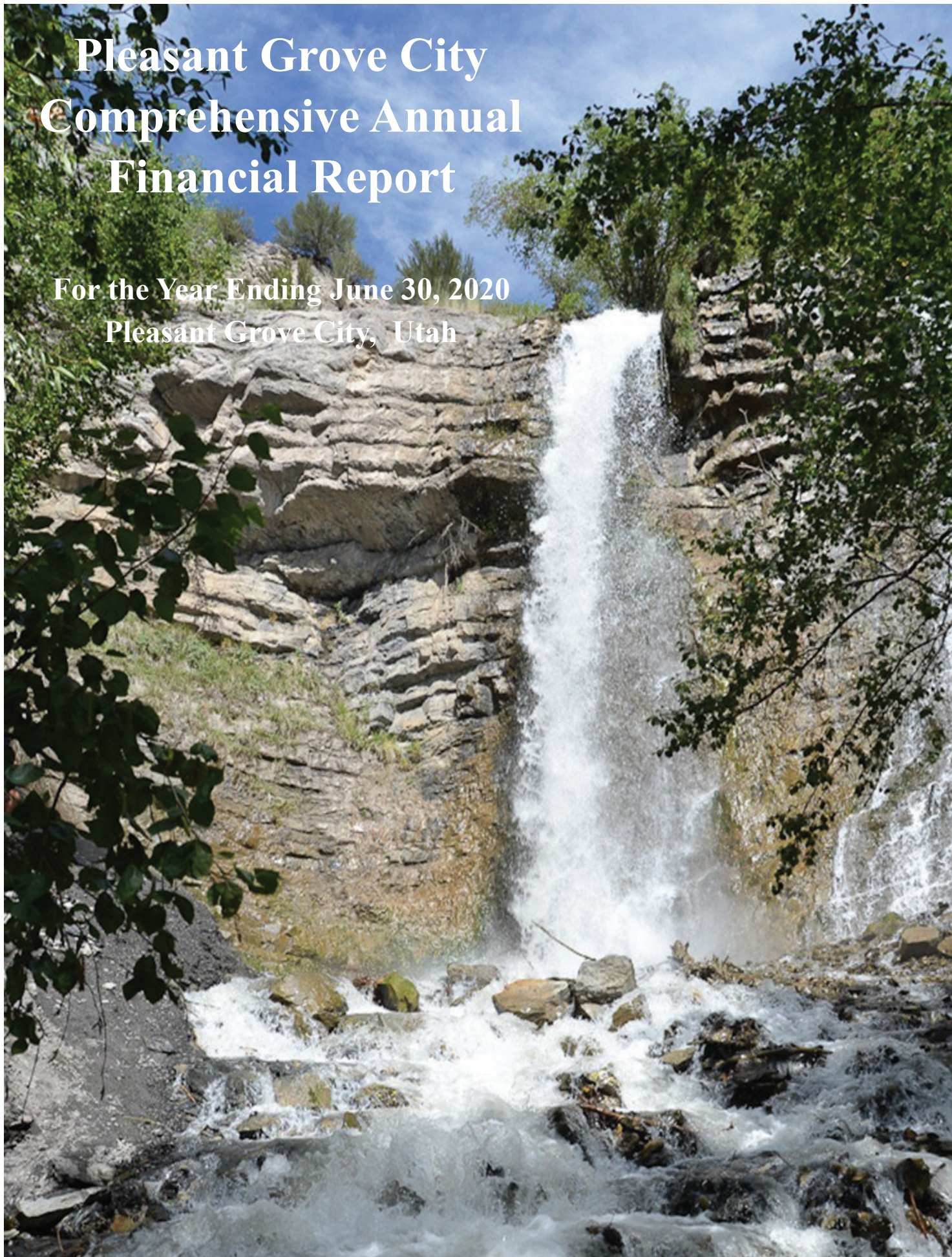


Pleasant Grove City Comprehensive Annual Financial Report

For the Year Ending June 30, 2020
Pleasant Grove City, Utah



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PLEASANT GROVE CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2020



Prepared by:
Pleasant Grove City, Finance Department

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PLEASANT GROVE CITY
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INTRODUCTORY SECTION



Pleasant Grove 
Utah's City of Trees

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December 16, 2020

The Honorable Mayor and
Members of the City Council
Pleasant Grove City, Utah

Re: Finance Officer's transmittal letter and report on financial statements.

The Comprehensive Annual Financial Report (CAFR) of Pleasant Grove City (the City) for the fiscal year ended June 30, 2020, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City to issue a report on its financial position and activity, and this report be annually audited by an independent firm of certified public accountants. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This CAFR has been prepared by the Pleasant Grove City Finance Division. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles 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). This letter of transmittal is designed to complement the 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.

The financial reporting entity (the City) includes all of the funds of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Pleasant Grove Redevelopment Agency is reported in this CAFR as a special revenue fund.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

Governmental Structure

Pleasant Grove operates under the six member council form of government. Powers under this form of government are vested in a council consisting of six members, one of which is the mayor. The mayor is the City's chief executive officer, and thus all employees report to him or her. The mayor votes as a voting member of the council on any matter for which there is a tie vote of the other council members, or when the council is voting on whether to appoint or dismiss a city administrator. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The Council Members are elected at large and serve staggered four-year terms. They are assisted by a city administrator, who under the direction of the mayor, is responsible for establishing and implementing City policies and overseeing the day-to-day operations of the government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general governmental functions include police and fire protection; park construction and maintenance; street construction and maintenance; public improvements; engineering; building inspection; planning and zoning; and administrative services. The City also operates the following enterprise utility funds: water, storm drain, solid waste, and sewer.

Economic Condition and Outlook

Pleasant Grove City, incorporated in 1855, is located in the northern portion of Utah County. The City is a suburban community encompassing 9.17 square miles. The City's population is currently 38,258. The City's population increased rapidly from 2000 – 2007 but has moderated significantly since that time. We anticipate the population in Pleasant Grove to continue to increase at a steady rate with an ultimate buildout population of approximately 48,000.

Economic activity has shown significant growth over the past four years. Sales tax revenue in FY 2020 reached \$6,606,870 which was an increase of \$ 491,936 from FY 2019, \$ 770,559 from FY 2018, and \$ 1,181,417 from FY 2017. License and permit revenues totaled \$ 742,296 which was a small increase of \$ 49,802 from fiscal year 2019. The City is committed to use conservative budgeting principles, particularly related to building-related fees. Revenue in the past have been only been used to fund growth-related costs and projects, rather than used to increase the City's base budget.

While current development continued to progress in 2020, we originally anticipated fiscal year 2021 to be another year of strong economic growth and commercial development until the COVID-19 health pandemic. Our city has not been immune to the global and economic impacts of COVID-19, but overall the City has not seen a decrease in sales tax revenues. The City was allocated \$2.7million of the CARES Act funds through Utah County (the county our city resides in), these monies will be used to cover the unforeseen costs related to COVID-19, public safety personnel, hazard stipends and numerous capital improvement projects.

MAJOR INITIATIVES

Long-Range Planning. Pleasant Grove is dedicated to the adherence of forward-looking principles that keep the City in a position to be prepared for future events. With these principals in mind, the City is focused on several matters to plan and prepare for future events. Some of these are listed below:

- **3-Year Road Infrastructure Plan.** The City adopted a road fee in April 2018 to help with road maintenance issues. This fee will be used in conjunction with Class C road monies and a general fund contribution that goes towards road maintenance. The City continues work on updating the 3-year road plan that focuses on the maintenance of city streets. A key component of the plan is that the utilities underneath the road will be upgraded or deemed in good condition before major maintenance is completed. After implementation of the fee, the City was sued and are currently in litigation. The City is no longer collecting the fee, and may not spend the collected fees while in litigation.
- **5-Year Utility Fund Budgets.** The City's enterprise funds are different than the governmental funds in that they are primarily funded through user fees, rather than taxes. The City realizes the need to maintain a long-term focus on needs of the City's utilities related to operations, new infrastructure and replacing aging infrastructures. In an effort to keep this long-term focus, 5-year budgets will be maintained for all utility funds and will be included in the City's annual budget document. Rates will then be evaluated each year, taking into account all future expenditures for operations, debt and capital improvements. No utility rate increases were made due to the economic uncertainty and COVID-19.
- **City-Wide Compensation Study.** The pay range system based upon employee value preferences, labor market analysis, and management's pay progression philosophy was received from Personnel Systems & Services in early 2020. As the pandemic brought on economic uncertainty, the city took a different approach to allocating the dollars available for raises in FY2021. Public Safety employees received an amount of \$2,500, directors and other full-time employees received an amount of \$1,200. Prior to adopting the 2021-2022 budget staff will create an implementation plan with a goal of adjusting employee wages into the established ranges.

- **Pipe Plant Development.** The City is planning on moving their Public Works and Parks Departments to new facilities to property referred to as the old Pipe Plant. This year the City will commission an architect to start the design. Along with this project, the City will look to expand their cemetery with the same property. Sports fields are also being contemplated but could be a year or so away from design.

Capital Projects. The City’s Staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the City’s commitment to ensuring that the citizens of Pleasant Grove are able to live and work in a desirable environment. During FY 2019-20, the City had several significant projects. Some of these projects are listed below:

- **Park and Trails upgrades.** The City made improvements or upgrades to the following: Re-rocked Manila Creek Pond and replaced aerators, obtained a grant to remodel restrooms in the Historic Town Hall, installed bike stations and benches at various park trailheads, Valley Vista and Murdock Trail, obtained property for expansion of Valley Vista Phase II Bike Trail, and working with City staff/outside engineering on Veterans Park Expansion/Pickleball Courts, Cemetery and Valley Vista Trail Phase III Expansion.
- **Public Works.** The Public Works Department completed a number of projects during the FY2020 fiscal year: 2019 Sewer Improvements Project (State Street Pipe Bursting); Walker Tank Landscaping Project; Battle Creek Springs Project; 1100 North Road and Storm Drain Project; 900 W and 2100 North Roads Overlay Project; and Seal coat and crack seals on numerous roadways throughout the city.
- **City Hall.** The City Hall facility was remodeled during FY 2020 and houses the Community Development Department, Administration, utility billing, customer service, human resources and legal.

Economic Development. The City Council recognizes the need to develop the City’s economic base in order to provide necessary services, i.e., recreation, roads, water, etc. to its citizens. Efforts are being made by the City to attract new businesses and to promote the type of activities that will enhance the quality of life in the community. The Grove Area continues to grow and develop with office space, retail, and many food establishments. The additions discussed will add to the City’s sales tax and property tax revenue base.

| |
|------------------------------|
| FINANCIAL INFORMATION |
|------------------------------|

Pleasant Grove’s financial statements reflect growth and conservative budgeting practices. The fund balance in the City’s General Fund increased by \$2,697,736 during the fiscal year, to end at \$9,574,873. The City’s intent is to use the General Fund surpluses to fund certain subsequent year’s capital projects. The General fund’s unassigned balance of \$7,918,554 represents 41.1% of operating revenues.

During the past ten-year period, the City’s governmental funds revenues increased from \$24,512,055 to \$26,768,912 and expenditures decreased from \$34,532,959 to \$22,764,724. Growth in proprietary funds has increased over this same period. Proprietary fund operating revenues increased from \$15,998,414 to \$17,256,627 as compared to fiscal year 2019, while operating expenses rose from \$9,862,919 to \$12,270,469. Utility rate increases have attributed to the growth in revenue, and has provided funding to complete a greater number of capital projects.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place and to document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations. The audit for the fiscal year ended June 30, 2020, disclosed no material internal control weaknesses or material violations of laws and regulations.

The City’s budget serves as the foundation for its financial planning and control. City Management prepares a proposed annual budget which is presented to the City Council for review no later than the first council meeting in May. The Council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 30, unless

the City proposes a property tax in excess of its certified tax rate. In that case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase.

A budget is prepared for each fund, and the General Fund is further divided into departments. Department heads may make transfers of appropriations within a department. Transfers in appropriations between departments, or increases in revenues require the approval of the City Council. Activities of the general fund, special revenue funds, debt service funds and capital project funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level where expenditures cannot legally exceed the appropriate amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the statement included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The firm of HBME, LLC was selected to perform this audit. This audit was designed to meet the requirements set forth in the Utah State statutes. Generally Accepted Auditing Standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Pleasant Grove City for its CAFR for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments


We would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the CAFR on a timely basis could not have been accomplished without the efforts and dedication of the City staff. We would like to express our appreciation to them and other personnel from various agencies and authorities who assisted in its preparation.

Respectfully submitted,



J. Scott Darrington
City Administrator



Denise B. Roy
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pleasant Grove City
Utah**

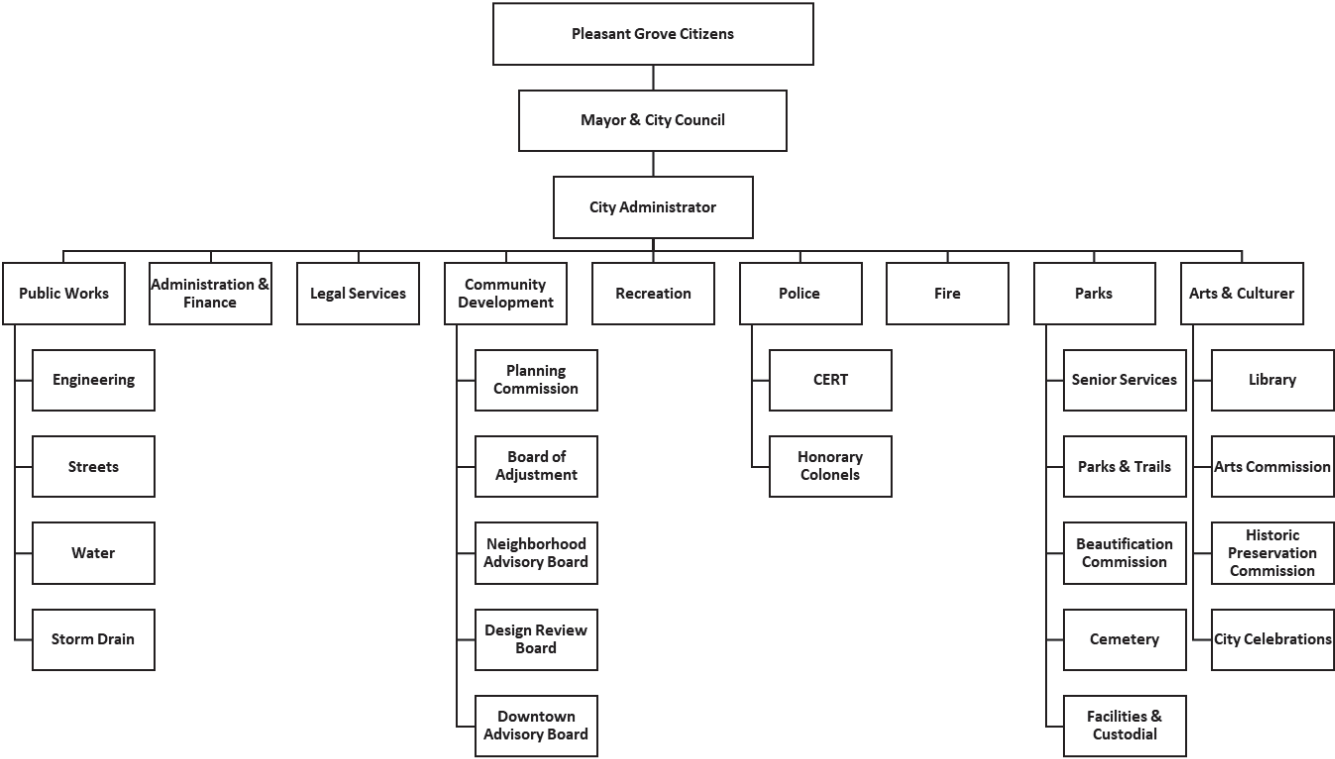
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Pleasant Grove City



Elected and Appointed Officials



Mayor & City Council

Mayor Guy Fugal



City Council Members



Dianna Andersen



Eric Jensen



Cyd LeMone



Todd Williams



Brent Bullock

Pleasant Grove City Appointed Officials

City Administrator - J. Scott Darrington

City Attorney - Christine Peterson

City Recorder - Kathy Kresser

Finance Director - Denise Roy

City Treasurer - Mike Gourley

Police Chief - Michael Roberts

Fire Chief - Dave Thomas

Public Works Director/City Engineer - Marty Beaumont

Community Development Director - Daniel Cardenas

Parks Director - Deon Giles

Recreation Director - Tyler Wilkins

Arts & Culture Director - Sheri Britsch

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Financial Section



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COMMITTED. EXPERIENCED. TRUSTED

INDEPENDENT AUDITOR’S REPORT

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
- JASON L. TANNER, CPA
- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

Honorable Mayor and Members of the City Council
Pleasant Grove City

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 Pleasant Grove City (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

The City’s 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 City’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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasant Grove City as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and for the major special revenue fund 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 on pages 17-26 and pension schedules on pages 81-83 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 the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the City's internal control over financial reporting and compliance.

ABME, LLC

December 16, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pleasant Grove City, we offer readers of Pleasant Grove City's financial statements this narrative overview and analysis of the financial activities of Pleasant Grove City for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The total net position of Pleasant Grove City increased 8.59% to \$215,145,890. Contributed capital from developers accounted for \$2,195,920 in the Governmental Activities, and \$ 2,406,630 in Business-type Activities.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$16,227,069 This is a substantial increase from the prior year, the increases is due from monies received from sales tax, impact fees, land sales and stimulus monies received. Of this amount \$ 7,690,200 (47.4%) is available for spending at the government's discretion (unassigned fund balance). The City has not been immune to the local and global economic fears of the COVID-19 health pandemic. The shutdown of the economy to lessen the effects of the spread of coronavirus has created a great deal of unknowns to the city and state. The City decided not to use \$900,000 of excess fund balance from FY2019 to fund one-time capital projects, and adopted a budget for FY2021 using fund balance in the amount of \$1,228,176 because of the fears that our sales tax would take a significant hit from COVID-19. The City did not see a decrease of sales tax, and adopted a budget amendment in FY2021 using \$682,972 of fund balance for much needed capital projects.
- Total governmental fund balance increased by \$5,212,693. Overall revenues were up from the prior year by \$2,256,857. The increased revenues will help pay for expenses related to growth and changes of the City. Expenditures decreased significantly from the prior year, with the completion of the Public Safety facilities, and the rebuild of the Downtown Park and Discovery Park.
- Utah law restricts an amount a municipality can maintain in its General Fund unrestricted (committed, assigned an unassigned) fund balance to 25% of the total revenue of the general fund for the fiscal year under audit. As of June 30, 2020 the City's unassigned balance equals 41.1% of General Fund Revenues. The City's decision to abstain from using excess fund balance for capital projects and receiving stimulus monies contributed to this substantial increase. The City has already allocated \$2,177,692 of fund balance for capital projects in FY2021.

REPORT OVERVIEW

This discussion and analysis is intended to serve as an introduction to Pleasant Grove City's basic financial statements. Pleasant Grove 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of net position presents information on all of Pleasant Grove City's assets, liabilities, and deferred inflows/outflows of resources, 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 Pleasant Grove City is improving or deteriorating. However, you will also need to consider other nonfinancial 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 Pleasant Grove City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 29 & 30.

FUND FINANCIAL STATEMENTS

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. Pleasant Grove 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 City maintains the following ten individual governmental funds:

- General
- Capital Projects
- Dispatch
- Swimming Pool
- Community Center
- Cultural Arts
- Library
- Debt Service
- Transportation Utility Fund
- Redevelopment Agency

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Redevelopment Agency, Debt Service and Capital Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is available elsewhere in this report.

The governmental fund financial statements can be found on pages 31-36 of this report.

Proprietary funds –Pleasant Grove City maintains one type of proprietary fund, which is an enterprise fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Pleasant Grove City uses enterprise funds to account for Water, Sewer, Storm Drain, Metropolitan Water District of Pleasant Grove (MWDPG) and Sanitation and all are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 41 of this report.

Other Information – In addition to the above mentioned statements and reports, this report also presents other supplementary information and a statistical section, which give additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City’s non-major funds as well as budget to actual statements for the City’s other governmental funds. The statistical section gives various financial and demographic data of the City, including trend analysis

for certain financial data. The supplementary section begins on page 81, and the statistical section begins on page 101. The final section includes reports from the City’s external auditors related to the City’s internal controls and compliance with State and federal laws and regulations.

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 Pleasant Grove City, assets exceed liabilities by \$215,145,891.

By far the largest portion of the City of Pleasant Grove’s net position (79.5%) 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.

PLEASANT GROVE CITY NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current And Other Assets | \$ 43,485,614 | \$ 37,707,152 | \$ 18,458,275 | \$ 15,591,665 | \$ 61,943,889 | \$ 53,298,817 |
| Capital Assets | 114,426,437 | 111,128,094 | 115,649,411 | 109,088,499 | 230,075,848 | 220,216,593 |
| Total Assets | 157,912,051 | 148,835,246 | 134,107,686 | 124,680,164 | 292,019,737 | 273,515,410 |
| Total Deferred Outflows Of Resources | 876,962 | 1,907,383 | 321,098 | 1,570,475 | 1,198,060 | 3,477,858 |
| Long-term Debt Outstanding | 27,931,668 | 28,156,694 | 30,016,994 | 28,627,997 | 57,948,662 | 56,784,691 |
| Other Liabilities | 10,732,330 | 14,888,065 | 2,104,064 | 2,692,569 | 12,836,394 | 17,580,634 |
| Total Liabilities | 38,663,998 | 43,044,759 | 32,121,058 | 31,320,566 | 70,785,056 | 74,365,325 |
| Total Deferred Inflows of Resources | 7,046,214 | 4,380,689 | 240,636 | 114,956 | 7,286,850 | 4,495,645 |
| Net Investment In Capital Assets | 86,435,879 | 81,276,903 | 84,608,811 | 80,096,008 | 171,044,690 | 161,372,911 |
| Restricted | 8,516,460 | 8,422,870 | 4,976,341 | 4,010,421 | 13,492,801 | 12,433,291 |
| Unrestricted | 18,126,462 | 13,617,408 | 12,481,938 | 10,708,688 | 30,608,400 | 24,326,096 |
| Total Net Position | \$ 113,078,801 | \$ 103,317,181 | \$ 102,067,090 | \$ 94,815,117 | \$ 215,145,891 | \$ 198,132,298 |

An additional portion of the City’s net position (6.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$30,608,400 may be used to meet the government’s ongoing obligations to citizens and creditors.

As of June 30, 2020, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for governmental and business-type activities separately.

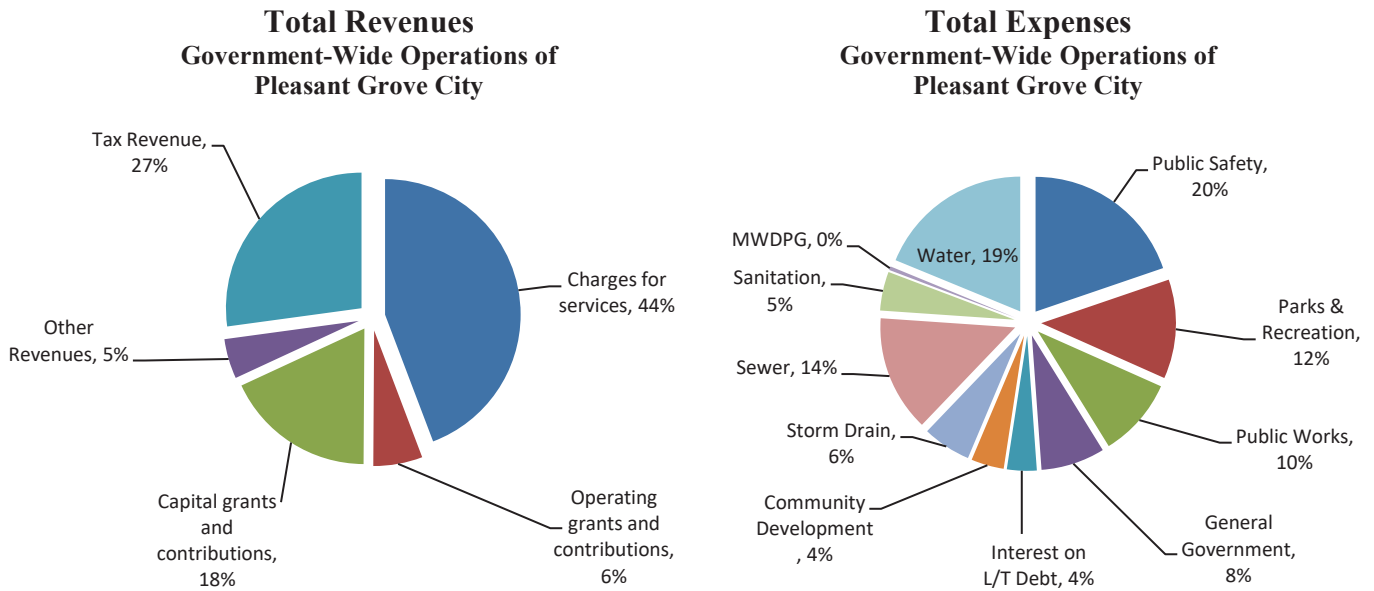
Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2020.

PLEASANT GROVE CITY CHANGE IN NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,111,026 | \$ 7,527,898 | \$ 17,129,784 | \$ 15,814,524 | \$ 22,240,810 | \$ 23,342,422 |
| Operating grants and contributions | 2,868,195 | 594,758 | 82,326 | 30,250 | 2,950,521 | 625,008 |
| Capital grants and contributions | 4,909,119 | 4,358,536 | 4,138,832 | 1,686,446 | 9,047,951 | 6,044,982 |
| General Revenues: | | | | | | |
| Taxes | 13,653,985 | 13,354,285 | - | - | 13,653,985 | 13,354,285 |
| Other Revenues | 2,043,722 | 1,831,939 | 346,864 | 587,060 | 2,390,586 | 2,418,999 |
| Total revenues | <u>28,586,047</u> | <u>27,667,416</u> | <u>21,697,806</u> | <u>18,118,280</u> | <u>50,283,853</u> | <u>45,785,696</u> |
| Expenses | | | | | | |
| General Government | 2,551,129 | 4,349,283 | - | - | 2,551,129 | 4,349,283 |
| Community development | 1,308,963 | 970,725 | - | - | 1,308,963 | 970,725 |
| Public Works | 3,167,101 | 3,191,749 | - | - | 3,167,101 | 3,191,749 |
| Public Safety | 6,575,216 | 7,145,299 | - | - | 6,575,216 | 7,145,299 |
| Parks & Recreation | 3,960,886 | 4,273,975 | - | - | 3,960,886 | 4,273,975 |
| Interest on L/T Debt | 1,186,132 | 1,255,075 | - | - | 1,186,132 | 1,255,075 |
| Water | - | - | 6,253,510 | 4,962,139 | 6,253,510 | 4,962,139 |
| MWDPG | - | - | 147,685 | 145,188 | 147,685 | 145,188 |
| Storm Drain | - | - | 1,929,869 | 1,714,373 | 1,929,869 | 1,714,373 |
| Sewer | - | - | 4,636,203 | 4,767,295 | 4,636,203 | 4,767,295 |
| Sanitation | - | - | 1,553,566 | 1,501,016 | 1,553,566 | 1,501,016 |
| Total Expenses | <u>18,749,427</u> | <u>21,186,106</u> | <u>14,520,833</u> | <u>13,090,011</u> | <u>33,270,260</u> | <u>34,276,117</u> |
| Increase in net position before transfers | 9,836,620 | 6,481,310 | 7,176,973 | 5,028,269 | 17,013,593 | 11,509,579 |
| Transfers, net | (75,000) | (75,000) | 75,000 | 75,000 | - | - |
| Increase in net position | 9,761,620 | 6,406,310 | 7,251,973 | 5,103,269 | 17,013,593 | 11,509,579 |
| Net position, beginning (as restated) | <u>103,317,181</u> | <u>96,910,871</u> | <u>94,815,117</u> | <u>89,711,848</u> | <u>198,132,298</u> | <u>186,622,719</u> |
| Net position, ending | <u>\$ 113,078,801</u> | <u>\$ 103,317,181</u> | <u>\$ 102,067,090</u> | <u>\$ 94,815,117</u> | <u>\$ 215,145,891</u> | <u>\$ 198,132,298</u> |

Net Position for governmental activities increased by \$9,761,620 and business-type activities increased by \$7,251,973 from the prior year. Factors contributing to an increase in Net Position in Governmental Funds include capital grants and contributions. Capital contributions consist of infrastructure built by developers and donated to the City as well as impact fee revenues. Tax revenue also increased from the prior year. Taxes are the primary source of general revenue. Most of the City's operating grants are related to public safety grants and stimulus monies received, while capital grants consist primarily of donated infrastructure assets, impact fees and Class C road funds. FY2020 Capital Grants and Contributions were considerably more in Business-type Activities than the prior year, which contributed to the increase of Net Position. Total expenses decreased in the Governmental Activities and increased in Business-type Activities from the prior year.

The following two graphs display Pleasant Grove’s government-wide revenues and expenses for the fiscal year ended June 30, 2020.



Financial Analysis of Governmental Funds

Governmental 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 a positive \$16,227,069, \$7,690,200 of this total amount (47.4%) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is classified as one of the following: nonspendable, restricted, committed, or assigned. Nonspendable fund balance refers to resources that either cannot be spent because of their form or cannot be spent because they must remain intact. Restricted fund balance means that the resources have externally enforceable limitations on their use. Committed fund balance occurs when the City has placed self-imposed limitations on its use. Assigned fund balance comes from the establishment of an intended use for certain funds by the City.

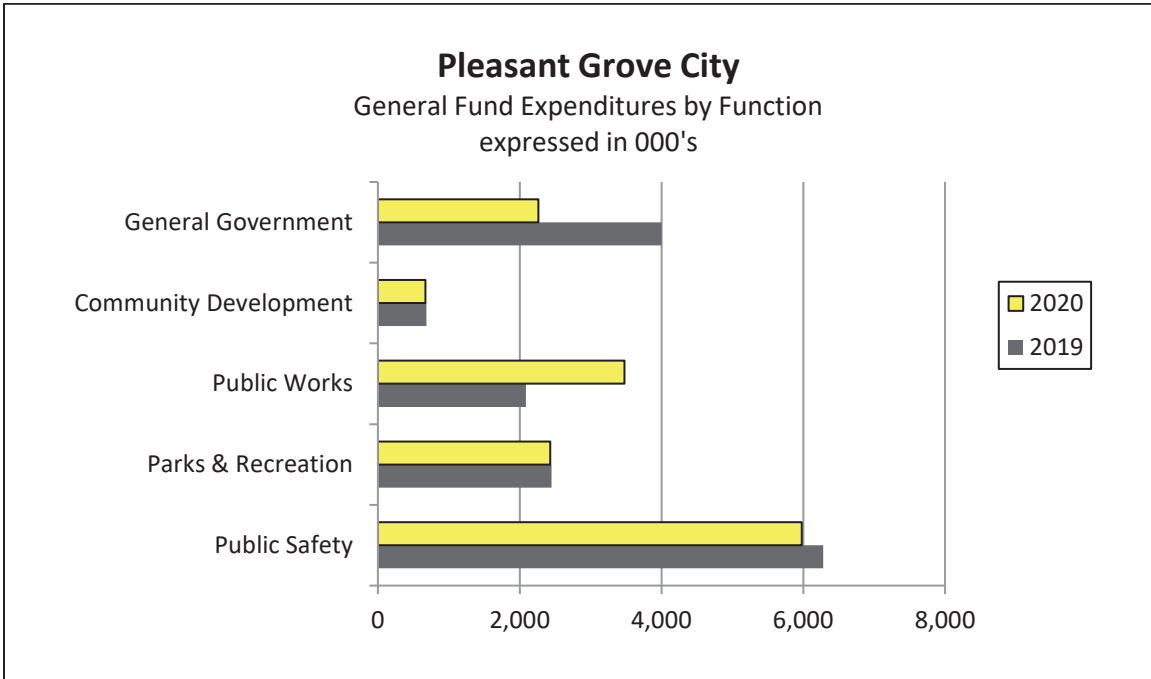
General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$7,918,554 while total fund balance reached \$9,574,873.

Taxes are the largest source of revenue in the General Fund, representing 64.2% of total General Fund revenues. The largest component is sales tax, which represents 53.5% of

total tax revenue and 34.3% of total General Fund revenue. Overall, revenues increased by 13.26% and expenditures decreased by 4.4% from 2019.

The following chart compares general fund expenditures by function between 2019 and 2020.



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$498,046 during the year to bring the fund to a positive balance of \$1,745,790. Revenues in the RDA fund increased from \$2,234,764 in 2019 to \$2,662,325, due to receiving more property taxes for the redevelopment area.

\$1,594,982 was spent from the Capital Projects fund on projects, the largest project being the remodel of City Hall. This fund is used to collect funds for the construction of capital projects and to pay for debt associated with capital equipment. Revenue sources include impact fees of \$788,456. Impact fees are restricted to projects governed by the laws of the State of Utah, thus these balances are reserved.

Enterprise Funds. 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.

Net position of the Water Fund increased from \$ 47,019,725 to \$ 50,190,401. Sewer net position increased from \$22,666,619 to \$24,193,819. Storm Drain net position increased from \$16,207,698 to \$18,054,378. Sanitation net position decreased from \$206,182 to \$149,904. MWDPG net position increased from \$8,714,893 to \$9,478,588. Net position

increases in 2020 were assisted mainly in continued growth of charges for services and developer contributions. Overall, in the enterprise funds, net position increased by \$7,251,973.

General Fund Budgetary Highlights

During the fiscal year, the General Fund’s original budget was amended from an original budgeted expenditure (including transfers) total of \$ 18,743,328 to final budgeted expenditures (including transfers) of \$19,123,054. These increases can be briefly summarized as follows:

- Police, Fire, and Library increases related to grants and reimbursements received in the amount of \$57,998.
- Transfers made to the Capital Improvement Fund for General Plan Project in the amount of \$31,200.
- An appropriation of \$43,737 for Street Light Installation.
- An appropriation of \$225,000 for use of Construction Reimbursement received.
- An appropriation of \$75,000 to cover unemployment claims.

Increases in budgeted expenditures related to police, fire, and library are monies that the City received from certain state and federal grants. The City’s guideline is to generally not budget grant revenue until the funds are received. The budget was increased to authorize the expenditure of these funds.

Capital Assets and Debt Administration

Capital Assets. The City of Pleasant Grove’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$230,075,848 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, construction in progress, and water rights. The total increase in the City’s capital assets (net of depreciation) was 4.5% (3% increase for governmental activities and a 6% increase for business-type activities).

PLEASANT GROVE CITY CAPITAL ASSETS (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 46,765,823 | \$ 47,200,407 | \$ 11,044,999 | \$ 11,017,924 | \$ 57,810,822 | \$ 58,218,331 |
| Water Shares | - | - | 10,760,899 | 10,094,526 | 10,760,899 | 10,094,526 |
| Buildings | 21,103,199 | 7,168,859 | - | - | 21,103,199 | 7,168,859 |
| Equipment | 2,016,457 | 1,910,598 | 1,133,364 | 1,144,376 | 3,149,821 | 3,054,974 |
| Infrastructure | 42,405,423 | 38,902,526 | 88,454,539 | 82,016,377 | 130,859,962 | 120,918,903 |
| Construction in Progress | 2,135,535 | 15,945,704 | 4,255,610 | 4,815,296 | 6,391,145 | 20,761,000 |
| Total capital assets | \$ 114,426,437 | \$ 111,128,094 | \$ 115,649,411 | \$ 109,088,499 | \$ 230,075,848 | \$ 220,216,593 |

Major capital asset events during the current fiscal year include the following:

- Contributed infrastructure assets - \$2,406,631
- Street, Light and Sidewalk Improvements - \$2,195,920
- Land purchase - \$62,075
- Infrastructure improvements in excess of \$ 2.2 million in Water, Sewer and Storm Drain funds

Additional information on the City’s capital assets can be found in note 4 on pages 55-56 of this report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$ 54,887,000, \$ 43,542,000 is secured by specific revenue sources, while total general obligation bonds outstanding total \$11,345,000. The chart below displays transactions related to the City’s bonds for the year.

**PLEASANT GROVE CITY OUTSTANDING DEBT
GENERAL OBLIGATION AND REVENUE BONDS**

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General Obligation | \$ 11,345,000 | \$ 11,916,000 | \$ - | \$ - | \$ 11,345,000 | \$ 11,916,000 |
| Revenue Bonds | 14,359,500 | 15,432,500 | 29,182,500 | 29,103,500 | 43,542,000 | 44,536,000 |
| Total revenues | <u>\$ 25,704,500</u> | <u>\$ 27,348,500</u> | <u>\$ 29,182,500</u> | <u>\$ 29,103,500</u> | <u>\$ 54,887,000</u> | <u>\$ 56,452,000</u> |

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total assessed value. The current limitations for the City are \$152,798,000 which is significantly in excess of the City’s outstanding general obligation debt. In addition, state statutes allows for an additional 8% to be used for water, sewer, or other revenue bond projects thus resulting in a debt limit of 12% of total taxable value. Total limitation is \$492,430,000, which again significantly exceeds the level of outstanding debt.

Additional information on the City’s long-term debt can be found in note 4 on pages 57-62 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

- The unemployment rate for Utah County (of which Pleasant Grove is the fifth largest city) was 3.6%. The state unemployment rate of 4.1%, while the national rate was 7.9%. The previous year’s rates were 2.4%, 2.5%, and 3.7% respectively.
- The General Fund budgeted operating expenditures remain fairly consistent for the upcoming year. Fiscal year-ending June 30, 2021 original budget reflects a decrease of \$1,896,115 from the year ending, June 30, 2020. The major decrease was due to the unknown of the effects of the COVID0-19 on sales tax revenues, therefore, no one-time capital improvements were budgeted for. Budget included raises for employees, Public Safety employees received an amount of \$2,500, directors and other full-time employees received an amount of \$1,200. The

- budget also included: employee recognition monies, deer mitigation, Communities that Care Grant match, part-time code enforcement position, state retirement Public Safety contribution, and utility/maintenance increases.
- The City analyzes utility rates each year to evaluate all areas related to the operation of its utility funds. These areas include operations, debt service coverage, cash reserves, and capital needs. Based on this analysis, rates are generally adjusted each July. Utility rate increases were warranted, but were not adopted, due to unforeseen hardships for our customers due to COVID-19 pandemic.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Pleasant Grove'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: Pleasant Grove City, Finance Director, 70 South 100 East, Pleasant Grove, UT 84062.

BASIC FINANCIAL STATEMENTS



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PLEASANT GROVE CITY
Statement of Net Position
June 30, 2020

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash, cash equivalents, and investments: | | | |
| Unrestricted | \$ 12,268,948 | \$ 12,754,484 | \$ 25,023,432 |
| Restricted | 8,346,796 | 2,966,191 | 11,312,987 |
| Receivables: | | | |
| Accounts, net of allowance | 4,779,472 | 2,152,186 | 6,931,658 |
| Property tax | 3,137,333 | - | 3,137,333 |
| Intergovernmental | 1,655,906 | 55,562 | 1,711,468 |
| Internal balances | (265,123) | 265,123 | - |
| Inventory | - | 65,569 | 65,569 |
| Prepaid expenses | 20,409 | - | 20,409 |
| Note receivable | 13,362,000 | 199,160 | 13,561,160 |
| Net pension asset | 179,873 | - | 179,873 |
| Capital assets not being depreciated: | | | |
| Land and rights of way | 46,765,823 | 11,044,999 | 57,810,822 |
| Water shares | - | 10,760,899 | 10,760,899 |
| Construction in progress | 2,135,535 | 4,255,610 | 6,391,145 |
| Capital assets, net of accumulated depreciation: | | | |
| Buildings and improvements | 21,103,199 | - | 21,103,199 |
| Infrastructure | 42,405,423 | 88,454,539 | 130,859,962 |
| Automobiles, machinery, and equipment | 2,016,457 | 1,133,364 | 3,149,821 |
| Total assets | 157,912,051 | 134,107,686 | 292,019,737 |
| Deferred outflows of resources: | | | |
| Deferred outflows related to pensions | 862,775 | 185,676 | 1,048,451 |
| Deferred loss on refunding | 14,187 | 135,422 | 149,609 |
| Total deferred outflows of resources | 876,962 | 321,098 | 1,198,060 |
| LIABILITIES | | | |
| Accounts payable | 2,048,587 | - | 2,048,587 |
| Accrued liabilities | 762,020 | 46,691 | 808,711 |
| Accrued interest payable | 147,807 | 111,363 | 259,170 |
| Deposits held | 4,880,597 | 40,168 | 4,920,765 |
| Noncurrent liabilities: | | | |
| Due within one year | 2,893,319 | 1,905,842 | 4,799,161 |
| Due in more than one year: | | | |
| Bonds payable | 24,391,622 | 29,438,022 | 53,829,644 |
| Other | 1,596,971 | 251,569 | 1,848,540 |
| Net pension liability | 1,943,075 | 327,403 | 2,270,478 |
| Total liabilities | 38,663,998 | 32,121,058 | 70,785,056 |
| Deferred inflows of resources: | | | |
| Deferred revenue property taxes | 6,025,468 | - | 6,025,468 |
| Deferred inflows related to pensions | 1,020,746 | 240,636 | 1,261,382 |
| Total deferred inflows of resources | 7,046,214 | 240,636 | 7,286,850 |
| NET POSITION | | | |
| Net investment in capital assets | 86,435,879 | 84,608,811 | 171,044,690 |
| Restricted for: | | | |
| Library purposes | 24,723 | - | 24,723 |
| Debt service | 216,664 | 2,966,191 | 3,182,855 |
| Donations | 35,152 | - | 35,152 |
| Capital projects and improvements | 6,461,459 | 2,010,150 | 8,471,609 |
| Roads | 1,600,758 | - | 1,600,758 |
| Community events | 177,704 | - | 177,704 |
| Unrestricted | 18,126,462 | 12,481,938 | 30,608,400 |
| Total net position | \$ 113,078,801 | \$ 102,067,090 | \$ 215,145,891 |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Activities
For the Year Ended June 30, 2020

| Function/Programs | Program Revenues | | | | Net (Expense) Revenues and Changes in Net Position | | Total |
|--|-------------------|-------------------------|--|--|---|-----------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Primary Government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 2,551,129 | \$ 1,923,385 | \$ 102,873 | \$ 1,914,743 | \$ 1,389,872 | | \$ 1,389,872 |
| Public safety | 6,575,216 | 795,700 | 1,650,217 | - | (4,129,299) | | (4,129,299) |
| Community development | 1,308,963 | - | 718,903 | - | (590,060) | | (590,060) |
| Public works | 3,167,101 | 861,355 | - | 2,757,110 | 451,364 | | 451,364 |
| Parks, recreation and public property | 3,960,886 | 1,530,586 | 396,202 | 237,266 | (1,796,832) | | (1,796,832) |
| Interest on long-term debt | 1,186,132 | - | - | - | (1,186,132) | | (1,186,132) |
| Total governmental activities | 18,749,427 | 5,111,026 | 2,868,195 | 4,909,119 | (5,861,087) | | (5,861,087) |
| Business-type activities | | | | | | | |
| Water | 6,253,510 | 8,012,916 | 82,326 | 1,324,973 | | \$ 3,166,705 | 3,166,705 |
| MWDPG | 147,685 | - | - | 911,380 | | 763,695 | 763,695 |
| Sewer | 4,636,203 | 5,325,319 | - | 865,536 | | 1,554,652 | 1,554,652 |
| Storm drain | 1,929,869 | 2,294,261 | - | 1,036,943 | | 1,401,335 | 1,401,335 |
| Sanitation | 1,553,566 | 1,497,288 | - | - | | (56,278) | (56,278) |
| Total business-type activities | 14,520,833 | 17,129,784 | 82,326 | 4,138,832 | | 6,830,109 | 6,830,109 |
| General Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | | | | | 5,018,798 | - | 5,018,798 |
| Sales taxes | | | | | 6,606,870 | - | 6,606,870 |
| Telecommunications and franchise taxes | | | | | 2,028,317 | - | 2,028,317 |
| Interest income | | | | | 1,032,602 | 259,254 | 1,291,856 |
| Miscellaneous | | | | | 631,905 | 44,517 | 676,422 |
| Gain on sale of assets | | | | | 379,215 | 43,093 | 422,308 |
| Transfers, net | | | | | (75,000) | 75,000 | - |
| Total general revenue and transfers | | | | | 15,622,707 | 421,864 | 16,044,571 |
| Change in net position | | | | | 9,761,620 | 7,251,973 | 17,013,593 |
| Net position - beginning (as restated) | | | | | 103,317,181 | 94,815,117 | 198,132,298 |
| Net position - ending | | | | | \$ 113,078,801 | \$ 102,067,090 | \$ 215,145,891 |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Balance Sheet – Governmental Funds
June 30, 2020

| | <u>Special Revenue</u> | | | | | Total Governmental Funds |
|--|------------------------|-----------------------------|-------------------------|---------------------------------|--|---|
| | General | Capital Projects | Debt Service | Redevelopment Agency | Nonmajor Governmental Funds | |
| ASSETS | | | | | | |
| Cash, cash equivalents, and investments | | | | | | |
| Unrestricted | \$ 7,860,945 | \$ 1,976,592 | \$ - | \$ 1,745,790 | \$ 685,621 | \$ 12,268,948 |
| Restricted | 5,269,575 | - | 765,671 | - | 2,311,550 | 8,346,796 |
| Receivables, net: | | | | | | |
| Accounts | 1,891,337 | - | 923,621 | 1,964,514 | - | 4,779,472 |
| Property tax | 3,137,333 | - | - | - | - | 3,137,333 |
| Intergovernmental | 1,655,906 | - | - | - | - | 1,655,906 |
| Due from other funds | 777,361 | - | - | - | - | 777,361 |
| Prepaid and other assets | 20,409 | - | - | - | - | 20,409 |
| Note receivable | - | - | - | 13,362,000 | - | 13,362,000 |
| Total assets | \$ 20,612,866 | \$ 1,976,592 | \$ 1,689,292 | \$ 17,072,304 | \$ 2,997,171 | \$ 44,348,225 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 2,048,587 | \$ - | \$ - | \$ - | \$ - | \$ 2,048,587 |
| Accrued liabilities | 706,353 | - | - | - | 55,667 | 762,020 |
| Deposits held and retainage payable | 4,880,597 | - | - | - | - | 4,880,597 |
| Note payable | 265,123 | - | - | - | - | 265,123 |
| Due to other funds | - | - | 549,007 | - | 228,354 | 777,361 |
| Total liabilities | 7,900,660 | - | 549,007 | - | 284,021 | 8,733,688 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - note receivable | - | - | - | 13,362,000 | - | 13,362,000 |
| Deferred revenue - property taxes | 3,137,333 | - | 923,621 | 1,964,514 | - | 6,025,468 |
| Total deferred inflows of resources | 3,137,333 | - | 923,621 | 15,326,514 | - | 19,387,468 |
| FUND BALANCES | | | | | | |
| Nonspendable | 20,409 | - | - | - | - | 20,409 |
| Restricted for: | | | | | | |
| Capital projects | - | 1,976,592 | - | 1,745,790 | 2,305,720 | 6,028,102 |
| Donations | 35,152 | - | - | - | - | 35,152 |
| Debt service | - | - | 216,664 | - | - | 216,664 |
| Library purposes | - | - | - | - | 24,723 | 24,723 |
| Class C roads | 1,600,758 | - | - | - | - | 1,600,758 |
| Total restricted | 1,635,910 | 1,976,592 | 216,664 | 1,745,790 | 2,330,443 | 7,905,399 |
| Assigned to: | | | | | | |
| Future capital improvements | - | - | - | - | 433,357 | 433,357 |
| Community events | - | - | - | - | 177,704 | 177,704 |
| Total assigned | - | - | - | - | 611,061 | 611,061 |
| Unassigned | 7,918,554 | - | - | - | (228,354) | 7,690,200 |
| Total fund balances | 9,574,873 | 1,976,592 | 216,664 | 1,745,790 | 2,713,150 | 16,227,069 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 20,612,866 | \$ 1,976,592 | \$ 1,689,292 | \$ 17,072,304 | \$ 2,997,171 | \$ 44,348,225 |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position (page 29) are different because:

| | |
|---|------------------------------|
| Total Fund Balances - Total Governmental Funds (page 31) | \$ 16,227,069 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$154,550,865 less the accumulated depreciation of \$40,124,428. | 114,426,437 |
| Interest on general obligation and revenue bonds is not accrued in governmental funds but rather is recognized as an expenditure when due. | (147,807) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | (28,881,912) |
| Pension liabilities and assets are not due and payable in the current period and, therefore, are not reported in the funds. | (1,921,173) |
| Long-term receivables are not available in the current period and, therefore, are deferred in the funds balance sheet. | 13,362,000 |
| Other assets are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds. | <u>14,187</u> |
| Net Position - Governmental Activities (page 29) | <u><u>\$ 113,078,801</u></u> |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2020

| | <u>Special Revenue</u> | | | | | Total Governmental Funds |
|--|------------------------|-----------------------------|-------------------------|---------------------------------|--|---|
| | General | Capital Projects | Debt Service | Redevelopment Agency | Nonmajor Governmental Funds | |
| REVENUES | | | | | | |
| Taxes | \$ 12,360,278 | \$ - | \$ 924,986 | \$ 368,721 | \$ - | \$ 13,653,985 |
| Licenses and permits | 742,296 | - | - | - | - | 742,296 |
| Intergovernmental | 3,696,222 | 19,817 | - | 718,903 | 347,996 | 4,782,938 |
| Charges for services | 1,617,054 | - | - | - | 2,470,997 | 4,088,051 |
| Fines and forfeitures | 280,679 | - | - | - | - | 280,679 |
| Interest income | 170,179 | 26,484 | 16,989 | 21,097 | 2,249 | 236,998 |
| Impact fees | - | 788,456 | - | - | - | 788,456 |
| Loan repayment income | - | - | - | 1,553,604 | - | 1,553,604 |
| Cash contributions for capital outlay | 10,000 | - | - | - | - | 10,000 |
| Miscellaneous | 388,309 | 63,058 | - | - | 180,538 | 631,905 |
| Total revenues | 19,265,017 | 897,815 | 941,975 | 2,662,325 | 3,001,780 | 26,768,912 |
| EXPENDITURES | | | | | | |
| General government | 2,262,684 | - | - | - | - | 2,262,684 |
| Public safety | 5,979,751 | - | - | - | 504,967 | 6,484,718 |
| Community development | 671,533 | - | - | 609,025 | - | 1,280,558 |
| Public works | 558,010 | - | - | - | - | 558,010 |
| Parks, recreation, and public property | 2,433,278 | - | - | - | 1,433,044 | 3,866,322 |
| Capital outlay and projects | 2,919,528 | 1,594,982 | - | - | 106,463 | 4,620,973 |
| Debt service: | | | | | | |
| Principal | - | 837,442 | 886,000 | 758,000 | - | 2,481,442 |
| Interest and other financial | - | 24,070 | 388,693 | 797,254 | - | 1,210,017 |
| Total expenditures | 14,824,784 | 2,456,494 | 1,274,693 | 2,164,279 | 2,044,474 | 22,764,724 |
| Excess (deficiency) of revenues over (under) expenditures | 4,440,233 | (1,558,679) | (332,718) | 498,046 | 957,306 | 4,004,188 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | 405,695 | - | - | - | 405,695 |
| Proceeds from sale of assets | 565,342 | 312,468 | - | - | - | 877,810 |
| Transfers in | 72,353 | 1,613,606 | 349,650 | - | 736,586 | 2,772,195 |
| Transfers out | (2,380,192) | (422,003) | - | - | (45,000) | (2,847,195) |
| Total other financing sources (uses) | (1,742,497) | 1,909,766 | 349,650 | - | 691,586 | 1,208,505 |
| Net change in fund balance | 2,697,736 | 351,087 | 16,932 | 498,046 | 1,648,892 | 5,212,693 |
| Fund balances, beginning of year (as restated) | 6,877,137 | 1,625,505 | 199,732 | 1,247,744 | 1,064,258 | 11,014,376 |
| Fund balances at end of year | \$ 9,574,873 | \$ 1,976,592 | \$ 216,664 | \$ 1,745,790 | \$ 2,713,150 | \$ 16,227,069 |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (page 30) are different because:

| | | |
|---|----|-------------------------|
| Net change in fund balances - total governmental funds (page 33) | \$ | 5,212,693 |
| Governmental funds report capital outlays as expenditures and do not report capital contributions, as they are not financial assets. However, in the statement of activities the cost of capital outlays is allocated over their estimated useful lives and reported as depreciation expense, and capital contributions are reported as assets and revenue. This is the amount by which capital outlays and contributions exceeded depreciation in the current period. | | 3,796,938 |
| Principal payments from recipients on certain notes are recorded as revenue in the governmental funds. However, these payments are recorded as a decrease in the notes receivable and an increase in interest income in the Statement of Net Position. | | (758,000) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | 1,964,284 |
| Pension related expenses in the statement of activities do not use current financial resources and, therefore, are not reported as expenditures in governmental funds. | | 44,300 |
| The effect of proceeds from the sale of assets is to decrease net position | | <u>(498,595)</u> |
| Change in net position of governmental activities (page 30) | \$ | <u><u>9,761,620</u></u> |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> |
|--|-------------------------|-----------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Taxes: | | | | |
| Property | \$ 3,632,499 | \$ 3,632,499 | \$ 3,725,091 | \$ 92,592 |
| Sales and use | 6,080,456 | 6,080,456 | 6,606,870 | 526,414 |
| Other | 2,109,214 | 2,109,214 | 2,028,317 | (80,897) |
| Licenses and permits | 647,200 | 647,200 | 742,296 | 95,096 |
| Intergovernmental | 1,864,000 | 1,886,195 | 3,696,222 | 1,810,027 |
| Charges for services | 1,331,111 | 1,331,111 | 1,617,054 | 285,943 |
| Fines and forfeitures | 391,500 | 391,500 | 280,679 | (110,821) |
| Interest income | 135,000 | 135,000 | 170,179 | 35,179 |
| Capital contributions | - | - | 10,000 | 10,000 |
| Miscellaneous | 241,600 | 466,600 | 388,309 | (78,291) |
| Total revenues | 16,432,580 | 16,679,775 | 19,265,017 | 2,585,242 |
| <u>EXPENDITURES</u> | | | | |
| General government: | | | | |
| City council | 211,225 | 211,225 | 203,058 | 8,167 |
| Courts | 184,237 | 184,237 | 162,449 | 21,788 |
| Facilities | 218,610 | 218,610 | 258,976 | (40,366) |
| Administrative | 557,505 | 557,505 | 524,665 | 32,840 |
| Engineering | 264,651 | 264,651 | 148,741 | 115,910 |
| City attorney | 223,130 | 223,130 | 203,865 | 19,265 |
| Non-departmental | 609,537 | 684,537 | 548,789 | 135,748 |
| Cemetery | 106,580 | 106,580 | 81,624 | 24,956 |
| Custodial | 170,415 | 170,415 | 130,517 | 39,898 |
| Capital outlay | - | 130,057 | 269,591 | (139,534) |
| Public safety: | | | | |
| Police and dispatch | 4,036,890 | 4,027,562 | 3,767,850 | 259,712 |
| Fire | 2,150,226 | 2,181,954 | 2,120,286 | 61,668 |
| Animal control | 113,706 | 113,706 | 91,615 | 22,091 |
| Community development: | | | | |
| Community development | 745,004 | 713,804 | 669,818 | 43,986 |
| Economic development | 30,000 | 30,000 | 1,715 | 28,285 |
| Public works: | | | | |
| Streets | 753,187 | 666,867 | 555,610 | 111,257 |
| Class C roads | - | - | 2,400 | (2,400) |
| Capital outlay | 3,050,000 | 3,275,000 | 2,561,372 | 713,628 |
| Parks and recreation: | | | | |
| Library | 777,185 | 785,774 | 735,164 | 50,610 |
| Other | 1,795,282 | 1,800,282 | 1,698,114 | 102,168 |
| Capital outlay | - | - | 88,565 | (88,565) |
| Total expenditures | 15,997,370 | 16,345,896 | 14,824,784 | 1,521,112 |
| Excess (deficiency) of revenues | | | | |
| over (under) expenditures | 435,210 | 333,879 | 4,440,233 | 4,106,354 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Proceeds from sale of assets | 500,000 | 500,000 | 565,342 | 65,342 |
| Transfers in | 396,964 | 396,964 | 72,353 | (324,611) |
| Transfers out | (2,745,958) | (2,777,158) | (2,380,192) | 396,966 |
| Net change in fund balance | \$ (1,413,784) | \$ (1,546,315) | 2,697,736 | \$ 4,244,051 |
| Fund balance at beginning of year | | | 6,877,137 | |
| Fund balance at end of year | | | \$ 9,574,873 | |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Redevelopment Agency Fund
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| <u>REVENUES</u> | | | | |
| Taxes: | | | | |
| Property | \$ 900,000 | \$ 900,000 | \$ 368,721 | \$ (531,279) |
| Intergovernmental | - | - | 718,903 | 718,903 |
| Loan repayment income | 1,553,604 | 1,553,604 | 1,553,604 | - |
| Interest income | - | - | 21,097 | 21,097 |
| | <u>2,453,604</u> | <u>2,453,604</u> | <u>2,662,325</u> | <u>208,721</u> |
| Total revenues | | | | |
| <u>EXPENDITURES</u> | | | | |
| Community development | 635,000 | 635,000 | 609,025 | 25,975 |
| Debt service | | | | |
| Principal | 758,000 | 758,000 | 758,000 | - |
| Interest and other financial | 801,604 | 801,604 | 797,254 | 4,350 |
| | <u>2,194,604</u> | <u>2,194,604</u> | <u>2,164,279</u> | <u>30,325</u> |
| Total expenditures | | | | |
| Net change in fund balance | <u>\$ 259,000</u> | <u>\$ 259,000</u> | \$ 498,046 | <u>\$ 239,046</u> |
| Fund balance at beginning of year | | | <u>1,247,744</u> | |
| Fund balance at end of year | | | <u>\$ 1,745,790</u> | |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Net Position – Proprietary Funds
June 30, 2020

| | Business-type Activities - Enterprise Funds | | | | | Total |
|---|--|----------------------|----------------------|-------------------|--|-----------------------|
| | Water | Sewer | Storm Drain | Sanitation | Metropolitan Water District | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash, cash equivalents, and investments | | | | | | |
| Unrestricted | \$ 6,446,187 | \$ 3,236,562 | \$ 2,237,543 | \$ 2,886 | \$ 831,306 | \$ 12,754,484 |
| Restricted | 2,940,847 | - | 25,344 | - | - | 2,966,191 |
| Receivables, net: | | | | | | |
| Accounts | 1,085,805 | 588,160 | 241,163 | 147,018 | 90,040 | 2,152,186 |
| Intergovernmental | 55,562 | - | - | - | - | 55,562 |
| Inventory (supplies) | 65,569 | - | - | - | - | 65,569 |
| Total current assets | 10,593,970 | 3,824,722 | 2,504,050 | 149,904 | 921,346 | 17,993,992 |
| Noncurrent assets: | | | | | | |
| Note receivable | - | 265,123 | 199,160 | - | - | 464,283 |
| Capital assets: | | | | | | |
| Land and rights of way | 1,788,232 | 25,000 | 9,231,767 | - | - | 11,044,999 |
| Water shares | 1,981,938 | - | - | - | 8,778,961 | 10,760,899 |
| Construction in progress | 3,420,137 | 597,501 | 237,972 | - | - | 4,255,610 |
| Infrastructure | 76,026,445 | 25,826,283 | 19,493,965 | - | - | 121,346,693 |
| Automobiles, machinery and equipment | 1,103,372 | 468,435 | 743,419 | - | - | 2,315,226 |
| Less: accumulated depreciation | (23,482,340) | (6,449,936) | (4,141,740) | - | - | (34,074,016) |
| Total noncurrent assets | 60,837,784 | 20,732,406 | 25,764,543 | - | 8,778,961 | 116,113,694 |
| Total assets | 71,431,754 | 24,557,128 | 28,268,593 | 149,904 | 9,700,307 | 134,107,686 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred loss on refundings | 2,433 | 2,433 | 130,556 | - | - | 135,422 |
| Deferred outflows related to pensions | 75,289 | 75,548 | 34,839 | - | - | 185,676 |
| Total deferred outflows of resources | 77,722 | 77,981 | 165,395 | - | - | 321,098 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accrued liabilities | 21,314 | 14,567 | 10,810 | - | - | 46,691 |
| Accrued interest payable | 64,873 | 406 | 42,607 | - | 3,477 | 111,363 |
| Bonds payable | 1,370,200 | 55,200 | 312,600 | - | - | 1,738,000 |
| Other long-term liabilities | 42,367 | 30,371 | 85,349 | - | 9,755 | 167,842 |
| Total current liabilities | 1,498,754 | 100,544 | 451,366 | - | 13,232 | 2,063,896 |
| Noncurrent liabilities: | | | | | | |
| Bonds payable | 19,515,883 | 118,797 | 9,803,342 | - | - | 29,438,022 |
| Other long-term liabilities | 22,656 | 10,124 | 10,302 | - | 208,487 | 251,569 |
| Net pension liability | 134,332 | 122,114 | 70,957 | - | - | 327,403 |
| Deposits held and retainage payable | 40,168 | - | - | - | - | 40,168 |
| Total noncurrent liabilities | 19,713,039 | 251,035 | 9,884,601 | - | 208,487 | 30,057,162 |
| Total liabilities | 21,211,793 | 351,579 | 10,335,967 | - | 221,719 | 32,121,058 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows related to pensions | 107,282 | 89,711 | 43,643 | - | - | 240,636 |
| Total deferred inflows of resources | 107,282 | 89,711 | 43,643 | - | - | 240,636 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 39,954,134 | 20,295,719 | 15,579,997 | - | 8,778,961 | 84,608,811 |
| Restricted for: | | | | | | |
| Capital projects | 1,665,471 | 28,008 | 316,671 | - | - | 2,010,150 |
| Debt service | 2,940,847 | - | 25,344 | - | - | 2,966,191 |
| Unrestricted | 5,629,949 | 3,870,092 | 2,132,366 | 149,904 | 699,627 | 12,481,938 |
| Total net position | \$ 50,190,401 | \$ 24,193,819 | \$ 18,054,378 | \$ 149,904 | \$ 9,478,588 | \$ 102,067,090 |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2020

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|----------------------|----------------------|-------------------|--------------------------------|-----------------------|
| | Water | Sewer | Storm Drain | Sanitation | Metropolitan Water District | Total |
| OPERATING REVENUES | | | | | | |
| Charges for services | \$ 8,012,916 | \$ 5,325,319 | \$ 2,294,261 | \$ 1,497,288 | \$ - | \$ 17,129,784 |
| Intergovernmental | 82,326 | - | - | - | - | 82,326 |
| Miscellaneous | 6,938 | 1,614 | 35,965 | - | - | 44,517 |
| Total operating revenues | 8,102,180 | 5,326,933 | 2,330,226 | 1,497,288 | - | 17,256,627 |
| OPERATING EXPENSES | | | | | | |
| Wages and benefits | 829,223 | 616,602 | 437,033 | - | - | 1,882,858 |
| Cost of services and supplies | 1,217,159 | 2,693,684 | 187,051 | 1,295,146 | 133,860 | 5,526,900 |
| Administration | 826,220 | 779,857 | 258,440 | 258,420 | 3,099 | 2,126,036 |
| Depreciation | 1,674,780 | 543,097 | 516,797 | - | - | 2,734,674 |
| Total operating expenses | 4,547,382 | 4,633,240 | 1,399,321 | 1,553,566 | 136,959 | 12,270,468 |
| Operating income (loss) | 3,554,798 | 693,693 | 930,905 | (56,278) | (136,959) | 4,986,159 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Interest and other financial | (1,706,128) | (2,963) | (530,548) | - | (10,726) | (2,250,365) |
| Interest income | 147,033 | 71,434 | 40,787 | - | - | 259,254 |
| Gain (loss) on sale of assets | - | (500) | 43,593 | - | - | 43,093 |
| Total nonoperating revenues (expenses) | (1,559,095) | 67,971 | (446,168) | - | (10,726) | (1,948,018) |
| Income before contributions and transfers | 1,995,703 | 761,664 | 484,737 | (56,278) | (147,685) | 3,038,141 |
| Developer contributions | 999,567 | 700,813 | 706,250 | - | 911,380 | 3,318,010 |
| Impact fees | 325,406 | 164,723 | 330,693 | - | - | 820,822 |
| Transfers in | - | - | 325,000 | - | - | 325,000 |
| Transfers out | (150,000) | (100,000) | - | - | - | (250,000) |
| Change in net position | 3,170,676 | 1,527,200 | 1,846,680 | (56,278) | 763,695 | 7,251,973 |
| Total net position - beginning (as restated) | 47,019,725 | 22,666,619 | 16,207,698 | 206,182 | 8,714,893 | 94,815,117 |
| Total net position - ending | \$ 50,190,401 | \$ 24,193,819 | \$ 18,054,378 | \$ 149,904 | \$ 9,478,588 | \$ 102,067,090 |

The accompanying notes are an integral part of this financial statement.

PLEASANT GROVE CITY
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2020

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|--------------|--------------|--------------|--------------------------------|---------------|
| | Water | Sewer | Storm Drain | Sanitation | Metropolitan Water District | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers and users | \$ 7,980,384 | \$ 5,315,680 | \$ 2,265,403 | \$ 1,495,020 | \$ (90,040) | \$ 16,966,447 |
| Payments to suppliers | (1,194,149) | (2,689,664) | (187,051) | (1,295,146) | (133,860) | (5,499,870) |
| Interfund services | (826,220) | (779,857) | (258,440) | (258,420) | (3,099) | (2,126,036) |
| Payments to employees | (815,937) | (596,507) | (417,322) | - | - | (1,829,766) |
| Net cash provided (used) by operating activities | 5,144,078 | 1,249,652 | 1,402,590 | (58,546) | (226,999) | 7,510,775 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers from/(to) other funds | (150,000) | (100,000) | 325,000 | - | - | 75,000 |
| Net cash provided (used) by noncapital financing activities | (150,000) | (100,000) | 325,000 | - | - | 75,000 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | | | | |
| Impact fees | 325,406 | 164,723 | 330,693 | - | - | 820,822 |
| Purchase of capital assets | (4,104,608) | (1,519,929) | (603,160) | - | (106,280) | (6,333,977) |
| Cash received from developers in-lieu of water shares | - | - | - | - | 351,287 | 351,287 |
| Proceeds from disposal of assets | - | - | 48,207 | - | - | 48,207 |
| Payments on note receivable | - | 86,320 | 49,790 | - | - | 136,110 |
| Proceeds from capital debt | 2,998,000 | - | 9,899,605 | - | - | 12,897,605 |
| Payment of bond issuance costs | (34,264) | - | - | - | - | (34,264) |
| Principal paid on capital debt | (1,208,362) | (54,000) | (10,475,323) | - | (9,411) | (11,747,096) |
| Interest and fees paid on capital debt | (511,551) | (2,158) | (698,906) | - | (10,829) | (1,223,444) |
| Net cash provided (used) by capital and related financing activities | (2,535,379) | (1,325,044) | (1,449,094) | - | 224,767 | (5,084,750) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Interest income | 147,033 | 71,434 | 40,787 | - | - | 259,254 |
| Net increase (decrease) in cash and cash equivalents | 2,605,732 | (103,958) | 319,283 | (58,546) | (2,232) | 2,760,279 |
| Cash and cash equivalents - beginning of year | 6,781,302 | 3,340,520 | 1,943,604 | 61,432 | 833,539 | 12,960,397 |
| Cash and cash equivalents - end of year | \$ 9,387,034 | \$ 3,236,562 | \$ 2,262,887 | \$ 2,886 | \$ 831,307 | \$ 15,720,676 |
| Reconciliation of operating income to net cash provided | | | | | | |
| by operating activities: | | | | | | |
| Operating income (loss) | \$ 3,554,798 | \$ 693,693 | \$ 930,905 | \$ (56,278) | \$ (136,959) | \$ 4,986,159 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation expense | 1,674,780 | 543,097 | 516,797 | - | - | 2,734,674 |
| (Increase) decrease in receivables | (128,265) | (11,253) | (69,267) | (2,268) | (90,040) | (301,093) |
| (Increase) decrease in inventory | (6,658) | - | - | - | - | (6,658) |
| Increase (decrease) in accounts payable and accrued liabilities | 36,137 | 4,020 | 4,444 | - | - | 44,601 |
| Increase (decrease) in compensated absences and pensions | 13,286 | 20,095 | 19,711 | - | - | 53,092 |
| Total Adjustments | 1,589,280 | 555,959 | 471,685 | (2,268) | (90,040) | 2,524,616 |
| Net cash from operating activities | \$ 5,144,078 | \$ 1,249,652 | \$ 1,402,590 | \$ (58,546) | \$ (226,999) | \$ 7,510,775 |
| Noncash investing, capital, and financing activities: | | | | | | |
| Contributions of capital assets from developers | \$ 999,567 | \$ 700,813 | \$ 706,250 | \$ - | \$ 560,093 | \$ 2,966,723 |

The accompanying notes are an integral part of this financial statement.

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PLEASANT GROVE CITY
Notes to the Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Pleasant Grove City (“the City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Pleasant Grove City was incorporated in 1850. The City operates under a Mayor / Council form of government. As required by U.S. GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The component units discussed below are included as part of the City’s reporting entity as blended component units.

Component Units

The Pleasant Grove City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City’s ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Metropolitan Water District of Pleasant Grove (MWDPG) was established to locate, develop, and protect water resources for the exclusive benefit of the City. MWDPG’s governing board, while separate from the City’s, is appointed by City officials. The Board adopts a separate budget from the City’s and is presented with audited financial statements each year. The MWDPG is included in these financial statements as the Metropolitan Water District of Pleasant Grove Enterprise Fund.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

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 which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a 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, including blended component units, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Governmental funds do not report donated capital assets received unless the sale of those assets is imminent. The assets are reported in the government-wide financial statements.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, use 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 revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Capital Projects Construction Fund* accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by enterprise funds).

The *Redevelopment Agency Special Revenue Fund* is used to account for property taxes assessed by the City, property tax increment received from other taxing entities, and developer contributions to be used for the revitalization of the City and furthering public purposes in the community.

Debt Service Fund accounts for accumulation of financial resources for the payment of principal and interest on the City's general obligation debt.

The government reports the following major enterprise funds:

The *Water Fund* accounts for the activities of the City's water operations, both culinary and secondary water systems.

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

The *Storm Drain Fund* accounts for the activities of the City's storm drain operations.

The *Sanitation Fund* accounts for the activities of the City's sanitation operations.

Metropolitan Water District of Pleasant Grove Fund was established to locate, develop, and protect water resources for the benefit of the City.

Additionally, the City reports the following nonmajor governmental fund types:

Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Dispatch Fund receives taxes charged to telephone lines and accounts for activities of the emergency 911 services.

Swimming Pool Fund receives admission fees and accounts for activities of the City-owned community swimming pool.

Community Center Fund receives admission fees to the City-owned recreation facility as well as participation fees for the specific programs and accounts for the activities of the recreation facility and related programs.

Cultural Arts Fund receives tuition paid by students and admission fees for community theatre programs and accounts for activities of these programs.

Library Fund receives federal and state grants and fees from library services and accounts for activities of the City-owned library.

Community Arts and Recreation Enhancement (CARE) Tax Fund helps to fund the improvement of community programs as well as infrastructure around parks.

Transportation Utility Fund was established to provide for the maintenance, repair, and improvement of Pleasant Grove City streets. Revenues will be from a Transportation Utility fee assessed to both residential and commercial utility accounts.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Cash, Deposits and Investments (Continued)

are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds".

Other receivables at June 30, 2020, consist of property tax, franchise tax, sales tax, grants, fines, and accounts (billings for user charged services, including unbilled utility services). Taxes, grants and fines are deemed collectible in full. The allowance for doubtful proprietary account receivables at June 30, 2020 is \$26,365.

Inventory

Inventory represents mainly supplies and parts used for various water fund projects and is valued using the first-in/first-out (FIFO) method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, using the consumption method, in both government-wide and fund financial statements.

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 City as assets with an individual cost of more than \$5,000 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Capital Assets (Continued)

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

| | |
|-----------------------------------|----------------|
| Buildings | 25 to 50 years |
| Infrastructure | 20 to 50 years |
| Improvements other than buildings | 20 to 25 years |
| Machinery and equipment | 5 to 20 years |

Compensated Absences

City employees accrue vacation, comp time, and sick leave throughout the year. Unpaid vacation over 168 hours expires on the employee's anniversary date. Vacation time and comp time are accrued in full as they are incurred. Up to 960 hours of unused sick leave is converted to compensated absences at a rate of 25 percent at separation. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Compensated absences liabilities are typically liquidated in the general and special revenue funds.

Deferred Inflows and Outflows of Resources

In addition to assets, 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 will not be recognized as an outflow of resources (expense/expenditure) until then. 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 will not be recognized as an inflow of resources (revenue) until that time.

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 position. Bond premiums, and discounts are deferred and amortized over the life of the applicable 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Fund Balance

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned. Amounts that may be used for any governmental purpose are classified as unassigned fund balance. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance.

Nonspendable fund balance cannot be spent because it is not in spendable form. An example of nonspendable fund balance is inventory. Restricted fund balance has restrictions imposed by parties outside of the primary government. Committed fund balance represents funds restricted for a specific use by resolution of the Pleasant Grove City Council. Assigned fund balance is earmarked for certain purposes without formal resolution of the City Council. Finally, any remaining fund balance is unassigned and available for unrestricted use. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)

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 those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City as a whole.

| | |
|--------------------------|----------------|
| Cost of capital assets | \$ 154,550,865 |
| Accumulated depreciation | (40,124,428) |
| Total difference | \$ 114,426,437 |

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 financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at June 30, 2020 were:

| | |
|--|---------------|
| General obligation | \$ 11,345,000 |
| Tax increment revenue (Redevelopment Agency) | 13,362,000 |
| Sales tax revenue | 997,500 |
| Unamortized bond issuance premiums | 395,122 |
| Other long-term liabilities | 2,782,290 |
| Total difference | \$ 28,881,912 |

Explanation of Certain Differences between Governmental Fund Operating Statements and the 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 position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

| | |
|-----------------------------|--------------|
| Capital outlay | \$ 6,816,893 |
| Depreciation expense | (3,019,955) |
| Net difference, as reported | \$ 3,796,938 |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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:

- 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 operation budget. The operating budget includes proposed expenditures and the means of financing them.
- 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.
- On or before June 30, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1.
- Control of budgeted expenditures is exercised, under state law, at the departmental level.
- The city administrator, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The city council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- Budget appropriations for any department may be reduced by resolution.
- A public hearing as required 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.
- Encumbrances lapse at year end. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget using the above procedures.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Utah County Treasurer and remitted to the City in five to six installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has been made for fees due and payable to the City at June 30th.

Fund Balance Compliance

State law requires that the accumulation of unrestricted fund balance in the city general fund may not exceed 25 percent of the total revenue of the city's general fund for the current fiscal year. During the fiscal year the City's accumulated unrestricted fund balance was 41.1 percent of the total revenue of the City's General Fund. However, The City's decision to abstain from using excess fund balance for capital projects due to the local and global economic fears of the COVID-19 health pandemic during FY2020 contributed to this excess. The City has already allocated \$2,177,692 of fund balance for capital projects in FY2021, and at this time, have a proposal in front of the governing board for an additional \$1.2 million to be approved in January 2021.

State law states the governing body of any city may not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget period of the fund. As of June 30, 2020, the C.A.R.E Tax Fund had a negative fund balance which was the result of expenditures exceeding revenues during previous fiscal years. In accordance with State code, each year the City will provide an appropriation of at least 5 percent of the total revenues of the deficit fund until the deficit balance is eliminated.

4. DETAILED NOTES FOR ALL FUNDS

Cash and Investments

Deposits and investments for the City are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. At times during the year, the City's bank balances may have exceeded the insured levels under FDIC guidelines.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Utah Money Management Act (UMMA).

The Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, and to promote measures that will assist in strengthening the banking and credit structure of the State. The Utah Money Management Council also reviews the rules adopted under the authority of the UMMA that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. UMMA requires the depositing of City funds in a qualified depository. UMMA defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

As of June 30, 2020, the City had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in years)</u> | | | |
|---|----------------------|---|---------------|----------------|---------------------|
| | | <u>Less than 1</u> | <u>1 to 5</u> | <u>6 to 10</u> | <u>More than 10</u> |
| Utah Public Treasurer's Investment Fund (PTIF) | \$ 34,687,516 | \$ 34,687,516 | \$ - | \$ - | \$ - |
| | <u>\$ 34,687,516</u> | <u>\$ 34,687,516</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

At June 30, 2020, the City had the following investments and quality ratings:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Quality Rating</u> | | | |
|---|----------------------|-----------------------|-------------|-------------|----------------------|
| | | <u>AA+</u> | <u>A</u> | <u>A-</u> | <u>Unrated</u> |
| Utah Public Treasurer's Investment Fund (PTIF) | \$ 34,687,516 | \$ - | \$ - | \$ - | \$ 34,687,516 |
| | <u>\$ 34,687,516</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,687,516</u> |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

The deposits and investments described above are included on the government-wide statement of net position as follows:

| | |
|---------------------------|-----------------------------|
| Cash and cash equivalents | \$ 25,023,432 |
| Restricted cash | <u>11,312,987</u> |
| | <u><u>\$ 36,336,419</u></u> |

Public Treasurers Investment Fund (PTIF) – External Investment Pool

The City invests in the external investment pool which is administered by the Treasurer of the State of Utah. State agencies, municipalities, counties, and local governments within the state are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized, which are high-grade securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis.

Twice a year, at June 30 and December 31, the investments are valued at fair value.

As of June 30, 2020, the City had \$34,687,516 invested in the PTIF. Due to the insignificance of the amount of unrealized gains and losses in relation to the funds affected by these changes, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Receivables

Receivables as of June 30, 2020 for the City's individual major funds and non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

| | <u>General</u> | <u>RDA</u> | <u>Debt Service</u> | <u>Total</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Receivables: | | | | |
| Taxes | \$ 3,137,333 | \$ - | \$ - | \$ 3,137,333 |
| Accounts and other | 1,891,337 | 1,964,514 | 923,621 | 4,779,472 |
| Gross receivables | 5,028,670 | 1,964,514 | 923,621 | 7,916,805 |
| Less: allowance for uncollectibles | - | - | - | - |
| Net total receivables | <u>\$ 5,028,670</u> | <u>\$ 1,964,514</u> | <u>\$ 923,621</u> | <u>\$ 7,916,805</u> |

Business-type Funds

| | <u>Water</u> | <u>Sewer</u> | <u>Storm Drain</u> | <u>Sanitation</u> | <u>Metropolitan Water District</u> | <u>Total</u> |
|------------------------------------|---------------------|-------------------|--------------------|-------------------|------------------------------------|---------------------|
| Receivables: | | | | | | |
| Accounts | \$ 1,097,373 | \$ 595,813 | \$ 244,501 | \$ 150,824 | \$ 90,040 | \$ 2,178,551 |
| Gross receivables | 1,097,373 | 595,813 | 244,501 | 150,824 | 90,040 | 2,178,551 |
| Less: allowance for uncollectibles | (11,568) | (7,653) | (3,338) | (3,806) | - | (26,365) |
| Net total receivables | <u>\$ 1,085,805</u> | <u>\$ 588,160</u> | <u>\$ 241,163</u> | <u>\$ 147,018</u> | <u>\$ 90,040</u> | <u>\$ 2,152,186</u> |

Deferred Revenue

Governmental funds report deferred revenue 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 revenue and unearned revenue reported in the government funds were as follows:

| | <u>Deferred</u> | <u>Unavailable</u> |
|--|---------------------|----------------------|
| Note receivable (Governmental Funds) | \$ - | \$ 13,362,000 |
| Property taxes receivable (Governmental Funds) | 6,025,468 | - |
| Total deferred/unearned revenue for governmental funds | <u>\$ 6,025,468</u> | <u>\$ 13,362,000</u> |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Notes Receivable

The City has entered into two notes receivable. The first agreement is with a third-party developer. The original amount of \$18,110,000 as part of The Gateway CDA Project Area #1 (the Project), created in August of 2006 with the intent of incentivizing the development of a convention center and full-service hotel, along with a limited-service hotel, and two first class restaurants. The amount is an offset of the RDA Bonds, Series 2006 (refunded by the RDA Bonds, Series 2011) that were used to purchase approximately 37 acres of land for the Project. The City subsequently deeded over the land to the developer. Due to past economic conditions that caused delays to the Project, the agreement has been amended six separate times.

The current agreement called for the developer to pay certain monies to the City as consideration for the performance extensions of the contract, to be used for annual debt service payments on the RDA Bonds. Each fiscal year, the developer remitted the annual debt service payment due on the bonds. During 2018, the original third-party developer filed for reorganization under Chapter 11 of the federal bankruptcy laws but included the debt service in its bankruptcy budget and reorganization plan. All debt service payments were made in a timely fashion during the pendency of the reorganization. A new developer filed a Joint and Consolidated Chapter 11 Plan of Reorganization for All Debtors and assumed all obligations and liabilities under the previous agreements of the original developer. The new developer is under obligation to pay all debt service on the Series 2011 Bonds as such payment become due and payable under the Indenture and has made the first required payment under the Assignment/Assumption Agreement. Each fiscal year, the developer remits the annual debt service payments due on the bonds. The RDA is eligible to receive these contributions until such time as the developer has constructed the Project. As of June 30, 2020, the note receivable balance was \$13,362,000. For the year ended June 30, 2020, the developers (original and new) contributed \$1,555,604.

The second agreement is with North Utah County Water Conservancy District (NUCWCD). The original amount of \$497,900 is to reimburse the City for improvements made to the Grove Creek and Battle Creek basins. The funds were paid out of the Storm Drain fund. The terms are ten payments of \$49,790 annually for 10 years at 0% interest, beginning January 2013. During 2016, the original terms were modified to defer certain payments from NUCWCD, extending the final payment to January 2025. As of June 30, 2020, the outstanding balance of \$199,160 is considered noncurrent. A payment of \$49,790 was made in 2020.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

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

| | 07/01/19 | Increases | Decreases | 06/30/20 |
|---|-----------------------|----------------------|------------------------|-----------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets, not depreciated: | | | | |
| Land | \$ 47,200,407 | \$ 35,000 | \$ (469,584) | \$ 46,765,823 |
| Construction in progress | 15,945,704 | 875,832 | (14,686,001) | 2,135,535 |
| Total capital assets, not depreciated | 63,146,111 | 910,832 | (15,155,585) | 48,901,358 |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 13,549,764 | 14,312,965 | - | 27,862,729 |
| Infrastructure | 65,976,623 | 5,658,510 | - | 71,635,133 |
| Automobiles, machinery and equipment | 5,634,172 | 620,587 | (103,114) | 6,151,645 |
| Total capital assets, depreciated | 85,160,559 | 20,592,062 | (103,114) | 105,649,507 |
| Accumulated depreciation: | | | | |
| Buildings | (6,380,905) | (378,625) | - | (6,759,530) |
| Infrastructure | (27,074,097) | (2,155,613) | - | (29,229,710) |
| Automobiles, machinery and equipment | (3,723,574) | (485,717) | 74,103 | (4,135,188) |
| Total accumulated depreciation | (37,178,576) | (3,019,955) | 74,103 | (40,124,428) |
| Total capital assets, depreciated (net) | 47,981,983 | 17,572,107 | (29,011) | 65,525,079 |
| Net governmental capital assets | <u>\$ 111,128,094</u> | <u>\$ 18,482,939</u> | <u>\$ (15,184,596)</u> | <u>\$ 114,426,437</u> |
| | 07/01/19 | Increases | Decreases | 06/30/20 |
| <u>Business-type activities</u> | | | | |
| Capital assets, not depreciated: | | | | |
| Land and rights of way | \$ 11,017,924 | \$ 27,075 | \$ - | \$ 11,044,999 |
| Water shares | 10,094,526 | 666,373 | - | 10,760,899 |
| Construction in progress | 4,815,296 | 3,515,882 | (4,075,568) | 4,255,610 |
| Total capital assets, not depreciated | 25,927,746 | 4,209,330 | (4,075,568) | 26,061,508 |
| Capital assets, depreciated: | | | | |
| Infrastructure | 112,444,727 | 8,901,966 | - | 121,346,693 |
| Automobiles, machinery and equipment | 2,125,947 | 264,973 | (75,694) | 2,315,226 |
| Total capital assets, depreciated | 114,570,674 | 9,166,939 | (75,694) | 123,661,919 |
| Accumulated depreciation: | | | | |
| Infrastructure | (30,428,350) | (2,463,804) | - | (32,892,154) |
| Automobiles, machinery and equipment | (981,571) | (270,870) | 70,579 | (1,181,862) |
| Total accumulated depreciation | (31,409,921) | (2,734,674) | 70,579 | (34,074,016) |
| Total capital assets, depreciated (net) | 83,160,753 | 6,432,265 | (5,115) | 89,587,903 |
| Net business-type capital assets | <u>\$ 109,088,499</u> | <u>\$ 10,641,595</u> | <u>\$ (4,080,683)</u> | <u>\$ 115,649,411</u> |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

In the government-wide financial statements depreciation was charged as follows by program or activity:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 281,473 |
| Public safety | 97,248 |
| Highways and public improvements | 2,548,333 |
| Parks, recreation, and public property | <u>92,901</u> |
| Total depreciation expense - governmental activities | <u>\$ 3,019,955</u> |
| Business-type activities: | |
| Water | \$ 1,674,780 |
| Sewer | 543,097 |
| Storm drain | <u>516,797</u> |
| Total depreciation expense - business-type activities | <u>\$ 2,734,674</u> |

Related Organizations and Interlocal Agreements

The City has activities with the Pleasant Grove Chamber of Commerce. City officials appoint members of this board and provide certain funding annually, but the City's accountability does not extend beyond these two actions. During the year ended June 30, 2020, \$20,000 was contributed to this organization.

The City is a one-third owner of Fox Hollow Golf Course, along with American Fork City and Lehi City. The three cities formed a separate legal entity known as the Tri-City Golf Course Interlocal Agency to cooperatively own, operate, and maintain the golf course. During 2008, the Agency issued bonds of \$4,880,000. The City is guarantor for one-third of this debt. The City's tax revenues are collateral. During 2020, the City subsidized Fox Hollow to help with both debt service and operations in the amount of \$240,000.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interfund Receivable, Payables and Transfers

At June 30, 2020, the following interfund balances existed:

| <u>Due to</u> | <u>Due from</u> | <u>Amount</u> |
|---------------|-----------------------------|-------------------|
| General fund | Debt service fund | \$ 549,007 |
| General fund | Nonmajor governmental funds | 228,354 |
| | | <u>\$ 777,361</u> |

Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2020 were as follows:

| <u>Fund Transferring Out</u> | <u>Fund Receiving Transfer</u> | <u>Amount</u> |
|------------------------------|--------------------------------|---------------------|
| General fund | Nonmajor governmental funds | \$ 736,586 |
| General fund | Capital projects fund | 1,568,606 |
| General fund | Debt service fund | 349,650 |
| General fund | Storm drain fund | 75,000 |
| Capital projects | General fund | 72,353 |
| Water fund | Storm drain fund | 150,000 |
| Sewer fund | Storm drain fund | 100,000 |
| Nonmajor governmental funds | Capital projects fund | 45,000 |
| | | <u>\$ 3,097,195</u> |

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and are pledged by the full faith and credit of the City. Under the Utah State Constitution, Article XIV, Section 4, general obligation debt for the City should not exceed 4% of the total taxable assessed property value. See additional information on page 114. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| <u>Bond Description</u> | <u>Original Issue</u> | <u>Annual Principal</u> | <u>Interest Rate</u> | <u>Final Due Date</u> | <u>Amount at 6/30/20</u> |
|---------------------------------|-----------------------|---------------------------|----------------------|-----------------------|--------------------------|
| General Obligation, Series 2016 | \$ 3,750,000 | \$35,000 to \$324,000 | 2.21% | 10/1/2031 | \$ 3,280,000 |
| General Obligation, Series 2017 | <u>9,060,000</u> | \$300,000 to \$605,000 | 2.00% | 4/1/2037 | <u>8,065,000</u> |
| | <u>\$ 12,810,000</u> | | | | <u>\$ 11,345,000</u> |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

General Obligation Bonds (Continued)

General obligation bond debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$ 584,000 | \$ 339,621 | \$ 923,621 |
| 2022 | 601,000 | 327,382 | 928,382 |
| 2023 | 622,000 | 307,500 | 929,500 |
| 2024 | 649,000 | 286,820 | 935,820 |
| 2025 | 670,000 | 265,340 | 935,340 |
| 2026 - 2030 | 3,714,000 | 991,106 | 4,705,106 |
| 2031 - 2035 | 3,315,000 | 470,190 | 3,785,190 |
| 2036 - 2037 | 1,190,000 | 38,675 | 1,228,675 |
| | <u>\$ 11,345,000</u> | <u>\$ 3,026,634</u> | <u>\$ 14,371,634</u> |

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds. The City issued the following bonds during fiscal year 2020:

Storm Water Revenue Bonds, Series 2020 (Refunding)

The storm water revenue bonds, series 2020 (refunding), were issued for the purpose of refunding all the outstanding 2011 and 2013 storm water revenue bonds to achieve debt service savings. Payments shall be made from the net revenues of the storm water system.

Water Revenue Bonds, Series 2020

The water revenue bonds, series 2020, will be used in the construction of filter stations and screening improvements on the City's turnouts from the Alpine aqueduct, and from their diversions in Grove Creek and Battle Creek Canyons. The project will also incorporate control and measurement upgrades to improve efficiency and control in the system. The bonds were issued for a total of \$1,048,000, which will be repaid to the Board of Water Resources over a period of 25 years at 1% interest. Payments will be made from the net revenues of the water system.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (continued)

Revenue bonds outstanding at June 30, 2020 by issue are as follows:

| Bond Description | Original Issue | Annual Principal | Interest Rate | Final Due Date | Amount at 6/30/20 |
|----------------------------------|----------------------|------------------------------|-------------------|-------------------|----------------------|
| <u>Tax Revenue Bonds</u> | | | | | |
| Tax Increment, Series 2011 | \$ 18,383,000 | \$511,000 to \$12,560,000 | 5.79% | 12/1/2021 | \$ 13,362,000 |
| Sales Tax, Series 2012: | | | | | |
| Governmental funds portion (70%) | 3,073,000 | \$35,000 to \$343,000 | 2.00% to 3.00% | 12/1/2022 | 997,500 |
| Enterprise funds portion (30%) | 1,317,000 | \$15,000 to \$147,000 | 2.00% to 3.00% | 12/1/2022 | 427,500 |
| <u>Water Revenue Bonds</u> | | | | | |
| Series 2004 | 1,520,000 | \$64,000 to \$75,000 | 1.70% | 12/1/2025 | 510,000 |
| Series 2006 | 350,000 | \$15,000 to \$21,000 | 1.70% | 12/1/2026 | 119,000 |
| Series 2010 (BAB) | 1,000,000 | \$38,000 to \$64,000 | 2.71% | 12/1/2031 | 663,000 |
| Series 2015 | 8,995,000 | \$160,000 to \$705,000 | 2.00% to 4.00% | 12/1/2031 | 7,175,000 |
| Series 2016 | 8,945,000 | \$80,000 to \$690,000 | 2.70% | 12/1/2033 | 8,175,000 |
| Series 2019 | 2,300,000 | \$14,000 to \$21,000 | 2.00% | 12/1/2039 | 2,300,000 |
| Series 2020 | 1,048,000 | \$34,000 to \$50,000 | 1.00% | 12/1/2044 | 1,048,000 |
| <u>Storm Water Revenue Bonds</u> | | | | | |
| Series 2020 (refunding) | 8,765,000 | \$215,000 to \$645,000 | 2.00% to 4.00% | 7/15/2038 | 8,765,000 |
| | <u>\$ 55,696,000</u> | | | | <u>\$ 43,542,000</u> |

Build America Bonds (“BAB”) are federally taxable but the City receives a subsidy from the Internal Revenue Service equal to 35% of the interest paid.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|------------|----------------------|---------------------|----------------------|
| 2021 | \$ 2,862,000 | \$ 1,563,800 | \$ 4,425,800 |
| 2022 | 15,363,000 | 1,218,052 | 16,581,052 |
| 2023 | 1,891,000 | 783,735 | 2,674,735 |
| 2024 | 1,781,000 | 730,911 | 2,511,911 |
| 2025 | 1,768,000 | 677,399 | 2,445,399 |
| 2026 -2030 | 9,338,000 | 2,506,261 | 11,844,261 |
| 2031 -2035 | 7,725,000 | 958,629 | 8,683,629 |
| 2036 -2040 | 2,572,000 | 160,940 | 2,732,940 |
| 2041 -2044 | 242,000 | 7,330 | 249,330 |
| | <u>\$ 43,542,000</u> | <u>\$ 8,607,057</u> | <u>\$ 52,149,057</u> |

Notes Payable

The City entered into an interlocal cooperation note payable agreement with Utah County (the County) for \$2,900,000 during 2007, to be used for road improvements for the 2000 West Project. The agreement will continue until the County has recouped its costs for the Project, but not to exceed 50 years. The City created an impact fee zone, with the proceeds from any related impact fees assessed to be earmarked for repayment to the County, if any, per the agreement, which bears no interest. Since 2006, \$1,991,329 has been remitted to the County. As of June 30, 2020, the outstanding balance was \$908,671. During 2020, \$374,977 of the impact fees collected were remitted to the County.

The City also entered into two notes payable agreements with Provo Reservoir Water Users during 2010, to purchase full shares (\$10,558) and late shares (\$4,525), for a total of \$15,083. Annual payments of \$820, including interest at 4.00%, are required through maturity in June 2035. As of June 30, 2020, the outstanding balance was \$9,035.

The MWDPG currently has notes payable due to the Provo River Water Users Association (PRiWUA) for its share of the Deer Creek Dam construction project, maturing in 2026, as well as to the Provo Reservoir Water Users Association (PReWUA) for water share storage and utility relocation costs, maturing in 2035. The PRiWUA note is interest free with annual installments of \$855. The outstanding balance as of June 30, 2020 was \$4,532. The PReWUA note bears interest of 4 percent with annual installments between \$19,386 and \$19,394. The outstanding balance as of June 30, 2020 was \$213,710.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital and Operating Leases

The City entered into various lease agreements (both capital and operating) with three separate companies for purchase of fitness equipment, public works and public safety vehicles, and office equipment. Payments range from \$7,208 to \$158,196 per month, including interest (1.75% to 3.29%).

The present value of future minimum payments as of June 30, are as follows:

| | Governmental Activities | | Business-type Activities | |
|------|-------------------------|-----------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 527,444 | \$ 12,315 | \$ 54,444 | \$ 1,118 |
| 2022 | 382,616 | 3,818 | - | - |
| 2023 | 86,392 | 169 | - | - |
| | \$ 996,452 | \$ 16,302 | \$ 54,444 | \$ 1,118 |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

| | 07/01/19 | Increases | Decreases | 06/30/20 | Due in One Year |
|--|----------------------|----------------------|------------------------|----------------------|---------------------|
| <u>Governmental activities</u> | | | | | |
| Bonds payable: | | | | | |
| General obligation | \$ 11,916,000 | \$ - | (571,000) | \$ 11,345,000 | \$ 584,000 |
| Tax increment revenue | 14,120,000 | - | (758,000) | 13,362,000 | - |
| Sales tax revenue | 1,312,500 | - | (315,000) | 997,500 | 1,124,000 |
| Add: unamortized premium | 426,046 | - | (30,924) | 395,122 | - |
| Total bonds payable | 27,774,546 | - | (1,674,924) | 26,099,622 | 1,708,000 |
| Other long-term liabilities: | | | | | |
| Compensated absences | 741,819 | 885,279 | (749,931) | 877,167 | 657,875 |
| Capital leases | 1,053,222 | 405,695 | (462,465) | 996,452 | 527,444 |
| Notes payable | 1,283,648 | - | (374,977) | 908,671 | - |
| Governmental activities, long-term liabilities | \$ 30,853,235 | \$ 1,290,974 | \$ (3,262,297) | \$ 28,881,912 | \$ 2,893,319 |
| <u>Business-type activities</u> | | | | | |
| Bonds payable: | | | | | |
| Water revenue | \$ 18,146,000 | \$ 2,998,000 | \$ (1,154,000) | \$ 19,990,000 | \$ 1,315,000 |
| Storm Water revenue | 10,395,000 | 8,765,000 | (10,395,000) | 8,765,000 | 285,000 |
| Sales tax revenue | 562,500 | - | (135,000) | 427,500 | 138,000 |
| Add: unamortized premium | 891,042 | 1,263,944 | (161,464) | 1,993,522 | - |
| Total bonds payable | 29,994,542 | 13,026,944 | (11,845,464) | 31,176,022 | 1,738,000 |
| Other long-term liabilities: | | | | | |
| Compensated absences | 105,289 | 129,580 | (97,179) | 137,690 | 103,267 |
| Capital leases | 107,767 | - | (53,323) | 54,444 | 54,444 |
| Notes payable: | | | | | |
| Provo reservoir | 9,397 | - | (362) | 9,035 | 376 |
| MWDPG agreements | 227,653 | - | (9,411) | 218,242 | 9,755 |
| Business-type activities, long-term liabilities | \$ 30,444,648 | \$ 13,156,524 | \$ (12,005,739) | \$ 31,595,433 | \$ 1,905,842 |

Compensated absences for governmental activities are generally liquidated by the general fund.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information

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 Government Insurance Trust (Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2020 there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2020 which exceeded its insurance coverage.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Redevelopment Agency

In connection with the activities of the Redevelopment Agency (RDA), intergovernmental revenues from property tax increments of other governmental entities totaling \$368,721 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies.

During the year ended June 30, 2020, funds expended by the RDA were limited to the categories of redevelopment, administration costs, and debt service. Administrative costs totaled \$609,025, and debt service costs totaled \$1,555,254. The redevelopment cost was funded with bond proceeds from a prior year issuance, with the annual debt service paid with certain contributions from a developer (see note 4, *Note Receivable*).

Employee Retirement Systems and Pension Plans

General Information about the Pension Plan

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). URS is comprised of the following Pension Trust Funds:

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.
- Firefighters Retirement System (Firefighters System) is a multiple employer, cost-sharing, retirement system.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost-sharing, public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning work on or after July 1, 2011, who have no previous service credit with URS, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Benefits Provided

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

| System | Final Average Salary | Years of Service Required and/or Age Eligible for Benefit | Benefit Percent Per Year of Service | COLA** |
|--|----------------------|---|---|--|
| Noncontributory System | Highest 3 years | 30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65 | 2.0% per year all years | Up to 4% |
| Public Safety System | Highest 3 years | 20 years any age 10 years age 60 4 years age 65 | 2.5% per year up to 20 years; 2.0% per year over 20 years | Up to 2.5% or 4% depending upon employer |
| Firefighter System | Highest 3 years | 20 years any age 10 years age 60 4 years age 65 | 2.5% per year up to 20 years; 2.0% per year over 20 years | Up to 4% |
| Tier 2 Public Employees System | Highest 5 years | 35 years any age 20 years age 60* 10 years age 62* 4 years age 65 | 1.50% per year all years | Up to 2.50% |
| Tier 2 Public Safety and Firefighters System | Highest 5 years | 25 years any age 20 years age 60* 10 years age 62* 4 years age 65 | 1.50% per year to June 2020 2.00% per year July 2020 to present | Up to 2.50% |

*Actuarial reductions are applied.

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Utah Retirement Systems

Contribution rates as of June 30, 2020 are as follows:

| | <u>Employee</u> | <u>Employer</u> | <u>Employer 401(k)</u> |
|---|-----------------|-----------------|----------------------------|
| Contributory System | | | |
| 111- Local Governmental Division Tier 2 | N/A | 15.66% | 1.03% |
| Noncontributory System | | | |
| 15- Local Governmental Division Tier 1 | N/A | 18.47% | N/A |
| Public Safety System | | | |
| <i>Contributory</i> | | | |
| 122- Tier 2 DB Hybrid Public Safety | N/A | 23.13% | 0.70% |
| <i>Noncontributory</i> | | | |
| 43- Other Div A with 2.5% COLA | N/A | 34.04% | N/A |
| Firefighters Retirement System | | | |
| 31- Other Division A | 15.05 | 4.61% | N/A |
| 132- Tier 2 DB Hybrid Firefighters | N/A | 11.38% | 70.00% |
| Tier 2 DC Only | | | |
| 211- Local Government | N/A | 6.69% | 10.00% |
| 222- Public Safety | N/A | 11.83% | 12.00% |
| 232- Firefighters | N/A | 0.08% | 12.00% |

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

| <u>System</u> | <u>Employer Contributions</u> | <u>Employee Contributions</u> |
|--|-----------------------------------|-----------------------------------|
| Noncontributory System | \$ 465,778 | N/A |
| Public Safety System | 281,540 | - |
| Firefighters System | 20,657 | 67,437 |
| Tier 2 Public Employees System | 198,251 | - |
| Tier 2 Public Safety and Firefighter | 160,826 | - |
| Tier 2 DC Only System | 13,282 | N/A |
| Tier 2 DC Public Safety and Firefighter System | 10,749 | N/A |
| Total Contributions | <u>\$ 1,151,083</u> | <u>\$ 67,437</u> |

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At June 30, 2020, the City reported a net pension asset of \$179,873 and a net pension liability of \$2,270,478.

| | Measurement Date: December 31, 2018 | | | | |
|--------------------------------------|--|----------------------------------|--------------------------------|--|------------------------------|
| | Net Pension Asset | Net Pension Liability | Proportionate Share | Proportionate Share December 31, 2018 | Change (Decrease) |
| Noncontributory System | \$ - | \$ 1,181,132 | 0.3133917% | 0.3126507% | 0.0007410% |
| Public Safety System | \$ - | \$ 1,023,186 | 0.6372536% | 0.6557293% | -0.0184757% |
| Firefighters System | \$ 179,873 | \$ - | 1.4503565% | 1.5473661% | -0.0970096% |
| Tier 2 Public Employees System | \$ - | \$ 20,921 | 0.0930192% | 0.0745687% | 0.0184505% |
| Tier 2 Public Safety and Firefighter | \$ - | \$ 45,239 | 0.4809409% | 0.5056422% | -0.0247013% |
| Total Net Pension Asset / Liability | <u>\$ 179,873</u> | <u>\$ 2,270,478</u> | | | |

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

For the year ended June 30, 2020, the City recognized pension expense of \$1,127,233.

At June 30, 2020, the reported deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 179,560 | \$ 71,163 |
| Changes in assumptions | 256,385 | 15,559 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,091,696 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 49,154 | 82,964 |
| Contributions subsequent to the measurement date | 563,352 | - |
| Total | \$ 1,048,451 | \$ 1,261,382 |

\$563,352 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year ended June 30, 2020, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (214,938) |
| 2021 | (254,300) |
| 2022 | 52,828 |
| 2023 | (397,740) |
| 2024 | 6,400 |
| Thereafter | 31,466 |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the City recognized pension expense of \$598,127.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 107,438 | \$ 16,966 |
| Changes in assumptions | 125,096 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 597,309 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 7,612 | 30,093 |
| Contributions subsequent to the measurement date | 225,937 | - |
| | <u>\$ 466,083</u> | <u>\$ 644,368</u> |
| Total | | |

\$225,938 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (60,073) |
| 2021 | (135,064) |
| 2022 | 18,000 |
| 2023 | (227,086) |
| 2024 | - |
| Thereafter | - |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the City recognized pension expense of \$391,538.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 17,795 | \$ 21,848 |
| Changes in assumptions | 34,912 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 349,385 |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | 49,130 |
| Contributions subsequent to the measurement date | 140,984 | - |
| | <u>140,984</u> | <u>-</u> |
| Total | <u>\$ 193,691</u> | <u>\$ 420,363</u> |

\$140,984 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (132,537) |
| 2021 | (103,898) |
| 2022 | 1,534 |
| 2023 | (132,755) |
| 2024 | - |
| Thereafter | - |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the City recognized pension expense of (\$113,370).

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 34,949 | \$ 25,154 |
| Changes in assumptions | 76,699 | 14,550 |
| Net difference between projected and actual earnings on pension plan investments | - | 117,800 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 17,722 | 329 |
| Contributions subsequent to the measurement date | 10,383 | - |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$ 139,753</u></u> | <u><u>\$ 157,833</u></u> |

\$10,383 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (19,003) |
| 2021 | (12,518) |
| 2022 | 31,654 |
| 2023 | (31,046) |
| 2024 | 2,439 |
| Thereafter | 11 |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the City recognized pension expense of \$117,809.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 5,853 | \$ 7,180 |
| Changes in assumptions | 8,933 | 601 |
| Net difference between projected and actual earnings on pension plan investments | - | 16,082 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 18,225 | - |
| Contributions subsequent to the measurement date | 99,495 | - |
| | <hr/> | <hr/> |
| Total | <u>\$ 132,506</u> | <u>\$ 23,863</u> |

\$99,495 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (2,039) |
| 2021 | (1,726) |
| 2022 | 1,021 |
| 2023 | (4,133) |
| 2024 | 2,301 |
| Thereafter | 13,726 |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the City recognized pension expense of \$133,129.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 13,525 | \$ 15 |
| Changes in assumptions | 10,745 | 408 |
| Net difference between projected and actual earnings on pension plan investments | - | 11,120 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 5,595 | 3,412 |
| Contributions subsequent to the measurement date | <u>86,553</u> | <u>-</u> |
| Total | <u>\$ 116,418</u> | <u>\$ 14,955</u> |

\$86,553 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (1,286) |
| 2021 | (1,094) |
| 2022 | 619 |
| 2023 | (2,720) |
| 2024 | 1,660 |
| Thereafter | 17,729 |

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50 percent |
| Salary increases | 3.25 - 9.75 percent, average, including inflation |
| Investment rate of return | 6.95 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Expected Return Arithmetic Basis | | |
|---------------------------|------------------------------------|------------------------------|--|
| | Target Asset Allocation | Real Return Arithmetic Basis | Long-Term Expected Portfolio Real Rate of Return |
| Equity securities | 40.00% | 6.15% | 2.46% |
| Debt securities | 20.00% | 0.40% | 0.08% |
| Real assets | 15.00% | 5.75% | 0.86% |
| Private equity | 9.00% | 9.95% | 0.89% |
| Absolute return | 16.00% | 2.85% | 0.46% |
| Cash and cash equivalents | 0.00% | 0.00% | 0.00% |
| Totals | 100.00% | | 4.75% |
| | Inflation | | 2.50% |
| | Expected arithmetic nominal return | | 7.25% |

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.45 percent that is net of investment expense.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate of 6.95 percent was unchanged from the prior measurement period.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

| System | 1% Decrease (5.95%) | Discount Rate (6.95%) | 1% Increase (7.95%) |
|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Noncontributory System | \$ 3,689,087 | \$ 1,181,132 | \$ (910,476) |
| Public Safety System | 2,650,448 | 1,023,186 | (299,279) |
| Firefighters System | 367,844 | (179,873) | (624,185) |
| Tier 2 Public Employees System | 180,409 | 20,921 | (102,334) |
| Tier 2 Public Safety and Firefighter | 159,813 | 45,239 | (39,813) |
| Total | <u>\$ 7,047,601</u> | <u>\$ 2,090,605</u> | <u>\$ (1,976,087)</u> |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Contribution Pension Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Pleasant Grove City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

| 401(k) Plan | 2020 | 2019 | 2018 |
|------------------------|-------------|-------------|-------------|
| Employer Contributions | \$ 50,127 | \$ 39,744 | \$ 45,789 |
| Employee Contributions | 13,782 | 3,280 | 5,044 |

5. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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 effect on the City’s financial statements.

The City adopted a road fee in April 2018 to help with road maintenance issues. After implementation of the fee, the City was sued and is currently in litigation. After receiving a negative ruling from the Fourth District Court in February 2020, the City is no longer collecting the fee, and may not spend the collected fees while in the appellate process. The monies will be restricted until a final ruling is received from the court.

Compliance with Grant Agreements

The City receives assistance from federal and state agencies in the form of grants. The use of these funds generally requires compliance with conditions specified in the grant agreements. Any disallowed claims resulting from subsequent audits could become a liability of the general fund. The City administration believes such disallowance, if any, would not be significant.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2020

6. PRIOR PERIOD RESTATEMENT

At July 1, 2019, management determined it more appropriate to report the Metropolitan Water District of Pleasant Grove (MWDPG) as a proprietary fund blended component unit, rather than a non-major, special revenue fund, because its operations are closely related to the City's Water Fund. The fund balance and net position of MWDPG Fund did not change. This fund reclassification resulted in a transfer of capital assets of \$8,112,588, notes payable of \$227,653, accrued interest payable of \$3,581, and net position of \$8,714,893 from governmental activities to business-type activities. Because governmental funds are reported using modified accrual and proprietary funds are reported using the full-accrual basis of accounting, fund balance of \$833,539 is no longer reported with governmental funds.

7. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen across a range of industries, including the public sector. The extent of the impact of COVID-19 on the City's operations and financial performance will depend on certain developments, including the duration and spread of the outbreak as well as its impact on revenues from federal, state, and local sources, all of which cannot be fully predicted. The City was the sub-recipient of Coronavirus Aid, Relief and Economic Security Act (CARES) funding in the amount of \$2,712,237 in July 2020. These dollars can be spent on costs directly associated with COVID-19 and personnel costs related to Public Safety. The extent to which COVID-19 may impact the financial condition of the City is uncertain and no adjustments have been reflected in the financial statements.

Subsequent events have been evaluated through December 16, 2020, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

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REQUIRED SUPPLEMENTARY INFORMATION

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PLEASANT GROVE CITY
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Last 10 Fiscal Years*

| | Noncontributory Retirement System | Public Safety System | Firefighters Retirement System | Tier 2 Public Employees Retirement System | Tier 2 Public Safety and Firefighters Retirement |
|---|---|-------------------------|--------------------------------------|--|---|
| 2020 | | | | | |
| Proportion of the net pension liability (asset) | 0.3133917% | 0.6372536% | 1.4503565% | 0.0930192% | 0.4809409% |
| Proportionate share of the net pension liability (asset) | \$ 1,181,132 | \$ 1,023,186 | \$ (179,873) | \$ 20,921 | \$ 45,239 |
| Covered payroll | \$ 2,541,579 | \$ 934,799 | \$ 567,636 | \$ 1,292,728 | \$ 792,692 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 46.47% | 109.46% | -31.69% | 1.62% | 5.71% |
| Plan fiduciary net position as a percentage of its covered payroll | 93.70% | 90.90% | 105.00% | 96.50% | 89.60% |
| 2019 | | | | | |
| Proportion of the net pension liability (asset) | 0.3126507% | 0.6557293% | 1.5473661% | 0.0745687% | 0.5056422% |
| Proportionate share of the net pension liability (asset) | \$ 2,302,273 | \$ 1,686,919 | \$ 200,921 | \$ 31,936 | \$ 12,669 |
| Covered payroll | \$ 2,597,175 | \$ 977,360 | \$ 580,690 | \$ 869,041 | \$ 676,942 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 88.65% | 172.60% | 34.60% | 3.67% | 1.87% |
| Plan fiduciary net position as a percentage of its covered payroll | 87.00% | 84.70% | 94.30% | 90.80% | 95.60% |
| 2018 | | | | | |
| Proportion of the net pension liability (asset) | 0.3218981% | 0.6839326% | 1.6561702% | 0.0686307% | 0.5094809% |
| Proportionate share of the net pension liability (asset) | \$ 1,410,332 | \$ 1,072,857 | \$ (103,437) | \$ 6,051 | \$ (5,895) |
| Covered payroll | \$ 2,666,864 | \$ 1,084,688 | \$ 583,458 | \$ 671,407 | \$ 537,787 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 52.88% | 98.91% | -17.73% | 0.90% | -1.10% |
| Plan fiduciary net position as a percentage of its covered payroll | 91.90% | 90.20% | 103.00% | 97.40% | 103.00% |
| 2017 | | | | | |
| Proportion of the net pension liability (asset) | 0.3274636% | 0.7325669% | 1.9967965% | 0.0702846% | 0.4367920% |
| Proportionate share of the net pension liability (asset) | \$ 2,102,717 | \$ 1,486,581 | \$ (15,742) | \$ 7,840 | \$ (3,792) |
| Covered payroll | \$ 2,768,576 | \$ 1,145,498 | \$ 661,297 | \$ 576,391 | \$ 360,887 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 75.95% | 129.78% | -2.38% | 1.36% | -1.05% |
| Plan fiduciary net position as a percentage of its covered payroll | 87.30% | 86.50% | 100.40% | 95.10% | 103.60% |
| 2016 | | | | | |
| Proportion of the net pension liability (asset) | 0.3074393% | 0.7457315% | 2.2253273% | 0.0630622% | 2.6414820% |
| Proportionate share of the net pension liability (asset) | \$ 1,739,641 | \$ 1,335,793 | \$ (40,305) | \$ (138) | \$ (3,859) |
| Covered payroll | \$ 2,575,297 | \$ 1,189,503 | \$ 692,196 | \$ 407,535 | \$ 157,364 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 67.55% | 112.30% | -5.82% | -0.03% | -2.45% |
| Plan fiduciary net position as a percentage of its covered payroll | 87.80% | 87.10% | 101.00% | 100.20% | 110.70% |
| 2015 | | | | | |
| Proportion of the net pension liability (asset) | 0.3018052% | 0.7658748% | 2.4519367% | 0.0324922% | 0.0939329% |
| Proportionate share of the net pension liability (asset) | \$ 1,310,509 | \$ 963,151 | \$ (139,917) | \$ (985) | \$ (1,390) |
| Covered payroll | \$ 2,583,446 | \$ 1,224,529 | \$ 715,539 | \$ 159,942 | \$ 38,791 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 50.73% | 78.65% | -19.55% | -0.62% | -3.58% |
| Plan fiduciary net position as a percentage of its covered payroll | 90.20% | 90.50% | 103.50% | 103.50% | 120.50% |

Note:

This schedule usually covers the 10 most recent fiscal years; however, only 6 years have passed since the implementation year of GASB 68. Contributions in Tier 2 include an amortization rate to help fund unfunded liabilities in the Tier 1 systems.

PLEASANT GROVE CITY
Schedule of Pension Contributions
Utah Retirement Systems
Last 10 Fiscal Years*

| | As of fiscal year ended June 30, | Actuarial Determined Contributions | Contributions In relation to the contractually required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|---|----------------------------------|------------------------------------|--|----------------------------------|--------------------------|---|
| Noncontributory System | 2015 | \$ 471,229 | \$ 471,229 | \$ - | \$ 2,553,409 | 18.45% |
| | 2016 | 486,144 | 486,144 | - | 2,634,168 | 18.46% |
| | 2017 | 515,887 | 515,887 | - | 2,793,102 | 18.47% |
| | 2018 | 487,588 | 487,588 | - | 2,640,263 | 18.47% |
| | 2019 | 472,895 | 472,895 | - | 2,565,743 | 18.43% |
| | 2020 | 465,778 | 465,778 | - | 2,529,249 | 18.42% |
| Public Safety System | 2015 | \$ 385,252 | \$ 385,252 | \$ - | \$ 1,230,028 | 31.32% |
| | 2016 | 349,418 | 349,418 | - | 1,126,726 | 31.01% |
| | 2017 | 339,946 | 339,946 | - | 1,128,538 | 30.12% |
| | 2018 | 309,547 | 309,547 | - | 1,044,979 | 29.62% |
| | 2019 | 282,446 | 282,446 | - | 946,335 | 29.85% |
| | 2020 | 281,540 | 281,540 | - | 933,990 | 30.14% |
| Firefighters System | 2015 | \$ 24,478 | \$ 24,478 | \$ - | \$ 724,567 | 3.38% |
| | 2016 | 27,924 | 27,924 | - | 674,191 | 4.14% |
| | 2017 | 20,773 | 20,773 | - | 634,954 | 3.27% |
| | 2018 | 18,178 | 18,178 | - | 562,284 | 3.23% |
| | 2019 | 22,523 | 22,523 | - | 591,197 | 3.81% |
| | 2020 | 20,657 | 20,657 | - | 554,319 | 3.73% |
| Tier 2 Public Employees System* | 2015 | \$ 40,535 | \$ 40,535 | \$ - | \$ 271,320 | 14.94% |
| | 2016 | 79,135 | 79,135 | - | 530,720 | 14.91% |
| | 2017 | 90,679 | 90,679 | - | 608,176 | 14.91% |
| | 2018 | 112,976 | 112,976 | - | 749,130 | 15.08% |
| | 2019 | 171,248 | 171,248 | - | 1,101,983 | 15.54% |
| | 2020 | 198,251 | 198,251 | - | 1,266,641 | 15.65% |
| Tier 2 Public Safety and Firefighter System* | 2015 | \$ 10,420 | \$ 10,420 | \$ - | \$ 52,252 | 19.94% |
| | 2016 | 86,505 | 86,505 | - | 465,652 | 18.58% |
| | 2017 | 86,505 | 86,505 | - | 465,652 | 18.58% |
| | 2018 | 113,873 | 113,873 | - | 614,366 | 18.54% |
| | 2019 | 137,444 | 137,444 | - | 729,899 | 18.83% |
| | 2020 | 160,826 | 160,826 | - | 851,379 | 18.89% |
| Tier 2 Public Employees DC Only System* | 2015 | \$ 3,085 | \$ 3,085 | \$ - | \$ 45,909 | 6.72% |
| | 2016 | 15,198 | 15,198 | - | 227,177 | 6.69% |
| | 2017 | 15,198 | 15,198 | - | 227,177 | 6.69% |
| | 2018 | 14,215 | 14,215 | - | 212,478 | 6.69% |
| | 2019 | 7,898 | 7,898 | - | 118,206 | 6.68% |
| | 2020 | 13,282 | 13,282 | - | 200,322 | 6.63% |
| Tier 2 Public Safety and Firefighter DC Only System* | 2015 | \$ - | \$ - | \$ - | \$ - | 0.00% |
| | 2016 | - | - | - | - | 0.00% |
| | 2017 | 1,107 | 1,107 | - | 9,360 | 11.83% |
| | 2018 | 4,894 | 4,894 | - | 41,371 | 11.83% |
| | 2019 | 9,764 | 9,764 | - | 82,540 | 11.83% |
| | 2020 | 10,749 | 10,749 | - | 93,956 | 11.44% |

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

PLEASANT GROVE CITY
Notes to the Required Supplementary Information
June 30, 2020

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

Changes in Assumptions

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter System, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

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SUPPLEMENTARY INFORMATION

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PLEASANT GROVE CITY
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

| | Special Revenue | | | | | | Total Nonmajor Governmental Funds | |
|--|-------------------|-------------------|---------------------|------------------|------------------|------------------|--|---------------------------|
| | Dispatch | Swimming Pool | Community Center | Cultural Arts | Library | C.A.R.E Tax | | Transportation Utility |
| ASSETS | | | | | | | | |
| Cash, cash equivalents, and investments | | | | | | | | |
| Unrestricted | \$ 226,778 | \$ 230,057 | \$ 178,637 | \$ 31,256 | \$ 18,893 | \$ - | \$ - | \$ 685,621 |
| Restricted | - | - | - | - | 5,830 | - | 2,305,720 | 2,311,550 |
| Total assets | \$ 226,778 | \$ 230,057 | \$ 178,637 | \$ 31,256 | \$ 24,723 | \$ - | \$ 2,305,720 | \$ 2,997,171 |
| LIABILITIES | | | | | | | | |
| Accrued liabilities | \$ 1,419 | \$ 22,059 | \$ 32,189 | \$ - | \$ - | \$ - | \$ - | \$ 55,667 |
| Due to other funds | - | - | - | - | - | 228,354 | - | 228,354 |
| Total liabilities | 1,419 | 22,059 | 32,189 | - | - | 228,354 | - | 284,021 |
| FUND BALANCES | | | | | | | | |
| Restricted for: | | | | | | | | |
| Capital projects | - | - | - | - | - | - | 2,305,720 | 2,305,720 |
| Library purposes | - | - | - | - | 24,723 | - | - | 24,723 |
| Total restricted | - | - | - | - | 24,723 | - | 2,305,720 | 2,330,443 |
| Assigned | | | | | | | | |
| Future capital improvements | 225,359 | 207,998 | - | - | - | - | - | 433,357 |
| Community events | - | - | 146,448 | 31,256 | - | - | - | 177,704 |
| Total assigned | 225,359 | 207,998 | 146,448 | 31,256 | - | - | - | 611,061 |
| Unassigned | - | - | - | - | - | (228,354) | - | (228,354) |
| Total fund balances | 225,359 | 207,998 | 146,448 | 31,256 | 24,723 | (228,354) | 2,305,720 | 2,713,150 |
| Total liabilities and fund balances | \$ 226,778 | \$ 230,057 | \$ 178,637 | \$ 31,256 | \$ 24,723 | \$ - | \$ 2,305,720 | \$ 2,997,171 |

PLEASANT GROVE CITY
Combining Statement of Revenues, Expenses, and Changes in Net Position –
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

| | Special Revenue | | | | | | | Total Nonmajor Governmental Funds |
|--|-------------------|-------------------|---------------------|------------------|------------------|---------------------|---------------------------|--|
| | Dispatch | Swimming Pool | Community Center | Cultural Arts | Library | C.A.R.E. Tax | Transportation Utility | |
| REVENUES | | | | | | | | |
| Intergovernmental | \$ 128,604 | \$ - | \$ - | \$ - | \$ - | \$ 219,392 | \$ - | \$ 347,996 |
| Charges for services | - | 278,218 | 902,446 | 25,643 | - | 403,335 | 861,355 | 2,470,997 |
| Interest income | 1,898 | - | - | 123 | 228 | - | - | 2,249 |
| Miscellaneous | - | - | 50,689 | 7,289 | 6,235 | 116,325 | - | 180,538 |
| Total revenues | 130,502 | 278,218 | 953,135 | 33,055 | 6,463 | 739,052 | 861,355 | 3,001,780 |
| EXPENDITURES | | | | | | | | |
| Public safety | 504,967 | - | - | - | - | - | - | 504,967 |
| Capital outlay | - | 74,940 | - | - | - | 31,523 | - | 106,463 |
| Parks, recreation, and public property | - | 395,027 | 951,710 | 52,802 | 95 | 33,410 | - | 1,433,044 |
| Total expenditures | 504,967 | 469,967 | 951,710 | 52,802 | 95 | 64,933 | - | 2,044,474 |
| Excess (deficiency) of revenues over (under) expenditures | (374,465) | (191,749) | 1,425 | (19,747) | 6,368 | 674,119 | 861,355 | 957,306 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 462,429 | 161,736 | 81,809 | 30,612 | - | - | - | 736,586 |
| Transfers out | - | - | (45,000) | - | - | - | - | (45,000) |
| Total other financing sources (uses) | 462,429 | 161,736 | 36,809 | 30,612 | - | - | - | 691,586 |
| Net change in fund balance | 87,964 | (30,013) | 38,234 | 10,865 | 6,368 | 674,119 | 861,355 | 1,648,892 |
| Fund balances, beginning of year | 137,395 | 238,011 | 108,214 | 20,391 | 18,355 | (902,473) | 1,444,365 | 1,064,258 |
| Fund balances at end of year | \$ 225,359 | \$ 207,998 | \$ 146,448 | \$ 31,256 | \$ 24,723 | \$ (228,354) | \$ 2,305,720 | \$ 2,713,150 |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Dispatch Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Intergovernmental | \$ 185,000 | \$ 185,000 | \$ 128,604 | \$ (56,396) |
| Interest income | 1,000 | 1,000 | 1,898 | 898 |
| Total revenues | <u>186,000</u> | <u>186,000</u> | <u>130,502</u> | <u>(55,498)</u> |
| <u>EXPENDITURES</u> | | | | |
| Public safety | <u>648,429</u> | <u>663,429</u> | <u>504,967</u> | <u>158,462</u> |
| Total expenditures | <u>648,429</u> | <u>663,429</u> | <u>504,967</u> | <u>158,462</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(462,429)</u> | <u>(477,429)</u> | <u>(374,465)</u> | <u>102,964</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Transfers in | <u>462,429</u> | <u>462,429</u> | <u>462,429</u> | <u>-</u> |
| Total other financing sources (uses) | <u>462,429</u> | <u>462,429</u> | <u>462,429</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (15,000)</u> | <u>87,964</u> | <u>\$ 102,964</u> |
| Fund balance at beginning of year | | | <u>137,395</u> | |
| Fund balance at end of year | | | <u>\$ 225,359</u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Swimming Pool Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Charges for services | \$ 286,750 | \$ 286,750 | \$ 278,218 | \$ (8,532) |
| Total revenues | <u>286,750</u> | <u>286,750</u> | <u>278,218</u> | <u>(8,532)</u> |
| <u>EXPENDITURES</u> | | | | |
| Capital outlay and projects | - | - | 74,940 | (74,940) |
| Parks, recreation, and public property | 448,487 | 573,037 | 395,027 | 178,010 |
| Total expenditures | <u>448,487</u> | <u>573,037</u> | <u>469,967</u> | <u>103,070</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(161,737)</u> | <u>(286,287)</u> | <u>(191,749)</u> | <u>94,538</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Transfers in | 161,737 | 161,736 | 161,736 | - |
| Total other financing sources (uses) | <u>161,737</u> | <u>161,736</u> | <u>161,736</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (124,551)</u> | <u>(30,013)</u> | <u>\$ 94,538</u> |
| Fund balance at beginning of year | | | <u>238,011</u> | |
| Fund balance at end of year | | | <u>\$ 207,998</u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Community Center Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Charges for services | \$ 1,181,760 | \$ 1,181,760 | \$ 902,446 | \$ (279,314) |
| Donations and reimbursements | 25,000 | 25,000 | 50,689 | 25,689 |
| Total revenues | <u>1,206,760</u> | <u>1,206,760</u> | <u>953,135</u> | <u>(253,625)</u> |
| <u>EXPENDITURES</u> | | | | |
| Parks, recreation, and public property | 1,243,569 | 1,293,569 | 951,710 | 341,859 |
| Total expenditures | <u>1,243,569</u> | <u>1,293,569</u> | <u>951,710</u> | <u>341,859</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(36,809)</u> | <u>(86,809)</u> | <u>1,425</u> | <u>88,234</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Transfers in | 81,809 | 81,809 | 81,809 | - |
| Transfers out | (45,000) | (45,000) | (45,000) | - |
| Total other financing sources (uses) | <u>36,809</u> | <u>36,809</u> | <u>36,809</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (50,000)</u> | <u>38,234</u> | <u>\$ 88,234</u> |
| Fund balance at beginning of year | | | <u>108,214</u> | |
| Fund balance at end of year | | | <u>\$ 146,448</u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Cultural Arts Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Charges for services | \$ 22,500 | \$ 22,500 | \$ 25,643 | \$ 3,143 |
| Donations and reimbursements | - | - | 7,289 | 7,289 |
| Interest income | - | - | 123 | 123 |
| Total revenues | <u>22,500</u> | <u>22,500</u> | <u>33,055</u> | <u>10,555</u> |
| <u>EXPENDITURES</u> | | | | |
| Parks, recreation, and public property | <u>63,000</u> | <u>63,000</u> | <u>52,802</u> | <u>10,198</u> |
| Total expenditures | <u>63,000</u> | <u>63,000</u> | <u>52,802</u> | <u>10,198</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(40,500)</u> | <u>(40,500)</u> | <u>(19,747)</u> | <u>20,753</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Transfers in | <u>30,612</u> | <u>30,612</u> | <u>30,612</u> | <u>-</u> |
| Total other financing sources (uses) | <u>30,612</u> | <u>30,612</u> | <u>30,612</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (9,888)</u> | <u>\$ (9,888)</u> | <u>10,865</u> | <u>\$ 20,753</u> |
| Fund balance at beginning of year | | | <u>20,391</u> | |
| Fund balance at end of year | | | <u>\$ 31,256</u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Library Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Donations and reimbursements | \$ - | \$ - | \$ 6,235 | \$ 6,235 |
| Interest income | - | - | 228 | 228 |
| Total revenues | <u>-</u> | <u>-</u> | <u>6,463</u> | <u>6,463</u> |
| <u>EXPENDITURES</u> | | | | |
| Parks, recreation, and public property | <u>15,372</u> | <u>15,372</u> | <u>95</u> | <u>15,277</u> |
| Total expenditures | <u>15,372</u> | <u>15,372</u> | <u>95</u> | <u>15,277</u> |
| Net change in fund balance | <u><u>\$ (15,372)</u></u> | <u><u>\$ (15,372)</u></u> | <u>6,368</u> | <u><u>\$ 21,740</u></u> |
| Fund balance at beginning of year | | | <u>18,355</u> | |
| Fund balance at end of year | | | <u><u>\$ 24,723</u></u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – C.A.R.E Tax Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| <u>REVENUES</u> | | | | |
| Intergovernmental | \$ - | \$ - | \$ 219,392 | \$ 219,392 |
| Charges for services | 325,000 | 325,000 | 403,335 | 78,335 |
| Donations and reimbursements | 243,750 | 243,750 | 116,325 | (127,425) |
| Total revenues | 568,750 | 568,750 | 739,052 | 170,302 |
| <u>EXPENDITURES</u> | | | | |
| Capital outlay and projects | - | - | 31,523 | (31,523) |
| Parks, recreation, and public property | 65,000 | 65,000 | 33,410 | 31,590 |
| Total expenditures | 65,000 | 65,000 | 64,933 | 67 |
| Net change in fund balance | \$ 503,750 | \$ 503,750 | 674,119 | \$ 170,235 |
| Fund balance at beginning of year | | | (902,473) | |
| Fund balance at end of year | | | \$ (228,354) | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Transportation Utility Fund (Special Revenue Fund)
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Charges for services | \$ 1,400,000 | \$ 1,400,000 | \$ 861,355 | \$ (538,645) |
| Total revenues | <u>1,400,000</u> | <u>1,400,000</u> | <u>861,355</u> | <u>(538,645)</u> |
| <u>EXPENDITURES</u> | | | | |
| Public works | 1,400,000 | 1,400,000 | - | 1,400,000 |
| Total expenditures | <u>1,400,000</u> | <u>1,400,000</u> | <u>-</u> | <u>1,400,000</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 861,355 | <u>\$ 861,355</u> |
| Fund balance at beginning of year | | | <u>1,444,365</u> | |
| Fund balance at end of year | | | <u>\$ 2,305,720</u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES</u> | | | | |
| Intergovernmental | \$ - | \$ - | \$ 19,817 | \$ 19,817 |
| Interest income | - | - | 26,484 | 26,484 |
| Impact fees | 349,650 | 349,650 | 788,456 | 438,806 |
| Miscellaneous | - | - | 63,058 | 63,058 |
| Total revenues | <u>349,650</u> | <u>349,650</u> | <u>897,815</u> | <u>548,165</u> |
| <u>EXPENDITURES</u> | | | | |
| Capital outlay and projects | 1,431,445 | 2,266,003 | 1,594,982 | 671,021 |
| Debt service | | | | |
| Principal | 491,095 | 491,095 | 837,442 | (346,347) |
| Interest and other financial | 29,132 | 29,132 | 24,070 | 5,062 |
| Total expenditures | <u>1,951,672</u> | <u>2,786,230</u> | <u>2,456,494</u> | <u>329,736</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,602,022)</u> | <u>(2,436,580)</u> | <u>(1,558,679)</u> | <u>877,901</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Proceeds from issuance of debt | 405,695 | 405,695 | 405,695 | - |
| Proceeds from sale of assets | - | - | 312,468 | 312,468 |
| Transfers in | 1,582,407 | 1,613,606 | 1,613,606 | - |
| Transfers out | (349,650) | (349,650) | (422,003) | (72,353) |
| Total other financing sources (uses) | <u>1,638,452</u> | <u>1,669,651</u> | <u>1,909,766</u> | <u>240,115</u> |
| Net change in fund balance | <u>\$ 36,430</u> | <u>\$ (766,929)</u> | <u>351,087</u> | <u>\$ 1,118,016</u> |
| Fund balance at beginning of year | | | <u>1,625,505</u> | |
| Fund balance at end of year | | | <u>\$ 1,976,592</u> | |

PLEASANT GROVE CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| <u>REVENUES</u> | | | | |
| Taxes: | | | | |
| Property | \$ 924,986 | \$ 924,986 | \$ 924,986 | \$ - |
| Interest income | 1,500 | 1,500 | 16,989 | 15,489 |
| Total revenues | <u>926,486</u> | <u>926,486</u> | <u>941,975</u> | <u>15,489</u> |
| <u>EXPENDITURES</u> | | | | |
| Debt service | | | | |
| Principal | 886,000 | 886,000 | 886,000 | - |
| Interest and other financial | 389,543 | 389,543 | 388,693 | 850 |
| Total expenditures | <u>1,275,543</u> | <u>1,275,543</u> | <u>1,274,693</u> | <u>850</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(349,057)</u> | <u>(349,057)</u> | <u>(332,718)</u> | <u>16,339</u> |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Transfers in | <u>350,557</u> | <u>350,557</u> | <u>349,650</u> | <u>(907)</u> |
| Total other financing sources (uses) | <u>350,557</u> | <u>350,557</u> | <u>349,650</u> | <u>(907)</u> |
| Net change in fund balance | <u>\$ 1,500</u> | <u>\$ 1,500</u> | 16,932 | <u>\$ 15,432</u> |
| Fund balance at beginning of year | | | <u>199,732</u> | |
| Fund balance at end of year | | | <u>\$ 216,664</u> | |

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Statistical Section



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PLEASANT GROVE CITY
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 49,239 | \$ 50,312 | \$ 50,796 | \$ 50,566 | \$ 52,593 | \$ 51,330 | \$ 62,432 | \$ 73,541 | \$ 89,162 | \$ 86,436 |
| Restricted | 2,857 | 2,774 | 3,056 | 4,038 | 4,390 | 5,053 | 13,958 | 13,816 | 8,423 | 8,517 |
| Unrestricted | 2,939 | 2,166 | 2,426 | 3,101 | 998 | 23,328 | 6,699 | 9,630 | 14,447 | 18,126 |
| Total governmental activities net position | <u>55,035</u> | <u>55,252</u> | <u>56,278</u> | <u>57,705</u> | <u>57,981</u> | <u>79,711</u> | <u>83,089</u> | <u>96,987</u> | <u>112,032</u> | <u>113,079</u> |
| Business-type activities | | | | | | | | | | |
| Net Investment in Capital Assets | 40,329 | 47,175 | 48,324 | 49,572 | 48,630 | 51,387 | 57,964 | 67,551 | 72,211 | 84,609 |
| Restricted | 1,731 | 1,638 | 2,536 | 4,055 | 6,578 | 5,538 | 5,966 | 5,517 | 4,010 | 4,976 |
| Unrestricted | 4,998 | 4,929 | 5,927 | 5,858 | 7,222 | 9,845 | 7,988 | 8,309 | 9,879 | 12,482 |
| Total business-type activities net position | <u>47,058</u> | <u>53,742</u> | <u>56,787</u> | <u>59,485</u> | <u>62,430</u> | <u>66,770</u> | <u>71,918</u> | <u>81,377</u> | <u>86,100</u> | <u>102,067</u> |
| Primary government | | | | | | | | | | |
| Net Investment in Capital Assets | 89,568 | 97,487 | 99,120 | 100,138 | 101,223 | 102,717 | 120,396 | 141,092 | 161,373 | 171,045 |
| Restricted | 4,588 | 4,412 | 5,592 | 8,093 | 10,968 | 10,591 | 19,924 | 19,333 | 12,433 | 13,493 |
| Unrestricted | 7,937 | 7,095 | 8,353 | 8,959 | 8,220 | 33,173 | 14,687 | 17,939 | 24,326 | 30,608 |
| Total primary government net position | <u>\$ 102,093</u> | <u>\$ 108,994</u> | <u>\$ 113,065</u> | <u>\$ 117,190</u> | <u>\$ 120,411</u> | <u>\$ 146,481</u> | <u>\$ 155,007</u> | <u>\$ 178,364</u> | <u>\$ 198,132</u> | <u>\$ 215,146</u> |

PLEASANT GROVE CITY

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 3,213 | \$ 3,127 | \$ 2,975 | \$ 1,610 | \$ 1,075 | \$ 4,546 | \$ 4,757 | \$ 4,222 | \$ 4,349 | \$ 2,551 |
| Community Development | 826 | 995 | 1,234 | 1,321 | 1,422 | 970 | 1,115 | 936 | 971 | 1,309 |
| Public Works | 3,586 | 2,337 | 2,424 | 2,477 | 2,654 | 2,902 | 4,435 | 2,586 | 3,192 | 3,167 |
| Public Safety | 5,452 | 5,496 | 5,634 | 6,096 | 6,296 | 6,159 | 5,835 | 6,646 | 7,145 | 6,575 |
| Parks & Recreation | 3,469 | 3,820 | 3,958 | 4,063 | 4,508 | 4,052 | 3,588 | 4,111 | 4,274 | 3,961 |
| Interest on long-term debt | 1,672 | 1,665 | 1,489 | 1,441 | 1,335 | 1,286 | 1,491 | 1,423 | 1,255 | 1,186 |
| Total governmental activities expense | 18,218 | 17,440 | 17,714 | 17,008 | 17,290 | 19,915 | 21,221 | 19,924 | 21,186 | 18,749 |
| Business-type activities | | | | | | | | | | |
| Water | 4,548 | 5,086 | 5,517 | 5,456 | 5,062 | 5,250 | 5,154 | 5,025 | 4,962 | 6,253 |
| MWDPG | | | | | | | | | 145 | 148 |
| Sewer | 3,521 | 3,380 | 3,632 | 3,583 | 4,267 | 4,502 | 4,531 | 4,409 | 4,767 | 4,636 |
| Storm Drain | 581 | 857 | 1,089 | 1,393 | 1,621 | 1,552 | 1,517 | 1,578 | 1,714 | 1,930 |
| Sanitation | - | 1,320 | 1,324 | 1,335 | 1,361 | 1,377 | 1,410 | 1,379 | 1,501 | 1,553 |
| Total business-type activities expense | 8,650 | 10,643 | 11,562 | 11,767 | 12,311 | 12,681 | 12,612 | 12,391 | 13,089 | 14,520 |
| Total primary government expenses | 26,868 | 28,083 | 29,276 | 28,775 | 29,601 | 32,596 | 33,833 | 32,315 | 34,275 | 33,269 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,758 | 2,071 | 2,278 | 636 | 378 | 3,210 | 3,326 | 3,837 | 3,524 | 1,923 |
| Community Development | 293 | 187 | 406 | 694 | 1,019 | - | - | - | - | - |
| Public Works | 1,359 | - | 4 | 3 | - | - | - | - | 1,444 | 861 |
| Public Safety | 734 | 871 | 844 | 831 | 308 | 821 | 795 | 845 | 796 | 796 |
| Parks & Recreation | 1,456 | 1,541 | 1,611 | 1,643 | 1,595 | 1,588 | 1,686 | 1,922 | 1,763 | 1,530 |
| Operating grants and contributions | 544 | 529 | 376 | 387 | 431 | 757 | 355 | 522 | 595 | 2,868 |
| Capital grants and contributions | 3,151 | 1,903 | 2,581 | 3,899 | 3,108 | 7,043 | 5,508 | 11,975 | 4,633 | 4,909 |
| Total governmental activities program revenues | 9,295 | 7,102 | 8,100 | 8,093 | 6,839 | 13,419 | 11,670 | 19,101 | 12,755 | 12,887 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 3,479 | 4,165 | 4,959 | 5,594 | 6,096 | 6,407 | 6,677 | 7,235 | 7,510 | 8,013 |
| Sewer | 3,253 | 3,886 | 4,280 | 4,367 | 4,563 | 4,642 | 4,889 | 5,075 | 5,164 | 5,325 |
| Storm Drain | 591 | 968 | 1,239 | 1,536 | 1,774 | 1,986 | 1,783 | 1,784 | 1,677 | 2,294 |
| Sanitation | - | 1,320 | 1,325 | 1,351 | 1,413 | 1,436 | 1,448 | 1,454 | 1,464 | 1,497 |
| Operating grants and contributions | - | - | 43 | 8 | 35 | 258 | - | 39 | 30 | 82 |
| Capital grants and contributions | 1,579 | 6,965 | 2,726 | 2,409 | 1,831 | 1,905 | 2,661 | 5,712 | 1,412 | 4,139 |
| Total business-type activities program revenues | 8,902 | 17,304 | 14,572 | 15,265 | 15,712 | 16,634 | 17,458 | 21,299 | 17,257 | 21,350 |
| Total primary governmental program revenues | 18,197 | 24,406 | 22,672 | 23,358 | 22,551 | 30,053 | 29,128 | 40,400 | 30,012 | 34,237 |

PLEASANT GROVE CITY
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (8,923) | \$ (10,338) | \$ (9,614) | \$ (8,915) | \$ (10,451) | \$ (6,496) | \$ (9,551) | \$ (823) | \$ (8,575) | \$ (5,861) |
| Business-type activities | 252 | 6,661 | 3,010 | 3,498 | 3,401 | 3,953 | 4,846 | 8,908 | 4,312 | 6,830 |
| Total primary government net expense | <u>(8,671)</u> | <u>(3,677)</u> | <u>(6,604)</u> | <u>(5,417)</u> | <u>(7,050)</u> | <u>(2,543)</u> | <u>(4,705)</u> | <u>8,085</u> | <u>(4,263)</u> | <u>969</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | 2,969 | 3,151 | 3,226 | 3,059 | 3,077 | 3,509 | 4,079 | 5,092 | 5,239 | 5,019 |
| Sales taxes | 3,523 | 3,752 | 3,849 | 4,082 | 4,454 | 5,011 | 5,425 | 5,836 | 6,115 | 6,607 |
| Franchise taxes | 1,160 | 1,593 | 1,654 | 1,905 | 1,973 | 2,059 | 2,059 | 2,041 | 2,000 | 2,028 |
| Other taxes | 686 | 312 | 316 | 309 | 306 | 2,100 | - | - | - | - |
| Investment earnings | 24 | 22 | 11 | 15 | 33 | 1,005 | 1,054 | 1,220 | 1,230 | 1,033 |
| Miscellaneous | 1,576 | 1,726 | 1,584 | 1,562 | 2,864 | 340 | 376 | 607 | 602 | 632 |
| Gain on sale of assets | - | - | - | - | - | - | - | - | - | 379 |
| Transfers | - | - | - | 141 | (61) | (75) | (75) | (75) | 175 | (75) |
| Total governmental activities | <u>9,938</u> | <u>10,556</u> | <u>10,640</u> | <u>11,073</u> | <u>12,646</u> | <u>11,890</u> | <u>12,918</u> | <u>14,721</u> | <u>15,361</u> | <u>15,623</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 17 | 23 | 35 | 47 | 46 | 70 | 109 | 167 | 327 | 259 |
| Miscellaneous | - | - | - | - | 15 | 64 | 118 | 138 | 154 | 44 |
| Transfers | - | - | - | (141) | 61 | 75 | 75 | 75 | (175) | 75 |
| Gain on sale of assets | - | - | - | - | - | - | - | 1 | 106 | 43 |
| Total business-type activities | <u>17</u> | <u>23</u> | <u>35</u> | <u>(94)</u> | <u>122</u> | <u>209</u> | <u>302</u> | <u>381</u> | <u>412</u> | <u>421</u> |
| Total primary government | <u>9,955</u> | <u>10,579</u> | <u>10,675</u> | <u>10,979</u> | <u>12,768</u> | <u>12,099</u> | <u>13,220</u> | <u>15,102</u> | <u>15,773</u> | <u>16,044</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 1,015 | 218 | 1,026 | 2,158 | 2,196 | 5,395 | 3,367 | 13,898 | 6,786 | 9,762 |
| Business-type activities | 269 | 6,684 | 3,045 | 3,404 | 3,523 | 4,163 | 5,147 | 9,290 | 4,724 | 7,252 |
| Total primary government | <u>\$ 1,284</u> | <u>\$ 6,902</u> | <u>\$ 4,071</u> | <u>\$ 5,562</u> | <u>\$ 5,719</u> | <u>\$ 9,558</u> | <u>\$ 8,514</u> | <u>\$ 23,188</u> | <u>\$ 11,510</u> | <u>\$ 17,014</u> |

PLEASANT GROVE CITY
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Prepaid Expenses | \$ 274 | \$ 276 | \$ 241 | \$ 722 | \$ 548 | \$ 465 | \$ 299 | \$ 239 | \$ 46 | \$ 20 |
| Restricted for | | | | | | | | | | |
| Donations | 298 | 338 | 361 | 363 | 366 | 363 | 388 | 2,397 | 482 | 35 |
| Class C Road Funds | 1,620 | 1,740 | 1,672 | 1,392 | 1,516 | 1,516 | 850 | 664 | 1,599 | 1,601 |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Dispatch | - | - | - | - | - | - | - | - | - | - |
| Library Grants | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - |
| Unassigned | 2,011 | 2,104 | 2,686 | 2,149 | 2,073 | 2,595 | 2,910 | 4,585 | 4,750 | 7,918 |
| Total general fund | <u>\$ 4,203</u> | <u>\$ 4,458</u> | <u>\$ 4,960</u> | <u>\$ 4,626</u> | <u>\$ 4,503</u> | <u>\$ 4,939</u> | <u>\$ 4,447</u> | <u>\$ 7,885</u> | <u>\$ 6,877</u> | <u>\$ 9,574</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Prepaid Expenses | - | - | - | - | - | \$ 70 | - | - | - | - |
| Restricted for | | | | | | | | | | |
| Debt Service | 200 | 134 | 114 | 239 | 247 | 114 | 183 | 185 | 200 | 217 |
| Dispatch | 685 | 510 | 302 | 88 | 57 | 75 | 96 | 122 | - | - |
| Library Grants | 54 | 53 | 55 | 64 | 70 | 47 | 50 | 15 | - | - |
| Library Purposes | - | - | - | - | - | - | - | - | 18 | 25 |
| Impact Fees | - | - | 552 | 1,891 | 2,133 | 1,904 | 1,638 | 1,537 | 658 | 1,190 |
| Capital Projects | - | - | - | - | - | - | - | - | 4,961 | 4,838 |
| Assigned to | | | | | | | | | | |
| MBA | 40 | - | - | - | - | - | - | - | - | - |
| Debt Service | 86 | 117 | 5 | - | - | - | - | - | - | - |
| Dispatch | - | - | - | - | - | - | - | - | - | 225 |
| Capital Projects | 1,036 | 506 | 219 | 437 | 617 | 672 | 10,104 | 7,771 | 375 | - |
| Swimming Pool | 5 | 11 | 17 | 11 | 30 | 22 | 91 | 188 | - | 208 |
| Community Center | - | 32 | 19 | 20 | 21 | 42 | 12 | 80 | - | 146 |
| Cultural Arts | - | 5 | 7 | 16 | 5 | 28 | 15 | 20 | 129 | 31 |
| Redevelopment | - | - | 14 | - | - | 269 | 532 | 841 | - | - |
| Unassigned | (275) | (140) | - | (195) | 31 | - | - | - | (1,371) | (228) |
| Total all other governmental funds | <u>\$ 1,831</u> | <u>\$ 1,228</u> | <u>\$ 1,304</u> | <u>\$ 2,571</u> | <u>\$ 3,211</u> | <u>\$ 3,243</u> | <u>\$ 12,721</u> | <u>\$ 10,759</u> | <u>\$ 4,970</u> | <u>\$ 6,652</u> |

PLEASANT GROVE CITY
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 8,453 | \$ 8,745 | \$ 9,158 | \$ 9,381 | \$ 9,830 | \$ 10,620 | \$ 11,563 | \$ 12,969 | \$ 13,354 | \$ 13,654 |
| Licenses, fees, and permits | 254 | 260 | 480 | 765 | 673 | 608 | 638 | 914 | 692 | 742 |
| Intergovernmental | 1,713 | 2,012 | 1,367 | 1,496 | 1,465 | 1,850 | 1,636 | 1,816 | 2,144 | 4,783 |
| Charges for services | 4,602 | 3,665 | 4,012 | 2,435 | 2,292 | 4,613 | 4,802 | 5,329 | 4,471 | 4,088 |
| Fines and penalties | 406 | 541 | 354 | 378 | 336 | 399 | 366 | 360 | 324 | 281 |
| Investment earnings | 24 | 25 | 23 | 24 | 33 | 53 | 137 | 342 | 392 | 237 |
| Impact fees | 170 | 213 | 855 | 2,153 | 1,365 | 872 | 1,066 | 1,523 | 658 | 788 |
| Loan repayment income | - | - | - | - | - | 1,558 | 1,557 | 1,556 | 1,555 | 1,554 |
| Cash contributions for capital outlay | - | - | - | - | - | - | - | - | 320 | 10 |
| Miscellaneous | 344 | 1,926 | 1,857 | 1,792 | 2,397 | 340 | 376 | 607 | 602 | 632 |
| Total Revenues | 15,966 | 17,387 | 18,106 | 18,424 | 18,391 | 20,913 | 22,141 | 25,416 | 24,512 | 26,769 |
| Expenditures | | | | | | | | | | |
| General government | 3,152 | 2,927 | 2,883 | 1,498 | 1,717 | 4,259 | 4,571 | 3,948 | 4,001 | 2,263 |
| Community Development | 872 | 984 | 1,197 | 1,329 | 1,456 | 1,040 | 1,018 | 942 | 957 | 1,281 |
| Public Works | 1,933 | 552 | 566 | 566 | 844 | 1,410 | 2,168 | 2,248 | 796 | 558 |
| Public Safety | 5,388 | 5,781 | 5,476 | 5,739 | 7,144 | 6,115 | 6,202 | 6,556 | 6,942 | 6,485 |
| Parks and Recreation | 3,013 | 3,313 | 3,410 | 3,535 | 5,059 | 4,192 | 4,093 | 4,147 | 4,152 | 3,866 |
| Capital outlay | 791 | 1,128 | 1,071 | 1,802 | - | 704 | 833 | 4,105 | 14,070 | 4,621 |
| Debt service | | | | | | | | | | |
| Principal | 1,652 | 19,658 | 1,669 | 1,790 | 1,811 | 2,271 | 3,012 | 3,097 | 2,325 | 2,481 |
| Other | - | 327 | - | - | - | - | 170 | - | - | - |
| Interest | 1,633 | 1,655 | 1,546 | 1,473 | 1,367 | 1,314 | 1,138 | 1,408 | 1,290 | 1,210 |
| Total expenditures | 18,434 | 36,325 | 17,818 | 17,732 | 19,398 | 21,305 | 23,205 | 26,451 | 34,533 | 22,765 |
| Excess of revenues over (under) expenditures | (2,468) | (18,938) | 288 | 692 | (1,007) | (392) | (1,064) | (1,035) | (10,021) | 4,004 |

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-----------------|-----------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-------------------|-----------------|
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of long term debt | | 18,588 | 280 | 98 | | | | | 345 | 406 |
| Proceeds from issuance of debt | | | | | | | 13,254 | 410 | | 878 |
| Payments to bond escrow agent | | | | | | | (3,783) | | | |
| Contributions | 1,548 | | | | | | | 1,959 | | |
| Sale of capital assets | 29 | 2 | 11 | 2 | 498 | 150 | 653 | 217 | 87 | |
| Proceeds from Capital Lease | | | | | 1,087 | 786 | | | | |
| Non-reciprocal utility revenue | | | | | | | | | 2,040 | - |
| Transfers in | 3,423 | 1,995 | 1,856 | 2,777 | 2,683 | 2,455 | 11,479 | 2,612 | 5,183 | 2,772 |
| Transfers out | (3,423) | (1,995) | (1,856) | (2,636) | (2,744) | (2,530) | (11,554) | (2,687) | (5,008) | (2,847) |
| Total other financing sources (uses) | <u>1,577</u> | <u>18,590</u> | <u>291</u> | <u>241</u> | <u>1,524</u> | <u>861</u> | <u>10,049</u> | <u>2,511</u> | <u>2,647</u> | <u>1,209</u> |
| Net change in fund balances | <u>\$ (891)</u> | <u>\$ (348)</u> | <u>\$ 579</u> | <u>\$ 933</u> | <u>\$ 517</u> | <u>\$ 469</u> | <u>\$ 8,985</u> | <u>\$ 1,476</u> | <u>\$ (7,374)</u> | <u>\$ 5,213</u> |
| Debt service as a percentage of noncapital expenditures | 19% | 61% | 19% | 20% | 16% | 17% | 19% | 35% | 20% | 16% |

PLEASANT GROVE CITY
Assessed Value and Estimate Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Primary Residential | Secondary Residential | Commercial and Industrial | Other Real Property | Personal Property | Centrally Assessed | Total Taxable Value | Total Direct Tax Rate | Estimated Actual Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|-------------|---------------------|-----------------------|---------------------------|---------------------|-------------------|--------------------|---------------------|-----------------------|------------------------|--|
| 2011 | 977,523,070 | 44,401,724 | 305,599,654 | 6,437,648 | 41,112,027 | 23,130,861 | 1,398,204,984 | 0.002085 | 2,197,996,587 | 63.61% |
| 2012 | 907,493,921 | 37,807,763 | 273,473,233 | 11,213,083 | 38,340,394 | 23,502,948 | 1,291,831,342 | 0.002256 | 2,034,326,368 | 63.50% |
| 2013 | 884,678,708 | 4,901,512 | 235,485,237 | 84,445,189 | 37,354,730 | 24,629,403 | 1,271,494,779 | 0.002315 | 2,015,590,980 | 63.08% |
| 2014 | 930,076,823 | 4,848,800 | 243,729,316 | 96,784,705 | 31,162,206 | 26,055,131 | 1,332,656,981 | 0.002237 | 2,114,170,942 | 63.03% |
| 2015 | 1,075,377,057 | 5,115,600 | 264,992,770 | 94,017,177 | 31,245,902 | 25,724,598 | 1,496,473,104 | 0.001997 | 2,376,598,484 | 62.97% |
| 2016 | 1,194,483,519 | 5,154,800 | 325,978,914 | 96,888,618 | 40,291,548 | 28,959,101 | 1,691,756,500 | 0.001875 | 2,669,318,488 | 63.38% |
| 2017 | 1,301,105,326 | 5,847,400 | 349,816,438 | 111,289,596 | 49,214,383 | 34,103,247 | 1,851,376,390 | 0.001775 | 2,916,182,312 | 63.49% |
| 2018 | 1,433,833,276 | 7,745,600 | 383,306,370 | 148,605,751 | 48,798,315 | 39,669,516 | 2,061,958,828 | 0.002029 | 3,235,360,345 | 63.73% |
| 2019 | 1,573,419,322 | 8,039,400 | 445,263,600 | 160,028,003 | 57,554,200 | 46,987,893 | 2,291,292,418 | 0.001884 | 3,578,894,151 | 64.02% |
| 2020 | 1,758,970,015 | 8,047,000 | 591,113,800 | 162,260,448 | 70,104,819 | 48,435,652 | 2,638,931,734 | 0.001734 | 4,103,585,832 | 64.31% |

Source: Utah State Tax Commission

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

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | |
|-------------|-------------------|---------------------------------|-------------------|------------------------|-------------|----------------------------|---|
| | Basic Rates | General Obligation Debt Service | Total Direct Rate | Alpine School District | Utah County | No UT Co Water Conservancy | Central Utah Water Conservancy District |
| 2011 | 1.830 | 0.255 | 2.085 | 8.220 | 1.294 | 0.026 | 0.421 |
| 2012 | 1.981 | 0.275 | 2.256 | 8.812 | 1.342 | 0.028 | 0.436 |
| 2013 | 2.035 | 0.280 | 2.315 | 8.828 | 1.324 | 0.029 | 0.455 |
| 2014 | 1.968 | 0.269 | 2.237 | 8.699 | 1.259 | 0.028 | 0.446 |
| 2015 | 1.760 | 0.237 | 1.997 | 8.096 | 1.149 | 0.025 | 0.422 |
| 2016 | 1.661 | 0.214 | 1.875 | 8.177 | 1.098 | 0.024 | 0.405 |
| 2017 | 1.585 | 0.190 | 1.775 | 7.718 | 1.049 | 0.023 | 0.400 |
| 2018 | 1.523 | 0.506 | 2.029 | 7.167 | 0.969 | 0.021 | 0.400 |
| 2019 | 1.428 | 0.456 | 1.884 | 7.033 | 0.911 | 0.019 | 0.400 |
| 2020 | 1.331 | 0.403 | 1.734 | 6.699 | 0.839 | 0.017 | 0.400 |

Source: Utah State Tax Commission

PLEASANT GROVE CITY

Principal Property Tax Payers
Current Year and Ten Years ago

| Taxpayer | 2020 | | | 2010 | | |
|-----------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Valley Properties LLC | 110,880,695 | 1 | 4.84% | | | |
| Valley Grove LLC | 36,698,700 | 2 | 1.60% | | | |
| Valley Grove Office LLC | 28,603,900 | 3 | 1.25% | | | |
| Questar Gas | 20,890,008 | 4 | 0.91% | \$ 5,205,490 | 10 | 0.372% |
| Somerset Meadows II LL | 19,800,000 | 5 | 0.86% | | | |
| Pacificorp | 18,198,528 | 6 | 0.79% | 10,059,857 | 1 | 0.719% |
| ThorneBerry LTD | 18,046,655 | 7 | 0.79% | \$ 5,610,550 | 8 | 0.401% |
| Urban Grove LLC | 17,974,300 | 8 | 0.78% | | | |
| Pleasant Springs | 17,439,400 | 9 | 0.76% | | | |
| Residents at Mayfield LLC | 17,340,530 | 10 | 0.76% | | | |
| Green Grove Apartments | | | | 7,497,270 | 3 | 0.536% |
| Pen & Ink, LTD | | | | 7,439,625 | 4 | 0.532% |
| Amsource Pleasant Grove, LC | | | | 7,557,949 | 2 | 0.541% |
| Continental Pipe Manufacturing Co | | | | 6,753,526 | 5 | 0.483% |
| Pleasant Grove Partners, LLC | | | | 5,640,286 | 6 | 0.403% |
| Qwest | | | | 5,612,893 | 7 | 0.401% |
| Firmage Grove, LC | | | | 5,208,570 | 9 | 0.373% |
| Total | \$ 305,872,716 | | 13.349% | \$ 66,586,016 | | 4.761% |

Source: Utah County

PLEASANT GROVE CITY
Property Tax Levied and Collections
Last Ten Fiscal Years

| Calendar Year | Total Tax Levy | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|---------------|----------------|-------------------------|------------------------------------|----------------------------|-----------------------|--|------------------------------|---|
| 2011 | 2,871,198 | 2,588,246 | 90.15% | 278,413 | 2,866,658 | 99.84% | 4,540 | 0.16% |
| 2012 | 2,881,705 | 2,660,568 | 92.33% | 204,408 | 2,864,976 | 99.42% | 16,729 | 0.58% |
| 2013 | 2,909,989 | 2,669,886 | 91.75% | 212,957 | 2,882,843 | 99.07% | 27,146 | 0.93% |
| 2014 | 2,960,247 | 2,736,869 | 92.45% | 168,399 | 2,905,268 | 98.14% | 54,979 | 1.86% |
| 2015 | 2,995,956 | 2,761,139 | 92.16% | 144,584 | 2,905,723 | 96.99% | 90,233 | 3.01% |
| 2016 | 3,176,536 | 2,942,710 | 92.65% | 137,779 | 3,080,489 | 96.98% | 96,047 | 3.02% |
| 2017 | 3,291,115 | 3,072,852 | 93.38% | 106,518 | 3,179,370 | 96.60% | 111,745 | 3.40% |
| 2018 | 4,171,320 | 3,935,781 | 94.36% | 140,134 | 4,075,915 | 97.71% | 95,405 | 2.29% |
| 2019 | 4,325,140 | 4,024,237 | 93.05% | 226,264 | 4,250,501 | 98.27% | 74,639 | 1.73% |
| 2020 | 4,586,423 | 4,277,021 | 93.26% | 222,544 | 4,499,565 | 98.11% | 86,859 | 1.89% |

Source: Utah County

PLEASANT GROVE CITY
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Calendar Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Unamortized Premium | Total | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|------------------|--------------------------------|--|------------------------|------------|---|------------|
| 2011 | 4,665,427 | - | | 4,665,427 | 0.212% | 139 |
| 2012 | 4,534,272 | - | | 4,534,272 | 0.223% | 132 |
| 2013 | 4,398,116 | - | | 4,398,116 | 0.218% | 127 |
| 2014 | 4,251,960 | - | | 4,251,960 | 0.201% | 122 |
| 2015 | 4,080,000 | | | 4,080,000 | 0.172% | 117 |
| 2016 | 3,925,000 | | | 3,925,000 | 0.147% | 103 |
| 2017 | 13,486,000 | | | 13,486,000 | 0.462% | 348 |
| 2018 | 12,475,000 | 184,796 | | 12,290,204 | 0.380% | 316 |
| 2019 | 11,916,000 | 199,732 | 399,322 | 12,115,590 | 0.339% | 315 |
| 2020 | 11,345,000 | 216,664 | 377,137 | 11,505,473 | 0.280% | 301 |

Source: Utah County

PLEASANT GROVE CITY
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Pleasant Grove City Direct Rate</u> | <u>Utah County</u> | <u>State of Utah</u> |
|--------------------|--|--------------------|--------------------------|
| 2011 | 1.000% | 0.800% | 4.950% |
| 2012 | 1.000% | 0.800% | 4.950% |
| 2013 | 1.000% | 0.800% | 4.950% |
| 2014 | 1.000% | 0.800% | 4.950% |
| 2015 | 1.000% | 0.800% | 4.950% |
| 2016 | 1.000% | 0.800% | 4.950% |
| 2017 | 1.000% | 0.800% | 4.950% |
| 2018 | 1.000% | 0.800% | 4.950% |
| 2019 | 1.100% | 1.300% | 4.850% |
| 2020 | 1.100% | 1.300% | 4.850% |

Sources: Utah State Tax Commission

PLEASANT GROVE CITY
Principal Sales Tax Remitters
Fiscal Years 2011 and 2020

| Fiscal Year 2020 | Sales Tax ¹ | Fiscal Year 2011 | Sales Tax ¹ |
|--|----------------------------|--|---------------------------|
| Amazon | N/A | BMW of Pleasant Grove | N/A |
| BMW of Pleasant Grove | N/A | Lansing Building Products | N/A |
| Drive Auto Sales | N/A | Maceys | N/A |
| doTerra | N/A | Northwest Pipe Company | N/A |
| Maceys | N/A | Pacificorp | N/A |
| Shamrock Auto Group | N/A | Questar Gas | N/A |
| Smiths Food and Drug | N/A | Shamrock Group, LLC | N/A |
| Utah Power & Light Co | N/A | Smiths Food & Drug | N/A |
| USTC Motor Vehicle | N/A | UT State Alcoholic Beverage Control | N/A |
| Walmart | N/A | Verizon Wireless | N/A |
| Total | <u>\$ 1,811,813</u> | Total | <u>\$ 931,818</u> |
| Total Citywide Collections | \$ 4,974,579 | Total Citywide Collections | \$ 2,025,858 |
| Top 10 as a Percentage of Total Collections | 36.42% | Top 10 as a Percentage of Total Collections | 46.00% |
| Top 10 as a Percentage of Total Revenue ² | 18.21% | Top 10 as a Percentage of Total Revenue ² | 13.23% |

Source: Utah State Tax Commission

Note: Data for Years Previous to 2010 Unavailable

¹Utah State law prohibits the disclosure of retail sales figures for individual businesses. Top 10 taxpayers are listed alphabetically.

²The distribution formula set forth by the Utah State legislature provides that 50% of sales tax collections are distributed to the entity in which the tax is collected. The other 50% is distributed statewide based on population. This number represents the 50% point of sale collections as a percentage of total sales tax revenue received.

PLEASANT GROVE CITY
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 | |
|-------------|-------------------------|----------------------|-------------------|---------------------|--------|----------------------|------------------------|--------------------------|---------------|---------------------|-------------------|---------------------|--------|----------------------|--------------------------|-----------------|------------|
| | General Obligation | Excise Tax Road Bond | Sales Tax Revenue | Unamortized Premium | Leases | Other Long-Term Debt | RDA Tax Increment Bond | Water Revenue | Sewer Revenue | Storm Drain Revenue | Sales Tax Revenue | Unamortized Premium | Leases | Other Long-Term Debt | | Personal Income | Per Capita |
| 2011 | 4,665 | 4,387 | 3,430 | - | 908 | 3,474 | 18,690 | 25,036 | 65 | 7,093 | 1,470 | - | - | 102 | 69,218 | 12.23% | 2,066 |
| 2012 | 4,534 | 3,814 | 3,260 | - | 910 | 3,539 | 18,383 | 24,252 | - | 7,091 | 1,398 | - | - | 117 | 65,783 | 10.58% | 1,910 |
| 2013 | 4,398 | 3,216 | 2,999 | - | 1,018 | 3,506 | 17,872 | 23,424 | - | 12,494 | 1,285 | - | - | 99 | 70,311 | 11.48% | 2,037 |
| 2014 | 4,252 | 2,593 | 2,840 | - | 891 | 2,622 | 17,331 | 22,555 | - | 12,303 | 1,217 | 353 | - | - | 66,957 | 9.91% | 1,914 |
| 2015 | 4,101 | 1,936 | 2,554 | - | 1,328 | 2,622 | 16,759 | 22,254 | - | 11,979 | 1,095 | 306 | - | - | 64,934 | 7.28% | 1,752 |
| 2016 | 3,944 | 1,248 | 2,258 | - | 1,989 | 2,622 | 16,154 | 22,032 | - | 11,661 | 968 | 259 | 10 | 10 | 63,145 | 8.19% | 1,659 |
| 2017 | 13,486 | 530 | 1,915 | - | 1,526 | 1,874 | 15,514 | 20,937 | - | 11,262 | 840 | 210 | 10 | 10 | 68,104 | 8.61% | 1,757 |
| 2018 | 12,475 | - | 1,617 | - | 1,364 | 1,364 | 14,837 | 19,780 | - | 10,883 | 708 | 210 | 10 | 10 | 63,248 | 7.48% | 1,628 |
| 2019 | 11,916 | - | 1,313 | 426 | 1,053 | 2,253 | 14,120 | 18,146 | - | 10,395 | 563 | 891 | 108 | 113 | 61,297 | 6.92% | 1,595 |
| 2020 | 11,345 | - | 997 | 395 | 996 | 1,786 | 13,362 | 19,990 | - | 8,765 | 427 | 729 | 54 | 365 | 59,211 | 6.12% | 1,548 |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

PLEASANT GROVE CITY
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2020

| <u>Government Unit</u> | <u>Total Governmental Activities Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|---|--|---|
| Overlapping Debt | | | |
| Alpine School District | \$ 648,087,149 | 8.49% | \$ 55,053,784 |
| Utah County | 225,285,000 | 5.45% | 12,271,135 |
| Central Utah Water Cons. District | 662,902,154 | 1.35% | 8,929,300 |
| Subtotal, overlapping debt | | | 76,254,219 |
| City direct debt | | | 28,004,745 |
| Total direct and overlapping debt | | | \$ 104,258,964 |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Pleasant Grove City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

PLEASANT GROVE CITY
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts expressed in thousands)

| | |
|---|-------------------|
| Assessed value (in thousands) | \$ 4,103,586 |
| Debt limit (4% of assessed value) | 164,143 |
| Debt applicable to limit: | |
| General obligation bonds | (11,345) |
| Less: Amount set aside for repayment of general obligation debt | - |
| Total net debt applicable to limit | <u>(11,345)</u> |
| Legal debt margin | <u>\$ 152,798</u> |

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt limit | \$ 87,920 | \$ 81,373 | \$ 80,624 | \$ 83,756 | \$ 95,064 | \$ 106,773 | \$ 116,647 | \$ 129,414 | \$ 143,156 | \$ 164,143 |
| Total net debt applicable to limit | <u>(4,665)</u> | <u>(4,534)</u> | <u>(4,398)</u> | <u>(4,252)</u> | <u>(4,080)</u> | <u>(3,925)</u> | <u>(12,985)</u> | <u>(12,475)</u> | <u>(11,916)</u> | <u>(11,345)</u> |
| Legal debt margin | <u>\$ 83,255</u> | <u>\$ 76,839</u> | <u>\$ 76,226</u> | <u>\$ 79,504</u> | <u>\$ 90,984</u> | <u>\$ 102,848</u> | <u>\$ 103,662</u> | <u>\$ 116,939</u> | <u>\$ 131,240</u> | <u>\$ 152,798</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 5.31% | 5.57% | 5.45% | 5.08% | 4.29% | 3.68% | 11.13% | 9.64% | 8.32% | 6.91% |

Source: Utah County Auditor's Office

Note 1: Debt margin applies only to general obligation bonds.

PLEASANT GROVE CITY

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

| Fiscal Year | Water Revenue Bonds | | | | | | Storm Water Revenue Bonds | | | | | | Tax Increment Bonds | | | |
|-------------|------------------------|--------------------------|-----------------------|--------------|----------|----------|---------------------------|--------------------------|-----------------------|--------------|----------|----------|---------------------|--------------|----------|----------|
| | Utility Service Charge | Less: Operating Expenses | Net Available Revenue | Debt Service | | | Utility Service Charge | Less: Operating Expenses | Net Available Revenue | Debt Service | | | Sales Tax Revenues | Debt Service | | |
| | | | | Principal | Interest | Coverage | | | | Principal | Interest | Coverage | | Principal | Interest | Coverage |
| 2011 | 3,637 | 2,304 | 1,333 | 733 | 1,078 | 0.74 | - | - | - | - | - | N/A | 3,523 | 865 | 1,222 | 1.69 |
| 2012 | 4,911 | 2,765 | 2,146 | 758 | 1,052 | 1.19 | 1,233 | 486 | 747 | - | 164 | 4.55 | 3,752 | 895 | 1,279 | 1.73 |
| 2013 | 5,787 | 3,048 | 2,739 | 815 | 1,052 | 1.47 | 1,372 | 529 | 843 | 185 | 270 | 1.85 | 3,849 | 861 | 1,169 | 1.90 |
| 2014 | 6,666 | 3,079 | 3,587 | 886 | 988 | 1.91 | 1,783 | 644 | 1,139 | 320 | 430 | 1.52 | 4,082 | 967 | 1,087 | 1.99 |
| 2015 | 6,916 | 2,948 | 3,968 | 886 | 888 | 2.24 | 1,955 | 841 | 1,114 | 320 | 430 | 1.49 | 4,454 | 572 | 987 | 2.86 |
| 2016 | 7,086 | 3,069 | 4,017 | 977 | 651 | 2.47 | 2,174 | 771 | 1,403 | 335 | 420 | 1.86 | 5,011 | 605 | 985 | 3.15 |
| 2017 | 7,002 | 2,844 | 4,158 | 1,010 | 661 | 2.49 | 2,012 | 729 | 1,283 | 370 | 412 | 1.64 | 5,425 | 640 | 953 | 3.41 |
| 2018 | 7,878 | 2,902 | 4,976 | 1,089 | 544 | 3.05 | 2,207 | 768 | 1,439 | 375 | 390 | 1.88 | 5,836 | 677 | 917 | 3.66 |
| 2019 | 8,057 | 1,869 | 6,188 | 1,135 | 549 | 3.67 | 2,086 | 625 | 1,461 | 385 | 392 | 1.88 | 6,115 | 717 | 838 | 3.93 |
| 2020 | 8,013 | 4,547 | 3,466 | 1,208 | 511 | 2.02 | 2,330 | 1,399 | 931 | 10,475 | 699 | 0.08 | 6,607 | 758 | 795 | 4.25 |

PLEASANT GROVE CITY
Pledged-Revenue Coverage (continued)
Last Ten Fiscal Years
(dollars in thousands)

| Fiscal Year | Sales Tax Revenue | | | | General Obligation Bonds | | | | Excise Tax Revenue | | | |
|-------------|--------------------|-----------|----------|----------|--------------------------|-----------|----------|----------|-----------------------|-----------|----------|----------|
| | Debt Service | | | | Debt Service | | | | Debt Service | | | |
| | Sales Tax Revenues | Principal | Interest | Coverage | Property Tax Revenues | Principal | Interest | Coverage | Class C Road Revenues | Principal | Interest | Coverage |
| 2011 | 3,523 | 305 | 234 | 6.53 | 317 | 125 | 192 | 1.00 | 982 | 535 | 234 | 1.28 |
| 2012 | 3,752 | 315 | 167 | 7.78 | 317 | 130 | 187 | 1.00 | 954 | 560 | 211 | 1.24 |
| 2013 | 3,849 | 350 | 119 | 8.21 | 321 | 145 | 176 | 1.00 | 991 | 585 | 183 | 1.29 |
| 2014 | 4,082 | 395 | 100 | 8.25 | 320 | 150 | 170 | 1.00 | 949 | 645 | 126 | 1.23 |
| 2015 | 4,454 | 395 | 100 | 9.00 | 320 | 150 | 170 | 1.00 | 1,516 | 645 | 126 | 1.97 |
| 2016 | 5,011 | 410 | 92 | 9.98 | 319 | 155 | 164 | 1.00 | 1,094 | 675 | 94 | 1.42 |
| 2017 | 5,425 | 415 | 82 | 10.92 | 223 | 165 | 58 | 1.00 | 1,281 | 705 | 62 | 1.67 |
| 2018 | 5,836 | 425 | 72 | 11.74 | 925 | 510 | 413 | 1.00 | 1,294 | 530 | 27 | 2.32 |
| 2019 | 6,115 | 436 | 62 | 12.28 | 925 | 559 | 363 | 1.00 | - | - | - | - |
| 2020 | 6,607 | 450 | 50 | 13.21 | 925 | 571 | 352 | 1.00 | - | - | - | - |

Source: Pleasant Grove City

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

PLEASANT GROVE CITY
Demographic and Economic Statistics
Last Ten Calendar Years

| Calender Year | Population | Personal Income | Per Capita Personal Income | Unemployment Rate |
|------------------|------------|-----------------|----------------------------------|----------------------|
| 2010 | 33,509 | 565,847,667 | 16,886 | 7.8% |
| 2011 | 34,435 | 621,512,350 | 18,049 | 5.3% |
| 2012 | 34,519 | 612,229,952 | 17,736 | 4.5% |
| 2013 | 34,988 | 675,874,839 | 19,317 | 3.3% |
| 2014 | 37,064 | 891,859,745 | 24,063 | 3.2% |
| 2015 | 38,052 | 770,819,364 | 20,257 | 3.2% |
| 2016 | 38,756 | 791,203,740 | 20,415 | 3.4% |
| 2017 | 38,845 | 845,577,960 | 21,768 | 2.8% |
| 2018 | 38,428 | 885,265,836 | 23,037 | 2.8% |
| 2019 | 38,258 | 966,970,950 | 25,275 | 2.4% |

Note 1: Unemployment Rate is for Utah County

PLEASANT GROVE CITY

Principal Employers
Last Ten Fiscal Years

| Employer | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Range of Employees | Range of Employees | Range of Employees | Range of Employees | Range of Employees | Range of Employees | Range of Employees | Range of Employees | Range of Employees | Range of Employees |
| All Pro Security, LLC | 100-249 | 100-249 | | | | | | | | |
| Allied Waste Services of North America | 50-99 | 50-99 | | | | | | | | |
| Alpine Pediatrics | | | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 |
| Alpine School District | | | 250-749 | 300-749 | 300-749 | 300-749 | 300-749 | 300-749 | 300-749 | 300-749 |
| Altabank | 100-249 | | | | | | | | | |
| American Land and Leisure | | | 100-249 | | | | | | | |
| ARO | 100-249 | 100-249 | | | | | | | | |
| ASEA, LLC | 100-249 | | | | | | | | | |
| Asphalt Zipper | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | | | | | |
| B2 Air Systems LLC | | 50-99 | | | | | | | | |
| Blade HQ LLC | 50-99 | 50-99 | | | | | | | | |
| Brundage-Bone Concrete Pumping | 50-99 | 50-99 | 50-99 | | | | | | | |
| Canyon Grove Academy | | 50-99 | 50-99 | | | | | | | |
| Central Elementary | 50-99 | 50-99 | | | | | | | | |
| Chubby's Café | 50-99 | 50-99 | | | | | | | | |
| Close to My Heart | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 |
| Costa Vida Holdings, LLC | | 50-99 | | | | | | | | |
| Culinary Crafts Catering | 50-99 | 100-249 | 100-249 | | | | | | | |
| Daybreak Training Services | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 |
| Dental Intel, LLC | 100-249 | | | | | | | | | |
| doTerra International | 2,000-2,999 | 2,000-2,999 | 1,000-1,999 | 1,000-1,999 | 1,000-1,999 | 500-999 | | | | |
| doTerra Manufacturing, LLC | 250-499 | 250-499 | | | | | | | | |
| Elite Grounds | | | 50-99 | 50-99 | | 50-99 | | | | |
| Event Production | | 50-99 | 50-99 | 50-99 | | | | | | |
| Extinct, LLC | | | | 50-99 | | | | | | |
| Faulkner Media Group, LLC | 50-99 | | | | | | | | | |
| First Colony Mortgage Corporation | 50-99 | | | | | | | | | |
| Fortem Technologies, INC. | 50-99 | 50-99 | | | | | | | | |
| Grovecrest Elementary | 50-99 | 50-99 | | | | | | | | |
| Growpro, LLC | 50-99 | | | | | | | | | |
| Horrocks Engineers, Inc. | 250-499 | 250-499 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 |
| Instructure, Inc. | 50-99 | 100-249 | | | | | | | | |
| JD Steel | | | 100-249 | | | | | 50-99 | 50-99 | |
| Kenect, LLC | 50-99 | | | | | | | | | |
| Lincoln Academy | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 50-99 | 50-99 | 50-99 | 50-99 |
| Lopez Trading | | | 50-99 | 50-99 | | | | | | |
| Loveland Innovations, LLC | 50-99 | 50-99 | | | | | | | | |

| <u>Employer</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> | <u>Range of</u> |
| | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> | <u>Employees</u> |
| Maceys | | | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 |
| Manila Elementary | | 50-99 | | | | | | | | |
| Marys Culinary Crafts LLC | | | | 50-99 | 50-99 | 50-99 | | | | |
| McDonalds | | | | 50-99 | 50-99 | 50-99 | 50-99 | | | |
| Metro Ready Mix LLC | | | 50-99 | | 50-99 | | | | | |
| Mile High Contracting | | | | 100-249 | 100-249 | 50-99 | 50-99 | | | 100-249 |
| Mission Health Services | | 50-99 | 50-99 | | | | | 50-99 | 50-99 | 50-99 |
| Mount Mahogany LLC | 50-99 | 50-99 | | | | | | | | |
| Niels Fugal Sons Company | 100-249 | 100-249 | 250-499 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | |
| Peak Living LLC | 50-99 | | | | | | | | | |
| People's Intermountain Bank | | 50-99 | | | | | | | | |
| PF Staffing Services, LLC | 50-99 | | | | | | | | | |
| Pleasant Grove City | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 | 100-249 |
| Pleasant Grove High | 100-249 | 100-249 | | | | | | | | |
| Pleasant Grove JR High | 50-99 | 50-99 | | | | | | | | |
| Professional Dental | 50-99 | 50-99 | 50-99 | | | | | | | |
| Quail Run Primary School | 50-99 | | | | | | | 50-99 | 50-99 | |
| Smith's Food and Drug | 50-99 | | 100-249 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 |
| Stratton & Bratt Landscape LLC | 50-99 | 50-99 | | | | | | | | |
| Sundesa, LLC | | | 100-249 | 100-249 | 100-249 | 50-99 | 50-99 | | | |
| Synergy Worldwide Inc | | | 50-99 | 50-99 | 50-99 | | | | | |
| Taco Amigo | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | | | |
| Test Out Corporation | 100-249 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | | | |
| The Void | | | | 50-99 | 50-99 | | | | | |
| Told Plumbing LLC | 50-99 | 50-99 | 50-99 | | | | | | | |
| Tri City Medical Clinic | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 |
| U.S. Mechanical Limited Company | 50-99 | 50-99 | 50-99 | | | | | 50-99 | 50-99 | |
| US Postal Service | | 50-99 | | | | | | | | |
| Utah Fertility Center | 100-249 | 50-99 | 50-99 | | | | | | | |
| Valley View Elementary | 50-99 | | | | | | | | | |
| Veracity Insurance Solutions, LLC | 50-99 | 50-99 | 50-99 | | | | | | | |
| Walmart | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | | | | |
| Warburtons | | | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 | 50-99 |
| Zident | 50-99 | | | | | | | | | |

Source: Utah Department of Workforce Services

Note 1: The State of Utah only tracks employees by range of employees. Therefore, we are not able to report each employer as a percentage of total employment.

Note 2: Data is provided back to 2011.

PLEASANT GROVE CITY
 Full-time Government Employees by Function/Program
 Last Ten Fiscal Years

| <u>Function/Program</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government | | | | | | | | | | |
| Management services | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Finance | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 |
| Planning | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Building | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Legal | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Municipal Court | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Other | 7.0 | 6.0 | 7.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Police | | | | | | | | | | |
| Officers | 25.0 | 25.0 | 25.0 | 26.0 | 25.0 | 27.0 | 28.0 | 27.0 | 28.0 | 28.0 |
| Civilians | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 | 4.0 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 15.0 | 15.0 | 15.0 | 14.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Refuse collections | | | | | | | | | | |
| Other public works | | | | | | | | | | |
| Engineering | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 3.0 | 3.0 | 5.0 | 4.0 |
| Streets | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Storm Drain | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 4.0 | 3.0 | 3.0 | 4.0 | 4.0 |
| Other | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Redevelopment | - | - | - | - | - | - | - | - | - | - |
| Parks and recreation | 15.0 | 15.0 | 15.0 | 14.0 | 16.0 | 16.0 | 16.0 | 16.0 | 18.0 | - |
| Parks | | | | | | | | | | 12.0 |
| Recreation | | | | | | | | | | 4.0 |
| Library | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 |
| Water/Sewer | <u>10.0</u> | <u>10.0</u> | <u>10.0</u> | <u>10.0</u> | <u>11.0</u> | <u>11.0</u> | <u>11.0</u> | <u>11.0</u> | <u>11.0</u> | <u>10.0</u> |
| Total | <u>105.0</u> | <u>104.0</u> | <u>105.0</u> | <u>101.0</u> | <u>104.0</u> | <u>109.0</u> | <u>110.0</u> | <u>109.0</u> | <u>117.0</u> | <u>109.0</u> |

Source: Pleasant Grove City

Note 1: Corrections made to FY2016

Note 2: Corrections made to FY2018

PLEASANT GROVE CITY
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General government | | | | | | | | | | |
| Building permits issued | 178 | 260 | 361 | 372 | *311 | 589 | 524 | 599 | 537 | 559 |
| Building inspections conducted | 1,713 | 1,714 | 4,215 | 3,387 | *3,005 | 2,788 | 2,236 | 2,651 | 2,989 | 3,254 |
| Police | | | | | | | | | | |
| Physical arrests | 1,608 | 1,359 | 581 | 1,409 | 1,241 | 1,034 | 1,120 | 1,176 | 1,115 | 1,066 |
| Parking violations | 327 | 4 | - | 2 | - | 123 | - | 155 | 177 | 99 |
| Traffic violations | 3,302 | 4,608 | 2,798 | 2,566 | 2,264 | 2,187 | 1,860 | 1,613 | 2,499 | 2,552 |
| Fire | | | | | | | | | | |
| Emergency responses | 859 | 1,388 | 1,199 | 1,330 | 1,486 | 1,401 | 1,453 | 1,500 | 1,594 | 1,938 |
| Number of Transports | 592 | 573 | 500 | 579 | 494 | 578 | 574 | 601 | 619 | 698 |
| Average Response Time (Minutes) | 5 | 5 | 4:14 | 4:51 | 3:36 | 3:29 | 3:62 | 4:48 | 3:39 | 4:04 |
| Other public works | | | | | | | | | | |
| Potholes repaired (tons of asphalt) | 410 | 431 | 457 | 478 | 500 | 650 | 2,100 | 889 | 1,235 | 33 |
| Parks and recreation | | | | | | | | | | |
| Daily program participants- Community Center | 12,761 | 11,813 | 12,298 | 33,084 | 20,072 | 18,096 | 17,227 | 17,344 | 20,882 | 18,213 |
| Community center admissions | 147,356 | 135,866 | 141,540 | 169,744 | 190,511 | 207,133 | 208,954 | 222,636 | 207,315 | 176,227 |
| Daily pool passes | | | | | | | 1,111 | ** | 13,616 | 15,461 |
| Pool bulk tickets | | | | | | | 3,372 | ** | 2,064 | 1,203 |
| Pool admissions | | | | | | | 24,274 | 47,863 | 32,431 | 35,884 |
| Library | | | | | | | | | | |
| Public service hours | | | | | | | 3,248 | 3,248 | 3,248 | 2,195 |
| Library visits | | | | | | | 194,393 | 154,928 | 162,060 | 121,861 |
| Material circulation | | | | | | | 401,574 | 386,548 | 404,756 | 336,893 |
| Library collection | | | | | | | 117,000 | 107,736 | 165,243 | 319,289 |
| Library programs | | | | | | | 690 | 644 | 589 | 369 |
| Library program attendance | | | | | | | 26,577 | 22,463 | 22,763 | 14,595 |
| Uses of wireless network | | | | | | | 5,736 | 10,742 | 62,913 | 15,803 |
| Water | | | | | | | | | | |
| New connections | 41 | 64 | 143 | 170 | 176 | 160 | 183 | 56 | 148 | 299 |
| Culinary Water Breaks | 66 | 82 | 127 | 127 | 140 | 106 | 190 | 200 | 96 | 76 |
| PI Water Breaks | N/A | N/A | N/A | 115 | 35 | 33 | 50 | 50 | 26 | 25 |
| Average daily consumption (thousands of gallons) | 2,623 | 2,821 | 2,709 | 2,702 | 2,867 | | | | | |
| Culinary Water ** | | | | | | 4,080 | 3,893 | 4,118 | 4,016 | 4,680 |
| Pressurized Irrigation ** | | | | | | 5,530 | 5,640 | 5,730 | 3,955 | 5,260 |

Source: Pleasant Grove City

Note: Data for Years Previous to 2011 Unavailable

* Amounts restated from prior year

** Correction made to reporting method

PLEASANT GROVE CITY
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units (sworn officers) | 25 | 25 | 26 | 26 | 27 | 27 | 27 | 28 | 28 | 28 |
| Reserve Units | | | | | 3 | 3 | 2 | 1 | 1 | 1 |
| Fire Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other public works | | | | | | | | | | |
| Streets (miles) | 111 | 205 | 205 | 117 | 112 | 109 | 110 | 112 | 112 | 113 |
| Streetlights | 1,070 | 3,974 | 1,150 | 1,155 | 1,086 | 1,117 | 1,150 | 1,176 | 1,224 | 1,250 |
| Storm Drain (miles) | 69 | 101 | 72 | 72 | 98 | 95 | 96 | 97 | 111 | 112 |
| Parks and recreation | | | | | | | | | | |
| Swimming Pool | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Acreage | 92 | 92 | 92 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| Playgrounds | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 6 | 7 | 7 |
| Baseball/softball diamonds | 7 | 7 | 7 | 6 | 8 | 8 | 8 | 8 | 8 | 8 |
| Soccer/football fields | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Multi Use Trails (miles) | | | | | | | | | | |
| Boulevard Trail | | | | | | | 1.62 | 2 | 2 | 1.62 |
| Murdock Trail | | | | | | | 5.38 | 5 | 5 | 5.38 |
| North County Trail | | | | | | | 1.01 | 1 | 1 | 1.00 |
| Rail Spur Trail | | | | | | | 0.20 | 0 | 0 | 0.20 |
| Vallley Vista Trail | | | | | | | 5.78 | 6 | 3-5 | 10.62 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| Water | | | | | | | | | | |
| Culinary Water Lines (miles) | 136 | 151 | 152 | 156 | 154 | 145 | 146 | 149 | 158 | 159 |
| Irrigation Water Lines (miles) | 103 | 104 | 105 | 108 | 108 | 108 | 109 | 110 | 111 | 112 |
| Fire Hydrants | N/A | 1,223 | 1,240 | 1,280 | 1,355 | 1,383 | 1,420 | 1,463 | 1,493 | 1,543 |
| Culinary Storage (thou. of gallons) | 11,000 | 11,000 | 11,000 | 12,431 | 12,431 | 12,431 | 12,431 | 12,431 | 12,431 | 12,431 |
| Irrigation Storage (thou. of gallons) | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 14,000 | 14,000 | 14,000 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | N/A | 110 | 110 | 125 | 120 | 116 | 117 | 118 | 123 | 124 |

Source: Pleasant Grove City
 Note: Data for Years Previous to 2011 Unavailable

GOVERNMENT COMPLIANCE SECTION

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COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
- JASON L. TANNER, CPA
- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, 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**

Independent Auditor's Report

Honorable Mayor and Members of the City Council
Pleasant Grove City

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasant Grove City (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABMC, LLC

December 16, 2020



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
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- SHAWN F. MARTIN, CPA

INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Honorable Mayor and Members of the City Council
Pleasant Grove City

Report on Compliance with State Compliance Requirements

We have audited Pleasant Grove City’s (the City) compliance with the applicable general state compliance requirements described in the *Utah State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2020.

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

- | | |
|----------------------|---------------------------------------|
| Budgetary Compliance | Fraud Risk Assessment |
| Fund Balance | Restricted Taxes and Related Revenues |
| Justice Courts | Tax Levy Revenue Recognition |
| Cash Management | Open and Public Meetings Act |

Management’s Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Utah State Compliance Audit Guide*. Those standards and the *Utah State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement listed above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on General State Compliance Requirements

In our opinion, Pleasant Grove City complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *Utah State Compliance Audit Guide* and which are described in the accompanying schedule of findings as items 2020-1 through 2020-3. Our opinion on compliance is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on 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 of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *Utah State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *Utah State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

HBMC, LLC

December 16, 2020

PLEASANT GROVE CITY
Schedule of Findings
For the Year Ended June 30, 2020

State Compliance Audit Guide Findings

2020-1:

Fund Balance Compliance

Statement of Condition

For the year ended June 30, 2020, the calculated percentage for the General Fund was:

| | |
|------------------------------|--------------|
| Unassigned fund balance: | \$7,918,554 |
| Total Operating Revenue: | \$19,265,017 |
| Percentage of Total Revenue: | 41.1% |

Criteria

Utah Code 10-6-116-(2), as interpreted by the Utah State Auditor's Office, requires that the accumulation of unrestricted fund balance in the City's General Fund may not exceed 25% of the total operating revenue of the City's General Fund for the current fiscal period.

Cause

The City failed to monitor this calculation and amend the budget accordingly. Planned projects were also postponed due to uncertainties caused by the COVID-19 pandemic.

Recommendation

The City should monitor the status of the referenced calculation and amend the budget as necessary, to keep the percentage between 5% and 25%, in accordance with state law.

Management's Response

The City has not been immune to the local and global economic fears of the COVID-19 health pandemic. The shut-down of the economy to lessen the effects of the spread of coronavirus has created a great deal of unknowns to the City and State. The City decided not to use \$900,000 of excess fund balance from FY2019 to fund one-time capital projects, and adopted a budget for FY2021 using fund balance in the amount of \$1,228,176 because of the fears that our sales tax would take a significant hit from COVID-19. The City did not see a decrease of sales tax, and adopted a budget amendment in FY2021 using \$682,972 of fund balance for much needed capital projects. The City will discuss allocating further monies for much needed capital projects in the remainder of FY2021.

PLEASANT GROVE CITY
Schedule of Findings
For the Year Ended June 30, 2020

2020-2:

Open and Public Meetings Act

Statement of Condition

The City Council did not complete its annual training on the requirements of open and public meetings during fiscal year 2020.

Criteria

Utah Code 52-4-104 (1) states the presiding officer of the public body shall ensure that the members of the public body are provided with annual training on the requirements of open and public meetings.

Cause

The City Council obtains its training from the Utah League of Cities and Towns each spring. The spring 2020 training was cancelled due to the COVID-19 pandemic and the City did not make alternate accommodations to complete the training.

Recommendation

In the event that planned trainings are cancelled, the City should make alternate accommodations to complete the annual training, in accordance with state law.

Management's Response

In the past, The Council has received the open meeting training each year at the Utah League of Cities and Towns Spring Conference. In the future, the City Attorney will provide training in a timely manner if not offered at the conference.

PLEASANT GROVE CITY
Schedule of Findings
For the Year Ended June 30, 2020

2020-3:

Cash Management

Statement of Condition

During the testing of a sample of receipts, one instance was noted of the City failing to deposit receipts within three days.

Criteria

The Utah Money Management Act requires all receipts to be deposited within three days.

Cause

Established policies and procedures were not followed by depositing all receipts within three days.

Recommendation

The City should follow establish policies and procedures to ensure all receipts are deposited within three days, in accordance with the Utah Money Management Act.

Management's Response

The City Treasurer will hold two cash handling trainings per year and require all employees that handle cash to attend. In addition, the City Treasurer will send out frequent reminders to those in charge of deposits and their supervisors to ensure the 72-hour deadline is understood, prioritized, and met.