

FISCAL YEAR ENDED JUNE 30, 2017

*POPULAR ANNUAL FINANCIAL
REPORT*

PAFR

FOR EAGLE MOUNTAIN CITY, UT



EAGLE
MOUNTAIN

- ▶ 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 2017 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 seven 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 2017 fiscal year (July 1, 2016 - June 30, 2017). 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 35,000 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 30 miles of jogging, cycling and horse riding trails. It also is home to a mountain bike park, skate park, and an ATV trail system.



QUICK FACTS

City Info

Eagle Mountain Incorporated
Became a city
Total land area

December 3, 1996
May 31, 2001
50.41 square miles

Government

Form of Government

Strong Mayor
Christopher Pengra (2014 - 2017)

City Council

Adam Bradley (2014 - 2018)
Stephanie Gricius (2016 - 2020)
Colby Curtis (2016 - 2020)
Ben Reaves (2016 - 2020)
Tom Westmoreland (2014 - 2018)

Demographics

Residents	35,000 est.
Race and Ethnicity	
White (Non-Hispanic)	86.8%
Hispanic and Latino	8.6%
Black & African American	0.6%
Asian	0.6%
Hawaiian & Other Pacific Islander	0.6%
American Indian and Alaska Native	0.5%
Gender	
Male	50.5%
Female	49.5%
Median Age	20.3
Median Household Income	\$68,408
Median Home Price	\$189,800
Home Ownership	87.1%
Persons per Household	4.18

Education

High School Graduates	94.8%
Bachelor's Degree or Higher	31.2%
Located in Alpine School District	

OPERATING INFORMATION

Capital Asset Statistics

	2013	2014	2015	2016	2017
Police*					
Patrol Units	15	15	16	16	16
Fire**					
Fire Hydrants	958	957	998	1,116	1,123
Public Works***					
Streets (miles)	134	138	143	152	154
Gas mains (miles)	128	137	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)†	73	85	89	84	95
Parks & Recreation					
Developed parks (acres)	79	88	90	100	124
Playgrounds	15	15	15	17	23
Baseball/softball diamonds	7	7	7	7	7
Soccer/football fields	5	5	5	5	5
Water†					
Water pipe (miles)	142	152	157	125	137
Total water storage (gallons)	6,600,000	6,600,000	6,600,000	6,600,000	9,000,000

Performance Metrics

	2013	2014	2015	2016	2017
Building					
Permits issued	459	559	674	1,086	1,437
Inspections conducted	2,864	4,155	4,958	6,382	8,000
Police*					
Physical arrests	416	353	498	481	492
Warrants served	48	39	86	154	86
Traffic violations	1,399	1,500	1,821	2,148	1,420
Streets					
Snow removal (miles plowed)	10,574	5,896	1,394	11,522	10,981
Crack seal (sq. ft.)	480	720	305	147	462,000
Asphalt Repairs (sq. ft.)~	21,768	58,313	88,454	75,782	365,731
Parks & Recreation					
Youth sports registrations	2,704	3,379	3,402	2,448	1,011
Total sports programs (youth/adult)	3/5	4/5	4/5	3/5	1/7
Water					
New meters installed	228	354	410	446	657
Water meters replaced	239	156	646	436	318
Average daily pumped (gallons)	4,142,638	4,285,000	4,036,302	4,820,000	4,903,000
Average daily consumption (gallons)	4,332,255	4,076,000	4,030,318	4,366,025	4,858,875

* 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.....	482
Eagle Mountain City.....	128
Ridley's Family Market.....	114
Job Match.....	60
Ranches Academy.....	48
Rockwell High School.....	50
Ranches Golf Course.....	30
Dominion Energy.....	37
TM Crushing LLC.....	27
Maverik.....	23
Revere Health.....	20

Principal Property Taxpayers

Pacificorp
Dominion Energy
Kern River Gas Transmission Company
Direct Communications
Residential Construction Management LLC
AMH 2014-3 Borrower LLC
Pony Express Land Development INC
Fieldstone Silverlake LLC
RPP LLC



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:

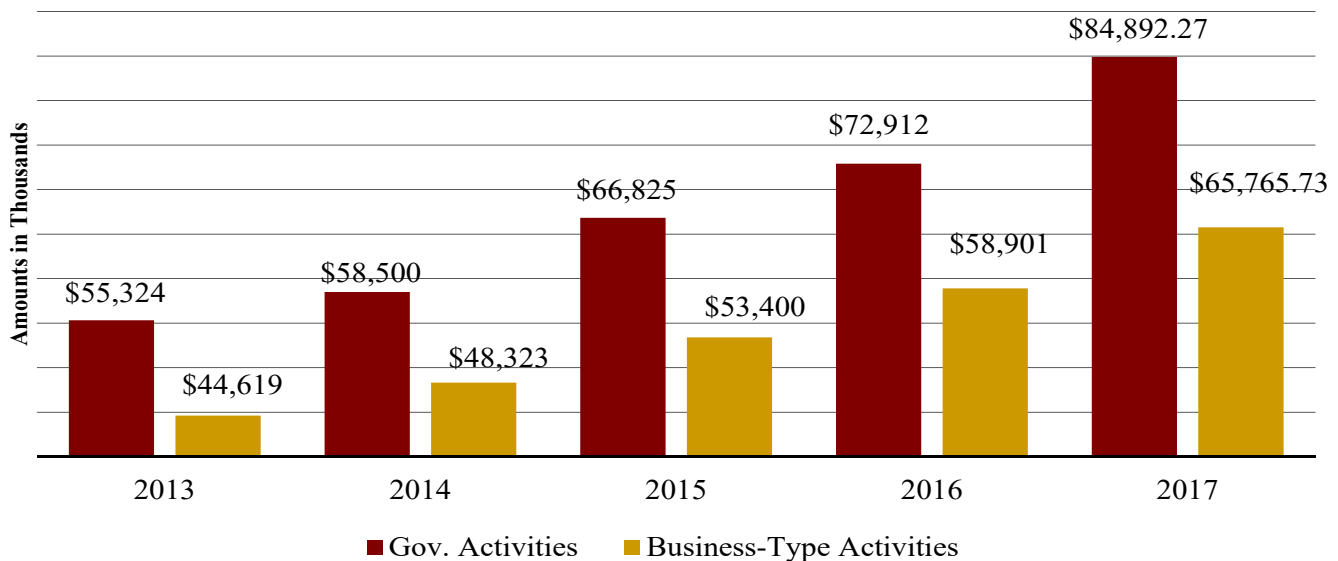
- **Water Fund:** The City's Water Utility provides culinary water services to all of Eagle Mountain City.
- **Sewer Fund:** The City's Sewer Utility operates and maintains the entire sewer system, including the pipes, lift stations and the 1.2 million gallon sewer treatment plant.
- **Electric Fund:** The City operated a municipal power company, providing power to all residential and commercial customers. The City sold the Electric Utility to Rocky Mountain Power in March of 2015.
- **Gas Fund:** The City operated a municipal natural gas company, providing this service to all residential and commercial customers. The City sold the Gas Utility to Questar 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.
- **Business Incubator:** The City operates a business incubator, providing office space for local businesses. This is funded from proceeds of the sale of the golf course.

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 2016 and 2017 and then a historic look back for each year from 2013.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 17,614,700	\$ 11,984,644	\$ 24,611,329	\$ 22,899,211	\$ 42,226,029	\$ 34,883,855
Capital Assets	78,185,120	67,734,966	65,476,387	61,241,698	143,661,507	128,976,664
Other Non-Current Assets						
Total Assets	95,799,820	79,719,610	90,087,716	84,140,909	185,887,536	163,860,519
DEFERRED OUTFLOWS	728,191	634,159	1,158,226	1,241,905	1,886,417	1,876,064
LIABILITIES						
Current Liabilities	2,884,083	3,105,582	23,574,198	24,684,426	26,458,281	27,790,008
Non-Current Liabilities	7,145,732	2,941,214	1,820,707	1,717,843	8,966,439	4,659,057
Total Liabilities	10,029,815	6,046,796	25,394,905	26,402,269	35,424,720	32,449,065
DEFERRED INFLOWS	1,605,927	1,395,227	25,394,905	79,923	1,691,234	1,475,150
NET POSITION						
Net Investment in Capital Assets	76,834,279	66,092,722	43,226,694	38,007,144	120,060,973	104,099,866
Restricted	1,107,530	1,642,085	4,132,156	2,992,801	5,239,686	4,634,886
Unrestricted	6,950,460	5,176,939	18,406,880	17,900,677	25,357,340	23,077,616
Total Net Position	\$ 84,892,269	\$ 72,911,746	\$ 65,765,730	\$ 58,900,622	\$ 150,657,999	\$ 131,812,368

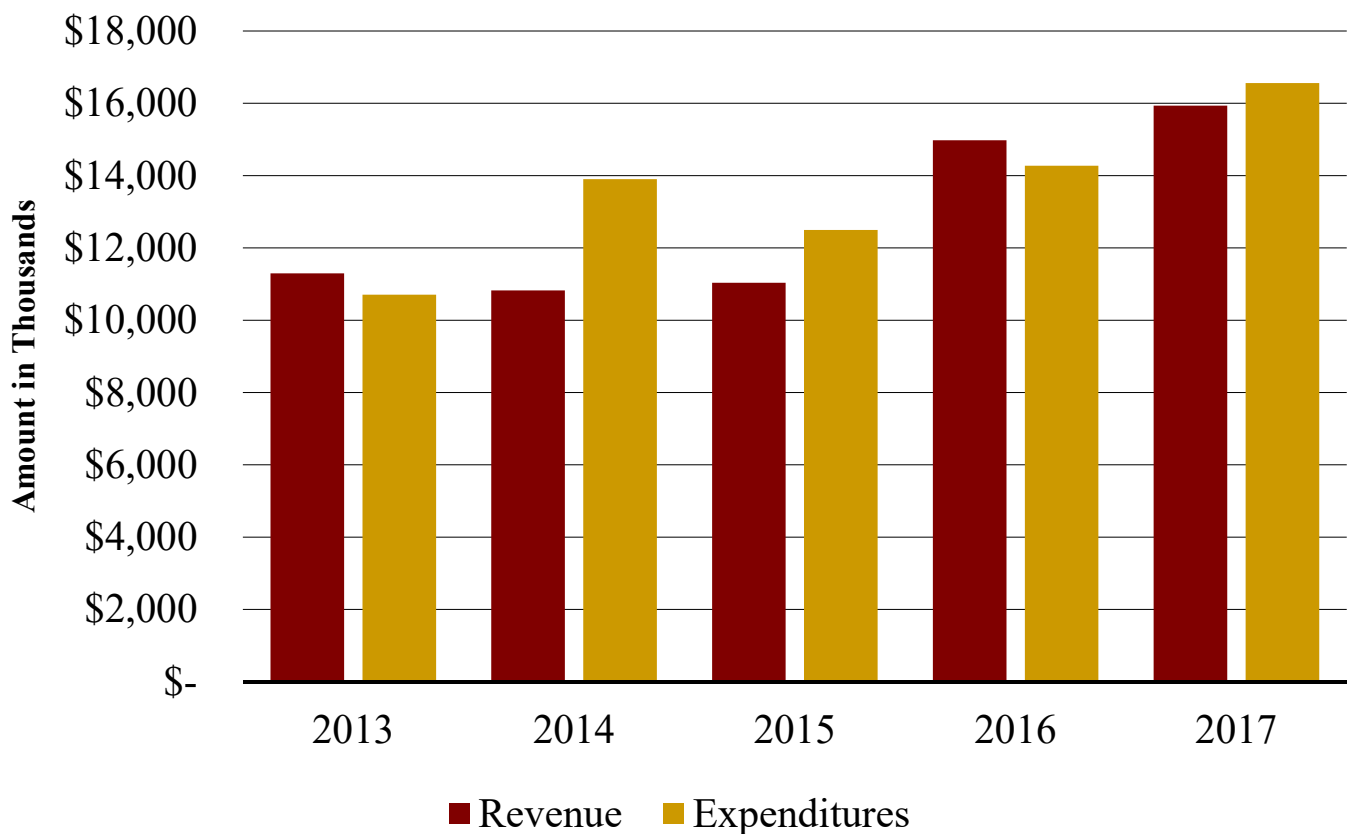


GOVERNMENTAL FUNDS

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 2017 revenues and expenditures for the Governmental Funds, followed by the five year history for revenues and expenditures.

	General Fund	General Fund Capital Projects	Debt Service 2000-1	Non-Major Governmental Funds	Total Governmental Funds
Revenues	\$ 11,841,190	\$ 30,559	\$ 641,097	\$ 3,423,506	\$ 15,936,352
Expenditures	9,858,098	4,444,671	286,834	1,970,240	16,559,843
Excess revenue over (under) expenditures	\$ 1,983,092	\$ (4,414,112)	\$ 354,263	\$ 1,453,266	\$ (623,491)



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

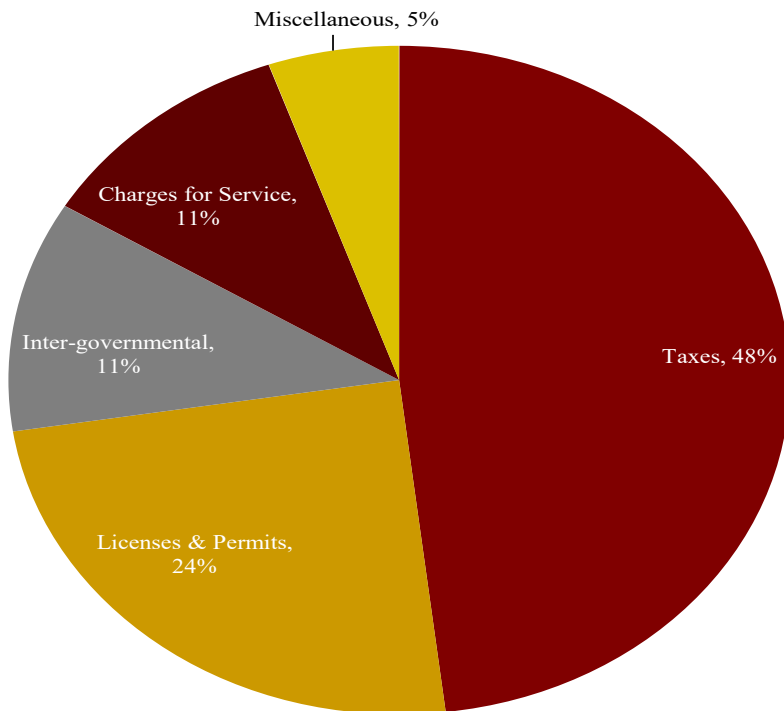
The following table demonstrates the total revenue and expenditures for all Governmental Funds for the past five fiscal years.

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		2013	2014	2015	2016	2017
Taxes	\$	4,260,060	\$ 4,128,574	\$ 4,438,660	\$ 5,060,489	\$ 5,734,815
Special Assessments		398,497	867,149	422,258	1,922,459	307,641
Licenses & Permits		1,124,774	1,552,860	1,662,088	2,214,940	2,895,474
Intergovernmental		1,047,984	778,765	821,777	948,648	1,336,283
Charges for Services		3,428,521	1,882,121	1,855,281	2,039,483	1,686,659
Impact Fees		877,598	1,495,226	1,523,058	2,024,613	3,308,604
Miscellaneous		158,836	120,980	313,700	767,731	666,876
Total	\$	11,296,270	\$ 10,825,675	\$ 11,036,822	\$ 14,978,363	\$ 15,936,352
EXPENDITURES						
Current:						
General Government		3,109,776	2,703,466	2,617,687	3,222,850	3,027,034
Public Safety		2,806,751	2,065,929	2,367,014	2,286,418	2,332,378
Public Works		1,863,423	3,412,266	3,136,684	2,880,937	4,799,868
Planning & Zoning		348,991	317,400	386,939	415,180	487,486
Community Development		1,266,531	1,027,595	1,106,656	1,245,069	1,217,788
Debt Service:						
Principal Retirement		854,000	3,651,000	940,000	1,817,000	180,000
Bond Issuance Costs		-	123,286	-	-	-
Interest & Fiscal Charges		313,772	226,440	277,744	180,379	70,618
Capital Outlay		144,662	375,859	1,664,752	2,223,822	4,444,671
Total	\$	10,707,906	\$ 13,903,241	\$ 12,497,476	\$ 14,271,655	\$ 16,559,843
Excess revenues over						
(under) expenditures	\$	588,364	\$ (3,077,566)	\$ (1,460,654)	\$ 706,708	\$ (623,491)
OTHER FINANCING SOURCES						
Proceeds from Asset Disposals		-	-	497,516	-	-
Loss on Grant Noncompliance		-	-	(412,000)	-	-
Contributions		30,000	-	-	-	-
Bond Proceeds		-	4,616,245	-	-	-
Transfers In		608,584	660,676	2,154,692	1,802,835	6,527,733
Transfers Out		(608,584)	(628,620)	(2,081,434)	(1,722,651)	(3,843,012)
Total	\$	30,000	\$ 4,648,301	\$ 158,774	\$ 80,184	\$ 2,684,721
Net Change in Fund Balance		618,364	1,570,735	(1,301,880)	786,892	2,061,230
Fund Balance - Beg of Year		4,175,644	4,793,983	6,364,718	5,062,835	5,849,729
Restatement of net position (see Note 17)						(184,293)
Fund Balance - End of Year	\$	4,793,983	\$ 6,364,718	\$ 5,062,838	\$ 5,849,727	\$ 7,726,666

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 2016, which is a result of increased growth, a recovering economy, with a minor dip in demand for special services.

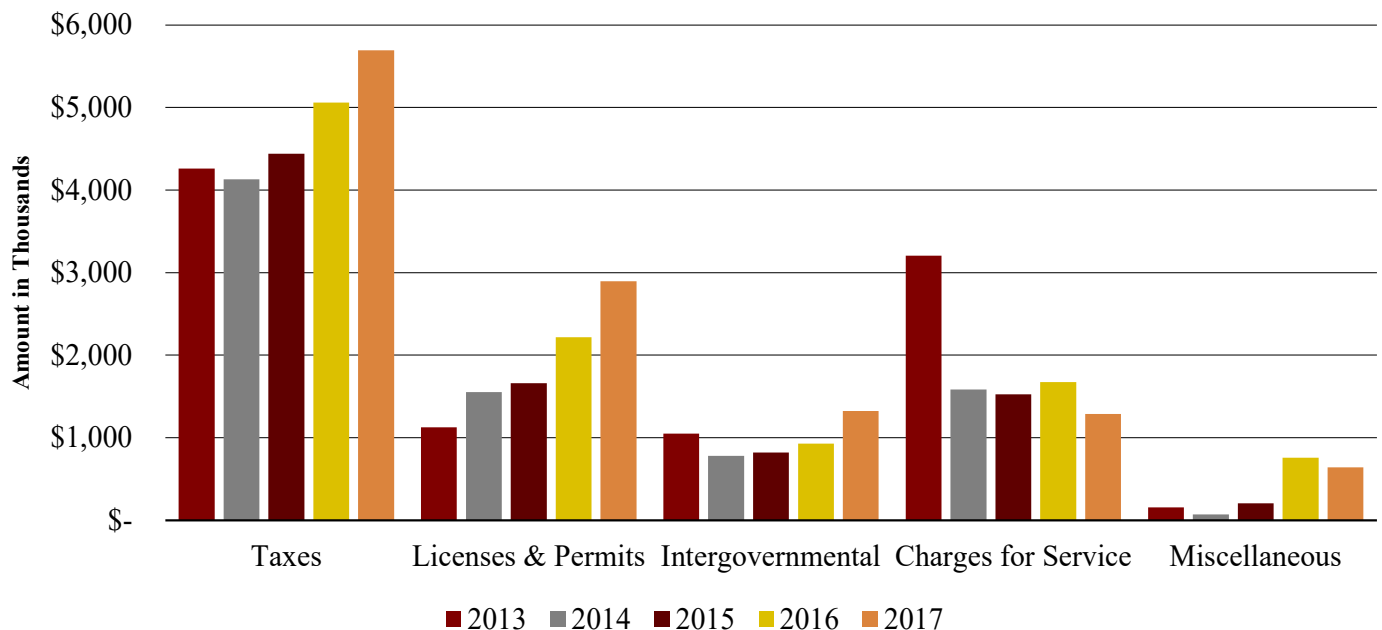


Taxes	5,694,480
Licenses & Permits	2,895,474
Intergovernmental	1,322,460
Charges for Service	1,288,458
Miscellaneous	640,324

Total 11,841,190

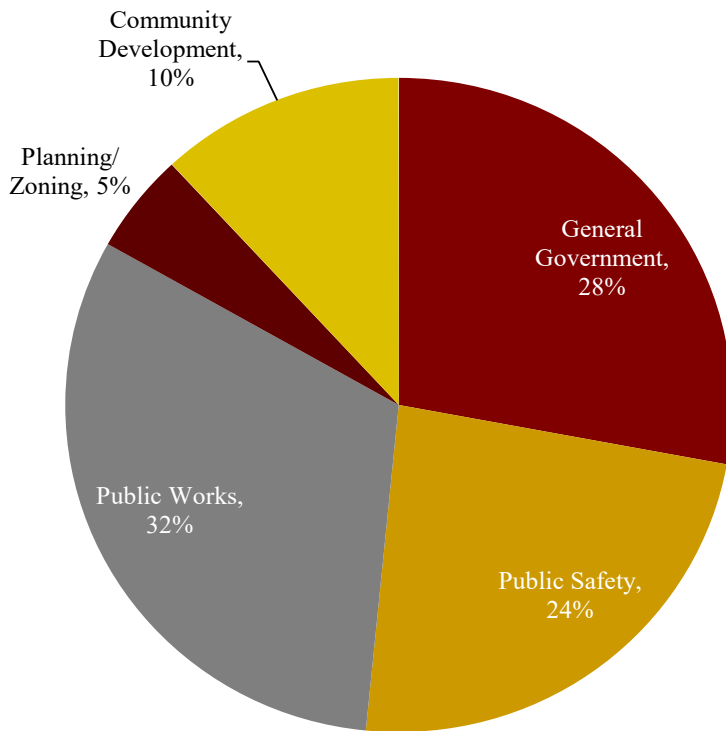
Information gathered from the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental funds on page 25 of CAFR. Excludes "Other Financing Sources."

General Fund revenues saw a 11% growth since FY 2016, 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.



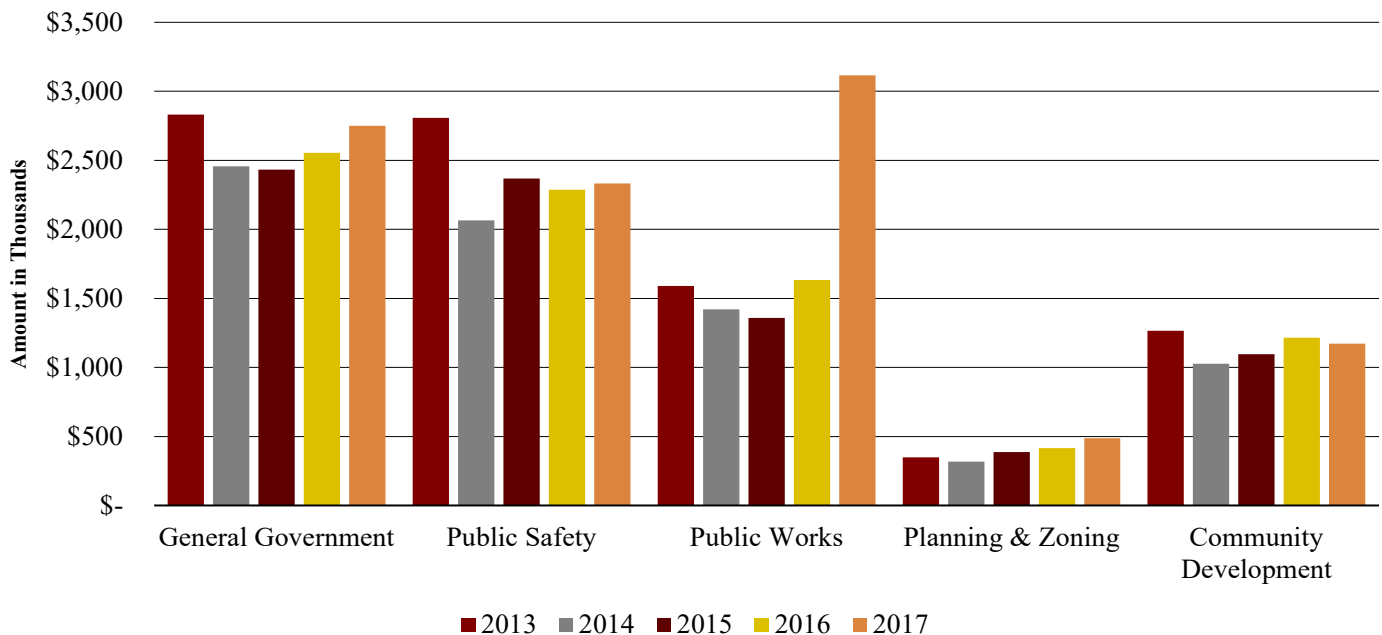
GENERAL FUND EXPENDITURES

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	2,750,887
Public Safety	2,332,378
Public Works	3,115,775
Planning/Zoning	487,486
Community Development	1,171,572
Total	9,858,098

General Fund expenditures saw a 22% growth since FY 2016. This is largely due to increased General Government costs and increases in costs associated with Public Works.



PROPERTY TAX SUMMARY

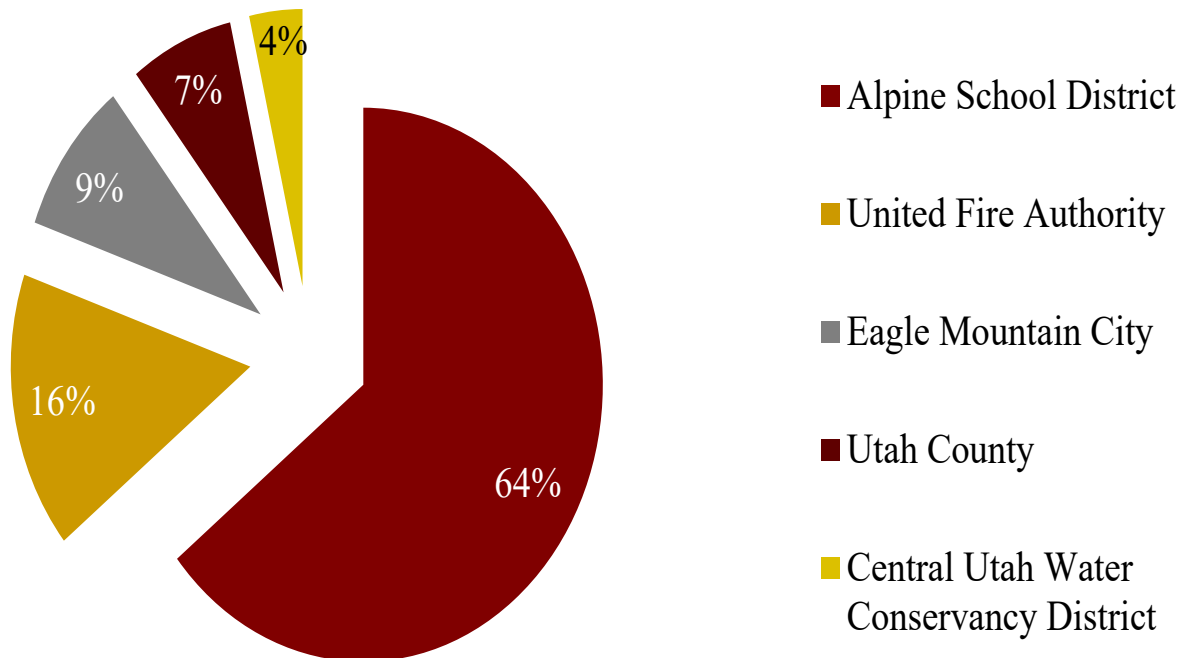
Eagle Mountain City receives a portion of the property taxes collected on all real property located within the City. Those dollars support critical government functions such as public safety and road maintenance, and other services such as parks and recreation, the library, and more.

This chart shows what an Eagle Mountain City resident would pay in property tax on a \$200,000 home.

The average resident pays \$111.21 per year to the City in property tax, which is only 30 cents a day. For that 30 cents a day, residents get police services, safe roads, parks, sports and recreation programs, planning services, and much more.

What can you get for 30 cents a day?

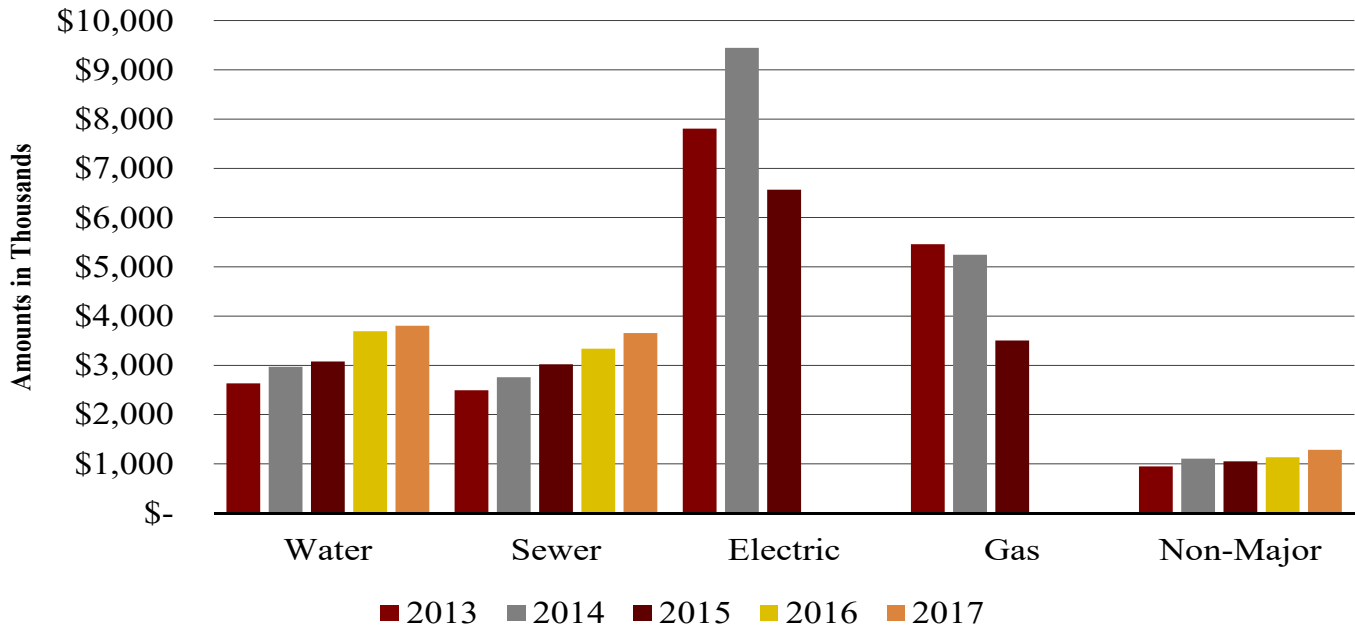
	\$	200,000	Appraised value
	\$	110,000	Taxable value
Alpine School District	\$	788.37	
United Fire Authority	\$	198.99	
Eagle Mountain City	\$	111.21	
Utah County	\$	85.69	
Central Utah Water Conservancy District	\$	44.00	
Total Property Tax Bill	\$	1,228.26	



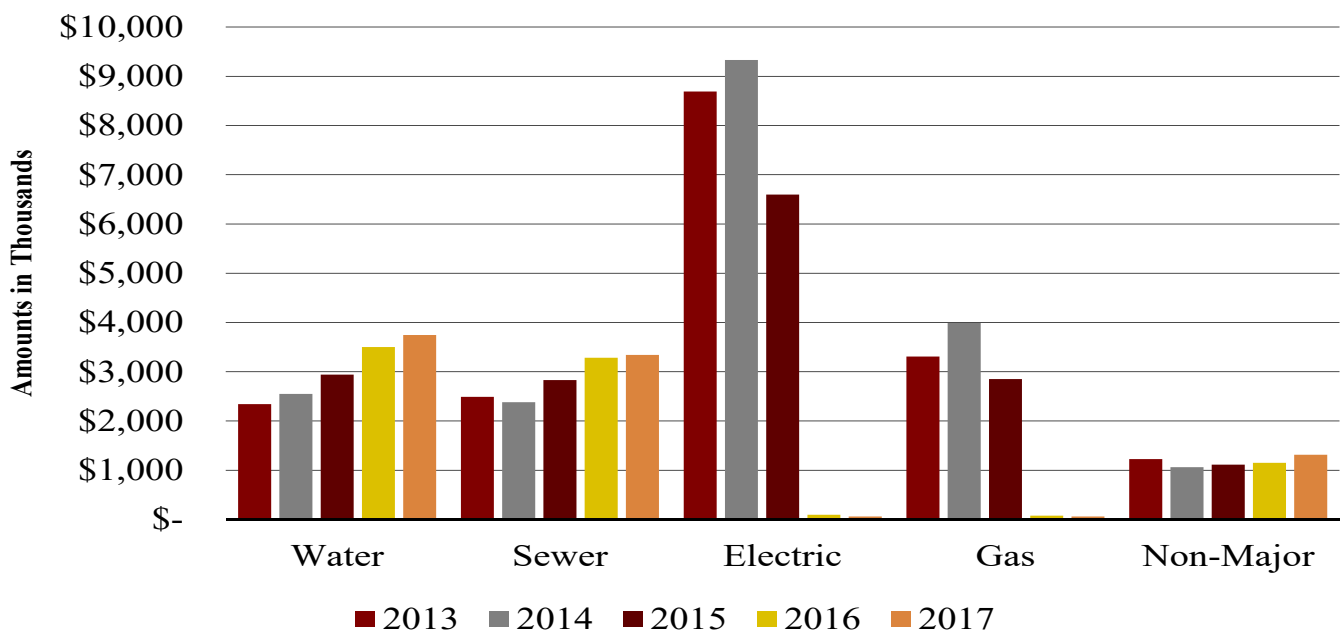
PROPRIETARY FUNDS

The City's Proprietary Funds provide a variety of municipal services to the residents. Currently, the City operates a Water Utility and Sewer Utility. 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: Solid Waste.

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 2017 HIGHLIGHTS

During the 2016-2017 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 1,437 new building permits, an increase of 351 over FY2016. Of those, 782 are residential construction.
- Cory Wride Memorial Regional Park began construction.
- A new High School began construction.
- City earned its seventh consecutive Certificate of Achievement for Excellence in Financial Reporting Award.
- City earned its tenth consecutive Distinguished Budget Award.
- Library earned the Utah state certification for eleventh consecutive year.
- A number of road projects were completed including Mt. Airey, Half Mile Road, Sunset Drive, and Pony Express Parkway from Sandpiper Drive to Ranches Parkway.
- Eagle Mountain held a number of events for the first time including a Lantern Festival, Christmas village, and was the site of a major film production.
- 4 new commercial businesses and 68 home-based businesses were opened during FY 2017.

LOOKING FORWARD

As we close the books on Fiscal Year 2017, 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 2018, 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 beginning to experience 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

Prepared by:

Finance & Executive Departments

Paul Jerome, Asst. City Administrator / Finance Director

David Mortensen, Asst. Finance Director / Treasurer

Evan Berrett, Management Analyst

EAGLE MOUNTAIN CITY
POPULAR ANNUAL FINANCIAL REPORT
FY ENDED JUNE 30, 2017



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