
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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, 2018, 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, 2018, the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

December 10, 2018

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, 2018. 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 \$176,014,390 is made up of \$140,933,361 in net investment in capital assets, \$7,035,968 in restricted net position, and \$28,045,061 in unrestricted net position. Total net position increased by \$25,356,391 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,067,709. Of this amount, \$3,433,976 must only be spent on projects for which the money is restricted. \$1,771,422 is assigned by the City administration and is divided as follows: \$292,009 for debt service, \$38,456 for special revenues and \$1,440,957 for capital projects. The remaining \$2,862,311 is unassigned in the general fund.
- The City created a storm drain enterprise fund, and contributed \$10,220,601 of storm drain system capital assets (net of depreciation) to the storm drain enterprise fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$1,353,335. Corresponding operating expenses increased by \$1,514,993. This change was due in part to the continued growth within the City and the creation of the Storm drain fund.

Reporting the City as a Whole

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

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

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

Both of the government-wide financial statements distinguish functions of Eagle Mountain City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions

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

The government-wide financial statements can be found on pages 21 and 22 of this report.

Reporting the City's Most Significant Funds

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

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

The governmental fund financial statements can be found on pages 23-26 of this report.

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

- Proprietary funds – Eagle Mountain City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Eagle Mountain City uses enterprise funds to account for its water utility, sewer utility, gas utility, electric utility, golf course, garbage, storm drain, and business incubator (which was closed as of June 30, 2018).

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

- Additionally, the City reports the following fund types:

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Eagle Mountain City, assets and deferred outflows exceed liabilities and deferred inflows by \$176,014,390.

One of the largest portions of Eagle Mountain City's net position (80%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire

those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

The following table summarizes the City's net position. Comparative figures for Fiscal Years 2018 and 2017 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 21,458,415	\$ 17,614,700	\$ 34,725,637	\$ 24,611,329	\$ 56,184,052	\$ 42,226,029
Capital Assets	79,061,722	78,185,120	83,916,957	65,476,387	162,978,679	143,661,507
Total assets	100,520,137	95,799,820	118,642,594	90,087,716	219,162,731	185,887,536
Deferred Outflows of Resources	762,190	728,191	1,132,951	1,158,226	1,895,141	1,886,417
Long-term debt outstanding	2,182,946	2,884,083	22,178,382	23,574,198	24,361,327	26,458,281
Other liabilities	9,126,382	7,145,732	9,302,094	1,820,707	18,428,476	8,966,439
Total liabilities	11,309,328	10,029,815	31,480,476	25,394,905	42,789,803	35,424,720
Deferred Inflows of Resources	2,066,277	1,605,927	187,402	85,307	2,253,679	1,691,234
Net position:						
Net investment in capital assets,	77,979,425	76,834,279	62,953,936	43,226,694	140,933,361	120,060,973
Restricted	2,061,683	1,107,530	4,974,285	4,132,156	7,035,968	5,239,686
Unrestricted	7,865,614	6,950,460	20,179,446	18,406,880	28,045,060	25,357,340
Total net assets	\$ 87,906,722	\$ 84,892,269	\$ 88,107,667	\$ 65,765,730	\$ 176,014,390	\$ 150,657,999

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The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 5,065,769	\$ 4,898,084	\$ 15,561,474	\$ 13,254,589	\$ 20,627,243	\$ 18,152,673
Operating grants & contrib.	20,065	24,429	-	-	20,065	24,429
Capital grants & contrib.	13,747,878	13,384,998	10,420,966	6,250,205	24,168,844	19,635,203
General revenues:						
Property taxes	1,488,313	1,377,090	-	-	1,488,313	1,377,090
General sales & use tax	3,659,450	3,139,809	-	-	3,659,450	3,139,809
Franchise tax	1,196,977	1,224,569	-	-	1,196,977	1,224,569
Interest earnings	394,194	204,058	-	-	394,194	204,058
Total revenues	<u>25,572,646</u>	<u>24,253,037</u>	<u>25,982,440</u>	<u>19,504,794</u>	<u>51,555,086</u>	<u>43,757,831</u>
Expenses:						
General government	\$ 3,251,578	\$ 3,075,687	\$ -	\$ -	\$ 3,251,578	\$ 3,075,687
Public safety	2,550,530	2,332,378	-	-	2,550,530	2,332,378
Highways & public works	7,023,575	7,506,410	-	-	7,023,575	7,506,410
Community development	2,088,942	1,281,716	-	-	2,088,942	1,281,716
Planning	468,853	508,154	-	-	468,853	508,154
Interest on long-term debt	62,215	68,597	-	-	62,215	68,597
Water utility	-	-	4,500,613	4,217,435	4,500,613	4,217,435
Sewer utility	-	-	3,988,418	4,004,069	3,988,418	4,004,069
Storm drain	-	-	921,619	-	921,619	-
Non-major business	-	-	1,342,353	1,433,461	1,342,353	1,433,461
Total expenses	<u>15,445,693</u>	<u>14,772,942</u>	<u>10,753,003</u>	<u>9,654,965</u>	<u>26,198,696</u>	<u>24,427,907</u>
Increase (decrease) in net assets before transfers	10,126,953	9,480,095	15,229,437	9,849,829	25,356,390	19,329,924
Transfers	<u>(7,112,500)</u>	<u>2,684,721</u>	<u>7,112,500</u>	<u>(2,684,721)</u>	<u>-</u>	<u>-</u>
Increase (decr.) in net assets	3,014,453	12,164,816	22,341,937	7,165,108	25,356,390	19,329,924
Net position - beginning	84,892,269	72,911,746	65,765,730	58,900,622	150,657,999	131,812,368
Restatement of net position	-	(184,293)	-	(300,000)	-	-
Net position - ending	<u>\$ 87,906,722</u>	<u>\$ 84,892,269</u>	<u>\$ 88,107,667</u>	<u>\$ 65,765,730</u>	<u>\$ 176,014,389</u>	<u>\$ 151,142,292</u>

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Governmental activities

Governmental activities increased the City's net position by \$3,014,453. The increase is due mainly to strong residential growth, which helped fuel the increase in revenues related to property taxes, sales taxes, and charges for services. Also contributing to the increase in net position is the City's commitment to conservative budgeting in order to keep expenditures as low as possible despite the rapid growth.

Business-type activities

Business-type activities increased the City's net position by \$22,341,937. As of the end of the current fiscal year, all of the City's business-type funds reported positive net position.

Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$8,067,709. Of this total amount, 57% constitutes assigned and unassigned fund balances. \$1,771,422 is assigned by the administration of the City and will be used for the following: \$292,009 for debt service, \$1,440,957 for capital projects, and \$38,456 for special revenues. \$2,862,311 is unassigned and is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,862,311, a decrease of \$97,012 from fiscal year 2017. The total balance is \$2,862,311, a decrease of \$97,012 from the prior year. A major reason was additional projects in parks and streets which required a transfer from the general fund. 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 22% of total general governmental fund expenditures, while total fund balance represents 22% of that same amount.

The City has one major Governmental Fund:

1. General Capital Projects fund. The fund was created to account for financial resources to be used for the acquisition and construction major capital facilities within the City. At the end of fiscal year 2018 the fund balance is \$1,440,957 which is a decrease of \$576,274. This decrease is from the construction of several projects throughout the City.

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

Unrestricted net position of the combined enterprise funds at the end of the year amounted to \$19,710,222. The net investment in capital assets in these same funds is \$62,953,936.

As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds increased by \$1,353,335 (42%) and \$1,514,933 (50%), respectively.

The water and sewer funds showed a net operating profit. After non-operating revenues/expenses, contributions,

and transfers are taken into account, the water, sewer, and storm drain fund net position increased by \$9,968,821, \$3,378,041, and \$12,703,835 respectively. The major reasons for the increase in net position is an increase in impact fees collected and an increase in contributed capital from developers in the water and sewer funds. The increase in the storm drain fund is due to the contribution of storm drain system assets contributed from the governmental funds.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget expenditure total of \$11,601,154 to a final budget of \$12,122,801, an increase of \$521,647. The increase reflects higher than anticipated expenditures within the general government and the public works departments.

Capital Assets and Debt Administration

Capital Assets. Eagle Mountain City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$162,978,679 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,469,999	\$ 6,469,999	\$ 3,690,765	\$ 3,690,765	\$ 10,160,764	\$ 10,160,764
Water Shares	-	-	6,403,547	3,237,532	6,403,547	3,237,532
Buildings	3,439,204	3,292,174	1,274,529	1,468,092	4,713,733	4,760,266
Improvements	4,099,336	3,260,849	-	-	4,099,336	3,260,849
Equipment	1,076,901	1,215,163	71,956,658	55,403,377	73,033,559	56,618,540
Infrastructure	63,420,916	60,747,306	-	-	63,420,916	60,747,306
Construction in progress	555,366	3,199,629	591,458	1,676,621	1,146,824	4,876,250
Total net assets	<u>\$ 79,061,722</u>	<u>\$ 78,185,120</u>	<u>\$ 83,916,957</u>	<u>\$ 65,476,387</u>	<u>\$ 162,978,679</u>	<u>\$ 143,661,507</u>

Additional information on the City's capital assets can be found in Note 8 on pages 50-51 in the notes to this financial report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$21,862,000. Of this amount, \$1,075,000 is from special assessment bonds. The remaining \$20,787,000 is secured solely by specific revenue sources (i.e., revenue bonds and sales tax revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Special assessment bonds	\$ 1,075,000	\$ 1,230,000	\$ -	\$ -	\$ 1,075,000	\$ 1,230,000
Excise tax bonds	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-
Revenue bonds	-	-	20,787,000	21,741,000	20,787,000	21,741,000
Total bonds	<u>\$ 1,075,000</u>	<u>\$ 1,230,000</u>	<u>\$ 20,787,000</u>	<u>\$ 21,741,000</u>	<u>\$ 21,862,000</u>	<u>\$ 22,971,000</u>

During fiscal year 2018, the City's total outstanding debt decreased by a net amount of \$1,109,000. State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable

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

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

Economic Factors and Next Year's Budgets and Rates

- Eagle Mountain City issued 829 new building permits in fiscal year 2018. This reflects an increase of 47 building permits over the previous fiscal year. The City anticipates that this trend will continue in fiscal year 2019.
- Eagle Mountain City administration is very conservative in estimating budgeted revenues. In the general fund, increases to budgeted revenue year over year are used for one-time projects such as preventative road maintenance or service level increases in existing parks. By taking this approach, Eagle Mountain City is prepared for potential market downturns by not increasing fixed costs aggressively.
- No rate increases were budgeted for in fiscal year 2018, however, the city awarded a bid in fiscal year 2019 for a comprehensive rate study which may result in rate adjustments in the latter half of fiscal year 2019 or at the beginning of fiscal year 2020.
- With Eagle Mountain City's high desert location, the city entered into an agreement with the Central Utah Water Conservancy District to purchase 1800 acre feet of water from fiscal year 2012 through fiscal year 2021. As of the end of fiscal year 2018, the city has sold 2,150 acre feet of water to users, which means that with the purchase of water in fiscal year 2019, the initial contract will be fully met.

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, 2018

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,098,328	\$ 19,393,904	\$ 29,492,232
Restricted cash and cash equivalents	5,071,780	9,267,096	14,338,876
Investments	-	3,043,023	3,043,023
Accounts receivable			
Customers (net of allowance)	121,687	1,849,482	1,971,169
Intergovernmental	1,432,877	-	1,432,877
Assessments receivable	1,286,239	-	1,286,239
Taxes receivable	2,206,728	-	2,206,728
Notes receivable	1,710,000	-	1,710,000
Internal balances	(469,224)	469,224	-
Note Receivable - net of current portion	-	702,908	702,908
Capital assets (net of accumulated depreciation):			
Land	6,469,999	3,690,765	10,160,764
Water Shares	-	6,403,547	6,403,547
Buildings	3,439,204	1,274,529	4,713,733
Improvements	4,099,336	-	4,099,336
Equipment and systems	1,076,901	71,956,658	73,033,559
Infrastructure	63,420,916	-	63,420,916
Construction in progress	555,366	591,458	1,146,824
Total assets	<u>\$ 100,520,137</u>	<u>\$ 118,642,594</u>	<u>\$ 219,162,731</u>
DEFERRED OUT FLOW OF RESOURCES			
Pension related costs	\$ 762,190	\$ 194,572	\$ 956,762
Bond refunding costs	-	938,379	938,379
Total Deferred outflow of resources	<u>762,190</u>	<u>1,132,951</u>	<u>1,895,141</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,909,401	1,182,228	4,091,629
Deposits	5,798,565	37,800	5,836,365
Bond interest payable	8,122	80,507	88,629
Unearned revenue	410,293	8,001,560	8,411,853
Long-term liabilities			
Due within one year	70,911	896,408	967,318
Due in more than one year	2,112,035	21,281,974	23,394,009
Total liabilities	<u>11,309,327</u>	<u>31,480,476</u>	<u>42,789,803</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related costs	734,104	187,402	921,506
Deferred property taxes levied for future years	1,332,173	-	1,332,173
Total Deferred inflow of resources	<u>2,066,277</u>	<u>187,402</u>	<u>2,253,679</u>
NET POSITION			
Net investment in capital assets	77,979,425	62,953,936	140,933,361
Restricted			
Impact fees	2,061,683	4,974,285	7,035,968
Unrestricted	7,865,614	20,179,446	28,045,061
Total net position	<u>\$ 87,906,722</u>	<u>\$ 88,107,667</u>	<u>\$ 176,014,390</u>

EAGLE MOUNTAIN CITY
Statement of Activities
For the Year Ended June 30, 2018

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	\$ 3,251,578	\$ 1,146,493	\$ -	\$ -	\$ (2,105,085)	\$ -	\$ (2,105,085)
Public safety	2,550,530	21,190	19,065	-	(2,510,275)	-	(2,510,275)
Public works	7,023,575	292,109	-	13,747,878	7,016,412	-	7,016,412
Community development	2,088,942	170,203	-	-	(1,918,739)	-	(1,918,739)
Planning	468,853	3,435,774	1,000	-	2,967,921	-	2,967,921
Interest on long-term debt	62,215	-	-	-	(62,215)	-	(62,215)
Total governmental activities	<u>15,445,693</u>	<u>5,065,769</u>	<u>20,065</u>	<u>13,747,878</u>	<u>3,388,019</u>	<u>-</u>	<u>3,388,019</u>
Business-type activities:							
Water	4,500,613	8,014,703	-	6,536,707	-	10,050,797	10,050,797
Sewer	3,988,418	5,337,950	-	2,046,225	-	3,395,757	3,395,757
Storm Drain	921,619	791,551	-	1,838,034	-	1,707,966	1,707,966
Non major business-type	1,342,353	1,417,270	-	-	-	74,917	74,917
Total business-type activities	<u>10,753,003</u>	<u>15,561,474</u>	<u>-</u>	<u>10,420,966</u>	<u>-</u>	<u>15,229,437</u>	<u>15,229,437</u>
Total primary government	<u>\$ 26,198,695</u>	<u>\$ 20,627,243</u>	<u>\$ 20,065</u>	<u>\$ 24,168,844</u>	<u>3,388,019</u>	<u>15,229,437</u>	<u>18,617,457</u>
General revenues:							
Property taxes					\$ 1,488,313	\$ -	\$ 1,488,313
General sales and use tax					3,659,450	-	3,659,450
Franchise taxes					1,196,977	-	1,196,977
Interest earnings					394,194	-	394,194
Transfers					(7,112,500)	7,112,500	-
Total general revenues and transfers					<u>(373,566)</u>	<u>7,112,500</u>	<u>6,738,934</u>
Change in net Position					3,014,453	22,341,937	25,356,391
Net position- beginning					84,892,269	65,765,730	150,657,999
Net position - ending					<u>\$ 87,906,722</u>	<u>\$ 88,107,667</u>	<u>\$ 176,014,390</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,017,329	\$ -	\$ 676,215	\$ 9,693,544
Restricted cash	-	1,844,268	3,227,512	5,071,780
Receivables (net):				
Accounts	121,687	-	-	121,687
Taxes	2,206,728	-	-	2,206,728
Intergovernmental	1,432,877	-	-	1,432,877
Special assessments	-	-	1,286,239	1,286,239
Notes receivable		1,710,000		1,710,000
Total assets	<u>\$ 12,778,621</u>	<u>\$ 3,554,268</u>	<u>\$ 5,189,966</u>	<u>\$ 21,522,855</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 2,349,358	\$ 403,311	\$ 139,286	\$ 2,891,955
Deposits	5,798,565	-	-	5,798,565
Deferred revenue	410,293	-	-	410,293
Total liabilities	<u>8,558,216</u>	<u>403,311</u>	<u>139,286</u>	<u>9,100,813</u>
Deferred inflows of Resources:				
Deferred property taxes levied for future years	1,332,173	-	-	1,332,173
Deferred property taxes-delinquent	25,921	-	-	25,921
Deferred - receivables		1,710,000		1,710,000
Unavailable special improvement assessments	-	-	1,286,239	1,286,239
Total deferred inflows of resources	<u>1,358,094</u>	<u>1,710,000</u>	<u>1,286,239</u>	<u>4,354,333</u>
Fund Balances:				
Fund balances Restricted for:				
Impact fees	-	-	2,061,683	2,061,683
Special assessments	-	-	1,372,293	1,372,293
Assigned, for:				
Special revenues	-	-	38,456	38,456
Debt service	-	-	292,009	292,009
Capital projects	-	1,440,957	-	1,440,957
Unassigned:	2,862,311	-	-	2,862,311
Total fund balances	<u>2,862,311</u>	<u>1,440,957</u>	<u>3,764,441</u>	<u>8,067,709</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,778,621</u>	<u>\$ 3,554,268</u>	<u>\$ 5,189,966</u>	<u>\$ 21,522,855</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet Reconciliation to
Statement of Net Assets
June 30, 2018

Total fund balances - governmental fund types:	\$ 8,067,709
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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.	79,061,722
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Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,022,160
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Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds.	762,190
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Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.	(2,191,068)
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Deferred inflows of resources related to pensions are not available financial resources and are not reported in the governmental funds.	(734,103)
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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.	(81,888)
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Net assets of government activities	<u><u>\$ 87,906,722</u></u>
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See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	General Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 6,289,512	\$ -	\$ 54,593	\$ 6,344,105
Special assessments	-	-	258,551	258,551
Licenses and permits	3,454,239	-	-	3,454,239
Intergovernmental	1,400,423	105,767	14,430	1,520,620
Charges for services	1,273,761	-	31,230	1,304,991
Impact fees	-	-	3,402,318	3,402,318
Miscellaneous	1,260,883	24,856	25,094	1,310,833
Total revenues	<u>13,678,818</u>	<u>130,623</u>	<u>3,786,216</u>	<u>17,595,657</u>
EXPENDITURES				
Current:				
General government	2,935,520	-	358,606	3,294,126
Public safety	2,550,530	-	-	2,550,530
Public works	4,196,039	-	891,096	5,087,135
Planning and zoning	492,349	-	-	492,349
Community development	1,981,619	-	140,507	2,122,126
Debt service:				
Principal retirement	-	-	155,000	155,000
Interest and fiscal charges	-	-	64,152	64,152
Capital outlay	-	6,597,297	-	6,597,297
Total expenditures	<u>12,156,057</u>	<u>6,597,297</u>	<u>1,609,361</u>	<u>20,362,715</u>
Excess revenues over (under) expenditures	<u>1,522,761</u>	<u>(6,466,674)</u>	<u>2,176,855</u>	<u>(2,767,058)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	140,227	5,890,000	61,654	6,091,881
Transfers out	(1,760,000)	-	(1,223,780)	(2,983,780)
Total other financing sources and uses	<u>(1,619,773)</u>	<u>5,890,000</u>	<u>(1,162,126)</u>	<u>3,108,101</u>
Net change in fund balance	(97,012)	(576,674)	1,014,729	341,043
Fund balances - beginning of year	2,959,323	2,017,631	2,749,712	7,726,666
Fund balances - end of year	<u>\$ 2,862,311</u>	<u>\$ 1,440,957</u>	<u>\$ 3,764,441</u>	<u>\$ 8,067,709</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, 2018

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

Net changes in fund balances - total governmental funds	\$ 341,043
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,525,812
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	
- Current year capital contributions from developers and loss on transfer of assets	(3,649,210)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,405,111
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The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	268,544
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Internal service funds are used by management to charge the cost of the fleet management to the individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(17,759)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in as expenditures in the governmental funds	140,912
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Change in net assets of governmental activities	\$ 3,014,453
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See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise				Governmental Activities Internal Service Funds	
	Water	Sewer	Storm Drain	NonMajor Enterprise Funds	Total	
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 12,468,586	\$ 2,865,112	\$ 146,892	3,913,314	\$ 19,393,904	\$ 404,784
Accounts receivable - net	582,876	529,086	60,136	677,384	1,849,482	-
Total current assets	13,051,462	3,394,198	207,028	4,590,698	21,243,386	404,784
Noncurrent assets:						
Restricted cash and cash equivalents	5,966,060	2,443,217	857,819	-	9,267,096	-
Investments	-	-	-	3,043,023	3,043,023	-
Note receivable (Net of Current Portion)	-	-	-	702,908	702,908	-
Land, equipment, buildings and improv.	59,762,984	39,708,619	14,414,241	-	113,885,844	2,321,922
Less: Accumulated depreciation	(15,678,540)	(11,584,251)	(2,706,096)	-	(29,968,887)	(1,618,717)
Total noncurrent assets	50,050,504	30,567,585	12,565,964	3,745,931	96,929,984	703,205
Total assets	63,101,966	33,961,783	12,772,992	8,336,629	118,173,370	1,107,989
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Bond refunding costs - net	403,503	534,876	-	-	938,379	-
Pension related costs	89,236	70,745	34,591	-	194,572	27,600
Total deferred outflow of resources	492,739	605,621	34,591	-	1,132,951	27,600
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	371,422	686,173	24,272	100,361	1,182,228	17,446
Debt interest payable	33,632	46,875	-	-	80,507	-
Current - compensated absences	3,241	1,267	600	-	5,108	-
Current portion of long-term debt	306,650	584,650	-	-	891,300	-
Total current liabilities	714,945	1,318,965	24,872	100,361	2,159,143	17,446
Noncurrent liabilities:						
Deposits	37,800	-	-	-	37,800	-
Unearned Revenue	8,001,560	-	-	-	8,001,560	-
Compensated absences- (net of current)	29,166	11,402	5,399	-	45,968	6,610
Net pension liability	103,607	82,138	40,161	-	225,906	32,043
Long-term debt (net of current portion)	7,944,513	13,065,587	-	-	21,010,100	-
Total noncurrent liabilities	16,116,646	13,159,127	45,560	-	29,321,334	38,653
Total liabilities	16,831,591	14,478,092	70,432	100,361	31,480,476	56,099
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Pension related costs	85,948	68,138	33,316	-	187,402	26,582
Total deferred outflow of resources	85,948	68,138	33,316	-	187,402	26,582
<u>NET POSITION</u>						
Net investment in capital assets	36,236,784	15,009,007	11,708,145	-	62,953,936	703,205
Restricted - impact fees	2,357,101	1,775,055	842,129	-	4,974,285	-
Unrestricted	8,083,281	3,237,112	153,561	8,236,268	19,710,222	349,703
Total net position	\$ 46,677,166	\$ 20,021,174	\$ 12,703,835	8,236,268	\$ 87,638,443	\$ 1,052,908
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds					469,224	
Net position business-type activities					<u>\$ 88,107,667</u>	

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, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Storm Drain	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for services	\$ -	\$ -	\$ 516,523	\$ 1,380,401	\$ 1,896,924	\$ 830,104
Charges for services pledged as security on revenue bonds	4,167,224	4,028,920	-	-	8,196,144	-
Other operating income	1,361	-	-	3,064	4,425	17,864
Total operating revenues	4,168,585	4,028,920	516,523	1,383,465	10,097,493	847,968
Operating expenses:						
Salaries and wages	491,954	391,446	324,517	1,830	1,209,747	233,946
Purchased services	1,231,352	1,898,830	208,858	1,272,267	4,611,307	88,399
Supplies and materials	697,381	111,622	44,214	55,376	908,593	167,168
Depreciation and amortization	1,690,388	1,227,842	350,490	-	3,268,720	345,282
Miscellaneous	5,016	17,221	1,713	16,392	40,342	5,870
Total operating expenses	4,116,091	3,646,961	929,792	1,345,865	10,038,709	840,665
Operating income	52,494	381,959	(413,269)	37,600	58,784	7,303
Nonoperating revenues (expenses):						
Interest revenue	41,116	27,095	9,237	33,805	111,253	-
Developer reimbursements	(68,889)	(37,763)	-	-	(106,652)	-
Bond refunding cost amortization	(28,822)	(38,205)	-	-	(67,027)	-
Bond issuance costs	(37,237)	(49,362)	-	-	(86,599)	-
Other Income	-	-	-	-	-	36,855
Interest expense and fiscal charges	(265,616)	(233,843)	-	-	(499,459)	(1,321)
Total nonoperating revenues (expenses)	(359,448)	(332,078)	9,237	33,805	(648,484)	35,534
Net income (loss) before contributions and transfers	(306,954)	49,881	(404,032)	71,405	(589,700)	42,837
Developer contributions	6,536,707	2,046,225	1,838,034	-	10,420,966	-
Contribution of capital assets from governmental funds	-	-	10,220,601	-	10,220,601	-
Impact fees	3,805,002	1,281,935	265,791	-	5,352,728	-
Transfers in	-	-	783,441	-	783,441	-
Transfers out	(65,934)	-	-	(3,825,608)	(3,891,542)	-
Total contributions and transfers	10,275,775	3,328,160	13,107,867	(3,825,608)	22,886,194	-
Change in net position	9,968,821	3,378,041	12,703,835	(3,754,203)	22,296,494	42,837
Total net position - beginning	36,708,345	16,643,133	-	11,990,471		1,010,071
Total net position - ending	\$ 46,677,166	\$ 20,021,174	\$ 12,703,835	\$ 8,236,268		\$ 1,052,908
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					45,444	
Change in net position of business-type activities					\$ 22,341,938	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Storm Drain	Nonmajor Enterprise Funds	Total BTAs	
Cash Flows From Operating Activities						
Receipts from customers	\$ 12,150,381	\$ 3,982,382	\$ 456,387	\$ 1,405,159	\$ 17,994,309	\$ 847,968
Payments to suppliers	(2,670,040)	(1,813,057)	(230,513)	(1,356,131)	(6,069,741)	(237,043)
Payments to employees	(501,673)	(400,708)	(279,632)	(9,506)	(1,191,519)	(282,289)
Net cash provided (used) by operating activities	8,978,668	1,768,617	(53,758)	39,522	10,733,049	328,636
Cash Flows From Noncapital Financing Activities						
Transfers in	-	-	783,441	-	783,441	-
Transfers out	(65,934)	-	-	(3,825,608)	(3,891,542)	-
Net cash provided (used) by noncapital financing activities	(65,934)	-	783,441	(3,825,608)	(3,108,101)	-
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	(3,654,240)	(1,190,760)	-	-	(4,845,000)	(243,370)
Impact fees collected	3,805,002	1,281,935	265,791	-	5,352,728	-
Proceeds from bond issuance	1,688,673	2,238,473	-	-	3,927,146	-
Bond issuance costs	(37,237)	(49,362)	-	-	(86,599)	-
Contributions	3,777,277	-	-	-	3,777,277	-
Proceeds from sale of assets	-	-	-	-	-	36,855
Payments for developer reimbursements	(68,889)	(37,763)	-	-	(106,652)	-
Principal paid on capital debt	(2,601,947)	(2,617,330)	-	-	(5,219,277)	(113,057)
Interest paid on capital debt	(294,537)	(270,575)	-	-	(565,112)	(2,230)
Net cash provided (used) by capital and related financing activities	2,614,102	(645,382)	265,791	-	2,234,511	(321,802)
Cash Flows From Investing Activities						
Interest and dividends received	41,116	27,095	9,237	33,805	111,253	-
Net increase (decrease) in cash and cash equivalents	11,567,952	1,150,330	1,004,711	(3,752,281)	9,970,712	6,834
Cash and cash equivalents - beginning	6,866,694	4,157,999	-	10,708,618	21,733,311	397,950
Cash and cash equivalents (deficit) - ending	\$ 18,434,646	\$ 5,308,329	\$ 1,004,711	\$ 6,956,337	\$ 31,704,023	\$ 404,784
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 52,494	\$ 381,959	\$ (413,269)	\$ 37,600	\$ 58,784	\$ 7,303
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization expense	1,690,388	1,227,842	350,490	-	3,268,720	345,282
(Inc.)/decrease in accounts rec.	(19,764)	(46,538)	(60,136)	28,285	(98,153)	-
(Inc.)/decrease in deferred outflows	(7,126)	(5,601)	(34,591)	5,506	(41,812)	(2,186)
Increase/(decr.) in accounts payable	(729,571)	214,616	24,272	(18,687)	(509,370)	(20,852)
Increase/(decr.) in compensated absences	4,501	2,013	5,999	(3,074)	9,439	1,304
Increase/(decr.) in net pension liability	(47,173)	(37,448)	40,161	(10,108)	(54,568)	(14,610)
Increase/(decr.) in deferred inflows	40,079	31,774	33,316	-	105,169	12,395
Increase/(decr.) in deferred revenue	8,001,560	-	-	-	8,001,560	-
Increase/(decr.) in deposits	(6,720)	-	-	-	(6,720)	-
Total adjustments	8,926,174	1,386,658	359,511	1,922	10,674,265	321,333
Net cash provided (used) by operating activities	\$ 8,978,668	\$ 1,768,617	\$ (53,758)	\$ 39,522	\$ 10,733,049	\$ 328,636
Noncash investing, capital, and financing activities						
Contributions by developers	\$ 6,536,707	\$ 2,046,225	\$ 1,838,034	\$ -	\$ 10,420,966	\$ -
Capital assets transferred from governmental funds	-	-	10,220,601	-	10,220,601	-
Total noncash investing, capital and financing activities	6,536,707	2,046,225	12,058,635	-	20,641,567	-

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eagle Mountain (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) accepted in the United States of America as applicable to Governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for accounting and financial reporting principles.

A. Reporting Entity

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

The General Purpose Financial Statements of the City include the financial statements for all activities of the City based upon the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14. The primary criterion for including a board or agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations, and therefore, data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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, 2018

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 is 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major governmental funds:

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

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

The 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 *storm drain fund* accounts for the activities of the City's storm drain 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.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

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

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

E. Interfund Transactions

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

F. Restricted Assets

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

G. Capital Assets

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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, 2018

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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, 2018, for the 2019 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.

Restricted fund balance amounts include the following:

- a) Unspent Impact fees.
- b) Special Assessments.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

- **Committed.** This category includes amounts that can only be used for specific purpose 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 that are neither restricted nor committed. This intent is expressed by formal action of the City's administration comprised of the City administrative council. This category also includes the remaining positive fund balance for other governmental funds. The City has assigned debt service requirement, storm drain charges, and capital projects.
- **Unassigned.** Residual balances in the Governmental Funds are classified as unassigned.

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

N. Use of Estimates

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

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

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

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

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

1. Capital related items:

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

Cost of capital assets	\$112,414,787
Accumulated depreciation	<u>(33,353,065)</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>\$79,061,722</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	\$1,311,525
Notes receivable	1,710,000
Delinquent property taxes	<u>635</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>\$3,022,160</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.

Bonds payable	(\$1,075,000)
Bond interest payable	(8,122)
Bond premium	(7,297)
Net Pension Liability	(884,932)
Compensated absences	<u>(215,717)</u>
Net adjustment to reduce <i>fund balance</i> – <i>total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$2,191,068)</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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	\$ 7,842,878
Depreciation expense	(3,317,066)
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 4,525,812</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.”

Principal payments:	
Amortization of bond premiums	\$ 487
Principal paid on bonds and capital leases	<u>268,057</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 268,544</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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

Accrued bond interest	\$ 1,937
Pension related costs	158,199
Compensated absences	<u>(19,224)</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>\$ 140,912</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, 2018

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, 2018

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, 2018, the City's cash balance consisted of the following:

	<u>All Fund Types</u>
Cash, cash equivalents, and temporary cash investments	\$ 29,492,232
Cash, and cash equivalents - restricted	<u>14,338,876</u>
Total cash and cash equivalents	<u><u>\$ 43,831,108</u></u>

While the City's carrying amount of deposits was \$43,315,443, the balance in the City's bank account and cash on hand was \$43,831,108 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, 2018, the City's custodial credit risk, for deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2018</u>
Checking and savings	Insured and collateralized	\$ 250,000
Checking and savings	Uninsured and uncollateralized	2,441,525
Investment sweep	Uninsured and uncollateralized	<u>12,050,010</u>
Total deposits		<u><u>\$ 14,741,535</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

B. Investments

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

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

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

Fair Value of Investments

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

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

At June 30, 2018, the City had the following recurring fair value measurements.

Investments	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund	\$ 28,341,506	\$ -	\$ 28,341,506	\$ -
Morten Asset Management Account	3,043,022	3,043,022		
Total Investments	<u>\$ 31,384,528</u>	<u>\$ 3,043,022</u>	<u>\$ 28,341,506</u>	<u>\$ -</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

The City's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank, and a liquid asset management account. As of June 30, 2018, 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	\$ 28,341,506	\$ 28,341,506	\$ -	\$ -
Morten Asset Management Account	3,043,022	3,043,022	-	-
Total investments	<u>\$ 31,384,528</u>	<u>\$ 31,384,528</u>	<u>\$ -</u>	<u>\$ -</u>

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

Investments – Credit Risk. The City follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. The City's investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

The PTIF operates and reports to participants on a amortized cost basis. The income gains, and losses (net of administration fees) of the PTIF are allocated based on the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares with a difference of \$107,356, which is immaterial.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$28,341,506	\$ -	\$ -	\$ -	\$ 28,341,506
Morten Asset Management Account	3,043,022	3,043,022	-	-	-
Total investments	<u>\$31,384,528</u>	<u>\$ 3,043,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,341,506</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.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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	Water	Sewer	Storm Drain	Nonmajor Enterprise	Non major Govt'l	Total
Receivables:							
Accounts	\$ 260,940	\$ 691,467	\$ 671,278	\$ 66,310	\$ 1,191,805	\$ -	\$ 2,881,800
Taxes	2,206,728	-	-	-	-	-	2,206,728
Special							
Assessments	-	-	-	-	-	1,286,239	1,286,239
Intergovernmental	1,432,877	-	-	-	-	-	1,432,877
Less: allowance for uncollectible accounts	(139,253)	(108,591)	(142,192)	(6,174)	(514,421)	-	(910,631)
	<u>\$ 3,761,292</u>	<u>\$ 582,876</u>	<u>\$ 529,086</u>	<u>\$ 60,136</u>	<u>\$ 677,384</u>	<u>\$ 1,286,239</u>	<u>\$ 6,897,013</u>

NOTE 6 – NOTE RECEIVABLE

During the fiscal year 2012 the City sold the golf course to an outside party for \$550,000. The purchase was financed with a note receivable to the City of \$550,000. The note has no interest rate. The outside party will pay the City 10% of its net income annually until the debt is repaid. The Note is treated as long term on the financial statements. During fiscal year 2017 the City negotiated with the Golf course to amend the original contract to include unpaid utility fees owed to the City in the amount of \$152,908. As of June 30, 2018 the outstanding note balance was \$702,908.

During the fiscal year 2018 the City entered into an agreement with Ivory homes and State of Utah, School and Institutional Trust Lands, in which Ivory homes will contribute \$1,710,000 to the City for construction of a park within the City. \$570,000 will be paid each year from 2019 through 2021. As of June 30, 2018 the note receivable balance was \$1,710,000.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 7 – INTERFUND RECEIVABLES AND TRANSFERS

The operating transfers of the City consist of the following:

Transfer In:	General	Capital Projects	Nonmajor Govmntl.	Business Type	Internal Service	Total
General	\$ -	\$ -	\$ 339	\$ 139,888	\$ -	\$ 140,227
Nonmajor govtl.	10,000	-	-	51,653	-	61,653
Capital projects	1,750,000	-	640,000	3,500,000	-	5,890,000
Internal Service	-	-	-	-	-	-
Business type	-	-	583,441	200,000	-	783,441
Total transfer out	<u>\$ 1,760,000</u>	<u>\$ -</u>	<u>\$ 1,223,780</u>	<u>\$ 3,891,541</u>	<u>\$ -</u>	<u>\$ 6,875,321</u>

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

During the 2018 fiscal year the City determined that the storm drain system should be accounted for as an enterprise fund. As a result \$10,220,601 of capital assets (net of depreciation) associated with the Storm Drain system was recorded as a capital contribution in the storm drain enterprise fund. On the Government wide financial statements the capital contribution in the business type activities was reclassified as an operating transfer, the governmental activities reflects a corresponding transfer out to reflect the transfer of those assets.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ 1,332,173	\$ 1,332,173
Property tax delinquent	25,921	
Notes receivable	1,710,000	
Special assessments (special revenue fund)	<u>1,286,239</u>	
Total	<u>\$4,354,333</u>	<u>\$ 1,332,173</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8 – CAPITAL ASSETS

Primary Government	Beginning				Ending
Governmental activities:	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land	\$ 6,469,999	\$ -	\$ -	\$ -	\$ 6,469,999
Construction in progress	3,199,629	528,988	-	3,173,251	555,366
Total capital assets not being depreciated	9,669,628	528,988	-	3,173,251	7,025,365
Capital assets being depreciated:					
Buildings	4,275,208	264,524	-	-	4,539,732
Improvements	3,458,970	966,594	-	-	4,425,564
Machinery and equipment	3,633,496	368,381	(55,594)	59,452	3,886,831
Infrastructure	89,598,876	15,459,033	(12,520,614)	-	92,537,295
Total capital assets being depreciated	100,966,550	17,058,532	(12,576,208)	59,452	105,389,422
Less accumulated depreciation for:					
Buildings	983,034	117,494	-	-	1,100,528
Improvements	198,121	128,107	-	-	326,228
Machinery and equipment	2,418,333	460,436	(9,387)	59,452	2,809,930
Infrastructure	28,851,570	2,611,029	(2,346,220)	-	29,116,379
Total accumulated depreciation	32,451,058	3,317,066	(2,355,607)	59,452	33,353,065
Total capital assets, being depreciated, net	68,515,492	13,741,466	(10,220,601)	-	72,036,357
Governmental activities capital assets, net	\$ 78,185,120	\$ 14,270,454	\$ (10,220,601)	\$ 3,173,251	\$ 79,061,722
Business-type activities:	Beginning				Ending
	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Construction in progress	\$ 1,676,621	\$ 591,458	\$ -	\$ 1,676,621	\$ 591,458
Land	3,690,765	-	-	-	3,690,765
Water shares	3,237,532	3,166,015	-	-	6,403,547
Total capital assets not being depreciated	8,604,918	3,757,473	-	1,676,621	10,685,770
Capital assets being depreciated:					
Buildings	2,824,595	-	-	-	2,824,595
Equipment and systems	78,391,435	9,407,836	12,576,208	-	100,375,480
Total capital assets being depreciated	81,216,030	9,407,836	12,576,208	-	103,200,075
Less accumulated depreciation for:					
Buildings	1,356,503	193,563	-	-	1,550,066
Equipment and Systems	22,988,058	3,075,157	2,355,607	-	28,418,822
Total accumulated depreciation	24,344,561	3,268,720	2,355,607	-	29,968,888
Total capital assets, being depreciated, net	56,871,469	6,139,116	10,220,601	-	73,231,187
Business-type activities capital assets, net	\$ 65,476,387	\$ 9,896,589	\$ 10,220,601	\$ 1,676,621	\$ 83,916,957

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS *(Continued)*

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

Governmental activities:

General government	\$ 94,431
Public safety	-
Public works	3,163,202
Planning	-
Community development	59,433
Total depreciation expense - governmental activities	<u>\$ 3,317,066</u>

Business-type activities:

Water	\$ 1,690,388
Sewer	1,227,842
Storm Drain	350,490
Total depreciation expense - business-type activities	<u>\$ 3,268,720</u>

Total depreciation expense	<u>\$ 6,585,786</u>
----------------------------	---------------------

The City has various construction projects as of June 30, 2018. The City's commitments with contractors are as follows:

Park projects	\$ 1,100,726
Road projects	1,856,013
Building projects	61,066
Water projects	1,125,883
Sewer projects	745,452
Total	<u>\$ 4,889,140</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 – LEASE COMMITMENTS

During 2014, the City executed a new lease in the internal service fund in the amount of \$544,278, payable in annual installments for 4 years. During fiscal year 2018 the lease was paid in full.

Assets acquired through capital leases are as follows:

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

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

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 – LONG-TERM DEBT

Bonds and notes payable at June 30, 2018, are comprised of the following:

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 50,000	\$ 49,812	\$ 99,812
2020	55,000	48,312	103,312
2021	60,000	46,662	106,662
2022	55,000	44,712	99,712
2023	60,000	42,788	102,788
2024-2028	345,000	168,938	513,938
2029-2033	450,000	70,000	520,000
Total	<u>\$ 1,075,000</u>	<u>\$ 471,224</u>	<u>\$ 1,546,224</u>

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

This bond was used to refund the original Water and Sewer Bond. This bond requires annual installments of principal and interest due beginning November 2008 through November 2026, bearing an interest ranging from 4.00% to 5.00%. During 2015, the bond was partially defeased through an advanced refunding; \$9,705,000 of the principal was defeased, and the remaining \$4,855,000 will require annual installments of principal and interest due beginning November 2015 through November 2026. During fiscal year 2018 the remaining principal was retired with a current refunding bond issue.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 – LONG-TERM DEBT (Continued)

3. \$6,665,000 Eagle Mountain City Sewer Water Quality Board Bond Series 2008.

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

Fiscal Year	Principal	Interest	Total
2019	\$ 331,000	\$ 52,976	\$ 383,976
2020	310,000	50,690	360,690
2021	340,000	47,590	387,590
2022	375,000	44,190	419,190
2023	410,000	40,440	450,440
2024-2028	2,475,000	135,470	2,610,470
2029-2031	1,159,000	17,180	1,176,180
Total	<u>\$ 5,400,000</u>	<u>\$ 388,536</u>	<u>\$ 5,788,536</u>

4. \$11,085,000 Eagle Mountain City Gas & Electric Revenue Bond Series 2012.

This bond was issued for the construction of a utilities building and redundancy lines within the City. During 2015 the bond was defeased through an advanced refunding. The City used a portion of the proceeds from the sale of the Utility System to advance refund \$9,195,000 of outstanding 2012 series Gas and Electric revenue-bonds. As of June 30, 2018, \$7,735,000 of the original debt is still outstanding.

5. \$2,536,000 Eagle Mountain City Water Quality Revenue Bond Series 2013

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

Fiscal Year	Principal	Interest	Total
2019	\$ 107,000	\$ 34,606	\$ 141,606
2020	109,000	32,766	141,766
2021	111,000	30,892	141,892
2022	113,000	28,982	141,982
2023	114,000	27,038	141,038
2024-2028	678,000	102,458	780,458
2029-2033	739,000	42,086	781,086
2034	41,000	706	41,706
Total	<u>\$ 2,012,000</u>	<u>\$ 299,534</u>	<u>\$ 2,311,534</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 – LONG-TERM DEBT (Continued)

6. \$4,560,000 Note Payable Water Well.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,300	\$ -	\$ 15,300
Total	<u>\$ 15,300</u>	<u>\$ -</u>	<u>\$ 15,300</u>

7. \$9,685,000 2014 Water and Sewer Refunding Bond.

This bond was used to refund a portion of the original Water and Sewer Bonds. This bond requires annual installments of principal beginning November 2021, and interest due beginning November 2015 through November 2031, bearing interest of 4.00%. The debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 379,150	\$ 379,150
2020	-	379,150	379,150
2021	120,000	377,650	497,650
2022	185,000	373,375	558,375
2023	225,000	367,225	592,225
2024-2028	2,605,000	1,651,125	4,256,125
2029-2032	6,550,000	586,400	7,136,400
Total	<u>\$ 9,685,000</u>	<u>\$ 4,114,075</u>	<u>\$ 13,799,075</u>

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 – LONG-TERM DEBT (Continued)

8. \$3,690,000 2018A Water and Sewer Refunding Bond

This bond was used to refund the remaining portion of the original 2007 Water and Sewer Bonds. The refunding created future debt savings of \$357,879 and an economic gain of \$306,842.90. This bond requires annual installments of principal beginning November 2018, and interest due beginning May 2018 through May 2026, bearing interest ranging from 4.75-5.00%. The debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 445,000	\$ 127,326	\$ 572,326
2020	455,000	113,826	568,826
2021	460,000	100,100	560,100
2022	485,000	83,500	568,500
2023	495,000	63,900	558,900
2024-2028	1,350,000	71,600	1,421,600
Total	<u>\$ 3,690,000</u>	<u>\$ 560,252</u>	<u>\$ 4,250,252</u>

9. Changes in long term liabilities.

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year June 30, 2018 were as follows:

	July 1 2017	Additions	Reductions	June 30 2018	Due in One Yr
Governmental Activities:					
Bonds Payable					
Special assessment bond 2006 200-1	\$ 1,230,000	\$ -	\$ 155,000	\$ 1,075,000	\$ 50,000
Unamortized bond premium	7,784	-	487	7,297	-
Total bonds payable	<u>1,237,784</u>	<u>-</u>	<u>155,487</u>	<u>1,082,297</u>	<u>50,000</u>
Leases payable	113,057	-	113,057	-	-
Net pension liability	1,336,750	-	451,818	884,932	-
Compensated absences	196,492	128,186	108,961	215,717	20,911
Gov't activities long-term debt	<u>\$ 2,884,083</u>	<u>\$ 128,186</u>	<u>\$ 829,323</u>	<u>\$ 2,182,946</u>	<u>\$ 70,911</u>
Business-Type Activities:					
Bonds payable:					
2008 water and sewer refunding bond	\$ 4,145,000	\$ -	\$ 4,145,000	\$ -	\$ -
2009 sewer revenue bond	5,680,000	-	280,000	5,400,000	331,000
2013 Water quality revenue bond	2,231,000	-	219,000	2,012,000	100,000
2014 Water and sewer refunding bond	9,685,000	-	-	9,685,000	-
Unamortized bond premium	923,522	-	61,568	861,954	-
2018A water and sewer refunding bond	-	3,690,000	-	3,690,000	445,000
Unamortized bond premium	-	237,146	-	237,146	-
Total bonds payable	<u>22,664,522</u>	<u>3,927,146</u>	<u>4,705,568</u>	<u>21,886,100</u>	<u>876,000</u>
Notes Payable	590,577	-	575,277	15,300	15,300
Net pension liability	280,537	-	54,631	225,906	-
Compensated absences	38,562	37,712	25,199	51,075	5,108
Business type long-term debt	<u>\$ 23,574,198</u>	<u>\$ 3,964,858</u>	<u>\$ 5,360,675</u>	<u>\$ 22,178,381</u>	<u>\$ 896,408</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

- Public Employees Noncontributory Retirement System (Noncontributory System), which is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees contributory Retirement System (Tier 2 Public Employees System), which is a multiple employer, cost sharing, public employee retirement system.
- The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems are members of the Tier 2 Retirement System

The Utah Retirement 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. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report 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, 2018

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	5.110%	1.580%
Noncontributory				
15 - Local Governmental Division Tier 1	N/A	N/A	6.700%	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, 2018, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 360,046	N/A
Tier 2 Public Employee System	164,524	-
Tier 2 DC Only System	11,797	N/A
	<u>\$ 536,367</u>	<u>\$ -</u>

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

Pension assets, liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2018 the City reported a net pension assets of \$0 and a net pension liability of \$1,110,837.

	(Measurement Date): December 31, 2017				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 1,101,749	0.2514663%	0.2501472%	0.0013191%
Tier 2 Public Employees System	-	9,088	0.1030719%	0.0989357%	0.0041362%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 1,110,837</u>			

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 11 – STATE RETIREMENT PLANS (Continued)

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2017 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, 2018, the City recognized pension expense of \$383,744. At June 30, 2018 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	\$ 24,916	\$ 75,936
Changes in assumptions	407,973	26,662
Net difference between projected and actual earnings on the pension plan investments	240,049	636,063
Changes in proportion and differences between contributions and proportionate shares of contributions	10,554	182,845
Contributions subsequent to the measurement date	273,270	-
Total	<u>\$ 956,762</u>	<u>\$ 921,506</u>

\$273,270 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, 2017. 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
2018	\$ (37,818)
2019	\$ 15,881
2020	\$ (86,137)
2021	\$ (138,047)
2022	\$ (1,934)
Thereafter	\$ 10,041

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 11 – STATE RETIREMENT PLANS *(Continued)*

Actuarial assumptions – The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25-9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expenses, including inflation

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

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

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

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

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

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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, 2018

NOTE 11 – STATE RETIREMENT PLANS (Continued)

Expected Return Arithmetic Basis				
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis		Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%		6.15%	2.46%
Debt securities	20%		40.00%	0.08%
Real assets	15%		5.75%	0.86%
Private equity	9%		9.95%	0.89%
Absolute return	16%		2.85%	0.46%
Cash and cash equivalents	0%		0.00%	0.00%
Totals	100%			4.75%
		Inflation		2.60%
		Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the City's proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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 (5.95%) or 1-percentage-point higher (8.95%) than the current rate:

Proportion Share of	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory Systems	\$ 2,979,647	\$ 1,101,749	\$ (459,630)
Tier 2 Public Employees System	107,002	9,088	(66,418)
Total	<u>\$ 3,086,649</u>	<u>\$ 1,110,837</u>	<u>\$ (526,048)</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 11 – STATE RETIREMENT PLANS (Continued)

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

Defined Contribution Savings Plans

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

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k) Plan			
Employer Contributions	\$ 62,936	\$ 53,059	\$ 39,832
Employee Contributions	29,764	23,876	23,086
457 Plan			
Employer Contributions	168,485	159,569	158,995
Employee Contributions	158,762	146,485	142,136
457 Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	28,097	21,395	26,547

NOTE 12 – RESTRICTED FUND BALANCES

The City has restricted fund balances for 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, 2018

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 \$3,622,571.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 10, 2018, the date the financial statements were available to be issued. On August 1, 2018 the City issued the 2018B Water and Sewer bonds in the amount of \$1,283,000.

NOTE 17 – REDEVELOPMENT AGENCY OF EAGLE MOUNTAIN CITY

For the year ended June 30, 2018, the following activity occurred in the City's Redevelopment Agency:

Tax increment collection from other taxing agencies for	
Various project areas	\$54,593
Tax increment Distributions	\$66,441
Outstanding Loans to finance RDA projects	\$0

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2018
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 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%
2017	0.2514720%	1,606,251	1,989,663	80.73%	87.30%
2018	0.0251466%	1,101,749	1,913,175	57.59%	91.90%
Tier 2 Public Employees Retirement System					
2015	0.0903999%	(2,740)	444,513	-0.6%	103.50%
2016	0.0953808%	(208)	616,135	-0.030%	100.20%
2017	0.9893570%	11,036	811,348	1.360%	95.10%
2018	0.1030719%	9,088	1,008,808	0.900%	97.40%

* 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, 2018
Last 10 Fiscal Years*

	Fiscal year ended June 30,	Actuarial Determined Contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered 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%
	2017	355,432	355,432	-	1,924,378	18.47%
	2018	360,046	360,046	-	1,949,357	18.48%
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%
	2017	138,865	138,865	-	931,353	14.91%
	2018	164,524	164,524	-	1,088,839	15.11%
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%
	2017	9,203	9,203	-	137,568	6.69%
	2018	11,797	11,797	-	152,142	7.75%

* 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 Detail
Budget to Actual
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,835,000	\$ 5,835,000	\$ 6,289,512	\$ 454,512
Licenses and permits	2,082,550	2,157,550	3,454,239	1,296,689
Intergovernmental	1,110,000	1,117,600	1,400,423	282,823
Charges for services	236,600	236,600	1,273,761	1,037,161
Miscellaneous	355,575	361,575	1,260,883	899,308
Total revenues	9,619,725	9,708,325	13,678,818	3,970,493
EXPENDITURES				
Current:				
General government:				
Legislative	38,295	38,295	38,972	(677)
Recorders	339,395	339,395	304,270	35,125
Attorney	110,000	185,000	174,300	10,700
Executive	565,799	577,199	616,666	(39,467)
Finance	401,178	501,178	418,900	82,278
Engineering	467,843	477,843	450,993	26,850
Human Resources	227,973	227,973	-	227,973
Information Technology	365,900	551,900	270,381	281,519
Public Information	163,141	163,141	178,752	(15,611)
Building Maintenance	297,034	297,034	482,286	(185,252)
Total general government	2,976,558	3,358,958	2,935,520	423,438
Public safety				
Police	2,522,940	2,564,440	2,550,530	13,910
Planning and zoning	400,146	443,646	492,349	(48,703)
Public works				
Streets and Roads	2,678,005	2,678,005	2,754,798	(76,793)
Parks	1,417,268	1,430,915	1,441,241	(10,326)
Total public works	4,095,273	4,108,920	4,196,039	(87,119)
Community development				
Youth committee	1,400	1,400	72	1,328
Recreation	314,013	314,013	279,416	34,597
Senior council	11,721	11,721	48,308	(36,587)
Special events	149,872	155,872	107,063	48,809
Building	621,145	621,145	1,093,873	(472,728)
Library	335,884	343,484	295,958	47,526
Economic development	172,202	199,202	156,929	42,273
Total community development	1,606,237	1,646,837	1,981,619	(334,782)
Total expenditures	11,601,154	12,122,801	12,156,057	(33,256)
Excess (deficit) of revenues over (under) expenditures	(1,981,429)	(2,414,476)	1,522,761	3,937,237
OTHER FINANCING SOURCES (USES)				
Transfers in	1,981,429	1,986,429	140,227	(1,846,202)
Transfers out	-	-	(1,760,000)	(1,760,000)
Total other financing sources (uses)	1,981,429	1,986,429	(1,619,773)	(3,606,202)
Net change in fund balance	-	(428,047)	(97,012)	331,035
Fund balances - beginning	2,959,323	2,959,323	2,959,323	-
Fund balances - ending	\$ 2,959,323	\$ 2,531,276	\$ 2,862,311	\$ 331,035

EAGLE MOUNTAIN CITY
NOTES TO THE REQUIRED SUPPLEMENTARY STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 – Changes in assumptions

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

NOTE 2 – Budgetary Information

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

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

EAGLE MOUNTAIN CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Debt Service			Capital Projects			Special Revenue Funds					Total Nonmajor Governmental Funds
	General Debt Service Fund	Special Assess. Area -2014	Debt Service 2000-1	Special Improv. District 98-1	Special Improv. District 98-3	Special Improv. District 97-1	Storm Water Fund	Impact Fee Parks	Impact Fee Transportation	Cemetery	RDA	
ASSETS												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 499,479	\$ 125,401	\$ -	\$ -	\$ -	\$ -	\$ 46,589	\$ 4,746	\$ 676,215
Restricted cash	-	294,509	599,849	-	14,045	257,426	-	565,151	1,496,532	-	-	3,227,512
Receivables (net):												
Special assessments	-	962,138	324,101	-	-	-	-	-	-	-	-	1,286,239
Total assets	<u>\$ -</u>	<u>\$ 1,256,647</u>	<u>\$ 923,950</u>	<u>\$ 499,479</u>	<u>\$ 139,446</u>	<u>\$ 257,426</u>	<u>\$ -</u>	<u>\$ 565,151</u>	<u>\$ 1,496,532</u>	<u>\$ 46,589</u>	<u>\$ 4,746</u>	<u>\$ 5,189,966</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities:												
Accounts payable & accrued liabilities	\$ -	\$ 2,500	\$ -	\$ -	\$ 43,204	\$ 80,703	\$ -	\$ -	\$ -	\$ 12,879	\$ -	\$ 139,286
Total liabilities	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>43,204</u>	<u>80,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,879</u>	<u>-</u>	<u>139,286</u>
Deferred inflows of resources:												
Unavailable Special Improvement Assessments	-	962,138	324,101	-	-	-	-	-	-	-	-	1,286,239
Fund Balances:												
Fund balances restricted for:												
Impact fees	-	-	-	-	-	-	-	565,151	1,496,532	-	-	2,061,683
Special Assessments	-	-	599,849	499,479	96,242	176,723	-	-	-	-	-	1,372,293
Assigned for:												
Debt service fund	-	292,009	-	-	-	-	-	-	-	-	-	292,009
Special revenue funds	-	-	-	-	-	-	-	-	-	33,710	4,746	38,456
Total fund balances	<u>-</u>	<u>292,009</u>	<u>599,849</u>	<u>499,479</u>	<u>96,242</u>	<u>176,723</u>	<u>-</u>	<u>565,151</u>	<u>1,496,532</u>	<u>33,710</u>	<u>4,746</u>	<u>3,764,441</u>
Total Liabilities, Deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 1,256,647</u>	<u>\$ 923,950</u>	<u>\$ 499,479</u>	<u>\$ 139,446</u>	<u>\$ 257,426</u>	<u>\$ -</u>	<u>\$ 565,151</u>	<u>\$ 1,496,532</u>	<u>\$ 46,589</u>	<u>\$ 4,746</u>	<u>\$ 5,189,966</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Debt Service			Capital Projects			Special Revenue Funds					Total Nonmajor
	General Debt	Special Assess.	Debt Service	Special Improv.	Special Improv.	Special Improv.	Storm Water	Impact Fee	Impact Fee			Governmental
	Service Fund	Area -2014	2000-1	Dist. 98-1	Dist. 98-3	Revenue 97-1	Fund	Parks	Transportation	Cemetery	RDA	Funds
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,593	\$ 54,593
Special assessments	-	228,830	29,721	-	-	-	-	-	-	-	-	258,551
Impact fees	-	-	131,690	291,109	137,785	262,225	-	1,062,569	1,516,940	-	-	3,402,318
Charges for services	-	-	-	-	-	-	-	-	-	31,230	-	31,230
Intergovernmental	-	-	-	-	-	-	-	-	-	14,430	-	14,430
Miscellaneous	-	4,053	7,231	-	18	6	-	6,212	7,574	-	-	25,094
Total revenues	-	232,883	168,642	291,109	137,803	262,231	-	1,068,781	1,524,514	45,660	54,593	3,786,216
EXPENDITURES												
Current:												
General government	-	-	12,755	345,851	-	-	-	-	-	-	-	358,606
Public works	-	1,620	164,725	-	110,248	209,800	-	86,577	318,126	-	-	891,096
Community Development	-	-	-	-	-	-	-	-	-	74,066	66,441	140,507
Debt service:												
Principal retirement	-	155,000	-	-	-	-	-	-	-	-	-	155,000
Interest and fiscal charges	-	64,152	-	-	-	-	-	-	-	-	-	64,152
Total expenditures	-	220,772	177,480	345,851	110,248	209,800	0	86,577	318,126	74,066	66,441	1,609,361
Excess revenues over (under)												
expenditures	-	12,111	(8,838)	(54,742)	27,555	52,431	0	982,204	1,206,388	(28,406)	(11,848)	2,176,855
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	61,654	-	61,654
Transfers out	(339)	-	-	-	-	-	(583,441)	(640,000)	-	-	-	(1,223,780)
Total other financing sources and uses	(339)	-	-	-	-	-	(583,441)	(640,000)	-	61,654	-	(1,162,126)
Excess revenues and other sources												
over (under) expend. and other uses	(339)	12,111	(8,838)	(54,742)	27,555	52,431	(583,441)	342,204	1,206,388	33,248	(11,848)	1,014,729
Fund balances - beginning of year	339	279,898	608,687	554,221	68,687	124,292	583,441	222,947	290,144	462	16,594	2,749,712
Fund balances - end of year	\$ -	\$ 292,009	\$ 599,849	\$ 499,479	\$ 96,242	\$ 176,723	\$ -	\$ 565,151	\$ 1,496,532	\$ 33,710	\$ 4,746	\$ 3,764,441

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, 2018

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 70,000	\$ 70,000	\$ 29,721	\$ (40,279)
Miscellaneous	4,000	4,000	7,231	3,231
Impact fees	125,000	125,000	131,690	6,690
Total revenues	<u>199,000</u>	<u>199,000</u>	<u>168,642</u>	<u>(30,358)</u>
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest and fees	25,000	25,000	-	25,000
General government	55,000	55,000	12,755	42,245
Public works	200,000	257,000	164,725	92,275
Total expenditures	<u>280,000</u>	<u>337,000</u>	<u>177,480</u>	<u>159,520</u>
Excess (deficit) of revenues over (under) expenditures	<u>(81,000)</u>	<u>(138,000)</u>	<u>(8,838)</u>	<u>129,162</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(81,000)	(138,000)	(8,838)	129,162
Fund balances - beginning	-	-	608,687	608,687
Fund balances - ending	<u>\$ (81,000)</u>	<u>\$ (138,000)</u>	<u>\$ 599,849</u>	<u>\$ 737,849</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Special Assessment Area - 2014
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget - Positive (Negative)
REVENUES				
Special assessments	\$ 210,000	\$ 210,000	\$ 228,830	\$ 18,830
Miscellaneous	2,000	2,000	4,053	2,053
Total revenues	212,000	212,000	232,883	20,883
EXPENDITURES				
Public works	50,000	50,000	1,620	48,380
Debt service				
Principal	65,000	65,000	155,000	(90,000)
Interest and fees	73,206	73,206	64,152	9,054
Total expenditures	188,206	188,206	220,772	(32,566)
Excess (deficit) of revenues over (under) expenditures	23,794	23,794	12,111	(11,683)
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	23,794	23,794	12,111	(11,683)
Fund balances - beginning	279,898	279,898	279,898	-
Fund balances - ending	\$ 303,692	\$ 303,692	\$ 292,009	\$ (11,683)

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 105,767	\$ 105,767
Miscellaneous	1,800,000	1,800,000	24,856	(1,775,144)
Total Revenues	1,800,000	1,800,000	130,623	(1,669,377)
EXPENDITURES				
Debt service				
Capital outlay	6,267,000	8,073,770	6,597,297	1,476,473
Total expenditures	6,267,000	8,073,770	6,597,297	1,476,473
Excess (deficit) of revenues over (under) expenditures	(4,467,000)	(6,273,770)	(6,466,674)	(192,904)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,140,000	4,880,000	5,890,000	1,010,000
Total other financing sources (uses)	4,140,000	4,880,000	5,890,000	1,010,000
Net change in fund balance	(327,000)	(1,393,770)	(576,674)	817,096
Fund balances - beginning	2,017,631	2,017,631	2,017,631	-
Fund balances - ending	\$ 1,690,631	\$ 623,861	\$ 1,440,957	\$ 817,096

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, 2018

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

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Special Improvement District 98-1
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ 318,000	\$ 318,000	\$ 291,109	\$ (26,891)
Total revenues	<u>318,000</u>	<u>318,000</u>	<u>291,109</u>	<u>(26,891)</u>
EXPENDITURES				
Public works	300,000	403,000	345,851	57,149
Debt service	-	-	-	-
Total expenditures	<u>300,000</u>	<u>403,000</u>	<u>345,851</u>	<u>57,149</u>
Excess (deficit) of revenues over (under) expenditures	<u>18,000</u>	<u>(85,000)</u>	<u>(54,742)</u>	<u>30,258</u>
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	18,000	(85,000)	(54,742)	30,258
Fund balances - beginning	554,221	554,221	554,221	-
Fund balances - ending	<u>\$ 572,221</u>	<u>\$ 469,221</u>	<u>\$ 499,479</u>	<u>\$ 30,258</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Special Improvement District 98-3
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$ 15	\$ 15	\$ 18	\$ 3
Impact fees	91,000	91,000	137,785	46,785
Total revenues	91,015	91,015	137,803	46,788
EXPENDITURES				
Public works	85,000	100,000	110,248	(10,248)
Total expenditures	85,000	100,000	110,248	(10,248)
Excess (deficit) of revenues over (under) expenditures	6,015	(8,985)	27,555	36,540
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	6,015	(8,985)	27,555	36,540
Fund balances - beginning	68,687	68,687	68,687	-
Fund balances - ending	\$ 74,702	\$ 59,702	\$ 96,242	\$ 36,540

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Totals	Positive (Negative)
REVENUES				
Miscellaneous	\$ 5	\$ 5	\$ 6	\$ 1
Impact fees	185,000	185,000	262,225	77,225
Total revenues	185,005	185,005	262,231	77,226
EXPENDITURES				
Public works	170,000	170,000	209,800	(39,800)
Total expenditures	170,000	170,000	209,800	(39,800)
Excess (deficit) of revenues over (under) expenditures	15,005	15,005	52,431	37,426
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	15,005	15,005	52,431	37,426
Fund balances - beginning	124,292	124,292	124,292	-
Fund balances - ending	\$ 139,297	\$ 139,297	\$ 176,723	\$ 37,426

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Storm Water Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Public Works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	(510,439)	(510,439)
Total other financing sources	-	-	(510,439)	(510,439)
Net change in fund balance	-	-	(510,439)	(510,439)
Fund balances - beginning	510,439	510,439	510,439	-
Fund balances - ending	<u>\$ 510,439</u>	<u>\$ 510,439</u>	<u>\$ -</u>	<u>\$ (510,439)</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Parks Impact Fee
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 6,212	\$ 6,212
Impact fees	690,000	690,000	1,062,569	372,569
Total revenues	690,000	690,000	1,068,781	378,781
EXPENDITURES				
Public works	75,000	154,250	86,577	67,673
Total expenditures	75,000	154,250	86,577	67,673
Excess (deficit) of revenues over (under) expenditures	615,000	535,750	982,204	446,454
OTHER FINANCING SOURCES (USES)				
Transfers Out	(640,000)	(640,000)	(640,000)	-
Total other financing sources	(640,000)	(640,000)	(640,000)	-
Net change in fund balance	(25,000)	(104,250)	342,204	446,454
Fund balances - beginning	222,947	222,947	222,947	-
Fund balances - ending	\$ 197,947	\$ 118,697	\$ 565,151	\$ 446,454

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Transportation Impact Fee
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Totals	Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$ 8	\$ 8	\$ 7,574	\$ 7,566
Impact fees	651,000	651,000	1,516,940	865,940
Total revenues	651,008	651,008	1,524,514	873,506
EXPENDITURES				
Public works	520,000	687,250	318,126	369,124
Total expenditures	520,000	687,250	318,126	369,124
Excess (deficit) of revenues over (under) expenditures	131,008	(36,242)	1,206,388	1,242,630
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	131,008	(36,242)	1,206,388	1,242,630
Fund balances - beginning	290,144	290,144	290,144	-
Fund balances - ending	\$ 421,152	\$ 253,902	\$ 1,496,532	\$ 1,242,630

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Cemetery Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 24,000	\$ 24,000	\$ 31,230	\$ 7,230
Intergovernmental	-	14,430	14,430	-
Total revenues	24,000	38,430	45,660	7,230
EXPENDITURES				
Community Development	23,567	88,567	74,066	14,501
Total expenditures	23,567	88,567	74,066	14,501
Excess (deficit) of revenues over (under) expenditures	433	(50,137)	(28,406)	21,731
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	10,000	61,654	61,654	-
Total other financing sources	10,000	61,654	61,654	-
Net change in fund balance	10,433	11,517	33,248	21,731
Fund balances - beginning	462	462	462	-
Fund balances - ending	\$ 10,895	\$ 11,979	\$ 33,710	\$ 21,731

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Redevelopment Agency
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Totals	
REVENUES				
Taxes	\$ 75,816	\$ 75,816	\$ 54,593	\$ (21,223)
Total revenues	<u>75,816</u>	<u>75,816</u>	<u>54,593</u>	<u>(21,223)</u>
EXPENDITURES				
Community Development	<u>75,816</u>	<u>75,816</u>	<u>66,441</u>	<u>9,375</u>
Total expenditures	<u>75,816</u>	<u>75,816</u>	<u>66,441</u>	<u>9,375</u>
Excess (deficit) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(11,848)</u>	<u>(11,848)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(11,848)	(11,848)
Fund balances - beginning	<u>16,594</u>	<u>16,594</u>	<u>16,594</u>	<u>-</u>
Fund balances - ending	<u>\$ 16,594</u>	<u>\$ 16,594</u>	<u>\$ 4,746</u>	<u>\$ (11,848)</u>

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2018

	Garbage	Electric	Gas	Business Incubator	Golf Course	Total
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 416,194	\$ 11,565	\$ 3,482,491	\$ -	\$ 3,064	\$ 3,913,314
Accounts receivable - net	175,124	195,380	306,880	-	-	677,384
Total current assets	591,318	206,945	3,789,371	-	3,064	4,590,698
Noncurrent assets:						
Investments	-	-	3,043,023	-	-	3,043,023
Note Receivable -(net of current portion)	-	-	-	-	702,908	702,908
Total noncurrent assets	-	-	3,043,023	-	702,908	3,745,931
Total assets	591,318	206,945	6,832,394	-	705,972	8,336,629
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Total deferred outflow of resources	-	-	-	-	-	-
Current liabilities:						
Accounts payable and accrued liabilities	100,115	-	246	-	-	100,361
Total current liabilities	100,115	-	246	-	-	100,361
Noncurrent liabilities:						
Total noncurrent liabilities	-	-	-	-	-	-
Total liabilities	100,115	-	246	-	-	100,361
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Total deferred outflow of resources	-	-	-	-	-	-
Net Position:						
Unrestricted	491,203	206,945	6,832,148	-	705,972	8,236,268
Total net Position	\$ 491,203	\$ 206,945	\$ 6,832,148	\$ -	\$ 705,972	\$ 8,236,268

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2018

	Garbage	Electric	Gas	Business Incubator	Golf Course	Total
Operating revenues:						
Charges for services	\$ 1,380,401	\$ -	\$ -	\$ -	\$ -	\$ 1,380,401
Other operating revenue	-	-	-	-	3,064	3,064
Total operating revenues	1,380,401	-	-	-	3,064	1,383,465
Operating expenses:						
Salaries and wages	1,830	-	-	-	-	1,830
Purchased services	1,218,656	-	-	-	53,611	1,272,267
Materials and supplies	55,376	-	-	-	-	55,376
Miscellaneous	-	12,464	3,928	-	-	16,392
Total operating expenses	1,275,862	12,464	3,928	-	53,611	1,345,865
Operating income	104,539	(12,464)	(3,928)	-	(50,547)	37,600
Nonoperating revenues (expenses):						
Interest revenue	-	-	33,805	-	-	33,805
Total nonoperating revenues (expenses)	-	-	33,805	-	-	33,805
Net income (loss) before contributions and transfers	104,539	(12,464)	29,877	-	(50,547)	71,405
Contributions and transfers						
Operating transfers out	(200,000)	-	(3,551,654)	(73,954)	-	(3,825,608)
Total contributions and transfers	(200,000)	-	(3,551,654)	(73,954)	-	(3,825,608)
Change in net Position	(95,461)	(12,464)	(3,521,777)	(73,954)	(50,547)	(3,754,203)
Total net position - beginning	586,664	219,409	10,353,925	73,954	756,519	11,990,471
Total net position - ending	\$ 491,203	\$ 206,945	\$ 6,832,148	\$ -	\$ 705,972	\$ 8,236,268

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2018

	Garbage	Electric	Gas	Business Incubator	Golf Course	Total
Cash Flows From Operating Activities						
Receipts from customers	\$ 1,369,193	\$ -	\$ 32,390	\$ 512	\$ 3,064	\$ 1,405,159
Payments to employees	(1,830)	-	-	(7,676)	-	(9,506)
Payments to suppliers	(1,290,486)	(5,873)	(3,928)	(2,233)	(53,611)	(1,356,131)
Net cash provided (used) by operating activities	76,877	(5,873)	28,462	(9,397)	(50,547)	39,522
Cash Flows From Noncapital Financing Activities						
Transfers Out	(200,000)	-	(3,551,654)	(73,954)	-	(3,825,608)
Net cash provided (used) by noncapital financing activities	(200,000)	-	(3,551,654)	(73,954)	-	(3,825,608)
Cash Flows From Capital and Related Financing Activities						
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-
Cash Flows From Investing Activities						
Interest and dividends received	-	-	33,805	-	-	33,805
Net cash provided (used) by investing and related financing activities	-	-	33,805	-	-	33,805
Net increase (decrease) in cash and cash equivalents	(123,123)	(5,873)	(3,489,387)	(83,351)	(50,547)	(3,752,281)
Cash and cash equivalents - beginning	539,317	17,438	10,014,901	83,351	53,611	10,708,618
Cash and cash equivalents (deficit) - end	<u>\$ 416,194</u>	<u>\$ 11,565</u>	<u>\$ 6,525,514</u>	<u>\$ -</u>	<u>\$ 3,064</u>	<u>\$ 6,956,337</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 104,539	\$ (12,464)	\$ (3,928)	\$ -	\$ (50,547)	\$ 37,600
Adjustments to reconcile operating income to net cash provided (used) by (Inc.)/decrease in accounts rec.	(11,208)	6,591	32,390	512	-	28,285
(Inc.)/decrease in deferred outflows	-	-	-	5,506	-	5,506
Increase/(decr.) in net pension liability	-	-	-	(10,108)	-	(10,108)
Increase/(decr.) in deferred inflows	-	-	-	(3,074)	-	(3,074)
Increase/(decr.) in accounts payable	(16,454)	-	-	(2,233)	-	(18,687)
Total adjustments	(27,662)	6,591	32,390	(9,397)	-	1,922
Net cash provided (used) by operating activities	<u>\$ 76,877</u>	<u>\$ (5,873)</u>	<u>\$ 28,462</u>	<u>\$ (9,397)</u>	<u>\$ (50,547)</u>	<u>\$ 39,522</u>

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	<u>Fleet</u>	<u>Utility Billing</u>	<u>GIS Services</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 220,238	128,327	\$ 56,219	\$ 404,784
Total current assets	<u>220,238</u>	<u>128,327</u>	<u>56,219</u>	<u>404,784</u>
Noncurrent assets:				
Land, equipment, buildings and improvements	2,273,345	13,996	34,581	2,321,922
Less: Accumulated depreciation	<u>(1,583,917)</u>	<u>(8,865)</u>	<u>(25,935)</u>	<u>(1,618,717)</u>
Total noncurrent assets	<u>689,428</u>	<u>5,131</u>	<u>8,646</u>	<u>703,205</u>
Total assets	<u>909,666</u>	<u>133,458</u>	<u>64,865</u>	<u>1,107,989</u>
<u>DEFERRED OUT FLOW OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>18,400</u>	<u>9,200</u>	<u>27,600</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	<u>13,489</u>	<u>2,818</u>	<u>1,139</u>	<u>17,446</u>
Total current liabilities	<u>13,489</u>	<u>2,818</u>	<u>1,139</u>	<u>17,446</u>
Noncurrent liabilities:				
Compensated absences	-	5,967	643	6,610
Net pension liability	<u>-</u>	<u>21,362</u>	<u>10,681</u>	<u>32,043</u>
Total noncurrent liabilities	<u>-</u>	<u>27,329</u>	<u>11,324</u>	<u>38,653</u>
Total liabilities	<u>13,489</u>	<u>30,147</u>	<u>12,463</u>	<u>56,099</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>17,721</u>	<u>8,861</u>	<u>26,582</u>
Net Position:				
Net investment in capital assets	689,428	5,131	8,646	703,205
Unrestricted	<u>206,749</u>	<u>98,859</u>	<u>44,095</u>	<u>349,703</u>
Total net Position	<u>\$ 896,177</u>	<u>\$ 103,990</u>	<u>\$ 52,741</u>	<u>\$ 1,052,908</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Fleet	Utility Billing	GIS Services	Total
Operating revenues:				
Charges for services	\$ 495,969	\$ 209,797	\$ 124,338	\$ 830,104
Other operating revenue	17,864		-	17,864
Total operating revenues	513,833	209,797	124,338	847,968
Operating expenses:				
Salaries and wages	22,085	131,386	80,475	233,946
Purchased services	9,336	52,173	26,890	88,399
Materials and supplies	167,168	-	-	167,168
Depreciation and amortization	335,567	2,799	6,916	345,282
Miscellaneous	-	1,799	4,071	5,870
Total operating expenses	534,156	188,157	118,352	840,665
Operating income	(20,323)	21,640	5,986	7,303
Nonoperating revenues (expenses):				
Gain (Loss) on sale of assets	36,855	-	-	36,855
Interest expense	(1,321)	-	-	(1,321)
Total nonoperating revenues (expenses)	35,534	-	-	35,534
Net income (loss) before contributions and transfers	15,211	21,640	5,986	42,837
Contributions and transfers				
Total contributions and transfers	-	-	-	-
Change in net Position	15,211	21,640	5,986	42,837
Total net position - beginning	880,966	82,350	46,755	1,010,071
Total net position - ending	\$ 896,177	\$ 103,990	\$ 52,741	\$ 1,052,908

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Fleet	Utility Billing	GIS Services	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 513,833	\$ 209,797	\$ 124,338	\$ 847,968
Payments to employees	(22,085)	(132,818)	(82,140)	(237,043)
Payments to suppliers	(197,375)	(53,422)	(31,492)	(282,289)
Net cash provided (used) by operating activities	294,373	23,557	10,706	328,636
Cash Flows From Noncapital Financing Activities				
Net cash provided (used) by noncapital financing activities	-	-	-	-
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of assets	36,855	-	-	36,855
Acquisition of capital assets	(243,370)	-	-	(243,370)
Principal paid on outstanding debt	(113,057)	-	-	(113,057)
Interest paid on outstanding debt	(2,230)	-	-	(2,230)
Net cash provided (used) by capital and related financing activities	(321,802)	-	-	(321,802)
Cash Flows From Investing Activities				
Net cash provided (used) by investing and related financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(27,429)	23,557	10,706	6,834
Cash and cash equivalents - beginning	247,667	104,770	45,513	397,950
Cash and cash equivalents (deficit) - end	\$ 220,238	\$ 128,327	\$ 56,219	\$ 404,784
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (20,323)	\$ 21,640	\$ 5,986	\$ 7,303
Adjustments to reconcile operating income to net cash provided (used) by				
Depreciation expense	335,567	2,799	6,916	345,282
(Inc.)/decrease in deferred outflows	-	(1,457)	(729)	(2,186)
Increase/(decr.) in accounts payable	(20,871)	550	(531)	(20,852)
Increase/(decr.) in net pension liability	-	(9,740)	(4,870)	(14,610)
Increase/(decr.) in deferred inflows	-	8,263	4,132	12,395
Increase/(decr.) in compensated absences	-	1,502	(198)	1,304
Total adjustments	314,696	1,917	4,720	321,333
Net cash provided (used) by operating activities	\$ 294,373	\$ 23,557	\$ 10,706	\$ 328,636

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STATISTICAL SECTION

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Invested in capital assets*	\$ 40,748,737	\$ 44,418,052	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396	\$ 47,939,072	\$ 59,048,455	\$ 66,092,722	\$ 76,834,279	\$ 77,979,425
Restricted	1,500,596	1,065,240	714,724	542,636	510,486	668,962	1,081,833	1,642,085	1,107,530	2,061,683
Unrestricted	9,592,381	11,520,458	9,051,382	7,743,147	7,213,734	9,891,812	6,694,321	5,176,939	6,950,460	7,865,614
Total governmental activities	<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>	<u>84,892,269</u>	<u>87,906,722</u>
Business-type activities										
Invested in capital assets*	26,114,762	31,480,947	29,952,526	31,476,911	30,175,509	32,487,480	32,767,922	38,007,144	43,226,694	62,953,936
Restricted	2,564,551	1,283,953	1,429,319	2,074,128	2,326,787	2,712,824	1,239,952	2,992,801	4,132,156	4,974,285
Unrestricted	9,991,369	11,302,137	13,459,716	12,984,090	12,116,297	13,123,112	19,392,299	17,900,677	18,406,880	20,179,446
Total business-type activities net position	<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>	<u>65,765,730</u>	<u>88,107,667</u>
Primary government										
Invested in capital assets*	66,863,499	75,898,999	76,449,535	80,595,448	77,774,905	80,426,552	91,816,377	104,099,866	120,060,973	140,933,361
Restricted	4,065,147	2,349,193	2,144,043	2,616,764	2,837,273	3,381,786	2,321,785	4,634,886	5,239,686	7,035,968
Unrestricted	19,583,750	22,822,595	22,511,098	20,728,237	19,330,031	23,014,924	26,086,621	23,077,616	25,357,340	28,045,061
Total primary government net position	<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>	<u>\$ 150,657,999</u>	<u>\$ 176,014,390</u>

Source: Eagle Mountain City

*Net of Related Debt

FINANCIAL TRENDS

Pages 92-97 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
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Government activities:										
General government	\$ 3,259,897	\$ 3,106,320	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417	\$ 2,731,266	\$ 2,555,214	\$ 3,257,256	\$ 3,075,688	\$ 3,251,578
Public safety	3,224,661	3,178,543	3,365,961	3,293,066	3,581,943	2,083,205	2,352,818	2,286,418	2,332,378	2,550,530
Highways & public works	3,008,069	2,892,028	3,214,925	3,213,528	3,973,735	4,516,101	6,730,966	6,496,475	7,506,410	7,023,575
Community development	856,425	1,298,779	1,412,892	1,018,550	1,280,805	1,036,699	876,459	1,174,443	1,281,716	2,088,942
Planning	311,035	286,370	272,774	427,747	357,287	327,311	395,512	380,673	508,154	468,853
Interest on long-term debt	642,187	596,349	547,600	476,291	308,993	243,250	160,767	166,707	68,597	62,215
Total governmental activities expense	11,302,274	11,358,389	11,804,235	11,582,533	12,624,180	10,937,832	13,071,736	13,761,972	14,772,943	15,445,693
Business-type activities										
Water utility	2,219,747	2,736,064	2,662,958	2,770,503	2,692,125	3,017,295	3,589,243	4,077,461	4,217,435	4,500,613
Sewer utility	2,140,464	2,332,494	2,789,203	2,957,091	3,014,536	2,899,340	3,510,591	3,923,954	4,004,069	3,988,418
Electric utility	6,901,985	7,652,208	7,681,522	8,608,622	9,819,481	10,135,436	9,834,298	95,183	61,235	-
Gas utility	4,027,587	3,548,988	3,538,421	3,789,711	3,494,341	4,102,155	3,452,371	79,069	61,731	-
Golf Course	-	444,284	287,459	-	-	-	-	-	-	-
Storm Drain	-	-	-	-	-	-	-	-	-	921,619
Non Major Business	640,488	689,636	859,093	1,202,245	3,047,851	1,061,465	1,031,895	1,148,040	1,310,495	1,342,353
Total business-type activities expense	15,930,271	17,403,674	17,818,656	19,328,172	22,068,334	21,215,691	21,418,398	9,323,707	9,654,965	10,753,003
Total primary government expenses	27,232,545	28,762,063	29,622,891	30,910,705	34,692,514	32,153,523	34,490,134	23,085,679	24,427,908	26,198,696
Program Revenues										
Governmental activities										
Charges for services:	4,491,894	3,705,627	3,916,189	4,167,532	4,685,581	3,485,946	3,574,307	4,569,333	4,898,084	5,065,769
Operating grants and contributions	288,904	319,680	442,020	198,014	138,386	29,359	14,442	52,235	24,429	20,065
Capital grants and contribuitions	1,011,026	6,545,969	3,016,669	4,365,668	1,742,092	6,473,181	10,865,051	10,001,603	13,384,998	13,747,878
Total governmental activities programs revenues	5,791,824	10,571,276	7,374,878	8,731,214	6,566,059	9,988,486	14,453,800	14,623,171	18,307,511	18,833,712
Business-type activities:										
Charges for services:	16,324,142	18,004,454	17,864,153	19,213,210	20,737,488	24,004,272	20,171,460	11,472,554	13,254,589	15,561,474
Operating grants and contributions	-	650,000	-	-	-	-	-	-	-	-
Capital grants and contributions	973,910	6,397,229	729,027	1,381,304	231,593	948,298	4,418,845	3,431,786	6,250,205	10,420,966
Total business-type activities program revenues	17,298,052	25,051,683	18,593,180	20,594,514	20,969,081	24,952,570	24,590,305	14,904,340	19,504,794	25,982,440
Total primary governmental program revenues	23,089,876	35,622,959	25,968,058	29,325,728	27,535,140	34,941,056	39,044,105	29,527,511	37,812,305	44,816,152

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense)/Revenue										
Governmental activities	\$ (5,510,450)	\$ (787,113)	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)	\$ (949,346)	\$ 1,382,064	\$ 861,199	\$ 3,534,568	\$ 3,388,019
Business-type activities	1,367,781	7,648,009	774,524	1,266,342	(1,099,253)	3,736,879	3,171,907	5,580,633	9,849,829	15,229,437
Total Primary government net expense	(4,142,669)	6,860,896	(3,654,833)	(1,584,977)	(7,157,374)	2,787,533	4,553,971	6,441,832	13,384,397	18,617,456
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	835,302	1,044,484	943,293	1,194,590	1,378,945	1,124,767	1,089,674	1,202,258	1,377,090	1,488,313
General sales & use tax	1,682,982	1,768,140	1,809,411	1,918,612	2,053,493	2,246,317	2,478,132	2,751,058	3,139,809	3,659,450
Franchise tax	813,319	873,339	870,743	840,600	869,847	697,421	870,287	1,110,170	1,224,569	1,196,977
Other	122,869	-	-	-	-	-	-	-	-	-
Interest earnings	202,373	56,460	62,486	38,722	26,550	25,015	43,559	82,267	204,058	394,194
Contribution of assets from Utility Funds	-	-	-	-	-	-	3,852,118	-	-	-
Gain (loss) on sale of capital assets	-	-	2,790	-	-	-	(297,188)	-	-	-
Transfers	-	2,206,726	-	-	-	32,056	195,519	80,184	2,684,721	(7,112,500)
Total Governmental activities	3,656,845	5,949,149	3,688,723	3,992,524	4,328,835	4,125,576	8,232,101	5,225,937	8,630,247	(373,566)
Other Business-type activities:										
Gain (loss) on disposition of capital assets	-	(44,928)	-	428,227	-	-	6,234,012	-	-	-
Contribution of assets from Utility Funds	-	-	-	-	-	-	(3,852,118)	-	-	-
Transfers	-	(2,206,726)	-	-	-	(32,056)	(195,519)	(80,184)	(2,684,721)	7,112,500
Total Other Business-type activities	-	(2,251,654)	-	428,227	-	(32,056)	2,186,375	(80,184)	(2,684,721)	7,112,500
Change in Net Position										
Governmental activities	(1,853,605)	5,162,036	(740,634)	1,141,205	(1,729,286)	3,176,230	9,614,165	6,087,136	12,164,815	3,014,453
Business-type activities	1,367,781	5,396,355	774,524	1,694,569	(1,099,253)	3,704,823	5,358,282	5,500,449	7,165,108	22,341,937
Total primary government	\$ (485,824)	\$ 10,558,391	\$ 33,890	\$ 2,835,774	\$ (2,828,539)	\$ 6,881,053	\$ 14,972,447	\$ 11,587,585	\$ 19,329,923	\$ 25,356,390

Source: Eagle Mountain City

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Restricted	\$ 226,675	\$ 330,030	\$ 259,994	\$ 322,006	\$ 20,468	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	572,725	1,030,020	744,883	1,078,312	1,870,514	2,602,459	2,162,826	3,070,888	2,959,323	2,862,311
Total general fund	<u>\$ 799,400</u>	<u>\$ 1,360,050</u>	<u>\$ 1,004,877</u>	<u>\$ 1,400,318</u>	<u>\$ 1,890,982</u>	<u>\$ 2,602,459</u>	<u>\$ 2,162,826</u>	<u>\$ 3,070,888</u>	<u>\$ 2,959,323</u>	<u>\$ 2,862,311</u>
All Other Governmental Funds										
Restricted	\$ 1,273,921	\$ 735,210	\$ 454,730	\$ 2,277,180	\$ 2,041,588	\$ 1,688,626	\$ 1,934,908	\$ 2,350,766	\$ 2,463,417	\$ 3,433,976
Assigned				498,146	861,413	2,073,633	965,104	428,063	2,303,926	1,771,422
Unassigned reported in										
Special Revenue Funds	1,637,680	1,679,518	1,291,126							
Capital Projects Funds	(274,214)	1,120,288	583,268							
Nonmajor	1,445,534	1,551,808	1,371,682							
Total all other governmental funds	<u>\$ 4,082,921</u>	<u>\$ 5,086,824</u>	<u>\$ 3,700,806</u>	<u>\$ 2,775,326</u>	<u>\$ 2,903,001</u>	<u>\$ 3,762,259</u>	<u>\$ 2,900,012</u>	<u>\$ 2,778,829</u>	<u>\$ 4,767,343</u>	<u>\$ 5,205,398</u>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Taxes	\$ 3,364,610	\$ 3,625,087	\$ 3,725,354	\$ 3,983,273	\$4,260,060	\$ 4,128,574	\$ 4,438,660	\$ 5,060,489	\$ 5,734,815	\$ 6,344,105
Licenses, fees, and permits	786,417	948,384	582,467	705,536	1,124,774	1,552,860	1,662,088	2,214,940	2,895,474	3,454,239
Intergovernmental	1,008,313	1,025,706	1,470,391	1,148,673	1,047,984	778,765	821,777	948,648	1,336,283	1,520,620
Charges for services	2,450,291	2,533,440	3,221,891	3,361,767	3,428,521	1,882,121	1,855,281	2,039,483	1,686,659	1,304,991
Special assessments	419,457	657,738	833,525	650,680	398,497	867,149	422,258	1,922,459	307,641	258,551
Impact fees	258,491	971,829	372,702	434,374	877,598	1,495,226	1,523,058	2,024,613	3,308,604	3,402,318
Miscellaneous	517,664	606,367	549,381	138,951	158,836	120,980	313,700	767,731	666,876	1,310,833
Total Revenues	8,805,243	10,368,551	10,755,711	10,423,254	11,296,270	10,825,675	11,036,822	14,978,363	15,936,352	17,595,657
Expenditures										
Current:										
General Government	3,240,846	3,070,761	3,030,497	3,001,105	3,109,776	2,703,466	2,617,687	3,222,850	3,027,034	3,294,126
Community Development	894,762	1,538,065	1,423,667	1,037,651	1,266,531	1,027,595	1,106,656	1,245,069	1,217,788	2,122,126
Public Works	1,313,918	1,097,471	1,452,650	1,249,543	1,863,423	3,412,266	3,136,684	2,880,937	4,799,868	5,087,135
Public Safety	3,162,711	3,146,335	3,312,336	3,246,420	2,806,751	2,065,929	2,367,014	2,286,418	2,332,378	2,550,530
Planning and Zoning	304,463	273,129	270,376	432,894	348,991	317,400	386,939	415,180	487,486	492,349
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal Retirement	390,000	342,000	1,133,000	1,092,000	854,000	3,651,000	940,000	1,817,000	180,000	155,000
Bond Issuance Costs						123,286	-	-	-	
Interest and Fiscal Charges	545,830	529,374	511,161	416,682	313,772	226,440	277,744	180,379	70,618	64,152
Capital Outlay	3,593,620	1,013,590	1,363,216	476,999	144,662	375,859	1,664,752	2,223,822	4,444,671	6,597,297
Total expenditures	13,446,150	11,010,725	12,496,903	10,953,294	10,707,906	13,903,241	12,497,476	14,271,655	16,559,843	20,362,715
Excess of revenues										
over (under) expenditure	(4,640,907)	(642,174)	(1,741,192)	(530,040)	588,364	(3,077,566)	(1,460,654)	706,708	(623,491)	(2,767,058)

Source: Eagle Mountain City

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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					30000					
Transfer in	1,606,049	4,716,936	478,504	400,426	608,584	660,676	2,154,692	1,802,835	6,527,733	6,091,881
Transfers out	(1,606,049)	(2,510,210)	(478,504)	(400,426)	(608,584)	(628,620)	(2,081,434)	(1,722,651)	(3,843,012)	(2,983,780)
Total other financing sources (uses)	0	2,206,726	0	0	30,000	4,648,301	158,774	80,184	2,684,721	3,108,101
Net change in fund balances	\$ (4,640,907)	\$ 1,564,552	\$ (1,741,192)	\$ (530,040)	\$ 618,364	\$ 1,570,735	\$ (1,301,880)	\$ 786,892	\$ 2,061,230	\$ 341,043
Debt service as a percentage of noncapital expenditures	9.50%	8.72%	14.77%	14.40%	11.06%	28.66%	11.24%	16.58%	2.18%	1.75%

Source: Eagle Mountain 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
2009	\$ 640,167,504	\$ 38,659,780	\$ 1,007,400	\$ 704,063	\$ 18,694,414	\$ 31,439,606	\$ 51,845,483	\$ 678,827,284	0.1230%	\$ 1,234,231,425	0.55
2010	603,122,184	32,364,170	801,342	741,782	15,794,967	31,393,836	48,731,927	635,486,354	0.1400%	1,155,429,735	0.55
2011	584,256,640	29,931,499	944,800	1,029,619	14,520,156	32,887,551	49,382,126	614,188,139	0.1510%	1,116,705,707	0.55
2012	535,698,926	13,742,397	1,794,000	1,067,528	73,571,670	35,388,207	111,821,405	549,441,323	0.1636%	998,984,224	0.55
2013	686,272,348	17,590,268	2,296,320	1,366,436	94,171,737	33,929,671	131,764,164	703,862,616	0.1668%	1,279,750,211	0.55
2014	576,027,914	15,222,724	1,744,200	1,080,159	75,696,353	33,929,671	112,450,383	591,250,638	0.1380%	1,075,001,160	0.55
2015	694,523,745	19,539,846	3,722,200	1,017,153	74,765,712	33,648,886	113,153,951	714,063,591	0.1192%	1,298,297,438	0.55
2016	790,828,684	21,392,771	3,835,800	984,050	104,647,449	39,069,499	148,536,798	812,221,455	0.1118%	1,476,766,282	0.55
2017	906,140,094	31,143,681	3,824,900	1,120,838	104,011,021	56,115,663	165,072,422	937,283,775	0.1081%	1,704,152,318	0.55
2018	1,067,667,701	39,055,681	3,801,500	1,131,057	102,934,380	68,680,398	176,547,335	1,106,723,382	0.1011%	2,012,224,331	0.55

Source: Utah State Tax Commission

*2013 figures are estimates

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

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

REVENUE CAPACITY
 Pages 98-105 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
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	Unified Fire Service Area	State Assessing & Collecting	Local Assessing & Collecting	
2009	1.230	1.230	0.809	0.286	7.057		0.121	0.175	9.678
2010	1.400	1.400	0.878	0.400	7.541		0.142	0.183	10.544
2011	1.510	1.510	1.108	0.421	8.220		0.162	0.024	11.445
2012	1.636	1.636	1.143	0.436	8.812		0.172	0.027	12.226
2013	1.668	1.668	1.127	0.455	8.828		0.168	0.029	12.275
2014	1.380	1.380	1.006	0.446	8.699	2.192	0.158	0.095	13.976
2015	1.192	1.192	0.916	0.422	8.096	2.097	0.013	0.220	12.956
2016	1.118	1.118	0.870	0.405	8.177	1.997	0.012	0.216	12.795
2017	1.081	1.081	0.834	0.400	7.718	1.884	0.011	0.204	12.132
2018	1.011	1.011	0.779	0.400	7.167	1.809	0.010	0.180	11.356

Source: State of Utah Certified Tax Rates

EAGLE MOUNTAIN CITY

Principal Property Tax Payers

Fiscal Years 2009 and 2018

TAXPAYER	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PACIFICORP	\$ 27,177,219	1	1.84%			
QUESTAR GAS	17,239,272	2	1.17%			
KERN RIVER GAS TRANSMISSION CO	10,571,326	3	0.72%			
DIRECT COMMUNICATIONS	9,132,777	4	0.62%			
AMH 2014-3 BORROWER LLC	7,220,260	5	0.49%			
IVORY HOMES	6,593,500	6	0.45%			
CJM LIMITED PARTNERSHIP	6,402,100	7	0.43%			
PONY EXPRESS LAND DEV	6,102,700	8	0.41%			
IRON EAGLE DEVELOPMENT INC	5,531,370	9	0.37%			
BUILDING CONSTRUCTION PARTNERS	5,403,060	10	0.37%			
	<u>\$ 101,373,584</u>					
KERN RIVER GAS TRANS				\$ 15,252,905	1	2.12%
DIRECT COMMUNICATIONS CEDAR VALLEY				10,860,928	2	1.51%
MONTE VISTA RANCH LC				9,500,739	3	1.32%
BUCKEYE PROPERTIES L				7,649,820	4	1.06%
S L 6 LLC				7,133,741	5	0.99%
EAGLE MOUNTAIN HOLDINGS				5,900,846	6	0.82%
STONE HAVEN DEVELOPMENT				5,180,500	7	0.72%
S G VALLEY VIEW LC				4,408,900	8	0.61%
WALDEN, JOHN & ROBYN				4,390,691	9	0.61%
EAGLE MOUNTAIN LINKS				4,191,890	10	0.58%
				<u>\$ 74,470,960</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	Current Amount Collected	Percentage of Levy	Subsequent Delinquent Amount Collected	Total Collected to Date	Percentage of Levy
2009	\$ 1,005,266	\$ 824,566	82.0%	\$ 180,700	\$ 1,005,266	100.00%
2010	1,022,944	865,717	84.6%	157,227	1,022,944	100.00%
2011	1,033,170	912,961	88.4%	119,774	1,032,734	99.96%
2012	1,082,688	990,018	91.4%	92,363	1,082,381	99.97%
2013	1,102,986	1,027,078	93.1%	75,594	1,102,672	99.97%
2014	972,744	910,201	93.6%	62,209	972,410	99.97%
2015	987,417	931,878	94.4%	54,105	985,983	99.85%
2016	1,074,593	1,014,350	94.4%	56,897	1,071,248	99.69%
2017	1,191,899	1,136,921	95.4%	50,461	1,187,382	99.62%
2018	1,298,033	1,243,503	95.8%	39,297	1,282,800	98.83%

Source: Utah County Treasurer

EAGLE MOUNTAIN CITY

Taxable Sales by Category

Last Ten Fiscal Years

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Retail/Grocery	\$ 3,901	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984	\$ 127,141	\$ 222,813	\$ 298,627	\$ 339,642	\$ 459,179
Utility/Communication	209,307	159,474	172,425	182,864	195,865	201,344	223,063	224,107	234,343	251,546
Auto dealers & supplies	1,393	1,373	6,781	9,006	11,539	13,639	15,401	15,978	18,382	33,117
Eating & drinking establishments	9,040	7,784	7,476	12,503	11,119	9,687	10,251	24,765	32,893	41,225
Home furnishings and appliances	3,208	2,184	1,914	975	1,774	2,827	2,326	5,719	2,735	2,864
Medical	110	217	1,483	2,265	2,698	2,300	3,872	3,815	6,680	7,954
Service stations	39,461	33,609	38,238	39,338	43,905	47,175	45,297	53,990	68,693	82,865
All other outlets	68,466	27,393	11,698	15,415	16,041	36,561	39,795	58,993	143,245	267,400
Utah State Tax- Motor Vehicle	19,761	38,309	45,568	46,642	50,422	54,359	60,151	67,971	85,646	98,436
Totals	<u>\$ 354,647</u>	<u>\$ 280,527</u>	<u>\$ 339,688</u>	<u>\$376,346</u>	<u>\$ 416,347</u>	<u>\$ 495,032</u>	<u>\$ 622,970</u>	<u>\$ 753,965</u>	<u>\$ 932,259</u>	<u>\$ 1,244,586</u>

Source: Eagle Mountain City

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
2009	1.00%	0.25%	0.55%	4.70%
2010	1.00%	0.25%	0.80%	4.70%
2011	1.00%	0.25%	0.80%	4.70%
2012	1.00%	0.25%	0.80%	4.70%
2013	1.00%	0.25%	0.80%	4.70%
2014	1.00%	0.25%	0.80%	4.70%
2015	1.00%	0.25%	0.80%	4.70%
2016	1.00%	0.25%	0.80%	4.70%
2017	1.00%	0.25%	0.80%	4.70%
2018	1.00%	0.25%	0.80%	4.70%

Source: Utah State Tax Commission

EAGLE MOUNTAIN CITY
Sales Tax Revenue Payers by Industry
Fiscal Years 2009 and 2018

	Fiscal Year 2009*				Fiscal Year 2018			
	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	\$ 3,901	1.1%	965	50.8%	\$ 459,179	36.9%
Utility/Communication	N/A	N/A	209,307	59.0%	96	5.1%	251,546	20.2%
Auto Dealers & Supplies	N/A	N/A	1,393	0.4%	47	2.5%	33,117	2.7%
Eating/Drinking Establishments	N/A	N/A	9,040	2.5%	19	1.0%	41,225	3.3%
Home Furnishings & Appliances	N/A	N/A	3,208	0.9%	54	2.8%	2,864	0.2%
Medical	N/A	N/A	110	0.0%	34	1.8%	7,954	0.6%
Service Stations	N/A	N/A	39,461	11.1%	5	0.3%	82,865	6.7%
All Other Outlets	N/A	N/A	68,466	19.3%	678	35.7%	267,400	21.5%
Utah State Tax- Motor Vehicle	N/A	N/A	19,761	5.6%	1	0.1%	98,436	7.9%
Total			\$ 354,647	100.0%	1899	100.0%	\$ 1,244,586	100.0%

Source: Eagle Mountain City

*City has no record of number of filers for FY2009.

EAGLE MOUNTAIN CITY
Charges for Water Fees
Last Ten Fiscal Years

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Water Sales	\$ 1,872,564	\$ 2,004,797	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,811,503	\$ 3,062,503	\$ 3,222,097	\$ 3,802,599	\$ 4,167,224
Secondary Water	-	-	-	-	-	-	-	-	-	-
Other	92,515	172,399	-	-	-	159,107	15,973	470,701	1,512	1,361
Totals	<u>\$ 1,965,079</u>	<u>\$ 2,177,196</u>	<u>\$ 2,284,387</u>	<u>\$ 2,439,024</u>	<u>\$ 2,633,580</u>	<u>\$ 2,970,610</u>	<u>\$ 3,078,476</u>	<u>\$ 3,692,798</u>	<u>\$ 3,804,111</u>	<u>\$ 4,168,585</u>

Source: Eagle Mountain 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	
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	2,409	440	23,031	25,338	489	53,465	11.65%	2,076	
2015	-	-	-	867	2,369	333	22,754	-	1,047	26,804	5.84%	1,041	
2016	-	-	-	-	1,418	224	22,119	-	985	24,738	4.70%	905	
2017	-	-	-	-	1,238	113	21,741	-	924	24,008	4.27%	822	
2018	-	-	-	-	1,082	-	20,787	-	1,099	22,968	3.63%	713	

Source: Eagle Mountain City

DEBT CAPACITY
Pages 106-110 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
Direct and Overlapping Governmental Activities Debt
June 30, 2018

<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	\$ -	3.3%	\$ -
Alpine School District	506,360,000	5.0%	25,318,000
Central Utah Water Cons. Dist.	213,942,622	3.3%	7,060,107
Unified Fire Service Area	-	99.5%	-
			<hr/>
Subtotal, overlapping debt			32,378,107
			<hr/>
City direct debt			1,082,297
			<hr/>
Total direct and overlapping debt			<u><u>\$ 33,460,404</u></u>

Source: Eagle Mountain City, Utah County, Alpine School District, CUWCD, UFSA

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 2018

Assessed value	\$1,292,286
Debt limit (12% of the assessed value)	155,074
Debt applicable to limit	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	
Total debt applicable to limit	
Legal debt margin	155,074

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 90,254	\$ 83,359	\$ 75,720	\$ 74,895	\$ 79,794	\$ 83,804	\$ 96,938	\$ 109,972	\$ 133,246	\$ 155,074
Total net debt applicable to limit										
Legal debt margin	90,254	83,359	75,720	74,895	79,794	83,804	96,938	109,972	133,246	155,074
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
2009	\$ 3,694	\$ 2,614	\$ 1,080	\$ 385	\$ 790	0.92	\$ 10,065	\$ 10,123	\$ (58)	\$ 515	\$ 944	(0.04)	\$ 521	\$ 151	\$ 370
2010	4,387	3,692	695	340	789	0.62	11,292	9,958	1,334	580	929	0.88	491	111	380
2011	4,696	4,432	264	358	829	0.22	11,551	10,246	1,305	645	918	0.83	651	695	387
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
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
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
2015	6,101	5,774	327	592	933	0.21	-	-	-	-	-	-	213	754	88
2016	7,031	6,787	244	530	515	0.23	-	-	-	-	-	-	964	867	62
2017	7,459	7,087	372	678	688	0.27	-	-	-	-	-	-	57	-	-
2018	8,198	7,763	435	725	667	0.31	-	-	-	-	-	-	-	-	-

Source: Eagle Mountain City

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

SID 98-1 (2005A)						SAA 2014-1				Excise Tax Road Bond			
Debt Service						Debt Service				Debt Service			
Fiscal Year	Special Assessments	Principal	Interest	Coverage		Special Assessments	Principal	Interest	Coverage	Class B & C Road Funds	Principal	Interest	Coverage
2009	\$ 166	\$ 108	\$ 101	0.79		-	-	-	-	\$ 618	\$ 115	\$ 36	4.09
2010	132	112	110	0.59		-	-	-	-	704	119	31	4.69
2011	182	315	97	0.44		-	-	-	-	745	123	28	4.93
2012	305	523	66	0.52		-	-	-	-	729	128	21	4.89
2013	5	558	41	0.01		-	-	-	-	772	134	16	5.15
2014	-	-	-	-		211	-	-	-	738	146	10	4.73
2015	-	-	-	-		209	224	-	0.93	-	-	-	-
2016	-	-	-	-		959	950	118	0.90	-	-	-	-
2017	-	-	-	-		251	180	71	1.00	-	-	-	-
2018	-	-	-	-		229	155	64	1.05	-	-	-	-

Source: Eagle Mountain City

DEMOGRAPHICS AND ECONOMICS

Pages 111-112 of the Statistical Section of this report show demographic and economic statistics for the City over the last 10 years of the City's history.

EAGLE MOUNTAIN CITY Demographic and Economic Statistics Last Ten Calendar Years

Calendar	Population	Personal Income	Per Capita Personal Income	Unemployment Rate*
2009	23,000	\$ 292,965,933	\$ 12,738	5.2
2010	21,415	299,270,206	13,975	7.1
2011	22,008	297,656,898	13,525	7.5
2012	23,531	395,326,200	16,800	6.1
2013	24,097	355,865,378	14,768	4.6
2014	25,760	386,553,677	15,006	3.7
2015	27,027	440,705,329	16,306	3.2
2016	31,165	512,700,028	16,451	2.9
2017	32,980	570,420,663	17,296	2.9
2018	36,288	646,332,366	17,811	2.9

Source: Eagle Mountain City, Utah State Tax Commission

EAGLE MOUNTAIN CITY

Principal Employers Fiscal Years 2009 and 2018

2018				2009			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Alpine School District	487	1	40.65%	Alpine School District	235	1	43.28%
Eagle Mountain City	126	2	10.52%	Eagle Mountain City	124	2	22.84%
Ridley's Family Markets	114	3	9.52%	Rockwell High School	50	3	9.21%
Job Match LLC	102	4	8.51%	Ranches Academy	50	3	9.21%
Rockwell High School	50	5	4.17%	Village Pizza	18	5	3.31%
Ranches Academy	49	6	4.09%	Direct Communications	17	6	3.13%
Dominion Energy	37	7	3.09%	Maverik	17	6	3.13%
The Ranches Golf Club	30	8	2.50%	Great Clips	13	8	2.39%
TM Crushing LLC	27	9	2.25%	Wasatch Deli	10	9	1.84%
Maverik	23	10	1.92%	Holiday Oil	9	10	1.66%
Revere Health	20	11	1.67%	N/A	N/A	N/A	N/A
Village Pizza	20	11	1.67%	N/A	N/A	N/A	N/A
Direct Communications	19	13	1.59%	N/A	N/A	N/A	N/A
Six Sisters Deli & Grille	18	14	1.50%	N/A	N/A	N/A	N/A
Subway	15	15	1.25%	N/A	N/A	N/A	N/A
A to Z Building Block	15	15	1.25%	N/A	N/A	N/A	N/A
Utah Addiction Centers LLC	13	17	1.09%	N/A	N/A	N/A	N/A
Disaster Professionals LLC	11	18	0.92%	N/A	N/A	N/A	N/A
Family First Dentistry	11	18	0.92%	N/A	N/A	N/A	N/A
Holiday Oil	11	18	0.92%	N/A	N/A	N/A	N/A
Total City Employment	1,198		100.00%	Total City Employment	543		100.00%

Source: Eagle Mountain City

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

N/A = Not Available

OPERATING INFORMATION

Pages 113-115 of the Statistical Section show operating statistics and performance measurement data for the City's overall performance over the last 10 years.

EAGLE MOUNTAIN CITY

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

Full-time-Equivalent Employees as of June 30

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government										
Administration	6.6	8.6	11	8	7	5	5.5	4	5.41	5.41
Finance	4	3	3	3	3	4	4	4	3.6	3.6
Planning	4	3.5	2.5	3.5	2.83	4	4	4	4	4.5
Building	6	5.5	3.5	3.5	3.5	5.5	5.75	5	5.25	6.26
Recorder	3	3	3	3	3	3	3	3	3	3
Facilities	0	0	0	0	0	1	1.5	3	2.1	2.75
Public Information	0	0	0	0	0	1	1.25	2	2.4	2.18
Human Resources	0	0	0	0	0	1	1	1	1	1
Other	0	0	0	3.38	3	1.5	2.15	1.5	7.38	7.78
Police										
Crossing Guards	3.5	3.2	3.2	3.2	3.2	4.75	5.25	5	4.52	4.52
Fire										
Firefighters and officers	15.8	16.59	16.59	17	17	0	0	0	0	0
Parks and recreation	5	1	4.75	4.5	4.5	7.2	7.2	7.5	9.33	12.66
Library	2.2	2.3	2.3	4.13	4.13	5.15	5.5	6	6.33	6.33
Other public works										
Management	4	0	0	0	0	0	0	0	0	0
Engineering	2	2.3	2.6	2.66	2.66	4.96	5	5	4.33	4.33
Streets	4	3.5	3.25	3.5	3.5	4.5	4.5	7.5	6.01	5.91
Water	4	6	5.17	5.17	5.16	5.3	5.5	7	5.93	7.47
Wastewater	4	5.1	5.17	5.17	5.17	5.31	4	4.5	5.3	5.83
Utility Billing	4	4	3.75	4.75	5	5.5	4	3	3.5	3.5
Other	1	4	2	2	2	2.68	3.38	3	4.63	4.58
Energy	13	13	12	12	11	13	0	0	0	0
Total	86.1	84.59	83.78	88.46	85.65	84.35	72.48	76	84.02	91.61

Source: Eagle Mountain City

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

<u>Function/Program</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police ¹											
	Sworn Officers	15	15	15	15	15	15	16	16	16	16
Fire ²											
	Fire Hydrants			918	918	958	957	998	1,116	1,123	1,284
	Fire Stations	2	2	2	2						
Other public works											
	Streets (miles)	122.98	136	142	133	133.5	138.37	143	151.97	154.14	164.34
	Gas mains (miles) ³	103	114	114	116	129	136.5				
	Sewer plant capacity (gallons)	250,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	Sanitary sewers (miles) ⁴	72	72.2	72.2	72.2	73	85	89.49	83.95	94.6	95.95
Parks and recreation											
	Total developed park (acres)	78.22	58	66	76	79	88	90	100	124	155
	Playgrounds	11	11	12	15	15	15	15	17	23	25
	Baseball/softball diamonds	3	3	7	7	7	7	7	7	7	7
	Soccer/football fields	3	3	4	4	5	5	5	5	5	5
Water											
	Water pipe (miles) ⁴	136	139	139	141	142	151.9	156.65	125.59	136.59	148
	Total water storage (gallons)	4,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	9,000,000	9,000,000

Source: Eagle Mountain City

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.

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

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>											
Police ¹											
	Sworn Officers	15	15	15	15	15	15	16	16	16	16
Fire ²											
	Fire Hydrants			918	918	958	957	998	1,116	1,123	1,284
	Fire Stations	2	2	2	2						
Other public works											
	Streets (miles)	122.98	136	142	133	133.5	138.37	143	151.97	154.14	164.34
	Gas mains (miles) ³	103	114	114	116	129	136.5				
	Sewer plant capacity (gallons)	250,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	Sanitary sewers (miles) ⁴	72	72.2	72.2	72.2	73	85	89.49	83.95	94.6	95.95
Parks and recreation											
	Total developed park (acres)	78.22	58	66	76	79	88	90	100	124	155
	Playgrounds	11	11	12	15	15	15	15	17	23	25
	Baseball/softball diamonds	3	3	7	7	7	7	7	7	7	7
	Soccer/football fields	3	3	4	4	5	5	5	5	5	5
Water											
	Water pipe (miles) ⁴	136	139	139	141	142	151.9	156.65	125.59	136.59	148
	Total water storage (gallons)	4,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	9,000,000	9,000,000

Source: Eagle Mountain City

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.

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

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GOVERNMENT AUDITING STANDARDS REPORT
UTAH STATE COMPLIANCE REPORT



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CERTIFIED PUBLIC ACCOUNTANTS
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ESTABLISHED 1974

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2018.

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
Provo, Utah
December 10, 2018

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

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

Report On Compliance

We have audited Eagle Mountain City's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

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

Management's Responsibility

Management is responsible for compliance with the 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Compliance

In our opinion, Eagle Mountain City, complied, in all material respects, with the state compliance requirements identified above for the year ended June 30, 2018.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Audit Guide and which are described in a separate letter to management dated December 10, 2018, as item 2018-1. 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 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 state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We noted matters involving internal control over compliance which we are submitting for your consideration. These matters are described in a separate letter to management as item 2018-1.

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

Gilbert & Stewart

December 10, 2018

EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FY ENDED JUNE 30, 2018



1650 STAGECOACH RUN, EAGLE MOUNTAIN, UT 84005
QUESTIONS: DIAL 801-789-6601