



EAGLE
MOUNTAIN



Fiscal Year
Ended June 30

2013

CAFR

Comprehensive Annual
Financial Report

(This page intentionally left blank)



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

Comprehensive Annual Financial Report
For the year ended June 30, 2013

Prepared by:
Finance & Executive Departments
Paul Jerome, Finance Director
David Mortensen, Treasurer / Senior Accountant
Ikani Taumoepeau, Management Analyst

(This page intentionally left blank)

EAGLE MOUNTAIN CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal.....	1
Certificate of Achievement for 2012 CAFR.....	6
Organizational Chart	7
Eagle Mountain City Officers.....	8

FINANCIAL SECTION

Independent Auditor’s Report	9
Management’s Discussion and Analysis	12

Basic Financial Statements

Governmental-wide Financial Statements:

Statement of Net Position.....	21
Statement of Activities	22

Governmental Fund Financial Statements:

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

Proprietary Fund Financial Statements:

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

Notes to the Financial Statements	30
--	-----------

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
General Fund.....	58
Notes to Required Supplemental Information.....	59

COMBINING AND INDIVIDUAL FUND STATEMENTS
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

Nonmajor Governmental Funds:	
Combining Balance Sheet	61
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Capital Projects Fund	64
General Debt Service Fund	65
Special Improvement District 2000-1	66
Special Improvement District 98-1	67
Special Improvement District 98-3	68
Special Improvement District 97-1	69
Storm Water Fund	70
Parks Impact Fee	71
Public Safety Impact Fee.....	72
Transportation Impact Fee.....	73
Nonmajor Proprietary Funds:	
Combining Statement of Net Position.....	74
Combining Statement of Revenues, Expenditures, and Changes In Fund Net Position	75
Combining Statement of Cash Flows	76

STATISTICAL SECTION

Financial Trends

Net Position by Components	78
Changes in Net Position.....	79
Governmental Fund – Fund Balance	81
Governmental Fund – Changes in Fund Balance	82

Revenue Capacity

Assessed/Estimated Actual Value of Taxable Property.....	84
Property Tax Rates – Direct and Overlapping Governments	85
Principal Property Tax Payers	86
Property Tax Levies and Collections.....	87
Taxable Sales by Category	88
Direct and Overlapping Sales Tax Rate.....	89
Sales Tax Revenues	90
Charges for Water Fees	91

Debt Capacity

Ratios of Outstanding Debt by Type	92
Direct and Overlapping Governmental Activities Debt.....	93
Legal Debt Margin Information.....	94
Pledged-Revenue Coverage.....	95

Demographic and Economic Information

Demographic and Economic Statistics97
Principal Employers.....98

Operating Information

FTE City Employees by Function/Program.....99
Operating Indicators by Function/Program100
Capital Asset Statistics by Function/Program.....101

GOVERNMENT AUDITING STANDARDS REPORT

UTAH STATE COMPLIANCE REPORT

Report on Internal Control over Financial Reporting
And on Compliance and Other Matters Based on an
Audit of Financial Statements Performed In Accordance
With *Government Auditing Standards*.....103
Independent Auditor’s Report on Legal Compliance105



December 31, 2013

Honorable Mayor and Members of the City Council
Eagle Mountain City

The Comprehensive Annual Financial Report (CAFR) of Eagle Mountain City (the City), for the fiscal year ended June 30, 2013 is submitted herewith. As a fourth class city, Eagle Mountain is given reasonable exceptions and modifications to accounting, budgetary, and reporting procedures as stated by Utah State law. The law for first, second, and third class cities is to “present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities.” This report, which fulfills the law for higher-class cities, presents a comprehensive financial picture covering all funds and financial transactions for the year.

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

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

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

on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP.

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

Profile of the Government

Eagle Mountain City was incorporated in December 1996 and includes 42.13 square miles or 26,961 acres. The City is located approximately 10 miles West of the City of Lehi, Utah, 40 miles Southwest of Salt Lake City, Utah, and 30 miles Northwest of Provo, Utah.

Since the 2000 U.S. Census, Eagle Mountain City has shown steady, and often rapid, growth. In a little over 10 years, the City has grown from 2,157 residents to around 24,000 in 2013. About 6,000 residential units have been built, with an average of 250 permits per year over the past 5 years, making Eagle Mountain one of the fastest growing communities in Utah and the state's third largest city geographically.

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

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

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

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

Factors Affecting Financial Condition

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

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

Corresponding with Utah’s relative economic stability, Eagle Mountain grew by about 6% in 2013 (based on new building permits). As these building permits were almost exclusively residential units, Eagle Mountain is and should continue seeing an increase in building since the recession ended.

Despite the small commercial tax base, Eagle Mountain residents enjoy a tax rate that is in the bottom third of all cities in Utah County. Eagle Mountain’s current property tax rate is 0.001380. The City has not gone through the Truth-in-Taxation process since FY2005. The City has been able to manage services for this quick-growing community without levying heavy taxes to balance the budget. Additional information about economic factors can be found in the MD&A.

Long-Term Financial Planning: Per State law requirements, the City Council approved a balanced budget for the upcoming fiscal year. For the third year in a row, this was a challenging task, as the economic downturn continues to negatively impact the City’s revenue streams. City officials sought to reduce expenditures while minimizing the impact on services to residents.

Despite the continued impact the economy is having on the City’s revenue streams, the FY2014 Budget includes additional a new stoplight, widening of Pony Express Parkway, a cemetery, and additions to the Mid Valley Park complex. Needs for future budget years were also identified and included a master irrigation system as well as road improvements and expansion.

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

Major Initiatives: As we prepare for the future, the Mayor is committed to 1) Improvement of Services; 2) Park Improvements; 3) Improved Public Safety; 4) Improved Transportation; and 5) Emphasis on Economic Development. These initiatives are reflected in the fiscal year 2014 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 2007 through 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the fourth consecutive year that the City has received this esteemed award.

The Government Finance Officers Association (GFOA) has also awarded the Certificate of Achievement in Financial Reporting award to the City for the past three fiscal years (2010 - 2012). In order to qualify for the Certificate of Achievement in Financial Reporting award, the City's financial status must meet rigorous standards for transparency and accuracy.

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

Respectfully Submitted,



Ifo Pili,
City Administrator



Paul Jerome,
Finance Director

(This page intentionally left blank)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Eagle Mountain City
Utah

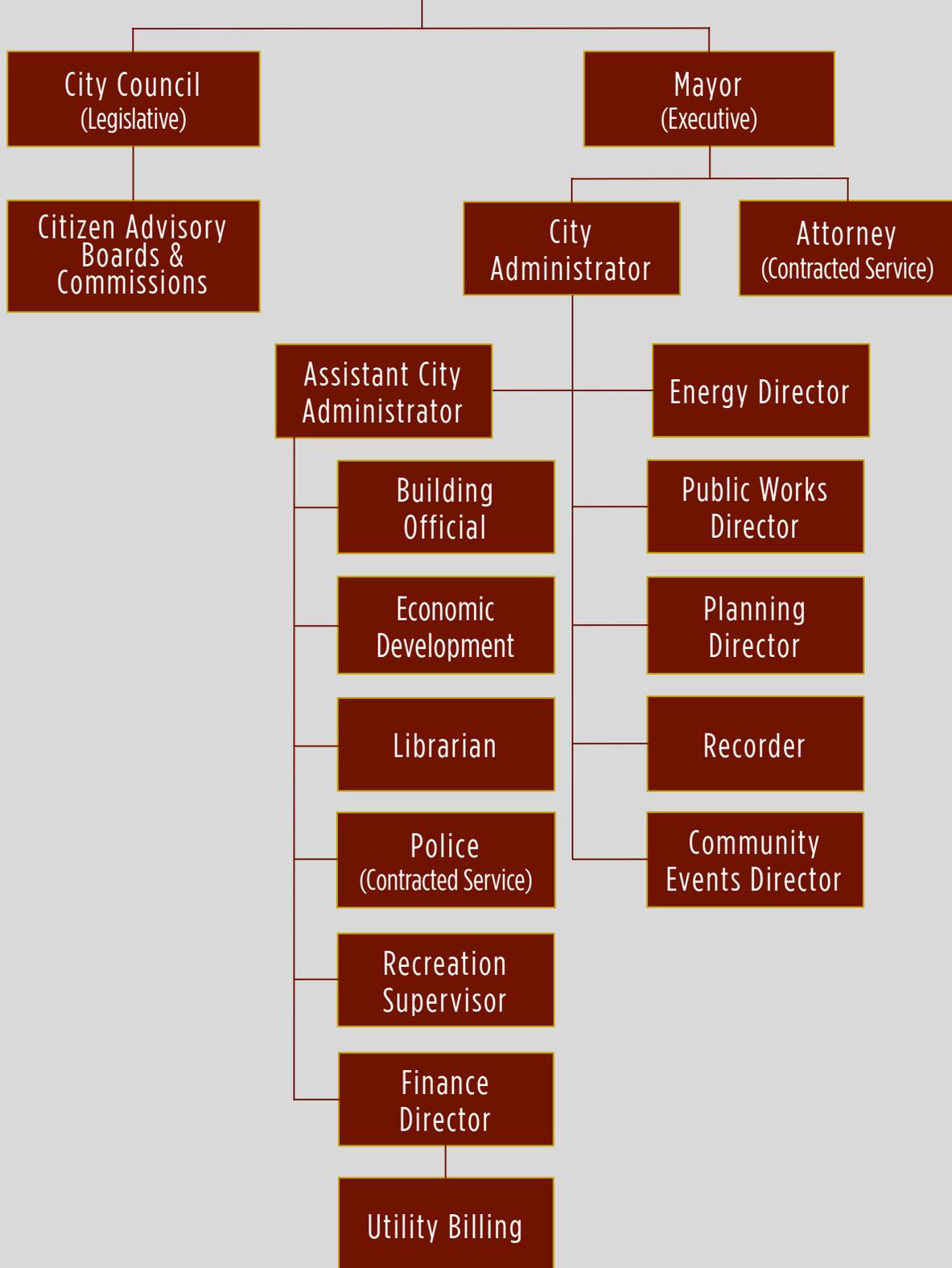
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Citizens of **EAGLE**
M O U N T A I N





Heather Jackson
Mayor

CITY OFFICERS



Ifo Pili
City Administrator



Richard Steinkopf
Council Member



Donna Burnham
Council Member



Ryan Ireland
Council Member



John Painter
Council Member



Nathan Ochsenhirt
Council Member

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eagle Mountain City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2013 on our consideration of Eagle Mountain City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eagle Mountain City's internal control over financial reporting and compliance.

GILBERT & STEWART, CPA, PC

Gilbert & Stewart

Certified Public Accountants

Provo, UT 84601

December 15, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of City of Eagle Mountain, we offer readers of Eagle Mountain City's financial statements this narrative overview and analysis of the financial activities of Eagle Mountain City for the fiscal year ended June 30, 2013. 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 \$99,942,209 is made up of \$77,774,905 in net investment in capital assets, \$2,837,273 in restricted net position and \$19,330,031 in unrestricted net position. Total net position decreased by \$2,828,537 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,793,983. Of this amount, \$2,062,056 is restricted and must only be spent on projects for which the money is restricted. \$861,413 is assigned by the City administration and is divided as follows: \$142,117 for storm water projects, \$4,874 for debt service, and \$714,422 for capital projects. The remaining \$1,870,514 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$1,350,940 (7.51%). This change was due to additional customers using the systems. Corresponding operating expenses increased by \$972,920 (5.69%). This increase was due to additional depreciation on completed capital projects.

Reporting the City as a Whole

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

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

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

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

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

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

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

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

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

- Additionally, the City reports the following fund types:

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Eagle Mountain City, assets exceed liabilities by \$99,942,211.

One of the largest portions of Eagle Mountain City's net position (77%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net position. Comparative figures for Fiscal Years 2013 and 2012 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,303,268	\$ 10,433,961	\$ 19,270,838	\$ 26,400,858	\$ 29,574,106	\$ 36,834,819
Capital assets	51,354,674	53,183,537	80,072,815	73,323,274	131,427,489	126,506,811
Total assets	61,657,942	63,617,498	99,343,653	99,724,132	161,001,595	163,341,630
Deferred Outflows of Resources	-	-	321,757	347,633	321,757	347,633
Long-term debt outstanding	3,916,506	4,332,170	52,248,437	51,230,922	56,164,943	55,563,092
Other liabilities	1,569,701	941,140	2,798,380	2,304,714	4,368,081	3,245,854
Total liabilities	5,486,207	5,273,310	55,046,817	53,535,636	60,533,024	58,808,946
Deferred Inflows of Resources	848,119	939,868	-	-	848,119	939,868
Net position:						
Net investment in capital assets,	47,599,396	49,118,537	30,175,509	31,337,161	77,774,905	80,455,698
Restricted	510,486	542,636	2,326,787	2,074,128	2,837,273	2,616,764
Unrestricted	7,213,734	7,743,147	12,116,297	13,124,840	19,330,031	20,867,987
Total net assets	\$ 55,323,616	\$ 57,404,320	\$ 44,618,593	\$ 46,536,129	\$ 99,942,209	\$ 103,940,449

The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 4,685,581	\$ 4,167,532	\$ 20,737,488	\$ 19,213,210	\$ 25,423,069	\$ 23,380,742
Operating grants & contrib.	138,386	198,014	-	-	138,386	198,014
Capital grants & contrib.	1,742,092	4,365,668	231,593	1,381,304	1,973,685	5,746,972
General revenues:						
Property taxes	1,378,945	1,194,590	-	-	1,378,945	1,194,590
General sales & use tax	2,053,493	1,918,612	-	-	2,053,493	1,918,612
Franchise tax	869,847	840,600	-	-	869,847	840,600
Interest earnings	26,550	38,722	-	-	26,550	38,722
Total revenues	<u>10,894,894</u>	<u>12,723,738</u>	<u>20,969,081</u>	<u>20,594,514</u>	<u>31,863,975</u>	<u>33,318,252</u>

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses:						
General government	\$ 3,121,417	\$ 3,153,351	\$ -	\$ -	\$ 3,121,417	\$ 3,153,351
Public safety	3,581,943	3,293,066	-	-	3,581,943	3,293,066
Highways & public works	3,973,735	3,213,528	-	-	3,973,735	3,213,528
Community development	1,280,805	1,018,550	-	-	1,280,805	1,018,550
Planning	357,287	427,747	-	-	357,287	427,747
Interest on long-term debt	308,993	476,291	-	-	308,993	476,291
Water utility	-	-	2,692,125	2,770,503	2,692,125	2,770,503
Sewer utility	-	-	3,014,536	2,957,091	3,014,536	2,957,091
Electric utility	-	-	9,819,481	8,608,622	9,819,481	8,608,622
Gas utility	-	-	3,494,341	3,789,711	3,494,341	3,789,711
Non-major business	-	-	3,047,851	1,202,245	3,047,851	1,202,245
Total expenses	<u>12,624,180</u>	<u>11,582,533</u>	<u>22,068,334</u>	<u>19,328,172</u>	<u>34,692,514</u>	<u>30,910,705</u>
Gain (Loss) on sale of capital assets	-	-	-	428,227	-	428,227
Increase (decrease) in net assets before transfers	(1,729,286)	1,141,205	(1,099,253)	1,694,569	(2,828,539)	2,835,774
Transfers	-	-	-	-	-	-
Increase (decr.) in net assets	(1,729,286)	1,141,205	(1,099,253)	1,694,569	(2,828,539)	2,835,774
Net position - beginning as restated	57,052,902	56,263,115	45,717,846	44,841,560	102,770,748	101,104,675
Net position - ending	<u>\$ 55,323,616</u>	<u>\$ 57,404,320</u>	<u>\$ 44,618,593</u>	<u>\$ 46,536,129</u>	<u>\$ 99,942,209</u>	<u>\$ 103,940,449</u>

Business-type activities

Business-type activities decreased the City's net position by \$1,099,253. 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 \$4,793,983. Of this total amount, 57% constitutes assigned and unassigned fund balances, \$861,413 is assigned by the administration of the City and will be used for the following: \$142,117 for Storm water projects, \$4,874 for debt service, and \$714,422 for capital projects. \$1,870,514 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 \$1,870,514, an increase of \$470,196 from fiscal year 2012. The total balance is \$1,890,982, an increase of \$490,664 from the prior year. A major reason for the increase in the fund balance is that revenues from taxes increased. The City has implemented measures to reduce the expenditures which contributed to the increase in fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.47% of total general governmental fund expenditures, while total fund balance represents 17.66% of that same amount.

The City has one major Governmental Debt Service Fund – Special Improvement District 2000-1. The District was established originally to bond for certain infrastructure improvements in the north service area of the City. The repayment of the bonds is from annual assessments to the property owners within the district and from prepayments on the initial sale of a property. The fund balance of SID 2000-1 at the end of the fiscal year is \$1,008,542, an increase of \$62,983. The main reason for the increase in fund balance was an increase in assessment, equity buy in, and impact fees.

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 \$12,118,730. The net investment in capital assets in these same funds is \$30,175,509.

As mentioned in the financial highlights, operational revenues and expenditures in the enterprise funds increased by \$1,350,940 (7.51%) and \$972,920 (5.69%), respectively.

Three of the four major enterprise funds showed a net operating profit, the lone exception being the Electric Fund. After non-operating revenues/expenses, contributions and transfers are taken into account, the water fund and the gas fund net position increased by \$488,412 and \$1,459,270 respectively. Similarly, the sewer and the electric fund net position decreased by \$332,244 and \$540,022 respectively. The major reasons for the decrease in net position is a reduction in impact fees collected and an increase in depreciation for projects completed in the prior year.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget expenditure total of \$8,788,750 to a final budget of \$9,539,450, an increase of \$750,700. The increase reflects higher than anticipated expenditures within the general government and the public works departments.

Capital Assets and Debt Administration

Capital Assets. Eagle Mountain City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$131,427,489 (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	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,735,924	\$ 6,009,660	\$ 4,861,143	\$ 6,789,720	\$ 10,597,067	\$ 12,799,380
Water Shares		-	\$ 3,183,767	\$ 1,633,026	3,183,767	-
Buildings	1,173,708	1,718,032	5,453,100	3,549,373	6,626,808	5,267,405
Improvements	107,402	101,641	-	-	107,402	101,641
Equipment	992,300	620,893	-	-	992,300	620,893
Infrastructure	43,336,898	44,307,409	61,842,759	57,318,891	105,179,657	101,626,300
Construction in progress	8,442	425,902	4,732,046	4,032,264	4,740,488	4,458,166
Total net assets	<u>\$ 51,354,674</u>	<u>\$ 53,183,537</u>	<u>\$ 80,072,815</u>	<u>\$ 73,323,274</u>	<u>\$ 131,427,489</u>	<u>\$ 124,873,785</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$52,798,777. Of this amount, \$2,926,000 is from special assessment bonds. The remaining \$49,872,777 is secured solely by specific revenue sources (i.e., revenue bonds or excise tax road bond).

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Special assessment bonds	\$ 2,926,000	\$ 3,646,000		\$ -	\$ 2,926,000	\$ 3,646,000
Excise tax bonds	285,000	419,000		-	285,000	419,000
Revenue bonds	-	-	49,587,777	51,130,000	49,587,777	51,130,000
Total bonds	<u>\$ 3,211,000</u>	<u>\$ 4,065,000</u>	<u>\$ 49,587,777</u>	<u>\$ 51,130,000</u>	<u>\$ 52,798,777</u>	<u>\$ 55,195,000</u>

The City's total outstanding debt decreased by a net amount of \$2,396,223 during fiscal year 2013.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$27,450,894, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statutes allows for an additional 4% to be used for water, sewer, or other projects, thus resulting in a debt limit of 8% of total taxable value. Total limitation is \$54,901,788, which again significantly exceeds the outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- Eagle Mountain City issued 292 new building permits in fiscal year 2013. This reflects an increase of 138 building permits over the previous fiscal year. The City anticipates that this trend will continue in fiscal year 2014.
- Eagle Mountain City administration is very conservative in estimating budgeted revenues. In the general fund, budgeted revenues for fiscal year 2014 are down 18% from fiscal year 2013 budgeted revenues due largely to the City joining a fire district for fire services and lowering administrative transfers and tax rates from the transition. The City's budgeted expenditures are down 13% due again to the City joining a fire district and not having expenses related to a fire department.
- Eagle Mountain City's electric and natural gas utility rates changed in fiscal year 2013 with the electric rate being raised about 5% and the natural gas rate lowered by 15%. The City had undergone a rate study to determine if any changes were necessary for long-term stability of both funds. The study, which was completed during the third quarter of fiscal year 2013, showed that the electric rates needed to rise to meet O&M costs for servicing the utility and that the natural gas rate could be lowered due to lower costs of natural gas supplies. The City still has use of green energy through the Horse Butte Wind Power Project from UAMPS. If it is determined that the city does not need all of the excess energy, the excess will be sold on the open market.
- With Eagle Mountain City's high desert location, the city entered into an agreement with the Central Utah Water Conservancy District to purchase 15,000 acre feet of water from fiscal year 2012 through fiscal year 2021. In fiscal year 2012, the City purchased 250 acre feet of water from the district and another 250 acre feet was purchased in fiscal year 2013. The City recently bonded for a pipeline to be constructed to bring the purchased water into the City's system. This water will be piped in from the east side of the Wasatch Front for use by the City for economic development, schools and other public facilities.

Request for Information

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

BASIC FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY

Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,726,606	\$ 8,538,013	\$ 11,264,619
Restricted cash and cash equivalents	2,194,937	6,426,574	8,621,511
Accounts receivable			
Customers (net of allowance)	377,733	3,151,348	3,529,081
Intergovernmental	577,399	-	577,399
Assessments receivable	2,918,302	-	2,918,302
Taxes receivable	1,404,393	-	1,404,393
Other	101,465	-	101,465
Internal balances	2,433	(2,433)	-
Note Receivable - net of current portion	-	550,000	550,000
Prepaid bond insurance - net	-	607,332	607,332
Capital assets (net of accumulated depreciation):			
Land	5,735,924	4,861,143	10,597,067
Water Shares		3,183,767	3,183,767
Buildings	1,173,708	5,453,100	6,626,808
Improvements	107,402	-	107,402
Equipment and systems	992,300	61,842,763	62,835,063
Infrastructure	43,336,898	-	43,336,898
Construction in progress	8,442	4,732,046	4,740,488
Total assets	<u>\$ 61,657,942</u>	<u>\$ 99,343,653</u>	<u>\$ 161,001,595</u>
DEFERRED OUT FLOW OF RESOURCES			
Bond refunding costs	-	321,757	321,757
LIABILITIES			
Accounts payable and accrued liabilities	907,941	2,197,017	3,104,958
Deposits	534,147	404,374	938,521
Bond interest payable	127,613	196,989	324,602
Long-term liabilities			
Due within one year	513,962	2,285,660	2,799,622
Due in more than one year	3,402,544	49,962,777	53,365,321
Total liabilities	<u>5,486,207</u>	<u>55,046,817</u>	<u>60,533,024</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property taxes levied for future years	848,119	-	848,119
NET POSITION			
Net investment in capital assets	47,599,396	30,175,509	77,774,905
Restricted			
C Roads	20,468	-	20,468
Impact fees	490,018	2,326,787	2,816,805
Unrestricted	7,213,734	12,116,297	19,330,031
Total net position	<u>\$ 55,323,616</u>	<u>\$ 44,618,593</u>	<u>\$ 99,942,209</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY

Statement of Activities
For the Year Ended June 30, 2013

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	\$ 3,121,417	\$ 2,747,813	\$ -	\$ -	\$ (373,604)	\$ -	\$ (373,604)
Public safety	3,581,943	199,858	132,763	36,267	(3,213,055)	-	(3,213,055)
Public works	3,973,735	252,982	-	1,705,825	(2,014,928)	-	(2,014,928)
Community development	1,280,805	379,752	-	-	(901,053)	-	(901,053)
Planning	357,287	1,105,176	5,623	-	753,512	-	753,512
Interest on long-term debt	308,993	-	-	-	(308,993)	-	(308,993)
Total governmental activities	<u>12,624,180</u>	<u>4,685,581</u>	<u>138,386</u>	<u>1,742,092</u>	<u>(6,058,121)</u>	<u>-</u>	<u>(6,058,121)</u>
Business-type activities:							
Water	2,692,125	3,319,373	-	124,415	-	751,663	751,663
Sewer	3,014,536	2,659,102	-	59,725	-	(295,709)	(295,709)
Electric	9,819,481	8,279,771	-	43,849	-	(1,495,861)	(1,495,861)
Gas	3,494,341	5,530,737	-	3,604	-	2,040,000	2,040,000
Non major business-type	3,047,851	948,505	-	-	-	(2,099,346)	(2,099,346)
Total business-type activities	<u>22,068,334</u>	<u>20,737,488</u>	<u>-</u>	<u>231,593</u>	<u>-</u>	<u>(1,099,253)</u>	<u>(1,099,253)</u>
Total primary government	<u>\$ 34,692,514</u>	<u>\$ 25,423,069</u>	<u>\$ 138,386</u>	<u>\$ 1,973,685</u>	<u>(6,058,121)</u>	<u>(1,099,253)</u>	<u>(7,157,374)</u>
General revenues:							
Property taxes					\$ 1,378,945	\$ -	\$ 1,378,945
General sales and use tax					2,053,493	-	2,053,493
Franchise taxes					869,847	-	869,847
Interest earnings					26,550	-	26,550
Loss on transfer of Assets					-	-	-
Total general revenues and transfers					<u>4,328,835</u>	<u>-</u>	<u>4,328,835</u>
Change in net Position					(1,729,286)	(1,099,253)	(2,828,539)
Net position- beginning (as restated see note 12)					57,052,902	45,717,846	102,770,748
Net position - ending					<u>\$ 55,323,616</u>	<u>\$ 44,618,593</u>	<u>\$ 99,942,209</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY

Balance Sheet Governmental Funds

	General Fund	Debt Service 2000-1	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,804,888	\$ -	\$ 593,304	\$ 2,398,192
Restricted cash	-	1,009,691	1,185,246	2,194,937
Receivables (net):				
Accounts	342,819	-	34,914	377,733
Taxes	1,404,393	-	-	1,404,393
Intergovernmental	165,399	-	412,000	577,399
Special assessments	-	2,918,302	-	2,918,302
Other	101,465	-	-	101,465
Total assets	\$ 3,818,964	\$ 3,927,993	\$ 2,225,464	\$ 9,972,421
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ 608,216	\$ 1,149	\$ 173,967	\$ 783,332
Deposits	377,109	-	157,038	534,147
Total liabilities	985,325	1,149	331,005	1,317,479
Deferred inflows of Resources:				
Unearned property taxes levied for future years	848,119	-	-	848,119.00
Unavailable property taxes-delinquent	94,538	-	-	94,538
Unavailable special improvement assessments	-	2,918,302	-	2,918,302
Total deferred inflows of resources	942,657	2,918,302	-	3,860,959
Fund Balances:				
Fund balances Restricted for:				
Roads	20,468	-	-	20,468
Impact fees	-	-	490,018	490,018
Special assessments	-	1,008,542	543,028	1,551,570
Assigned, for:				
Storm water	-	-	142,117	142,117
Debt service	-	-	4,874	4,874
Capital projects	-	-	714,422	714,422
Unassigned:	1,870,514	-	-	1,870,514
Total fund balances	1,890,982	1,008,542	1,894,459	4,793,983
Total liabilities, deferre inflows of resources and fund balances	\$ 3,818,964	\$ 3,927,993	\$ 2,225,464	\$ 9,972,421

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Balance Sheet Reconciliation to
Statement of Net Position
June 30, 2013

Total fund balances - governmental fund types:	\$ 4,793,983
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	51,354,674
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,012,840
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,044,120)
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 position.	206,239
Net position of government activities	<u>\$ 55,323,616</u>

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Debt Service 2000-1	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 4,260,060	\$ -	\$ -	\$ 4,260,060
Special assessments	-	394,038	4,459	398,497
Licenses and permits	1,124,774	-	-	1,124,774
Intergovernmental	1,047,984	-	-	1,047,984
Charges for services	3,206,494	-	222,027	3,428,521
Impact fees	-	209,429	668,169	877,598
Miscellaneous	153,877	2,716	2,243	158,836
Total revenues	<u>9,793,189</u>	<u>606,183</u>	<u>896,898</u>	<u>11,296,270</u>
EXPENDITURES				
Current:				
General government	2,831,246	124,440	154,090	3,109,776
Public safety	2,806,751	-	-	2,806,751
Public works	1,591,260	-	272,163	1,863,423
Planning and zoning	348,991	-	-	348,991
Community development	1,266,531	-	-	1,266,531
Debt service:				
Principal retirement	-	162,000	692,000	854,000
Interest and fiscal charges	-	256,760	57,012	313,772
Capital outlay	-	-	144,662	144,662
Total expenditures	<u>8,844,779</u>	<u>543,200</u>	<u>1,319,927</u>	<u>10,707,906</u>
Excess revenues over (under) expenditures	<u>948,410</u>	<u>62,983</u>	<u>(423,029)</u>	<u>588,364</u>
Other financing sources (uses)				
Contributions			30,000	30,000
Transfers in	-	-	608,584	608,584
Transfers out	(457,746)	-	(150,838)	(608,584)
Total other financing sources and uses	<u>(457,746)</u>	<u>-</u>	<u>487,746</u>	<u>30,000</u>
Net change in fund balance	490,664	62,983	64,717	618,364
Fund balances - beginning of year	1,400,318	945,559	1,829,742	4,175,619
Fund balances - end of year	<u>\$ 1,890,982</u>	<u>\$ 1,008,542</u>	<u>\$ 1,894,459</u>	<u>\$ 4,793,983</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, 2013

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

Net changes in fund balances - total governmental funds	\$ 618,364
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.	(1,989,743)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	
- Current year capital contributions from developers and loss of transfer of assets.	(304,954)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(952,454)
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.	854,000
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.	(65,220)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	110,721
Change in net position of governmental activities	\$ (1,729,286)

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise					Total	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	NonMajor Enterprise Funds		
<u>ASSETS</u>							
Current assets:							
Cash and cash equivalents	\$ 446,773	\$ 903,886	\$ -	\$ 6,759,188	\$ 428,166	\$ 8,538,013	\$ 328,414
Accounts receivable - net	516,558	435,275	1,270,905	824,929	103,681	3,151,348	-
Due from other funds	-	-	-	1,644,997	-	1,644,997	-
Total current assets	<u>963,331</u>	<u>1,339,161</u>	<u>1,270,905</u>	<u>9,229,114</u>	<u>531,847</u>	<u>13,334,358</u>	<u>328,414</u>
Noncurrent assets:							
Restricted cash and cash equivalents	372,994	244,823	4,818,194	990,563	-	6,426,574	-
Note receivable (Net of Current Portion)	0	0	-	-	550,000	550,000	-
Prepaid Bond Insurance - net	29,251	38,523	462,995	76,563	-	607,332	-
Land, equipment, buildings and improv.	37,912,174	28,737,588	33,964,885	7,965,683	600,176	109,180,506	2,438,185
Less: Accumulated depreciation	<u>(8,529,834)</u>	<u>(6,501,851)</u>	<u>(10,214,578)</u>	<u>(3,785,422)</u>	<u>(76,002)</u>	<u>(29,107,687)</u>	<u>(1,589,604)</u>
Total noncurrent assets	<u>29,784,585</u>	<u>22,519,083</u>	<u>29,031,496</u>	<u>5,247,387</u>	<u>1,074,174</u>	<u>87,656,725</u>	<u>848,581</u>
Total assets	<u>30,747,916</u>	<u>23,858,244</u>	<u>30,302,401</u>	<u>14,476,501</u>	<u>1,606,021</u>	<u>100,991,083</u>	<u>1,176,995</u>
<u>DEFERRED IN FLOWS OF RESOURCES</u>							
Bond refunding costs - net	138,870	182,887	-	-	-	321,757	-
Total deferred outflow of resources	<u>138,870</u>	<u>182,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,757</u>	<u>-</u>
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable and accrued liabilities	138,403	224,608	1,576,111	164,665	93,230	2,197,017	124,608
Due to other funds	-	-	1,644,997	-	-	1,644,997	-
Debt interest payable	38,943	59,577	83,886	14,583	-	196,989	4,377
Current portion of long-term debt	437,600	312,400	1,242,350	192,650	-	2,185,000	104,734
Total current liabilities	<u>614,946</u>	<u>596,585</u>	<u>4,547,344</u>	<u>371,898</u>	<u>93,230</u>	<u>6,224,003</u>	<u>233,719</u>
Noncurrent liabilities:							
Deposits	140,513	-	134,248	129,613	-	404,374	-
Compensated absences	23,823	12,802	56,479	7,556	-	100,660	-
Long-term debt (net of current portion)	8,670,585	14,672,794	23,003,470	3,615,928	-	49,962,777	439,544
Total noncurrent liabilities	<u>8,834,921</u>	<u>14,685,596</u>	<u>23,194,197</u>	<u>3,753,097</u>	<u>-</u>	<u>50,467,811</u>	<u>439,544</u>
Total liabilities	<u>9,449,867</u>	<u>15,282,181</u>	<u>27,741,541</u>	<u>4,124,995</u>	<u>93,230</u>	<u>56,691,814</u>	<u>673,263</u>
NET POSITION							
Net investment in capital assets	20,608,391	7,250,543	760,009	1,028,392	528,174	30,175,509	199,569
Restricted - impact fees	340,365	534,569	1,451,853	-	-	2,326,787	-
Unrestricted	488,163	973,838	348,998	9,323,114	984,617	12,118,730	304,163
Total net position	<u>\$ 21,436,919</u>	<u>\$ 8,758,950</u>	<u>\$ 2,560,860</u>	<u>\$ 10,351,506</u>	<u>\$ 1,512,791</u>	<u>\$ 44,621,026</u>	<u>\$ 503,732</u>
Adjustment to reflect the consolidation of internal service fund activities to the enterprise funds						(2,433)	
Net position business-type activities						<u>\$ 44,618,593</u>	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total	
Operating revenues:	\$ -	\$ -	\$ -	\$ -	\$ 948,505	\$ 948,505	\$ 250,091
Charges for services pledged as security on revenue bonds	2,633,580	2,493,967	7,802,175	5,458,901	-	18,388,623	-
Other operating income	-	-	4,149	-	-	4,149	672
Total operating revenues	<u>2,633,580</u>	<u>2,493,967</u>	<u>7,806,324</u>	<u>5,458,901</u>	<u>948,505</u>	<u>19,341,277</u>	<u>250,763</u>
Operating expenses:							
Salaries and wages	408,488	375,983	642,207	408,923	-	1,835,601	-
Purchased services	588,327	1,215,159	7,025,460	2,326,063	1,175,260	12,330,269	85,261
Supplies and materials	295,926	39,629	53,739	308,314	-	697,608	125,943
Depreciation and amortization	1,033,403	839,934	935,265	237,703	20,006	3,066,311	203,498
Miscellaneous	16,398	19,142	34,634	28,581	32,175	130,930	-
Total operating expenses	<u>2,342,542</u>	<u>2,489,847</u>	<u>8,691,305</u>	<u>3,309,584</u>	<u>1,227,441</u>	<u>18,060,719</u>	<u>414,702</u>
Operating income	<u>291,038</u>	<u>4,120</u>	<u>(884,981)</u>	<u>2,149,317</u>	<u>(278,936)</u>	<u>1,280,558</u>	<u>(163,939)</u>
Nonoperating revenues (expenses):							
Interest revenue	7,474	9,122	35,193	71,836	-	123,625	-
Impact fees	678,318	156,013	438,254	-	-	1,272,585	-
Assessment revenue	-	-	-	-	-	-	-
Grant proceeds	-	18,000	-	-	-	18,000	-
Bond refunding cost amortization	(11,184)	(14,729)	-	-	-	(25,913)	-
Gain (Loss) on sale of assets	-	-	-	-	(1,820,410)	(1,820,410)	29,358
Interest expense and fiscal charges	(317,293)	(484,174)	(1,092,337)	(175,487)	-	(2,069,291)	(4,377)
Total nonoperating revenues (expenses)	<u>352,959</u>	<u>(328,089)</u>	<u>(618,890)</u>	<u>(103,651)</u>	<u>(1,820,410)</u>	<u>(2,518,081)</u>	<u>24,981</u>
Net income (loss) before contributions and transfers	643,997	(323,969)	(1,503,871)	2,045,666	(2,099,346)	(1,237,523)	(138,958)
Capital contributions	124,415	41,725	43,849	3,604	-	213,593	-
Transfers in	-	-	920,000	-	-	920,000	-
Transfers out	(280,000)	(50,000)	-	(590,000)	-	(920,000)	-
Total contributions and transfers	<u>(155,585)</u>	<u>(8,275)</u>	<u>963,849</u>	<u>(586,396)</u>	<u>-</u>	<u>213,593</u>	<u>-</u>
Change in net position	488,412	(332,244)	(540,022)	1,459,270	(2,099,346)	(1,023,930)	(138,958)
Total net position - beginning (as restated - see note 12)	20,948,507	9,091,194	3,100,882	8,892,236	3,612,137	642,690	642,690
Total net position - ending	<u>\$ 21,436,919</u>	<u>\$ 8,758,950</u>	<u>\$ 2,560,860</u>	<u>\$ 10,351,506</u>	<u>\$ 1,512,791</u>	<u>\$ 503,732</u>	<u>\$ 503,732</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds						(75,323)	
Change in net assets of business-type activities						<u>(1,099,253)</u>	

See accompanying notes to the financial statements.

EAGLE MOUNTAIN CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Gas	Nonmajor Enterprise Funds	Total BTAs	
Cash Flows From Operating Activities							
Receipts from customers	\$ 2,702,940	\$ 2,480,005	\$ 7,891,471	\$ 5,559,445	\$ 999,056	\$ 19,632,917	\$ 250,763
Payments to suppliers	(825,550)	(1,273,357)	(5,692,018)	(3,662,841)	(1,207,878)	(12,661,644)	(100,588)
Payments to interfund services	-	-	-	-	-	-	-
Payments to employees	(407,295)	(375,444)	(642,043)	(411,151)	-	(1,835,933)	-
Net cash provided (used) by operating activities	1,470,095	831,204	1,557,410	1,485,453	(208,822)	5,135,340	150,175
Cash Flows From Noncapital Financing Activities							
Transfers in	-	-	920,000	-	-	920,000	-
Transfers out	(280,000)	(50,000)	-	(590,000)	-	(920,000)	-
Net cash provided (used) by noncapital financing activities	(280,000)	(50,000)	920,000	(590,000)	-	-	-
Cash Flows From Capital and Related Financing Activities							
Contributions	-	-	-	-	-	-	-
Purchases of capital assets	(1,628,741)	(50,623)	(5,131,723)	(556,322)	-	(7,367,409)	(126,637)
Impact fees collected	678,318	156,013	438,254	-	-	1,272,585	-
Note proceeds	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Grant proceeds	-	18,000	-	-	-	18,000	-
Assessment proceeds	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	29,358
Payments for developer reimbursements	(4,356)	(12,321)	-	-	-	(16,677)	-
Principal paid on capital debt	(2,139,750)	(302,250)	(1,209,950)	(185,050)	-	(3,837,000)	-
Interest paid on capital debt	(317,480)	(485,080)	(1,096,003)	(174,233)	-	(2,072,796)	-
Net cash provided (used) by capital and related financing activities	(3,412,009)	(676,261)	(6,999,422)	(915,605)	-	(12,003,297)	(97,279)
Cash Flows From Investing Activities							
Interest and dividends received	716	222	3,076	66,792	-	70,806	-
Net increase (decrease) in cash and cash equivalents	(2,221,198)	105,165	(4,518,936)	46,640	(208,822)	(6,797,151)	52,896
Cash and cash equivalents - beginning	3,040,965	1,043,544	9,337,130	7,703,111	636,988	21,761,738	275,518
Cash and cash equivalents (deficit) - ending	\$ 819,767	\$ 1,148,709	\$ 4,818,194	\$ 7,749,751	\$ 428,166	\$ 14,964,587	\$ 328,414
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ 291,038	\$ 4,120	\$ (884,981)	\$ 2,149,317	\$ (278,936)	\$ 1,280,558	\$ (163,939)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	1,033,403	839,934	935,265	237,703	20,006	3,066,311	203,498
(Inc.)/decrease in accounts rec.	69,360	(13,962)	85,147	100,544	50,551	291,640	-
(Inc.)/decrease in due from other funds	-	-	-	(1,041,419)	-	(1,041,419)	-
Increase/(decr.) in accounts payable	87,518	573	394,613	55,753	(443)	538,014	110,616
Increase/(decr.) in due to other funds	-	-	1,041,419	-	-	1,041,419	-
Increase/(decr.) in compensated absences	1,193	539	164	(2,228)	-	(332)	-
Increase/(decr.) in deposits	(12,417)	-	(14,217)	(14,217)	-	(40,851)	-
Total adjustments	1,179,057	827,084	2,442,391	(663,864)	70,114	3,854,782	314,114
Net cash provided (used) by operating activities	\$ 1,470,095	\$ 831,204	\$ 1,557,410	\$ 1,485,453	\$ (208,822)	\$ 5,135,340	\$ 150,175
Noncash investing, capital, and financing activities							
Contributions by developers	\$ 124,415	\$ 41,725	\$ 43,849	\$ 3,604	\$ -	\$ 213,593	\$ -
Capital assets acquired through long term debt	\$ 4,560,000	\$ -	\$ -	\$ -	\$ -	\$ 4,560,000	\$ -

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Measurement Focus, Basis of Accounting and Presentation

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Additionally the government reports the following fund types:

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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

D. Cash and Investments

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

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

E. Inter fund Transactions

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

F. Restricted Assets

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

G. Capital Assets

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

H. Compensated Absences

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

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

I. Taxes

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

L. Fund Equity

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

- **Non spendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as non spendable.

Restricted. This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:

- a) Unspent B&C road funds.
- b) Unspent Impact fees.
- c) Special Assessments.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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 action (for example, resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City Council has not committed any fund balance amounts.
- **Assigned.** This category includes Governmental Fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval 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.

It is the policy of the City to use Restricted Funds first followed by Committed, Assigned and then Unassigned.

- **Unassigned.** Residual balances in the Governmental Funds are classified as unassigned.

M. Use of Estimates

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

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

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

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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

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

1. Capital related items:

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

Cost of capital assets	\$73,450,910
Accumulated depreciation	(<u>22,096,236</u>)
<i>Net adjustment to increase fund balance – total governmental funds to arrive at net-assets - governmental activities</i>	<u>\$51,354,674</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	\$2,970,615
Delinquent property taxes	<u>42,225</u>
<i>Net adjustment to increase fund balance – total governmental funds to arrive at net assets - governmental activities</i>	<u>\$3,012,840</u>

3. Long-term debt transactions:

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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

Bonds payable	(\$3,211,000)
Capital lease payable	(544,278)
Bond interest payable	(127,613)
Compensated absences	(<u>161,228</u>)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	
	(<u>\$4,044,119</u>)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$150,646
Depreciation expense	(<u>2,140,388</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>\$ 1,989,742</u>)

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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

Principal payments:	
Principal paid on bonds and capital leases	<u>\$ 854,000</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>\$ 854,000</u>

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

Accrued bond interest	\$ 4,779
Compensated absences	<u>105,942</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>\$ 110,721</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.

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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

- 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. Departments within the general fund are General Government, Public Safety, Planning and Zoning, Public Works and Community Development. 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.

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, 2013 the City's cash balance consisted of the following:

	Total Cash From All Fund Types
Cash, cash equivalents, and temporary cash investments	\$ 11,264,619
Cash, and cash equivalents - restricted	8,621,511
Total cash and cash equivalents	\$ 19,886,130

While the City's carrying amount of deposits was \$19,886,130, the balance in the City's bank account and cash on hand was \$19,292,280, with the difference being due to outstanding checks and deposits in transit.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2013, the City’s custodial credit risk, for deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2012</u>
Checking and savings	Insured and collateralized	\$ 363,052
Checking and savings	Uninsured and uncollateralized	-
Investment sweep	Uninsured and uncollateralized	<u>6,268,988</u>
Total deposits		<u>\$ 6,632,040</u>

B. Investments

The City’s investments are managed through participation in the State Public Treasurers’ Investment Fund and through a trust arrangement with a local bank and local bank CD’s. As of June 30, 2013, the City had the following investments:

<u>Investments</u>	<u>Investment Maturities (in Years)</u>			
	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Utah Public Treasurer's Investment Fund	\$ 2,020,446	\$ -	\$ -	\$ -
Bank CD's		\$ 3,000,000		
First American Treasury Obligations	7,640,302			
Total investments	<u>\$ 9,660,748</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

The PTIF operates and reports to participants on a amortized cost basis, The income gains, and losses – net of administration fees, of the PTIF are allocated based on the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares with a difference of \$10,146 which is immaterial.

Investments	Fair Value	Quality Ratings			
		AAA	AA	More than A	Unrated
Utah Public Treasurer's Investment Fund	\$ 2,020,446	\$ -	\$ -	\$ -	\$2,020,446
Bank CD's	3,000,000				3,000,000
First American Treasury Obligations	7,640,302	7,640,302			-
Total investments	<u>\$12,660,748</u>	<u>\$ 7,640,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,020,446</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 4 – CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$17,630,419 investment in a trust arrangement, the entire amount of underlying securities are held by the Investment's counterparty, not in the City's name and are not insured. The City's investment arrangements primarily invest in obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. The City does not have an investment policy for custodial credit risk.

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:

	S I D						Non major		Total
	General	2001-1	Water	Sewer	Electric	Gas	Enterprise	Gov't'l	
Receivables:									
Accounts	\$513,830	\$ -	\$ 507,890	457,672	1,394,213	717,882	119,332	\$ 35,904	\$3,746,723
Taxes	1,404,393								1,404,393
Special									
Assessments		2,918,302				225,946		0	3,144,248
Intergovernmental	165,399		60,105	40,135				412,000	677,639
Less: allowance for uncollectible accounts	(69,546)		(51,437)	(62,532)	(123,308)	(118,899)	(15,651)	(990)	(442,363)
	<u>\$2,014,076</u>	<u>\$2,918,302</u>	<u>\$516,558</u>	<u>\$435,275</u>	<u>\$1,270,905</u>	<u>\$824,929</u>	<u>\$103,681</u>	<u>\$446,914</u>	<u>\$8,530,640</u>

NOTE 6 – NOTE RECEIVABLE

During the year 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.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 7 – INTERFUND RECEIVABLES AND TRANSFERS

The operating transfers of the City consist of the following:

Transfer In:	<u>General</u>	<u>SID 2000-1</u>	<u>Nonmajor Govrnmtl.</u>	<u>Business Type</u>	<u>Total</u>
General	\$ -	\$ -	\$ 457,746	\$ -	\$ 457,746
SID 2000-1	-	-	-	-	-
Nonmajor govtl.	-	-	150,837	-	150,837
Business type	-	-	-	920,000	920,000
Total transfer out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,583</u>	<u>\$ 920,000</u>	<u>\$ 1,528,583</u>

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

The inter fund balances at June 30, 2013 consist of balances due from the Electric Fund to the Gas Fund in the amount of \$1,664,997. It will be repaid from continuing operations.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)		\$ 848,119
Property tax delinquent	\$ 94,538	
Special assessments (special revenue fund)	<u>2,918,302</u>	
Total	<u>\$3,012,840</u>	<u>\$ 848,119</u>

(The balance of this page intentionally left blank)

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 6,009,660	\$ -	\$ 273,736	\$ 5,735,924
Construction in progress	425,902	8,442	425,902	8,442
Total capital assets not being depreciated	<u>6,435,562</u>	<u>8,442</u>	<u>699,638</u>	<u>5,744,366</u>
Capital assets being depreciated:				
Buildings	2,005,393		700,916	1,304,477
Improvements	119,761	14,203	-	133,964
Machinery and equipment	3,289,490	695,984	634,778	3,350,696
Infrastructure	61,869,079	1,048,328	-	62,917,407
Total capital assets being depreciated	<u>67,283,723</u>	<u>1,758,515</u>	<u>1,335,694</u>	<u>67,706,544</u>
Less accumulated depreciation for:				
Buildings	287,361	35,197	191,791	130,767
Improvements	18,120	8,442	-	26,562
Machinery and equipment	2,668,597	281,409	591,608	2,358,398
Infrastructure	17,561,670	2,018,839	-	19,580,509
Total accumulated depreciation	<u>20,535,748</u>	<u>2,343,887</u>	<u>783,399</u>	<u>22,096,236</u>
Total capital assets, being depreciated, net	<u>46,747,975</u>	<u>(585,372)</u>	<u>552,295</u>	<u>45,610,308</u>
Governmental activities capital assets, net	<u>\$ 53,183,537</u>	<u>\$ (576,930)</u>	<u>\$ 1,251,933</u>	<u>\$ 51,354,674</u>
Business-type activities:	Beginning			Ending
Business-type activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Construction in progress	\$ 4,032,264	1,513,728	813,946	\$ 4,732,046
Land	6,789,720		1,928,577	4,861,143
Water shares	1,633,026	1,550,741		3,183,767
Total capital assets not being depreciated	<u>12,455,010</u>	<u>3,064,469</u>	<u>2,742,523</u>	<u>12,776,956</u>
Capital assets being depreciated:				
Buildings	4,863,996	2,269,563	255,500	6,878,059
Equipment and systems	82,396,484	7,620,916	491,912	89,525,488
Total capital assets being depreciated	<u>87,260,480</u>	<u>9,890,479</u>	<u>747,412</u>	<u>96,403,547</u>
Less accumulated depreciation for:				
Buildings	1,314,623	128,966	18,630	1,424,959
Equipment and Systems	25,077,593	2,892,085	286,949	27,682,729
Total accumulated depreciation	<u>26,392,216</u>	<u>3,021,051</u>	<u>305,579</u>	<u>29,107,688</u>
Total capital assets, being depreciated, net	<u>60,868,264</u>	<u>6,869,428</u>	<u>441,833</u>	<u>67,295,859</u>
Business-type activities capital assets, net	<u>\$ 73,323,274</u>	<u>\$ 9,933,897</u>	<u>\$ 3,184,356</u>	<u>\$ 80,072,815</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 8 - CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 29,428
Public safety	31,453
Public works	2,256,693
Planning	2,712
Community development	23,601
Total depreciation expense - governmental activities	\$ 2,343,887

Business-type activities:

Water	\$ 1,031,815
Sewer	837,843
Electric	899,665
Gas	231,722
Golf course	20,006
Total depreciation expense - business-type activities	\$ 3,021,051

Total depreciation expense	\$ 5,364,938
----------------------------	--------------

The City has various construction projects as of June 30, 2013. The City's commitments with contractors are as follows:

Project	Remaining Commitment
Electric projects	\$ 4,609,080
Total	\$ 4,609,080

(The balance of this page intentionally left blank)

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 9 – LEASE COMMITMENTS

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

Assets acquired through capital leases are as follows:

	Activities
Asset:	
Machinery and equipment	\$ 544,278
Less: Accumulated amortization	<u>(17,570)</u>
Total	<u><u>\$ 526,708</u></u>

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

The future payments required by the lease are as follows:

Fiscal Year	Governmental Amount
2014	\$ 115,239
2015	115,239
2016	115,239
2017	115,239
2018	<u>115,239</u>
Total minimum lease payments	\$ 576,195
Less amounts representing interest	<u>(31,917)</u>
Present value of minimum lease payments	<u><u>\$ 544,278</u></u>

As of June 30, 2013 the lease payable consisted of the following:

	Total Capital Leases Payable All Fund Types
Capital leases payable	\$ 544,278
Current portion capital lease payable	<u>(104,738)</u>
Long-term capital leases payable	<u><u>\$ 439,540</u></u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM DEBT

Bonds and notes payable at June 30, 2013 are comprised of the following:

1. \$6,295,000 Eagle Mountain City Special Assessment Bonds Series 2005A (SID 98-1)

These bonds require annual installments of interest and principal due beginning May 1, 2006 through May 1, 2013 bearing interest of 6.25%. The bond was repaid in 2013.

2. \$8,840,000 Eagle Mountain City Special Assessment Bond 2006 (SID 2000-1)

This bond was used to refund the original SID 2001-1 Bond. The refunding was undertaken to reduce future debt payments. This bond requires annual installments of interest and principal due beginning February 2007 through February 2021 bearing an interest rate ranging from 8.25% to 8.35%. Debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$109,000	\$ 241,396	\$ 350,396
2015	125,000	232,402	357,402
2016	169,000	222,090	391,090
2017	321,000	208,148	529,148
2018-2022	2,202,000	488,072	2,690,072
Total	<u>\$ 2,926,000</u>	<u>\$ 1,392,108</u>	<u>\$ 4,318,108</u>

3. \$1,226,000 Eagle Mountain City Excise Tax Road Bonds Series 2005

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 139,000	\$ 9,635	\$ 148,635
2015	146,000	3,285	149,285
Total	<u>\$ 285,000</u>	<u>\$ 12,920</u>	<u>\$ 297,920</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM DEBT (Continued)

4. \$16,500,000 Eagle Mountain Water and Sewer Refunding Bonds Series 2007

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

Fiscal Year	Principal	Interest	Total
2014	\$ 320,000	\$ 724,512	\$ 1,044,512
2015	335,000	710,912	1,045,912
2016	360,000	696,676	1,056,676
2017	400,000	682,276	1,082,276
2018	445,000	666,276	1,111,276
2019-2023	2,730,000	3,093,130	5,823,130
2024-2028	3,865,000	2,200,726	6,065,726
2029-2033	6,425,000	885,250	7,310,250
Total	<u>\$ 14,880,000</u>	<u>\$ 9,659,758</u>	<u>\$ 24,539,758</u>

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

This bond was issued to refund a prior revenue bond and to reduce restrictive covenants. This bond requires semi-annual payments of interest and principal beginning June 2006 through June 2026, bearing an interest rate ranging from 3.5% to 5.0 % Debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 870,000	\$ 833,056	\$ 1,703,056
2015	955,000	798,256	1,753,256
2016	1,045,000	760,056	1,805,056
2017	1,140,000	736,680	1,876,680
2018	1,255,000	659,688	1,914,688
2019-2023	7,250,000	2,324,354	9,574,354
2024-2028	5,255,000	488,502	5,743,502
	<u>\$ 17,770,000</u>	<u>\$ 6,600,592</u>	<u>\$ 24,370,592</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM DEBT (Continued)

6. \$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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 130,000	\$ 63,000	\$ 193,000
2015	157,000	61,565	218,565
2016	183,000	59,865	242,865
2017	215,000	57,875	272,875
2018	245,000	55,575	300,575
2019-2023	1,710,000	232,350	1,942,350
2024-2028	2,475,000	127,675	2,602,675
2029-2033	1,250,000	12,750	1,262,750
	<u>\$ 6,365,000</u>	<u>\$ 670,655</u>	<u>\$ 7,035,655</u>

7. \$11,085,000 Eagle Mountain City Gas & Electric Revenue Bond Series 2012.

This bond was issued for the construction of a utilities building and redundancy lines within the City. The bond requires annual Payments of Principal and Semi-annual payments of interest. Beginning December 2011 through December 2030, bearing a variable interest rate ranging from 2.00-5.00%.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 565,000	\$ 393,944	\$ 958,944
2015	530,000	382,644	912,644
2016	485,000	370,718	855,718
2017	445,000	359,806	804,806
2018	405,000	342,006	747,006
2018-2022	2,330,000	141,130	2,471,130
2023-2027	2,900,000	863,794	3,763,794
2028-2032	2,100,000	186,374	2,286,374
	<u>\$ 9,760,000</u>	<u>\$ 3,040,416</u>	<u>\$ 12,800,416</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM DEBT (Continued)

8. \$4,560,000 Note Payable Water Well.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$300,000	\$ -	\$ 300,000
2015	500,000	-	500,000
2016	1,760,000	-	1,760,000
Total	<u>\$ 2,560,000</u>	<u>\$ -</u>	<u>\$ 2,560,000</u>

9. Total debt service requirements of the City for all bonds and notes are as follows:

Total changes in long-term debt are as follows:

	<u>July 1 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30 2013</u>	<u>Due in One Yr</u>
Governmental Activities:					
Bonds Payable					
Excise tax road bonds	\$ 419,000	\$ -	\$ 134,000	\$ 285,000	\$ 139,000
Special assessment bond 2004A 98-1	558,000	-	558,000	-	-
Special assessment bond 2006 200-1	3,088,000	-	162,000	2,926,000	109,000
Total bonds payable	<u>4,065,000</u>	-	<u>854,000</u>	<u>3,211,000</u>	<u>248,000</u>
Leases payable	-	544,278	-	544,278	104,734
Compensated absences	267,170	7,946	113,888	161,228	161,228
Gov't activities long-term debt	<u>\$ 4,332,170</u>	<u>\$ 552,224</u>	<u>\$ 967,888</u>	<u>\$ 3,916,506</u>	<u>\$ 513,962</u>
Business-Type Activities:					
Bonds payable:					
2008 water and sewer refunding bond	\$ 15,205,000	\$ -	\$ 325,000	\$ 14,880,000	\$ 320,000
Unamortized bond premium	304,043	-	15,659	288,387	-
Electric and gas refunding bond	18,560,000	-	790,000	17,770,000	870,000
Unamortized bond premium	318,711	-	23,906	294,837	-
2009 sewer revenue bond	6,482,000	-	117,000	6,365,000	130,000
2011 Electric and gas revenue bond	10,365,000	-	605,000	9,760,000	565,000
Unamortized bond premium	242,809	-	13,256	229,553	-
Total bonds payable	<u>51,477,563</u>	-	<u>1,889,821</u>	<u>49,587,777</u>	<u>1,885,000</u>
Notes Payable	-	4,560,000	2,000,000	2,560,000	300,000
Compensated absences	100,992	1,979	2,311	100,660	100,660
Business type long-term debt	<u>\$ 51,578,555</u>	<u>\$ 4,561,979</u>	<u>\$ 3,892,132</u>	<u>\$ 52,248,437</u>	<u>\$ 2,285,660</u>

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 11 – RESTRICTED FUND BALANCES

The City has restricted fund balances for unspent impact fees and unspent B&C road funds.

NOTE 12 – RESTATED NET POSITION

The beginning net position in the government-wide statement of net position for governmental activities has been restated to reflect the effects of implementing GASB statement Nos. 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* (See Note 1) as follows:

	Government - wide financial statements	
	Governmental Activities	Business-type Activities
Net Position, as originally stated June 30, 2012	\$ 57,404,320	\$ 46,536,129
Restate bond issuance costs as expense when occurred per GASB Nos. 63 and 65	(351,418)	(818,283)
Net position as restated - June 30, 2013	\$ 57,052,902	\$ 45,717,846

NOTE 13 – TRANSFER OF FIRE DEPARTMENT ASSETS

During the fiscal year the City transferred the capital assets related to the fire and ambulance department to the Unified Fire Authority. The City will no longer fund a Fire department and will have service and protection from the Fire Authority. This transaction resulted in a loss on the transfer of the assets of \$826,032.

NOTE 14 - LITIGATION

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

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 15 - 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 16 - RETIREMENT PLAN

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

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

Funding Policy.

In the Local Governmental Contributory Retirement System, Tier II, The City is required to contribute 12.740% of their annual covered salary. Tier II covers those employees who have been hired on or after July 1, 2011, and have not previously been hired at a covered employer.

In the Local Governmental Noncontributory Retirement System Tier I, the City is required to contribute 16.040% of the member annual covered salary. Tier I covers those employees that have been hired prior to July 1, 2011, or have previously work at an employer in the system.

In the Fire Fighters System Tier I, members are required to contribute 16.710% of their annual covered salary. Tier I covers those employees that have been hired prior to July 1, 2011, or have previously work at an employer in the system. The contribution rates are the actuarially determined rates.

EAGLE MOUNTAIN CITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 16 - RETIREMENT PLAN (Continued)

The contribution requirements of the Systems are approved by the Board. The City has chosen to contribute the 16.18% of the members required contribution.

	2013	2012	2011
Local Government - Contributory (Tier 2)	\$18,135	\$ 3,361	\$ -
Local Government - Noncontributory (Tier 1)	474,360	434,532	439,255
Firefighters - Division A (Tier 1)	33,584	67,711	51,473
401(k)	29,387	49,278	65,431
457	209,058	184,487	173,566

NOTE 17 – CONTINGENT LIABILITIES

The City has entered into agreements with various developers to donate infrastructure that will benefit future development within the city. These developers will be repaid with the impact fees collected from those future developments. Because of the fluctuations in the building market within the City and due to the uncertainty of new developments actually being built, the amounts are not reflected as liabilities on the financial statements. They will be recorded as expenses as the future impact fees are received. The amount of outstanding impact fee reimbursement agreements as of the balance sheet date is \$6,194,972.

NOTE 18 – RECLASSIFICATION OF FUNDS

To be in compliance with GASB statement 54 the City has reclassified the Special Improvement District 200-1. The fund was originally classified as a special revenue fund, however, to more clearly illustrate the flow and purpose of the revenues the fund will now be classified as a debt service fund.

The City will also reclassify Special Improvement Districts 97-1, 98-1, 98-3 from special revenue funds to capital project funds to more clearly illustrate the purpose of the revenues collected.

NOTE 19 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 15, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE MOUNTAIN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget to Actual

General Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,994,000	\$ 4,044,000	\$ 4,260,060	\$ 216,060
Licenses and permits	446,000	882,000	1,124,774	242,774
Intergovernmental	970,000	973,400	1,047,984	74,584
Charges for services	3,342,100	3,342,100	3,206,494	(135,606)
Miscellaneous	129,490	129,490	153,877	24,387
Total revenues	<u>8,881,590</u>	<u>9,370,990</u>	<u>9,793,189</u>	<u>422,199</u>
EXPENDITURES				
Current:				
General government	2,688,685	2,921,385	2,831,246	90,139
Public safety	3,318,817	3,318,817	2,806,751	512,066
Planning and zoning	294,151	394,151	348,991	45,160
Public works	1,296,954	1,670,954	1,591,260	79,694
Community development	1,190,143	1,234,143	1,266,531	(32,388)
Total expenditures	<u>8,788,750</u>	<u>9,539,450</u>	<u>8,844,779</u>	<u>694,671</u>
Excess (deficit) of revenues over (under) expenditures	<u>92,840</u>	<u>(168,460)</u>	<u>948,410</u>	<u>1,116,870</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(457,746)	(457,746)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(457,746)</u>	<u>(457,746)</u>
Net change in fund balance	92,840	(168,460)	490,664	659,124
Fund balances - beginning	<u>1,400,318</u>	<u>1,400,318</u>	<u>1,400,318</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,493,158</u>	<u>\$ 1,231,858</u>	<u>\$ 1,890,982</u>	<u>\$ 659,124</u>

CITY OF EAGLE MOUNTAIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

1. BUDGETARY INFORMATION

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

(The balance of this page intentionally left blank)

**COMBINING AND INDIVIDUAL FUND STATEMENTS
GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS**

EAGLE MOUNTAIN CITY
Combining Balance Sheet
Nonmajor Governmental Funds

	General Debt Service Fund	Capital Projects				Special Revenue Funds				Total Nonmajor Governmental Funds
		Capital Projects Fund	Special Improv. District 98-1	Special Improv. District 98-3	Special Improv. District 97-1	Storm Water Fund	Impact Fee Parks	Impact Fee Public Safety	Impact Fee Transportation	
ASSETS										
Cash and cash equivalents	\$ 4,874	\$ 476,337	\$ -	\$ -	\$ -	\$ 112,093	\$ -	\$ -	\$ -	\$ 593,304
Restricted cash	-	-	630,397	33,145	31,686	73,801	199,959	151,898	64,360	1,185,246
Receivables (net):										
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	412,000	-	-	-	-	-	-	-	412,000
Accounts	-	-	-	-	-	34,914	-	-	-	34,914
Total assets	\$ 4,874	\$ 888,337	\$ 630,397	\$ 33,145	\$ 31,686	\$ 220,808	\$ 199,959	\$ 151,898	\$ 64,360	\$ 2,225,464
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable & accrued liabilities	\$ -	\$ 16,877	\$ 152,200	\$ -	\$ -	\$ 4,890	\$ -	\$ -	\$ -	\$ 173,967
Deposits	-	157,038	-	-	-	-	-	-	-	157,038
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	173,915	152,200	-	-	4,890	-	-	-	331,005
Fund Balances:										
Fund balances restricted for:										
Impact fees	-	-	-	-	-	73,801	199,959	151,898	64,360	490,018
Special Assessments	-	-	478,197	33,145	31,686	-	-	-	-	543,028
Assigned for:										
Debt service fund	4,874	-	-	-	-	-	-	-	-	4,874
Capital projects fund	-	714,422	-	-	-	-	-	-	-	714,422
Special revenue funds	-	-	-	-	-	142,117	-	-	-	142,117
Total fund balances	4,874	714,422	478,197	33,145	31,686	215,918	199,959	151,898	64,360	1,894,459
Total liabilities & fund balances	\$ 4,874	\$ 888,337	\$ 630,397	\$ 33,145	\$ 31,686	\$ 220,808	\$ 199,959	\$ 151,898	\$ 64,360	\$ 2,225,464
	0	0	0	0	0	0	0	0	0	0

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

	General Debt Service Fund	Capital Projects			Special Improv. Revenue 97-1	Storm Water Fund	Special Revenue Funds			Total Nonmajor Governmental Funds
		Capital Projects Fund	Special Improv. Dist. 98-1	Special Improv. Dist. 98-3			Impact Fee Parks	Impact Fee Public Safety	Impact Fee Transportation	
REVENUES										
Special assessments	\$ -	\$ -	\$ 4,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,459
Impact fees	-	-	127,872	27,448	24,495	52,301	151,586	30,314	254,153	668,169
Charges for services	-	-	-	-	-	222,027	-	-	-	222,027
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	961	-	20	6	1,249	-	-	7	2,243
Total revenues	-	961	132,331	27,468	24,501	275,577	151,586	30,314	254,160	896,898
EXPENDITURES										
Current:										
General government	-	-	154,090	-	-	-	-	-	-	154,090
Public works	-	-	-	-	-	192,709	16,280	-	63,174	272,163
Debt service:										
Principal retirement	134,000	-	558,000	-	-	-	-	-	-	692,000
Interest and fiscal charges	16,838	-	40,174	-	-	-	-	-	-	57,012
Capital outlay	-	-	144,662	-	-	-	-	-	-	144,662
Total expenditures	150,838	-	752,264	-	-	192,709	16,280	0	63,174	1,319,927
Excess revenues over (under) expenditures	(150,838)	(143,701)	(619,933)	27,468	24,501	82,868	135,306	30,314	190,986	(423,029)
Other financing sources (uses)										
Contributions	-	30,000	-	-	-	-	-	-	-	30,000
Transfers in	150,838	457,746	-	-	-	-	-	-	-	608,584
Transfers out	-	-	-	-	-	-	-	-	(150,838)	(150,838)
Total other financing sources and uses	150,838	487,746	-	-	-	-	-	-	(150,838)	487,746
Excess revenues and other sources over (under) expend. and other uses	-	344,045	(619,933)	27,468	24,501	82,868	135,306	30,314	40,148	64,717
Fund balances - beginning of year	4,874	370,377	1,098,130	5,677	7,185	133,050	64,653	121,584	24,212	1,829,742
Fund balances - end of year	\$ 4,874	\$ 714,422	\$ 478,197	\$ 33,145	\$ 31,686	\$ 215,918	\$ 199,959	\$ 151,898	\$ 64,360	\$ 1,894,459

SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
Capital Projects Fund
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Totals	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 2,220,000	\$ 2,220,000	\$ -	\$ (2,220,000)
Miscellaneous	-	-	961	961
Total Revenues	<u>2,220,000</u>	<u>2,220,000</u>	<u>961</u>	<u>(2,219,039)</u>
EXPENDITURES				
Debt service				
Capital outlay	2,392,840	2,392,840	144,662	2,248,178
Total expenditures	<u>2,392,840</u>	<u>2,392,840</u>	<u>144,662</u>	<u>2,248,178</u>
Excess (deficit) of revenues over (under) expenditures	<u>(172,840)</u>	<u>(172,840)</u>	<u>(143,701)</u>	<u>29,139</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	457,746	207,746
Contributions	-	-	30,000	30,000
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>487,746</u>	<u>237,746</u>
Net change in fund balance	77,160	77,160	344,045	266,885
Fund balances - beginning	<u>370,377</u>	<u>370,377</u>	<u>370,377</u>	<u>-</u>
Fund balances - ending	<u>\$ 447,537</u>	<u>\$ 447,537</u>	<u>\$ 714,422</u>	<u>\$ 266,885</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Debt Service Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Totals</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal	134,000	134,000	134,000	-
Interest	16,838	16,838	16,838	-
Total expenditures	<u>150,838</u>	<u>150,838</u>	<u>150,838</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>(150,838)</u>	<u>(150,838)</u>	<u>(150,838)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>150,838</u>	<u>150,838</u>	<u>150,838</u>	<u>-</u>
Total other financing sources (uses)	<u>150,838</u>	<u>150,838</u>	<u>150,838</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balances - beginning	<u>4,874</u>	<u>4,874</u>	<u>4,874</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,874</u>	<u>\$ 4,874</u>	<u>\$ 4,874</u>	<u>\$ -</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, 2013

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 319,585	\$ 319,585	\$ 394,038	\$ 74,453
Miscellaneous	3,500	3,500	2,716	(784)
Impact fees	139,000	139,000	209,429	70,429
Total revenues	<u>462,085</u>	<u>462,085</u>	<u>606,183</u>	<u>144,098</u>
EXPENDITURES				
Debt service	431,985	431,985	418,760	13,225
General government	30,100	30,100	124,440	(94,340)
Public works	-	-	-	-
Total expenditures	<u>462,085</u>	<u>462,085</u>	<u>543,200</u>	<u>(81,115)</u>
Excess (deficit) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>62,983</u>	<u>62,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	62,983	62,983
Fund balances - beginning	<u>945,559</u>	<u>945,559</u>	<u>945,559</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 945,559</u></u>	<u><u>\$ 945,559</u></u>	<u><u>\$ 1,008,542</u></u>	<u><u>\$ 62,983</u></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, 2013

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 562,738	\$ 562,738	\$ 4,459	\$ (558,279)
Miscellaneous	1,500	1,500	-	(1,500)
Impact fees	69,000	69,000	127,872	58,872
Total revenues	633,238	633,238	132,331	(500,907)
EXPENDITURES				
General government	20,050	20,050	154,090	(134,040)
Debt service	613,188	613,188	598,174	15,014
Total expenditures	633,238	633,238	752,264	(119,026)
Excess (deficit) of revenues over (under) expenditures	-	-	(619,933)	(619,933)
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	-	-	(619,933)	(619,933)
Fund balances - beginning	1,098,130	1,098,130	1,098,130	-
Fund balances - ending	\$ 1,098,130	\$ 1,098,130	\$ 478,197	\$ (619,933)

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, 2013

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	20	20
Impact fees	-	-	27,448	27,448
Total revenues	-	-	27,468	27,468
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	-	-	27,468	27,468
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	27,468	27,468
Fund balances - beginning	5,677	5,677	5,677	-
Fund balances - ending	\$ 5,677	\$ 5,677	\$ 33,145	\$ 27,468

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, 2013

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	6	6
Impact fees	-	-	24,495	24,495
Total revenues	-	-	24,501	24,501
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	-	-	24,501	24,501
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	24,501	24,501
Fund balances - beginning	7,185	7,185	7,185	-
Fund balances - ending	\$ 7,185	\$ 7,185	\$ 31,686	\$ 24,501

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Storm Water Impact Fee
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Totals	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for Services	\$ 225,000	\$ 225,000	\$ 222,027	\$ (2,973)
Miscellaneous	700	700	1,249	549
Impact fees	6,350	6,350	52,301	45,951
Total revenues	<u>232,050</u>	<u>232,050</u>	<u>275,577</u>	<u>43,527</u>
EXPENDITURES				
Public Works	162,695	162,695	192,709	(30,014)
Total expenditures	<u>162,695</u>	<u>162,695</u>	<u>192,709</u>	<u>(30,014)</u>
Excess (deficit) of revenues over (under) expenditures	<u>69,355</u>	<u>69,355</u>	<u>82,868</u>	<u>13,513</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,000)	(3,000)	-	3,000
Total other financing sources	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
Net change in fund balance	66,355	66,355	82,868	16,513
Fund balances - beginning	133,050	133,050	133,050	-
Fund balances - ending	<u>\$ 199,405</u>	<u>\$ 199,405</u>	<u>\$ 215,918</u>	<u>\$ 16,513</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Parks Impact Fee
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Totals	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Impact fees	\$ 56,500	\$ 89,000	\$ 151,586	\$ 62,586
Total revenues	<u>56,500</u>	<u>89,000</u>	<u>151,586</u>	<u>62,586</u>
EXPENDITURES				
Public works	<u>11,800</u>	<u>44,300</u>	<u>16,280</u>	<u>28,020</u>
Total expenditures	<u>11,800</u>	<u>44,300</u>	<u>16,280</u>	<u>28,020</u>
Excess (deficit) of revenues over (under) expenditures	<u>44,700</u>	<u>44,700</u>	<u>135,306</u>	<u>90,606</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	44,700	44,700	135,306	90,606
Fund balances - beginning	<u>64,653</u>	<u>64,653</u>	<u>64,653</u>	<u>-</u>
Fund balances - ending	<u>\$ 109,353</u>	<u>\$ 109,353</u>	<u>\$ 199,959</u>	<u>\$ 90,606</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Public Safety Impact Fee
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Totals</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Impact fees	\$ 18,200	\$ 18,200	\$ 30,314	\$ 12,114
Total revenues	<u>18,200</u>	<u>18,200</u>	<u>30,314</u>	<u>12,114</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>18,200</u>	<u>18,200</u>	<u>30,314</u>	<u>12,114</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	18,200	18,200	30,314	12,114
Fund balances - beginning	<u>121,584</u>	<u>121,584</u>	<u>121,584</u>	<u>-</u>
Fund balances - ending	<u>\$ 139,784</u>	<u>\$ 139,784</u>	<u>\$ 151,898</u>	<u>\$ 12,114</u>

EAGLE MOUNTAIN CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Transportation Impact Fee
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Totals</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Miscellaneous	\$ 5	\$ 5	\$ 7	\$ 2
Impact fees	35,100	35,100	254,153	219,053
Total revenues	<u>35,105</u>	<u>35,105</u>	<u>254,160</u>	<u>219,055</u>
EXPENDITURES				
Public works	15,500	15,500	63,174	(47,674)
Total expenditures	<u>15,500</u>	<u>15,500</u>	<u>63,174</u>	<u>(47,674)</u>
Excess (deficit) of revenues over (under) expenditures	<u>19,605</u>	<u>19,605</u>	<u>190,986</u>	<u>171,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(150,838)	(150,838)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(150,838)</u>	<u>(150,838)</u>
Net change in fund balance	19,605	19,605	40,148	20,543
Fund balances - beginning	24,212	24,212	24,212	-
Fund balances - ending	<u>\$ 43,817</u>	<u>\$ 43,817</u>	<u>\$ 64,360</u>	<u>\$ 20,543</u>

EAGLE MOUNTAIN CITY
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2013

	Garbage	Business Incubator	Golf Course	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 64,956	\$ 282,216	\$ 80,994	\$ 428,166
Accounts receivable - net	102,042	1,639	-	103,681
Total current assets	<u>166,998</u>	<u>283,855</u>	<u>80,994</u>	<u>531,847</u>
Noncurrent assets:				
Note Receivable -(net of current portion)	-	-	550,000	550,000.00
Land, equipment, buildings and improvements	-	-	600,176	600,176
Less: Accumulated depreciation	-	-	(76,002)	(76,002)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,074,174</u>	<u>1,074,174</u>
Total assets	<u>166,998</u>	<u>283,855</u>	<u>1,155,168</u>	<u>1,606,021</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	63,230	0	30,000	93,230
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>63,230</u>	<u>0</u>	<u>30,000</u>	<u>93,230</u>
Noncurrent liabilities:				
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>63,230</u>	<u>0</u>	<u>30,000</u>	<u>93,230</u>
Net Position:				
Invested in capital assets, net of related debt	-	-	528,174	528,174
Unrestricted	103,768	283,855	596,994	984,617
Total net position	<u>\$ 103,768</u>	<u>\$ 283,855</u>	<u>1,125,168</u>	<u>\$ 1,512,791</u>

EAGLE MOUNTAIN CITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2013

	Garbage	Business Incubator	Golf Course	Total
Operating revenues:				
Charges for services	\$ 928,352	\$ 6,260	\$ 13,893	\$ 948,505
Total operating revenues	<u>928,352</u>	<u>6,260</u>	<u>13,893</u>	<u>948,505</u>
Operating expenses:				
Purchased services	1,017,729	157,531	-	1,175,260
Depreciation and amortization	-	-	20,006	20,006
Miscellaneous	2,175	-	30,000	32,175
Total operating expenses	<u>1,019,904</u>	<u>157,531</u>	<u>50,006</u>	<u>1,227,441</u>
Operating income	<u>(91,552)</u>	<u>(151,271)</u>	<u>(36,113)</u>	<u>(278,936)</u>
Nonoperating revenues (expenses):				
Loss on sale of assets			(1,820,410)	(1,820,410)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(1,820,410)</u>	<u>(1,820,410)</u>
Net income (loss) before contributions and transfers	<u>(91,552)</u>	<u>(151,271)</u>	<u>(1,856,523)</u>	<u>(2,099,346)</u>
Contributions and transfers				
Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(91,552)</u>	<u>(151,271)</u>	<u>(1,856,523)</u>	<u>(2,099,346)</u>
Total net assets - beginning	<u>195,320</u>	<u>435,126</u>	<u>2,981,691</u>	<u>3,612,137</u>
Total net assets - ending	<u>\$ 103,768</u>	<u>\$ 283,855</u>	<u>\$ 1,125,168</u>	<u>\$ 1,512,791</u>

EAGLE MOUNTAIN CITY
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2013

	Garbage	Business Incubator	Golf Course	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 980,542	\$ 4,621	\$ 13,893	\$ 999,056
Payments to interfund services	-			-
Payments to suppliers	(1,045,347)	(162,531)	-	(1,207,878)
Net cash provided (used) by operating activities	(64,805)	(157,910)	13,893	(208,822)
Cash Flows From Noncapital Financing Activities				
Transfers In	-	-		-
Transfers Out	-		-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
Cash Flows From Capital and Related Financing Activities				
Proceeds from the sale of assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-
Cash Flows From Investing Activities				
Note receivable proceeds	-	-		-
Net cash provided (used) by investing and related financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(64,805)	(157,910)	13,893	(208,822)
Cash and cash equivalents - beginning	129,761	440,126	67,101	636,988
Cash and cash equivalents (deficit) - end	<u>\$ 64,956</u>	<u>\$ 282,216</u>	<u>\$ 80,994</u>	<u>\$ 428,166</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (91,552)	\$ (151,271)	\$ (36,113)	\$ (278,936)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense			20,006	20,006
Inc./decrease in accounts rec.	52,190	(1,639)	-	50,551
(Inc./decrease in due from other funds				-
Increase/(decr.) in accounts payable	(25,443)	(5,000)	30,000	(443)
Increase/(decr.) in due to other funds	-	-	-	-
Total adjustments	26,747	(6,639)	50,006	70,114
Net cash provided (used) by operating activities	<u>\$ (64,805)</u>	<u>\$ (157,910)</u>	<u>\$ 13,893</u>	<u>\$ (208,822)</u>

STATISTICAL SECTION

FINANCIAL TRENDS

Pages 78 – 83 of the Statistical Section of this report show financial trends in the city over the last 5 years, both for governmental activities as well as business-type activities (proprietary or enterprise funds).

CITY OF EAGLE MOUNTAIN

Net Position by Component

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Invested in capital assets*	\$ 40,748,737	\$ 44,418,052	\$ 46,497,009	\$ 49,118,537	\$ 47,599,396
Restricted	1,500,596	1,065,240	714,724	542,636	510,486
Unrestricted	9,592,381	11,520,458	9,051,382	7,743,147	7,213,734
Total governmental activities	51,841,714	57,003,750	56,263,115	57,404,320	55,323,616
Business-type activities					
Invested in capital assets*	26,114,762	31,480,947	29,952,526	31,476,911	30,175,509
Restricted	2,564,551	1,283,953	1,429,319	2,074,128	2,326,787
Unrestricted	9,991,369	11,302,137	13,459,716	12,984,090	12,116,297
Total business-type activities net position	38,670,682	44,067,037	44,841,561	46,536,129	44,618,593
Primary government					
Invested in capital assets*	66,863,499	75,898,999	76,449,535	80,595,448	77,774,905
Restricted	4,065,147	2,349,193	2,144,043	2,616,764	2,837,273
Unrestricted	19,583,750	22,822,595	22,511,098	20,728,237	19,330,031
Total primary government net position	\$ 90,512,396	\$ 101,070,787	\$ 101,104,676	\$ 103,940,449	\$ 99,942,209

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Changes in Net Position

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Government activities:					
General government	\$ 3,259,897	\$ 3,106,320	\$ 2,990,083	\$ 3,153,351	\$ 3,121,417
Public safety	3,224,661	3,178,543	3,365,961	3,293,066	3,581,943
Highways & public works	3,008,069	2,892,028	3,214,925	3,213,528	3,973,735
Community development	856,425	1,298,779	1,412,892	1,018,550	1,280,805
Planning	311,035	286,370	272,774	427,747	357,287
Interest on long-term debt	642,187	596,349	547,600	476,291	308,993
Total governmental activities expense	11,302,274	11,358,389	11,804,235	11,582,533	12,624,180
Business-type activities					
Water utility	2,219,747	2,736,064	2,662,958	2,770,503	2,692,125
Sewer utility	2,140,464	2,332,494	2,789,203	2,957,091	3,014,536
Electric utility	6,901,985	7,652,208	7,681,522	8,608,622	9,819,481
Gas utility	4,027,587	3,548,988	3,538,421	3,789,711	3,494,341
Golf Course	-	444,284	287,459	-	-
Non Major Business	640,488	689,636	859,093	1,202,245	3,047,851
Total business-type activities expense	15,930,271	17,403,674	17,818,656	19,328,172	22,068,334
Total primary government expenses	27,232,545	28,762,063	29,622,891	30,910,705	34,692,514
Program Revenues					
Governmental activities					
Charges for services:	4,491,894	3,705,627	3,916,189	4,167,532	4,685,581
Operating grants and contributions	288,904	319,680	442,020	198,014	138,386
Capital grants and contributions	1,011,026	6,545,969	3,016,669	4,365,668	1,742,092
Total governmental activities programs revenues	5,791,824	10,571,276	7,374,878	8,731,214	6,566,059
Business-type activities:					
Charges for services:	16,324,142	18,004,454	17,864,153	19,213,210	20,737,488
Operating grants and contributions	0	650,000	-	-	-
Capital grants and contributions	973,910	6,397,229	729,027	1,381,304	231,593
Total business-type activities program revenues	17,298,052	25,051,683	18,593,180	20,594,514	20,969,081
Total primary governmental program revenues	23,089,876	35,622,959	25,968,058	29,325,728	27,535,140

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

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense)/Revenue					
Governmental activities	\$ (5,510,450)	\$ (787,113)	\$ (4,429,357)	\$ (2,851,319)	\$ (6,058,121)
Business-type activities	9,121,412	1,189,507	774,524	1,266,341	(1,099,253)
Total Primary government net expense	<u>8,390,414</u>	<u>(2,794,005)</u>	<u>(297,163)</u>	<u>(3,375,565)</u>	<u>(7,157,374)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	932,200	835,302	943,293	1,194,590	1,378,945
General sales & use tax	1,716,936	1,682,982	1,809,411	1,918,612	2,053,493
Franchise tax	839,254	813,319	870,743	840,600	869,847
Other	224,844	122,869			
Gain (loss) on disposition of capital assets					
Interest earnings	847,814	202,373	62,486	38,722	26,550
Transfers					
Total governmental activities	<u>4,561,048</u>	<u>3,656,845</u>	<u>3,685,933</u>	<u>3,992,524</u>	<u>4,328,835</u>
Other activities:					
Gain (loss) on disposition of capital assets			2,790	428,227	
Transfers					
Total other activities	<u>0</u>	<u>0</u>	<u>2,790</u>	<u>428,227</u>	<u>-</u>
Total primary government	<u>4,561,048</u>	<u>3,656,845</u>	<u>3,688,723</u>	<u>4,420,751</u>	<u>4,328,835</u>
Change in Net Position					
Governmental activities	(949,402)	2,869,732	(740,634)	1,569,432	(1,729,286)
Business-type activities	9,121,412	1,189,507	774,524	1,266,341	(1,099,253)
Total primary government	<u>\$ 8,172,010</u>	<u>\$ 4,059,239</u>	<u>\$ 33,890</u>	<u>\$ 2,835,773</u>	<u>\$ (2,828,539)</u>

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Restricted	\$ 1,981,501	\$ 2,023,265	\$ 3,137,232	\$ 4,346,597	\$ 366,766	\$ 226,675	\$ 330,030	\$ 259,994	\$ 322,006	\$ 20,468
Unassigned	512,767	1,064,002	2,433,605	1,501,372	1,515,640	572,725	1,030,020	744,883	1,078,312	1,870,514
Total general fund	2,494,268	3,087,267	5,570,837	5,847,969	1,882,406	799,400	1,360,050	1,004,877	1,400,318	1,890,982
All Other Governmental Funds										
Restricted	284,728	538,987		2,847,017	2,620,428	1,273,921	735,210	454,730	2,277,180	2,041,588
Assigned									498,146	861,413
Unassigned reported in										
Special Revenue Funds	0	0	9,703,661	4,456,595	5,538,746	1,637,680	1,679,518	1,291,126		
Capital Projects Funds						(274,214)	1,120,288	583,268		
Nonmajor		1,187,326	588,515	2,250,432	3,077,418	1,445,534	1,551,808	1,371,682		
Total all other governmental funds	\$ 284,728	\$ 1,726,313	\$ 10,292,176	\$ 9,554,044	\$ 11,236,592	\$ 4,082,921	\$ 5,086,824	\$ 3,700,806	\$ 2,775,326	\$ 2,903,001

Source: The City of Eagle Mountain

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 1,094,565	\$ 1,368,415	\$ 1,975,019	\$ 2,526,531	\$ 3,427,645	\$ 3,364,610	\$ 3,625,087	\$ 3,725,354	\$ 3,983,273	\$ 4,260,060
Licenses, fees, and permits	1,188,247	1,330,391	2,555,678	3,136,160	942,640	786,417	948,384	582,467	705,536	1,124,774
Intergovernmental	664,279	614,413	499,806	485,576	712,562	1,008,313	1,025,706	1,470,391	1,148,673	1,047,984
Charges for services	664,383	1,043,987	1,426,009	2,017,438	2,093,475	2,450,291	2,533,440	3,221,891	3,361,767	3,428,521
Special assessments	3,111,460	3,799,135	6,396,127	5,631,699	585,043	419,457	657,738	833,525	650,680	398,497
Impact fees	1,887,697	873,266	2,218,140	2,546,345	426,557	258,491	971,829	372,702	434,374	877,598
Miscellaneous	97,973	284,367	935,818	1,645,395	1,072,658	517,664	606,367	549,381	138,951	158,836
Total Revenues	8,708,604	9,313,974	16,006,597	17,989,144	9,260,580	8,805,243	10,368,551	10,755,711	10,423,254	11,296,270
Expenditures										
Current:										
General government	1,461,637	2,103,122	2,674,990	2,888,265	3,378,071	3,240,846	3,070,761	3,030,497	3,001,105	3,109,776
Community Development	318,949	357,171	602,492	855,794	895,471	894,762	1,538,065	1,423,667	1,037,651	1,266,531
Public Works	1,433,122	985,122	890,946	761,717	1,795,329	1,313,918	1,097,471	1,452,650	1,249,543	1,863,423
Public Safety	734,719	908,775	1,326,771	2,027,829	2,811,955	3,162,711	3,146,335	3,312,336	3,246,420	2,806,751
Planning and Zoning	196,440	183,079	198,802	221,004	346,933	304,463	273,129	270,376	432,894	348,991
Parks and Recreation										
Finance & Admin. Services										
Tax Increment Distributions										
Debt service										
Principal	1,453,784	12,354,965	13,721,208	5,508,514	3,464,889	390,000	342,000	1,133,000	1,092,000	854,000
Interest	1,982,086	2,369,618	1,952,068	1,271,139	907,643	545,830	529,374	511,161	416,682	313,772
Capital Outlay	714,468	815,086	951,398	1,669,906	620,132	3,593,620	1,013,590	1,363,216	476,999	144,662
Total expenditures	8,295,205	20,076,938	22,318,675	15,204,168	14,220,423	13,446,150	11,010,725	12,496,903	10,953,294	10,707,906
Excess of revenues over (under) expenditure	413,399	(10,762,964)	(6,312,078)	2,784,976	(4,959,843)	(4,640,907)	(642,174)	(1,741,192)	(530,040)	588,364

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Other Financing Sources (Uses)										
Issuance of long term debt		7,421,000	8,740,000							30,000
Interim warrants										608,584
Sale of capital assets	131,966	386,581	375,335	2,550,698	3,681,608	1,606,049	4,716,936	478,504	400,426	608,584
Debt Proceeds		(257,101)	(375,335)	(2,550,698)	(3,681,608)	(1,606,049)	(2,510,210)	(478,504)	(400,426)	(608,584)
Contributions										
Transfer in										
Transfers out										
Total other financing sources (uses)	131,966	7,550,480	8,740,000	0	0	0	2,206,726	0	-	30,000
Net change in fund balances	545,365	(3,212,484)	2,427,922	2,784,976	(4,959,843)	(4,640,907)	1,564,552	(1,741,192)	(530,040)	618,364
Debt service as a percentage of noncapital expenditures	45.32%	76.44%	73.35%	50.09%	32.15%	9.50%	8.72%	14.77%	14.40%	11.06%

Source: The City of Eagle Mountain

REVENUE CAPACITY

Pages 84 – 91 of the Statistical Section of this report show the revenue capacity for the city from taxes and fees. Also shown are taxable values for property within the city.

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

Fiscal Year	Commercial and Industrial Property (2)		Agricultural Property	FAA	Unimproved Non FAA-Vacant		Centrally Assessed Values	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential Property (1)	Property (2)			FAA	FAA-Vacant						
2004	237,177,034	6,004,837	994,121	536,487	20,022,271	26,320,175	47,873,054	243,181,871	1.86	442,148,856	0.55	
2005	272,152,286	11,505,620	1,006,847	25,147,684	543,244	21,969,964	48,667,739	283,657,906	1.79	515,741,647	0.55	
2006	347,865,641	11,875,595	1,007,314	21,300,553	555,296	22,250,192	56,988,950	347,865,641	1.75	632,482,984	0.55	
2007	636,747,198	12,611,862	1,007,400	653,702	15,848,952	27,676,960	45,187,014	649,359,060	1.16	1,180,652,836	0.55	
2008	743,789,652	24,341,246	1,007,400	656,571	18,900,020	28,594,463	49,158,454	768,130,898	1.23	1,396,601,633	0.55	
2009	640,167,504	38,659,780	1,007,400	704,063	18,694,414	31,439,606	51,845,483	678,827,284	1.40	1,234,231,425	0.55	
2010	603,122,184	32,364,170	801,342	741,782	15,794,967	31,393,836	48,731,927	635,486,354	1.51	1,155,429,735	0.55	
2011	584,256,640	29,931,499	944,800	1,029,619	14,520,156	32,887,551	49,382,126	614,188,139	1.64	1,116,705,707	0.55	
2012	535,698,926	13,742,397	1,794,000	1,067,528	73,571,670	35,388,207	111,821,405	549,441,323	1.67	998,984,224	0.55	
2013	686,272,348	17,590,268	2,296,320	1,366,436	94,171,737	33,929,671	131,764,164	703,862,616	1.38	1,279,750,211	0.55	

Source: Utah State Tax Commission
*2013 figures are estimates

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

City Direct Rates			Overlapping Rates					
Fiscal Year	Basic Rates	Total Direct Rates	Utah County	Central Utah Water Conservancy District	Alpine School District	Salt Lake Valley Fire District	Multi County Assessing	Local Assessing
2004	1.86	1.86	1.07	0.35	8.12		0.18	0.18
2005	1.79	1.79	1.04	0.40	8.08		0.17	0.18
2006	1.75	1.75	1.08	0.36	6.88		0.14	0.04
2007	1.16	1.16	0.84	0.30	6.94		0.12	0.04
2008	1.23	1.23	0.81	0.29	7.06		0.12	0.18
2009	1.40	1.40	0.88	0.40	7.54		0.14	0.18
2010	1.51	1.51	1.10	0.42	8.22		0.16	0.24
2011	1.64	1.64	1.14	0.44	8.81		0.17	0.27
2012	1.67	1.67	1.13	0.46	8.83		0.17	0.29
2013	1.38	1.38	1.01	0.45	8.70	2.19	0.16	0.10

Source: Utah County Treasurer

CITY OF EAGLE MOUNTAIN
Principle Property Tax Payers
Current Year and Nine Years ago

TAXPAYER	2013			2004		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value
	Value		Value	Value		Value
KERN RIVER GAS TRANS CO	\$ 15,028,272	1	2.41%			
DIRECT COMMUNICATIONS	11,513,020	2	1.85%			
PACIFICORP	2,331,439	3	0.37%			
VESTIN MORTGAGE INC	1,678,400	4	0.27%			
WAGSTAFF INVESTMENTS LLC	1,388,900	5	0.22%			
STAR WEST EAGLE MTN. PROPRTY	1,379,900	6	0.22%			
IRIE INVESTMENTS LLC	1,354,700	7	0.22%			
MEADOWS RANCH HOLDINGS LLC	1,246,400	8	0.20%			
MAVERIK INC	1,100,700	9	0.18%			
MARSH WOODRUFF LC	1,075,000	10	0.17%			
	<u>\$ 38,096,731</u>					
KERN RIVER GAS TRANSMISSION CO				\$ 22,243,038	1	8.38%
PACIFIC CORP				2,514,248	3	0.95%
EAGLE MOUNTAIN HOLDINGS				2,557,442	2	0.96%
BRUCE WOODRUFF				1,024,728	4	0.39%
IBA LLC				669,820	5	0.25%
COMMUNITIES OF THE APOSTOLIC UNITED BRETHERN (ET AL)				499,455	6	0.19%
VERIZON WIRELESS				477,717	7	0.18%
CENTEX HOMES				445,472	8	0.17%
ROCKY MOUNTAIN POWER GAS & SUPPLY				441,263	9	0.17%
MONTE VISTA RANCH LC				435,866	10	0.16%
				<u>\$ 31,309,049</u>		

Source: Utah County Assessor

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

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Amount Collected	Percentage of Levy	Delinquent Taxes by Levy Year	Total Collected	Percentage of Levy
2004	362,350	319,230	88.1%	52,999	372,229	102.7%
2005	541,653	484,428	89.4%	37,914	522,342	96.4%
2006	594,531	527,289	88.7%	71,726	599,014	100.8%
2007	707,304	637,440	90.1%	65,177	702,617	99.3%
2008	807,757	685,943	84.9%	57,773	743,716	92.1%
2009	1,005,266	824,566	82.0%	75,349	899,916	89.5%
2010	1,022,944	865,717	84.6%	131,482	997,200	97.5%
2011	1,033,170	912,961	88.4%	113,876	1,026,837	99.4%
2012	1,082,688	990,018	91.4%	90,859	1,080,877	99.8%
2013	1,102,986	1,027,078	93.1%	-	1,027,078	93.1%

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Taxable Sales by Category
Last Ten Fiscal Years

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Retail/Grocery						\$ 3,901	\$ 10,184	\$ 54,104	\$ 67,338	\$ 82,984
Utility/Communication						209,307	159,474	172,425	182,864	195,865
Auto dealers & supplies						1,393	1,373	6,781	9,006	11,539
Eating & drinking establishment						9,040	7,784	7,476	12,503	11,119
Home furnishings and appliances						3,208	2,184	1,914	975	1,774
Medical						110	217	1,483	2,265	2,698
Service stations						39,461	33,609	38,238	39,338	43,905
All other outlets						68,466	27,393	11,698	15,415	16,041
Utah State Tax- Motor Vehicle						19,761	38,309	45,568	46,642	50,422
Totals						\$ 354,647	\$ 280,527	\$ 339,688	\$ 376,346	\$ 416,347

Source: The City of Eagle Mountain

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

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

Fiscal Year	Eagle Mountain City Direct Rate	Utah County	Mass Transit, Highway and Airport	State of Utah
2004	1.00%	0.25%		4.75%
2005	1.00%	0.25%		4.75%
2006	1.00%	0.25%		4.75%
2007	1.00%	0.25%	0.25%	4.75%
2008	1.00%	0.25%	0.30%	4.65%
2009	1.00%	0.25%	0.55%	4.70%
2010	1.00%	0.25%	0.80%	4.70%
2011	1.00%	0.25%	0.80%	4.70%
2012	1.00%	0.25%	0.80%	4.70%
2013	1.00%	0.25%	0.80%	4.70%

Source: Utah State Tax Commission

CITY OF EAGLE MOUNTAIN
Sales Tax Revenue Payers by Industry
Fiscal Years 2004 and 2013

	Fiscal Year 2004				Fiscal Year 2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail/Grocery	N/A	N/A	N/A	N/A	651	55.5%	\$ 82,984.24	19.9%
Utility/Communication	N/A	N/A	N/A	N/A	90	7.7%	195,864.63	47.0%
Auto Dealers & Supplies	N/A	N/A	N/A	N/A	30	2.6%	11,539.36	2.8%
Eating/Drinking Establishments	N/A	N/A	N/A	N/A	10	0.9%	11,119.46	2.7%
Home Furnishings & Appliances	N/A	N/A	N/A	N/A	37	3.2%	1,774.26	0.4%
Medical	N/A	N/A	N/A	N/A	34	2.9%	2,697.98	0.6%
Service Stations	N/A	N/A	N/A	N/A	2	0.2%	43,904.82	10.5%
All Other Outlets	N/A	N/A	N/A	N/A	318	27.1%	16,040.84	3.9%
Utah State Tax- Motor Vehicle	N/A	N/A	N/A	N/A	1	0.1%	50,421.69	12.1%
Total	N/A	N/A	N/A	N/A	1173	100.0%	\$ 416,347.28	100.0%

Source: The City of Eagle Mountain

*City has no records for FY2004.

CITY OF EAGLE MOUNTAIN

Charges for Water Fees

Last Ten Fiscal Years

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water Sales	\$ 1,013,024	\$ 1,169,370	\$ 1,180,166	\$ 1,592,488	\$ 1,803,162	\$ 1,872,564	\$ 2,004,797	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580
Secondary Water	-	-	-	-	-	-	-	-	-	-
Other	201,253	234,087	406,545	519,303	142,505	92,515	172,399	-	-	-
Totals	\$ 1,214,277	\$ 1,403,457	\$ 1,586,711	\$ 2,111,791	\$ 1,945,667	\$ 1,965,079	\$ 2,177,196	\$ 2,284,387	\$ 2,439,024	\$ 2,633,580

Source: The City of Eagle Mountain

DEBT CAPACITY

Pages 92 – 96 of the Statistical Section of this report show ratios and margins for debt obtained by the city in the form of bonds for capital infrastructure within the city.

CITY OF EAGLE MOUNTAIN

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

Fiscal Year	Governmental Activities							Business-type Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	Excise tax road bonds	Special Assessment bond 97-1	Special Assessment bond 98-3	Special Assessment Bond 2001-1	Special Assessment bond 2004A	Special Assessment bond 2000-1	Capital Leases	Water and Sewer Revenue Bonds	Electric and Gas Revenue Bond	Telecommunication Revenue Bond	Water and Sewer Refunding Bond	Electric and Gas Refunding Bond	Unamortized Bond Premium				
2004	\$ -	\$ 750	\$ 2,467	\$ 11,935	\$ 10,455	\$ -	\$ 104	\$ 8,330	\$ 20,025	\$ 4,200	\$ -	\$ -	\$ -	\$ 58,266	51.40%	\$ 7,443	
2005	1,226	470	1,879	11,585	5,637	-	80	8,130	19,825	4,050	-	-	-	52,882	39.58%	6,037	
2006	1,123	322	1,446	-	4,210	8,840	55	7,920	-	-	-	21,475	-	45,391	22.36%	3,681	
2007	1,015	-	989	-	2,341	6,114	27	7,700	-	-	-	21,475	43	39,704	15.95%	2,227	
2008	904	-	-	-	1,632	4,486	-	-	-	-	16,500	21,015	414	44,951	18.61%	2,015	
2009	789	-	-	-	1,508	4,335	-	-	-	-	16,115	20,500	390	43,637	16.32%	1,897	
2010	670	-	-	-	1,396	4,224	153	-	-	-	15,775	19,920	366	42,504	14.20%	1,985	
2011	547	-	-	-	1,081	3,529	-	6,665	-	-	15,495	19,275	342	46,934	15.77%	2,133	
2012	419	-	-	-	558	3,088	-	6,587	-	-	15,205	18,560	518	44,935	11.37%	1,988	
2013	285	-	-	-	-	2,926	-	6,365	9,760	-	14,880	17,770	866	52,852	12.78%	2,277	

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2013

<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	\$ 1,680,000	4.20%	\$ 70,560
Alpine School District	373,600,000	7.80%	29,140,800
Central Utah Water Cons. Dist.	774,300,000	0.93%	7,200,990
Subtotal, overlapping debt			36,412,350
City direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 36,412,350</u>

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

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	664,954
Debt limit (12% of the assessed value)	79,794
Debt applicable to limit	-
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total debt applicable to limit	79,794
Legal debt margin	79,794

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	34,927	39,879	48,583	83,346	98,075	90,254	83,359	75,720	74,895	79,794
Total net debt applicable to limit										
Legal debt margin	34,927	39,879	48,583	83,346	98,075	90,254	83,359	75,720	74,895	79,794

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.

CITY OF EAGLE MOUNTAIN

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

Fiscal Year	Water and Sewer Revenue Bonds						Electric and Gas Revenue Bonds						SID 2000-1		
	Utility Service Charge			Debt Service			Utility Service Charge			Debt Service			Special Assessment	Principal Interest	Coverage
	Less: Operating Expenses	Net Available Revenue	Coverage	Principle	Interest	Coverage	Principle	Interest	Coverage	Principle	Interest				
2004	\$ 1,013	\$ 829	184	\$ 195	\$ 484	0.27	\$ 4,370	\$ 4,166	204	\$ 800	\$ 1,107	0.11	\$ -	\$ -	-
2005	1,169	955	214	200	239	0.49	5,317	5,302	15	200	817	0.01	1,333	350	1.00
2006	2,187	1,764	423	210	234	0.95	7,889	7,298	591	19,825	1,017	0.03	12,560	11,585	1.00
2007	2,969	2,097	872	220	229	1.94	9,973	9,134	839	-	977	0.86	3,521	2,726	1.00
2008	3,517	2,719	798	235	441	1.18	11,397	9,980	1,417	460	971	0.99	2,132	1,628	1.00
2009	3,694	2,614	1,080	385	790	0.92	10,065	10,123	(58)	515	944	(0.04)	521	151	1.00
2010	4,387	3,692	695	340	789	0.62	11,292	9,958	1,334	580	929	0.88	491	111	1.00
2011	4,696	4,432	264	358	829	0.22	11,551	10,246	1,305	645	918	0.83	651	695	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	0.47
2013	5,128	4,833	295	2,442	803	0.09	13,266	12,002	1,264	1,395	1,271	0.47	320	162	0.76

Source: The City of Eagle Mountain

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

Fiscal Year	Special Assessments	SID 98-1 (2005A)			Excise Tax Road Bond			
		Debt Service			Debt Service			
		Principle	Interest	Coverage	Class B & C Road Funds	Principle	Interest	Coverage
2004	\$ 1,957	\$ 850	\$ 706	1.26	\$ -	\$ -	\$ -	-
2005	7,849	726	47	10.15	394	-	24	-
2006	1,592	995	597	1.00	371	103	46	2.49
2007	2,687	1,869	263	1.26	428	108	43	2.83
2008	230	345	703	0.22	563	111	39	3.75
2009	166	108	101	0.79	618	115	36	4.09
2010	132	112	110	0.59	704	119	31	4.69
2011	182	315	97	0.44	745	123	28	4.93
2012	305	523	66	0.52	729	128	21	5
2013	5	558	41	0.01	772	134	16	5.15

Source: The City of Eagle Mountain

DEMOGRAPHICS AND ECONOMICS

Pages 97 – 98 of the Statistical Section of this report show demographic and economic statistics for the city over the last 10 years of the city’s history.

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

Calendar	Population	Personal Income	Per Capita Personal Income	Unemployment Rate*
2004	8,760	\$ 113,351,016	\$ 12,940	4.8
2005	12,332	133,613,457	10,835	4.0
2006	17,391	202,998,196	11,673	2.9
2007	19,890	248,855,393	12,512	2.5
2008	22,309	271,043,036	12,149	3.2
2009	23,000	292,965,933	12,738	5.2
2010	21,415	299,270,206	13,975	7.1
2011	22,008	297,656,898	13,525	7.5
2012	23,531	395,326,200	16,800	6.1
2013	24,097	355,865,378	14,768	4.6

Source: The City of Eagle Mountain

*Rate is Utah County

CITY OF EAGLE MOUNTAIN
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2013</u>			<u>2004 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Apline School District	374	1	53.81%	N/A		N/A
Eagle Mountain City	120	2	17.27%	N/A		N/A
Ranches Academy	50	3	7.19%	N/A		N/A
Rockwell High School	35	4	5.04%	N/A		N/A
TM Crushing LLC	28	5	4.03%	N/A		N/A
Ranches Golf Course	25	6	3.60%	N/A		N/A
Direct Communications	22	7	3.17%	N/A		N/A
Village Pizza	17	8	2.45%	N/A		N/A
Maverik	13	9	1.87%	N/A		N/A
Brevium	11	10	1.58%	N/A		N/A
Total	695		100.00%	N/A		N/A

Source: The City of Eagle Mountain

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

N/A = Not Available

OPERATING INFORMATION

Pages 99 – 101 of the Statistical Section of this report show operating statistics and performance measurement data for the city’s overall performance over the last 10 years.

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

Full-time-Equivalent Employees as of June 30, 2013

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Management	3	4.25	5	8.6	8.6	6.6	8.6	11	8	7
Finance	3	4	4	4	4	4	3	3	3	3
Planning	4	3	3.4	5	5	4	3.5	2.5	3.5	2.83
Building	3	3	5.5	7	7	6	5.5	3.5	3.5	3.5
Recorder	2	2	2	2	3	3	3	3	3	3
Utility Billing	2	2	4	4	4	4	4	3.75	4.75	5
Other	8	7	9	0	0	0	0	0	3.38	3
Police										
Crossing Guards	1.5	1.75	3	3	3.5	3.5	3.2	3.2	3.2	3.2
Fire										
Firefighters and off	0.6	7	8.75	10.75	16.75	15.8	16.59	16.59	17	17
Parks and recreation										
Parks and recreation	3	8	3	4	5	5	1	4.75	4.5	4.5
Library										
Library	1.25	1.5	1.2	2	2.3	2.2	2.3	2.3	4.13	4.13
Other public works										
Management	1	2	2	2	3	4	0	0	0	0
Engineering	3	4	2	3	2	2	2.3	2.6	2.66	2.66
Streets	3	3	3	4	4	4	3.5	3.25	3.5	3.5
Water	2	2	4	3.5	4	4	6	5.17	5.17	5.16
Wastewater	3	3	2	4.5	4	4	5.1	5.17	5.17	5.17
Other			4	4	0	1	4	2	2	2
Energy										
Energy	3	4	11	15	18	13	13	12	12	11
<hr/>										
Total	46.35	61.50	76.85	86.35	94.15	86.10	84.59	83.78	88.46	85.65

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program: General government</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Building										
Building permits issued	411	482	849	964	254	131	323	259	280	458
Building inspections conducted	3,093	3,603	6,313	9,134	3,869	2,471	3,900	1,698	1,850	2,864
Police										
Physical arrest						392	424	454	384	416
Warrants served						34	53	66	58	48
Traffic violations						1,157	1,730	1,565	2,062	1,399
Fire										
Emergency responses	332	267	547	621	640	612	676	693	694	766
Inspections	41	38	51	64	73	95	105	110	155	150
Streets										
Miles plowed - snow removal						14,546	9,594	12,185	5,339	10,574
Crack seal - staff hours							567	513	1,280	480
Asphalt Repairs (sq. ft.)	771,280		590,300			309,798	18,484	130,786	10,308	21,768
Parks and recreation										
Youth City sports registrations						2,056	2,183	2,301	2,747	2,704
Total recreational sports (youth/adult)						4/1	3/0	3/1	3/1	3/5
Water										
New meters installed						310	351	147	137	228
Water meters replaced						190	169	169	169	239
Average daily pumped (gallons)						3,231,197	3,262,153	3,785,400	4,272,384	4,142,638
Avg daily consumption (gallons)						2,730,512	3,305,721	4,013,088	3,732,753	4,332,255

Source: The City of Eagle Mountain

CITY OF EAGLE MOUNTAIN

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Patrol units						15	15	15	15	15
Fire										
Fire Hydrants								918	918	958
Fire Stations				2	2	2	2	2	2	2
Other public works										
Streets (miles)					113.52	122.98	136	142	133	133.5
Gas mains (miles)						103	114	114	116	129
Sewer plant capacity (gallons)						250,000	1,200,000	1,200,000	1,200,000	1,200,000
Sanitary sewers (miles)						72	72.2	72.2	72.2	73
Parks and recreation										
Total developed park (acres)						78.22	58	66	76	79
Playgrounds					11	11	11	12	15	15
Baseball/softball diamonds	2	2	2	3	3	3	3	7	7	7
Soccer/football fields	2	2	2	2	3	3	3	4	4	5
Water										
Water pipe (miles)						136	139	139	141	142
Total water storage (gallons)						4,600,000	6,600,000	6,600,000	6,600,000	6,600,000

Source: The City of Eagle Mountain

GOVERNMENT AUDITING STANDARDS REPORT
UTAH STATE COMPLIANCE REPORT



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Eagle Mountain City's basic financial statements, and have issued our report thereon dated December 15, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9666
FAX (801) 756-9667

PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 654-6477
FAX (801) 373-5622

WWW.GILBERTANDSTEWART.COM

Compliance and Other Matters

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

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 15, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
 AND ON INTERNAL CONTROLS OVER COMPLIANCE
 IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

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

REPORT ON COMPLIANCE

We have audited Eagle Mountain City's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

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

- Cash Management
- Budgetary Compliance
- Fund Balance
- Impact Fees
- Utah Retirement System Compliance
- Government Records Access Management Act
- Conflicts of Interest
- Nepotism
- Utah Public Finance Website
- Open & Public Meetings Act
- State Loans and Grants

The City did receive the following major assistance programs from the State of Utah during the year ended June 30, 2013.

- B&C Roads

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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 of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal 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 material effect on the Town and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Eagle Mountain City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with State of Utah Legal Compliance Audit Guide and which are described in the letter for those charged with Governance Dated December 15, 2013 as items 13-1 and 13-2.

REPORT OF INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 15, 2013

EAGLE MOUNTAIN CITY

**CORRESPONDENCE WITH
THOSE CHARGED
WITH GOVERNANCE**



December 15, 2013

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eagle Mountain City for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 20, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by Eagle Mountain City are described in Note 1 to the financial statements. During the fiscal year the City implemented GASB statement Nos. 63 and 65 (see note 1). We noted no transactions entered into by Eagle Mountain City during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the capital assets' useful life is based on the historical life of similar assets. We evaluated the key factors and assumptions used to develop the capital assets' useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered In Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following matters are items noticed during our audit which related to Utah State compliance issues:

Utah State Legal Compliance Findings - Current Year:

13-1 General Compliance - Budgetary Compliance

Finding: Utah State law prohibits the City from incurring expenditures in excess of those budgeted. We noted the City had expenditures in excess of appropriations as follows:

<u>General Fund (by department)</u>	
Community Development	\$ 32,388

<u>Other Funds (by Fund)</u>	
Debt service - SID 2000-1	\$ 81,115
Debt service - SID 98-1	119,026
Storm Water	30,014
Transportation impact fee	47,674

Recommendation: We recommend that the City make the necessary budget amendments to be in compliance with State Law.

City's Response: We concur with the auditors recommendations and will make the necessary budgetary adjustments.

13-2 Utility Administration Charge

Finding: When allocating costs from the Utility fund to the General fund it is required that the City will have a reasonable allocation of costs based on a formal study and reasonable methodology. We noted that the allocation documentation did not match the transfer that was made.

Recommendation: We recommend that the City review their documentation to ensure that the attrition of staff is properly reflected before the allocation of funds.

City's Response: We concur with the auditor's recommendation, and will update the documentation to reflect the current level of costs to be allocated.

Utah State Legal Compliance Findings - Prior Year:

12-1 General Compliance - Budgetary Compliance

Finding: Utah State law prohibits the City from incurring expenditures in excess of those budgeted. We noted the City had expenditures in excess of appropriations as follows:

<u>General Fund</u>	
Public Safety	\$21,175
Community Development	2,937
SID 98-1	5,516
Storm Water	13,440

Current Status: See current year finding 13-1

We wish to express our appreciation to the City personnel for the friendly and enthusiastic help extended to us during the course of our examination.

This information is intended solely for the use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gilbert & Stewart".

GILBERT & STEWART
Certified Public Accountants