

FISCAL YEAR ENDED JUNE 30, 2018

*POPULAR ANNUAL FINANCIAL
REPORT*

PAFR

FOR EAGLE MOUNTAIN CITY, UT



EAGLE
M O U N T A I N

- ▶ CITY PROFILE
- ▶ QUICK FACTS
- ▶ FINANCIAL HIGHLIGHTS
- ▶ GENERAL FUND REVENUES
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INTRODUCTION

We are pleased to present Eagle Mountain City's Fiscal Year 2018 Popular Annual Financial Report (PAFR). This report and the City's Comprehensive Annual Financial Report (CAFR) report on the financial health of our organization. A PAFR is a summary of the information contained in the CAFR. Whereas the CAFR will have information regarding all City funds, the PAFR shows only selected funds and is not meant to replace the CAFR.

Although the numbers used in the PAFR come from an audited source, we have presented them in a condensed, easy to understand, non-GAAP format. GAAP reports deal with the presentation of segregated funds as well as full disclosure of all material financial and non-financial events in notes to the financial statements, while non-GAAP reports do not contain such notes. Citizens who wish to review audited GAAP basis financial statements can refer to Eagle Mountain City's CAFR, which is available from the Finance Department or on the City's website at **emcity.org**.

Eagle Mountain City has received the Government Finance Officers Association's CAFR award, the "Certificate of Achievement in Financial Reporting" for each of the last eight fiscal years beginning with fiscal year 2010. The CAFR report shows the audited financial statements along with statistical trend data for the City.

This report is intended to be a synopsis of the CAFR, but it is also a glimpse on some of our primary achievements this year and our challenges for the future. It is based on audited financial documents and is a summary of our financial outcomes during the 2018 fiscal year (July 1, 2017 - June 30, 2018). We are pleased to present this report to help Eagle Mountain City residents better understand how the City operates financially.



VISION, MISSION, OBJECTIVES

VISION

Eagle Mountain City is committed to being Utah's most Dynamic and Desirable City.

MISSION

The mission of Eagle Mountain City is to provide quality services, facilities, and opportunities that create, sustain, and enhance a safe, livable, and dynamic community for its residents, businesses, and visitors.

CITY OBJECTIVES

1. Provide Quality Services
2. Improve Customer Service & Public Image
3. Provide Transparency & Accountability for City Funds
4. Promote Economic Development
5. Foster Community Involvement
6. Prioritize Safety for City Employees

COMMUNITY PROFILE

Eagle Mountain City is a community of about 36,000 residents. The City was incorporated in 1996 with only 250 residents. Eagle Mountain saw rapid growth during the early 2000's and is beginning to see growth increase again after the 2008 recession. A recent report published by the Utah Foundation projected that Eagle Mountain's population will expand to nearly 120,000 by the year 2050.

Eagle Mountain is situated west of Utah Lake in Utah County and is conveniently located near the population centers of Salt Lake City and Provo. At over 50 square miles, Eagle Mountain is one of the largest cities in the state geographically. The City is within 40 miles of three of Utah's largest universities—Brigham Young University, the University of Utah and Utah Valley University. The famous Pony Express Trail runs through the City and is the source of the name for the City's annual festival, Pony Express Days.

Eagle Mountain was recognized in 2013 as the youngest city in America by CNN Money. Eagle Mountain is a safe community and provides its residents with many recreational opportunities. The City's master plan includes more than 50 miles of jogging, cycling and horse riding trails. It also is home to a mountain bike park, skate park, and an ATV trail system spanning more than 85 miles.



QUICK FACTS

City Info

Eagle Mountain Incorporated	December 3, 1996
Became a city	May 31, 2001
Total land area	50.41 square miles

Government

Form of Government	Strong Mayor
	Tom Westmoreland (2018 - 2022)
City Council	
	Melissa Clark (2018 - 2022)
	Stephanie Gricius (2016 - 2020)
	Colby Curtis (2016 - 2020)
	Ben Reaves (2016 - 2020)
	Donna Burnham (2018 - 2022)

Demographics

Residents	36,000 est.
Race and Ethnicity	
White (Non-Hispanic)	86.8%
Hispanic and Latino	8.9%
Black & African American	0.6%
Asian	0.7%
Hawaiian & Other Pacific Islander	0.2%
American Indian and Alaska Native	0.1%
Gender	
Male	49.4%
Female	50.6%
Median Age	19.2
Median Household Income	\$74,885
Median Home Price	\$237,400
Home Ownership	85.7%
Persons per Household	4.21

Education

High School Graduates	96.2%
Bachelor's Degree or Higher	32.9%
Located in Alpine School District	

OPERATING INFORMATION

		Capital Asset Statistics				
Police*		2014	2015	2016	2017	2018
	Patrol Units	15	16	16	16	16
Fire**						
	Fire Hydrants	957	998	1,116	1,123	1,284
Public Works***						
	Streets (miles)	138	143	152	154	164
	Gas mains (miles)	137	0	0	0	0
	Sewer plant capacity (gallons)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	Sanitary sewers (miles)†	85	89	84	95	96
Parks & Recreation						
	Developed parks (acres)	88	90	100	124	155
	Playgrounds	15	15	17	23	25
	Baseball/softball diamonds	7	7	7	7	7
	Soccer/football fields	5	5	5	5	5
Water†						
	Water pipe (miles)	152	157	125	137	148
	Total water storage (gallons)	6,600,000	6,600,000	6,600,000	9,000,000	9,000,000
		Performance Metrics				
Building		2014	2015	2016	2017	2018
	Permits issued	559	674	1,086	1,437	1,554
	Inspections conducted	4,155	4,958	6,382	8,000	10,813
Police*						
	Physical arrests	353	498	481	492	582
	Warrants served	39	86	154	86	55
	Traffic violations	1,500	1,821	2,148	1,420	1,142
Streets						
	Snow removal (miles plowed)	5,896	1,394	11,522	10,981	3,491
	Crack seal (sq. ft.)	720	305	147	462,000	16,698,305
	Asphalt Repairs (sq. ft.)~	58,313	88,454	75,782	365,731	284,060
Parks & Recreation						
	Youth sports registrations	3,379	3,402	2,448	1,011	1,074
	Total sports programs (youth/adult)	4/5	4/5	3/5	1/7	1/7
Water						
	New meters installed	354	410	446	657	763
	Water meters replaced	156	646	436	318	712
	Average daily pumped (gallons)	4,285,000	4,036,302	4,820,000	4,903,000	5,824,838
	Average daily consumption (gallons)	4,076,000	4,030,318	4,366,025	4,858,875	5,122,255

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

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

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

† Efforts to significantly increase the use of GIS for data collection discovered a significant difference in data points related to water and sewer lines. GIS data will be used going forward.

~Starting in 2017, crack seal repairs are measured in number of square feet of roads repaired. Prior to 2017, crack seal was measured in number of staff hours spent.

COMMUNITY STATISTICS

Principal Employers

Alpine School District.....	487
Eagle Mountain City.....	126
Ridley's Family Market.....	114
JobMatch.....	102
Rockwell High School.....	50
Ranches Academy.....	48
Dominion Energy.....	37
Ranches Golf Course.....	30
TMCrushing LLC.....	27
Maverik.....	23
Revere Health.....	20

Principal Property Taxpayers

Pacificorp
 Dominion Energy
 Kern River Gas Transmission Company
 Direct Communications
 AMH 2014-3 Borrower LLC
 Ivory Homes
 CJM Limited Partnership
 Pony Express Land Development INC
 Iron Eagle Development INC
 Building Construction Partners



FINANCIAL HIGHLIGHTS

The following pages contain basic financial information for Eagle Mountain City's most recently completed fiscal year, but also historical data from the past five fiscal years. The PAFR will summarize financial information for the following:

Governmental Funds

- **General Fund:** The City's basic operating fund for many City operations
- **Special Revenue Funds:** Intended to report specific revenue sources that are limited to a specific purpose
- **Impact Fees:** These are fees collected from developers to help pay for the increased impact their developments will have on existing City infrastructure. These can be used to expand the capacity of City infrastructure such as roads or the sewer system.
- **Cemetery Fund:** This fund is used to account for the revenue and expenditures that are directly tied to the operation of the City's cemetery.
- **Debt Service:** Although most City debt is directly tied to the operation of a few of the City's utilities, the City does have several special assessment areas that operate to help pay for a specific project in an area of the City. The taxpayers in that area are assessed a fee to pay for those projects.
- **Capital Projects:** Any capital projects that have restricted funding attached to it is accounted for in this special fund.

Proprietary Funds

These funds are used to account for all City operations that are financed by revenues generated by the operations themselves. They are also referred to as Enterprise Funds or Business-like Funds, due to the fact that they operate more like a private business. The City has the following Proprietary Funds:

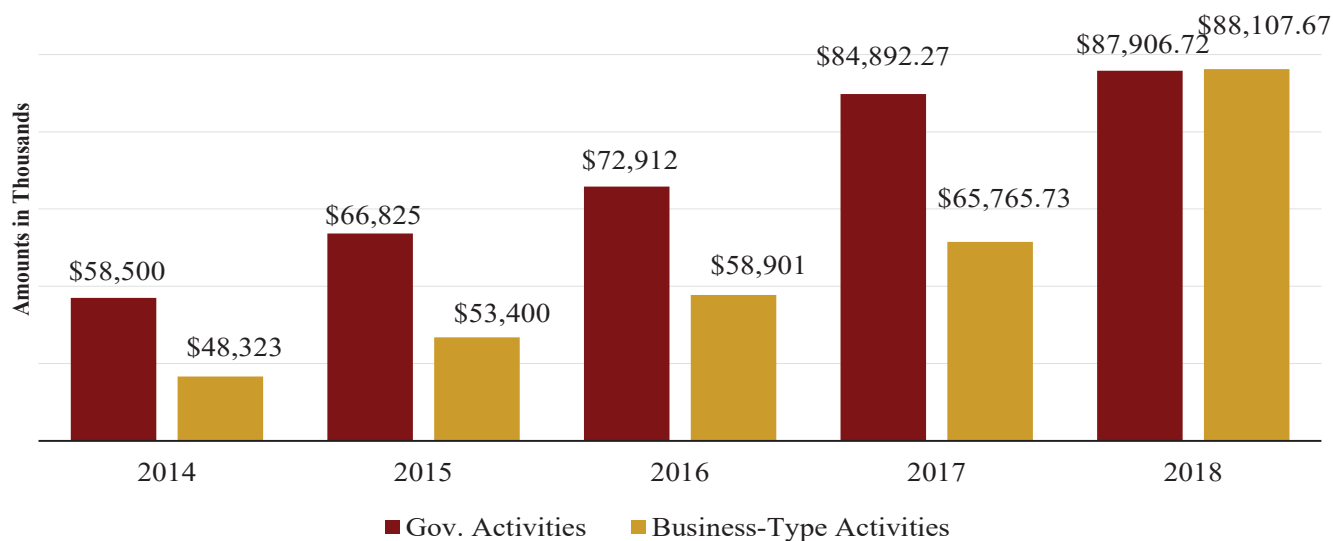
- **Water Fund:** The City's Water Utility provides culinary water services to all of Eagle Mountain City.
- **Sewer Fund:** The City's Sewer Utility operates and maintains the entire sewer system, including the pipes, lift stations and the 1.2 million gallon sewer treatment plant.
- **Electric Fund:** The City sold the Electric Utility to Rocky Mountain Power in March of 2015.
- **Gas Fund:** The City sold the Gas Utility to Questar Gas (now Dominion Energy) in March of 2015.
- **Solid Waste:** The City contracts with ACE Disposal for solid waste service, but collects the monthly fees on behalf of the company.
- **Storm Drain.** The City's Storm Drain Utility operates and maintains the entire storm drain system.

NET POSITION

A City's net position is a good indicator of its long-term financial health. Net position is calculated by adding up all of the city's assets (Cash, investments, land, buildings, infrastructure, etc.) and then subtracting out all of the city's liabilities (Accounts payable, bond interest, etc.). Current assets and liabilities can be turned into cash within the year or are due within a year. Non-Current assets and liabilities either can't be turned into cash easily or are not due within the year.

The two charts below show the net position for Eagle Mountain City in Fiscal Year's 2017 and 2018 and then a historic look back for each year from 2014.

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

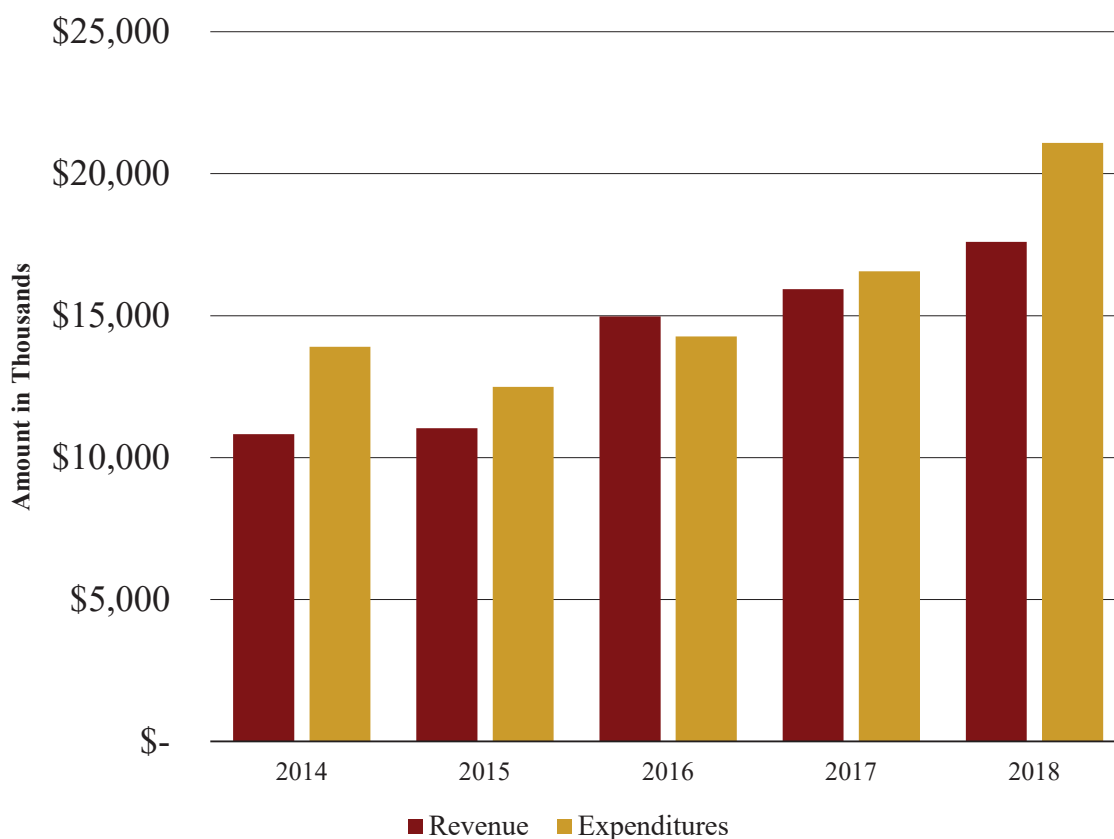


GOVERNMENTAL FUNDS

Governmental Funds are those funds that are used for the general government operations. For Eagle Mountain City, the largest of these funds is the General Fund (discussed in greater detail later). Other Governmental Funds include the Special Revenue Funds, Capital Projects and some Debt Service Funds.

The following table shows the Fiscal Year 2018 revenues and expenditures for the Governmental Funds, followed by the five year history for revenues and expenditures.

	General Fund	General Fund Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues	\$ 13,678,818	\$ 130,623	\$ 3,786,216	\$ 17,595,657
Expenditures	12,156,057	6,597,297	1,609,361	20,362,715
Excess revenue over (under) expenditures	\$ 1,522,761	\$ (6,466,674)	\$ 2,176,855	\$ (2,767,058)



Information gathered from the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental funds on page 25 of CAFR. Excludes "Other Financing Sources."

GOVERNMENTAL FUNDS

The following table demonstrates the total revenue and expenditures for all Governmental Funds for the past five fiscal years.

This table shows the additional financing sources that have occurred during the previous year. These sources are not directly tied to the operation of the Governmental Funds, which is why they are accounted for separately. These include: Transfers in or out, contributions, and bond proceeds.

REVENUES		2014		2015		2016		2017		2018
Taxes	\$	4,128,574	\$	4,438,660	\$	5,060,489	\$	5,734,815	\$	6,344,105
Special Assessments		867,149		422,258		1,922,459		307,641		258,551
Licenses & Permits		1,552,860		1,662,088		2,214,940		2,895,474		3,454,239
Intergovernmental		778,765		821,777		948,648		1,336,283		1,520,620
Charges for Services		1,882,121		1,855,281		2,039,483		1,686,659		1,304,991
Impact Fees		1,495,226		1,523,058		2,024,613		3,308,604		3,402,318
Miscellaneous		120,980		313,700		767,731		666,876		1,310,833
Total	\$	10,825,675	\$	11,036,822	\$	14,978,363	\$	15,936,352	\$	17,595,657

EXPENDITURES

Current:

General Government	2,703,466	2,617,687	3,222,850	3,027,034	3,294,126
Public Safety	2,065,929	2,367,014	2,286,418	2,332,378	2,550,530
Public Works	3,412,266	3,136,684	2,880,937	4,799,868	5,087,135
Planning & Zoning	317,400	386,939	415,180	487,486	492,349
Community Development	1,027,595	1,106,656	1,245,069	1,217,788	2,122,126

Debt Service:

Principal Retirement	3,651,000	940,000	1,817,000	180,000	155,000
Bond Issuance Costs	123,286	-	-	-	-
Interest & Fiscal Charges	226,440	277,744	180,379	70,618	64,152

Capital Outlay

	375,859	1,664,752	2,223,822	4,444,671	6,597,297
Total	\$ 13,903,241	\$ 12,497,476	\$ 14,271,655	\$ 16,559,843	\$ 20,362,715

Excess revenues over

(under) expenditures	\$	(3,077,566)	\$	(1,460,654)	\$	706,708	\$	(623,491)	\$	(2,767,058)
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OTHER FINANCING SOURCES

Proceeds from Asset Disposals	-	497,516			
Loss on Grant Noncompliance	-	(412,000)			
Contributions	-	-			
Bond Proceeds	4,616,245	-			
Transfers In	660,676	2,154,692	1,802,835	6,527,733	6,091,881
Transfers Out	(628,620)	(2,081,434)	(1,722,651)	(3,843,012)	(2,983,780)

Total	\$	4,648,301	\$	158,774	\$	80,184	\$	2,684,721	\$	3,108,101
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Net Change in Fund Balance	1,570,735	(1,301,880)	786,892	2,061,230	341,043
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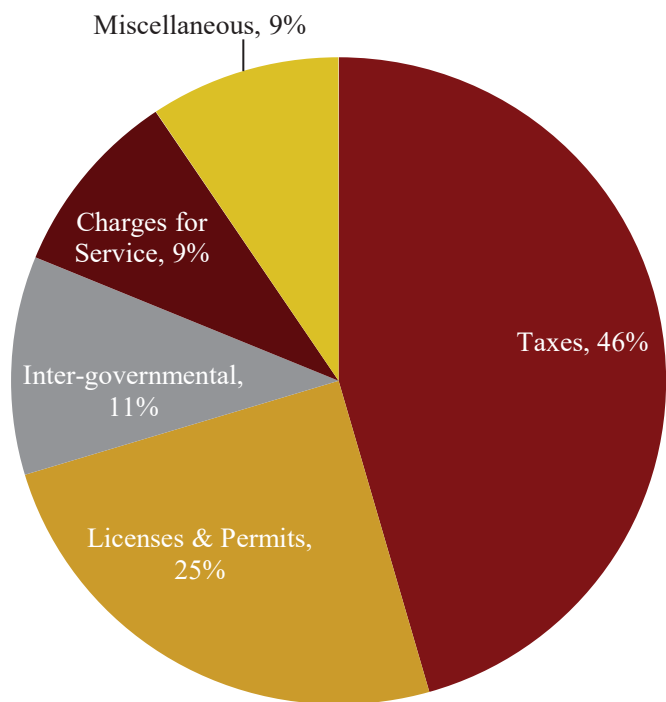
Fund Balance - Beg of Year	4,793,983	6,364,718	5,062,835	5,849,729	7,726,666
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Restatement of net position (see Note 17)				(184,293)	
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Fund Balance - End of Year	\$	4,793,983	\$	5,062,838	\$	5,849,727	\$	7,910,959	\$	8,067,709
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GENERAL FUND REVENUES

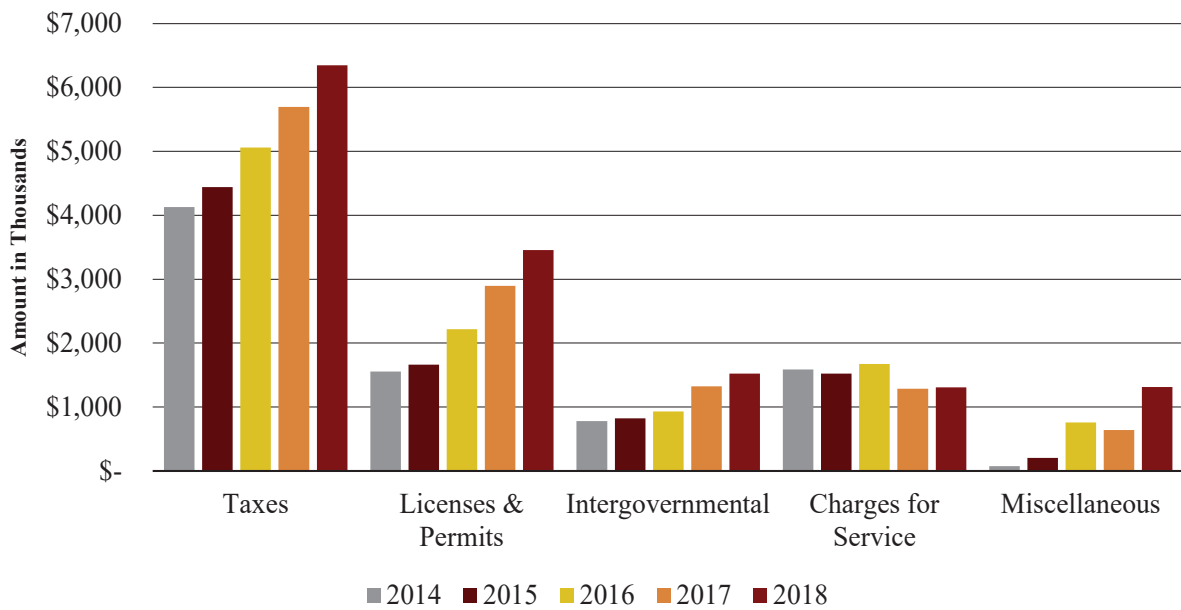
The main revenue sources for the General Fund are the property, sales, and franchise taxes collected from residents and businesses. Other sources of revenue include the fees charged for building a home or an entire subdivision, funds from other government sources, charges for sports participation, and more. Nearly all City revenue sources saw an increase from Fiscal Year 2017, which is a result of increased growth, a recovering economy, with a minor dip in demand for special services.



Taxes	6,344,105
Licenses & Permits	3,454,239
Intergovernmental	1,520,620
Charges for Service	1,304,991
Miscellaneous	1,310,833
Total	13,934,788

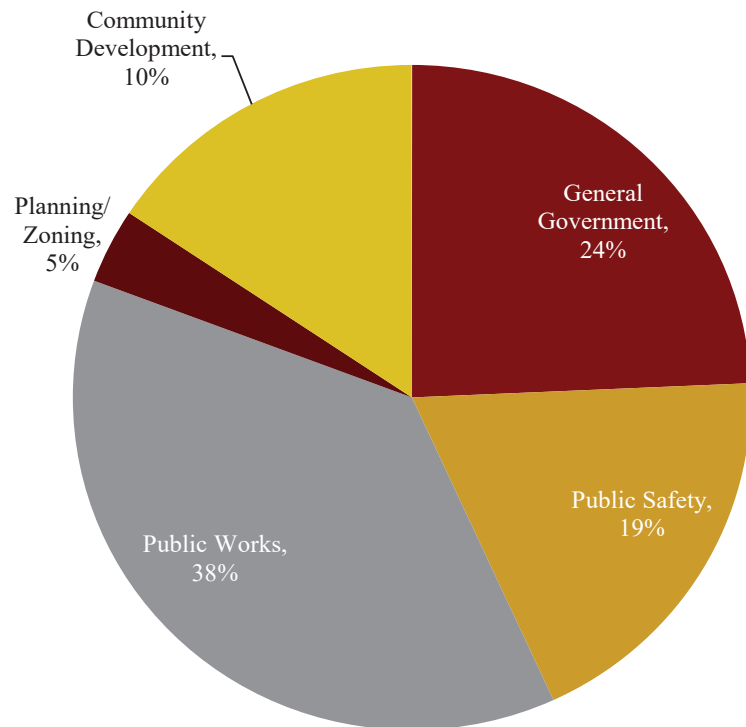
Information gathered from the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental funds on page 25 of CAFR. Excludes “Other Financing Sources.”

General Fund revenues saw a 18% growth since FY 2017, which largely came from new growth. This shows that the City is growing and is in a strong financial position, while maintaining a low burden to residents.



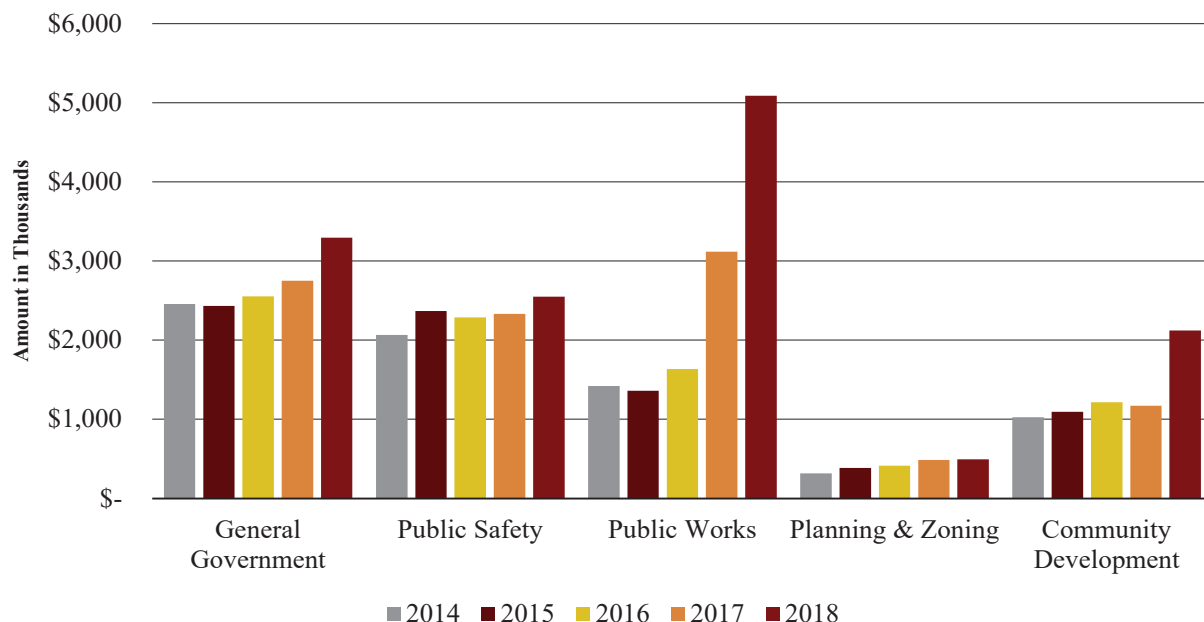
GENERAL FUND EXPENDITURES

The City's General Fund provides many of the basic services that residents enjoy. A large portion is devoted to general government operations such as the Administration, Planning, and Finance Departments or the Recorder's Office. Public safety services provided by a contract with the Utah County Sheriff's Office takes up the next largest portion. Other services provided by the General Fund include road maintenance, snow plowing, parks and recreation, and more.



General Government	3,294,126
Public Safety	2,550,530
Public Works	5,087,135
Planning/Zoning	492,349
Community Development	2,122,126
Total	13,546,266

General Fund expenditures saw a 37% growth since FY 2017. This is largely due to increased General Government costs and increases in costs associated with Public Works.



PROPERTY TAX SUMMARY

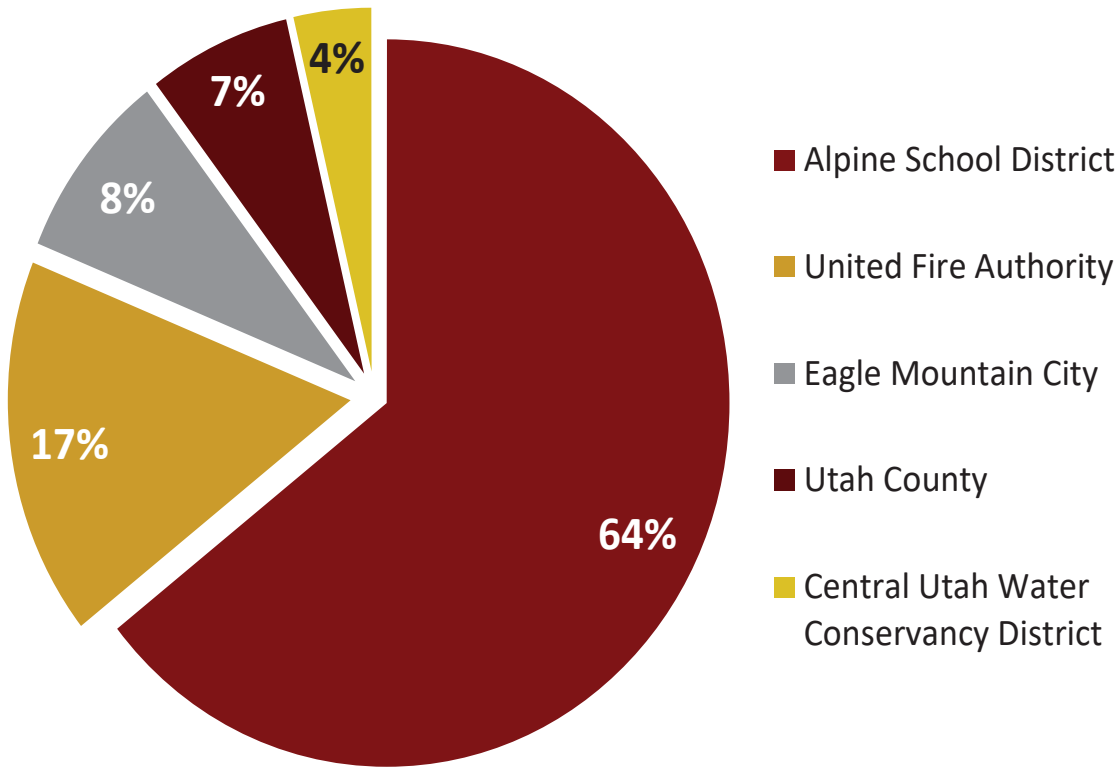
Eagle Mountain City receives a portion of the property taxes collected on all real property located within the City. Those dollars support critical government functions such as public safety and road maintenance, and other services such as parks and recreation, the library, and more.

This chart shows what an Eagle Mountain City household would pay in property tax on a \$240,000 home.

The average household pays \$121.97 per year to the City in property tax, which is only 34 cents a day. For that 34 cents a day, residents get police services, safe roads, parks, sports and recreation programs, planning services, and much more.

	\$	240,000	Appraised value
	\$	132,000	Taxable value
Alpine School District	\$	928.36	
United Fire Authority	\$	242.35	
Eagle Mountain City	\$	121.97	
Utah County	\$	96.62	
Central Utah Water Conservancy District	\$	52.80	
Total Property Tax Bill	\$	1,442.10	

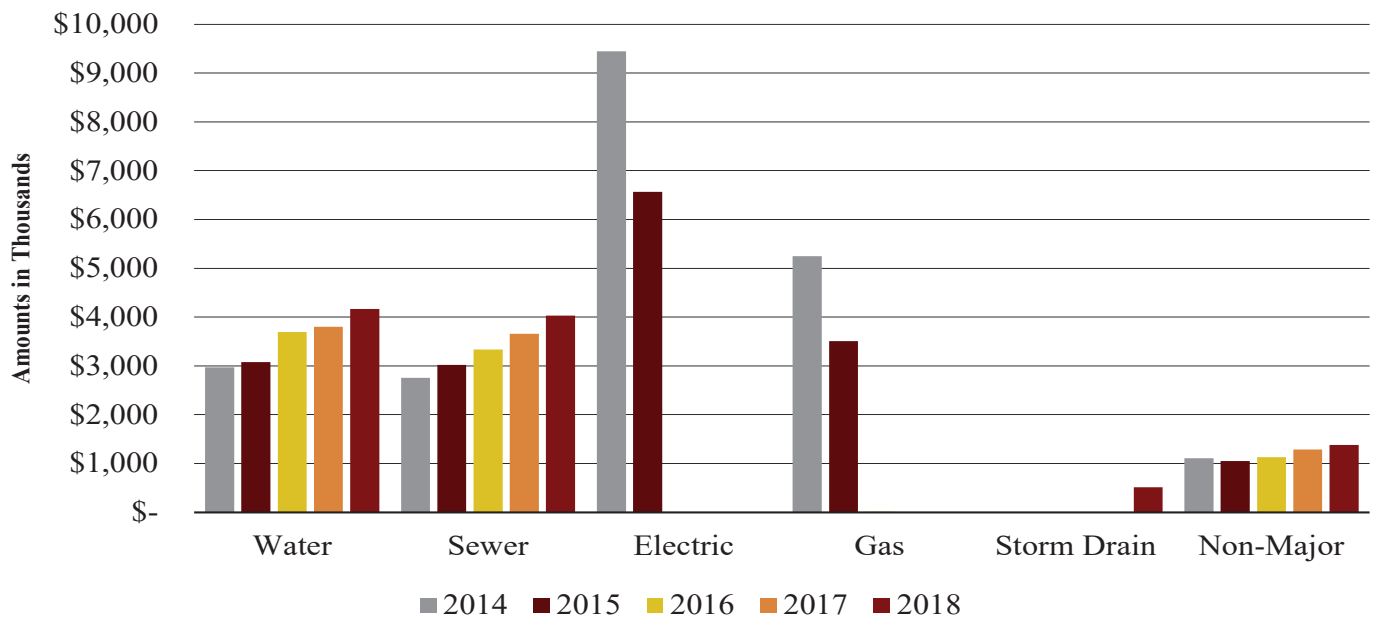
What can you get for 34 cents a day?



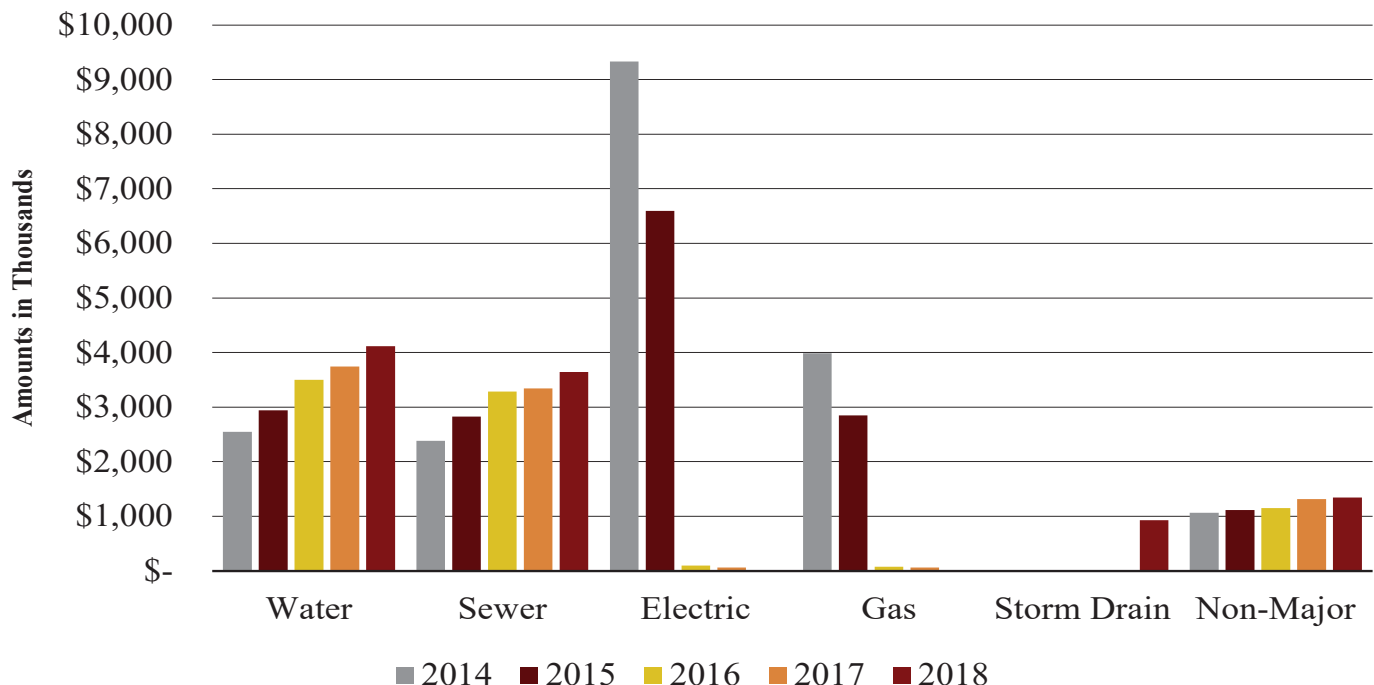
PROPRIETARY FUNDS

The City's Proprietary Funds provide a variety of municipal services to the residents. Currently, the City operates Water, Sewer, and Storm Drain Utilities. In March of 2015, the City sold its Gas and Electric Utilities, which it no longer operates, but are still reported in the CAFR and this report. In addition to the four major Proprietary Funds, the City also operates one "non-major" Proprietary Fund:

Five Year Proprietary Funds Operating Revenues



Five Year Proprietary Funds Operating Expenditures



Information gathered from the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Proprietary funds on page 28 of CAFR. Excludes "Non-operating Revenue (expense) and other financing sources."

FY 2018 HIGHLIGHTS

During the 2017-2018 fiscal year, Eagle Mountain City saw increased economic growth, increased building, and high-quality services provided to the residents of the City. Among the accomplishments and highlights for the City were the following:

- Processed a record-breaking 1,554 new building permits, an increase of 117 over FY2017. Of those, 920 are residential construction.
- Cory Wride Memorial Regional Park Phase 1 Completed
- A new High School is nearly completed.
- City earned its eighth consecutive Certificate of Achievement for Excellence in Financial Reporting Award.
- City earned its eleventh consecutive Distinguished Budget Award.
- Library earned the Utah state certification for twelfth consecutive year.
- Facebook, Inc. announced a massive data center to be built within the city bringing in major infrastructure investments and the potential for additional phases.
- Eagle Mountain held a number of successful events including the Pony Express Days, Christmas Village, Halloween Town, Street Fair, and more.
- 7 new commercial businesses and 89 home-based businesses were opened during FY 2018.

LOOKING FORWARD

As we close the books on Fiscal Year 2018, Eagle Mountain City is looking forward to the future and the opportunities and challenges each new year brings. Included in Eagle Mountain City's 5-Year Plan for the future are four main categories: Transportation, Commercial Development, Parks & Trails, and Employee Recruitment. As we look to Fiscal Year 2019, each of these four areas will play a large role in how the City operates. The City is seeking opportunities to increase the inventory and diversity of its parks and trails systems, including a large investment in Cory B. Wride Memorial Park. A number of commercial locations have either already opened for business, or will open, bringing jobs and increased economic activity to Eagle Mountain City.

Past financial decisions, including the decision to sell the City's gas and electric utilities, have placed the City in a strong financial position. The City is looking to take advantage of this position to improve City services and expand our capacity to provide our residents with the best facilities and services possible.

Eagle Mountain is experiencing levels of growth not seen since the Great Recession, and is preparing for much more growth. This will stretch the City's infrastructure and staff, but the City is planning and preparing to deal with this increase.

The City has positioned itself well to enjoy the benefits of future expansion, especially in residential and commercial development, and will continue to seek to become the most dynamic and desirable city.





EAGLE MOUNTAIN

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



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