

City of Pleasant Grove

2021 PAFR

POPULAR ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2021



Debra Armstrong

WWW.UtahREALSTATE.NET | 801-636-3739

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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, 2021. 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 Annual Comprehensive Financial Report (ACFR). The Report includes financial statements that were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by HBME, an independent auditing firm. The 2021 Report has received an unmodified (clean) opinion. The numbers contained within the ACFR 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 Report, 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 2021 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.
 PF Staffing Services, LLC
 All Pro Security, LLC
 Altabank
 ARO
 ASEA, LLC
 Dental Intel, LLC
 Disruptive Advertising
 Lincoln Academy
 Macey's
 Niels Fugal Sons Company
 Smith's Food and Drug
 Stratton & Bratt Landscape, LLC
 TestOut
 Utah Recreation Company

INCORPORATED

1855

38,380

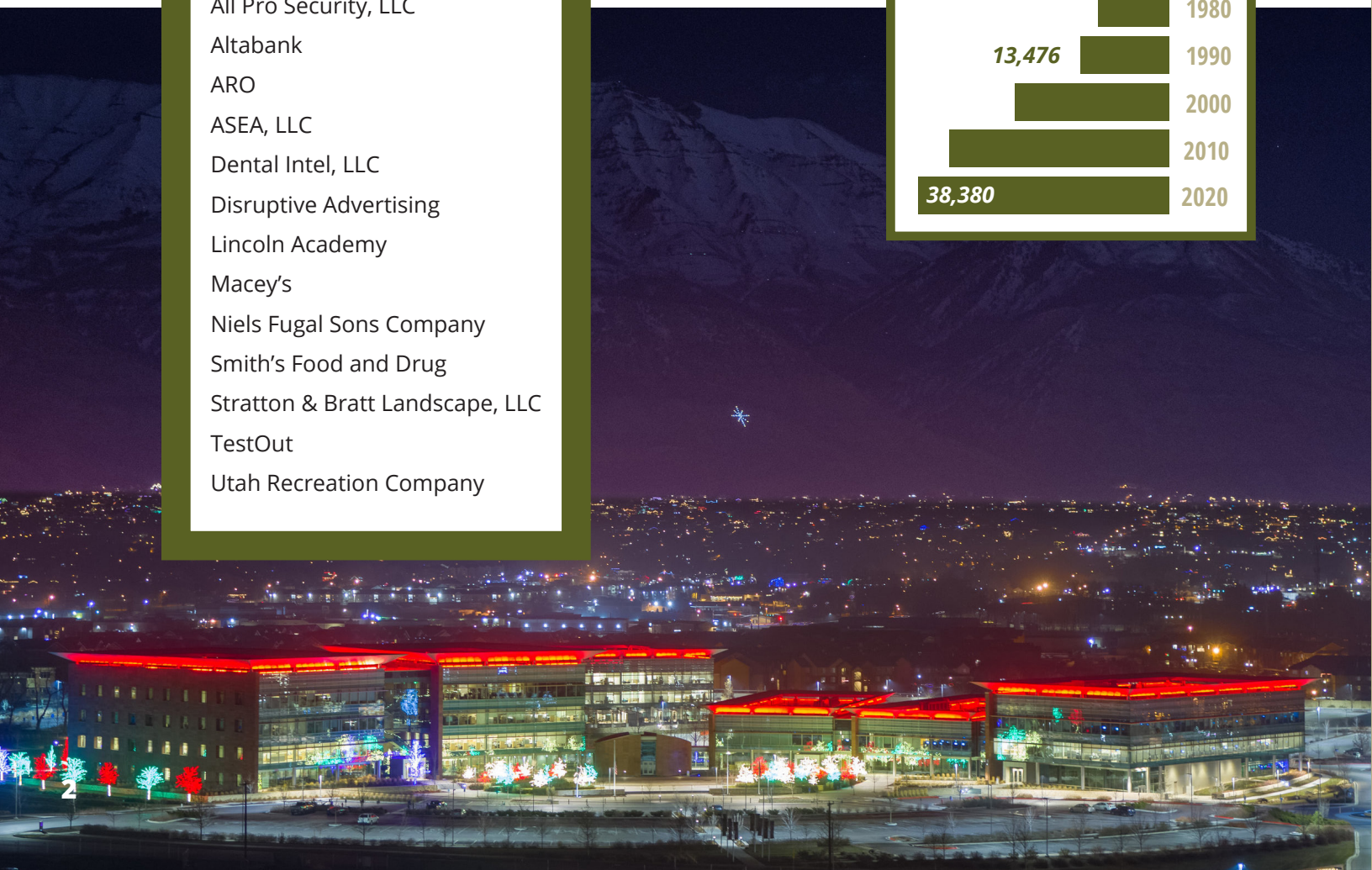
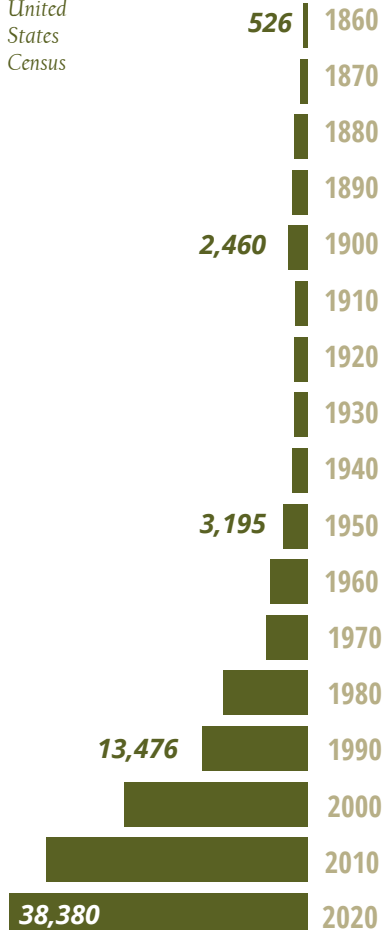
POPULATION



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
Andrew Engemann

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

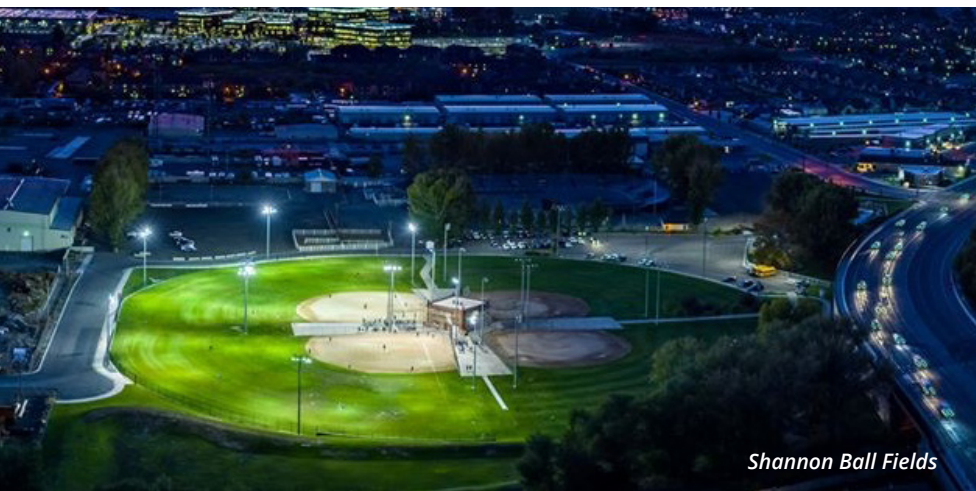
The Pleasant Grove Fire Department provides fire and emergency paramedic services to the citizenry. A highly trained staff of full time and part time fire fighter paramedics responds to calls 24 hours a day from a single centrally located fire station.

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 2020-2021, the City had several significant projects. Some of these projects are listed below.

Parks, Recreation Facilities, and Trail Upgrades

The City made improvements or upgrades to the following: Completion of the Veterans Memorial Pickleball Project, Valley Vista Trail Phase 3 engineering and construction contract awarded, Cemetery Expansion completion, reconstruction of Discovery Park Tennis Courts, Discovery Park restrooms rebuilds, Community Center restroom addition, pool improvements, Chrisville Playground Replacement, upgrades to water fixtures, and security in all city parks and facilities.



Veteran's Memorial Pickleball Courts

Public Works

The Public Works Department completed a number of projects during the FY2021 fiscal year: 1000 South 1150-1280 East Storm Drain, 1100 North 300-600 East Storm Drain, 100 E 200 & 500 North Storm Drain Crossings, Battlecreek Spring Replacement, 1100 North 100 -1000 East Water Line, 150 North 1300 East Water Line, Anderson Well Improvements, 1100 North Water Line Project, PRV Replacement, 100 East 2300-2850 North Sewer Improvements, 700 South 900-1300 West Sewer Improvements, State Street PG Blvd to 200 South. Seal coat and crack seals on numerous roadways throughout the city.

Public Safety

The Fire Department was granted monies to purchase a new fire truck, ambulance, and brush truck along with numerous smaller one-time purchases for their daily operations such as extrication tools, thermal imaging equipment and Zoll monitors.

The Police Department received monies to replace their ongoing police vehicles, along with numerous smaller one-time purchases to aid in their daily operations, such as surveillance equipment, riot gear, and portable radios.



New PGFD ambulance

STATEMENT OF NET POSITION

The City's governmental activities increased by \$10.7 million in total net position which represents an 9.5% increase from the prior year's net position.

The City's business-type activities increased \$8 million in total net position which represents a 7.9% increase from the prior year's net position.

The City, as a whole, increased total net position by 8.72%, to \$233 million, from the prior year. The full, disclosed Statement of Net Position can be located in the ACFR at plgrove.org.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current & other assets	\$47,300,047	\$43,485,614	\$21,437,880	\$18,458,275	\$68,737,927	\$61,943,889
Capital assets	\$119,428,930	\$114,426,437	\$119,360,953	\$115,649,411	\$238,789,883	\$230,075,848
Total Assets	\$166,728,977	\$157,912,051	\$140,798,833	\$134,107,686	\$307,527,810	\$292,019,737
Total Deferred Outflows of Resources	\$947,104	\$876,962	\$323,126	\$321,098	\$1,270,230	\$1,198,060
Long-term debt outstanding	\$25,574,926	\$27,931,668	\$29,322,877	\$30,016,994	\$54,897,803	\$57,948,662
Other liabilities	\$10,677,858	\$10,732,330	\$1,321,273	\$2,104,064	\$11,999,131	\$12,836,394
Total Liabilities	\$36,252,784	\$38,663,998	\$30,644,150	\$32,121,058	\$66,896,934	\$70,785,056
Total Deferred Inflows of Resources	\$7,609,323	\$7,046,214	\$390,257	\$240,636	\$7,999,580	\$7,286,850
Net Investment in capital assets	\$93,393,570	\$86,435,879	\$90,284,906	\$84,608,811	\$183,678,476	\$171,044,690
Restricted	\$13,184,893	\$8,516,460	\$5,510,601	\$4,976,341	\$18,695,494	\$13,492,801
Unrestricted*	\$17,235,511	\$18,126,462	\$14,292,045	\$12,481,938	\$31,527,556	\$30,608,400
Total net position	\$123,813,974	\$113,078,801	\$110,087,552	\$102,067,090	\$233,901,526	\$215,145,891

(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.

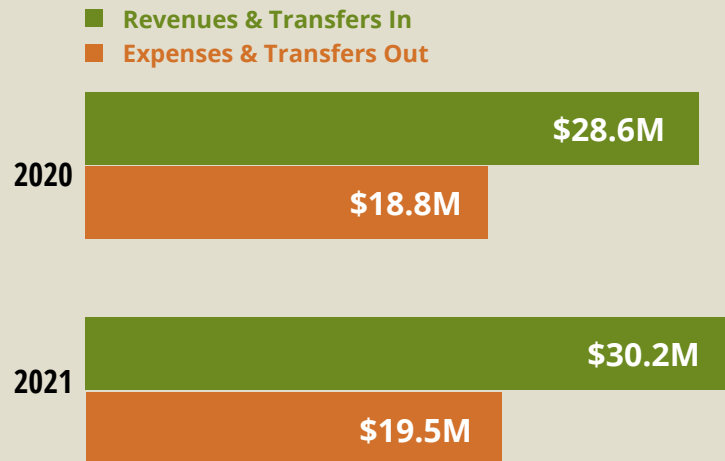
STATEMENT OF ACTIVITIES

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:

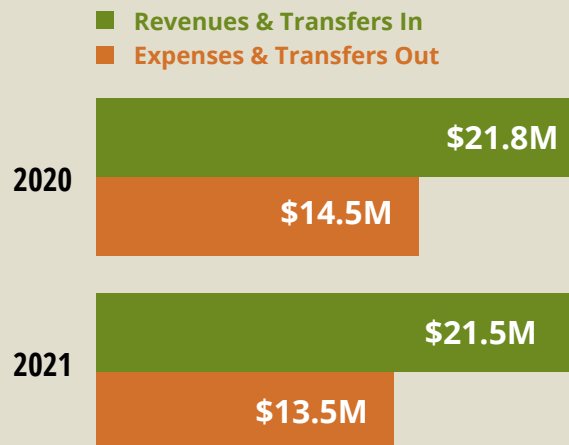
- General Government
- Public Safety
- Public Works
- Parks & Recreation
- Debt Service
- Redevelopment
- Community Services
- Construction
- Dispatch
- Swimming Pool
- Community Center
- Cultural Arts
- Library



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, 2021, 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 ACFR located at plgrove.org.

GENERAL FUND—REVENUES

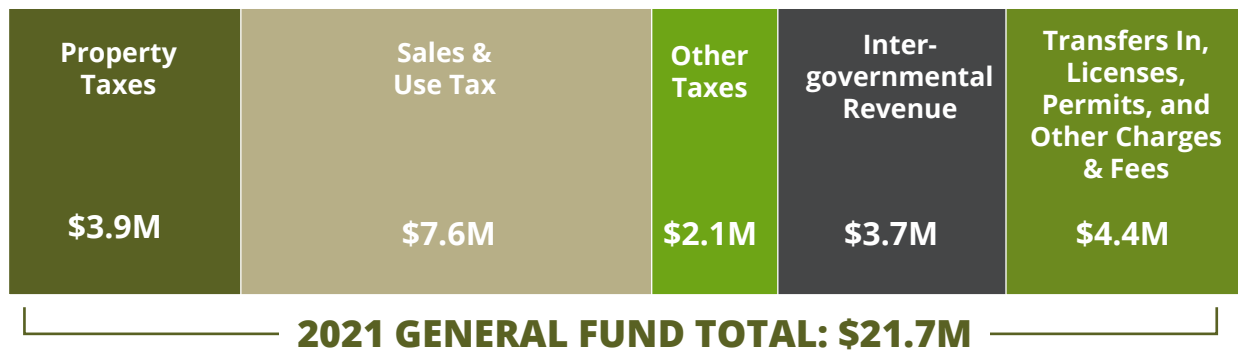
WHAT IS THE GENERAL FUND?

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 ACFR at plgrove.org.

The General Fund is comprised of the following departments:

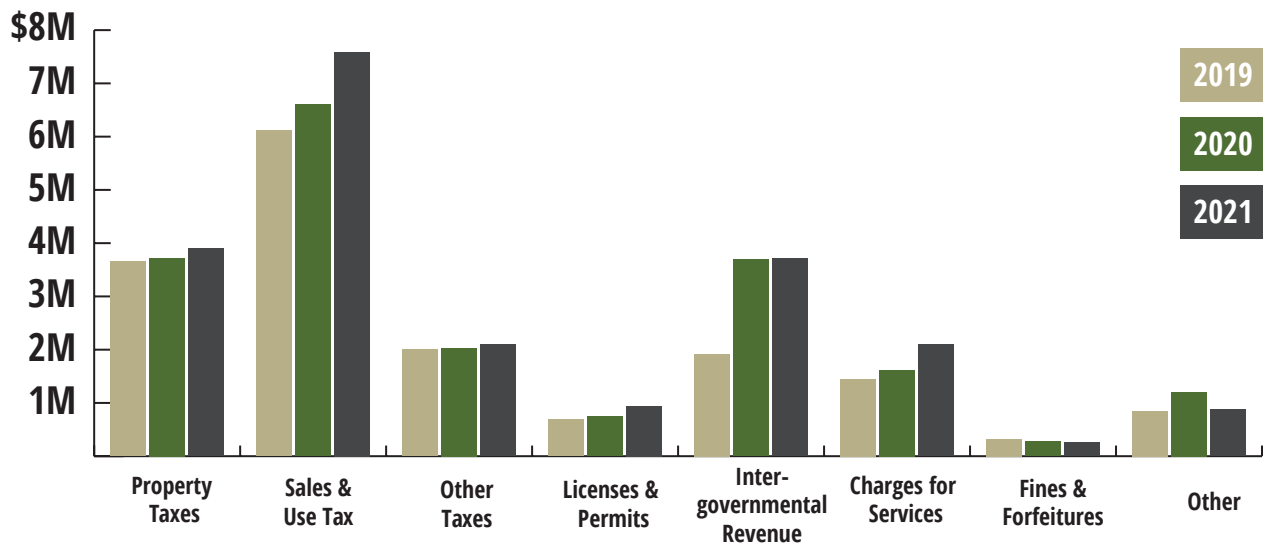
- General City Departments
- Risk Management
- Class C Roads
- Dental
- Cemetery

WHERE DOES THE GENERAL FUND MONEY COME FROM?



HOW HAS THE GENERAL FUND CHANGED?

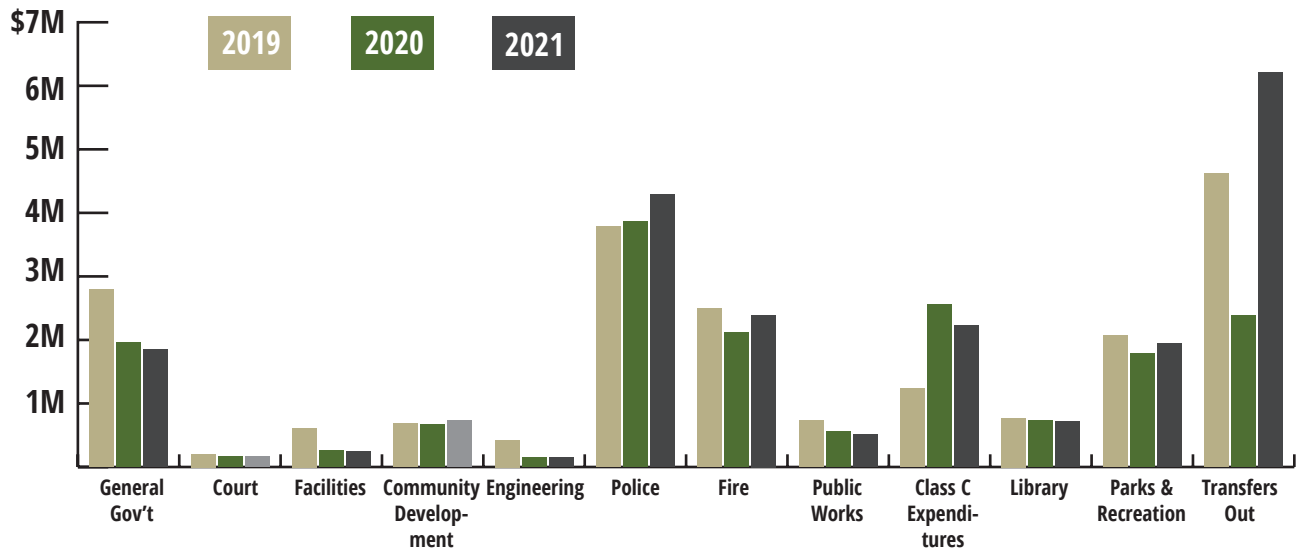
As shown below, sales tax continues to increase, which is a good indicator that Pleasant Grove’s economy is continuing to grow as development continues. The substantial increase in Intergovernmental Revenue is related to CARES Act funds received.



GENERAL FUND—EXPENDITURES

WHERE DOES THE GENERAL FUND MONEY GO?

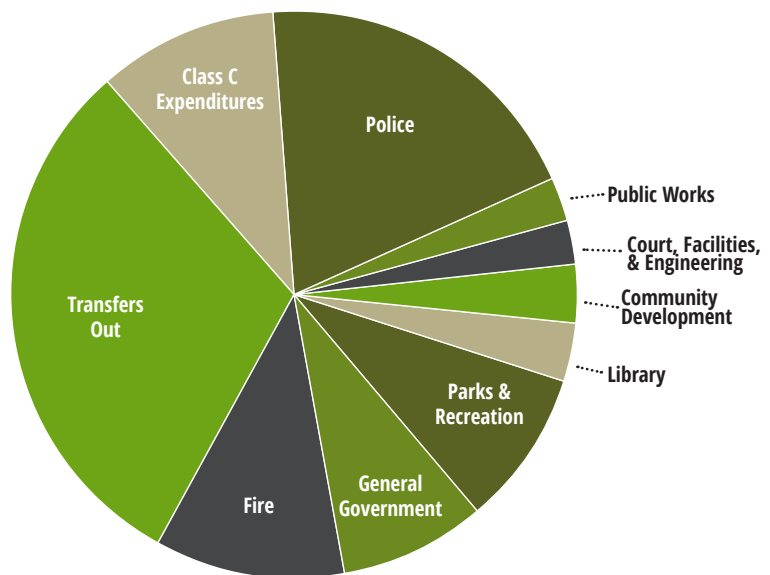
In 2021, General Fund expenditures were \$21 million compared to \$17 million in fiscal year 2020. Police, Fire and Transfers Out were more than the prior years, and Class C expenditures were less than the prior year.



GENERAL FUND EXPENDITURES 2021

The General Fund's largest expenditures were:

- Police (21%)
- Class C Roads (11%)
- Fire (12%)

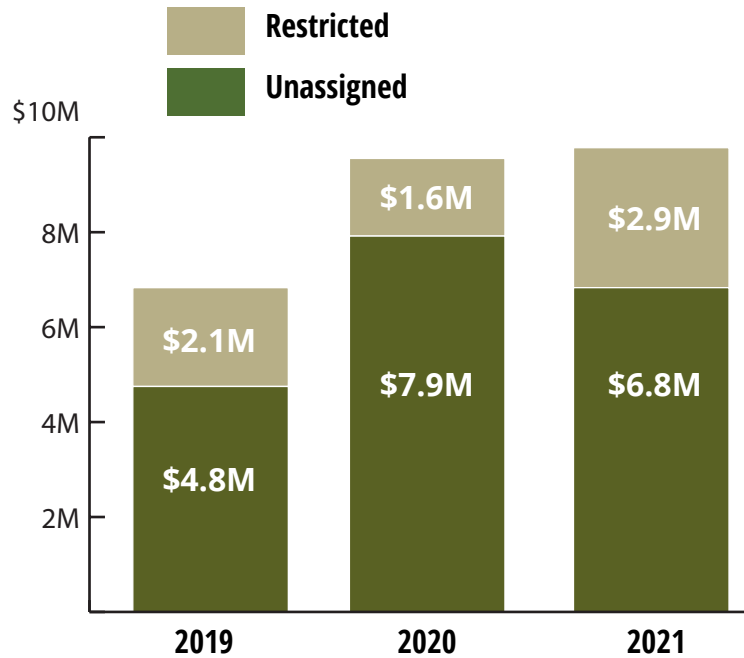


GENERAL FUND—FUND BALANCE

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.

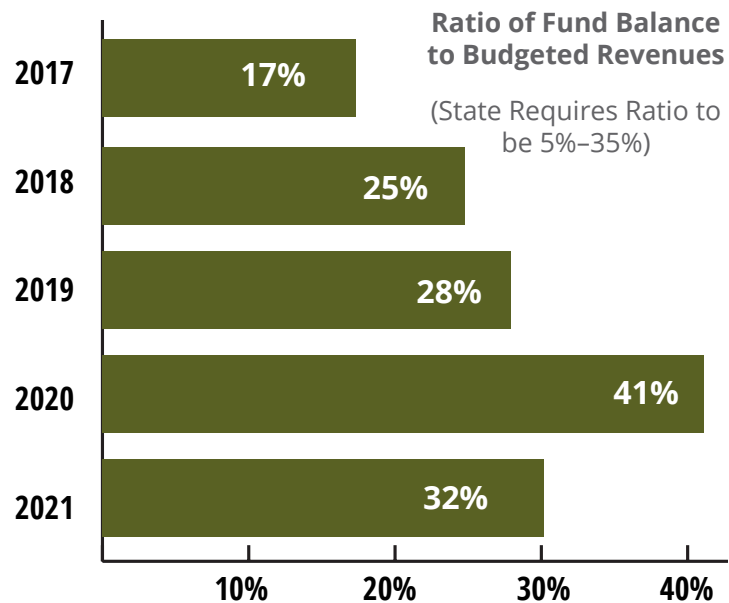


UNASSIGNED GENERAL FUND BALANCE

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 35%.

Fiscal year 2021 has been another year of strong economic growth and commercial development for the City, with the COVID-19 health pandemic not having a substantial negative effect on the City and its operations. The City's sales tax revenues and building-related fees continued to increase during this time. The City was allocated \$2.7 million of the CARES Act funds through Utah County. These monies



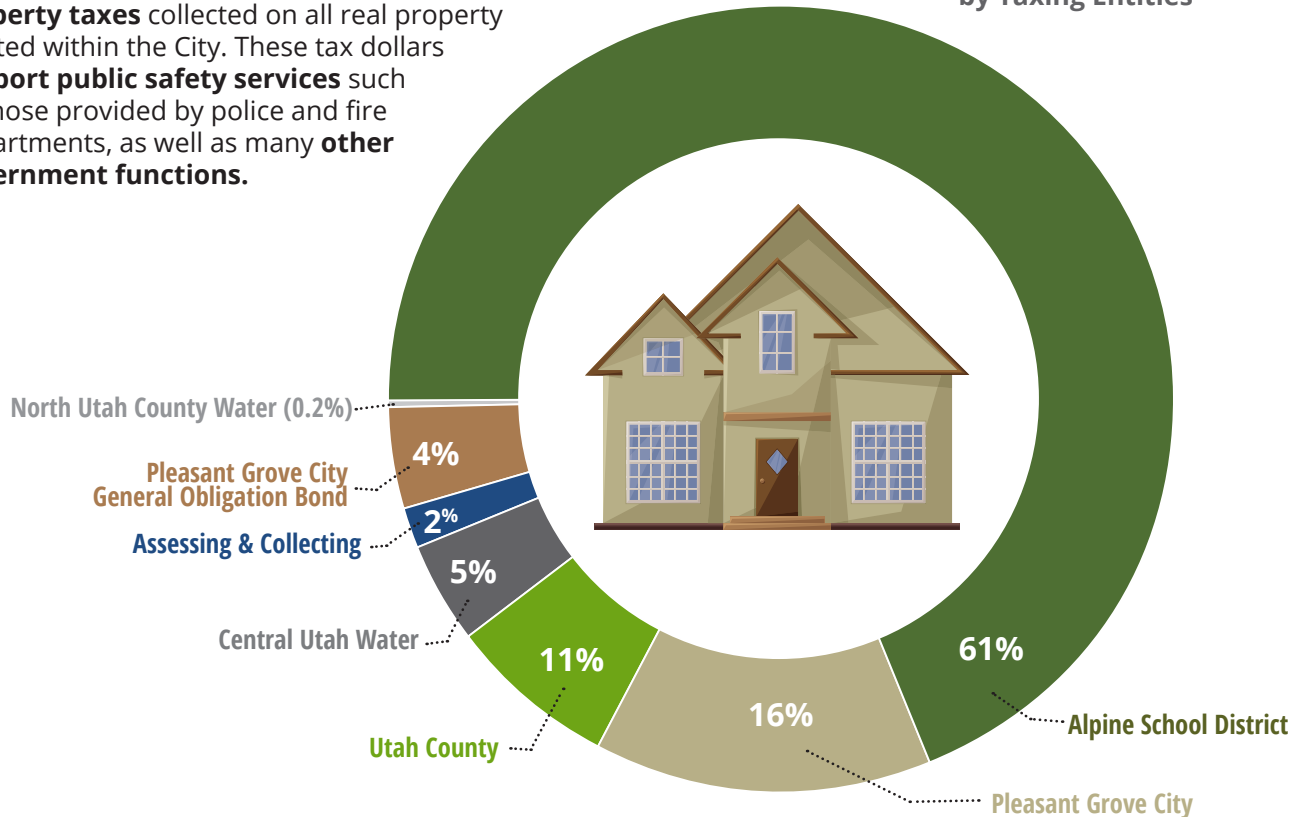
were used to cover the unforeseen costs related to COVID-19, public safety personnel, hazard stipends, and numerous capital improvement projects. These funds were first received and began to be spent during FY2020, and the remaining were spent in FY2021.

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 \$358,900.

Of all residential property tax assessed, **20.17%** goes to Pleasant Grove

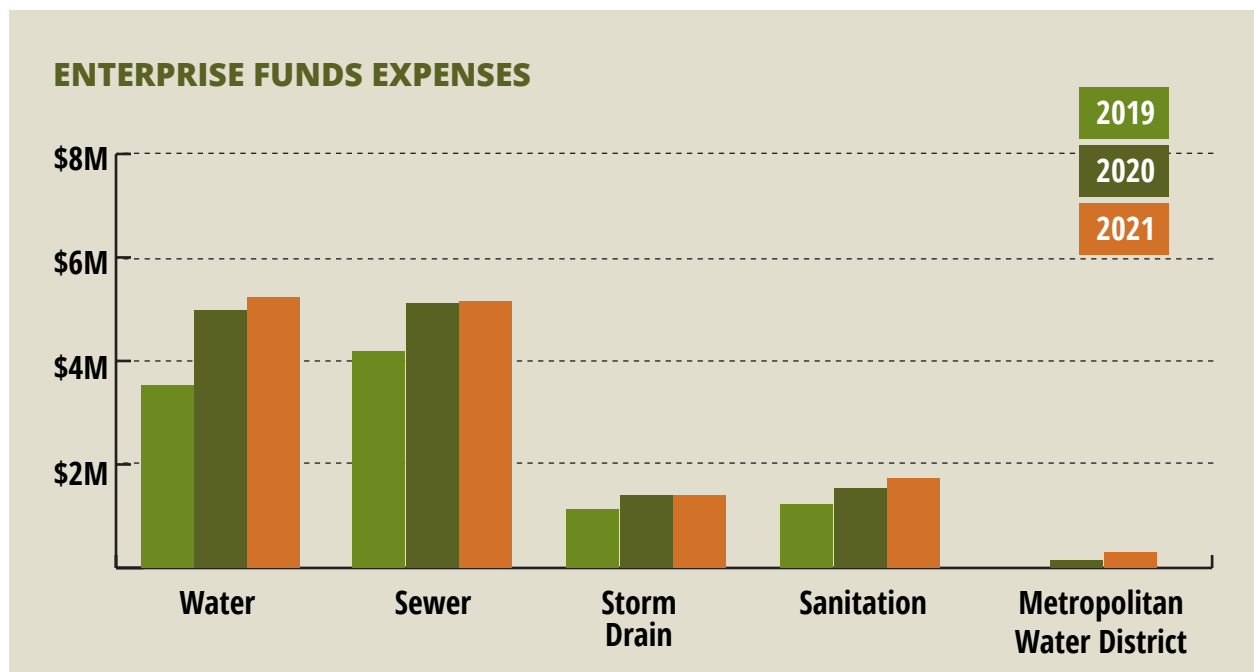
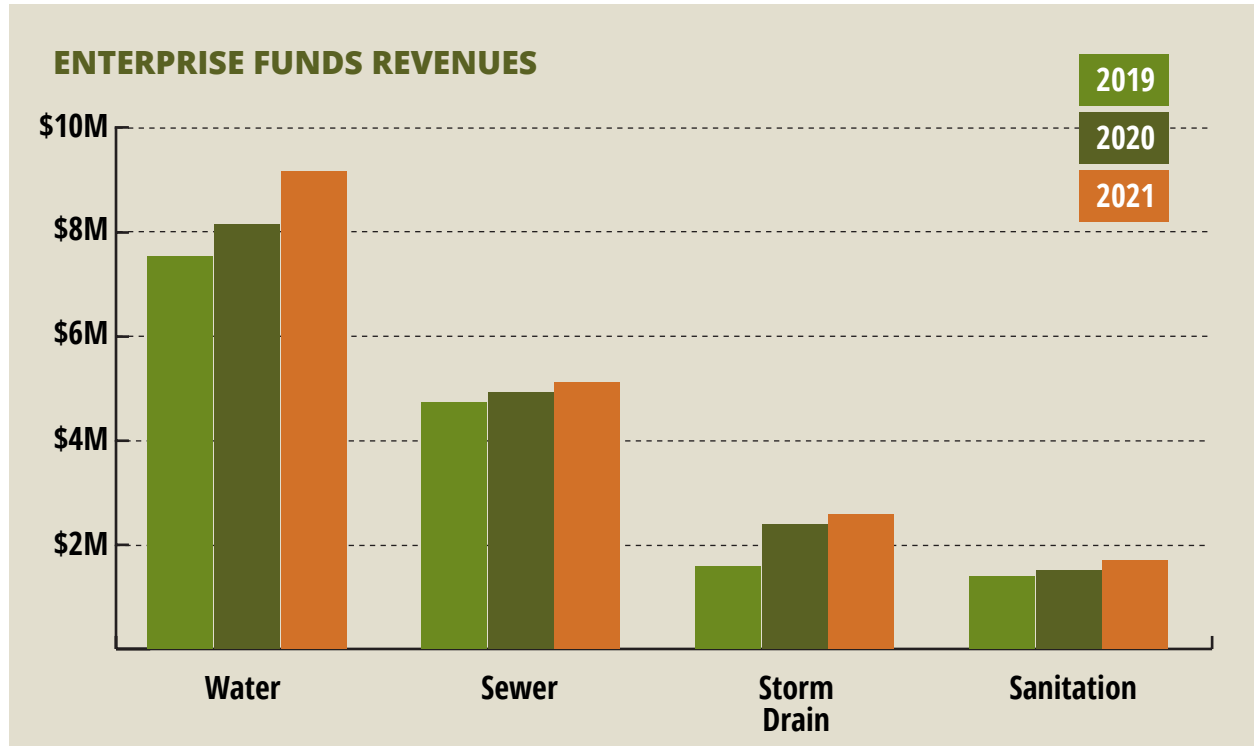
\$358,900 Market Value Residential Property

Taxing Entity	% of Total	Amount
Alpine School District	60.66%	\$888.47
Pleasant Grove City	15.63%	\$228.98
Utah County	11.50%	\$168.38
Central Utah Water	5.39%	\$78.96
Assessing & Collecting	2.08%	\$30.40
Pleasant Grove City GO Bond	4.54%	\$66.52
North Utah County Water	0.20%	\$2.96
Total Property Tax Assessed	100.0%	\$1,464.67

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 Annual Comprehensive Financial Report (ACFR) available at plgrove.org.



DEBT SUMMARY

DEBT SUMMARY

At fiscal year end, the City had \$57.3 million in outstanding long-term debt, which represents a **8.7% 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, 2020	Additions	Reductions	Balance June 30, 2021
General Obligation	\$11,345,000		\$(584,000)	\$10,761,000
Tax Increment Revenue	13,362,000		(802,000)	12,560,000
Sales Tax Revenue	1,425,000		(460,000)	965,000
Water Revenue	19,990,000		(1,424,000)	18,566,000
Storm Water Revenue	8,765,000		(285,000)	8,480,000
Unamortized Premiums	2,388,644		(161,366)	2,227,278
Compensated Absences	1,014,857	721,675	(652,408)	1,084,124
Capital/Operating Leases	1,050,896	393,496	(618,354)	826,038
Note Payable	1,135,948		(73,399)	1,062,549
Net Pension Liability	2,270,478		(1,518,422)	752,056
Total:	\$62,747,823	\$1,115,171	\$(6,578,949)	\$57,284,045

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 26th year in a row.

Pleasant Grove was ranked 6th in Safe City Recognition in 2021. The PGPD also received the Bronze Award from Lexipol for Excellence in Law Enforcement Policy.

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

