



City of Pleasant Grove

2020 PAFR

**POPULAR ANNUAL
FINANCIAL REPORT**

for the fiscal year ended June 30, 2020



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To the Citizens of Pleasant Grove:


We are proud to present the City of Pleasant Grove's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020. This report gives readers a summary of the City's financial standing. The purpose of the PAFR is to illustrate the City's financial information in a clear, concise manner giving all readers, both financial and non-financial, the understanding of where the revenue comes from and where dollars are being spent. Most importantly, it is essential that our citizens understand the key services that the City provides to make Pleasant Grove a safer and more enjoyable place in which to work, live, and play.

The PAFR summarizes the financial activities of the City and is drawn from a more detailed report called the Comprehensive Annual Financial Report (CAFR). The CAFR includes financial statements that were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by HBME, an independent auditing firm. The 2020 CAFR has received an unmodified (clean) opinion. The numbers contained within the CAFR were acquired by applying the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).


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

As a municipality, we want to continue awareness, accountability, and transparency of the City's financial information. We anticipate that after reading the PAFR, community members will be reassured that public dollars are being used to build a better, safer, and stronger Pleasant Grove. We are honored to serve the citizens of Pleasant Grove and hope you enjoy reviewing the 2020 PAFR. We welcome any input, questions, and comments you may have regarding this report. You may contact the Finance Division at 801-922-4506.

Sincerely,



J. Scott Darrington
City Administrator



Denise B. Roy
Finance Director

PLEASANT GROVE AT-A-GLANCE

GOVERNMENT

Pleasant Grove City 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.

TOP EMPLOYERS

- doTERRA International, LLC
- Alpine School District
- Horrocks Engineers, INC.
- Niels Fugal Sons Company
- All Pro Security, LLC
- Altabank
- ASEA, LLC
- ARO
- TestOut
- Dental Intel, LLC
- Lincoln Academy
- Pleasant Grove City

INCORPORATED

1855

38,428
POPULATION
(2019 estimate)

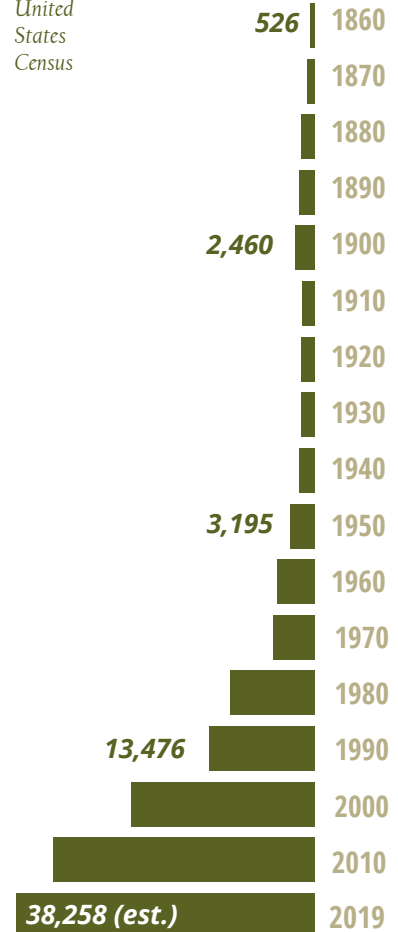
48,000
BUILD-OUT
POPULATION
(anticipated)



9.17
SQ. MILES

POPULATION GROWTH

Source:
United
States
Census





CITY LEADERS

MAYOR



Guy
Fugal

CITY COUNCIL



Dianna
Anderson



Brent
Bullock



Eric
Jensen



Cyd
LeMone



Todd
Williams

EXECUTIVE STAFF

City Administrator
Scott Darrington

Assistant to the City Administrator
Kyler Ludwig

City Attorney
Tina Petersen

City Recorder
Kathy Kresser

Finance Director
Denise Roy

Community Development Director
Daniel Cardenas

Fire Chief
Dave Thomas

Library and Arts Director
Sheri Britsch

Parks Director
Deon Giles

Police Chief
Mike Roberts

Public Works Director
Marty Beaumont

Recreation Director
Tyler Wilkins

KEY SERVICES OF PLEASANT GROVE

Community Development

Building and property improvement needs are coordinated with the objectives and requirements of planning, zoning, and engineering. From the review of concept plans to the issuance of occupancy certificates, the objective of the Community Development Department is to provide direction and assistance in achieving quality growth and improvement of the community.

Fire

The Pleasant Grove Fire Department provides fire and emergency paramedic services to the citizenry. A highly trained staff of full time and part time fire fighter paramedics responds to calls 24 hours a day from a single centrally located fire station.

Parks & Recreation

The Parks & Recreation Department, including Aquatics, Beautification and Shade Tree Commission, Cemetery, Custodial Services, Facilities, Parks, Recreation, Seniors, Community Service Projects and Trails, provides various services, programs and outdoor areas that educate, inform, enrich, entertain, beautify and move the citizens of Pleasant Grove. The Recreation Center is a 77,000 square foot facility that is home to a wide variety of wholesome interactive recreational programs, classes and activities.

Police

The Police Department has the responsibility of enforcing all state and local laws, and is charged with providing emergency response to the citizens of Pleasant Grove. Police officers are available 24 hours a day, seven days a week, through Utah Valley Dispatch, and respond to calls for service, crime prevention, criminal activity investigation, suspect apprehension, traffic collision investigation, City Code violation enforcement, and animal services provision. Additionally, the department provides a number of services which consist of crime prevention/awareness programs, Honorary Colonels, NOVA, school resource officers, K9, SWAT, Major Crimes Task Force, Sex Crimes Task Force, Joint Criminal Apprehension Team, Child Abduction Response Team, and Internet Crimes Against Children.

Library & Arts

The Library and Arts Department is comprised of many boards and commissions. This department provides opportunities for the citizens to participate in local plays for adults and children, sing with a children's choir, play with a concert orchestra, enjoy listening to Concerts in the Park, tour and learn about the rich history of Pleasant Grove, take advantage of a vibrant library and its many children and adult programs, and celebrate Strawberry Days and other city events.

Public Works

Public Works installs, operates, maintains, and is responsible for the safety of the city infrastructure—streets, storm drain, sewer, culinary and secondary water. Public Works is divided into three main divisions consisting of Streets, Sewer & Water, and Storm Drain.



SIGNIFICANT COMMUNITY PROJECTS

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 the fiscal year of 2019–2020, the City had several significant projects. Some of these projects are listed below.

Parks and Trails Upgrades

The City made improvements or upgrades to the following: Re-rocked Manila Creek Pond and replaced aerators; obtained a grant to remodel restrooms in the Historic Town Hall; installed bike stations and benches at various park trailheads, Valley Vista, and Murdock Trail; obtained property for expansion of Valley Vista Phase II Bike trail; and worked with the City staff/outside engineering on Veteran's Park Expansion/Pickleball Courts, Cemetery, and Valley Vista Trail Phase III expansion.



Public Works

The Public Works Department completed a number of projects during the 2020 fiscal year: 2019 Sewer Improvement Project (State Street Pipe Bursting); Walker Tank Landscaping Project; Battle Creek Springs Project; 1100 North Road and Storm Drain Project; 900 W and 2100 North Roads Overlay Project; and seal coat and crack seals on numerous roadways throughout the City.



City Hall

The City Hall facility was remodeled during fiscal year 2020 and houses the Community Development Department, Administration, Utility Billing, Customer Service, Human Resources, and Legal departments.

STATEMENT OF NET POSITION

The City's governmental activities increased by \$9.7 million in total net position which represents an 9.4% increase from the prior year's net position.

The City's business-type activities increased \$7.3 million in total net position which represents a 7.6% increase from the prior year's net position.

The City, as a whole, increased total net position by \$17 million, which is a 8.6% increase from the prior year. The full, disclosed Statement of Net Position can be located in the CAFR at plgrove.org.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current & other assets	\$43,485,614	\$37,707,152	\$18,458,275	\$15,591,665	\$61,943,889	\$53,298,817
Capital assets	114,426,437	111,128,094	115,649,411	109,088,499	\$230,075,848	\$220,216,593
Total Assets	157,912,051	148,835,246	134,107,686	124,680,164	\$292,019,737	\$273,515,410
Total Deferred Outflows of Resources	876,962	1,907,383	321,098	1,570,475	\$1,198,060	\$3,477,858
Long-term debt outstanding	27,931,668	28,156,694	30,016,994	28,627,997	\$57,948,662	\$56,784,691
Other liabilities	10,732,330	14,888,065	2,104,064	2,692,569	\$12,836,394	\$17,580,634
Total Liabilities	38,663,998	43,044,759	32,121,058	31,320,566	\$70,785,056	\$74,365,325
Total Deferred Inflows of Resources	7,046,214	4,380,689	240,636	114,956	\$7,286,850	\$4,495,645
Net Investment in capital assets	86,435,879	81,276,903	84,608,811	80,096,008	\$171,044,690	\$161,372,911
Restricted	8,516,460	8,422,870	4,976,341	4,010,421	\$13,492,801	\$12,433,291
Unrestricted*	18,126,492	13,617,408	12,481,938	10,708,688	\$30,608,430	\$24,326,096
Total net position	\$113,078,801	\$103,317,181	\$102,067,090	\$94,815,117	\$215,145,891	\$198,132,298

(Total Assets + Total Deferred Outflows) - (Total Liabilities - Total Deferred Inflows) = Net Position

***Unrestricted net position** represents the available funds the City has at a point in time to pay for emergencies, shortfalls or other unexpected needs in both the Governmental and Business-Type Activities. Unrestricted net position allows management to track the City's financial position over time.

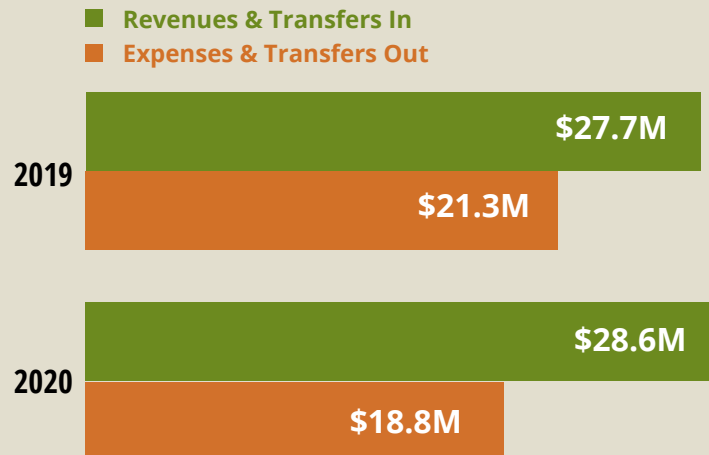
STATEMENT OF ACTIVITIES

The expenses of the City government are divided into two categories: Governmental Activities and Business-type Activities.

GOVERNMENTAL ACTIVITIES

Governmental activities are general government activities and are financed primarily through taxes, intergovernmental revenues, and other nonexchange revenues. Pleasant Grove's governmental activities are:

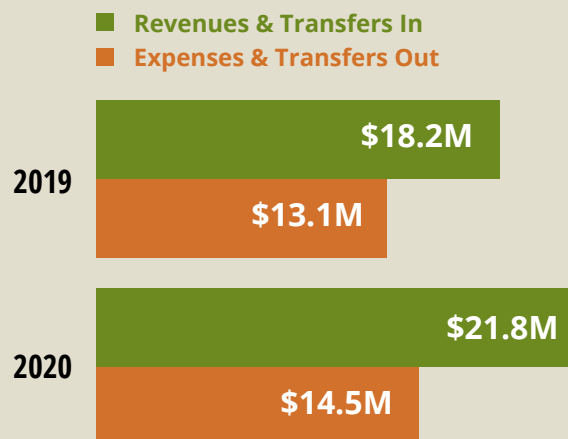
- General Government
- Public Safety
- Public Works
- Parks & Recreation
- Debt Service
- Redevelopment
- Community Services
- Construction
- Dispatch
- Swimming Pool
- Community Center
- Cultural Arts
- Library



BUSINESS-TYPE ACTIVITIES

Business-type activities are financed in whole or in part by fees charged to external users for goods or services. Pleasant Grove's business-type activities are:

- Water
- Sewer
- Storm Drain
- Sanitation
- MWDPG



As of June 30, 2020, 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.

This summary excludes bond proceeds and transfers related to bond issuances. The full, disclosed Statement of Activities can be found in our CAFR located at plgrove.org.

GENERAL FUND—REVENUES

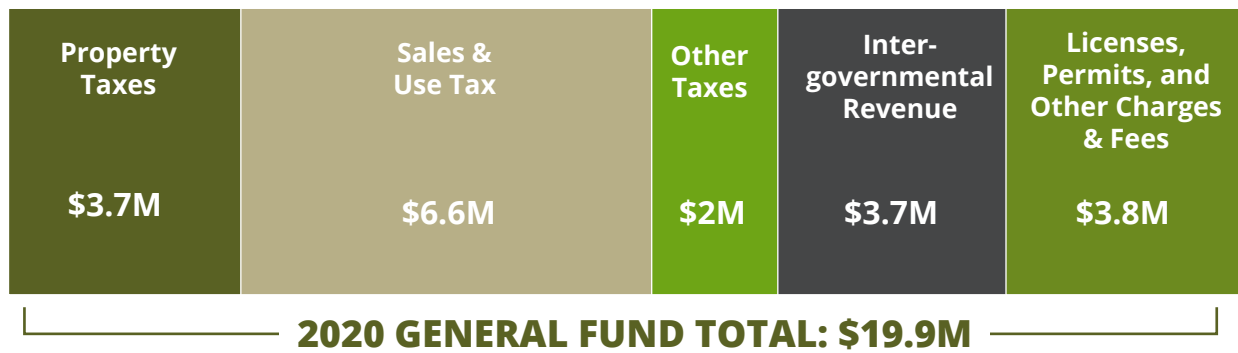
WHAT IS THE GENERAL FUND?

The General Fund is the general operating fund of the City and supports day-to-day operations. By law, the City shall only have one general fund. For data on all city funds, please view the CAFR at plgrove.org.

The General Fund is comprised of the following departments:

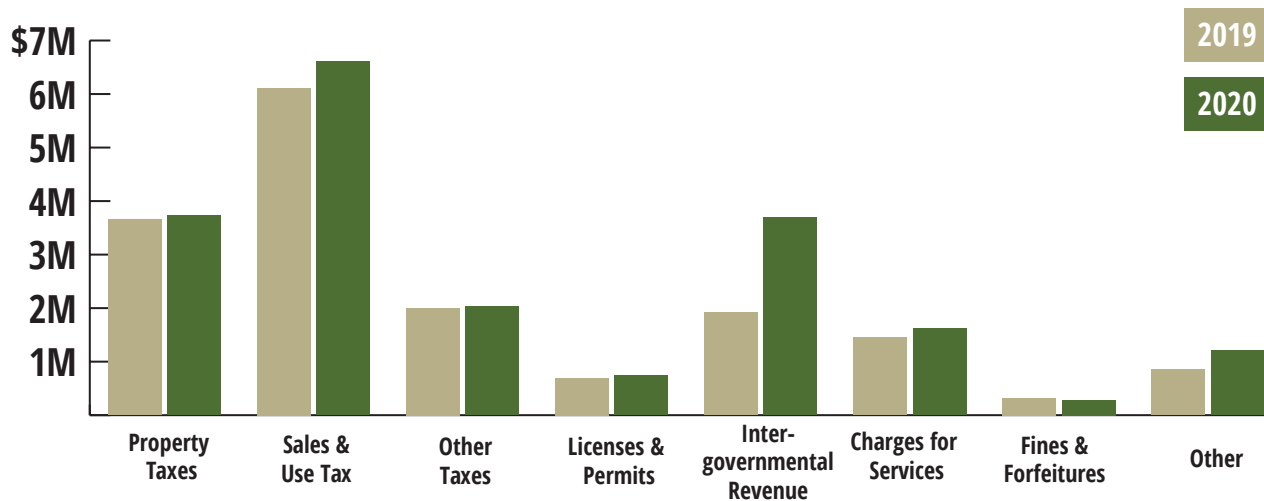
- General City Departments
- Risk Management
- Class C Roads
- Dental
- Cemetery

WHERE DOES THE GENERAL FUND MONEY COME FROM?



HOW HAS THE GENERAL FUND CHANGED?

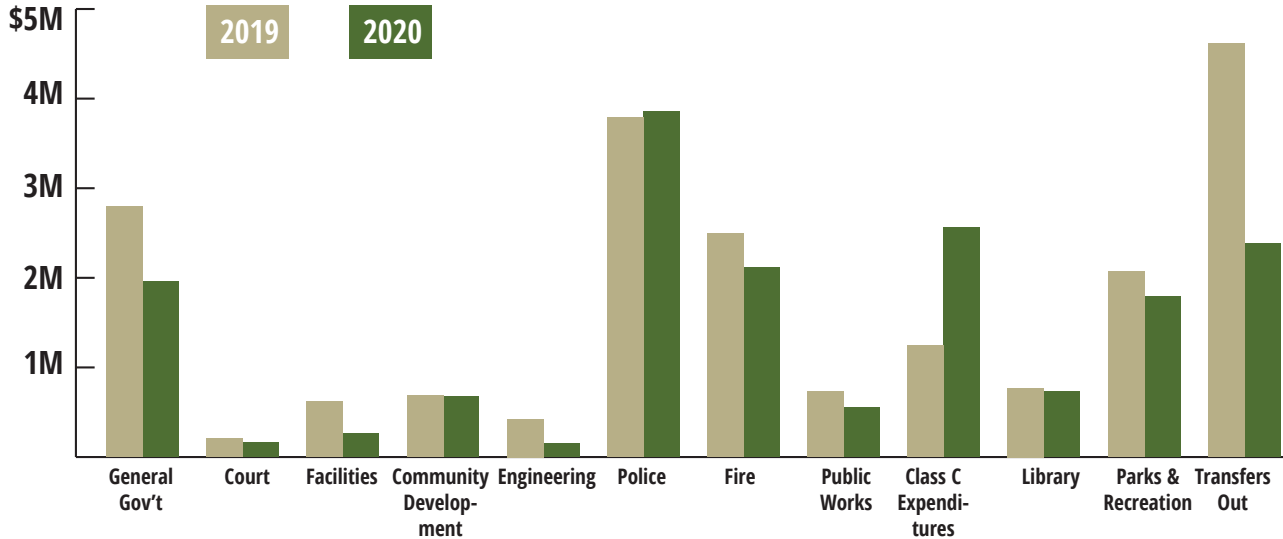
As shown below, sales tax continues to increase, which is a good indicator that Pleasant Grove’s economy is continuing to grow as development continues. The substantial increase in Intergovernmental Revenue is related to CARES Act funds received.



GENERAL FUND—EXPENDITURES

WHERE DOES THE GENERAL FUND MONEY GO?

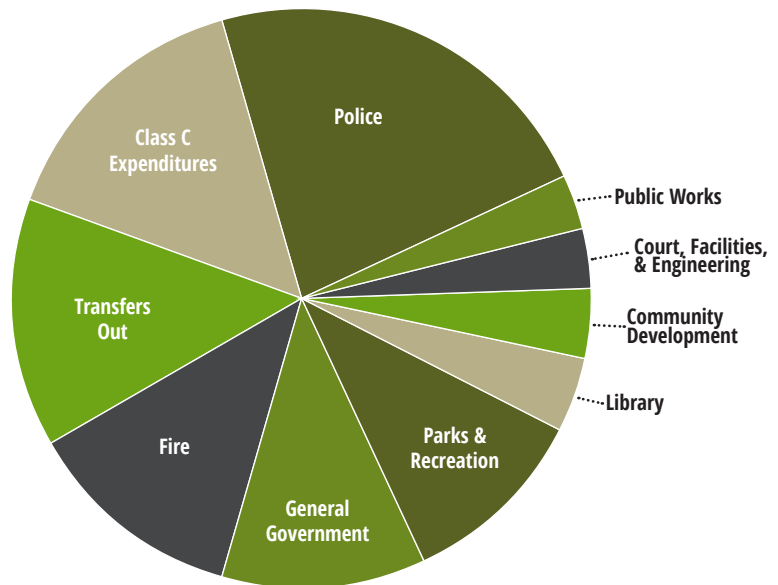
In 2020, General Fund expenditures were \$17 million compared to \$20 million in fiscal year 2019. General Government and Transfers Out were less than the prior year, and Class C expenditures were higher than the prior year.



GENERAL FUND EXPENDITURES 2020

The General Fund's largest expenditures were:

- Police (22%)
- Class C Roads (15%)
- Fire (12%)

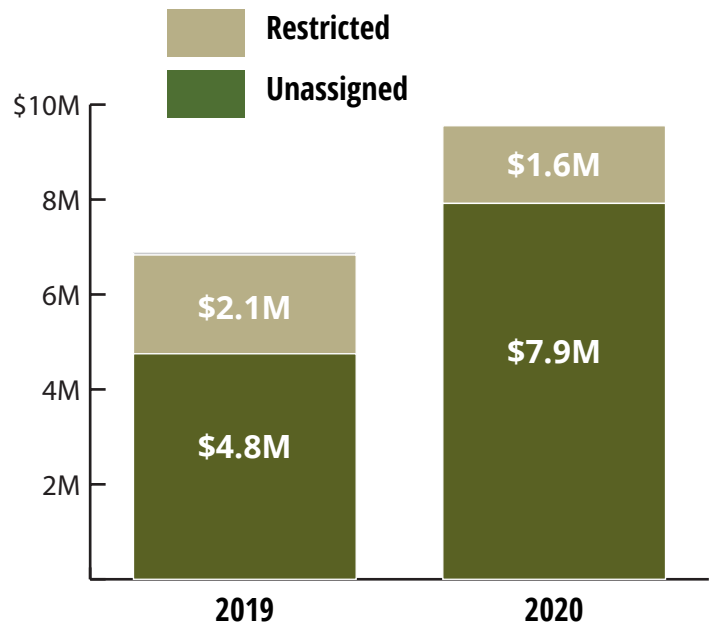


GENERAL FUND—FUND BALANCE

FUND BALANCE

Fund balance is the difference between the General Fund's assets and liabilities. It is the net worth of the City.

The unassigned fund balance is an indication of the amount of available resources the City has at a point in time to fund emergencies, shortfalls, or other unexpected needs.

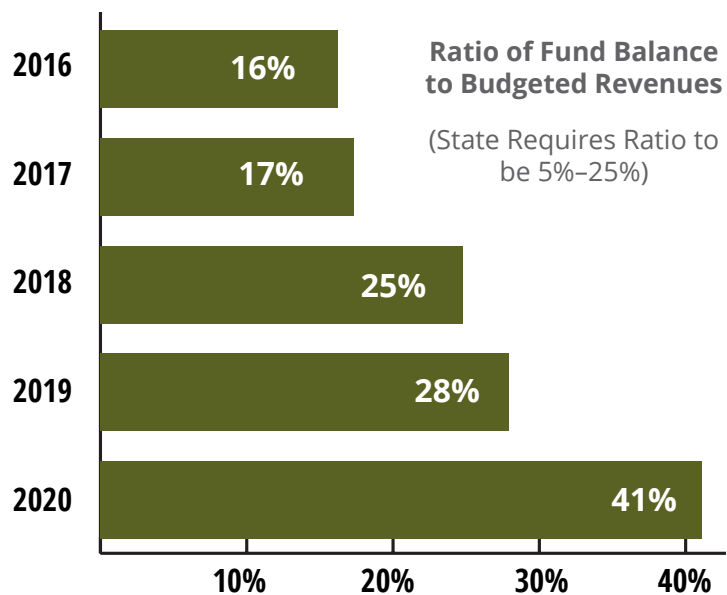


UNASSIGNED GENERAL FUND BALANCE

The graph on the right depicts the ratio of the fund balance to budgeted revenues. This ratio is determined by dividing the amount of unassigned fund balance by the budgeted general fund revenue.

The State requires cities to have an unassigned fund balance ratio at a minimum of 5% and a maximum of 25%.

The City has not been immune to the local and global economic fears of the COVID-19 health pandemic. The shutdown of the economy to lessen the effects of the spread of coronavirus has created a great deal of unknowns to the City and State. The City decided not to use \$900,000 of excess fund balance from FY2019 to fund one-time capital projects, and adopted a budget for FY2021 using fund balance in the amount of \$1,228,176 because of the fears that



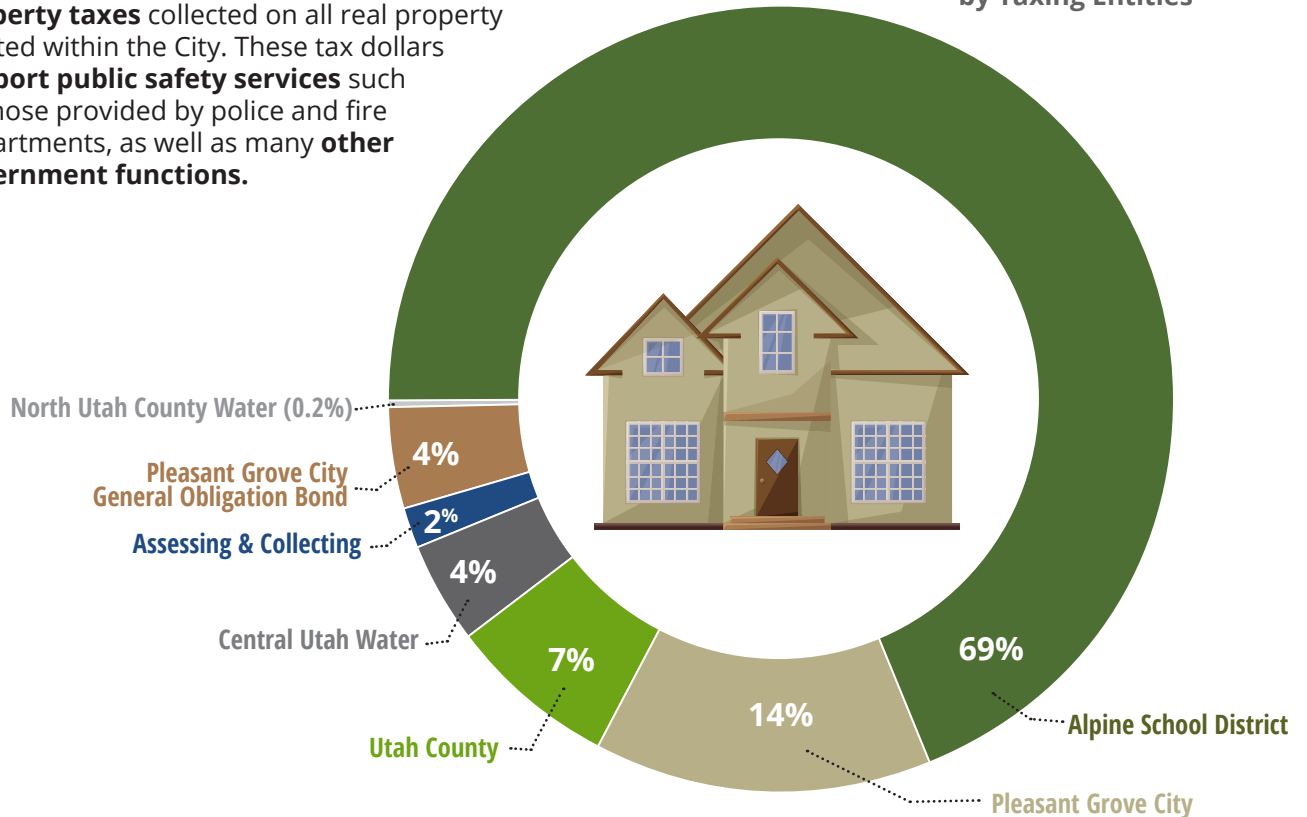
our sales tax would take a significant hit from COVID-19. The City did not see a decrease of sales tax. The City received \$2.7 million of CARES Act funding in July 2020. Of this amount, \$1.6 million is included in the FY2020 General Fund Balance. The City will discuss allocating further monies for much-needed capital projects in the remainder of FY2021.

PROPERTY TAX

PROPERTY TAX

The city of Pleasant Grove receives a portion of the **property taxes** collected on all real property located within the City. These tax dollars **support public safety services** such as those provided by police and fire departments, as well as many **other government functions**.

**PROPERTY TAX:
Percentage Received
by Taxing Entities**



PROPERTY TAX ASSESSED

The chart at the right shows the amount of tax dollars received by each tax entity, based on an example residential property with a market value of \$334,000.

Of all residential property tax assessed, **17.90%** goes to Pleasant Grove

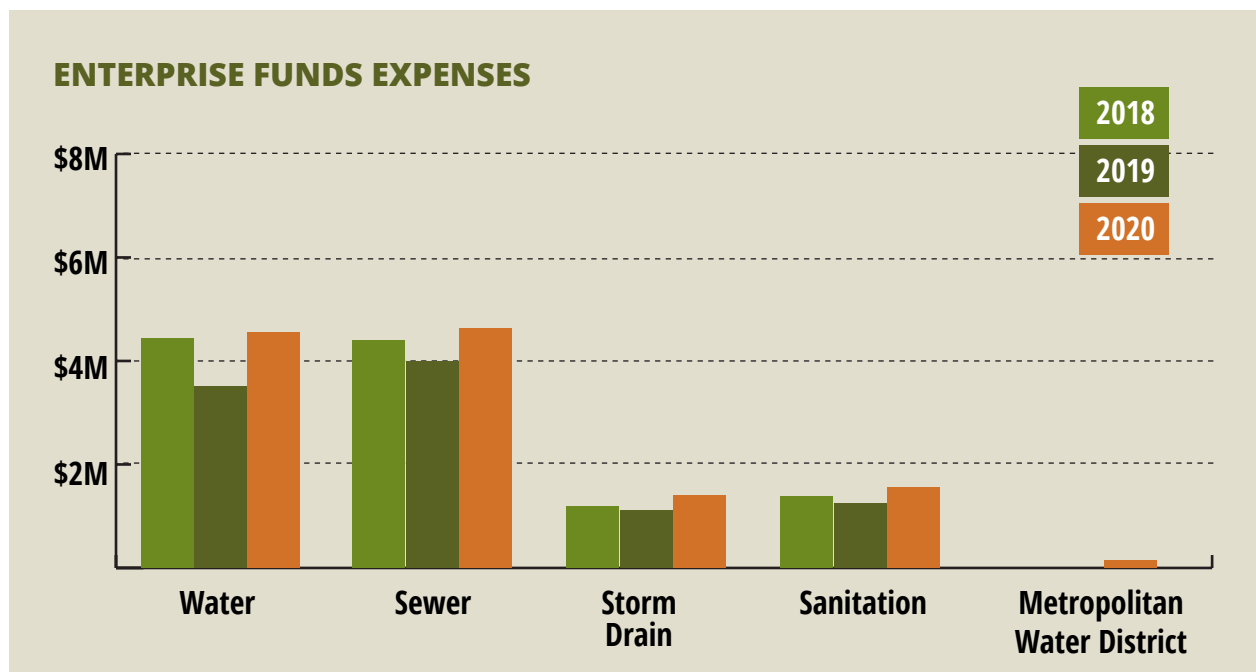
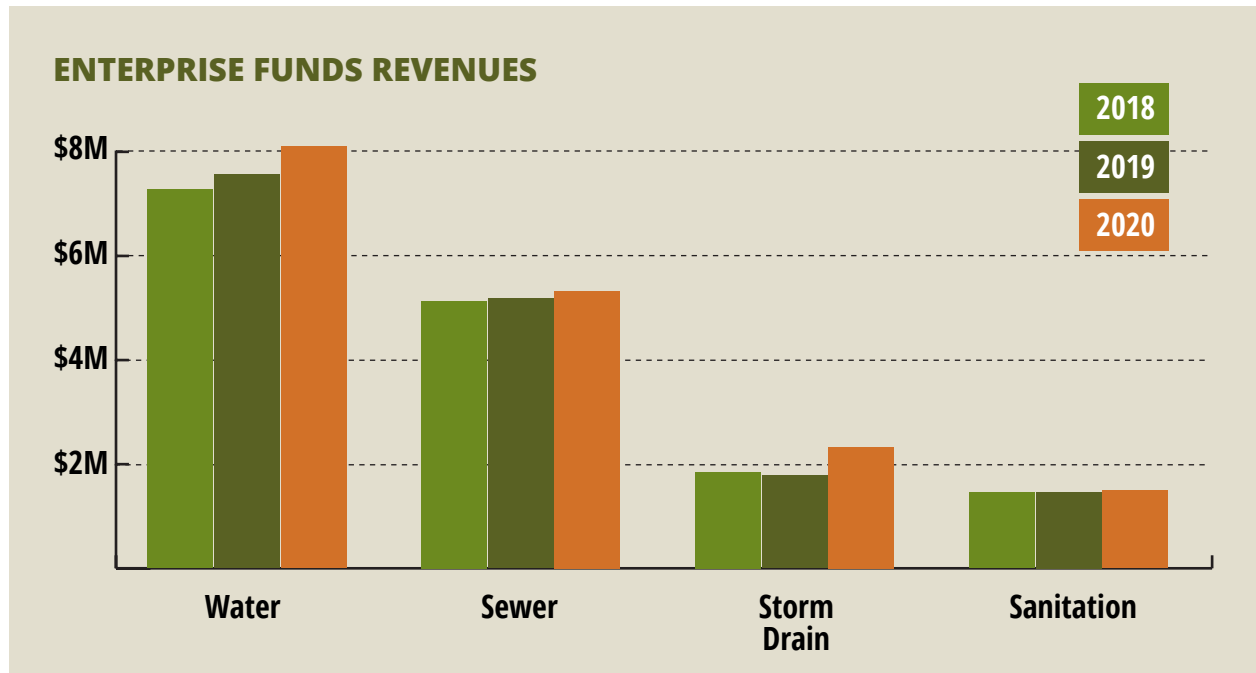
\$344,000 Market Value Residential Property

Taxing Entity	% of Total	Amount
Alpine School District	69.14%	\$1,267.45
Pleasant Grove City	13.74%	\$251.83
Utah County	6.94%	\$127.14
Central Utah Water	4.13%	\$75.68
Assessing & Collecting	1.72%	\$31.60
Pleasant Grove City GO Bond	4.16%	\$76.25
North Utah County Water	0.18%	\$3.22
Total Property Tax Assessed	100.0%	\$1,833.16

ENTERPRISE FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for those City operations that are financed and operated in a manner **similar to private business**. Readers interested in more details should read the Comprehensive Annual Financial Report (CAFR) available at plgrove.org.



DEBT SUMMARY

DEBT SUMMARY

At fiscal year end, the City had \$62.7 million in outstanding long-term debt, which represents a **4.2% decrease** from the prior year. This summary does not include all of the liabilities incurred by Pleasant Grove City. The City employed a variety of financing techniques for capital improvements, as described below:

Notes Payable: Notes are issued in anticipation of general obligations bonds and may be issued up to a maximum maturity of 20 years from the date of the issuance of the original notes (except for notes in anticipation of special assessments).

General Obligation Bonds: Repayment of General Obligation Bonds is guaranteed by the “full faith and credit” of the City.

Revenue Bonds: Revenue bonds are secured by the issuer pledging specific revenues either from the projects being financed and/or other dedicated revenue sources such as franchise fees of utility service revenue.

LONG-TERM DEBT SUMMARY Governmental and Business-Type Activities

Debt Activity	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
General Obligation	\$11,916,000		\$(571,000)	\$11,345,000
Tax Increment Revenue	14,120,000		(758,000)	13,362,000
Sales Tax Revenue	1,875,000		(450,000)	1,425,000
Water Revenue	18,146,000	2,998,000	(1,154,000)	19,990,000
Storm Water Revenue	10,395,000	8,765,000	(10,395,000)	8,765,000
Unamortized Premiums	1,317,088	1,263,944	(192,388)	2,388,644
Compensated Absences	847,108	1,014,859	(847,110)	1,014,857
Capital/Operating Leases	1,160,989	405,695	(515,788)	1,050,896
Note Payable	1,520,698		(384,750)	1,135,948
Net Pension Liability	4,234,719		(1,964,241)	2,270,478
Total:	\$65,532,602	\$14,447,498	\$(17,232,277)	\$62,747,823

Operating and capital leases have been used as a mechanism to obtain vehicles, copiers, computers, and fitness equipment



RECOGNITION

Congratulations to the Parks Department for earning the Tree City USA award from the Arbor Day Foundation for the 25th year in a row.

PHOTOGRAPHY

Thanks to Pleasant Grove resident **Drew Armstrong** for generously allowing us to use many of his photos in this publication.

CONTACT US

Pleasant Grove City: 801-785-5045

Finance Department: 801-992-4506

plgrove.org

