

FISCAL YEAR ENDED JUNE 30, 2019

*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 2019 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 nine 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 2019 fiscal year (July 1, 2018 - June 30, 2019). 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 40,000 residents. The City was incorporated in 1996 with only 250 residents. Eagle Mountain saw rapid growth during the early 2000's and has continued to see significant growth following 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 and continues to maintain a very young population. 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	40,517 est.
Race and Ethnicity	
White (Non-Hispanic)	84.8%
Hispanic and Latino	8.9%
Black & African American	0.9%
Asian	0.7%
Hawaiian & Other Pacific Islander	0.2%
American Indian and Alaska Native	0.3%
Gender	
Male	49.4%
Female	50.6%
Median Age	19.2
Median Household Income	\$74,885
Median Home Price	\$235,700
Home Ownership	85.7%
Persons per Household	4.21

Education

High School Graduates	96.2%
Bachelor's Degree or Higher	33.0%
Located in Alpine School District	

OPERATING INFORMATION

		Capital Asset Statistics				
		2015	2016	2017	2018	2019
Police*						
	Sworn Officers	16	16	16	16	18
Fire**						
	Fire Hydrants	998	1,116	1,123	1,284	1,424
Public Works***						
	Streets (miles)	143	152	154	164	187
	Sewer plant capacity (gallons)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	Sanitary sewers (miles)†	89	84	95	96	115
Parks & Recreation						
	Developed parks (acres)	90	100	124	155	160
	Playgrounds	15	17	23	25	27
	Baseball/softball diamonds	7	7	7	7	7
	Soccer/football fields	5	5	5	5	6
Water†						
	Water pipe (miles)	157	125	137	148	170
	Total water storage (gallons)	6,600,000	6,600,000	9,000,000	9,000,000	9,700,000
		Performance Metrics				
		2015	2016	2017	2018	2019
Building						
	Permits issued	674	1,086	1,437	1,554	1,470
	Inspections conducted	4,958	6,382	8,000	10,813	9,963
Police*						
	Physical arrests	498	481	492	582	540
	Warrants served	86	154	86	55	53
	Traffic violations	1,821	2,148	1,420	1,142	2,212
	Officer initiated calls	-	-	-	6,597	6,701
	Citizen initiated calls	-	-	-	7,944	8,754
Streets						
	Snow removal (miles plowed)	1,394	11,522	10,981	3,491	8,763
	Crack seal (sq. ft.)	305	147	462,000	16,698,305	232,407
	Asphalt Repairs (sq. ft.)~	88,454	75,782	365,731	284,060	150,819
Parks & Recreation						
	Youth sports registrations	3,402	2,448	1,011	1,074	1,250
	Total sports programs (youth/adult)	4/5	3/5	1/7	1/7	1/5
Water						
	New meters installed	410	446	657	763	830
	Water meters replaced	646	436	318	712	135
	Average daily pumped (gallons)	4,036,302	4,820,000	4,903,000	5,824,838	6,136,501
	Average daily consumption (gallons)	4,030,318	4,366,025	4,858,875	5,122,255	5,409,144

* 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.....	839
Eagle Mountain City.....	131
JobMatch.....	115
Ridley’s Family Markets.....	114
Rockwell High School.....	50
Ranches Academy.....	48
Gotta Dance Performing Arts Studio.....	36
TMCrushingLLC.....	27
Direct Communications.....	26
Maverik.....	23
Village Pizza.....	22

Principal Property Taxpayers

- Pacificorp
- Dominion Energy
- Ivory Homes
- Direct Communications
- Kern River Gas Transmission Company
- Pony Express Land Development Inc.
- Porter Ranch Town Homes LLC
- Silver Lake Land LLC
- Stadion LLC
- TM Crushing 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:

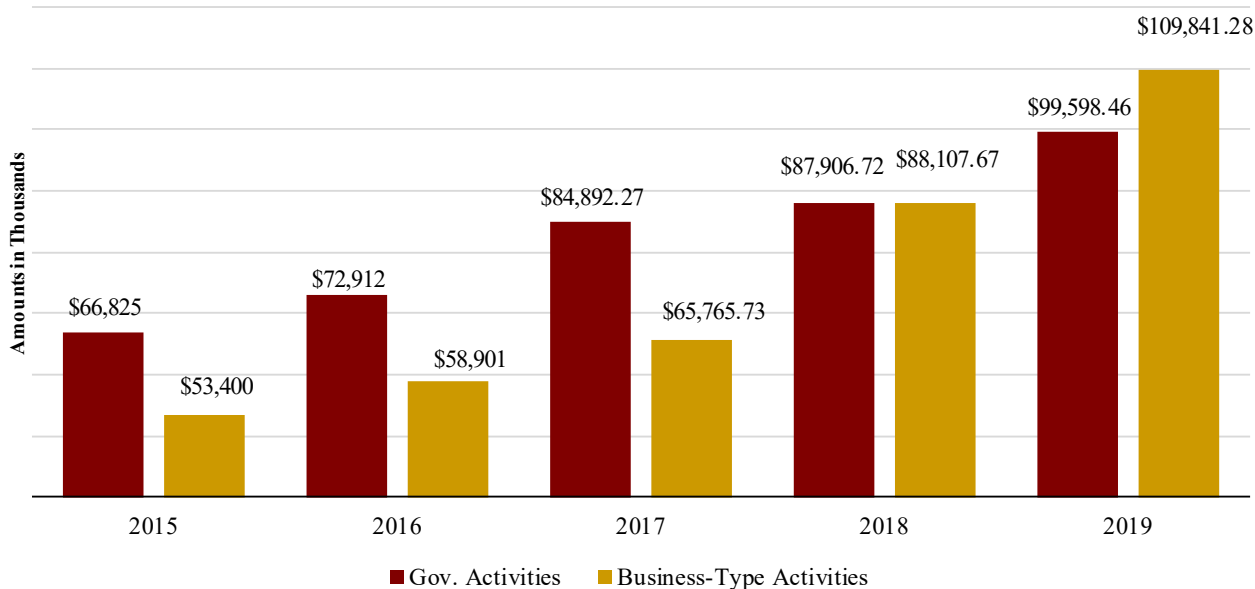
- **Water Fund:** The City's Water Utility provides culinary water services to all of Eagle Mountain City.
- **Sewer Fund:** The City's Sewer Utility operates and maintains the entire sewer system, including the pipes, lift stations and the 1.2 million gallon sewer treatment plant.
- **Electric Fund:** The City 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 2018 and 2019 and then a historic look back for each year from 2015.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2018	2018
ASSETS						
Current and other assets	\$ 26,886,634	\$ 21,458,415	\$ 41,750,544	\$ 34,725,637	\$ 68,637,178	\$ 56,184,052
Capital Assets	89,908,085	79,061,722	98,488,814	83,916,957	188,396,899	162,978,679
Other Non-Current Assets	(1,169,137)		1,872,045			
Total Assets	115,625,582	100,520,137	142,111,403	118,642,594	257,736,985	219,162,731
DEFERRED OUTFLOWS	839,867	762,190	1,085,753	1,132,951	1,925,620	1,895,141
LIABILITIES						
Current Liabilities	12,522,186	2,182,946	10,663,821	22,178,382	23,186,007	24,361,328
Non-Current Liabilities	2,760,901	9,126,382	22,665,130	9,302,094	25,426,031	18,428,476
Total Liabilities	15,283,087	11,309,327	33,328,950	31,480,476	48,612,037	42,789,803
DEFERRED INFLOWS	2,066,277	2,066,277	187,402	187,402	2,253,679	2,253,679
NET POSITION						
Net Investment in Capital Assets	88,966,275	77,979,425	78,428,437	62,953,936	167,394,712	140,933,361
Restricted	2,712,487	2,061,683	12,311,560	4,974,285	15,024,047	7,035,968
Unrestricted	7,919,700	7,865,614	19,101,283	20,179,446	27,020,983	28,045,060
Total Net Position	\$ 99,598,462	\$ 87,906,722	\$ 109,841,280	\$ 88,107,667	\$ 209,439,742	\$ 176,014,390

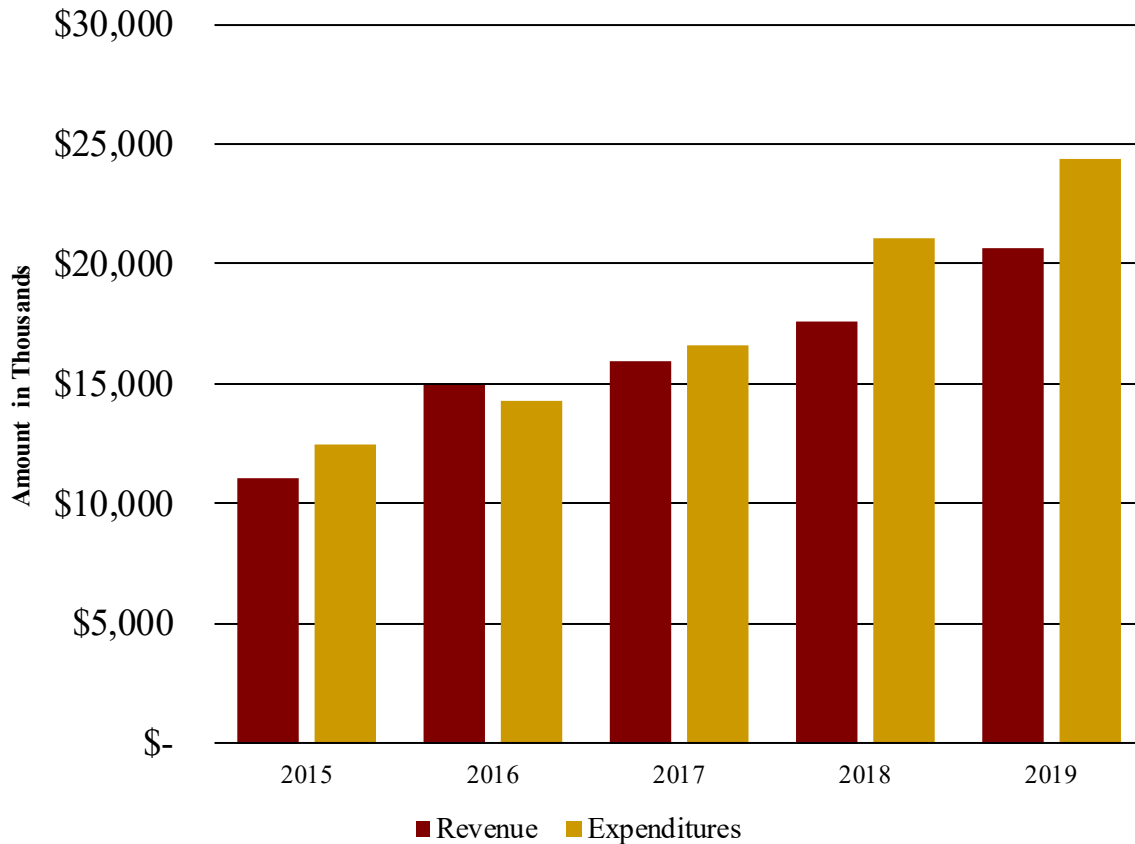


GOVERNMENTAL FUNDS

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 2019 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	\$ 16,874,851	\$ 77,741	\$ 3,658,454	\$ 20,611,046
Expenditures	12,784,982	8,906,776	2,698,157	24,389,915
Excess revenue over (under) expenditures	\$ 4,089,869	\$ (8,829,035)	\$ 960,297	\$ (3,778,869)



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

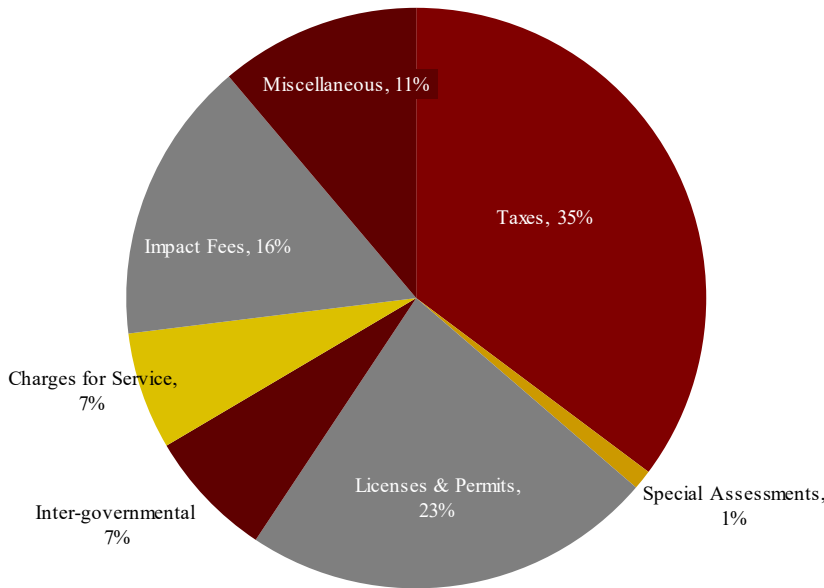
The following table demonstrates the total revenue and expenditures for all Governmental Funds for the past five fiscal years.

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	2015	2016	2017	2018	2019
Taxes	\$ 4,438,660	\$ 5,060,489	\$ 5,734,815	\$ 6,344,105	\$ 7,258,837
Special Assessments	422,258	1,922,459	307,641	258,551	225,728
Licenses & Permits	1,662,088	2,214,940	2,895,474	3,454,239	4,745,362
Intergovernmental	821,777	948,648	1,336,283	1,520,620	1,479,142
Charges for Services	1,855,281	2,039,483	1,686,659	1,304,991	1,347,173
Impact Fees	1,523,058	2,024,613	3,308,604	3,402,318	3,250,639
Miscellaneous	313,700	767,731	666,876	1,310,833	2,304,165
Total	\$ 11,036,822	\$ 14,978,363	\$ 15,936,352	\$ 17,595,657	\$ 20,611,046
EXPENDITURES					
Current:					
General Government	2,617,687	3,222,850	3,027,034	3,294,126	3,421,616
Public Safety	2,367,014	2,286,418	2,332,378	2,550,530	2,688,014
Public Works	3,136,684	2,880,937	4,799,868	5,087,135	6,683,232
Planning & Zoning	386,939	415,180	487,486	492,349	469,353
Community Development	1,106,656	1,245,069	1,217,788	2,122,126	2,026,336
Debt Service:					
Principal Retirement	940,000	1,817,000	180,000	155,000	140,000
Bond Issuance Costs	-	-	-	-	-
Interest & Fiscal Charges	277,744	180,379	70,618	64,152	54,588
Capital Outlay	1,664,752	2,223,822	4,444,671	6,597,297	8,906,776
Total	\$ 12,497,476	\$ 14,271,655	\$ 16,559,843	\$ 20,362,715	\$ 24,389,915
Excess revenues over (under) expenditures	\$ (1,460,654)	\$ 706,708	\$ (623,491)	\$ (2,767,058)	\$ (3,778,869)
OTHER FINANCING SOURCES					
Proceeds from Asset Disposals	497,516				
Loss on Grant Noncompliance	(412,000)				
Contributions	-	-			2,614,261
Bond Proceeds	-	-			
Transfers In	2,154,692	1,802,835	6,527,733	6,091,881	6,050,244
Transfers Out	(2,081,434)	(1,722,651)	(3,843,012)	(2,983,780)	(4,654,862)
Total	\$ 158,774	\$ 80,184	\$ 2,684,721	\$ 3,108,101	\$ 4,009,643
Net Change in Fund Balance	(1,301,880)	786,892	2,061,230	341,043	230,774
Fund Balance - Beg of Year	6,364,718	5,062,835	5,849,729	7,726,666	8,067,709
Restatement of net position (see Note 17)			(184,293)		
Fund Balance - End of Year	\$ 5,062,838	\$ 5,849,727	\$ 7,910,959	\$ 8,067,709	\$ 8,298,483

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. Most City revenue sources saw an increase from Fiscal Year 2018, which is a result of increased growth, a recovering economy, with a minor dip in demand for special services.

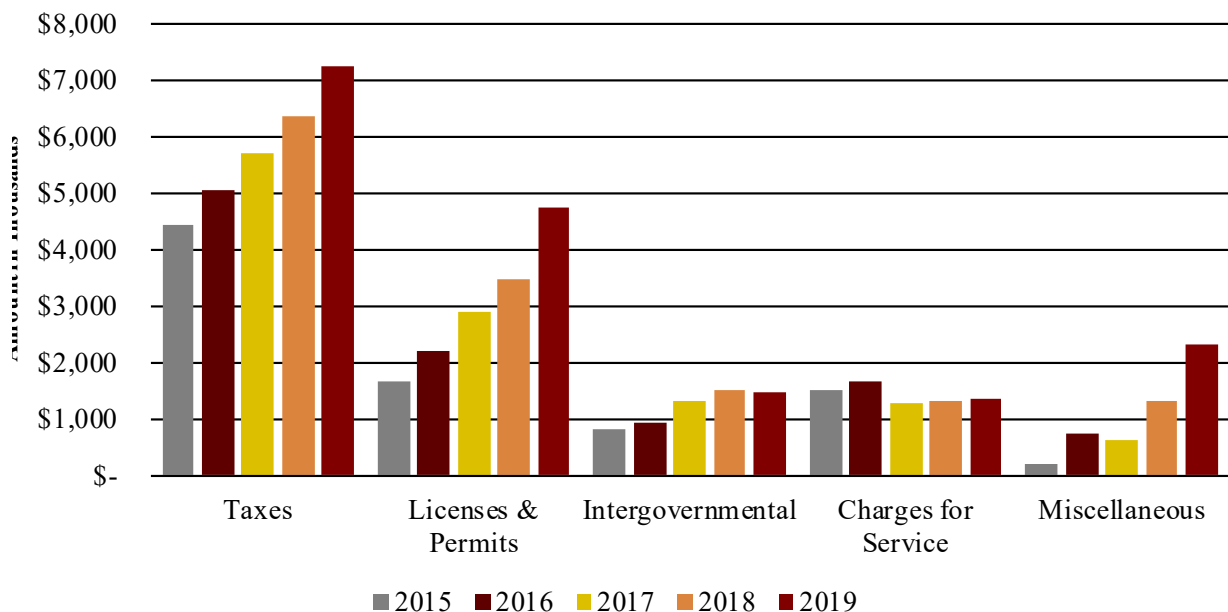


Taxes	7,258,837
Special Assessments	225,728
Licenses & Permits	4,745,362
Intergovernmental	1,479,142
Charges for Service	1,347,173
Impact Fees	3,250,639
Miscellaneous	2,304,165

Total 20,611,046

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."

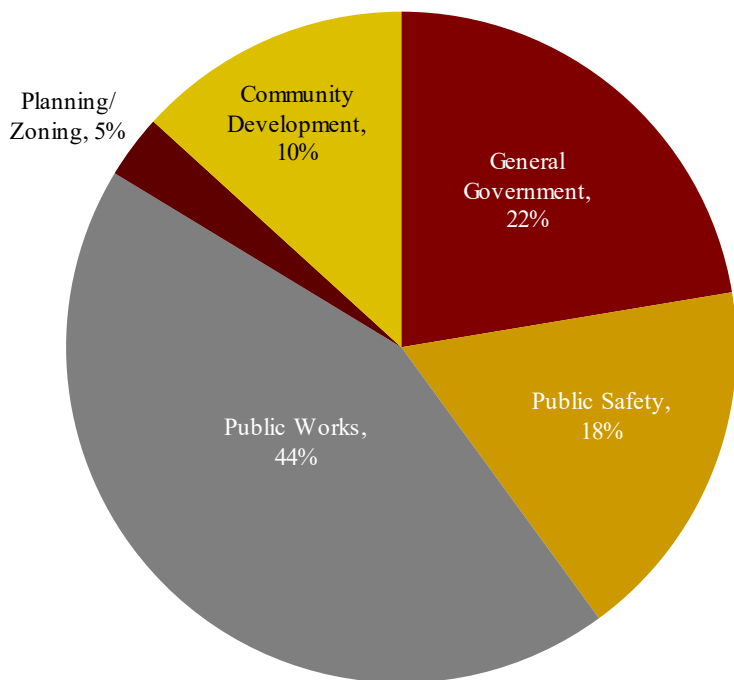
General Fund revenues saw a 23% growth since FY 2018, which largely came from new growth. This shows that the City is growing and is in a strong financial position, while maintaining a low burden to residents.



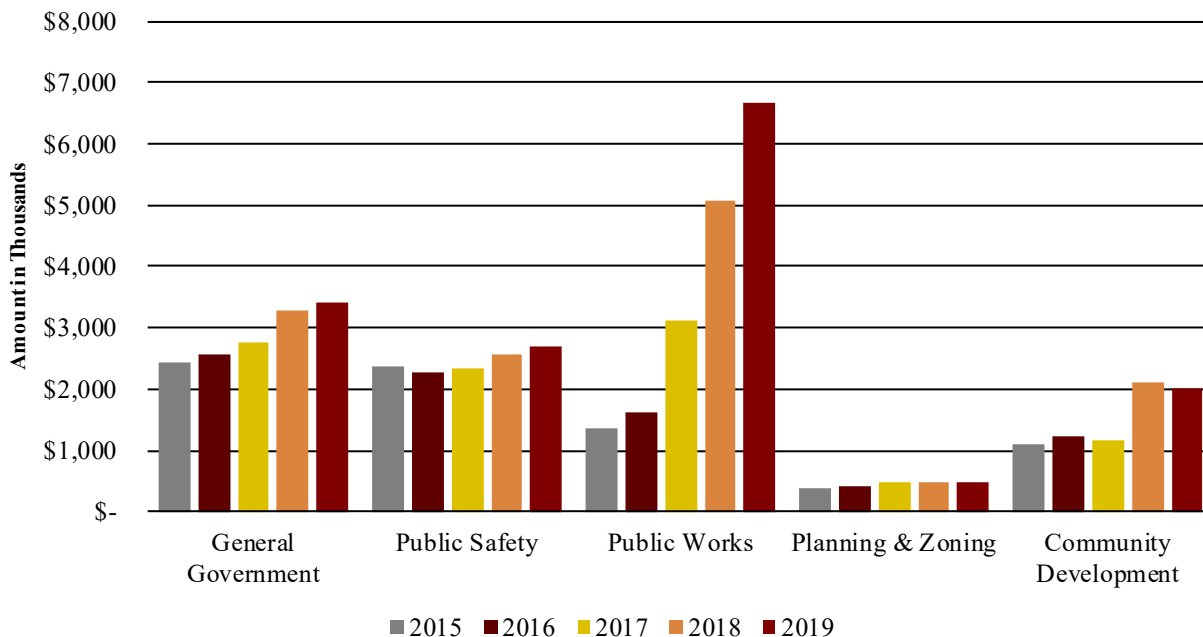
GENERAL FUND EXPENDITURES

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	3,421,616
Public Safety	2,688,014
Public Works	6,683,232
Planning/Zoning	469,353
Community Development	2,026,336
Total	15,228,551



General Fund expenditures saw a 13% growth since FY 2018. This is largely due to increased Public Works costs and Capital Outlays.



PROPERTY TAX SUMMARY

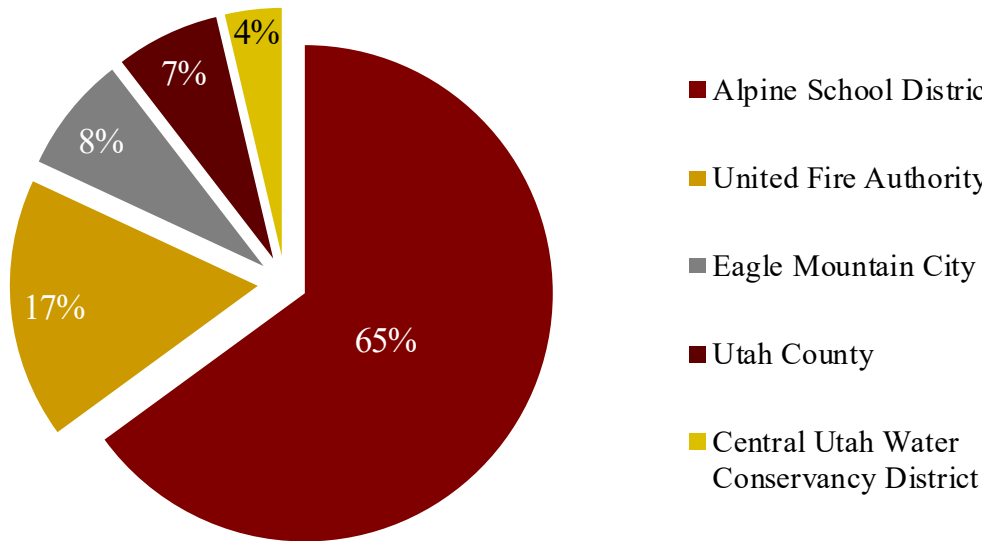
Eagle Mountain City receives a portion of the property taxes collected on all real property located within the City. Those dollars support critical government functions such as public safety and road maintenance, and other services such as parks and recreation, the library, and more.

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

The average household pays \$108.90 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.

	\$	240,000	Appraised value
	\$	132,000	Taxable value
Alpine School District	\$	928.36	
United Fire Authority	\$	242.35	
Eagle Mountain City	\$	108.90	
Utah County	\$	96.62	
Central Utah Water Conservancy District	\$	52.80	
Total Property Tax Bill	\$	<u>1,429.03</u>	

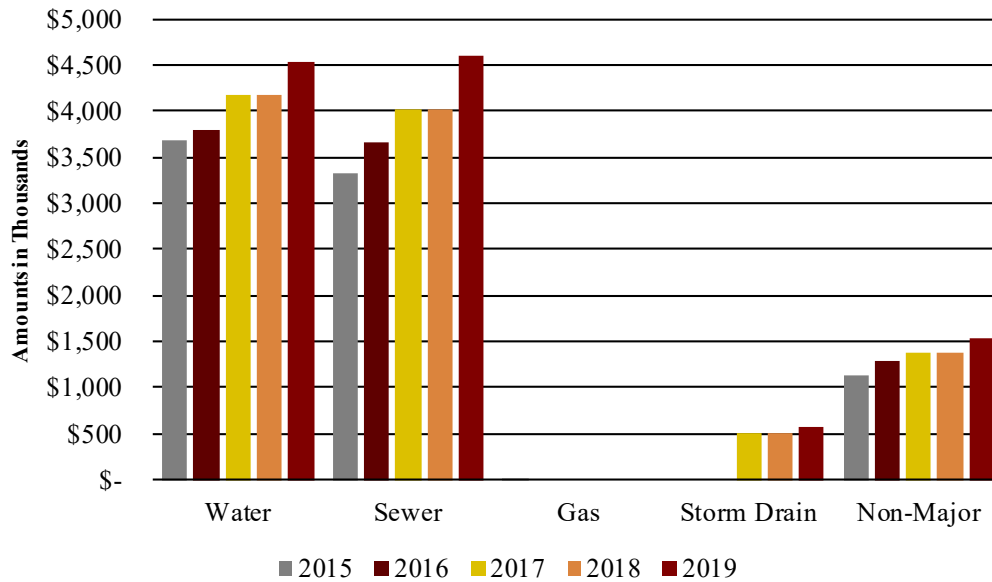
What can you get for 30 cents a day?



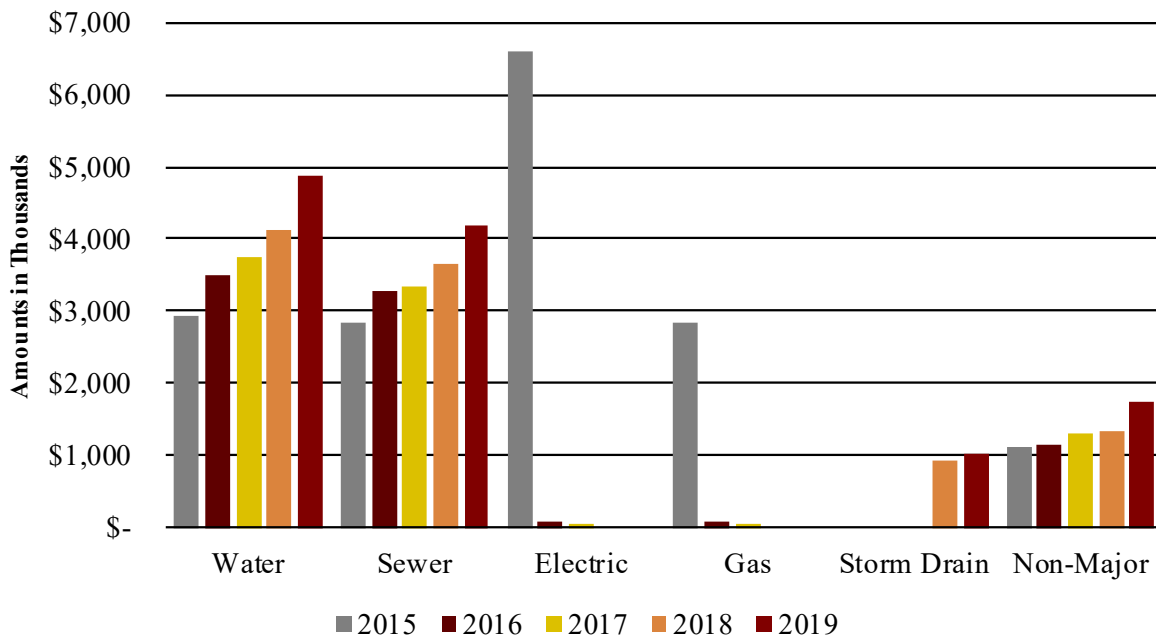
PROPRIETARY FUNDS

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 2019 HIGHLIGHTS

During the 2018-2019 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 1,470 new building permits, a decrease of 84 over FY2018. Of those, 883 are residential construction.
- Pony Express Pkwy was widened from Hidden Hollow area down to Mid-Valley Road.
- Cedar Valley High School opened.
- City earned its ninth consecutive Certificate of Achievement for Excellence in Financial Reporting Award.
- City earned its twelfth consecutive Distinguished Budget Award.
- Library earned the Utah state certification for thirteenth consecutive year.
- First year recognized as a Tree City USA city by the Arbor Day Foundation.
- Tyson Foods announced a massive meat packaging facility to be located in the Pole Canyon area, bringing over 1,000 jobs to the City.
- Eagle Mountain held a number of successful events including the Pony Express Days, Christmas Village, Halloween Town, ShopFest Utah, and more.
- 22 new commercial businesses and 122 home-based businesses were opened during FY 2019.

LOOKING FORWARD

As we close the books on Fiscal Year 2019, 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 2020, 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 additional investment into 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
M O U N T A I N

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EAGLE MOUNTAIN CITY
POPULAR ANNUAL FINANCIAL REPORT
FY ENDED JUNE 30, 2019



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