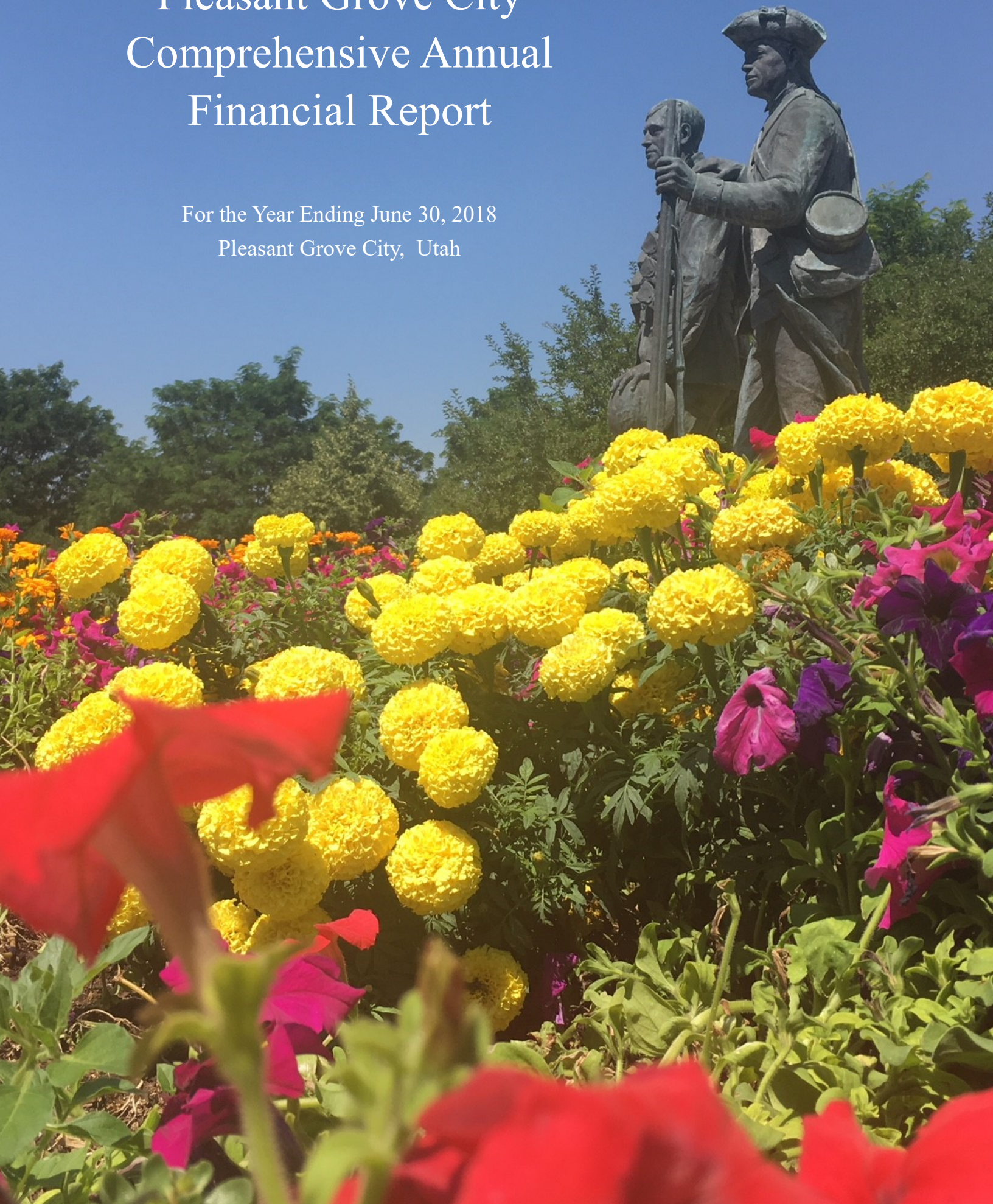


Pleasant Grove City Comprehensive Annual Financial Report

For the Year Ending June 30, 2018
Pleasant Grove City, Utah



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PLEASANT GROVE CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2018



Prepared by:
Pleasant Grove City, Finance Department

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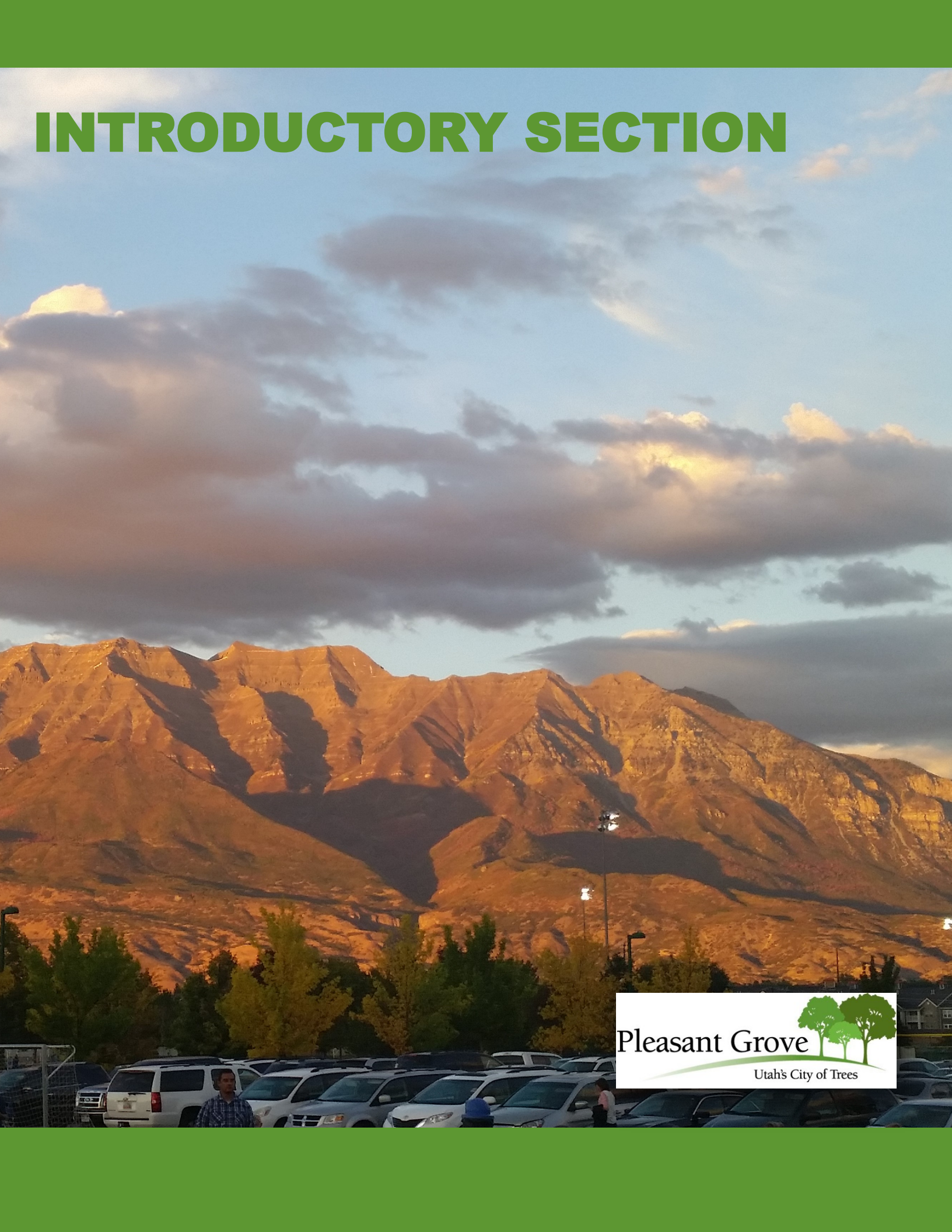
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INTRODUCTORY SECTION



Pleasant Grove
Utah's City of Trees



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November 30, 2018

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, 2018, 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 rapidly growing suburban community encompassing 9.17 square miles. The City's population is currently 38,052. This is an increase from population estimated by the 2010 census of 4,543. 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.

After several years of minimal growth in sales tax revenue, economic activity has shown significant growth over the past three years. Sales tax revenue in FY 2018 reached \$5,836,311 which was an increase of \$410,858 from FY 2017, and \$825,121 from FY 2016. Building permit revenues totaled \$825,271, which was a substantial increase of \$271,756 from fiscal year 2017. 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 had been progressing in 2018, we anticipate fiscal year 2019 to be another year of strong economic growth and commercial development.

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 will be working 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.
- **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.
- **CARE Tax.** The City placed a CARE Tax on the 2018 ballot. The proposal was to ask the taxpayers to vote for implementing a 1/10th of 1% sales tax that would be included on sales and uses within Pleasant Grove City. The CARE Tax was passed and was adopted in November 2018. The City will begin collecting April 2019. These funds will be used to do some of the following: Reconstruction Discovery Park, upgrades to Downtown Park, construction of Pickle Ball Courts, and other park related projects throughout the City. The estimated amount of monies collected will be \$325,000.

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 2017-18, the City had several significant projects. Some of these projects are listed below:

- **Recreation Facilities.** The City removed existing floor surface in locker and family change rooms at the Recreation Center. The floors and benches were painted and sealed with new flooring material. The City received a County Grant and used it to install a climbing wall and WIBIT floating play feature at the swimming pool.

- **Park and Trails upgrades.** The City made improvements or upgrades to the following: 1560 West Landscape project, participated in slurry coat project along the Murdock Trail, and installed an automated irrigation system in the Downtown Park.
- **Public Works.** The Public Works Department completed a number of projects during the FY2018 fiscal year: 900 South Sewer, Culinary Water and Road Reconstruction; Blackhawk Drive Culinary Water and Road Reconstruction; 700 South Sewer, Culinary Water and Road Reconstruction; Orchard Drive Road Overlay; and Walker Secondary Water Tank.
- **Library.** An elevator was constructed at the City's Library. This was needed for access to the upstairs and basement of the facility. All new paint, carpet and furniture were also done during the construction of the elevator.
- **Public Safety Facilities.** Ongoing construction continues on the new Public Safety Facilities. The Fire Station is estimated to be completed by December 2018, and the Police Station and Courts Building to be in done in March 2019.

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. These businesses include restaurants, office buildings, and other retail businesses. With the improving economy, we are seeing greater interest in construction in the City's commercial areas. Large tracts of land have recently been purchased out in the Grove area in Pleasant Grove, the City's main commercial corridor. The City anticipates additional office space to be constructed along with retail, hotel, residential, and other tax-generating properties. The area still contains acres of undeveloped land with easy access to State Street, Pleasant Grove Boulevard, North County Boulevard and Interstate 15.

FINANCIAL INFORMATION

Pleasant Grove's financial statements reflect moderate growth and conservative budgeting practices. The fund balance in the City's General Fund increased by \$3,437,680 during the fiscal year, to end at \$7,883,938. However, that includes a \$475,000 transfer of the 2017 surplus to fund 2018 capital projects. The City's intent is to use the General Fund surpluses to fund certain subsequent year's capital projects. The above amount also includes donations of \$2,038,612 where the majority of the funds were donated for the Public Safety Buildings and Valley Vista Trail Phase 2. The General fund's unassigned balance of \$4,197,438 represents 22.69% of the fiscal year 2018 General fund revenues.

During the past eight-year period, the City's governmental funds revenues increased from \$15,656,188 to \$25,415,817 and expenditures increased from \$20,864,604 to \$26,450,905. Growth in proprietary funds has increased over this same period. Proprietary fund operating revenues increased from \$6,410,066 to \$15,724,853 as compared to fiscal year 2010, while operating expenses rose from \$6,598,011 to \$11,390,265. 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, 2018, 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 22, 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 Hansen, Bradshaw, Malmrose, Erickson, PC 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, 2017. 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**

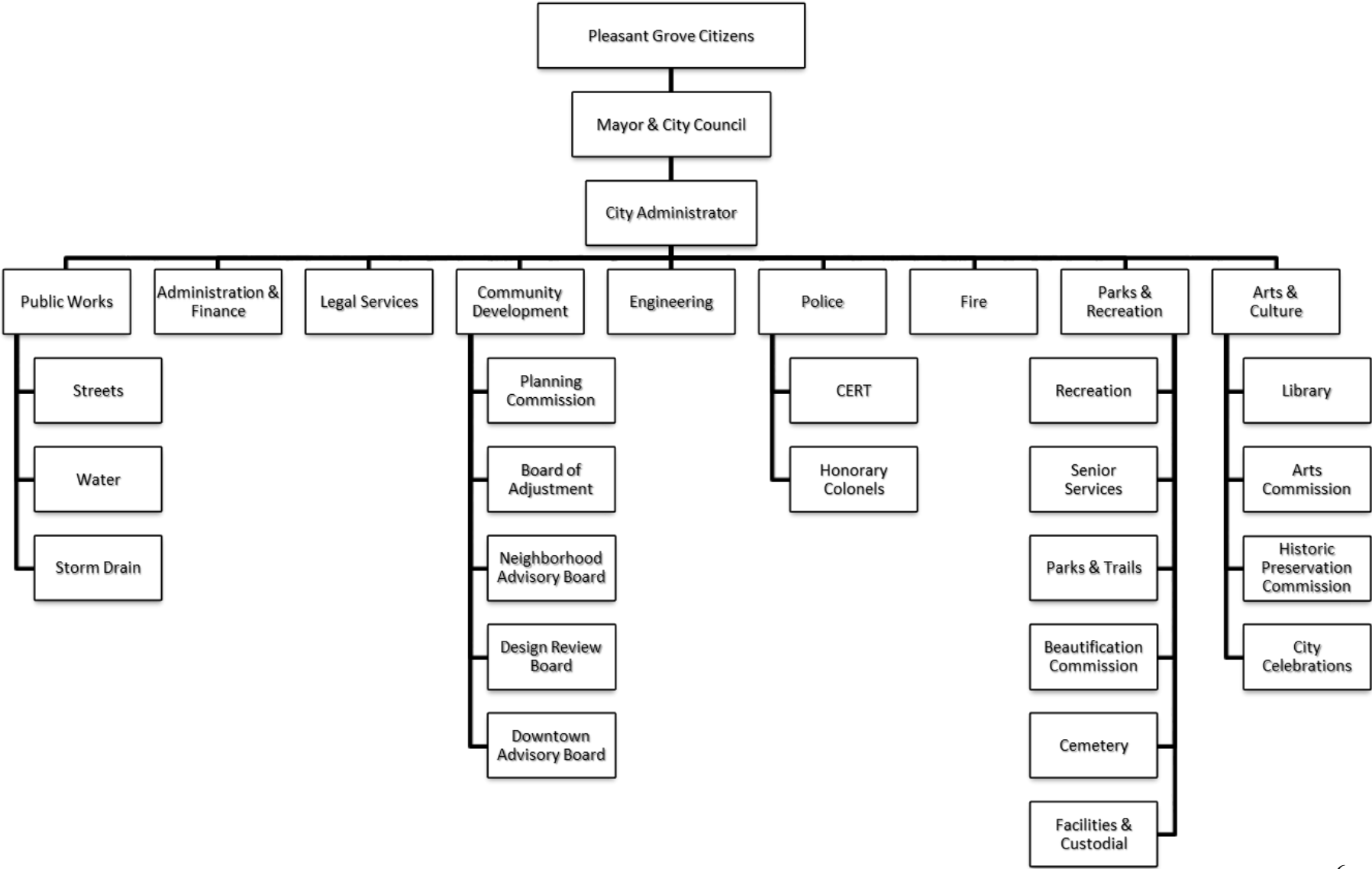
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morvill

Executive Director/CEO

Pleasant Grove City



Elected and Appointed Officials



Pleasant Grove Mayor & City Council

Mayor Guy Fugal



City Council Members



Dianna Andersen



Eric Jensen



Cyd LeMone



Todd Williams



Lynn Walker

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

Leisure Services Director - Deon Giles

Arts & Culture Director - Sheri Britsch

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Financial Section



Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

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
Donald M. Jack, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

INDEPENDENT AUDITORS' REPORT

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, 2018, 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.

Auditors' 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 auditors' 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, 2018, 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 16-25 and pension schedules on pages 69-71 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 10, 2018 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.

Hansen, Bradshaw, Mahrose & Erickson, P.C.

December 10, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- The total net position of Pleasant Grove City increased 15.1% to \$178,364,142. Donations to the public safety facilities contributed to the overall increase.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$18,644,024. Of this amount \$ 4,585,323 (24.59%) is available for spending at the government's discretion (unassigned fund balance).
- Total governmental fund balance increased by \$1,476,195 during the year. Property, sales, and building permits all increased from the prior year. The increased taxes will help pay for expenses related to growth and changes of the City. Expenditures also increased from the prior year, with the construction of the Public Safety facilities moving forward during the year.
- 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, 2018 the City's unrestricted balance equals 24.79% of revenues (24.59% of total fund balance).

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 28 & 29.

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 nine individual governmental funds:

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

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, 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 30-35 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, and Sanitation. Water, Sewer, and Storm Drain are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 36-38 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 39 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 69, and the statistical section begins on page 82. 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 \$178,364,142.

By far the largest portion of the City of Pleasant Grove’s net position (79.1%) 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.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 44,535,577	\$44,488,480	\$ 14,542,551	\$ 14,731,127	\$ 59,078,128	\$ 59,219,607
Capital assets	98,191,424	87,791,367	97,763,009	89,794,695	195,954,433	177,586,062
Total Assets	<u>142,727,001</u>	<u>132,279,847</u>	<u>112,305,560</u>	<u>104,525,822</u>	<u>255,032,561</u>	<u>236,805,669</u>
Total Deferred Outflows						
of Resources	1,969,730	1,912,742	1,676,409	1,765,302	3,646,139	3,678,044
Long-term debt outstanding	31,253,315	33,510,357	29,994,816	31,667,708	61,248,131	65,178,065
Other liabilities	10,774,670	13,165,334	2,297,306	2,557,038	13,071,976	15,722,372
Total Liabilities	<u>42,027,985</u>	<u>46,675,691</u>	<u>32,292,122</u>	<u>34,224,746</u>	<u>74,320,107</u>	<u>80,900,437</u>
Total Deferred Inflows						
of Resources	5,681,252	4,427,948	313,199	148,665	5,994,451	4,576,613
Net Investment						
in capital assets	73,540,547	62,431,792	67,551,374	57,963,948	141,091,921	120,395,740
Restricted	13,816,437	13,958,539	5,516,761	5,966,074	19,333,198	19,924,613
Unrestricted	9,630,490	6,698,619	8,308,513	7,987,691	17,939,003	14,686,310
Total net position	<u>\$ 96,987,494</u>	<u>\$83,088,950</u>	<u>\$ 81,376,648</u>	<u>\$ 71,917,713</u>	<u>\$ 178,364,142</u>	<u>\$ 155,006,663</u>

An additional portion of the City's net position (11.18%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$17,939,006 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2018, the City is able to 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.

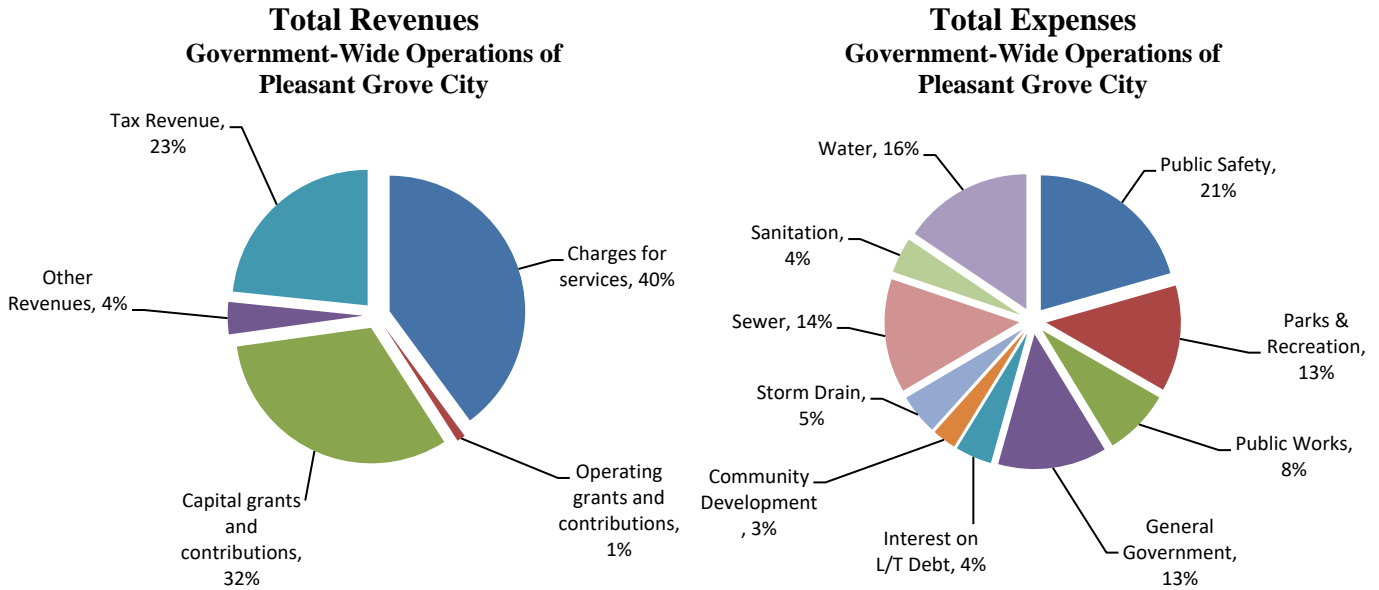
Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2018.

PLEASANT GROVE CITY'S CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 6,603,615	\$ 5,806,423	\$ 15,547,771	\$ 14,796,272	\$ 22,151,386	\$ 20,602,695
Operating grants and contributions	522,369	354,828	39,422	-	561,791	354,828
Capital grants and contributions	11,975,222	5,508,280	5,712,399	2,661,268	17,687,621	8,169,548
General Revenues:						
Taxes	12,969,211	11,563,479	-	-	12,969,211	11,563,479
Other Revenues	1,827,097	1,429,617	305,625	226,999	2,132,722	1,656,616
Total revenues	33,897,514	24,662,627	21,605,217	17,684,539	55,502,731	42,347,166
Expenses						
General Government	4,222,527	4,827,678	-	-	4,222,527	4,827,678
Community development	936,052	1,114,968	-	-	936,052	1,114,968
Public Works	2,586,451	4,088,314	-	-	2,586,451	4,088,314
Public Safety	6,645,637	6,022,624	-	-	6,645,637	6,022,624
Parks & Recreation	4,110,529	3,675,865	-	-	4,110,529	3,675,865
Interest on L/T Debt	1,422,774	1,479,940	-	-	1,422,774	1,479,940
Water	-	-	5,024,858	5,154,463	5,024,858	5,154,463
Storm Drain	-	-	1,578,048	1,516,622	1,578,048	1,516,622
Sewer	-	-	4,409,083	4,531,371	4,409,083	4,531,371
Sanitation	-	-	1,378,530	1,409,656	1,378,530	1,409,656
Total Expenses	19,923,970	21,209,389	12,390,519	12,612,112	32,314,489	33,821,501
Increase (decrease) in net position before transfers	13,973,544	3,453,238	9,214,698	5,072,427	23,188,242	8,525,665
Transfers	(75,000)	(75,000)	75,000	75,000	-	-
Increase (decrease) in net position	13,898,544	3,378,238	9,289,698	5,147,427	23,188,242	8,525,665
Net position, beginning, as restated	83,088,950	79,710,712	72,086,950	66,770,286	155,175,900	146,480,998
Net position, ending	\$ 96,987,494	\$ 83,088,950	\$ 81,376,648	\$ 71,917,713	\$178,364,142	\$155,006,663

Net Position for governmental activities increased by \$13,898,544, which is an increase of \$10,520,306 from the previous year. Business-type activities increased by \$9,289,698 which represents an increase of \$4,142,271 from the previous 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, while capital grants consist primarily of donated infrastructure assets, impact fees and Class C road funds. Total expenses were down in Governmental and Business-type Activities.

The following two graphs display Pleasant Grove’s government-wide revenues and expenses for the fiscal year ended June 30, 2018.



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 \$18,644,024, \$4,585,323 of this total amount (24.59%) constitutes unassigned fund balance, which is available for spending at the government’s discretion.

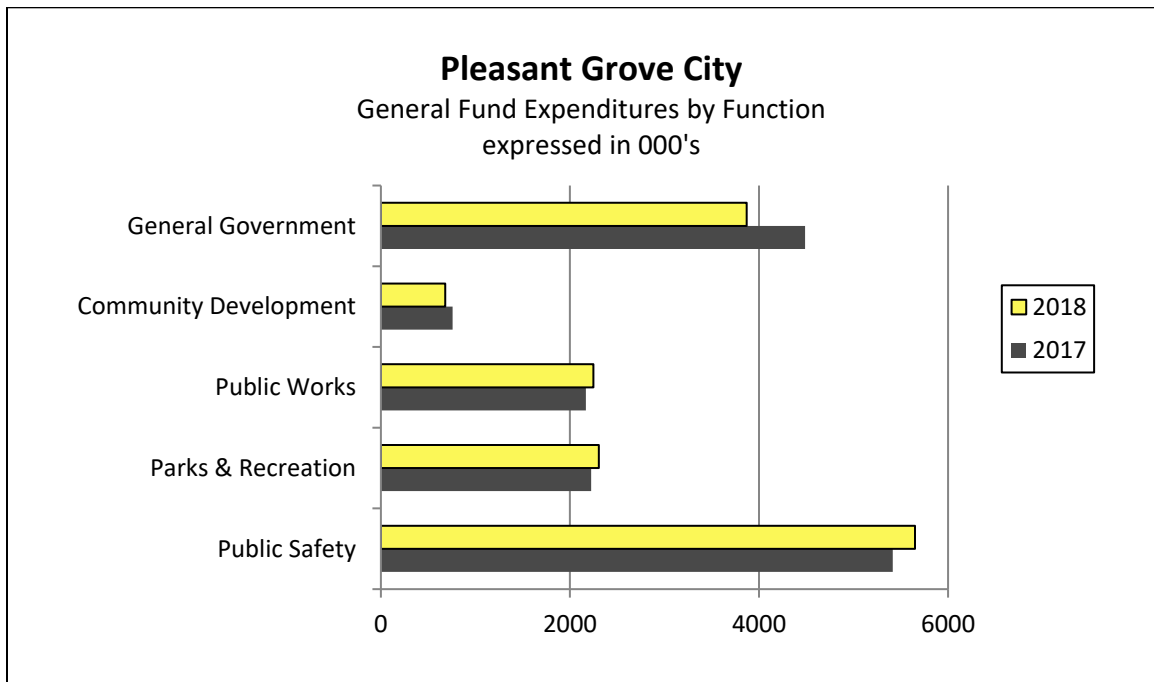
The remainder of fund balance is classified as one of the following: nonspendable, restricted, committed, or assigned. Nonspendable fund balance refers to resources that either cannot be spent because of their form or cannot be spent because they must remain intact. Restricted fund balance means that 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 \$4,585,323, while total fund balance reached \$7,884,938.

Taxes are the largest source of revenue in the General Fund, representing 62.03% of total General Fund revenues. The largest component is sales tax, which represents 51% of total tax revenue and 32% of total General Fund revenue. Overall, revenues increased by 10.3% and expenditures decreased by 1.97% from 2017. The administrative chargeback was shown in the charge for services and an offset against expenditures as in past fiscal year.

The following chart compares general fund expenditures by function between 2017 and 2018.



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$308,570 during the year to bring the fund to a positive balance of \$840,523. Revenues in the RDA fund increased from \$2,082,027 in 2017 to \$2,128,596 in 2018, due to receiving more property taxes for the redevelopment area.

\$4,563,739 was spent from the Capital Projects fund on projects in various departments during the year. Of the \$4,563,739, \$4,104,658 was capitalized and the remaining \$459,081 was expensed. 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 \$1,522,930. 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 \$39,358,324 to \$44,063,826. Sewer net position increased from \$19,849,846 to \$21,906,681. Storm Drain net position increased from \$12,710,923 to \$15,163,091. Sanitation net position increased from \$167,857 to \$243,050. Net position increases in 2018 were assisted mainly in continued growth of charges for services and developer contributions. Overall, in the enterprise funds, net position increased by \$9,289,698.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budgeted expenditure total of \$14,989,481 to final budgeted expenditures of \$15,574,266. These increases can be briefly summarized as follows:

- Court increased by \$8,000 to cover personnel expenses
- Non-departmental by \$20,212 from expenses related to employee enrichment
- Police, Fire and Library had increases related to grants and reimbursements received in the total of \$ \$90,501
- Public Works increased by \$394,701 to cover road expenditures
- Facilities increased by \$50,745 to cover light upgrades and Lions Center repairs

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, 2018, amounts to \$195,954,433 (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 3.39% (2.44 increase for governmental activities and a 4.32% increase for business-type activities).

Pleasant Grove City Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 47,275,931	\$ 47,275,931	\$ 9,301,927	\$ 9,301,927	\$ 56,577,858	\$ 56,577,858
Water Shares		-	1,981,938	1,981,938	1,981,938	1,981,938
Buildings	7,566,679	7,459,124		-	7,566,679	7,459,124
Equipment	1,862,767	2,080,374	1,216,264	795,063	3,079,031	2,875,437
Infrastructure	37,799,931	30,848,803	82,050,504	74,587,978	119,850,435	105,436,781
Const in Progress	3,686,116	127,135	3,212,376	3,127,789	6,898,492	3,254,924
	<u>\$ 98,191,424</u>	<u>\$ 87,791,367</u>	<u>\$ 97,763,009</u>	<u>\$ 89,794,695</u>	<u>\$ 195,954,433</u>	<u>\$ 177,586,062</u>

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

- Contributed infrastructure assets - \$11,586,701
- Library Improvements - \$321,172
- Street, Light and Sidewalk Improvements - \$1,812,912
- Infrastructure improvements in excess of \$5.6 million in Water, Sewer and Storm Drain funds

Additional information on the City's capital assets can be found in note 4 on pages 52-53 of this report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$59,424,000, \$46,858,000 is secured by specific revenue sources, while total general obligation bonds outstanding total \$12,475,000. 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	
	2018	2017	2018	2017	2018	2017
General Obligation	\$ 12,475,000	\$ 12,985,000	\$ -	\$ -	\$ 12,475,000	\$ 12,985,000
Revenue Bonds	16,454,000	17,958,500	30,404,000	31,995,500	46,858,000	49,954,000
Total Bonded Debt	<u>\$ 28,929,000</u>	<u>\$ 30,943,500</u>	<u>\$ 30,404,000</u>	<u>\$ 31,995,500</u>	<u>\$ 59,333,000</u>	<u>\$ 62,939,000</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 \$116,939,000 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 \$388,243,000, 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 54-58 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 2.8%. The state unemployment rate of 3.2%, while the national rate was 3.7%. The previous year's rates were 3.4%, 3.3%, and 4.1% respectively.
- The General Fund budgeted operating expenditures remain fairly consistent for the upcoming year. Fiscal year-ending June 30, 2019 original budget reflects a increase of \$657,724 from the year ending, June 30, 2018. This included a 2% increase for all full time and part time employees, and medical insurance increases. Three new full time employees, and converting of a part time to full time, and employee retention monies.
- The City analyzed 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 adjusted each July.

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.

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BASIC FINANCIAL STATEMENTS



PLEASANT GROVE CITY
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents, and investments:			
Unrestricted	\$ 11,738,888	\$ 8,280,656	\$ 20,019,544
Restricted	12,161,392	3,472,519	15,633,911
Receivables:			
Accounts, net of allowance	2,985,168	1,919,371	4,904,539
Property tax	2,901,309	-	2,901,309
Internal balances	(436,756)	436,756	-
Inventory	-	65,691	65,691
Prepaid expenses	239,244	68,818	308,062
Note receivable	14,837,000	298,740	15,135,740
Net pension asset	109,332	-	109,332
Capital assets not being depreciated:			
Land and rights of way	47,275,931	9,301,927	56,577,858
Water stock	-	1,981,938	1,981,938
Construction in progress	3,686,116	3,212,376	6,898,492
Capital assets, net of accumulated depreciation:			
Buildings and improvements	7,566,679	-	7,566,679
Infrastructure	37,799,931	82,050,504	119,850,435
Automobiles, Machinery, and Equipment	1,862,767	1,216,264	3,079,031
Total assets	142,727,001	112,305,560	255,032,561
Deferred outflows of resources:			
Deferred outflows related to pensions	1,927,169	347,305	2,274,474
Deferred loss on refunding	42,561	1,329,104	1,371,665
Total deferred outflows of resources	1,969,730	1,676,409	3,646,139
LIABILITIES			
Accounts payable	1,965,636	-	1,965,636
Accrued liabilities	363,198	11,695	374,893
Due to other governments	654,675	-	654,675
Accrued interest payable	161,758	248,689	410,447
Bonds payable	1,580,500	1,650,500	3,231,000
Other long-term liabilities	849,146	114,565	963,711
Noncurrent liabilities:			
Bonds payable	27,805,470	29,720,957	57,526,427
Other long-term liabilities	2,598,699	159,294	2,757,993
Deposits held	3,938,585	7,500	3,946,085
Net pension liability	2,110,318	378,922	2,489,240
Total liabilities	42,027,985	32,292,122	74,320,107
Deferred inflows of resources:			
Deferred revenue property taxes	4,023,127	-	4,023,127
Deferred inflows related to pensions	1,658,125	313,199	1,971,324
Total deferred inflows of resources	5,681,252	313,199	5,994,451
NET POSITION			
Net investment in capital assets	73,540,547	67,551,374	141,091,921
Restricted for:			
Roads	663,563	-	663,563
Impact fees	1,536,701	2,293,996	3,830,697
Library	35,190	-	35,190
Dispatch	121,533	-	121,533
Debt Service	184,796	3,222,765	3,407,561
Donations	2,396,808	-	2,396,808
Redevelopment	840,524	-	840,524
Capital projects	7,771,124	-	7,771,124
Parks and recreation	266,219	-	266,219
Unrestricted	9,630,489	8,308,513	17,939,002
Total net position	\$ 96,987,494	\$ 81,376,648	\$ 178,364,142

PLEASANT GROVE CITY
Statement of Activities
For the Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 4,222,527	\$ 3,837,102	\$ 8,701	\$ 1,293,595	\$ 916,871		\$ 916,871
Public safety	6,645,637	844,673	493,578	3,126,296	(2,181,090)		(2,181,090)
Community development	936,052	-	-	-	(936,052)		(936,052)
Public works	2,586,451	-	-	6,949,431	4,362,980		4,362,980
Parks, recreation and public property	4,110,529	1,921,840	20,090	605,900	(1,562,699)		(1,562,699)
Interest on long-term debt	1,422,774	-	-	-	(1,422,774)		(1,422,774)
Total governmental activities	19,923,970	6,603,615	522,369	11,975,222	(822,764)		(822,764)
Business-type activities							
Water	5,024,858	7,235,135	39,422	2,474,415		\$ 4,724,114	4,724,114
Sewer	4,409,083	5,074,860	-	1,316,211		1,981,988	1,981,988
Storm drain	1,578,048	1,784,053	-	1,921,773		2,127,778	2,127,778
Sanitation	1,378,530	1,453,723	-	-		75,193	75,193
Total business-type activities	12,390,519	15,547,771	39,422	5,712,399		8,909,073	8,909,073
General Revenues:							
Taxes							
Property taxes					5,092,006	-	5,092,006
Sales taxes					5,836,311	-	5,836,311
Telecommunications and franchise taxes					2,040,894	-	2,040,894
Interest income					1,220,435	166,718	1,387,153
Miscellaneous					606,662	137,660	744,322
Transfers					(75,000)	75,000	-
Gain on sale of assets					-	1,247	1,247
Total general revenue and transfers					<u>14,721,308</u>	<u>380,625</u>	<u>15,101,933</u>
Change in net position					<u>13,898,544</u>	<u>9,289,698</u>	<u>23,188,242</u>
Net position - beginning, as restated					<u>83,088,950</u>	<u>72,086,950</u>	<u>155,175,900</u>
Net position - ending					<u>\$ 96,987,494</u>	<u>\$ 81,376,648</u>	<u>\$ 178,364,142</u>

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

PLEASANT GROVE CITY
Balance Sheet – Governmental Funds
June 30, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash, cash equivalents, and investments						
Unrestricted	\$ 7,975,313	\$ 2,481,345	\$ 800	\$ 840,523	\$ 440,907	\$ 11,738,888
Restricted	4,120,385	7,419,751	615,426	-	5,830	12,161,392
Receivables, net:						
Accounts	1,863,350	-	924,696	197,122	-	2,985,168
Property tax	2,901,309	-	-	-	-	2,901,309
Due from other funds	1,024,701	-	-	-	-	1,024,701
Prepaid and other assets	239,244	-	-	-	-	239,244
Note receivable	-	-	-	14,837,000	-	14,837,000
Total assets	\$ 18,124,302	\$ 9,901,096	\$ 1,540,922	\$ 15,874,645	\$ 446,737	\$ 45,887,702
LIABILITIES						
Accounts payable	\$ 1,965,636	\$ -	\$ -	\$ -	\$ -	\$ 1,965,636
Accrued liabilities	342,403	-	-	-	20,795	363,198
Deposits held and retainage payable	3,938,585	-	-	-	-	3,938,585
Note payable	436,756	-	-	-	-	436,756
Due to other funds	-	593,271	431,430	-	-	1,024,701
Due to other governments	654,675	-	-	-	-	654,675
Total liabilities	7,338,055	593,271	431,430	-	20,795	8,383,551
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - note receivable	-	-	-	14,837,000	-	14,837,000
Deferred revenue - property taxes	2,901,309	-	924,696	197,122	-	4,023,127
Total deferred inflows of resources	2,901,309	-	924,696	15,034,122	-	18,860,127
FUND BALANCES						
Nonspendable	239,244	-	-	-	-	239,244
Restricted for:						
Capital projects	-	7,771,124	-	840,523	-	8,611,647
Donations	2,396,808	-	-	-	-	2,396,808
Debt service	-	-	184,796	-	-	184,796
Dispatch	-	-	-	-	121,533	121,533
Library	-	-	-	-	15,322	15,322
Impact fees	-	1,536,701	-	-	-	1,536,701
Class C roads	663,563	-	-	-	-	663,563
Total restricted	3,060,371	9,307,825	184,796	840,523	136,855	13,530,370
Assigned to:						
Swimming pool	-	-	-	-	188,338	188,338
Community center	-	-	-	-	80,881	80,881
Cultural arts	-	-	-	-	19,868	19,868
Total assigned	-	-	-	-	289,087	289,087
Unassigned	4,585,323	-	-	-	-	4,585,323
Total fund balances	7,884,938	9,307,825	184,796	840,523	425,942	18,644,024
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,124,302	\$ 9,901,096	\$ 1,540,922	\$ 15,874,645	\$ 446,737	\$ 45,887,702

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, 2018

Amounts reported for governmental activities in the Statement of Net Position (page 28) are different because:

Total Fund Balances - Total Governmental Funds (page 30)	\$ 18,644,024
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$133,824,725 less the accumulated depreciation of \$35,633,301.	98,191,424
Interest on general obligation and revenue bonds is not accrued in governmental funds but rather is recognized as an expenditure when due.	(161,758)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(32,833,815)
Pension liabilities and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(1,731,942)
Long-term receivables are not available in the current period and, therefore, are deferred in the funds balance sheet.	14,837,000
Other assets are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	<u>42,561</u>
Net Position - Governmental Activities (page 28)	<u><u>\$ 96,987,494</u></u>

PLEASANT GROVE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>					
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 11,474,548	\$ -	\$ 925,022	\$ 569,641	\$ -	\$ 12,969,211
Licenses and permits	914,392	-	-	-	-	914,392
Intergovernmental	1,390,032	203,090	-	-	222,842	1,815,964
Charges for services	3,703,794	-	-	-	1,625,681	5,329,475
Fines and forfeitures	359,748	-	-	-	-	359,748
Interest income	133,863	200,386	1,728	3,294	2,503	341,774
Impact fees	-	1,522,930	-	-	-	1,522,930
Loan repayment income	-	-	-	1,555,661	-	1,555,661
Miscellaneous	521,445	35,449	-	-	49,768	606,662
Total revenues	18,497,822	1,961,855	926,750	2,128,596	1,900,794	25,415,817
EXPENDITURES						
General government	3,868,913	79,327	-	-	-	3,948,240
Public safety	5,649,750	312,519	-	-	593,845	6,556,114
Community development	680,953	-	-	261,065	-	942,018
Public works	2,247,517	-	-	-	-	2,247,517
Parks, recreation, and public property	2,305,958	67,235	-	-	1,773,612	4,146,805
Capital outlay and projects	-	4,104,658	-	-	-	4,104,658
Debt service:						
Principal	-	1,082,747	1,337,500	677,000	-	3,097,247
Interest and other financial	-	32,485	493,860	881,961	-	1,408,306
Total expenditures	14,753,091	5,678,971	1,831,360	1,820,026	2,367,457	26,450,905
Excess (deficiency) of revenues over (under) expenditures	3,744,731	(3,717,116)	(904,610)	308,570	(466,663)	(1,035,088)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt	-	410,000	-	-	-	410,000
Cash contributions for capital outlay	1,959,266	-	-	-	-	1,959,266
Proceeds from sale of assets	27,341	189,676	-	-	-	217,017
Transfers in	-	1,031,657	906,340	-	674,496	2,612,493
Transfers out	(2,293,658)	(348,835)	-	-	(45,000)	(2,687,493)
Total other financing sources (uses)	(307,051)	1,282,498	906,340	-	629,496	2,511,283
Net change in fund balance	3,437,680	(2,434,618)	1,730	308,570	162,833	1,476,195
Fund balances at beginning of year	4,447,258	11,742,443	183,066	531,953	263,109	17,167,829
Fund balances at end of year	\$ 7,884,938	\$ 9,307,825	\$ 184,796	\$ 840,523	\$ 425,942	\$ 18,644,024

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, 2018

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

Net change in fund balances - total governmental funds (page 32)	\$ 1,476,195
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.	10,627,266
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.	(677,000)
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.	2,683,778
Pension related expenses in the statement of activities do not use current financial resources and, therefore, are not reported as expenditures in governmental funds.	15,514
The effect of proceeds from the sale of assets is to decrease net position	<u>(227,209)</u>
Change in net position of governmental activities (page 29)	<u><u>\$ 13,898,544</u></u>

PLEASANT GROVE CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes:				
Property	\$ 3,355,000	\$ 3,355,000	\$ 3,597,343	\$ 242,343
Sales and use	5,273,720	5,273,720	5,836,311	562,591
Other	2,171,500	2,171,500	2,040,894	(130,606)
Licenses and permits	644,971	644,971	914,392	269,421
Intergovernmental	1,258,000	1,289,347	1,390,032	100,685
Charges for services	3,335,012	3,414,235	3,703,794	289,559
Fines and forfeitures	473,500	473,500	359,748	(113,752)
Interest income	50,000	50,000	133,863	83,863
Miscellaneous	170,550	326,999	521,445	194,446
Total revenues	16,732,253	16,999,272	18,497,822	1,498,550
<u>EXPENDITURES</u>				
General government:				
City council	245,225	245,225	245,225	-
Courts	216,850	224,850	223,639	1,211
Facilities	383,470	434,216	434,201	15
Administrative	935,990	935,990	875,257	60,733
Engineering	344,396	344,396	344,397	(1)
City attorney	377,460	377,478	345,342	32,136
Non-departmental	1,239,170	1,259,382	1,146,431	112,951
Cemetery	106,140	106,640	67,090	39,550
Custodial	209,643	209,643	187,331	22,312
Public safety:				
Police and dispatch	3,703,000	3,750,060	3,605,500	144,560
Fire	2,015,583	2,044,617	1,941,967	102,650
Animal control	112,850	112,850	102,283	10,567
Community development:				
Community development	716,445	716,445	650,953	65,492
Economic development	30,000	30,000	30,000	-
Public works:				
Streets	830,756	820,082	829,629	(9,547)
Class C roads	1,180,000	1,585,375	1,417,888	167,487
Parks and recreation:				
Library	687,635	702,042	653,342	48,700
Other	1,654,868	1,674,975	1,652,616	22,359
Total expenditures	14,989,481	15,574,266	14,753,091	821,175
Excess (deficiency) of revenues over (under) expenditures	1,742,772	1,425,006	3,744,731	2,319,725
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from sale of assets	-	5,375	27,341	21,966
Capital contributions	-	-	1,959,266	1,959,266
Transfers in	458,480	(62,594)	-	62,594
Transfers out	(2,277,138)	(2,752,138)	(2,293,658)	458,480
Net change in fund balance	\$ (75,886)	\$ (1,384,351)	3,437,680	\$ 4,822,031
Fund balance at beginning of year			4,447,258	
Fund balance at end of year			\$ 7,884,938	

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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Property	\$ 510,000	\$ 510,000	\$ 569,641	\$ 59,641
Loan repayment income	1,555,661	1,555,661	1,555,661	-
Interest income	-	-	3,294	3,294
	<u>2,065,661</u>	<u>2,065,661</u>	<u>2,128,596</u>	<u>62,935</u>
<u>EXPENDITURES</u>				
Community development	262,000	262,000	261,065	935
Debt service				
Principal	605,000	605,000	677,000	(72,000)
Interest and other financial	952,761	954,799	881,961	72,838
	<u>1,819,761</u>	<u>1,821,799</u>	<u>1,820,026</u>	<u>1,773</u>
Net change in fund balance	<u><u>\$ 245,900</u></u>	<u><u>\$ 243,862</u></u>	<u><u>\$ 308,570</u></u>	<u><u>\$ 61,162</u></u>
Fund balance at beginning of year			<u>531,953</u>	
Fund balance at end of year			<u><u>\$ 840,523</u></u>	

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

PLEASANT GROVE CITY
Statement of Net Position – Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Storm Drain	Sanitation	Total
ASSETS					
Current assets:					
Cash, cash equivalents, and investments					
Unrestricted	\$ 4,286,777	\$ 2,932,926	\$ 988,270	\$ 72,683	\$ 8,280,656
Restricted	971,912	-	2,500,607	-	3,472,519
Receivables, net:					
Accounts	761,476	752,081	235,447	170,367	1,919,371
Inventory (supplies)	65,691	-	-	-	65,691
Total current assets	6,085,856	3,685,007	3,724,324	243,050	13,738,237
Noncurrent assets:					
Prepaid bond insurance	-	-	68,818	-	68,818
Note receivable	-	436,756	298,740	-	735,496
Capital assets:					
Land and rights of way	1,761,157	25,000	7,515,770	-	9,301,927
Water shares	1,981,938	-	-	-	1,981,938
Construction in progress	3,027,204	9,534	175,638	-	3,212,376
Infrastructure	69,494,815	23,167,112	17,404,686	-	110,066,613
Automobiles, machinery and equipment	900,034	468,528	850,208	-	2,218,770
Less: accumulated depreciation	(20,161,305)	(5,446,661)	(3,410,649)	-	(29,018,615)
Total noncurrent assets	57,003,843	18,660,269	22,903,211	-	98,567,323
Total assets	63,089,699	22,345,276	26,627,535	243,050	112,305,560
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refundings	1,318,158	7,297	3,649	-	1,329,104
Deferred outflows related to pensions	148,806	128,498	70,001	-	347,305
Total deferred outflows of resources	1,466,964	135,795	73,650	-	1,676,409
LIABILITIES					
Current liabilities:					
Accrued liabilities	5,256	3,932	2,507	-	11,695
Accrued interest payable	64,533	638	183,518	-	248,689
Bonds payable	1,187,200	52,200	411,100	-	1,650,500
Other long-term liabilities	24,544	27,283	62,738	-	114,565
Total current liabilities	1,281,533	84,053	659,863	-	2,025,449
Noncurrent liabilities:					
Bonds payable	18,876,607	230,993	10,613,357	-	29,720,957
Other long-term liabilities	28,723	6,868	123,703	-	159,294
Net pension liability	163,556	139,010	76,356	-	378,922
Deposits held and retainage payable	7,500	-	-	-	7,500
Total noncurrent liabilities	19,076,386	376,871	10,813,416	-	30,266,673
Total liabilities	20,357,919	460,924	11,473,279	-	32,292,122
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	134,918	113,466	64,815	-	313,199
Total deferred inflows of resources	134,918	113,466	64,815	-	313,199
NET POSITION					
Net investment in capital assets	38,248,449	17,947,617	11,355,308	-	67,551,374
Restricted for:					
Impact fees	1,371,968	6,363	915,665	-	2,293,996
Debt service	722,157	-	2,500,608	-	3,222,765
Unrestricted	3,721,252	3,952,701	391,510	243,050	8,308,513
Total net position	\$ 44,063,826	\$ 21,906,681	\$ 15,163,091	\$ 243,050	\$ 81,376,648

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, 2018

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Storm Drain	Sanitation	Total
<u>OPERATING REVENUES</u>					
Charges for services	\$ 7,235,135	\$ 5,074,860	\$ 1,784,053	\$ 1,453,723	\$ 15,547,771
Intergovernmental	39,422	-	-	-	39,422
Miscellaneous	9,177	63,918	64,565	-	137,660
Total operating revenues	7,283,734	5,138,778	1,848,618	1,453,723	15,724,853
<u>OPERATING EXPENSES</u>					
Wages and benefits	678,936	547,535	350,846	-	1,577,317
Cost of services and supplies	1,401,893	2,688,821	167,745	1,122,679	5,381,138
Administration	820,454	768,793	249,965	255,851	2,095,063
Depreciation	1,526,795	394,409	415,543	-	2,336,747
Total operating expenses	4,428,078	4,399,558	1,184,099	1,378,530	11,390,265
Operating income (loss)	2,855,656	739,220	664,519	75,193	4,334,588
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Interest and other financial	(596,780)	(9,525)	(393,949)	-	(1,000,254)
Interest income	55,460	55,018	56,240	-	166,718
Gain (loss) on sale of assets	(3,249)	(4,089)	8,585	-	1,247
Total nonoperating revenues (expenses)	(544,569)	41,404	(329,124)	-	(832,289)
Income before contributions and transfers	2,311,087	780,624	335,395	75,193	3,502,299
Developer contributions	1,935,473	1,082,455	1,619,343	-	4,637,271
Impact fees	538,942	233,756	302,430	-	1,075,128
Transfers in	-	-	195,000	-	195,000
Transfers out	(80,000)	(40,000)	-	-	(120,000)
Change in net position	4,705,502	2,056,835	2,452,168	75,193	9,289,698
Total net position - beginning, as restated	39,358,324	19,849,846	12,710,923	167,857	72,086,950
Total net position - ending	\$ 44,063,826	\$ 21,906,681	\$ 15,163,091	\$ 243,050	\$ 81,376,648

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, 2018

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Storm Drain	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 7,229,411	\$ 5,101,335	\$ 1,850,573	\$ 1,452,989	\$ 15,634,308
Payments to suppliers	(1,394,393)	(2,688,033)	(167,745)	(1,185,794)	(5,435,965)
Interfund services	(820,454)	(768,793)	(249,965)	(255,851)	(2,095,063)
Payments to employees	(675,249)	(548,719)	(350,244)	-	(1,574,212)
Net cash provided by operating activities	4,339,315	1,095,790	1,082,619	11,344	6,529,068
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from/(to) other funds	(80,000)	(40,000)	195,000	-	75,000
Net cash provided (used) by noncapital financing activities	(80,000)	(40,000)	195,000	-	75,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Impact fees	538,942	233,756	302,430	-	1,075,128
Purchase of capital assets	(3,719,184)	(1,174,359)	(797,074)	-	(5,690,617)
Proceeds from disposal of assets	5,375	-	18,699	-	24,074
Payments on note receivable	-	84,318	49,790	-	134,108
Principal paid on capital debt	(1,140,334)	(51,000)	(450,762)	-	(1,642,096)
Interest and fees paid on capital debt	(557,424)	(8,692)	(400,387)	-	(966,503)
Net cash provided (used) by capital and related financing activities	(4,872,625)	(915,977)	(1,277,304)	-	(7,065,906)
CASH FLOW FROM INVESTING ACTIVITIES					
Interest income	55,460	55,018	56,240	-	166,718
Net increase (decrease) in cash and cash equivalents	(557,850)	194,831	56,555	11,344	(295,120)
Cash and cash equivalents - beginning of year	5,816,539	2,738,095	3,432,322	61,339	12,048,295
Cash and cash equivalents - end of year	\$ 5,258,689	\$ 2,932,926	\$ 3,488,877	\$ 72,683	\$ 11,753,175
Reconciliation of operating income to net cash provided					
by operating activities:					
Operating income	\$ 2,855,656	\$ 739,220	\$ 664,519	\$ 75,193	\$ 4,334,588
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,526,795	394,409	415,543	-	2,336,747
(Increase) decrease in receivables	(55,409)	(37,443)	1,644	(734)	(91,942)
Increase (decrease) in accounts payable and accrued liabilities	8,586	788	311	(63,115)	(53,430)
Increase (decrease) in compensated absences and pensions	3,687	(1,184)	602	-	3,105
Total Adjustments	1,483,659	356,570	418,100	(63,849)	2,194,480
Net cash provided by operating activities	\$ 4,339,315	\$ 1,095,790	\$ 1,082,619	\$ 11,344	\$ 6,529,068
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	\$ 1,935,473	\$ 1,082,455	\$ 1,619,343	\$ -	\$ 4,637,271

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

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). The component unit discussed below is included as part of the City’s reporting entity as a blended component unit.

Component Unit

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.

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 non-fiduciary 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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds 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.

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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial resources 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.

Additionally, the City reports the following nonmajor governmental funds 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.

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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 includes 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 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, 2018, 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, 2018 is \$19,502.

Inventory

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

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 120 hours expires at the end of the calendar year. 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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows and Outflows of Resources (Continued)

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.

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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	\$ 133,824,725
Accumulated depreciation	(35,633,301)
Total difference	\$ 98,191,424

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, 2018 were:

General obligation	\$ 12,475,000
Tax increment revenue (Redevelopment Agency)	14,837,000
Sales tax revenue	1,617,000
Unamortized bond issuance premiums	456,970
Other long-term liabilities	3,447,845
Total difference	\$ 32,833,815

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

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

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	\$ 13,502,009
Depreciation expense	(2,874,743)
Net difference, as reported	\$ 10,627,266

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 22, 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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

- 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.

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 to be 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.

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, 2018

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 Money Management Act.

The City has investments managed by Moreton Asset Management, LLC. Moreton Asset Management, LLC, an investment advisor approved by the Utah State Treasurer, invests City money in compliance with the Utah Money Management Act.

The City has investments held by a trustee in a Money Market Mutual Fund (MMMF). The mutual fund invests exclusively in the United States government securities. The City also has investments in an overnight international sweep account.

As of June 30, 2018, 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)	\$ 32,628,899	\$ 32,628,899	\$ -	\$ -	\$ -
U.S. Bank:					
First American Government Money Market Fund	1,136,644	1,136,644		-	-
Money Market Fund	661,322	661,322		-	-
	<u>\$ 34,426,865</u>	<u>\$ 34,426,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Credit Risk (Continued)

At June 30, 2018, 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)	\$ 32,628,899	\$ -	\$ -	\$ -	\$ 32,628,899
U.S. Bank:					
First American Government Money Market Fund	1,136,644	1,136,644			
Money Market Fund	661,322	661,322	-	-	-
	<u>\$ 34,426,865</u>	<u>\$ 1,797,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,628,899</u>

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	\$ 20,019,544
Restricted cash	15,633,911
	<u>\$ 35,653,455</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.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Public Treasurers Investment Fund (PTIF) – External Investment Pool (Continued)

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, 2018, the City had \$32,628,899 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.

Receivables

Receivables as of June 30, 2018 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

	General	RDA	Debt Service	Total
Receivables:				
Taxes	\$ 2,901,309	\$ -	\$ -	\$ 2,901,309
Accounts and other	1,863,350	197,122	924,696	2,985,168
Gross receivables	4,764,659	197,122	924,696	5,886,477
Less: allowance for uncollectibles	-	-	-	-
Net total receivables	<u>\$ 4,764,659</u>	<u>\$ 197,122</u>	<u>\$ 924,696</u>	<u>\$ 5,886,477</u>

Business-type Funds

	Water	Sewer	Storm Drain	Sanitation	Total
Receivables:					
Accounts	\$ 772,228	\$ 756,022	\$ 237,203	\$ 173,420	\$ 1,938,873
Gross receivables	772,228	756,022	237,203	173,420	1,938,873
Less: allowance for uncollectibles	(10,752)	(3,941)	(1,756)	(3,053)	(19,502)
Net total receivables	<u>\$ 761,476</u>	<u>\$ 752,081</u>	<u>\$ 235,447</u>	<u>\$ 170,367</u>	<u>\$ 1,919,371</u>

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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:

	Deferred	Unavailable
Note receivable (Governmental Funds)	\$ -	\$ 14,837,000
Property taxes receivable (Governmental Funds)	4,023,127	-
Total deferred/unearned revenue for governmental funds	\$ 4,023,127	\$ 14,837,000

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, 2018, the note receivable balance was \$ 14,837,000. For the year ended June 30, 2018, the developers (original and new) contributed \$1,555,661.

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, 2018, the outstanding balance of \$298,740 is considered noncurrent. A payment of \$49,790 was made in 2018.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	07/01/17	Increases	Decreases	06/30/18
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 47,275,931	\$ -	\$ -	\$ 47,275,931
Construction in progress	127,135	3,558,981	-	3,686,116
Total capital assets, not depreciated	47,403,066	3,558,981	-	50,962,047
Capital assets, depreciated:				
Buildings and improvements	13,546,261	583,172	(561,666)	13,567,767
Infrastructure	53,695,131	9,049,037	-	62,744,168
Automobiles, machinery and equipment	6,616,174	310,819	(376,250)	6,550,743
Total capital assets, depreciated	73,857,566	9,943,028	(937,916)	82,862,678
Accumulated depreciation:				
Buildings	(6,087,137)	(366,943)	452,992	(6,001,088)
Infrastructure	(22,846,328)	(2,097,909)	-	(24,944,237)
Automobiles, machinery and equipment	(4,535,800)	(409,891)	257,715	(4,687,976)
Total accumulated depreciation	(33,469,265)	(2,874,743)	710,707	(35,633,301)
Total capital assets, depreciated (net)	40,388,301	7,068,285	(227,209)	47,229,377
Net governmental capital assets	<u>\$ 87,791,367</u>	<u>\$ 10,627,266</u>	<u>\$ (227,209)</u>	<u>\$ 98,191,424</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Land and rights of way	\$ 9,301,927	\$ -	\$ -	\$ 9,301,927
Water shares	1,981,938	-	-	1,981,938
Construction in progress	3,127,789	2,665,543	(2,580,956)	3,212,376
Total capital assets, not depreciated	14,411,654	2,665,543	(2,580,956)	14,496,241
Capital assets, depreciated:				
Infrastructure	100,443,958	9,622,655	-	110,066,613
Automobiles, machinery and equipment	1,634,829	620,644	(36,703)	2,218,770
Total capital assets, depreciated	102,078,787	10,243,299	(36,703)	112,285,383
Accumulated depreciation:				
Infrastructure	(25,835,090)	(2,181,019)	-	(28,016,109)
Automobiles, machinery and equipment	(860,656)	(155,728)	13,878	(1,002,506)
Total accumulated depreciation	(26,695,746)	(2,336,747)	13,878	(29,018,615)
Total capital assets, depreciated (net)	75,383,041	7,906,552	(22,825)	83,266,768
Net business-type capital assets	<u>\$ 89,794,695</u>	<u>\$ 10,572,095</u>	<u>\$ (2,603,781)</u>	<u>\$ 97,763,009</u>

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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

Governmental activities:		
General government	\$	267,939
Public safety		92,572
Highways and public improvements		2,425,798
Parks, recreation, and public property		88,434
		<hr/>
Total depreciation expense - governmental activities	\$	<u>2,874,743</u>
Business-type activities:		
Water	\$	1,526,795
Sewer		394,409
Storm drain		415,543
		<hr/>
Total depreciation expense - business-type activities	\$	<u>2,336,747</u>

Related Organizations and Interlocal Agreements

The City has activities with two related organizations, the Metropolitan Water District of Pleasant Grove and the Pleasant Grove Chamber of Commerce. City officials appoint members of these boards and provides certain funding annually, but the City's accountability does not extend beyond these two actions. During the year ended June 30, 2018, \$347,094 and \$20,000 respectively, was contributed to these organizations.

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 2018, the City subsidized Fox Hollow to help with both debt service and operations in the amount of \$240,000.

Interfund Receivable, Payables and Transfers

At June 30, 2018, interfund balances of \$1,024,701 remained between the General Fund and the Capital Projects and Debt Service Funds. Transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2018 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 674,496
General fund	Capital projects fund	986,657
General fund	Debt service fund	557,505
General fund	Storm drain fund	75,000
Water fund	Storm drain fund	80,000
Sewer fund	Storm drain fund	40,000
Capital projects fund	Debt service fund	348,835
Nonmajor governmental funds	Capital projects fund	45,000
		<hr/>
		<u>\$ 2,807,493</u>

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount at 6/30/18
General Obligation, Series 2016	\$ 3,750,000	\$35,000 to \$324,000	2.21%	10/1/31	\$ 3,715,000
General Obligation, Series 2017	<u>9,060,000</u>	\$300,000 to \$605,000	2.00%	4/1/37	<u>8,760,000</u>
	<u>\$ 12,810,000</u>				<u>\$ 12,475,000</u>

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

	Principal	Interest	Totals
2019	\$ 559,000	\$ 363,299	\$ 922,299
2020	571,000	351,593	922,593
2021	584,000	339,620	923,620
2022	601,000	327,382	928,382
2023	622,000	307,500	929,500
2024 - 2028	3,470,000	1,211,818	4,681,818
2029 - 2033	3,758,000	669,361	4,427,361
2034 - 2037	<u>2,310,000</u>	<u>75,075</u>	<u>2,385,075</u>
	<u>\$ 12,475,000</u>	<u>\$ 3,645,647</u>	<u>\$ 16,120,647</u>

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2018 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount at 6/30/18
<u>Tax Revenue Bonds</u>					
Tax Increment, Series 2011	\$ 18,383,000	\$511,000 to \$12,560,000	5.79%	12/1/21	\$ 14,837,000
Sales Tax, Series 2012:					
Governmental funds portion (70%)	3,073,000	\$15,000 to \$147,000	2.00% to 3.00%	12/1/22	1,617,000
Enterprise funds portion (30%)	1,317,000	\$35,000 to \$343,000	2.00% to 3.00%	12/1/22	693,000
<u>Water Revenue Bonds</u>					
Series 2002A	150,000	\$7,000 to \$18,000	0.00%	12/1/18	18,000
Series 2004	1,520,000	\$64,000 to \$75,000	1.70%	12/1/25	669,000
Series 2006	350,000	\$15,000 to \$21,000	1.70%	12/1/26	155,000
Series 2008	10,725,000	\$225,000 to \$2,710,000	4.00% to 5.25%	12/1/33	350,000
Series 2010 (BAB)	1,000,000	\$38,000 to \$64,000	2.71%	12/1/31	754,000
Series 2015	8,995,000	\$160,000 to \$705,000	2.00% to 4.00%	12/1/31	8,225,000
Series 2016	8,945,000	\$80,000 to \$690,000	2.70%	12/1/33	8,760,000
<u>Storm Water Revenue Bonds</u>					
Series 2011	7,050,000	\$185,000 to \$440,000	2.00% to 4.00%	7/15/36	5,870,000
Series 2013	5,500,000	\$125,000 to \$320,000	2.00% to 4.00%	7/15/38	4,910,000
	<u>\$ 67,008,000</u>				<u>\$ 46,858,000</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, 2018

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>
2019	\$ 2,672,000	\$ 1,866,445	\$ 4,538,445
2020	2,757,000	1,766,365	4,523,365
2021	2,858,000	1,670,981	4,528,981
2022	15,181,000	1,216,692	16,397,692
2023	1,708,000	782,591	2,490,591
2024 -2028	8,581,000	3,085,615	11,666,615
2029 -2033	9,006,000	1,548,412	10,554,412
2034 -2038	3,775,000	379,115	4,154,115
2039	320,000	6,400	326,400
	<u>\$ 46,858,000</u>	<u>\$ 12,322,615</u>	<u>\$ 59,180,615</u>

Notes Payable

The City entered into a 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, \$1,536,382 has been remitted to the County. As of June 30, 2018, the outstanding balance was \$1,363,618. During 2018, \$510,013 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, 2018, the outstanding balance was \$9,745.

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 (2.04% to 2.40%).

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital and Operating Leases (Continued)

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 476,072	\$ 20,150	\$ 50,262	\$ 4,279
2020	373,332	13,628	51,770	3,256
2021	312,484	8,793	53,323	2,203
2022	186,048	3,818	54,444	1,118
2023	15,665	169	-	-
	<u>\$ 1,363,601</u>	<u>\$ 46,558</u>	<u>\$ 209,799</u>	<u>\$ 10,856</u>

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>07/01/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/18</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation	\$ 12,985,000	\$ -	(510,000)	\$ 12,475,000	\$ 559,000
Excise tax revenue	530,000	-	(530,000)	-	-
Tax increment revenue	15,514,000	-	(677,000)	14,837,000	717,000
Sales tax revenue	1,914,500	-	(297,500)	1,617,000	304,500
Add: unamortized premium	489,532	-	(32,562)	456,970	-
Total bonds payable	31,433,032	-	(2,047,062)	29,385,970	1,580,500
Other long-term liabilities:					
Post-employment benefits	26,849	-	(16,985)	9,864	9,864
Compensated absences	708,598	363,210	(361,046)	710,762	363,210
Capital leases	1,526,335	410,000	(572,734)	1,363,601	476,072
Note payable	1,873,631	-	(510,013)	1,363,618	-
Governmental activities, long-term liabilities	<u>\$ 35,568,445</u>	<u>\$ 773,210</u>	<u>\$ (3,507,840)</u>	<u>\$ 32,833,815</u>	<u>\$ 2,429,646</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	\$ 20,020,000	\$ -	\$ (1,089,000)	\$ 18,931,000	\$ 1,135,000
Storm Water revenue	11,155,000	-	(375,000)	10,780,000	385,000
Sales tax revenue	820,500	-	(127,500)	693,000	130,500
Add: unamortized premium	1,043,872	-	(76,415)	967,457	-
Total bonds payable	33,039,372	-	(1,667,915)	31,371,457	1,650,500
Other long-term liabilities:					
Compensated absences	113,001	115,131	(123,555)	104,577	62,447
Capital leases	209,799	-	(50,262)	159,537	51,770
Notes payable	10,079	-	(334)	9,745	348
Business-type activities, long-term liabilities	<u>\$ 33,372,251</u>	<u>\$ 115,131</u>	<u>\$ (1,842,066)</u>	<u>\$ 31,645,316</u>	<u>\$ 1,765,065</u>

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

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

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, 2018 there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2018 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 \$569,641 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies.

During the year ended June 30, 2018, funds expended by the RDA were limited to the categories of redevelopment, administration costs, and debt service. Administrative costs totaled \$261,065, and debt service costs totaled \$1,558,961. 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, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Firefighters Retirement System (Firefighters System) are multiple employer, cost-sharing, retirement systems.
- 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, 2018

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
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 all years	Up to 2.50%

*with actuarial reductions

**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.

Contributions

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, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Utah Retirement Systems

Contribution rates as of June 30, 2018 are as follows:

	<u>Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111- Local Governmental Division Tier 2	N/A	15.11%	1.58%
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	22.57%	1.26%
<i>Noncontributory System</i>			
43- Other Div A with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31- Other Division A	15.05	3.930%	N/A
132- Tier 2 DB Hybrid Firefighters	N/A	10.82%	1.26%
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, 2018, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 487,588	N/A
Public Safety System	309,547	-
Firefighters System	18,178	-
Tier 2 Public Employees System	112,976	-
Tier 2 Public Safety and Firefighter	113,873	-
Tier 2 DC Only System	14,215	N/A
Tier 2 DC Public Safety and Firefighter System	4,894	N/A
Total Contributions	<u>\$ 1,061,271</u>	<u>\$ -</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.

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

At June 30, 2018, the City reported a net pension asset of \$109,332 and a net pension liability of \$2,489,240.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

	Measurement Date: December 31, 2017			Proportionate Share December 31, 2016	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 1,410,332	0.3218981%	0.3274636%	-0.0055655%
Public Safety System	\$ -	\$ 1,072,857	0.6839326%	0.7325669%	-0.0486343%
Firefighters System	\$ 103,437	\$ -	1.6561702%	1.9967965%	-0.3406263%
Tier 2 Public Employees System	\$ -	\$ 6,051	0.0686307%	0.0702846%	-0.0016539%
Tier 2 Public Safety and Firefighter	\$ 5,895	\$ -	0.5094809%	0.4367920%	0.0726889%
Total Net Pension Asset / Liability	<u>\$ 109,332</u>	<u>\$ 2,489,240</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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.

For the year ended June 30, 2018, the City recognized pension expense of \$1,056,396.

At June 30, 2018, 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	\$ 34,761	\$ 298,179
Changes in assumptions	1,063,879	82,166
Net difference between projected and actual earnings on pension plan investments	567,738	1,488,177
Changes in proportion and differences between contributions and proportionate share of contributions	83,304	102,802
Contributions subsequent to the measurement date	524,792	-
Total	<u>\$ 2,274,474</u>	<u>\$ 1,971,324</u>

\$524,792 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year ended June 30, 2018, but subsequent to the measurement date of December 31, 2016.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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
2018	\$ 112,915
2019	175,658
2020	(44,691)
2021	(310,419)
2022	22,346
Thereafter	22,549

Actuarial Assumptions

The total pension liability in the December 31, 2017 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, 2017, 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:

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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	13.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	18.00%	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.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 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 was reduced to 6.95 percent from 7.20 percent 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	\$ 3,814,200	\$ 1,410,332	\$ (588,365)
Public Safety System	2,703,116	1,072,857	(248,450)
Firefighters System	441,333	(103,437)	(543,619)
Tier 2 Public Employees System	71,247	6,051	(44,225)
Tier 2 Public Safety and Firefighter	52,205	(5,895)	(50,283)
Total	\$ 7,082,101	\$ 2,379,908	\$ (1,474,942)

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Pension Plan Fiduciary Net Position

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

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:

<u>401(k) Plan</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer Contributions	\$ 45,789	\$ 40,860	\$ 17,309
Employee Contributions	5,044	2,150	-

5. PRIOR PERIOD ADJUSTMENT

During 2018, it was discovered that the calculation used to estimate the unbilled utility accounts receivable was outdated, resulting in accounts receivable and net position for the water and sewer funds at June 30, 2017 being understated. As a result, net position and accounts receivable for the water and sewer funds were increased by \$102,229 and \$67,008, respectively.

PLEASANT GROVE CITY
Notes to the Financial Statements (Continued)
June 30, 2018

6. 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.

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.

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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
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 employee 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-employee payroll	52.88%	98.91%	-17.73%	0.90%	-1.10%
Plan fiduciary net position as a percentage of its covered-employee 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 employee 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-employee payroll	75.95%	129.78%	-2.38%	1.36%	-1.05%
Plan fiduciary net position as a percentage of its covered-employee 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 employee 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-employee payroll	67.55%	112.30%	-5.82%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of its covered-employee 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 employee 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-employee payroll	50.73%	78.65%	-19.55%	-0.62%	-3.58%
Plan fiduciary net position as a percentage of its covered-employee payroll	90.20%	90.50%	103.50%	103.50%	120.50%

Note:

This schedule usually covers the 10 most recent fiscal years; however, only 2 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%
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%
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%
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%
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%
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%
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%

*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 issues.

PLEASANT GROVE CITY
Notes to the Required Supplementary Information
June 30, 2018

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

Changes in Assumptions

As a result of an experience study conducted as of December, 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

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SUPPLEMENTARY INFORMATION

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PLEASANT GROVE CITY
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2018

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	Dispatch	Swimming Pool	Community Center	Cultural Arts	Library	
<u>ASSETS</u>						
Cash, cash equivalents, and investments						
Unrestricted	\$ 126,890	\$ 198,754	\$ 85,903	\$ 19,868	\$ 9,492	\$ 440,907
Restricted	-	-	-	-	5,830	5,830
Total assets	\$ 126,890	\$ 198,754	\$ 85,903	\$ 19,868	\$ 15,322	\$ 446,737
<u>LIABILITIES</u>						
Accrued liabilities	\$ 5,357	\$ 10,416	\$ 5,022	\$ -	\$ -	\$ 20,795
Total liabilities	5,357	10,416	5,022	-	-	20,795
<u>FUND BALANCES</u>						
Restricted for:						
Dispatch	121,533	-	-	-	-	121,533
Library	-	-	-	-	15,322	15,322
Total restricted	121,533	-	-	-	15,322	136,855
Assigned	-	188,338	80,881	19,868	-	289,087
Total fund balances	121,533	188,338	80,881	19,868	15,322	425,942
Total liabilities and fund balances	\$ 126,890	\$ 198,754	\$ 85,903	\$ 19,868	\$ 15,322	\$ 446,737

PLEASANT GROVE CITY
Combining Statement of Revenues, Expenses, and Changes in Net Position –
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	<u>Dispatch</u>	<u>Swimming Pool</u>	<u>Community Center</u>	<u>Cultural Arts</u>	<u>Library</u>	
<u>REVENUES</u>						
Intergovernmental	\$ 222,842	\$ -	\$ -	\$ -	\$ -	\$ 222,842
Charges for services	-	358,543	1,169,444	97,694	-	1,625,681
Interest income	1,819	-	-	-	684	2,503
Miscellaneous	-	-	39,120	219	10,429	49,768
Total revenues	224,661	358,543	1,208,564	97,913	11,113	1,900,794
<u>EXPENDITURES</u>						
Public safety	593,845	-	-	-	-	593,845
Parks, recreation, and public property	-	441,260	1,171,756	115,204	45,392	1,773,612
Total expenditures	593,845	441,260	1,171,756	115,204	45,392	2,367,457
Excess (deficiency) of revenues over (under) expenditures	(369,184)	(82,717)	36,808	(17,291)	(34,279)	(466,663)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	394,820	180,106	76,958	22,612	-	674,496
Transfers out	-	-	(45,000)	-	-	(45,000)
Total other financing sources (uses)	394,820	180,106	31,958	22,612	-	629,496
Net change in fund balance	25,636	97,389	68,766	5,321	(34,279)	162,833
Fund balances at beginning of year	95,897	90,949	12,115	14,547	49,601	263,109
Fund balances at end of year	\$ 121,533	\$ 188,338	\$ 80,881	\$ 19,868	\$ 15,322	\$ 425,942

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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ 229,870	\$ 229,870	\$ 222,842	\$ (7,028)
Interest income	200	200	1,819	1,619
Total revenues	<u>230,070</u>	<u>230,070</u>	<u>224,661</u>	<u>(5,409)</u>
<u>EXPENDITURES</u>				
Public safety	624,890	624,890	593,845	31,045
Total expenditures	<u>624,890</u>	<u>624,890</u>	<u>593,845</u>	<u>31,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(394,820)</u>	<u>(394,820)</u>	<u>(369,184)</u>	<u>25,636</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	394,820	394,820	394,820	-
Total other financing sources (uses)	<u>394,820</u>	<u>394,820</u>	<u>394,820</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	25,636	<u>\$ 25,636</u>
Fund balance at beginning of year			<u>95,897</u>	
Fund balance at end of year			<u>\$ 121,533</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ 250,000	\$ 252,071	\$ 358,543	\$ 106,472
Total revenues	<u>250,000</u>	<u>252,071</u>	<u>358,543</u>	<u>106,472</u>
<u>EXPENDITURES</u>				
Parks, recreation, and public property	430,106	442,986	441,260	1,726
Total expenditures	<u>430,106</u>	<u>442,986</u>	<u>441,260</u>	<u>1,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180,106)</u>	<u>(190,915)</u>	<u>(82,717)</u>	<u>108,198</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	180,106	180,106	180,106	-
Total other financing sources (uses)	<u>180,106</u>	<u>180,106</u>	<u>180,106</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,809)</u>	97,389	<u>\$ 108,198</u>
Fund balance at beginning of year			<u>90,949</u>	
Fund balance at end of year			<u>\$ 188,338</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ 1,192,000	\$ 1,196,320	\$ 1,169,444	\$ (26,876)
Donations and reimbursements	25,000	25,000	39,120	14,120
Total revenues	<u>1,217,000</u>	<u>1,221,320</u>	<u>1,208,564</u>	<u>(12,756)</u>
<u>EXPENDITURES</u>				
Parks, recreation, and public property	1,248,958	1,253,278	1,171,756	81,522
Total expenditures	<u>1,248,958</u>	<u>1,253,278</u>	<u>1,171,756</u>	<u>81,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,958)</u>	<u>(31,958)</u>	<u>36,808</u>	<u>68,766</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	76,958	76,958	76,958	-
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	<u>31,958</u>	<u>31,958</u>	<u>31,958</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>68,766</u>	<u>\$ 68,766</u>
Fund balance at beginning of year			<u>12,115</u>	
Fund balance at end of year			<u>\$ 80,881</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ 90,000	\$ 90,000	\$ 97,694	\$ 7,694
Donations and reimbursements	-	-	219	219
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>97,913</u>	<u>7,913</u>
<u>EXPENDITURES</u>				
Parks, recreation, and public property	104,000	115,500	115,204	296
Total expenditures	<u>104,000</u>	<u>115,500</u>	<u>115,204</u>	<u>296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,000)</u>	<u>(25,500)</u>	<u>(17,291)</u>	<u>8,209</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	22,612	22,612	22,612	-
Total other financing sources (uses)	<u>22,612</u>	<u>22,612</u>	<u>22,612</u>	<u>-</u>
Net change in fund balance	<u>\$ 8,612</u>	<u>\$ (2,888)</u>	5,321	<u>\$ 8,209</u>
Fund balance at beginning of year			<u>14,547</u>	
Fund balance at end of year			<u>\$ 19,868</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Donations and reimbursements	\$ 6,000	\$ 6,000	\$ 10,429	\$ 4,429
Interest income	400	400	684	284
Total revenues	<u>6,400</u>	<u>6,400</u>	<u>11,113</u>	<u>4,713</u>
<u>EXPENDITURES</u>				
Parks, recreation, and public property	25,000	50,000	45,392	4,608
Total expenditures	<u>25,000</u>	<u>50,000</u>	<u>45,392</u>	<u>4,608</u>
Net change in fund balance	<u>\$ (18,600)</u>	<u>\$ (43,600)</u>	(34,279)	<u>\$ 9,321</u>
Fund balance at beginning of year			<u>49,601</u>	
Fund balance at end of year			<u>\$ 15,322</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 15,000	\$ 203,090	\$ 188,090
Interest income	-	-	200,386	200,386
Impact fees	448,835	448,835	1,522,930	1,074,095
Miscellaneous	51,500	51,500	35,449	(16,051)
Total revenues	<u>500,335</u>	<u>515,335</u>	<u>1,961,855</u>	<u>1,446,520</u>
<u>EXPENDITURES</u>				
General government	75,000	75,000	92,473	(17,473)
Public safety	-	-	312,519	(312,519)
Parks, recreation, and public property	45,000	64,528	67,235	(2,707)
Capital outlay and projects	934,672	11,463,048	3,342,841	8,120,207
Debt service				
Principal	503,502	1,157,520	1,831,418	(673,898)
Interest and other financial	-	168,541	32,485	136,056
Total expenditures	<u>1,558,174</u>	<u>12,928,637</u>	<u>5,678,971</u>	<u>7,249,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,057,839)</u>	<u>(12,413,302)</u>	<u>(3,717,116)</u>	<u>8,696,186</u>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from issuance of debt	495,850	495,850	410,000	(85,850)
Proceeds from sale of assets	168,000	208,751	189,676	(19,075)
Transfers in	556,657	556,657	1,031,657	475,000
Transfers out	(520,335)	(520,335)	(348,835)	171,500
Total other financing sources (uses)	<u>700,172</u>	<u>740,923</u>	<u>1,282,498</u>	<u>541,575</u>
Net change in fund balance	<u>\$ (357,667)</u>	<u>\$ (11,672,379)</u>	<u>(2,434,618)</u>	<u>\$ 9,237,761</u>
Fund balance at beginning of year			<u>11,742,443</u>	
Fund balance at end of year			<u>\$ 9,307,825</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes:				
Property	\$ 925,022	\$ 925,022	\$ 925,022	\$ -
Interest income	-	-	1,728	1,728
	<u>925,022</u>	<u>925,022</u>	<u>926,750</u>	<u>1,728</u>
<u>EXPENDITURES</u>				
Debt service				
Principal	1,337,500	1,337,500	1,337,500	-
Interest and other financial	493,862	493,862	493,860	2
	<u>1,831,362</u>	<u>1,831,362</u>	<u>1,831,360</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(906,340)</u>	<u>(906,340)</u>	<u>(904,610)</u>	<u>1,730</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	906,340	906,340	906,340	-
	<u>906,340</u>	<u>906,340</u>	<u>906,340</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,730	<u>\$ 1,730</u>
Fund balance at beginning of year			<u>183,066</u>	
Fund balance at end of year			<u>\$ 184,796</u>	

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Statistical Section



PLEASANT GROVE CITY

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2009</u>	<u>2010</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>
Governmental activities										
Net Investment in Capital Assets	\$ 47,283	\$ 47,248	\$ 49,239	\$ 50,312	\$ 50,796	\$ 50,566	\$ 52,593	\$ 51,330	\$ 62,432	\$ 73,541
Restricted	4,379	3,216	2,857	2,774	3,056	4,038	4,390	5,053	13,958	13,816
Unrestricted	3,035	3,556	2,939	2,166	2,426	3,101	998	23,328	6,699	9,630
Total governmental activities net position	<u>54,697</u>	<u>54,020</u>	<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>
Business-type activities										
Net Investment in Capital Assets	39,175	40,001	40,329	47,175	48,324	49,572	48,630	51,387	57,964	67,551
Restricted	-	2,639	1,731	1,638	2,536	4,055	6,578	5,538	5,966	5,517
Unrestricted	8,249	4,150	4,998	4,929	5,927	5,858	7,222	9,845	7,988	8,309
Total business-type activities net position	<u>47,424</u>	<u>46,789</u>	<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>
Primary government										
Net Investment in Capital Assets	86,458	87,248	89,568	97,487	99,120	100,138	101,223	102,717	120,396	141,092
Restricted	4,379	5,855	4,588	4,412	5,592	8,093	10,968	10,591	19,924	19,333
Unrestricted	11,283	7,706	7,937	7,095	8,353	8,959	8,220	33,173	14,687	17,939
Total primary government net position	<u>\$ 102,121</u>	<u>\$ 100,809</u>	<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>

PLEASANT GROVE CITY

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 4,664	\$ 3,344	\$ 3,213	\$ 3,127	\$ 2,975	\$ 1,610	\$ 1,075	\$ 4,546	\$ 4,757	\$ 4,222
Community Development	-	939	826	995	1,234	1,321	1,422	970	1,115	936
Public Works	3,453	3,594	3,586	2,337	2,424	2,477	2,654	2,902	4,435	2,586
Public Safety	5,257	5,601	5,452	5,496	5,634	6,096	6,296	6,159	5,835	6,646
Parks & Recreation	3,280	3,681	3,469	3,820	3,958	4,063	4,508	4,052	3,588	4,111
Interest on long-term debt	1,501	1,268	1,672	1,665	1,489	1,441	1,335	1,286	1,491	1,423
Total governmental activities expense	<u>18,156</u>	<u>18,427</u>	<u>18,218</u>	<u>17,440</u>	<u>17,714</u>	<u>17,008</u>	<u>17,290</u>	<u>19,915</u>	<u>21,221</u>	<u>19,924</u>
Business-type activities										
Water	3,609	3,976	4,548	5,086	5,517	5,456	5,062	5,250	5,154	5,025
Sewer	2,673	3,134	3,521	3,380	3,632	3,583	4,267	4,502	4,531	4,409
Storm Drain	476	534	581	857	1,089	1,393	1,621	1,552	1,517	1,578
Sanitation	-	-	-	1,320	1,324	1,335	1,361	1,377	1,410	1,379
Total business-type activities expense	<u>6,757</u>	<u>7,644</u>	<u>8,650</u>	<u>10,643</u>	<u>11,562</u>	<u>11,767</u>	<u>12,311</u>	<u>12,681</u>	<u>12,612</u>	<u>12,391</u>
Total primary government expenses	<u>24,913</u>	<u>26,072</u>	<u>26,868</u>	<u>28,083</u>	<u>29,276</u>	<u>28,775</u>	<u>29,601</u>	<u>32,596</u>	<u>33,833</u>	<u>32,315</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	3,171	1,992	1,758	2,071	2,278	636	378	3,210	3,326	3,837
Community Development	-	331	293	187	406	694	1,019	-	-	-
Public Works	-	1,065	1,359	-	4	3	-	-	-	-
Public Safety	976	808	734	871	844	831	308	821	795	845
Parks & Recreation	1,060	1,398	1,456	1,541	1,611	1,643	1,595	1,588	1,686	1,922
Operating grants and contributions	671	432	544	529	376	387	431	757	355	522
Capital grants and contributions	6,064	1,845	3,151	1,903	2,581	3,899	3,108	7,043	5,508	11,975
Total governmental activities programs revenues	<u>11,942</u>	<u>7,870</u>	<u>9,295</u>	<u>7,102</u>	<u>8,100</u>	<u>8,093</u>	<u>6,839</u>	<u>13,419</u>	<u>11,670</u>	<u>19,101</u>
Business-type activities:										
Charges for services:										
Water	3,070	3,045	3,479	4,165	4,959	5,594	6,096	6,407	6,677	7,235
Sewer	2,229	2,961	3,253	3,886	4,280	4,367	4,563	4,642	4,889	5,075
Storm Drain	395	403	591	968	1,239	1,536	1,774	1,986	1,783	1,784
Sanitation	-	-	-	1,320	1,325	1,351	1,413	1,436	1,448	1,454
Operating grants and contributions	-	-	-	-	43	8	35	258	-	39
Capital grants and contributions	1,310	560	1,579	6,965	2,726	2,409	1,831	1,905	2,661	5,712
Total business-type activities program revenues	<u>7,004</u>	<u>6,970</u>	<u>8,902</u>	<u>17,304</u>	<u>14,572</u>	<u>15,265</u>	<u>15,712</u>	<u>16,634</u>	<u>17,458</u>	<u>21,299</u>
Total primary governmental program revenues	<u>18,946</u>	<u>14,840</u>	<u>18,197</u>	<u>24,406</u>	<u>22,672</u>	<u>23,358</u>	<u>22,551</u>	<u>30,053</u>	<u>29,128</u>	<u>40,400</u>

PLEASANT GROVE CITY

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2009</u>	<u>2010</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>
Net (Expense)/Revenue										
Governmental activities	\$ (6,214)	\$ (10,557)	\$ (8,923)	\$ (10,338)	\$ (9,614)	\$ (8,915)	\$ (10,451)	\$ (6,496)	\$ (9,551)	\$ (823)
Business-type activities	247	(674)	252	6,661	3,010	3,498	3,401	3,953	4,846	8,908
Total primary government net expense	<u>(5,968)</u>	<u>(11,231)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	3,338	3,346	2,969	3,151	3,226	3,059	3,077	3,509	4,079	5,092
Sales taxes	3,498	3,308	3,523	3,752	3,849	4,082	4,454	5,011	5,425	5,836
Franchise taxes	1,580	1,086	1,160	1,593	1,654	1,905	1,973	2,100	2,059	2,041
Other taxes	-	667	686	312	316	309	306	2,100	-	
Investment earnings	231	10	24	22	11	15	33	1,005	1,054	1,220
Miscellaneous	409	1,463	1,576	1,726	1,584	1,562	2,864	340	376	607
Transfers	-	-	-	-	-	141	(61)	(75)	(75)	(75)
Total governmental activities	<u>9,056</u>	<u>9,880</u>	<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>
Business-type activities:										
Investment earnings	160	40	17	23	35	47	46	70	109	167
Miscellaneous	-	-	-	-	-	-	15	64	118	138
Transfers	-	-	-	-	-	(141)	61	75	75	75
Gain on sale of assets	-	-	-	-	-	-	-	-	-	1
Total business-type activities	<u>160</u>	<u>40</u>	<u>17</u>	<u>23</u>	<u>35</u>	<u>(94)</u>	<u>122</u>	<u>209</u>	<u>302</u>	<u>381</u>
Total primary government	<u>9,216</u>	<u>9,919</u>	<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>
Change in Net Position										
Governmental activities	2,842	(677)	1,015	218	1,026	2,158	2,196	5,395	3,367	13,898
Business-type activities	407	(634)	269	6,684	3,045	3,404	3,523	4,163	5,147	9,290
Total primary government	<u>\$ 3,249</u>	<u>\$ (1,312)</u>	<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>

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

	<u>2009</u>	<u>2010</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>
General Fund										
Nonspendable										
Prepaid Expenses	\$ -	\$ -	\$ 274	\$ 276	\$ 241	\$ 722	\$ 548	\$ 465	\$ 299	\$ 239
Restricted for										
Donations	-	286	298	338	361	363	366	363	388	2,397
Class C Road Funds	2,888	328	1,620	1,740	1,672	1,392	1,516	1,516	850	664
Debt Service	-	1,203	-	-	-	-	-	-	-	-
Dispatch	720	749	-	-	-	-	-	-	-	-
Library Grants	62	54	-	-	-	-	-	-	-	-
Other	6	276	-	-	-	-	-	-	-	-
Unassigned	<u>4,512</u>	<u>3,230</u>	<u>2,011</u>	<u>2,104</u>	<u>2,686</u>	<u>2,149</u>	<u>2,073</u>	<u>2,595</u>	<u>2,910</u>	<u>4,585</u>
Total general fund	<u>\$ 8,188</u>	<u>\$ 6,126</u>	<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>
All Other Governmental Funds										
Nonspendable										
Prepaid Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ -	\$ -
Restricted for										
Debt Service	-	208	200	134	114	239	247	114	183	185
Dispatch	-	-	685	510	302	88	57	75	96	122
Library Grants	-	-	54	53	55	64	70	47	50	15
Impact Fees	709	673	-	-	552	1,891	2,133	1,904	1,638	1,537
Assigned to										
MBA	40	40	40	-	-	-	-	-	-	-
Debt Service	38	73	86	117	5	-	-	-	-	-
Capital Projects	2,517	303	1,036	506	219	437	617	672	10,104	7,771
Swimming Pool	-	-	5	11	17	11	30	22	91	188
Community Center	-	-	-	32	19	20	21	42	12	80
Cultural Arts	-	-	-	5	7	16	5	28	15	20
Redevelopment	-	-	-	-	14	-	-	269	532	841
Unassigned	<u>(916)</u>	<u>(498)</u>	<u>(275)</u>	<u>(140)</u>	<u>-</u>	<u>(195)</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 2,388</u>	<u>\$ 799</u>	<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>

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

	<u>2009</u>	<u>2010</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>
Revenues										
Taxes	\$ 8,318	\$ 8,593	\$ 8,453	\$ 8,745	\$ 9,158	\$ 9,381	\$ 9,830	\$ 10,620	\$ 11,563	\$ 12,969
Licenses, fees, and permits	285	212	254	260	480	765	673	608	638	914
Intergovernmental	1,506	1,398	1,713	2,012	1,367	1,496	1,465	1,850	1,636	1,816
Charges for services	4,027	4,234	4,602	3,665	4,012	2,435	2,292	4,613	4,802	5,329
Fines and penalties	556	554	406	541	354	378	336	399	366	360
Investment earnings	-	31	24	25	23	24	33	53	137	342
Impact fees	253	193	170	213	855	2,153	1,365	872	1,066	1,523
Loan repayment income	-	-	-	-	-	-	-	1,558	1,557	1,556
Miscellaneous	687	441	344	1,926	1,857	1,792	2,397	340	376	607
Total Revenues	15,631	15,656	15,966	17,387	18,106	18,424	18,391	20,913	22,141	25,416
Expenditures										
General government	4,398	3,145	3,152	2,927	2,883	1,498	1,717	4,259	4,571	3,948
Community Development	-	912	872	984	1,197	1,329	1,456	1,040	1,018	942
Public Works	5,745	3,211	1,933	552	566	566	844	1,410	2,168	2,248
Public Safety	5,969	5,205	5,388	5,781	5,476	5,739	7,144	6,115	6,202	6,556
Parks and Recreation	5,473	3,003	3,013	3,313	3,410	3,535	5,059	4,192	4,093	4,147
Capital outlay	-	2,597	791	1,128	1,071	1,802	-	704	833	4,105
Debt service										
Principal	886	1,373	1,652	19,658	1,669	1,790	1,811	2,271	3,012	3,097
Other	-	-	-	327	-	-	-	-	170	-
Interest	1,371	1,417	1,633	1,655	1,546	1,473	1,367	1,314	1,138	1,408
Total expenditures	23,843	20,865	18,434	36,325	17,818	17,732	19,398	21,305	23,205	26,451
Excess of revenues over (under) expenditures	(8,212)	(5,208)	(2,468)	(18,938)	288	692	(1,007)	(392)	(1,064)	(1,035)

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

	<u>2009</u>	<u>2010</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>
Other Financing Sources (Uses)										
Issuance of long term debt	3,813	232	-	18,588	280	98	-			
Proceeds from issuance of debt									13,254	410
Payments to bond escrow agent									(3,783)	
Contributions	4,237	1,325	1,548	-	-	-	-	-	-	1,959
Sale of capital assets	-	-	29	2	11	2	498	150	653	217
Proceeds from Capital Lease	-	-	-	-	-	-	1,087	786	-	
Transfers in	850	353	3,423	1,995	1,856	2,777	2,683	2,455	11,479	2,612
Transfers out	(850)	(353)	(3,423)	(1,995)	(1,856)	(2,636)	(2,744)	(2,530)	(11,554)	(2,687)
Total other financing sources (uses)	<u>8,050</u>	<u>1,557</u>	<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>
Net change in fund balances	<u>\$ (161)</u>	<u>\$ (3,651)</u>	<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>
Debt service as a percentage of noncapital expenditures	9%	15%	19%	61%	19%	20%	16%	17%	19%	17%

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
2009	\$ 1,191,562,784	\$ 1,569,868	\$ 222,627,106	\$ 29,580,081	\$ 30,988,017	\$ 22,552,289	\$ 1,498,880,145	0.001806	\$ 2,473,795,150	60.59%
2010	1,003,932,289	58,982,013	321,972,770	11,263,299	42,497,550	22,552,289	1,461,200,210	0.001943	2,282,599,356	64.01%
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	0.001884	3,235,360,345	63.73%

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)

City Direct Rates				Overlapping Rates			
Fiscal Year	Basic Rates	General Obligation Debt Service	Total Direct Rate	Alpine School District	Utah County	No UT Co Water Conservancy	Central Utah Water Conservancy District
2009	1.566	0.240	1.806	7.057	1.105	0.022	0.286
2010	1.696	0.247	1.943	7.541	1.203	0.024	0.400
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

Source: Utah State Tax Commission

PLEASANT GROVE CITY

Principal Property Tax Payers
Current Year and Nine Years ago

Taxpayer	2018			2009		
	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	\$ 62,288,291	1	3.68%			
Valley Grove LLC	28,182,900	2	1.67%			
Questar	20,752,736	3	1.23%			
Somerset Meadows II LLC	20,723,670	4	1.22%			
Pacificorp	15,448,017	5	0.91%	\$ 8,993,112	1	0.615%
ThorneBerry LTD	14,530,340	6	0.86%	5,610,550	9	0.384%
Valley Grove II LLC	14,368,700	7	0.85%			
Pleasant Springs	14,041,500	8	0.83%			
Residents at Mayfield LLC	13,938,400	9	0.82%			
DMB Investments	13,400,800	10	0.79%	5,793,000	8	0.396%
Green Grove Apartments				7,497,270	3	0.513%
Pen & Ink, LTD				7,041,763	4	0.482%
Amsource Pleasant Grove, LC				7,991,800	2	0.547%
Continental Pipe Manufacturing Co				6,975,200	5	0.477%
Qwest				6,628,352	6	0.454%
Pleasant Development, LLC				5,872,500	7	0.402%
Firmage Grove, LC				5,523,000	10	0.378%
Total	\$ 217,675,354		12.867%	\$ 67,926,547		4.649%

Source: Utah County

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

<u>Calendar Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2009	\$ 2,635,201	\$ 2,336,693	88.67%	\$ 298,508	\$ 2,635,201	100.00%	N/A	N/A
2010	2,741,579	2,425,620	88.48%	313,004	2,738,624	99.89%	2,955	0.11%
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%

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	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	\$ 4,912,740	-	\$ 4,912,740	0.199%	\$ 154
2010	4,791,584	-	4,791,584	0.210%	145
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

Source: Utah County

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

Fiscal Year	Pleasant Grove City Direct Rate	Utah County	State of Utah
2009	1.000%	0.800%	4.900%
2010	1.000%	0.800%	4.950%
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%

Sources: Utah State Tax Commission

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 Personal Income	Per Capita
	General Obligation	Excise Tax Road Bond	Sales Tax Revenue	Lease Revenue Bonds	Leases	Other Long-Term Debt	RDA Tax Increment Bond	Water Revenue	Sewer Revenue	Storm Drain Revenue	Sales Tax Revenue	Leases	Other Long-Term Debt				
2009	4,886	5,463	3,847	-	913	3,408	19,785	26,182	848	330	-	-	28	65,662	N/A	N/A	
2010	4,792	4,935	3,644	-	1,023	3,649	19,250	24,808	128	-	1,561	-	78	62,229	N/A	N/A	
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	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	68,104	8.61%	1,757	
2018	12,475	-	1,617	-	1,364	1,364	14,837	19,780	-	10,883	708	210	10	63,248	7.48%	1,628	

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, 2018

<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	\$ 583,087,196	8.93%	\$ 52,097,476
Utah County	259,070,000	5.69%	14,735,629
Central Utah Water Cons. District	915,290,188	1.52%	13,873,201
			<hr/>
Subtotal, overlapping debt			80,706,305
City direct debt			<hr/> 32,113,189
Total direct and overlapping debt			<hr/> \$ 112,819,494 <hr/>

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)	\$ 3,235,360
Debt limit (4% of assessed value)	129,414
Debt applicable to limit:	
General obligation bonds	(12,475)
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>(12,475)</u>
Legal debt margin	<u>\$ 116,939</u>

	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</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>
Debt limit	\$ 98,952	\$ 91,304	\$ 87,920	\$ 81,373	\$ 80,624	\$ 83,756	\$ 95,064	\$ 106,773	\$ 116,647	\$ 129,414
Total net debt applicable to limit	<u>(4,913)</u>	<u>(4,792)</u>	<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>
Legal debt margin	<u>\$ 94,039</u>	<u>\$ 86,512</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	4.97%	5.25%	5.31%	5.57%	5.45%	5.08%	4.29%	3.68%	11.13%	9.64%

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
2009	3,318	1,833	1,484	462	1,066	0.97	-	-	-	-	-	N/A	3,498	280	1,057	2.62
2010	3,160	1,867	1,293	690	1,102	0.72	-	-	-	-	-	N/A	3,308	825	1,036	1.78
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

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			
	Sales Tax Revenues	Debt Service			Property Tax Revenues	Debt Service			Class C Road Revenues	Debt Service		
		Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage
2009	3,498	280	255	6.53	317	115	202	1.00	865	495	66	1.54
2010	3,308	290	245	6.18	317	120	197	1.00	925	595	164	1.22
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

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
2008	32,000	567,664,787	17,740	N/A
2009	33,000	596,941,726	18,089	N/A
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%

Note 1: Unemployment Rate is for Utah County

PLEASANT GROVE CITY

Principal Employers
Last Eight Fiscal Years

<u>Employer</u>	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
doTerra International	1,000-1,999	1,000-1,999	1,000-1,999	500-999				
Alpine Building LLC			500-999					
Alpine School District	250-749	300-749	300-749	300-749	300-749	300-749	300-749	300-749
Niels Fugal Sons Company	250-499	100-249	100-249	100-249	100-249	100-249	100-249	
All Pro Security, LLC	100-249	50-99	50-99	50-99	50-99			
American Land and Leisure	100-249							
Culinary Crafts Catering	100-249							
Horrocks Engineers, Inc.	100-249	100-249	100-249	100-249	100-249	100-249	100-249	100-249
JD Steel	100-249					50-99	50-99	
Lincoln Academy	100-249	100-249	100-249	100-249	50-99	50-99	50-99	50-99
Maceys	100-249	100-249	100-249	100-249	100-249	100-249	100-249	100-249
Mile High Contracting		100-249	100-249	50-99	50-99			100-249
MOZY Decho Software					100-249	100-249	100-249	100-249
Open Edge					50-99			
Pleasant Grove City	100-249	100-249	100-249	100-249	100-249	100-249	100-249	100-249
Sundesha, LLC	100-249	100-249	100-249	50-99	50-99			
180 Fusion, LLC					50-99			
Accelerated Payment Tech						50-99		
Alpine Pediatrics	50-99	50-99	50-99	50-99	50-99	50-99	50-99	50-99
Asphalt Zipper	50-99	50-99	50-99					
Brundage-Bone Concrete Pumping	50-99							
Business Promotion					50-99			
Canyon Grove Academy	50-99							
Close to My Heart	50-99	50-99	50-99	100-249	100-249	100-249	100-249	100-249
Daybreak Training Services	50-99	50-99	50-99	50-99	50-99	50-99	50-99	50-99
Elite Grounds	50-99	50-99		50-99				
Event Production	50-99	50-99						
Extinct, LLC		50-99						
Has Leads					50-99			

Lopez Trading	50-99	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						
Mission Health Services	50-99					50-99	50-99	50-99	
Netsteps, LLC						50-99	50-99		
Packman, LLC		50-99		50-99					
Professional Dental	50-99								
Quail Run Primary School						50-99	50-99		
ROI Solutions					50-99	50-99	50-99		
Smith's Food and Drug	50-99	50-99	50-99	50-99	50-99	50-99	50-99	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				
Test Out Corporation	50-99	50-99	50-99	50-99	50-99				
Told Plumbing LLC	50-99								
The Void		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
U.S. Mechanical Limited Company	50-99					50-99	50-99		
Utah Pacific Bridge & Steel				50-99	50-99	50-99	50-99		
Utah Fertility Center	50-99								
Veracity Insurance Solutions, LLC	50-99								
Walmart	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	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>2009</u>	<u>2010</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>
General government										
Management services	1.0	1.0	1.0	1.0	1.0	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	3.0
Planning	3.0	3.0	3.0	3.0	3.0	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	2.0	2.0	3.0	3.0	3.0
Municipal Court	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Other	7.0	7.0	7.0	6.0	7.0	5.0	5.0	5.0	5.0	5.0
Police										
Officers	26.0	25.0	25.0	25.0	25.0	26.0	25.0	27.0	28.0	28.0
Civilians	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire										
Firefighters and officers	5.0	14.0	15.0	15.0	15.0	14.0	15.0	15.0	15.0	15.0
Refuse collections										
Other public works										
Engineering	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	3.0	3.0
Streets	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Storm Drain	2.0	2.0	2.0	2.0	2.0	3.0	3.0	4.0	3.0	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	15.0	15.0	14.0	16.0	16.0	16.0	17.0
Library	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water/Sewer	9.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0	11.0	11.0
Total	94.0	104.0	105.0	104.0	105.0	101.0	104.0	109.0	110.0	112.0

Source: Pleasant Grove City
 Note 1: Corrections made to FY2016

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

<u>Function/Program</u>	<u>Fiscal Year</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>
General government								
Building permits issued	178	260	361	372	*311	589	524	599
Building inspections conducted	1,713	1,714	4,215	3,387	*3,005	2,788	2,236	2,651
Police								
Physical arrests	1608	1,359	581	1,409	1,241	1,034	1,120	1,176
Parking violations	327	4	-	2	-	123	-	155
Traffic violations	3,302	4,608	2,798	2,566	2,264	2,187	1,860	1,613
Fire								
Emergency responses	859	1,388	1,199	1,330	1,486	1,401	1,453	1,500
Number of Transports	592	573	500	579	494	578	574	601
Average Response Time (Minutes)	5	5	4:14	4:51	3:36	3:29	3:62	4:48
Other public works								
Potholes repaired (tons of asphalt)	410	431	457	478	500	650	2,100	889
Parks and recreation								
Daily program participants- Community Center	12,761	11,813	12,298	33,084	20,072	18,096	17,227	17,344
Community center admissions	147,356	135,866	141,540	169,744	190,511	207,133	208,954	222,636
Daily pool passes							1,111	**
Pool bulk tickets							3,372	**
Pool admissions							24,274	47,863
Library								
Public service hours							3,248	3,248
Library visits							194,393	154,928
Material circulation							401,574	386,548
Library collection							117,000	107,736
Library programs							690	644
Library program attendance							26,577	22,463
Uses of wireless network							5,736	10,742
Water								
New connections	41	64	143	170	176	160	183	56
Culinary Water Breaks	66	82	127	127	140	106	190	200
PI Water Breaks	N/A	N/A	N/A	115	35	33	50	50
Average daily consumption (thousands of gallons)	2,623	2,821	2,709	2,702	2,867			
Culinary Water **						4,080	3,893	4,118
Pressurized Irrigation **						5,530	5,640	5,730

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 Eight Fiscal Years

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

Source: Pleasant Grove City

Note: Data for Years Previous to 2011 Unavailable

GOVERNMENT COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

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
Donald M. Jack, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

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 Auditors' 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, 2018, 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 10, 2018.

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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion 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.

Hansen, Bradshaw, Mahrose & Erickson, P.C.

December 10, 2018

Hansen, Bradshaw, Malmrose & Erickson

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CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
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REPORT IN ACCORDANCE WITH THE *UTAH STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE*

Independent Auditors' Report

Honorable Mayor and Members of the City Council
Pleasant Grove City

Report on Compliance with General 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, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Cash Management	Enterprise Fund Transfers,
Budgetary Compliance	Reimbursements, Loans, and
Fund Balance	Services
Justice Courts	Restricted Taxes and Related Revenues
Impact Fees	Treasurer's Bond
Utah Retirement Systems	Open and Public Meetings Act

Management's Responsibility

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

Auditors' 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 compliance requirements referred to above that could have a direct and material effect on the City 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, 2018.

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 compliance and 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.

Hansen, Bradshaw, Mahrose & Erickson, P.C.

December 10, 2018