

FISCAL YEAR ENDED JUNE 30, 2020

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

CAFR

FOR EAGLE MOUNTAIN CITY, UT



EAGLE
MOUNTAIN

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

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PHOTO BY EAGLE MOUNTAIN RESIDENT SAM EL HAITA



EAGLE
M O U N T A I N

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Prepared by:

Finance & Executive Departments
Paul Jerome, City Administrator
Kimberly Ruesch, Finance Director
Joshua Bairrington / Treasurer
Evan Berrett, Management Analyst

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**EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

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December 21, 2020



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, 2020 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, 2020 , 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 over 40,000 in 2019. About 10,500 residential units have been built, with an average of 714 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 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 has fared better than many other states through economic consequences of the COVID-19 pandemic. Utah's unemployment rate as of November 2019 was 5.0%, lower than the national unemployment rate of 7.9%, with Utah County unemployment also remaining very low. During the last half of 2020, Utah's foreclosure rate stood at 0.03% which has improved significantly with the end of the recession.

Corresponding with Utah's relative economic stability, Eagle Mountain grew by about 13.7% in 2019 (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 among the lowest in Utah County. Eagle Mountain's current property tax rate is 0.000769. 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.

The FY2020 Budget includes improvements to streetscape landscaping in City Center, design and construction of recreation facilities, new park amenities at various regional parks, and new City digital entrance signs.

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 2020 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 2019. 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.

The Government Finance Officers Association (GFOA) has also awarded the Certificate of Achievement in Financial Reporting award to the City for the past nine fiscal years (2010 - 2019). 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,



City Administrator



Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

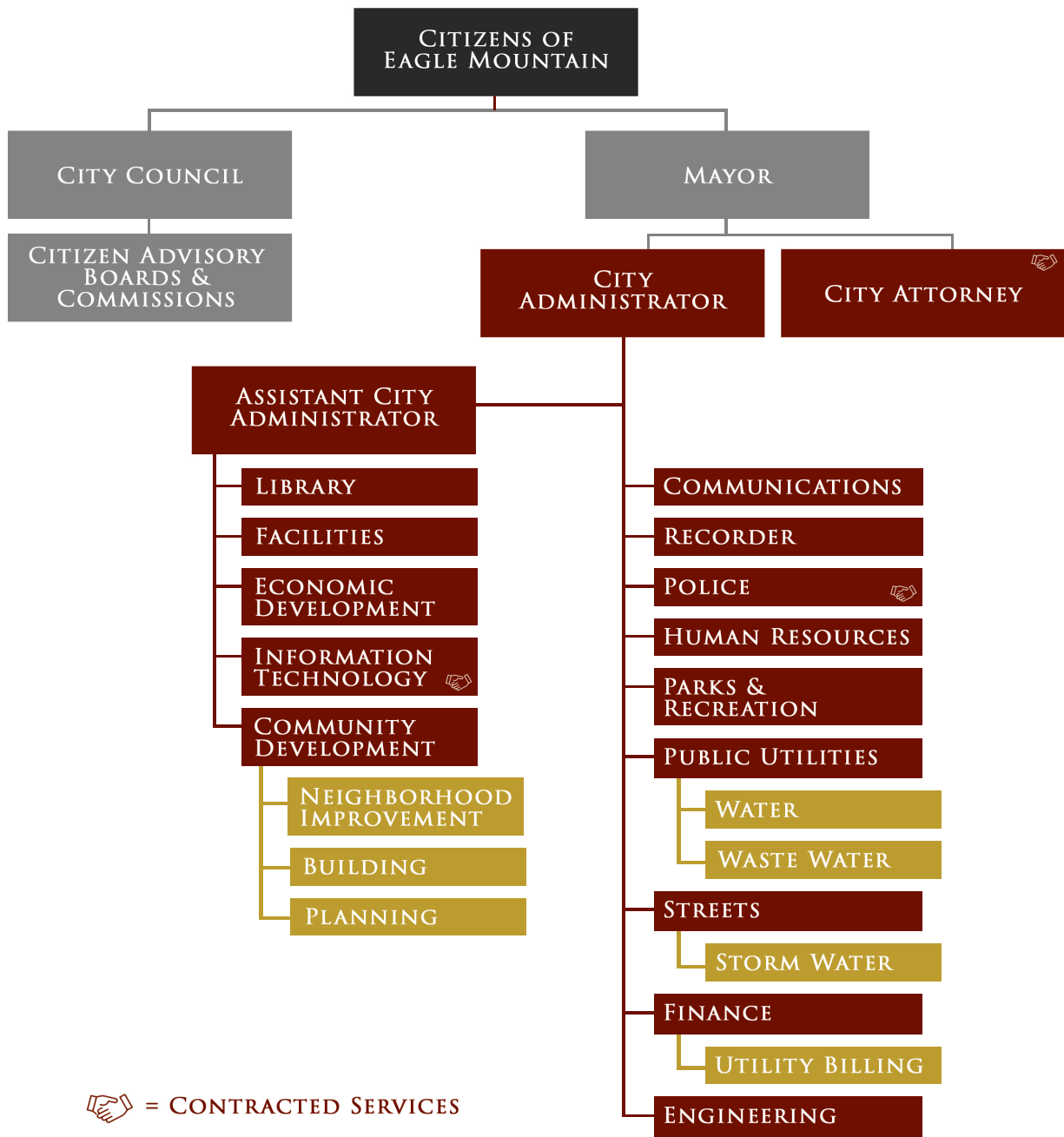
Eagle Mountain City
Utah

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



CITY OFFICERS



Donna Burnham
Council Member



Melissa Clark
Council Member



Colby Curtis
Council Member



Carolyn Love
Council Member



Jared Gray
Council Member



Tom Westmoreland
Mayor



Paul Jerome
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, 2020, 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, 2020, 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 30, 2020, 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 30, 2020

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, 2020. 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 \$268,607,111 is made up of \$207,406,790 in net investment in capital assets, \$25,900,440 in restricted net position, and \$35,299,881 in unrestricted net position. Total net position increased by \$59,167,368 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,594,392. Of this amount, \$6,372,591 must only be spent on projects for which the money is restricted. \$12,572,709 is assigned by the City administration and is divided as follows: \$184,102 for debt service, \$100,799 for special revenues and \$12,287,808 for capital projects. The remaining \$3,649,092 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$1,278,444. Corresponding operating expenses increased by \$1,681,865. This change was due in part to the continued growth within the City and the proprietary funds contributing to the fleet internal service fund for the purchase and maintenance of equipment. The City also had increase in the water fund to the purchase of new water meters within the City, which increased the water operating expenses during the year.

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, garbage, and storm drain.

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 \$268,607,112.

One of the largest portions of Eagle Mountain City's net position (82%) 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 2020 and 2019 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 43,187,040	\$ 25,495,462	\$ 50,392,567	\$ 43,622,589	\$ 93,579,607	\$ 69,118,051
Capital Assets	108,408,054	90,130,120	120,904,812	98,488,814	229,312,866	188,618,934
Total assets	<u>151,595,094</u>	<u>115,625,582</u>	<u>171,297,379</u>	<u>142,111,403</u>	<u>322,892,473</u>	<u>257,736,985</u>
Deferred Outflows of Resources	<u>491,158</u>	<u>839,867</u>	<u>932,945</u>	<u>1,085,753</u>	<u>1,424,103</u>	<u>1,925,620</u>
Long-term debt outstanding	3,976,381	2,982,936	21,374,807	22,665,130	25,351,188	25,648,066
Other liabilities	<u>16,380,929</u>	<u>12,300,151</u>	<u>11,560,587</u>	<u>10,663,820</u>	<u>27,941,516</u>	<u>22,963,971</u>
Total liabilities	<u>20,357,310</u>	<u>15,283,087</u>	<u>32,935,394</u>	<u>33,328,950</u>	<u>53,292,704</u>	<u>48,612,037</u>
Deferred Inflows of Resources	<u>2,298,597</u>	<u>1,583,900</u>	<u>118,165</u>	<u>26,926</u>	<u>2,416,762</u>	<u>1,610,826</u>
Net position:						
Net investment in capital assets,	105,517,474	88,966,275	101,889,316	78,428,437	207,406,790	167,394,712
Restricted	5,629,857	2,712,487	20,270,583	12,311,560	25,900,440	15,024,047
Unrestricted	<u>18,283,015</u>	<u>7,919,700</u>	<u>17,016,866</u>	<u>19,101,283</u>	<u>35,299,881</u>	<u>27,020,983</u>
Total net assets	<u>\$ 129,430,346</u>	<u>\$ 99,598,462</u>	<u>\$ 139,176,765</u>	<u>\$ 109,841,280</u>	<u>\$ 268,607,112</u>	<u>\$ 209,439,742</u>

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The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 7,422,231	\$ 6,258,526	\$ 22,003,328	\$ 18,006,742	\$ 29,425,559	\$ 24,265,268
Operating grants & contrib.	1,457,357	32,444	-	-	1,457,357	32,444
Capital grants & contrib.	24,244,422	14,042,049	27,754,625	17,257,782	51,999,047	31,299,831
General revenues:						
Property taxes	1,873,536	1,693,461	-	-	1,873,536	1,693,461
General sales & use tax	5,333,067	4,344,548	-	-	5,333,067	4,344,548
Franchise tax	1,868,869	1,224,736	-	-	1,868,869	1,224,736
Interest earnings	503,107	858,581	-	-	503,107	858,581
Total revenues	<u>42,702,589</u>	<u>28,454,345</u>	<u>49,757,953</u>	<u>35,264,524</u>	<u>92,460,542</u>	<u>63,718,869</u>
Expenses:						
General government	\$ 3,501,474	\$ 3,544,085	\$ -	\$ -	\$ 3,501,474	\$ 3,544,085
Public safety	3,019,448	2,682,316	-	-	3,019,448	2,682,316
Highways & public works	10,116,835	9,405,363	-	-	10,116,835	9,405,363
Community development	2,143,788	1,995,945	-	-	2,143,788	1,995,945
Planning	432,853	475,935	-	-	432,853	475,935
Interest on long-term debt	49,203	54,343	-	-	49,203	54,343
Water utility	-	-	6,834,214	4,989,887	6,834,214	4,989,887
Sewer utility	-	-	4,785,726	4,475,542	4,785,726	4,475,542
Storm drain	-	-	1,024,911	952,274	1,024,911	952,274
Non-major business	-	-	1,384,721	1,717,825	1,384,721	1,717,825
Total expenses	<u>19,263,601</u>	<u>18,157,987</u>	<u>14,029,572</u>	<u>12,135,528</u>	<u>33,293,173</u>	<u>30,293,515</u>
Increase (decrease) in net assets						
before transfers	23,438,988	10,296,358	35,728,381	23,128,996	59,167,369	33,425,354
Transfers	<u>6,392,896</u>	<u>1,395,382</u>	<u>(6,392,896)</u>	<u>(1,395,382)</u>	<u>-</u>	<u>-</u>
Increase (decr.) in net assets	29,831,884	11,691,740	29,335,485	21,733,614	59,167,369	33,425,354
Net position - beginning	99,598,462	87,906,722	109,841,280	88,107,666	209,439,742	176,014,388
Restatement of net position	-	-	-	-	-	-
Net position - ending	<u>\$ 129,430,346</u>	<u>\$ 99,598,462</u>	<u>\$ 139,176,765</u>	<u>\$ 109,841,280</u>	<u>\$ 268,607,111</u>	<u>\$ 209,439,742</u>

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Governmental activities

Governmental activities increased the City's net position by \$29,831,884. 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 and contributions by developers for City infrastructure. 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 \$29,335,485. 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 \$22,594,392. Of this total amount, 72% constitutes assigned and unassigned fund balances. \$12,572,709 is assigned by the administration of the City and will be used for the following: \$184,102 for debt service, \$12,287,808 for capital projects, and \$100,799 for special revenues. \$3,649,092 is unassigned and is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,649,092, an increase of \$159,644 from fiscal year 2019. The total balance is \$3,649,092, an increase of \$159,644 from the prior year. A major reason was an increase in revenues due to the growing number of residents building within the City. 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 27% of total general fund expenditures, while total fund balance represents 27% 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 of major capital facilities within the City. At the end of fiscal year 2020 the fund balance is \$12,287,808 which is an increase of \$11,024,114. This increase is due to transfers from the general fund in the amount of \$6,000,000 and a transfer from the Enterprise funds in the amount of \$6,392,896. These enterprise funds have stopped operations and the remaining cash has been transferred to the capital projects fund.

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 \$15,636,122. The net investment in capital assets in these same funds is \$101,889,316.

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As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds increased by \$1,248,444 and \$1,681,865, respectively. The reasons for these changes are the increased growth within the City. All enterprise funds showed an increase in operating revenue during the year. The Water fund is in the process of updating the water meters and the reading system. This cost has increased operating expenses within that fund.

The water and sewer funds showed a net operating profit, after non-operating revenues/expenses, contributions, and transfers are considered. The water, sewer, and storm drain fund net position increased by \$20,789,446, \$9,319,667, and \$5,075,084, respectively. The major reasons for the increase in net position is the impact fees collected of \$ 8,972,579 and the contributed capital from developers in the water, sewer, and storm drain funds in the amount of \$27,754,625.

General Fund Budgetary Highlights

During the fiscal year, the general fund’s original budget was amended from an original budget revenue total of \$14,256,954 to a final revenue budget of \$17,820,733. The increase reflects increased sales tax during the last part of the year. The budget for tax revenue increased by \$990,000. Building licenses and permits continue to exceed expectations due to the growth of homes within the City. The Licenses and Permits budgeted revenues increased by \$2,397,825.

The budget for expenditures was amended as well from an original budget of \$13,872,687 to a final budget of \$14,454,684, an increase of \$581,997. There was an increase in the General Government of \$236,939, mostly in building and maintenance due to increased expenses during the last part of the year.

Capital Assets and Debt Administration

Capital Assets. Eagle Mountain City’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$229,312,866 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,682,458	\$ 6,469,999	\$ 3,690,765	\$ 3,690,765	\$ 10,373,223	\$ 10,160,764
Water Shares	-	-	12,867,193	9,264,976	12,867,193	9,264,976
Buildings	3,333,037	3,342,725	1,750,925	1,959,259	5,083,962	5,301,984
Improvements	5,047,835	5,023,606	-	-	5,047,835	5,023,606
Equipment	2,378,703	2,398,239	88,271,769	75,816,030	90,650,472	78,214,269
Infrastructure	81,260,865	66,715,069	-	-	81,260,865	66,715,069
Construction in progress	9,705,156	6,180,482	14,324,160	7,757,784	24,029,316	13,938,266
Total net assets	<u>\$ 108,408,054</u>	<u>\$ 90,130,120</u>	<u>\$ 120,904,812</u>	<u>\$ 98,488,814</u>	<u>\$ 229,312,866</u>	<u>\$ 188,618,934</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 \$20,910,000. Of this amount, \$715,000 is from special assessment bonds. The remaining \$20,195,000 is secured solely by specific revenue sources (i.e., revenue bonds and sales tax revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Special assessment bonds	\$ 715,000	\$ 935,000	\$ -	\$ -	\$ 715,000	\$ 935,000
Revenue bonds	-	-	20,195,000	21,187,000	20,195,000	21,187,000
Total bonds	\$ 715,000	\$ 935,000	\$ 20,195,000	\$ 21,187,000	\$ 20,910,000	\$ 22,122,000

During fiscal year 2020, the City’s total outstanding debt decreased by a net amount of \$1,212,000. State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value of \$1,954,360,760. The current limitations for the City are \$78,174,430, 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 \$156,348,860, which again exceeds the outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in Note 9 in the Notes to this financial report.

Economic Factors and Next Year’s Budgets and Rates

- Eagle Mountain City issued issued 1290 new building permits in fiscal year 2020. This reflects an increase of 407 building permits over the previous fiscal year. The City anticipates that building permits issued will remain around the same amount in fiscal year 2021 as it was in 2020.
- Eagle Mountain City administration is very conservative in estimating budgeted revenues. In the general fund, budgeted revenues for fiscal year 2021 are 20% lower than the revenues collected for fiscal year 2020. This was largely due to uncertainty with respect to the global COVID-19 pandemic and what effect that might have on revenues for fiscal year 2020. It does appear that there will not be a decrease in revenues from fiscal year 2020 to 2021, but rather an increase. While the city budgets conservatively as a principle, this will enable to city to be in very good financial position in fiscal year 2021.
- No rate increases were budgeted for in fiscal year 2021, however, the city is actively in the process of a rate study for mainly water and storm water services and a rate increase for both is likely in fiscal year 2022.
- 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 fiscal year 2020, the city has purchased all of that original 1800 acre foot contract and was well into the next contract for 11,500 additional acre feet. Due to demand from development, the City was able to purchase water shares two years ahead of the contracted schedule and should be able to continue to do so into the foreseeable future. The contract has been renegotiated several times with CUWCD to purchase additional water when new users come on to the system and have need for this specific water source.

Request for Information

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

BASIC FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,000,107	\$ 28,592,430	\$ 52,592,537
Restricted cash and cash equivalents	8,937,346	18,906,982	27,844,328
Investments	3,281,558	-	3,281,558
Accounts receivable			
Customers (net of allowance)	778,254	1,512,411	2,290,665
Intergovernmental	988,657	-	988,657
Assessments receivable	768,683	-	768,683
Taxes receivable	3,194,553	-	3,194,553
Notes receivable	2,618,626	-	2,618,626
Internal balances	(1,380,744)	1,380,744	-
Note Receivable - net of current portion	-	-	-
Capital assets (net of accumulated depreciation):			
Land	6,682,458	3,690,765	10,373,223
Water Shares	-	12,867,193	12,867,193
Buildings	3,333,037	1,750,925	5,083,962
Improvements	5,047,835	-	5,047,835
Equipment and systems	2,378,703	88,271,769	90,650,472
Infrastructure	81,260,865	-	81,260,865
Construction in progress	9,705,156	14,324,160	24,029,316
Total assets	<u>\$ 151,595,094</u>	<u>\$ 171,297,379</u>	<u>\$ 322,892,473</u>
DEFERRED OUT FLOW OF RESOURCES			
Pension related costs	\$ 491,158	\$ 128,621	\$ 619,779
Bond refunding costs	-	804,324	804,324
Total Deferred outflow of resources	<u>491,158</u>	<u>932,945</u>	<u>1,424,103</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,478,649	3,219,263	6,697,912
Deposits	11,671,910	39,000	11,710,910
Bond interest payable	7,842	94,636	102,478
Unearned revenue	1,222,528	8,207,688	9,430,216
Long-term liabilities			
Due within one year	471,765	904,805	1,376,570
Due in more than one year	3,504,616	20,470,002	23,974,618
Total liabilities	<u>20,357,310</u>	<u>32,935,394</u>	<u>53,292,703</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related costs	451,234	118,165	569,399
Deferred property taxes levied for future years	1,847,363	-	1,847,363
Total Deferred inflow of resources	<u>2,298,597</u>	<u>118,165</u>	<u>2,416,762</u>
NET POSITION			
Net investment in capital assets	105,517,474	101,889,316	207,406,790
Restricted			
Impact fees	5,629,857	20,270,583	25,900,440
Unrestricted	18,283,015	17,016,866	35,299,881
Total net position	<u>\$ 129,430,346</u>	<u>\$ 139,176,765</u>	<u>\$ 268,607,111</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 3,501,474	\$ 1,282,917	\$ -	\$ -	\$ (2,218,557)	\$ -	\$ (2,218,557)
Public safety	3,019,448	9,196	18,142	734,989	(2,257,121)	-	(2,257,121)
Public works	10,116,835	4,720	1,437,215	23,509,433	14,834,533	-	14,834,533
Community development	2,143,788	208,984	-	-	(1,934,804)	-	(1,934,804)
Planning	432,853	5,916,414	2,000	-	5,485,561	-	5,485,561
Interest on long-term debt	49,203	-	-	-	(49,203)	-	(49,203)
Total governmental activities	<u>19,263,602</u>	<u>7,422,231</u>	<u>1,457,357</u>	<u>24,244,422</u>	<u>13,860,408</u>	<u>-</u>	<u>13,860,408</u>
Business-type activities:							
Water	6,834,214	10,997,941	-	16,713,445	-	20,877,172	20,877,172
Sewer	4,785,726	8,127,827	-	6,056,539	-	9,398,640	9,398,640
Storm Drain	1,024,911	1,147,661	-	4,984,641	-	5,107,391	5,107,391
Non major business-type	1,384,721	1,729,899	-	-	-	345,178	345,178
Total business-type activities	<u>14,029,572</u>	<u>22,003,328</u>	<u>-</u>	<u>27,754,625</u>	<u>-</u>	<u>35,728,381</u>	<u>35,728,381</u>
Total primary government	<u>\$ 33,293,174</u>	<u>\$ 29,425,559</u>	<u>\$ 1,457,357</u>	<u>\$ 51,999,047</u>	<u>13,860,408</u>	<u>35,728,381</u>	<u>49,588,789</u>
General revenues:							
Property taxes					\$ 1,873,536	\$ -	\$ 1,873,536
General sales and use tax					5,333,067	-	5,333,067
Franchise taxes					1,868,869	-	1,868,869
Interest earnings					503,107	-	503,107
Transfers					6,392,896	(6,392,896)	-
Total general revenues and transfers					<u>15,971,475</u>	<u>(6,392,896)</u>	<u>9,578,579</u>
Change in net Position					29,831,883	29,335,485	59,167,368
Net position- beginning					99,598,462	109,841,280	209,439,742
Net position - ending					<u>\$ 129,430,346</u>	<u>\$ 139,176,765</u>	<u>\$ 268,607,111</u>

EAGLE MOUNTAIN CITY
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,646,047	\$ 6,778,318	\$ 420,102	\$ 22,844,467
Restricted cash	-	2,000,000	6,937,346	8,937,346
Investments		3,281,558		3,281,558
Receivables (net):				
Accounts	740,418	37,836	-	778,254
Taxes	3,049,003	-	145,550	3,194,553
Intergovernmental	988,657	-	-	988,657
Special assessments	-	101,165	667,518	768,683
Notes receivable	-	2,618,626		2,618,626
Total assets	<u>\$ 20,424,125</u>	<u>\$ 14,817,503</u>	<u>\$ 8,170,516</u>	<u>\$ 43,412,144</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 2,158,458	\$ 613,977	\$ 699,956	\$ 3,472,391
Deposits	11,671,910	-	-	11,671,910
Deferred revenue	1,222,528	-	-	1,222,528
Total liabilities	<u>15,052,896</u>	<u>613,977</u>	<u>699,956</u>	<u>16,366,829</u>
Deferred inflows of Resources:				
Deferred property taxes levied for future years	1,701,813	-	145,550	1,847,363
Deferred property taxes-delinquent	20,324	-	-	20,324
Deferred - receivables		1,915,718		1,915,718
Unavailable special improvement assessments	-	-	667,518	667,518
Total deferred inflows of resources	<u>1,722,137</u>	<u>1,915,718</u>	<u>813,068</u>	<u>4,450,923</u>
Fund Balances:				
Fund balances Restricted for:				
Impact fees	-	-	5,629,857	5,629,857
Special assessments	-	-	742,734	742,734
Assigned, for:				
Special revenues	-	-	100,799	100,799
Debt service	-	-	184,102	184,102
Capital projects	-	12,287,808	-	12,287,808
Unassigned:	3,649,092	-	-	3,649,092
Total fund balances	<u>3,649,092</u>	<u>12,287,808</u>	<u>6,657,492</u>	<u>22,594,392</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,424,125</u>	<u>\$ 14,817,503</u>	<u>\$ 8,170,516</u>	<u>\$ 43,412,144</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
 Balance Sheet Reconciliation to
 Statement of Net Assets
 June 30, 2020

Total fund balances - governmental fund types:	\$ 22,594,392
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.	108,408,054
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,603,560
Net pension assets and deferred outflows of resources are not available financial resources and are not reported in the governmental funds.	491,158
Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.	(3,984,223)
Deferred inflows of resources related to pensions are not available financial resources and are not reported in the governmental funds.	(451,234)
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.	(231,362)
Net assets of government activities	\$ 129,430,345

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, 2020

	General Fund	General Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 8,930,414	\$ -	\$ 143,370	\$ 9,073,784
Special assessments	-	-	170,868	170,868
Licenses and permits	5,939,075	-	-	5,939,075
Intergovernmental	2,201,184	16,076	-	2,217,260
Charges for services	1,428,648	-	48,250	1,476,898
Contributions	-	1,316,880	-	1,316,880
Impact fees	-	-	5,356,167	5,356,167
Miscellaneous	1,331,680	128,736	35,673	1,496,089
Total revenues	<u>19,831,001</u>	<u>1,461,692</u>	<u>5,754,328</u>	<u>27,047,021</u>
EXPENDITURES				
Current:				
General government	3,455,632	-	-	3,455,632
Public safety	3,024,814	-	-	3,024,814
Public works	4,699,212	659	2,032,204	6,732,075
Planning and zoning	447,889	-	-	447,889
Community development	2,043,810	-	155,275	2,199,085
Debt service:				
Principal retirement	-	-	220,000	220,000
Interest and fiscal charges	-	-	49,238	49,238
Capital outlay	-	5,015,276	-	5,015,276
Total expenditures	<u>13,671,357</u>	<u>5,015,935</u>	<u>2,456,717</u>	<u>21,144,009</u>
Excess revenues over (under) expenditures	<u>6,159,644</u>	<u>(3,554,243)</u>	<u>3,297,611</u>	<u>5,903,012</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	-	2,000,000	-	2,000,000
Transfers in	-	12,578,357	-	12,578,357
Transfers out	(6,000,000)	-	(185,461)	(6,185,461)
Total other financing sources and uses	<u>(6,000,000)</u>	<u>14,578,357</u>	<u>(185,461)</u>	<u>8,392,896</u>
Net change in fund balance	159,644	11,024,114	3,112,150	14,295,908
Fund balances - beginning of year	3,489,448	1,263,694	3,545,342	8,298,484
Fund balances - end of year	<u>\$ 3,649,092</u>	<u>\$ 12,287,808</u>	<u>\$ 6,657,492</u>	<u>\$ 22,594,392</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, 2020

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

Net changes in fund balances - total governmental funds \$ 14,295,908

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 1,388,132

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 16,889,802

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,234,719)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (1,726,735)

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. 179,608

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 39,887

Change in net assets of governmental activities \$ 29,831,883

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise				Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm Drain	NonMajor Enterprise Funds		
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 20,915,630	\$ 6,712,011	\$ 96,941	867,848	\$ 28,592,430	\$ 1,155,640
Accounts receivable - net	707,202	545,742	72,054	187,413	1,512,411	-
Total current assets	<u>21,622,832</u>	<u>7,257,753</u>	<u>168,995</u>	<u>1,055,261</u>	<u>30,104,841</u>	<u>1,155,640</u>
Noncurrent assets:						
Restricted cash and cash equivalents	13,217,531	4,158,698	1,530,753	-	18,906,982	-
Investments	-	-	-	-	-	-
Note receivable (Net of Current Portion)	-	-	-	-	0	-
Land, equipment, buildings and improv.	83,854,441	53,830,089	20,668,524	-	158,353,054	3,756,131
Less: Accumulated depreciation	(19,472,984)	(14,441,835)	(3,533,422)	-	(37,448,241)	(2,176,273)
Total noncurrent assets	<u>77,598,988</u>	<u>43,546,952</u>	<u>18,665,855</u>	<u>-</u>	<u>139,811,795</u>	<u>1,579,858</u>
Total assets	<u>99,221,820</u>	<u>50,804,705</u>	<u>18,834,850</u>	<u>1,055,261</u>	<u>169,916,636</u>	<u>2,735,498</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Bond refunding costs - net	345,859	458,465	-	-	804,324	-
Pension related costs	49,982	61,089	17,550	-	128,621	22,214
Total deferred outflow of resources	<u>395,841</u>	<u>519,554</u>	<u>17,550</u>	<u>-</u>	<u>932,945</u>	<u>22,214</u>
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	2,809,022	277,245	13,554	119,443	3,219,264	6,258
Debt interest payable	31,259	63,377	-	-	94,636	-
Current - compensated absences	3,241	2,964	600	-	6,805	-
Current portion of long-term debt	304,650	593,350	-	-	898,000	54,559
Total current liabilities	<u>3,148,172</u>	<u>936,936</u>	<u>14,154</u>	<u>119,443</u>	<u>4,218,705</u>	<u>60,817</u>
Noncurrent liabilities:						
Deposits	39,000	-	-	-	39,000	-
Unearned Revenue	8,207,688	-	-	-	8,207,688	-
Compensated absences- (net of current)	12,152	20,106	8,226	-	40,484	22,599
Net pension liability	83,876	102,515	29,450	-	215,841	37,278
Long-term debt (net of current portion)	7,249,771	12,963,906	-	-	20,213,677	114,695
Total noncurrent liabilities	<u>15,592,487</u>	<u>13,086,527</u>	<u>37,676</u>	<u>-</u>	<u>28,716,690</u>	<u>174,572</u>
Total liabilities	<u>18,740,659</u>	<u>14,023,463</u>	<u>51,830</u>	<u>119,443</u>	<u>32,935,395</u>	<u>235,389</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Pension related costs	45,919	56,123	16,123	-	118,165	20,408
Total deferred outflow of resources	<u>45,919</u>	<u>56,123</u>	<u>16,123</u>	<u>-</u>	<u>118,165</u>	<u>20,408</u>
<u>NET POSITION</u>						
Net investment in capital assets	57,172,895	27,581,319	17,135,102	-	101,889,316	1,410,604
Restricted - impact fees	13,099,340	5,646,856	1,524,387	-	20,270,583	-
Unrestricted	10,558,848	4,016,498	124,958	935,818	15,636,122	1,091,311
Total net position	<u>\$ 80,831,083</u>	<u>\$ 37,244,673</u>	<u>\$ 18,784,447</u>	<u>935,818</u>	<u>\$ 137,796,021</u>	<u>\$ 2,501,915</u>
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds					1,380,744	
Net position business-type activities					<u>\$ 139,176,765</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, 2020

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Storm Drain	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for services	\$ -	\$ -	\$ 632,793	\$ 1,694,758	\$ 2,327,551	\$ 1,408,433
Charges for services pledged as security on revenue bonds	5,206,858	5,008,758	-	-	10,215,616	-
Other operating income	5,330	10,880	-	-	16,210	3,591
Total operating revenues	5,212,188	5,019,638	632,793	1,694,758	12,559,377	1,412,024
Operating expenses:						
Salaries and wages	585,088	426,530	335,168	832	1,347,618	340,998
Purchased services	1,558,043	2,283,846	236,776	1,371,151	5,449,816	123,430
Supplies and materials	2,539,014	261,160	27,338	25,340	2,852,852	209,269
Depreciation and amortization	1,963,843	1,464,997	435,507	-	3,864,347	392,098
Miscellaneous	4,805	-	1,563	-	6,368	3,802
Total operating expenses	6,650,793	4,436,533	1,036,352	1,397,323	13,521,001	1,069,597
Operating income	(1,438,605)	583,105	(403,559)	297,435	(961,624)	342,427
Nonoperating revenues (expenses):						
Interest revenue	222,978	185,688	27,565	35,141	471,372	28,112
Assessment reveue	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-
Developer reimbursements	(32,711)	(82,735)	(20,866)	-	(136,312)	-
Bond refunding cost amortization	(28,822)	(38,205)	-	-	(67,027)	-
Bond issuance costs	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Interest expense and fiscal charges	(209,614)	(307,226)	-	-	(516,840)	(15,194)
Total nonoperating revenues (expenses)	(48,169)	(242,478)	6,699	35,141	(248,807)	12,918
Net income (loss) before contributions and transfers	(1,486,774)	340,627	(396,860)	332,576	(1,210,431)	355,345
Developer contributions	16,713,445	6,056,539	4,984,641	-	27,754,625	-
Impact fees	5,562,775	2,922,501	487,303	-	8,972,579	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(6,392,896)	(6,392,896)	-
Total contributions and transfers	22,276,220	8,979,040	5,471,944	(6,392,896)	30,334,308	-
Change in net position	20,789,446	9,319,667	5,075,084	(6,060,320)	29,123,877	355,345
Total net position - beginning	60,041,637	27,925,006	13,709,363	6,996,138		2,146,570
Total net position - ending	\$ 80,831,083	\$ 37,244,673	\$ 18,784,447	\$ 935,818		\$ 2,501,915
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					211,606	
Change in net position of business-type activities					<u>\$ 29,335,483</u>	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	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	\$ 4,934,893	\$ 4,960,779	\$ 625,258	\$ 2,525,786	\$ 13,046,716	\$ 1,412,024
Payments to suppliers	(3,234,533)	(2,524,293)	(262,085)	(1,399,330)	(7,420,241)	(334,755)
Payments to employees	(623,564)	(409,153)	(344,161)	(832)	(1,377,710)	(887,769)
Net cash provided (used) by operating activities	<u>1,076,796</u>	<u>2,027,333</u>	<u>19,012</u>	<u>1,125,624</u>	<u>4,248,765</u>	<u>189,500</u>
Cash Flows From Noncapital Financing Activities						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(6,392,896)	(6,392,896)	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,392,896)</u>	<u>(6,392,896)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	(8,272,907)	(1,895,693)	(5,287)	-	(10,173,887)	(316,375)
Impact fees collected	5,562,775	2,922,501	487,303	-	8,972,579	-
Other Income	-	-	-	-	-	-
Contributions	10,892,265	755,902	-	-	11,648,167	-
Proceeds from sale of assets	-	-	-	-	-	-
Payments for developer reimbursements	(32,711)	(82,735)	(20,866)	-	(136,312)	-
Principal paid on capital debt	(304,650)	(687,350)	-	-	(992,000)	(52,780)
Interest paid on capital debt	(250,031)	(348,529)	-	-	(598,560)	(7,483)
Net cash provided (used) by capital and related financing activities	<u>7,594,741</u>	<u>664,096</u>	<u>461,150</u>	<u>-</u>	<u>8,719,987</u>	<u>(376,638)</u>
Cash Flows From Investing Activities						
Interest and dividends received	222,978	185,688	27,565	35,141	471,372	28,112
Net increase (decrease) in cash and cash equivalents	8,894,515	2,877,117	507,727	(5,232,131)	7,047,228	(159,026)
Cash and cash equivalents - beginning	25,238,646	7,993,592	1,119,967	6,099,979	40,452,184	1,314,666
Cash and cash equivalents (deficit) - ending	<u>\$ 34,133,161</u>	<u>\$ 10,870,709</u>	<u>\$ 1,627,694</u>	<u>\$ 867,848</u>	<u>\$ 47,499,412</u>	<u>\$ 1,155,640</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ (1,438,605)	\$ 583,105	\$ (403,559)	\$ 297,435	\$ (961,624)	\$ 342,427
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization expense	1,963,843	1,464,997	435,507	-	3,864,347	392,098
(Inc.)/decrease in accounts rec.	(275,777)	(58,859)	(7,535)	831,028	488,857	-
(Inc.)/decrease in deferred outflows	48,349	16,866	20,566	-	85,781	8,197
Increase/(decr.) in accounts payable	867,329	20,713	3,592	(2,839)	888,795	(551,268)
Increase/(decr.) in compensated absences	(20,466)	(2,619)	903	-	(22,182)	1,026
Increase/(decr.) in net pension liability	(99,929)	(43,203)	(41,798)	-	(184,930)	(19,569)
Increase/(decr.) in deferred inflows	33,570	46,333	11,336	-	91,239	16,589
Increase/(decr.) in deferred revenue	(1,518)	-	-	-	(1,518)	-
Increase/(decr.) in deposits	-	-	-	-	-	-
Total adjustments	<u>2,515,401</u>	<u>1,444,228</u>	<u>422,571</u>	<u>828,189</u>	<u>5,210,389</u>	<u>(152,927)</u>
Net cash provided (used) by operating activities	<u>\$ 1,076,796</u>	<u>\$ 2,027,333</u>	<u>\$ 19,012</u>	<u>\$ 1,125,624</u>	<u>\$ 4,248,765</u>	<u>\$ 189,500</u>
Noncash investing, capital, and financing activities						
Contributions by developers	\$ 5,821,180	\$ 5,300,363	\$ 4,984,641	\$ -	\$ 16,106,184	\$ -
Total noncash investing, capital and financing activities	<u>5,821,180</u>	<u>5,300,363</u>	<u>4,984,641</u>	<u>-</u>	<u>16,106,184</u>	<u>-</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020

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, 2020

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 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, 2020

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 person time off 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, 2020

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, 2020

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, 2019, for the 2020 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.

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the City Council. Fund balance commitments can only be removed or changed by the same type of resolution of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City Council has not committed any fund balance amounts.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

Below is fund balance detail for each category of fund balance in the governmental funds:

Fund Balance:	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:				
Capital improvements	\$ -	\$ -	\$ 5,629,857	\$ 5,629,857
Special assessments	-	-	742,734	742,734
	<u>-</u>	<u>-</u>	<u>6,372,591</u>	<u>6,372,591</u>
Assigned:				
Capital improvements	-	12,287,808	-	12,287,808
Debt service	-	-	184,102	184,102
Redevelopment	-	-	17,024	17,024
Cemetery	-	-	83,775	83,775
	<u>-</u>	<u>12,287,808</u>	<u>284,901</u>	<u>12,572,709</u>
Unassigned:	3,649,092	-	-	3,649,092
Total fund balances	<u>\$ 3,649,092</u>	<u>\$ 12,287,808</u>	<u>\$ 6,657,492</u>	<u>\$ 22,594,392</u>

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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.

Cost of capital assets	\$149,590,712
Accumulated depreciation	<u>(41,182,658)</u>
Net adjustment to increase <i>fund balance total governmental funds</i> to arrive at <i>net-assets - governmental activities</i>)	<u>\$108,408,054</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	\$96,408
Notes receivable	2,505,463
Delinquent property taxes	<u>1,689</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$2,603,560</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	(\$ 715,000)
Lease Payable	(169,255)
Note Payable	(2,000,000)
Bond interest payable	(7,842)
Bond premium	(6,325)
Net Pension Liability	(824,218)
Compensated absences	(261,583)

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Net adjustment to reduce *fund balance* –
total governmental funds to arrive at
net position – governmental activities (\$3,984,223)

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	\$ 5,500,881
Depreciation expense	<u>(4,112,749)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,388,132</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:	
Issuance of long-term debt	\$(2,000,000)
Amortization of bond premiums	485
Principal paid on bonds and capital lease	<u>272,780</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(1,726,735)</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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

Accrued bond interest	\$ 35
Pension related costs	51,247
Compensated absences	<u>(11,395)</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>\$ 39,887</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, 2020

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, 2020

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, 2020, the City's cash balance consisted of the following:

	Total Cash From All Fund Types
Cash, cash equivalents, and temporary cash investments	\$ 55,874,095
Cash, and cash equivalents - restricted	27,844,328
Total cash and cash equivalents	\$ 83,718,423

While the City's carrying amount of deposits was \$84,051,936, the balance in the City's bank account and cash on hand was \$83,718,423 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, 2020, the City's custodial credit risk, for deposits were as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2020
Checking and savings	Insured and collateralized	\$ 484,860
Checking and savings	Uninsured and uncollateralized	1,778,704
Investment sweep	Uninsured and uncollateralized	32,363,719
Total deposits		\$ 34,627,283

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 on June 30, 2020, 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. There’s no required participation and no minimum balance or minimum/maximum participant withdrawal requirements.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020, 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	\$ 44,076,598	\$ -	\$ 44,076,598	\$ -
Morten Asset Management Account	3,281,557	3,281,557		
Total Investments	<u>\$ 47,358,155</u>	<u>\$ 3,281,557</u>	<u>\$ 44,076,598</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in level 2 are valued using the following approaches:

- Utah Public Treasurers Investment Fund – Application of the June 30, 2020, fair value factor, as calculated by the Utah State Treasurer, to the City’s ending balances in the fund.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020, 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	\$ 44,076,598	\$ 44,076,598	\$ -	\$ -
Morten Asset Management Account	3,281,557	3,281,557	-	-
Total investments	\$ 47,358,155	\$ 47,358,155	\$ -	\$ -

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, 2020

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.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$44,076,598	\$ -	\$ -	\$ -	\$ 44,076,598
Morten Asset Management Account	3,281,557	3,281,557	-	-	-
Total investments	<u>\$47,358,155</u>	<u>\$ 3,281,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,076,598</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, 2020

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:

	Capital					Nonmajor		Total
	General	Projects	Water	Sewer	Storm Drain	Enterprise	Gov't'l	
Receivables:								
Accounts	\$ 740,418	\$ 37,836	\$ 711,978	\$ 548,178	\$ 72,403	\$ 188,201	\$ -	\$ 2,299,014
Taxes	3,049,003		-	-	-	-	145,550	3,194,553
Special								
Assessments	-	101,165	-	-	-	-	667,518	768,683
Intergovernmental	988,657		-	-	-	-	-	988,657
Less: allowance for uncollectible accounts	-		(4,776)	(2,436)	(349)	(788)	-	(8,349)
	<u>\$ 4,778,078</u>	<u>\$ 139,001</u>	<u>\$ 707,202</u>	<u>\$ 545,742</u>	<u>\$ 72,054</u>	<u>\$ 187,413</u>	<u>\$ 813,068</u>	<u>\$ 7,242,558</u>

NOTE 6 – NOTE RECEIVABLE

During 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, 2020, the outstanding note balance was \$702,908. This note is reported in the capital projects fund.

During 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 2020 through 2022. As of June 30, 2020, the note receivable balance was \$570,000. This note is reported in the capital projects fund.

During fiscal year 2019 the City entered into an agreement with Mountain Land Association of Governments, in which they agreed to reimburse the City for construction cost of new roads within the City. The construction project is complete, and the City has requested reimbursement. The note will be paid when the Association receives funding in the 2022 funding cycle. As of June 30, 2020, the note balance was \$1,345,718. This note is reported in the capital projects fund.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonmajor govtl.	-	-	-	-	-	-
Capital projects	6,000,000	-	185,461	6,392,896	-	12,578,357
Internal Service	-	-	-	-	-	-
Business type	-	-	-	-	-	-
Total transfer out	\$ 6,000,000	\$ -	\$ 185,461	\$ 6,392,896	\$ -	\$ 12,578,357

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ 1,701,813	\$ 1,701,813
Property tax delinquent	20,324	
Notes receivable	2,618,626	
Special assessments (special revenue fund)	768,683	
Total	<u>\$5,109,446</u>	<u>\$ 1,701,813</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

Primary Government	Beginning				Ending
Governmental activities:	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land	\$ 6,469,999	\$ 212,459	\$ -	\$ -	\$ 6,682,458
Construction in progress	6,180,482	3,524,674	-	-	9,705,156
Total capital assets not being depreciated	<u>12,650,481</u>	<u>3,737,133</u>	<u>-</u>	<u>-</u>	<u>16,387,614</u>
Capital assets being depreciated:					
Buildings	4,566,168	113,872	-	-	4,680,040
Improvements	5,509,863	220,866	-	-	5,730,729
Machinery and equipment	5,369,851	751,458	-	-	6,121,309
Infrastructure	98,881,631	17,789,390	-	-	116,671,021
Total capital assets being depreciated	<u>114,327,513</u>	<u>18,875,586</u>	<u>-</u>	<u>-</u>	<u>133,203,099</u>
Less accumulated depreciation for:					
Buildings	1,223,443	123,559	-	-	1,347,002
Improvements	486,257	196,636	-	-	682,893
Machinery and equipment	3,193,647	548,961	-	-	3,742,608
Infrastructure	32,166,562	3,243,594	-	-	35,410,156
Total accumulated depreciation	<u>37,069,909</u>	<u>4,112,750</u>	<u>-</u>	<u>-</u>	<u>41,182,659</u>
Total capital assets, being depreciated, net	<u>77,257,604</u>	<u>14,762,836</u>	<u>-</u>	<u>-</u>	<u>92,020,440</u>
Governmental activities capital assets, net	<u>\$ 89,908,085</u>	<u>\$ 18,499,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,408,054</u>
	Beginning				Ending
	Balance	Increases	Transfers	Decreases	Balance
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 7,757,784	\$ 6,566,376	\$ -	\$ -	\$ 14,324,160
Land	3,690,765	-	-	-	3,690,765
Water shares	9,264,976	3,602,218	-	-	12,867,194
Total capital assets not being depreciated	<u>20,713,525</u>	<u>10,168,594</u>	<u>-</u>	<u>-</u>	<u>30,882,119</u>
Capital assets being depreciated:					
Buildings	3,715,254	-	-	-	3,715,254
Equipment and systems	107,643,930	16,111,750	-	-	123,755,681
Total capital assets being depreciated	<u>111,359,184</u>	<u>16,111,750</u>	<u>-</u>	<u>-</u>	<u>127,470,935</u>
Less accumulated depreciation for:					
Buildings	1,755,995	208,334	-	-	1,964,329
Equipment and Systems	31,827,900	3,656,013	-	-	35,483,913
Total accumulated depreciation	<u>33,583,895</u>	<u>3,864,347</u>	<u>-</u>	<u>-</u>	<u>37,448,242</u>
Total capital assets, being depreciated, net	<u>77,775,289</u>	<u>12,247,403</u>	<u>-</u>	<u>-</u>	<u>90,022,693</u>
Business-type activities capital assets, net	<u>\$ 98,488,814</u>	<u>\$ 22,415,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,904,812</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 8 - CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 97,153
Public safety	1,426
Public works	3,928,141
Planning	-
Community development	86,029
Total depreciation expense - governmental activities	\$ 4,112,749

Business-type activities:

Water	\$ 1,963,843
Sewer	1,464,997
Storm Drain	435,507
Total depreciation expense - business-type activities	\$ 3,864,347

Total depreciation expense	\$ 7,977,096
----------------------------	--------------

In 2019 the City issued a Lease in the amount of \$274,587. This lease was not captured in the financial statements. The Lease was in the internal service fund. The beginning balance of the changes in long-term debt and the notes for Capital assets has been restated to reflect the issuance of this lease.

The City has various construction projects as of June 30, 2020. 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	\$ 4,889,140

NOTE 9 - LEASE COMMITMENTS

During 2019 the City entered into a lease agreement to acquire a street sweeper in the amount of \$274,587. The following is a schedule, by year of the future minimum lease payments of all capital leases as well as the present value of the net minimum lease payments as of June 30, 2020:

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 9 - LEASE COMMITMENTS (Continued)

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2021	\$ 60,263
2022	60,262
2023	60,262
Total minimum lease payments	<u>180,787</u>
Less amounts representing interest	<u>(11,532)</u>
Present value of minimum lease payments	<u><u>\$ 169,255</u></u>

Equipment and related accumulated depreciation under capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 274,587
Less: Accumulated amortization	<u>(13,057)</u>
Total	<u><u>\$ 261,530</u></u>

NOTE 10 – LONG-TERM DEBT

Bonds and notes payable at June 30, 2020, 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>
2021	\$ 40,000	\$ 40,569	\$ 80,569
2022	45,000	33,176	78,176
2023	40,000	31,600	71,600
2024	50,000	30,150	80,150
2025	45,000	27,526	72,526
2026-2030	285,000	97,088	382,088
2031-2033	210,000	21,500	231,500
Total	<u><u>\$ 715,000</u></u>	<u><u>\$ 281,609</u></u>	<u><u>\$ 996,609</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 – LONG-TERM DEBT (Continued)

2. \$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
2021	\$ 340,000	\$ 47,590	\$ 387,590
2022	375,000	44,190	419,190
2023	410,000	40,440	450,440
2024	430,000	36,340	466,340
2025	460,000	31,100	491,100
2026-2030	2,650,000	79,600	2,729,600
Total	<u>\$ 4,665,000</u>	<u>\$ 279,260</u>	<u>\$ 4,944,260</u>

3. \$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, 2019, \$7,735,000 of the original debt is still outstanding.

4. \$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
2021	\$ 111,000	\$ 30,892	\$ 141,892
2022	113,000	28,982	141,982
2023	114,000	27,038	141,038
2024	131,000	25,076	156,076
2025	133,000	22,824	155,824
2026-2030	702,000	78,930	780,930
2031-2034	492,000	18,420	510,420
Total	<u>\$ 1,796,000</u>	<u>\$ 232,162</u>	<u>\$ 2,028,162</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 – LONG-TERM DEBT (Continued)

5. \$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:

Fiscal Year	Principal	Interest	Total
2021	\$ 120,000	\$ 377,650	\$ 497,650
2022	185,000	373,375	558,375
2023	225,000	367,225	592,225
2024	235,000	360,325	595,325
2025	255,000	351,700	606,700
2026-2030	4,830,000	1,369,600	6,199,600
2031-2032	3,835,000	155,900	3,990,900
Total	<u>\$ 9,685,000</u>	<u>\$ 3,355,775</u>	<u>\$ 13,040,775</u>

6. \$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
2021	\$ 460,000	\$ 100,100	\$ 560,100
2022	485,000	83,500	568,500
2023	495,000	63,900	558,900
2024	520,000	43,600	563,600
2025	545,000	22,300	567,300
2026-2028	285,000	5,700	290,700
Total	<u>\$ 2,790,000</u>	<u>\$ 319,100</u>	<u>\$ 3,109,100</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 – LONG-TERM DEBT (Continued)

7. \$1,283,000 Series 2018B Water and Sewer Refunding Bond

The Bond was issued to fund various projects in the sewer fund. This bond requires annual principal and semiannual interest payments beginning December 2018 through December 2048, bearing an interest rate of 1%. The debt service requirement to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 24,000	\$ 12,590	\$ 36,590
2022	25,000	12,350	37,350
2023	26,000	12,100	38,100
2024	27,000	11,840	38,840
2025	28,000	11,290	39,290
2026-2030	147,000	53,580	200,580
2031-2035	170,000	45,800	215,800
2036-2040	194,000	36,800	230,800
2041-2045	209,000	26,770	235,770
2046-2048	409,000	13,750	422,750
Total	<u>\$ 1,259,000</u>	<u>\$ 236,870</u>	<u>\$ 1,495,870</u>

8. \$2,000,000 Note Payable Utah Department of Transportation

The note was issued to fund road projects within the City. A grant was authorized by the State of Utah to fund the project. The Grant funds will not be available until 2022. The Note was issued to fund the project until the grant funds become available. The note requires annual principal and interest payments beginning December 2019 through December 2028, bearing an interest rate of 2.98%. The Debt Service requirement is as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 354,447	\$ 113,996	\$ 468,443
2022	185,184	49,037	234,221
2023	190,703	43,519	234,222
2024	196,386	37,836	234,222
2025	202,238	31,984	234,222
2026-2030	871,042	65,846	936,888
Total	<u>\$ 2,000,000</u>	<u>\$ 342,218</u>	<u>\$ 2,342,218</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 – LONG-TERM DEBT (Continued)

9. Changes in long term liabilities.

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year June 30, 2020, were as follows:

	July 1 2019	Additions	Reductions	June 30 2020	Due in One Yr
Governmental Activities:					
Bonds Payable					
Special assessment bond 2006 200-1	\$ 935,000	\$ -	\$ 220,000	\$ 715,000	\$ 40,000
Unamortized bond premium	6,810	-	485	6,325	-
Total bonds payable	<u>941,810</u>	<u>-</u>	<u>220,485</u>	<u>721,325</u>	<u>40,000</u>
Leases payable	222,035	-	52,780	169,255	54,559
Notes Payable	-	2,000,000	-	2,000,000	354,447
Net pension liability	1,569,930	-	745,712	824,218	-
Compensated absences	249,161	276,320	263,898	261,583	22,759
Gov't activities long-term debt	<u>\$ 2,982,936</u>	<u>\$ 2,276,320</u>	<u>\$ 1,282,875</u>	<u>\$ 3,976,381</u>	<u>\$ 471,765</u>
Business-Type Activities:					
Bonds payable:					
2008 water and sewer refunding bond					
2009 sewer revenue bond	\$ 5,069,000	\$ -	\$ 404,000	\$ 4,665,000	\$ 340,000
2013 Water quality revenue bond	1,905,000	-	109,000	1,796,000	111,000
2014 Water and sewer refunding bond	9,685,000	-	-	9,685,000	120,000
Unamortized bond premium	800,386	-	61,568	738,818	-
2018A water and sewer refunding bond	3,245,000	-	455,000	2,790,000	460,000
Unamortized bond premium	207,502	-	29,643	177,859	-
2018B water and sewer revenue bond	1,283,000	-	24,000	1,259,000	24,000
Total bonds payable	<u>22,194,888</u>	<u>-</u>	<u>1,083,211</u>	<u>21,111,677</u>	<u>1,055,000</u>
Notes Payable	-	-	-	-	-
Net pension liability	400,771	-	184,930	215,841	-
Compensated absences	69,471	63,937	89,084	44,324	6,805
Business type long-term debt	<u>\$ 22,665,130</u>	<u>\$ 63,937</u>	<u>\$ 1,357,225</u>	<u>\$ 21,371,842</u>	<u>\$ 1,061,805</u>

In 2019 the City issued a Lease in the amount of \$274,587. This lease was not captured in the financial statements. The Lease was in the internal service fund. The beginning balance of the changes in long-term debt and the notes for Capital assets has been restated to reflect the issuance of this lease.

Utah State law general obligation debt cannot exceed 12% of total assessed property tax value. For 2020, the City has a general obligation debt limit of \$234,523,291. As of June 30, 2020, the City has no general obligation debt outstanding.

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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%

**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, 2020

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	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
111 - Local Governmental Division Tier 2	N/A	15.660%	1.030%
Noncontributory			
15 - Local Governmental Division Tier 1	N/A	18.470%	N/A
Firefighters Retirement System			
32 - Other Division B	16.71%	7.240%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.380%	0.70%
Tier 20 DC Only			
211 - Local Government	N/A	6.690%	10.00%
232 - Firefighters	N/A	0.080%	12.00%

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, 2020, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 367,383	N/A
Tier 2 Public Employee System	279,125	-
Tier 2 DC Only System	14,001	N/A
	<u>\$ 660,509</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.

At June 30, 2019 the City reported a net pension asset of \$0 and a net pension liability of \$1,040,058.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 1,015,409	0.2694202%	0.2618979%	0.0075223%
Tier 2 Public Employees System	-	24,649	0.1095960%	0.0984386%	0.0111574%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 1,040,058</u>			

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 11 – STATE RETIREMENT PLANS (Continued)

Combined Pension assets, liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions -

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2019 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, 2020, the City recognized pension expense of \$600,939. At June 30, 2020 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	\$ 99,259	\$ 23,045
Changes in assumptions	118,069	708
Net difference between projected and actual earnings on the pension plan investments	-	532,450
Changes in proportion and differences between contributions and proportionate shares of contributions	64,486	13,197
Contributions subsequent to the measurement date	337,966	-
Total	<u>\$ 619,780</u>	<u>\$ 569,400</u>

\$337,966 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, 2019. 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
2020	\$ (32,994)
2021	\$ (92,516)
2022	\$ 20,860
2023	\$ (200,261)
2024	\$ 2,546
Thereafter	\$ 14,779

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 11 – STATE RETIREMENT PLANS (Continued)

Noncontributory system pension expense, and deferred outflows and inflows of resources

For the year ended June 30, 2020, the City recognized pension expense of \$462,301 for the noncontributory system. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to noncontributory pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,363	\$ 14,586
Changes in assumptions	107,544	-
Net difference between projected and actual earnings on the pension plan investments	-	513,502
Changes in proportion and differences between contributions and proportionate shares of contributions	45,231	13,197
Contributions subsequent to the measurement date	184,267	-
Total	\$ 429,405	\$ 541,285

\$184,267 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, 2019. 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
2020	\$ (30,426)
2021	\$ (90,317)
2022	\$ 19,822
2023	\$ (195,226)
2024	\$ -
Thereafter	\$ -

Tier 2 public employees system pension expense, and deferred outflows and inflows of resources

For the year ended June 30, 2020, the City recognized pension expense of \$138,638 for the Tier 2 public employees system. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to Tier 2 public employees pension plans from the following sources:

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 11 – STATE RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,896	\$ 8,459
Changes in assumptions	10,525	708
Net difference between projected and actual earnings on the pension plan investments	-	18,948
Changes in proportion and differences between contributions and proportionate shares of contributions	19,255	-
Contributions subsequent to the measurement date	153,698	-
Total	<u>\$ 190,374</u>	<u>\$ 28,115</u>

\$153,698 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, 2019. 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
2020	\$ (2,568)
2021	\$ (2,199)
2022	\$ 1,038
2023	\$ (5,035)
2024	\$ 2,546
Thereafter	\$ 14,779

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 11 – STATE RETIREMENT PLANS (Continued)

Actuarial assumptions – The total pension liability in the December 31, 2018, 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

Mortality rates were developed from actual experience and mortality tables are based on gender, occupation and age as appropriate, with future adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, 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:

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EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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%	0.40%	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 remained unchanged from the prior year.

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 (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Proportion Share of			
Noncontributory Systems	\$ 3,171,477	\$ 1,015,409	\$ (782,729)
Tier 2 Public Employees System	212,559	24,649	(120,571)
Total	\$ 3,384,036	\$ 1,040,058	\$ (903,300)

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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>2020</u>	<u>2019</u>	<u>2018</u>
401(k) Plan			
Employer Contributions	\$ 90,199	\$ 75,847	\$ 62,936
Employee Contributions	53,295	38,508	29,764
457 Plan			
Employer Contributions	233,773	189,457	168,485
Employee Contributions	173,596	162,568	158,762
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	32,185	41,554	28,097

NOTE 12 - 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, 2020

NOTE 13 - RISK MANAGEMENT

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

NOTE 14 – 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 \$2,414,322.

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 30, 2020, the date the financial statements were available to be issued.

NOTE 16 – REDEVELOPMENT AGENCY OF EAGLE MOUNTAIN CITY

For the year ended June 30, 2020, the following activity occurred in the City’s Redevelopment Agency:

Tax increment collection from other taxing agencies for	
EDA project area	\$123,612
CDA project area	19,757
Tax increment Distributions	
EDA project area	\$115,674
CDA project area	18,768
Amounts expended for Administrative Costs	\$2,500

NOTE 17 - RECLASSIFICATION OF FUNDS

The City has maintained enterprise funds for the Gas, Electric, and Golf Course funds. The assets of those funds have been sold and are no longer operating as enterprise funds. The remaining proceeds from the sales of these funds in the amount of \$6,392,896 were transferred to the general capital projects fund of the City.

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY
 Required Supplementary Information
 Schedule of the Proportionate Share of the Net Pension Liability
 June 30, 2020
 Last 10 Fiscal Years*

Fiscal Year	Proportion of the net liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System					
2015	0.3418200%	\$ 1,484,263	\$ 2,830,676	52.4%	90.2%
2016	0.2882055%	1,630,807	2,337,197	69.78%	87.80%
2017	0.2514720%	1,606,251	1,989,663	80.73%	87.30%
2018	0.0251466%	1,101,749	1,913,175	57.59%	91.90%
2019	0.2619790%	1,928,544	1,990,978	96.86%	87.00%
2020	0.2694202%	1,015,409	2,003,401	50.68%	93.70%
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%
2019	0.0984386%	42,159	1,149,735	3.670%	90.80%
2020	0.1095960%	24,649	1,522,444	1.620%	96.50%

* 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, 2020
 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%
	2019	371,693	371,693	-	2,012,414	18.47%
	2020	367,383	367,383	-	1,989,079	18.47%
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%
	2019	197,644	197,644	-	1,271,838	15.54%
	2020	279,125	279,125	-	1,782,409	15.66%
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%
	2019	16,523	16,523	-	184,079	8.98%
	2020	14,001	14,001	-	142,010	9.86%

* 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, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 7,147,000	\$ 8,137,000	\$ 8,930,414	\$ 793,414
Licenses and permits	3,612,050	6,009,875	5,939,075	(70,800)
Intergovernmental	1,350,000	1,500,000	2,201,184	701,184
Charges for services	1,397,129	1,379,428	1,428,648	49,220
Miscellaneous	750,775	794,430	1,331,680	537,250
Total revenues	<u>14,256,954</u>	<u>17,820,733</u>	<u>19,831,001</u>	<u>2,010,268</u>
EXPENDITURES				
Current:				
General government:				
Legislative	38,295	60,090	64,423	(4,333)
Recorders	381,115	385,159	338,157	47,002
Attorney	110,000	126,965	148,129	(21,164)
Executive	664,187	691,541	640,094	51,447
Finance	438,127	440,186	409,803	30,383
Engineering	593,779	589,041	564,943	24,098
Information Technology	447,800	338,504	290,097	48,407
Public Information	175,586	176,189	193,198	(17,009)
Building Maintenance	496,868	775,021	806,788	(31,767)
Total general government	<u>3,345,757</u>	<u>3,582,696</u>	<u>3,455,632</u>	<u>127,064</u>
Public safety				
Police	<u>3,210,950</u>	<u>3,255,917</u>	<u>3,024,814</u>	<u>231,103</u>
Planning and zoning	<u>567,745</u>	<u>424,818</u>	<u>447,889</u>	<u>(23,071)</u>
Public works				
Streets and Roads	2,640,717	3,153,003	3,152,777	226
Parks	1,773,547	1,597,343	1,546,435	50,908
Total public works	<u>4,414,264</u>	<u>4,750,346</u>	<u>4,699,212</u>	<u>51,134</u>
Community development				
Youth committee	1,400	1,700	2,659	(959)
Recreation	326,462	323,559	285,047	38,512
Senior council	12,511	13,892	11,881	2,011
Special events	303,165	304,815	167,084	137,731
Building	1,130,529	1,195,057	1,060,291	134,766
Library	397,119	426,327	355,231	71,096
Economic development	162,785	175,557	161,617	13,940
Total community development	<u>2,333,971</u>	<u>2,440,907</u>	<u>2,043,810</u>	<u>397,097</u>
Total expenditures	<u>13,872,687</u>	<u>14,454,684</u>	<u>13,671,357</u>	<u>783,327</u>
Excess (deficit) of revenues over (under) expenditures	<u>384,267</u>	<u>3,366,049</u>	<u>6,159,644</u>	<u>2,793,595</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	60,000	(2,500,000)	(6,000,000)	(3,500,000)
Total other financing sources (uses)	<u>60,000</u>	<u>(2,500,000)</u>	<u>(6,000,000)</u>	<u>(3,500,000)</u>
Net change in fund balance	444,267	866,049	159,644	(706,405)
Fund balances - beginning	3,489,448	3,489,448	3,489,448	-
Fund balances - ending	<u>\$ 3,933,715</u>	<u>\$ 4,355,497</u>	<u>\$ 3,649,092</u>	<u>\$ (706,405)</u>

EAGLE MOUNTAIN CITY
NOTES TO THE REQUIRED SUPPLEMENTARY STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – Changes in assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

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, 2020

	Debt Service	Capital Projects				Special Revenue				Total Nonmajor Governmental Funds
	Special Assess. Area -2014	Special Improv. 2000-1	Special Improv. District 98-1	Special Improv. District 98-3	Special Improv. District 97-1	Impact Fee Parks	Impact Fee Transportation	Cemetery	RDA	
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ 113,835	\$ 205,439	\$ -	\$ -	\$ -	\$ 83,804	\$ 17,024	\$ 420,102
Restricted cash	184,102	351,031	-	-	398,520	2,820,024	3,183,669	-	-	6,937,346
Receivables (net):										
Special assessments	667,518	-	-	-	-	-	-	-	-	667,518
Taxes	-	-	-	-	-	-	-	-	145,550	145,550
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 851,620</u>	<u>\$ 351,031</u>	<u>\$ 113,835</u>	<u>\$ 205,439</u>	<u>\$ 398,520</u>	<u>\$ 2,820,024</u>	<u>\$ 3,183,669</u>	<u>\$ 83,804</u>	<u>\$ 162,574</u>	<u>\$ 8,170,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities:										
Accounts payable & accrued liabilities	\$ -	\$ -	\$ -	\$ 109,895	\$ 216,196	\$ -	\$ 373,836	\$ 29	\$ -	\$ 699,956
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,895</u>	<u>216,196</u>	<u>-</u>	<u>373,836</u>	<u>29</u>	<u>-</u>	<u>699,956</u>
Deferred inflows of resources:										
Deferred property taxes levied for future years									145,550	145,550
Deferred for Special Assessments	667,518	-	-	-	-	-	-	-	-	667,518
Total deferred inflows of resources:	<u>667,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,550</u>	<u>813,068</u>
Fund Balances:										
Fund balances restricted for:										
Impact fees	-	-	-	-	-	2,820,024	2,809,833	-	-	5,629,857
Special Assessments	-	351,031	113,835	95,544	182,324	-	-	-	-	742,734
Assigned for:										
Debt service fund	184,102	-	-	-	-	-	-	-	-	184,102
Special revenue funds	-	-	-	-	-	-	-	83,775	17,024	100,799
Total fund balances	<u>184,102</u>	<u>351,031</u>	<u>113,835</u>	<u>95,544</u>	<u>182,324</u>	<u>2,820,024</u>	<u>2,809,833</u>	<u>83,775</u>	<u>17,024</u>	<u>6,657,492</u>
Total Liabilities, Deferred inflows of resources, and fund balances	<u>\$ 851,620</u>	<u>\$ 351,031</u>	<u>\$ 113,835</u>	<u>\$ 205,439</u>	<u>\$ 398,520</u>	<u>\$ 2,820,024</u>	<u>\$ 3,183,669</u>	<u>\$ 83,804</u>	<u>\$ 162,574</u>	<u>\$ 8,170,516</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Debt Service		Capital Projects			Special Revenue				Total Nonmajor Governmental Funds
	Special Assess. Area -2014	Debt Service 2000-1	Special Improv. Dist. 98-1	Special Improv. Dist. 98-3	Special Improv. Revenue 97-1	Impact Fee Parks	Impact Fee Transportation	Cemetery	RDA	
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,370	\$ 143,370
Special assessments	168,930	1,938	-	-	-	-	-	-	-	170,868
Impact fees	-	-	-	448,814	882,310	1,579,949	2,445,094	-	-	5,356,167
Charges for services	-	-	-	-	-	-	-	48,250	-	48,250
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6,255	6,126	-	-	-	10,501	12,791	-	-	35,673
Total revenues	<u>175,185</u>	<u>8,064</u>	<u>-</u>	<u>448,814</u>	<u>882,310</u>	<u>1,590,450</u>	<u>2,457,885</u>	<u>48,250</u>	<u>143,370</u>	<u>5,754,328</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public works	21,770	31	-	359,050	705,848	97,570	847,935	-	-	2,032,204
Community Development	-	-	-	-	-	-	-	18,333	136,942	155,275
Debt service:										
Principal retirement	220,000	-	-	-	-	-	-	-	-	220,000
Interest and fiscal charges	49,238	-	-	-	-	-	-	-	-	49,238
Total expenditures	<u>291,008</u>	<u>31</u>	<u>-</u>	<u>359,050</u>	<u>705,848</u>	<u>97,570</u>	<u>847,935</u>	<u>18,333</u>	<u>136,942</u>	<u>2,456,717</u>
Excess revenues over (under) expenditures	<u>(115,823)</u>	<u>8,033</u>	<u>-</u>	<u>89,764</u>	<u>176,462</u>	<u>1,492,880</u>	<u>1,609,950</u>	<u>29,917</u>	<u>6,428</u>	<u>3,297,611</u>
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(185,461)	-	-	-	(185,461)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,461)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,461)</u>
Excess revenues and other sources over (under) expend. and other uses	<u>(115,823)</u>	<u>8,033</u>	<u>-</u>	<u>89,764</u>	<u>176,462</u>	<u>1,307,419</u>	<u>1,609,950</u>	<u>29,917</u>	<u>6,428</u>	<u>3,112,150</u>
Fund balances - beginning of year	<u>299,925</u>	<u>342,998</u>	<u>113,835</u>	<u>5,780</u>	<u>5,862</u>	<u>1,512,605</u>	<u>1,199,883</u>	<u>53,858</u>	<u>10,596</u>	<u>3,545,342</u>
Fund balances - end of year	<u>\$ 184,102</u>	<u>\$ 351,031</u>	<u>\$ 113,835</u>	<u>\$ 95,544</u>	<u>\$ 182,324</u>	<u>\$ 2,820,024</u>	<u>\$ 2,809,833</u>	<u>\$ 83,775</u>	<u>\$ 17,024</u>	<u>\$ 6,657,492</u>

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Totals</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Special assessments	\$ -	\$ 1,938	\$ 1,938	\$ -
Miscellaneous	-	4,102	6,126	2,024
Impact fees	-	-	-	-
Total revenues	<u>-</u>	<u>6,040</u>	<u>8,064</u>	<u>2,024</u>
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
General government	-	-	-	-
Public works	-	-	31	(31)
Total expenditures	<u>-</u>	<u>-</u>	<u>31</u>	<u>(31)</u>
Excess (deficit) of revenues over (under) expenditures	<u>-</u>	<u>6,040</u>	<u>8,033</u>	<u>1,993</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	6,040	8,033	1,993
Fund balances - beginning	342,998	342,998	342,998	-
Fund balances - ending	<u>\$ 342,998</u>	<u>\$ 349,038</u>	<u>\$ 351,031</u>	<u>\$ 1,993</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, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 200,000	\$ 117,993	\$ 168,930	\$ 50,937
Miscellaneous	8,000	5,684	6,255	571
Total revenues	208,000	123,677	175,185	51,508
EXPENDITURES				
Public works	21,750	22,360	21,770	590
Debt service				
Principal	55,000	55,000	220,000	(165,000)
Interest and fees	60,312	49,812	49,238	574
Total expenditures	137,062	127,172	291,008	(163,836)
Excess (deficit) of revenues over (under) expenditures	70,938	(3,495)	(115,823)	(112,328)
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	70,938	(3,495)	(115,823)	(112,328)
Fund balances - beginning	299,925	299,925	299,925	-
Fund balances - ending	\$ 370,863	\$ 296,430	\$ 184,102	\$ (112,328)

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Totals	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 16,076	\$ 16,076
Contributions	200,589	770,589	1,316,880	546,291
Miscellaneous	-	-	128,736	128,736
Total Revenues	<u>200,589</u>	<u>770,589</u>	<u>1,461,692</u>	<u>691,103</u>
EXPENDITURES				
Public Works		670	659	11
Capital outlay	6,505,000	6,505,000	5,015,276	1,489,724
Total expenditures	<u>6,505,000</u>	<u>6,505,670</u>	<u>5,015,935</u>	<u>1,489,735</u>
Excess (deficit) of revenues over (under) expenditures	<u>(6,304,411)</u>	<u>(5,735,081)</u>	<u>(3,554,243)</u>	<u>2,180,838</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	-	-	2,000,000	2,000,000
Transfers in	3,680,000	5,145,000	12,578,357	7,433,357
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,680,000</u>	<u>5,145,000</u>	<u>14,578,357</u>	<u>9,433,357</u>
Net change in fund balance	(2,624,411)	(590,081)	11,024,114	11,614,195
Fund balances - beginning	1,263,694	1,263,694	1,263,694	-
Fund balances - ending	<u>\$ (1,360,717)</u>	<u>\$ 673,613</u>	<u>\$ 12,287,808</u>	<u>\$ 11,614,195</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Special Improvement District 98-1
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Impact fees			\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Public works			0	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	-	-	-	-
Fund balances - beginning	113,835	113,835	113,835	-
Fund balances - ending	\$ 113,835	\$ 113,835	\$ 113,835	\$ -

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, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Impact fees	150,000	415,259	448,814	33,555
Total revenues	150,000	415,259	448,814	33,555
EXPENDITURES				
Public works	120,000	193,097	359,050	(165,953)
Total expenditures	120,000	193,097	359,050	(165,953)
Excess (deficit) of revenues over (under) expenditures	30,000	222,162	89,764	(132,398)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	30,000	222,162	89,764	(132,398)
Fund balances - beginning	5,780	5,780	5,780	-
Fund balances - ending	\$ 35,780	\$ 227,942	\$ 95,544	\$ (132,398)

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, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 10	\$ -	\$ -	\$ -
Impact fees	300,000	816,085	882,310	66,225
Total revenues	300,010	816,085	882,310	66,225
EXPENDITURES				
Public works	240,020	379,084	705,848	(326,764)
Total expenditures	240,020	379,084	705,848	(326,764)
Excess (deficit) of revenues over (under) expenditures	59,990	437,001	176,462	(260,539)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	59,990	437,001	176,462	(260,539)
Fund balances - beginning	5,862	5,862	5,862	-
Fund balances - ending	\$ 65,852	\$ 442,863	\$ 182,324	\$ (260,539)

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Parks Impact Fee
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 12,000	\$ 11,297	\$ 10,501	\$ (796)
Impact fees	875,000	875,000	1,579,949	704,949
Total revenues	887,000	886,297	1,590,450	704,153
EXPENDITURES				
Public works	120,000	156,809	97,570	59,239
Total expenditures	120,000	156,809	97,570	59,239
Excess (deficit) of revenues over (under) expenditures	767,000	729,488	1,492,880	763,392
OTHER FINANCING SOURCES (USES)				
Transfers Out	(520,000)	(520,000)	(185,461)	334,539
Total other financing sources	(520,000)	(520,000)	(185,461)	334,539
Net change in fund balance	247,000	209,488	1,307,419	1,097,931
Fund balances - beginning	1,512,605	1,512,605	1,512,605	-
Fund balances - ending	\$ 1,759,605	\$ 1,722,093	\$ 2,820,024	\$ 1,097,931

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Transportation Impact Fee
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 15,000	\$ 13,761	\$ 12,791	\$ (970)
Impact fees	1,337,800	2,247,076	2,445,094	198,018
Total revenues	<u>1,352,800</u>	<u>2,260,837</u>	<u>2,457,885</u>	<u>197,048</u>
EXPENDITURES				
Public works	595,000	769,898	847,935	(78,037)
Total expenditures	<u>595,000</u>	<u>769,898</u>	<u>847,935</u>	<u>(78,037)</u>
Excess (deficit) of revenues over (under) expenditures	<u>757,800</u>	<u>1,490,939</u>	<u>1,609,950</u>	<u>119,011</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	757,800	1,490,939	1,609,950	119,011
Fund balances - beginning	1,199,883	1,199,883	1,199,883	-
Fund balances - ending	<u>\$ 1,957,683</u>	<u>\$ 2,690,822</u>	<u>\$ 2,809,833</u>	<u>\$ 119,011</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Cemetery Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 30,600	\$ 52,817	\$ 48,250	\$ (4,567)
Intergovernmental	-	-	-	-
Total revenues	30,600	52,817	48,250	(4,567)
EXPENDITURES				
Community Development	71,891	27,771	18,333	9,438
Total expenditures	71,891	27,771	18,333	9,438
Excess (deficit) of revenues over (under) expenditures	(41,291)	25,046	29,917	4,871
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(41,291)	25,046	29,917	4,871
Fund balances - beginning	53,858	53,858	53,858	-
Fund balances - ending	\$ 12,567	\$ 78,904	\$ 83,775	\$ 4,871

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Redevelopment Agency
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 96,433	\$ 143,370	\$ 143,370	\$ -
Total revenues	96,433	143,370	143,370	-
EXPENDITURES				
Community Development	96,433	136,942	136,942	-
Total expenditures	96,433	136,942	136,942	-
Excess (deficit) of revenues over (under) expenditures	-	6,428	6,428	-
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	6,428	6,428	-
Fund balances - beginning	10,596	10,596	10,596	-
Fund balances - ending	\$ 10,596	\$ 17,024	\$ 17,024	\$ -

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

	<u>Garbage</u>	<u>Electric</u>	<u>Gas</u>	<u>Golf Course</u>	<u>Total</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 867,848	\$ -	\$ -	\$ -	\$ 867,848
Accounts receivable - net	187,413	-	-	-	187,413
Total current assets	<u>1,055,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055,261</u>
Noncurrent assets:					
Investments	-	-	-	-	-
Note Receivable -(net of current portion)	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,055,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055,261</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Total deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities:					
Accounts payable and accrued liabilities	119,443	-	-	-	119,443
Total current liabilities	<u>119,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,443</u>
Noncurrent liabilities:					
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>119,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,443</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Total deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:					
Unrestricted	935,818	-	-	-	935,818
Total net Position	<u>\$ 935,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,818</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2020

	Garbage	Electric	Gas	Golf Course	Total
Operating revenues:					
Charges for services	\$ 1,694,758	\$ -	\$ -	\$ -	\$ 1,694,758
Other operating revenue	-	-	-	-	-
Total operating revenues	<u>1,694,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,694,758</u>
Operating expenses:					
Salaries and wages	832	-	-	-	832
Purchased services	1,371,151	-	-	-	1,371,151
Materials and supplies	25,340	-	-	-	25,340
Miscellaneous	-	-	-	-	-
Total operating expenses	<u>1,397,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,323</u>
Operating income	<u>297,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,435</u>
Nonoperating revenues (expenses):					
Interest revenue	35,141	-	-	-	35,141
Impact Fees	-	-	-	-	-
Interest expense and fiscal charges	-	-	-	-	-
Other Income	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>35,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,141</u>
Net income (loss) before contributions and transfers	<u>332,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,576</u>
Contributions and transfers					
Operating transfers out	-	(55,791)	(5,631,133)	(705,972)	(6,392,896)
Total contributions and transfers	<u>-</u>	<u>(55,791)</u>	<u>(5,631,133)</u>	<u>(705,972)</u>	<u>(6,392,896)</u>
Change in net Position	332,576	(55,791)	(5,631,133)	(705,972)	(6,060,320)
Total net position - beginning	603,242	55,791	5,631,133	705,972	6,996,138
Total net position - ending	<u>\$ 935,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,818</u>

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2020

	Garbage	Electric	Gas	Golf Course	Total
Cash Flows From Operating Activities					
Receipts from customers	\$ 1,671,958	\$ 38,970	\$ 111,950	\$ 702,908	\$ 2,525,786
Payments to employees	(832)	-	-	-	(832)
Payments to suppliers	(1,396,683)	(2,534)	(113)	-	(1,399,330)
Net cash provided (used) by operating activities	<u>274,443</u>	<u>36,436</u>	<u>111,837</u>	<u>702,908</u>	<u>1,125,624</u>
Cash Flows From Noncapital Financing Activities					
Transfers In	-	-	-	-	-
Transfers Out	-	(55,791)	(5,631,133)	(705,972)	(6,392,896)
Other Income	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(55,791)</u>	<u>(5,631,133)</u>	<u>(705,972)</u>	<u>(6,392,896)</u>
Cash Flows From Capital and Related Financing Activities					
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest and dividends received	35,141	-	-	-	35,141
Net cash provided (used) by investing and related financing activities	<u>35,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,141</u>
Net increase (decrease) in cash and cash equivalents	309,584	(19,355)	(5,519,296)	(3,064)	(5,232,131)
Cash and cash equivalents - beginning	558,264	19,355	5,519,296	3,064	6,099,979
Cash and cash equivalents (deficit) - end	<u>\$ 867,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 867,848</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 297,435	\$ -	\$ -	\$ -	\$ 297,435
Adjustments to reconcile operating income to net cash provided (used) by					
(Inc.)/decrease in accounts rec.	(22,800)	38,970	111,950	702,908	831,028
(Inc.)/decrease in deferred outflows	-	-	-	-	-
Increase/(decr.) in net pension liability	-	-	-	-	-
Increase/(decr.) in deferred inflows	-	-	-	-	-
Increase/(decr.) in accounts payable	(192)	(2,534)	(113)	-	(2,839)
Total adjustments	<u>(22,992)</u>	<u>36,436</u>	<u>111,837</u>	<u>702,908</u>	<u>828,189</u>
Net cash provided (used) by operating activities	<u>\$ 274,443</u>	<u>\$ 36,436</u>	<u>\$ 111,837</u>	<u>\$ 702,908</u>	<u>\$ 1,125,624</u>

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	<u>Fleet</u>	<u>Utility Billing</u>	<u>GIS Services</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 962,262	115,391	\$ 77,987	\$ 1,155,640
Total current assets	<u>962,262</u>	<u>115,391</u>	<u>77,987</u>	<u>1,155,640</u>
Noncurrent assets:				
Land, equipment, buildings and improvement	3,707,553	13,996	34,582	3,756,131
Less: Accumulated depreciation	<u>(2,127,695)</u>	<u>(13,996)</u>	<u>(34,582)</u>	<u>(2,176,273)</u>
Total noncurrent assets	<u>1,579,858</u>	<u>-</u>	<u>-</u>	<u>1,579,858</u>
Total assets	<u>2,542,120</u>	<u>115,391</u>	<u>77,987</u>	<u>2,735,498</u>
<u>DEFERRED OUT FLOW OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>11,107</u>	<u>11,107</u>	<u>22,214</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	3,160	1,954	1,144	6,258
Current portion of long-term debt	<u>54,559</u>	<u>-</u>	<u>-</u>	<u>54,559</u>
Total current liabilities	<u>57,719</u>	<u>1,954</u>	<u>1,144</u>	<u>60,817</u>
Noncurrent liabilities:				
Compensated absences	18,599	1,016	2,984	22,599
Net pension liability	-	18,639	18,639	37,278
Lease payable - net of current portion	<u>114,695</u>	<u>-</u>	<u>-</u>	<u>114,695</u>
Total noncurrent liabilities	<u>133,294</u>	<u>19,655</u>	<u>21,623</u>	<u>174,572</u>
Total liabilities	<u>191,013</u>	<u>21,609</u>	<u>22,767</u>	<u>235,389</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related costs	<u>-</u>	<u>10,204</u>	<u>10,204</u>	<u>20,408</u>
Net Position:				
Net investment in capital assets	1,410,604	-	-	1,410,604
Unrestricted	<u>940,503</u>	<u>94,685</u>	<u>56,123</u>	<u>1,091,311</u>
Total net Position	<u>\$ 2,351,107</u>	<u>\$ 94,685</u>	<u>\$ 56,123</u>	<u>\$ 2,501,915</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Fleet	Utility Billing	GIS Services	Total
Operating revenues:				
Charges for services	\$ 1,023,278	\$ 264,253	\$ 120,902	\$ 1,408,433
Other operating revenue	3,591	-	-	3,591
Total operating revenues	<u>1,026,869</u>	<u>264,253</u>	<u>120,902</u>	<u>1,412,024</u>
Operating expenses:				
Salaries and wages	75,346	174,072	91,580	340,998
Purchased services	14,667	82,460	26,303	123,430
Materials and supplies	209,269	-	-	209,269
Depreciation and amortization	388,035	2,333	1,730	392,098
Miscellaneous	-	3,802	-	3,802
Total operating expenses	<u>687,317</u>	<u>262,667</u>	<u>119,613</u>	<u>1,069,597</u>
Operating income	<u>339,552</u>	<u>1,586</u>	<u>1,289</u>	<u>342,427</u>
Nonoperating revenues (expenses):				
Interest revenue	28,112	-	-	28,112
Gain (Loss) on sale of assets	-	-	-	-
Interest expense	(15,194)	-	-	(15,194)
Total nonoperating revenues (expenses)	<u>12,918</u>	<u>-</u>	<u>-</u>	<u>12,918</u>
Net income (loss) before contributions and transfers	<u>352,470</u>	<u>1,586</u>	<u>1,289</u>	<u>355,345</u>
Contributions and transfers				
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net Position	352,470	1,586	1,289	355,345
Total net position - beginning	<u>1,998,637</u>	<u>93,099</u>	<u>54,834</u>	<u>2,146,570</u>
Total net position - ending	<u>\$ 2,351,107</u>	<u>\$ 94,685</u>	<u>\$ 56,123</u>	<u>\$ 2,501,915</u>

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Fleet	Utility Billing	GIS Services	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,026,869	\$ 264,253	\$ 120,902	\$ 1,412,024
Payments to employees	(70,854)	(180,890)	(83,011)	(334,755)
Payments to suppliers	(769,099)	(91,914)	(26,756)	(887,769)
Net cash provided (used) by operating activities	<u>186,916</u>	<u>(8,551)</u>	<u>11,135</u>	<u>189,500</u>
Cash Flows From Noncapital Financing Activities				
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of assets	-	-	-	-
Acquisition of capital assets	(316,375)	-	-	(316,375)
Principal paid on outstanding debt	(52,780)	-	-	(52,780)
Interest paid on outstanding debt	(7,483)	-	-	(7,483)
Net cash provided (used) by capital and related financing activities	<u>(376,638)</u>	<u>-</u>	<u>-</u>	<u>(376,638)</u>
Cash Flows From Investing Activities				
Interest and dividends received	28,112	-	-	28,112
Net cash provided (used) by investing and related financing activities	<u>28,112</u>	<u>-</u>	<u>-</u>	<u>28,112</u>
Net increase (decrease) in cash and cash equivalents	(161,610)	(8,551)	11,135	(159,026)
Cash and cash equivalents - beginning	1,123,872	123,942	66,852	1,314,666
Cash and cash equivalents (deficit) - end	<u>\$ 962,262</u>	<u>\$ 115,391</u>	<u>\$ 77,987</u>	<u>\$ 1,155,640</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 339,552	\$ 1,586	\$ 1,289	\$ 342,427
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	388,035	2,333	1,730	392,098
(Increase)/decrease in deferred outflows	-	9,167	(970)	8,197
Increase/(decrease) in accounts payable	(545,163)	(5,652)	(453)	(551,268)
Increase/(decrease) in net pension liability	-	(19,259)	(310)	(19,569)
Increase/(decrease) in deferred inflows	-	7,658	8,931	16,589
Increase/(decrease) in compensated absences	4,492	(4,384)	918	1,026
Total adjustments	<u>(152,636)</u>	<u>(10,137)</u>	<u>9,846</u>	<u>(152,927)</u>
Net cash provided (used) by operating activities	<u>\$ 186,916</u>	<u>\$ (8,551)</u>	<u>\$ 11,135</u>	<u>\$ 189,500</u>

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STATISTICAL SECTION

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

	Fiscal Year									
	<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>2019</u>	<u>2020</u>
Governmental activities										
Invested in capital assets*	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396	\$ 47,939,072	\$ 59,048,455	\$ 66,092,722	\$ 76,834,279	\$ 77,979,425	\$ 88,966,275	\$ 105,517,474
Restricted	714,724	542,636	510,486	668,962	1,081,833	1,642,085	1,107,530	2,061,683	2,712,487	5,629,857
Unrestricted	9,051,382	7,743,147	7,213,734	9,891,812	6,694,321	5,176,939	6,950,460	7,865,614	7,919,700	18,283,015
Total governmental activities	<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>	<u>99,598,462</u>	<u>129,430,346</u>
Business-type activities										
Invested in capital assets*	29,952,526	31,476,911	30,175,509	32,487,480	32,767,922	38,007,144	43,226,694	62,953,936	78,428,437	101,889,316
Restricted	1,429,319	2,074,128	2,326,787	2,712,824	1,239,952	2,992,801	4,132,156	4,974,285	12,311,560	20,270,583
Unrestricted	13,459,716	12,984,090	12,116,297	13,123,112	19,392,299	17,900,677	18,406,880	20,179,446	19,101,283	17,016,866
Total business-type activities net position	<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>	<u>109,841,280</u>	<u>139,176,765</u>
Primary government										
Invested in capital assets*	76,449,535	80,595,448	77,774,905	80,426,552	91,816,377	104,099,866	120,060,973	140,933,361	167,394,712	207,406,790
Restricted	2,144,043	2,616,764	2,837,273	3,381,786	2,321,785	4,634,886	5,239,686	7,035,968	15,024,047	25,900,440
Unrestricted	22,511,098	20,728,237	19,330,031	23,014,924	26,086,621	23,077,616	25,357,340	28,045,061	27,020,983	35,299,881
Total primary government net position	<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>	<u>\$ 209,439,742</u>	<u>\$ 268,607,111</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Government activities:										
General government	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417	\$ 2,731,266	\$ 2,555,214	\$ 3,257,256	\$ 3,075,688	\$ 3,251,578	\$ 3,544,085	\$ 3,501,474
Public safety	3,365,961	3,293,066	3,581,943	2,083,205	2,352,818	2,286,418	2,332,378	2,550,530	2,682,316	3,019,448
Highways & public works	3,214,925	3,213,528	3,973,735	4,516,101	6,730,966	6,496,475	7,506,410	7,023,575	9,405,363	10,116,835
Community development	1,412,892	1,018,550	1,280,805	1,036,699	876,459	1,174,443	1,281,716	2,088,942	1,995,945	2,143,788
Planning	272,774	427,747	357,287	327,311	395,512	380,673	508,154	468,853	475,935	432,853
Interest on long-term debt	547,600	476,291	308,993	243,250	160,767	166,707	68,597	62,215	54,343	49,203
Total governmental activities expense	<u>11,804,235</u>	<u>11,582,533</u>	<u>12,624,180</u>	<u>10,937,832</u>	<u>13,071,736</u>	<u>13,761,972</u>	<u>14,772,943</u>	<u>15,445,693</u>	<u>18,157,987</u>	<u>19,263,602</u>
Business-type activities										
Water utility	2,662,958	2,770,503	2,692,125	3,017,295	3,589,243	4,077,461	4,217,435	4,500,613	4,989,887	6,834,214
Sewer utility	2,789,203	2,957,091	3,014,536	2,899,340	3,510,591	3,923,954	4,004,069	3,988,418	4,475,542	4,785,726
Electric utility	7,681,522	8,608,622	9,819,481	10,135,436	9,834,298	95,183	61,235	-	-	-
Gas utility	3,538,421	3,789,711	3,494,341	4,102,155	3,452,371	79,069	61,731	-	-	-
Golf Course	287,459	-	-	-	-	-	-	-	-	-
Storm Drain	-	-	-	-	-	-	-	921,619	952,274	1,024,911
Non Major Business	859,093	1,202,245	3,047,851	1,061,465	1,031,895	1,148,040	1,310,495	1,342,353	1,717,825	1,384,721
Total business-type activities expense	<u>17,818,656</u>	<u>19,328,172</u>	<u>22,068,334</u>	<u>21,215,691</u>	<u>21,418,398</u>	<u>9,323,707</u>	<u>9,654,965</u>	<u>10,753,003</u>	<u>12,135,528</u>	<u>14,029,572</u>
Total primary government expenses	<u>29,622,891</u>	<u>30,910,705</u>	<u>34,692,514</u>	<u>32,153,523</u>	<u>34,490,134</u>	<u>23,085,679</u>	<u>24,427,908</u>	<u>26,198,696</u>	<u>30,293,515</u>	<u>33,293,174</u>
Program Revenues										
Governmental activities										
Charges for services:	3,916,189	4,167,532	4,685,581	3,485,946	3,574,307	4,569,333	4,898,084	5,065,769	6,258,526	7,422,231
Operating grants and contributions	442,020	198,014	138,386	29,359	14,442	52,235	24,429	20,065	32,444	1,457,357
Capital grants and contributions	3,016,669	4,365,668	1,742,092	6,473,181	10,865,051	10,001,603	13,384,998	13,747,878	14,042,049	24,244,422
Total governmental activities programs revenues	<u>7,374,878</u>	<u>8,731,214</u>	<u>6,566,059</u>	<u>9,988,486</u>	<u>14,453,800</u>	<u>14,623,171</u>	<u>18,307,511</u>	<u>18,833,712</u>	<u>20,333,019</u>	<u>33,124,010</u>
Business-type activities:										
Charges for services:	17,864,153	19,213,210	20,737,488	24,004,272	20,171,460	11,472,554	13,254,589	15,561,474	18,006,742	22,003,328
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	729,027	1,381,304	231,593	948,298	4,418,845	3,431,786	6,250,205	10,420,966	17,257,782	27,754,625
Total business-type activities program revenues	<u>18,593,180</u>	<u>20,594,514</u>	<u>20,969,081</u>	<u>24,952,570</u>	<u>24,590,305</u>	<u>14,904,340</u>	<u>19,504,794</u>	<u>25,982,440</u>	<u>35,264,524</u>	<u>49,757,953</u>
Total primary governmental program revenues	<u>25,968,058</u>	<u>29,325,728</u>	<u>27,535,140</u>	<u>34,941,056</u>	<u>39,044,105</u>	<u>29,527,511</u>	<u>37,812,305</u>	<u>44,816,152</u>	<u>55,597,543</u>	<u>82,881,963</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)	\$ (949,346)	\$ 1,382,064	\$ 861,199	\$ 3,534,568	\$ 3,388,019	\$ 2,175,032	\$ 13,860,408
Business-type activities	774,524	1,266,342	(1,099,253)	3,736,879	3,171,907	5,580,633	9,849,829	15,229,437	23,128,996	35,728,381
Total Primary government net expense	<u>(3,654,833)</u>	<u>(1,584,977)</u>	<u>(7,157,374)</u>	<u>2,787,533</u>	<u>4,553,971</u>	<u>6,441,832</u>	<u>13,384,397</u>	<u>18,617,456</u>	<u>25,304,028</u>	<u>49,588,789</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	943,293	1,194,590	1,378,945	1,124,767	1,089,674	1,202,258	1,377,090	1,488,313	1,693,461	1,873,536
General sales & use tax	1,809,411	1,918,612	2,053,493	2,246,317	2,478,132	2,751,058	3,139,809	3,659,450	4,344,548	5,333,067
Franchise tax	870,743	840,600	869,847	697,421	870,287	1,110,170	1,224,569	1,196,977	1,224,736	1,868,869
Other	-	-	-	-	-	-	-	-	-	-
Interest earnings	62,486	38,722	26,550	25,015	43,559	82,267	204,058	394,194	858,582	503,107
Contribution of assets from Utility Funds	-	-	-	-	3,852,118	-	-	-	-	-
Gain (loss) on sale of capital assets	2,790	-	-	-	(297,188)	-	-	-	-	-
Transfers	-	-	-	32,056	195,519	80,184	2,684,721	(7,112,500)	1,395,382	6,392,896
Total Governmental activities	<u>3,688,723</u>	<u>3,992,524</u>	<u>4,328,835</u>	<u>4,125,576</u>	<u>8,232,101</u>	<u>5,225,937</u>	<u>8,630,247</u>	<u>(373,566)</u>	<u>9,516,709</u>	<u>15,971,475</u>
Other Business-type activities:										
Gain (loss) on disposition of capital assets	-	428,227	-	-	6,234,012	-	-	-	-	-
Contribution of assets from Utility Funds	-	-	-	-	(3,852,118)	-	-	-	-	-
Transfers	-	-	-	(32,056)	(195,519)	(80,184)	(2,684,721)	7,112,500	(1,395,382)	(6,392,896)
Total Other Business-type activities	<u>-</u>	<u>428,227</u>	<u>-</u>	<u>(32,056)</u>	<u>2,186,375</u>	<u>(80,184)</u>	<u>(2,684,721)</u>	<u>7,112,500</u>	<u>(1,395,382)</u>	<u>(6,392,896)</u>
Change in Net Position										
Governmental activities	(740,634)	1,141,205	(1,729,286)	3,176,230	9,614,165	6,087,136	12,164,815	3,014,453	11,691,741	29,831,883
Business-type activities	774,524	1,694,569	(1,099,253)	3,704,823	5,358,282	5,500,449	7,165,108	22,341,937	21,733,614	29,335,485
Total primary government	<u>\$ 33,890</u>	<u>\$ 2,835,774</u>	<u>\$ (2,828,539)</u>	<u>\$ 6,881,053</u>	<u>\$ 14,972,447</u>	<u>\$ 11,587,585</u>	<u>\$ 19,329,923</u>	<u>\$ 25,356,390</u>	<u>\$ 33,425,355</u>	<u>\$ 59,167,368</u>

Source: Eagle Mountain City

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

	Fiscal Year									
	<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>2019</u>	<u>2020</u>
General Fund										
Restricted	\$ 259,994	\$ 322,006	\$ 20,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	744,883	1,078,312	1,870,514	2,602,459	2,162,826	3,070,888	2,959,323	2,862,311	3,489,448	3,649,092
Total general fund	<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>	<u>\$ 3,489,448</u>	<u>\$ 3,649,092</u>
All Other Governmental Funds										
Restricted	\$ 454,730	\$ 2,277,180	\$ 2,041,588	\$ 1,688,626	\$ 1,934,908	\$ 2,350,766	\$ 2,463,417	\$ 3,433,976	\$ 3,180,962	\$ 6,372,591
Assigned		498,146	861,413	2,073,633	965,104	428,063	2,303,926	1,771,422	1,628,073	12,572,709
Unassigned reported in										
Special Revenue Funds	1,291,126									
Capital Projects Funds	583,268									
Nonmajor	1,371,682									
Total all other governmental funds	<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>	<u>\$ 4,809,035</u>	<u>\$ 18,945,300</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Taxes	\$ 3,725,354	\$ 3,983,273	\$ 4,260,060	\$ 4,128,574	\$ 4,438,660	\$ 5,060,489	\$ 5,734,815	\$ 6,344,105	\$ 7,258,837	\$ 9,073,784
Licenses, fees, and permits	582,467	705,536	1,124,774	1,552,860	1,662,088	2,214,940	2,895,474	3,454,239	4,745,362	5,939,075
Intergovernmental	1,470,391	1,148,673	1,047,984	778,765	821,777	948,648	1,336,283	1,520,620	1,479,142	2,217,260
Charges for services	3,221,891	3,361,767	3,428,521	1,882,121	1,855,281	2,039,483	1,686,659	1,304,991	1,347,173	1,476,898
Special assessments	833,525	650,680	398,497	867,149	422,258	1,922,459	307,641	258,551	225,728	170,868
Contributions	-	-	-	-	-	-	-	-	-	1,316,880
Impact fees	372,702	434,374	877,598	1,495,226	1,523,058	2,024,613	3,308,604	3,402,318	3,250,639	5,356,167
Miscellaneous	549,381	138,951	158,836	120,980	313,700	767,731	666,876	1,310,833	2,304,165	1,496,089
Total Revenues	10,755,711	10,423,254	11,296,270	10,825,675	11,036,822	14,978,363	15,936,352	17,595,657	20,611,046	27,047,021
Expenditures										
Current:										
General Government	3,030,497	3,001,105	3,109,776	2,703,466	2,617,687	3,222,850	3,027,034	3,294,126	3,421,616	3,455,632
Community Development	1,423,667	1,037,651	1,266,531	1,027,595	1,106,656	1,245,069	1,217,788	2,122,126	2,026,336	2,199,085
Public Works	1,452,650	1,249,543	1,863,423	3,412,266	3,136,684	2,880,937	4,799,868	5,087,135	6,683,232	6,732,075
Public Safety	3,312,336	3,246,420	2,806,751	2,065,929	2,367,014	2,286,418	2,332,378	2,550,530	2,688,014	3,024,814
Planning and Zoning	270,376	432,894	348,991	317,400	386,939	415,180	487,486	492,349	469,353	447,889
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal Retirement	1,133,000	1,092,000	854,000	3,651,000	940,000	1,817,000	180,000	155,000	140,000	220,000
Bond Issuance Costs				123,286	-	-	-			
Interest and Fiscal Charges	511,161	416,682	313,772	226,440	277,744	180,379	70,618	64,152	54,588	49,238
Capital Outlay	1,363,216	476,999	144,662	375,859	1,664,752	2,223,822	4,444,671	6,597,297	8,906,776	5,015,276
Total expenditures	12,496,903	10,953,294	10,707,906	13,903,241	12,497,476	14,271,655	16,559,843	20,362,715	24,389,915	21,144,009
Excess of revenues over (under) expenditure	(1,741,192)	(530,040)	588,364	(3,077,566)	(1,460,654)	706,708	(623,491)	(2,767,058)	5,903,012	5,903,012

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
Issuance of long term debt										
Proceeds from Issuance of Long-Term Debt										\$ 2,000,000
Proceeds from Asset Disposals					\$ 497,516					
Loss on Grant Noncompliance					(412,000)					
Debt Proceeds				\$ 4,616,245						
Contributions			\$ 30,000						\$ 2,614,261	
Transfer in	\$ 478,504	\$ 400,426	608,584	660,676	2,154,692	\$ 1,802,835	\$ 6,527,733	\$ 6,091,881	6,050,244	12,578,357
Transfers out	(478,504)	(400,426)	(608,584)	(628,620)	(2,081,434)	(1,722,651)	(3,843,012)	(2,983,780)	(4,654,862)	(6,185,461)
Total other financing sources (uses)	0	0	30,000	4,648,301	158,774	80,184	2,684,721	3,108,101	4,009,643	8,392,896
Net change in fund balances	\$ (1,741,192)	\$ (530,040)	\$ 618,364	\$ 1,570,735	\$ (1,301,880)	\$ 786,892	\$ 2,061,230	\$ 9,011,113	\$ 9,912,655	\$ 14,295,908
Debt service as a percentage of noncapital expenditures	14.77%	14.40%	11.06%	28.66%	11.24%	16.58%	2.18%	1.18%	1.18%	2.02%

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		Agricultural Property	Unimproved Non FAA	Unimproved Non FAA-Vacant	Centrally Assessed Values	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Market Value
		Industrial Property (2)									
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
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
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
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
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
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
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
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
2019	1,297,402,260	35,740,400		4,614,600	1,131,645	137,319,730	75,834,551	218,900,526	1,333,142,660	0.0924%	2,156,381,254
2020	1,600,758,645	70,638,537		4,960,000	1,062,090	184,344,330	82,271,632	272,638,052	1,944,035,234	0.0825%	3,253,185,989

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)

Fiscal Year	City Direct Rates		Overlapping Rates						Total Tax Rate
	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	
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
2019	0.924	0.924	0.732	0.400	7.033	1.836	0.009	0.170	11.104
2020	0.825	0.825	0.672	0.400	6.699	1.745	0.009	0.158	10.508

Source: State of Utah Certified Tax Rates

EAGLE MOUNTAIN CITY

Principal Property Tax Payers

Fiscal Years 2011 and 2020

TAXPAYER	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
STADION LLC	\$ 55,310,526	1	2.83%			
PATTERSON	35,815,883	2	1.83%			
PACIFICORP	32,590,689	3	1.67%			
AMH	30,747,185	4	1.57%			
PONY EXPRESS LAND DEVELOPMENT	24,161,800	5	1.24%			
QUESTAR GAS	19,300,255	6	0.99%			
ROCKCRESS DEVELOPMENT INC	16,495,785	7	0.84%			
IVORY HOMES LTD	15,872,250	8	0.81%			
DIRECT COMMUNICATIONS	15,052,176	9	0.77%			
PORTER RANCH TOWN HOMES LLC	13,152,040	10	0.67%			
	<u>\$ 258,498,589</u>					
KERN RIVER GAS TRANS CO				\$ 14,177,979	1	2.27%
DIRECT COMMUNICATIONS				10,964,192	2	1.75%
MONTE VISTA RANCH LC				4,175,486	3	0.67%
PACIFICORP				2,466,597	4	0.39%
VESTIN MORTGAGE INC				1,678,400	5	0.27%
WAGSTAFF INVESTMENTS LLC				1,388,900	6	0.22%
MARSH WOODRUFF LC				1,336,400	7	0.21%
MEADOWS RANCH HOLDINGS LLC				1,246,400	8	0.20%
MAVERIK INC				1,100,700	9	0.18%
MONTE VISTA RANCH LC				1,062,908	10	0.17%
				<u>\$ 39,597,962</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
2011	\$ 1,033,170	\$ 912,961	88.4%	\$ 120,209	\$ 1,033,170	100.00%
2012	1,082,688	990,018	91.4%	92,671	1,082,688	100.00%
2013	1,102,986	1,027,078	93.1%	75,472	1,102,550	99.96%
2014	972,744	910,201	93.6%	62,236	972,437	99.97%
2015	987,417	931,878	94.4%	55,225	987,103	99.97%
2016	1,074,593	1,014,350	94.4%	59,909	1,074,259	99.97%
2017	1,191,899	1,136,921	95.4%	53,544	1,190,465	99.88%
2018	1,298,033	1,243,503	95.8%	51,184	1,294,687	99.74%
2019	1,445,423	1,382,506	95.6%	58,400	1,440,906	99.69%
2020	1,605,635	1,524,338	94.9%	68,539	1,592,877	99.21%

Source: Utah County Treasurer

EAGLE MOUNTAIN CITY

Taxable Sales by Category

Last Ten Fiscal Years

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Retail/Grocery	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984	\$ 127,141	\$ 222,813	\$ 298,627	\$ 459,179	\$ 805,850	\$ 915,568
Utility/Communication	159,474	172,425	182,864	195,865	201,344	223,063	224,107	251,546	249,275	301,374
Auto dealers & supplies	1,373	6,781	9,006	11,539	13,639	15,401	15,978	33,117	19,056	19,834
Eating & drinking establishments	7,784	7,476	12,503	11,119	9,687	10,251	24,765	41,225	43,161	69,321
Home furnishings and appliances	2,184	1,914	975	1,774	2,827	2,326	5,719	2,864	8,973	25,734
Medical	217	1,483	2,265	2,698	2,300	3,872	3,815	7,954	10,006	13,643
Service stations	33,609	38,238	39,338	43,905	47,175	45,297	53,990	82,865	102,120	120,252
All other outlets	27,393	11,698	15,415	16,041	36,561	39,795	58,993	267,400	360,314	968,480.44
Utah State Tax- Motor Vehicle	38,309	45,568	46,642	50,422	54,359	60,151	67,971	98,436	116,599	119,611
Totals	<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>\$1,244,586</u>	<u>\$1,715,355</u>	<u>\$ 2,553,818</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
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%
2019	1.00%	0.25%	0.80%	4.85%
2020	1.00%	0.25%	0.80%	4.85%

Source: Utah State Tax Commission

EAGLE MOUNTAIN CITY
Sales Tax Revenue Payers by Industry
Fiscal Years 2011 and 2020

	Fiscal Year 2011*				Fiscal Year 2020			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail/Grocery	620	63.66%	\$ 54,104	15.9%	1965	37.3%	\$ 805,850	47.0%
Utility/Communication	69	7.08%	172,425	50.8%	106	2.0%	249,275	14.5%
Auto Dealers & Supplies	31	3.18%	6,781	2.0%	128	2.4%	19,056	1.1%
Eating/Drinking Establishments	9	0.92%	7,476	2.2%	42	0.8%	43,161	2.5%
Home Furnishings & Appliances	9	0.92%	1,914	0.6%	143	2.7%	8,973	0.5%
Medical	22	2.26%	1,483	0.4%	106	2.0%	10,006	0.6%
Service Stations	2	0.21%	38,238	11.3%	11	0.2%	102,120	6.0%
All Other Outlets	211	21.66%	11,698	3.4%	2769	52.5%	360,314	21.0%
Utah State Tax- Motor Vehicle	1	0.10%	45,568	13.4%	1	0.0%	116,599	6.8%
Total			\$ 339,688	100.0%	5271	100.0%	\$ 1,715,355	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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Sales	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,811,503	\$ 3,062,503	\$ 3,222,097	\$ 3,802,599	\$ 4,167,224	\$ 4,541,799	\$ 5,206,858
Secondary Water	-	-	-							
Other	-	-	-	159,107	15,973	470,701	1,512	1,361	4,138	5,330
Totals	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580	\$ 2,970,610	\$ 3,078,476	\$ 3,692,798	\$ 3,804,111	\$ 4,168,585	\$ 4,545,937	\$ 5,212,188

Source: Eagle Mountain City

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

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.

Fiscal Year	Governmental Activities							Business-type Activities					
	Excise tax road bonds	Transportati on Loan (UDOT)	Special Assessment bond 2004A 98-1	Sales Tax Series 2013 (SA bond 2006 2000-1)	Special Assessment bond 2013-1	Capital Leases	Unamoritized Bond Premium	Water and Sewer Revenue Bonds	Electric and Gas Revenue Bonds	Unamoritized Bond Premium	Total Primary Government	Percentage of Personal Income	Per Capita
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	9	23,031	25,338	489	53,465	11.65%	2,303
2015	-	-	-	867	2,369	333	9	22,754	-	1,047	26,804	5.84%	1,041
2016	-	-	-	-	1,418	224	8	22,119	-	985	24,738	4.70%	960
2017	-	-	-	-	1,238	113	8	21,741	-	924	24,008	4.27%	878
2018	-	-	-	-	1,082	-	7	20,787	-	1,099	22,968	3.63%	713
2019	-	-	-	-	935	-	7	21,107	-	245	22,294	3.19%	626
2020	-	2,000	-	-	715	169	6	20,195	-	916	24,001	3.18%	625

Source: Eagle Mountain City

EAGLE MOUNTAIN CITY
 Direct and Overlapping Governmental Activities Debt
 June 30, 2020

<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	565,645,000	5.0%	28,282,250
Central Utah Water Cons. Dist.	599,747,000	3.3%	19,791,651
Unified Fire Service Area	-	99.5%	-
Subtotal, overlapping debt			48,073,901
City direct debt			<u>2,240,755</u>
Total direct and overlapping debt			<u><u>\$ 50,314,656</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 2020

Assessed value	\$1,954,360,760
Debt limit (12% of the assessed value)	234,523,291
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	234,523,291

	Fiscal Year									
	<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>2019</u>	<u>2020</u>
Debt limit	\$ 75,720	\$ 74,895	\$ 79,794	\$ 83,804	\$ 96,938	\$ 109,972	\$ 133,246	\$ 155,074	\$ 188,820	\$ 234,523,291
Total net debt applicable to limit	<hr/>									
Legal debt margin	75,720	74,895	79,794	83,804	96,938	109,972	133,246	155,074	188,820	234,523,291
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)

Fiscal Year	Water and Sewer Revenue Bonds						Electric and Gas Revenue Bonds						SID 2000-1 (Sales Tax 2013)			
	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Special Assessment	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
2011	4,696	4,432	264	358	829	0.22	11,551	10,246	1,305	645	918	0.83	651	695	387	0.60
2012	4,901	4,825	76	395	830	0.06	12,089	11,061	1,028	1,435	1,231	0.39	346	441	294	0.47
2013	5,128	4,833	295	442	802	0.24	13,266	12,002	1,264	1,395	1,271	0.47	394	162	257	0.94
2014	5,729	4,932	797	450	788	0.64	14,692	13,321	1,371	1,435	1,227	0.52	656	109	241	1.87
2015	6,101	5,774	327	592	933	0.21	-	-	-	-	-	-	213	754	88	0.25
2016	7,031	6,787	244	530	515	0.23	-	-	-	-	-	-	964	867	62	1.04
2017	7,459	7,087	372	678	688	0.27	-	-	-	-	-	-	57	-	-	-
2018	8,198	7,763	435	725	667	0.31	-	-	-	-	-	-	-	-	-	-
2019	9,151	9,073	78	883	594	0.05	-	-	-	-	-	-	-	-	-	-
2020	10,232	11,087	(855)	992	599	(0.54)	-	-	-	-	-	-	-	-	-	-

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
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	-	-	-	-
2019	-	-	-	-	216	140	55	1.11	-	-	-	-
2020	-	-	-	-	169	220	49	0.63	-	-	-	-

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*
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
2019	40,537	778,177,973	19,197	2.8
2020	45,744	879,125,926	19,218	1.9

EAGLE MOUNTAIN CITY

Principal Employers Fiscal Years 2011 and 2020

2020				2011			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Alpine School District	890	1	45.20%	Apline School District	284	1	48.80%
Eagle Mountain City	145	2	7.36%	Eagle Mountain City	121	2	20.79%
E2 Optics, LLC	130	3	6.60%	Ranches Academy	50	3	8.59%
Suntec Concrete, Inc	130	3	6.60%	Rockwell High School	35	4	6.01%
Ridley's Family Markets	114	5	5.79%	Direct Communications	25	5	4.30%
Mortenson Construction	80	6	4.06%	Village Pizza	16	6	2.75%
Job Match LLC	76	7	3.86%	Maverik	16	6	2.75%
Western Partitions, Inc	65	8	3.30%	Los Amigos	15	8	2.58%
Ranches Academy	49	9	2.49%	Great Clips	10	9	1.72%
Rockwell High School	40	10	2.03%	Holiday Oil	10	9	1.72%
Gotta Dance Performing Arts Stu	36	11	1.83%	N/A	N/A	N/A	N/A
Utah Valley Turf Farms L.C.	28	12	1.42%	N/A	N/A	N/A	N/A
R.P.Painting & Decorating, Inc	27	13	1.37%	N/A	N/A	N/A	N/A
TM Crushing, LLC	27	13	1.37%	N/A	N/A	N/A	N/A
Direct Communications Cedar	26	15	1.32%	N/A	N/A	N/A	N/A
Arctic Circle	23	16	1.17%	N/A	N/A	N/A	N/A
Village Pizza	22	17	1.12%	N/A	N/A	N/A	N/A
Central Utah Clinic dba Revere H	21	18	1.07%	N/A	N/A	N/A	N/A
A to Z Building Blocks 2	20	19	1.02%	N/A	N/A	N/A	N/A
Domino's Pizza -NSFM Pizza	20	19	1.02%	N/A	N/A	N/A	N/A
Total City Employment	1,969		100.00%	Total City Employment	582		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

<u>Function/Program</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>2019</u>	<u>2020</u>
General government										
Administration	11	8	7	5	5.5	4	5.41	5.41	5.41	5.41
Finance	3	3	3	4	4	4	3.6	3.6	3.6	3.6
Planning	2.5	3.5	2.83	4	4	4	4	4.5	4.5	5.5
Building	3.5	3.5	3.5	5.5	5.75	5	5.25	6.26	9.02	10.02
Recorder	3	3	3	3	3	3	3	3	3.5	3.5
Facilities	0	0	0	1	1.5	3	2.1	2.75	4.25	4.75
Public Information	0	0	0	1	1.25	2	2.4	2.18	2.18	3.18
Human Resources	0	0	0	1	1	1	1	1	1	1
Other	0	3.38	3	1.5	2.15	1.5	7.38	7.78	7.78	7.78
Police										
Crossing Guards	3.2	3.2	3.2	4.75	5.25	5	4.52	4.52	4.52	5.50
Fire										
Firefighters and officers	16.59	17	17	0	0	0	0	0	0	0
Parks and recreation	4.75	4.5	4.5	7.2	7.2	7.5	9.33	12.66	14.55	15.55
Library	2.3	4.13	4.13	5.15	5.5	6	6.33	6.33	6.50	7.00
Other public works										
Management	0	0	0	0	0	0	0	0		0
Engineering	2.6	2.66	2.66	4.96	5	5	4.33	4.33	5.83	6.83
Streets	3.25	3.5	3.5	4.5	4.5	7.5	6.01	5.91	7.41	8.41
Water	5.17	5.17	5.16	5.3	5.5	7	5.93	7.47	9.09	10.09
Wastewater	5.17	5.17	5.17	5.31	4	4.5	5.3	5.83	5.83	5.83
Utility Billing	3.75	4.75	5	5.5	4	3	3.5	3.5	3.9	3.9
Other	2	2	2	2.68	3.38	3	4.63	4.58	5.24	5.24
Energy	12	12	11	13	0	0	0	0	0	0
Total	83.78	88.46	85.65	84.35	72.48	76	84.02	91.61	104.09	113.09

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

		<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>2019</u>	<u>2020</u>
<u>Function/Program: General government</u>											
Building											
	Building permits issued	259	280	458	559	674	1,086	1,437	1,554	1,470	2,038
	Building inspections conducted	1,698	1,850	2,864	4,155	4,958	6,382	8,000	10,813	9,963	12,539
Police ¹											
	Physical arrest	454	384	416	353	498	481	492	582	540	336
	Warrants served	66	58	48	39	86	154	86	55	53	24
	Traffic violations	1,565	2,062	1,399	1,500	1,821	2,148	1,420	1,142	2,212	2,682
	Officer initiated calls								6,597	6,701	6,651
	Citizen initiated calls								7,944	8,754	9,936
Fire ²											
	Emergency responses	693	694								
	Inspections	110	155								
Streets											
	Miles plowed - snow removal	12,185	5,339	10,574	5,896	1,394	11,522	10,981	3,491	8,763	11,188
	Crack seal (sq. ft.) ³	513	1280	480	720	305	147	462,000	16,698,305	232,407	0
	Asphalt Repairs (sq. ft.)	130,786	10,308	21,768	58,313	88,454	75,782	365,731	284,060	150,819	180,162
Parks and recreation											
	Youth City sports registrations	2,301	2,747	2,704	3,379	3,402	2,448	1,011	1,074	1,250	1,265
	Total recreational sports (youth/adult)	3/1	3/1	3/5	4/5	4/5	3/5	1/7	1/7	1/5	1/5
Water											
	New meters installed	147	137	228	354	410	446	657	763	830	1,284
	Water meters replaced	169	169	239	156	646	436	318	712	135	481
	Average daily pumped (gallons)	3,785,400	4,272,384	4,142,638	4,285,000	4,036,302	4,820,000	4,903,000	5,824,838	6,136,501	6,102,658
	Avg daily consumption (gallons)	4,013,088	3,732,753	4,332,255	4,076,000	4,030,318	4,366,025	4,858,875	5,122,255	5,409,144	6,630,942

Source: Eagle Mountain City

Notes:

¹ The City contracts with the Utah County Sheriff's Department for police services. City did not report officer or citizen initiated calls prior to 2018.

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

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

<u>Function/Program</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>2019</u>	<u>2020</u>
Police ¹										
Sworn Officers	15	15	15	15	16	16	16	16	18	19
Fire ²										
Fire Hydrants	918	918	958	957	998	1,116	1,123	1,284	1,424	1,574
Fire Stations	2	2								
Other public works										
Streets (miles)	142	133	133.5	138.37	143	151.97	154.14	164.34	186.95	199
Gas mains (miles) ³	114	116	129	136.5						
Sewer plant capacity (gallons)	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	1,200,000
Sanitary sewers (miles) ⁴	72.2	72.2	73	85	89.49	83.95	94.6	95.95	115	120.82
Parks and recreation										
Total developed park (acres)	66	76	79	88	90	100	124	155	160	176
Playgrounds	12	15	15	15	15	17	23	25	27	43
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Soccer/football fields	4	4	5	5	5	5	5	5	6	6
Water										
Water pipe (miles) ⁴	139	141	142	151.9	156.65	125.59	136.59	148	170	183.08
Total water storage (gallons)	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	9,000,000	9,000,000	9,700,000	13,200,000

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.

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GOVERNMENT AUDITING STANDARDS REPORT
UTAH STATE COMPLIANCE REPORT



GILBERT & STEWART
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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, 2020, 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 30, 2020.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [20-1].

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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*.

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 30, 2020

EAGLE MOUNTAIN CITY
SCHEDULE OF SIGNIFICANT DEFICIENCIES
FOR THE YEAR ENDED JUNE 30, 2020

1. Year End Reconciliations

Finding: During our audit testing, we noted that certain reconciliations were not done in a timely manner. We further noted that management had a significant amount of turnover in the accounting department, which led to this deficiency. They have taken steps to rectify the situation and we believe that this is a one-time isolated event.

Recommendation: We recommend that the City follow the implemented controls to ensure bank and other account reconciliations are done in a timely manner.

Response: We concur with the auditor's recommendations, there was significant change during the year. Added to that was the challenge of employees being able to be in the office and onsite during the COVID 19 pandemic. We have taken steps to ensure that reconciliations are done timely and accurately.

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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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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, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
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, 2020.

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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 30, 2020, as item 2020-1. 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 2020-1.

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

GILBERT & STEWART, CPA, PC.

Provo, Utah

December 30, 2020

EAGLE MOUNTAIN CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FY ENDED JUNE 30, 2020



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