Pleasant Grove City

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Pleasant Grove

Utah's City of Trees

PLEASANT GROVE CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2014

Pleasant Grove

Utah's City of Trees

Prepared by:
Pleasant Grove City, Finance Department

PLEASANT GROVE CITY

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 1

GFOA Certificate of Achievement 5

Organizational Chart 6

List of Principal Officials 7

FINANCIAL SECTION

Independent Auditor's Report 11

Management's Discussion and Analysis 13

Basic Financial Statements

Statement of Net Position 25

Statement of Activities 26

Governmental Funds

Balance Sheet 27

Balance Sheet Reconciliation to Statement of Net Position 28

Statement of Revenues, Expenditures, and Changes in Fund Balance 29

Statement of Changes Reconciliation to Statement of Activities 30

General Fund – Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual 31

Redevelopment Agency Fund – Statement of Revenues, Expenditures, And Changes in Fund Balance – Budget & Actual 32

PLEASANT GROVE CITY

TABLE OF CONTENTS

(Continued)

Proprietary Funds
- Statement of Net Position 33
- Statement of Revenues, Expenditures, and Changes in Fund Net Position 34
- Statement of Cash Flows 35

Notes to Financial Statements 36

Supplementary Section

Non-major Governmental Funds
- Combining Balance Sheet 77
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 78

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
- Construction Fund 79
- Special Revenue Funds
  - Dispatch 80
  - Swimming Pool 81
  - Community Center 82
  - Cultural Arts 83
  - Library 84
- Debt Service Fund 85

STATISTICAL SECTION

Net Assets by Components 88
Changes in Net Position 89
Governmental Fund – Fund Balance 91
Governmental Fund – Changes in Fund Balance 92
Assessed/Estimate Actual Value of Taxable Property 94
Property Tax Rates – Direct and Overlapping Governments 95
Principal Property Tax Payers 96
Property Tax Levies and Collections 97
Ratios of General Obligation Bonded Debt Outstanding 98
Taxable Sales by Category 99
Direct and Overlapping Sales Tax Rate 100

PLEASANT GROVE CITY

TABLE OF CONTENTS

(Continued)

Principal Sales Tax Remitters 101
Charges for Water Fees 102
Ratio of Outstanding Debt by Type 103
Direct and Overlapping Governmental Activities Debt 104
Legal Debt Margin Information 105
Pledged-Revenue Coverage 106
Demographic and Economic Statistics 108
Principal Employers 109
FTE City Employees by Function/Program 110
Operating Indicators by Function/Program 111
Capital Asset Statistics by Function/Program 112

OTHER REPORTS

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 113

Independent Auditor's Report on Compliance in Accordance with the State of
Utah Legal Compliance Audit Guide 115

Schedule of Expenditures of State Awards 118

INTRODUCTORY SECTION

Pleasant Grove
Utah's City of Trees

December 27, 2014
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, 2014, 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.

70 South 100 East • Pleasant Grove, Utah 84062 • Phone (801) 785-5045 • Fax (801) 785-8923

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 34,988. This is an increase from population estimated by the 2010 census of 1,479. 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 building revenue and tax revenue, economic activity has shown significant growth over the past two years. Sales tax revenue in FY 2014 reached $4,082,086, which outpaced the previous historical high reached in 2008 of $3,855,044. Building permit revenues totaled $693,885, which is an increase of 70.92% over fiscal year 2013. The City is committed to use conservative budgeting principles, particularly related to building-related fees. These increased revenues will be used to fund growth-related costs and projects, rather than used to increase the City's base budget. While current development has slowed a little from the 2014 pace, we anticipate fiscal year 2015 to be another year of strong economic growth.

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:

- **Capital Replacement.** The City recognizes the potential liability of deteriorating facilities, equipment and infrastructure. Through the development of master plans and capital facilities plans these areas of concern are being addressed. Most of these facilities are in the City's enterprise funds and are being funded through user fees, impact fees, and the issuance of bonds, when necessary.

  For governmental funds, capital projects, including facility and equipment repair and replacement, is more challenging. However, the City is making progress towards funding these needs. For the 2015 budget year, $456,032 has been allocated to fund capital equipment replacement needs.

  City streets are another area of concern related to capital replacement. Many needs exist and they will be addressed in the most efficient manner possible when considering costs, fees, and the tax burden on City residents. The City is currently studying funding needs and potential funding sources to address the City's street maintenance needs. The results of this study will be a part of the fiscal year 2016 budget discussion.

- **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.

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 2013-14, the City had several significant projects. Some of these projects are listed below:

1. Storm Water Improvements. During the previous fiscal year, the City issued $5,500,000 in storm water revenue bonds. The proceeds from these bonds were used to purchase 40 acres of land in the center of

the City. This property will be planned and developed over the next several years to provide a regional storm water detention basin.

2. Secondary Water Tank Land. In anticipation of future development, the City has purchased land for the future construction of a water tank associated with the City's secondary water system. The cost of the land was $432,415. The tank will be constructed at a future undetermined date.

3. Swimming Pool Relining. Due to age, the City swimming pool needed to be resurfaced. The City chose to upgrade the current concrete surface in the pool to a membrane liner. This liner will not only be superior to the concrete surface, but will last many years longer. The cost of this liner was $389,526.

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. Recently completed projects include the new world headquarters for doTerra essential oils as well as a Walmart Neighborhood Market.

The Pleasant Grove Redevelopment Agency was established for the purpose of encouraging new development within the City. Currently, the City only has one active area, the Gateway Community Development area. This area is set to expire in 2031. A new area has been created in the land occupied by doTerra essential oils. That area will begin producing tax increment during the 2016 fiscal year. The City will continue to encourage development through the use of redevelopment areas.

The City's main commercial corridor, the Interchange Area currently contains 260,000 sq ft of office space. We anticipate additional office space to be constructed along with retail, hotel, residential, and other tax-generating properties. This area still contains 438 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 decreased by $333,697 during the fiscal year, to end at $4,626,483. However, that includes a $502,425 transfer of the 2013 budget surplus to fund 2014 capital projects. The City's intent is to use the General Fund surpluses to fund certain subsequent year's capital projects. The General fund's unassigned balance of $2,149,398 represents 16.99% of the fiscal year 2014 General fund revenues.

The General fund's balance has decreased $3,561,537 from its balance of five years ago. A significant portion of this difference is due to the inclusion of significant unspent bond proceeds in the fund balances from 2009. During the same five-year period, the City's governmental funds revenues increased from $15,631,360 to $18,423,365 and expenditures decreased from $23,842,899 to $17,731,927. The large decrease in expenditures between the two periods is due to an unusually large amount of capital projects in fiscal year 2009. Growth in proprietary funds has increased over this same period. Proprietary fund operating revenues increased from $5,694,099 to $12,833,572 as compared to fiscal year 2009, while operating expenses rose from $5,974,345 to $10,333,158. One significant factor in the increase in revenue and expenditures is the creation of a Sanitation fund. These transactions were previously accounted for in the General fund.

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, 2014, 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 Gilbert & Stewart 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, 2013. 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

Dean Lundell
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pleasant Grove City

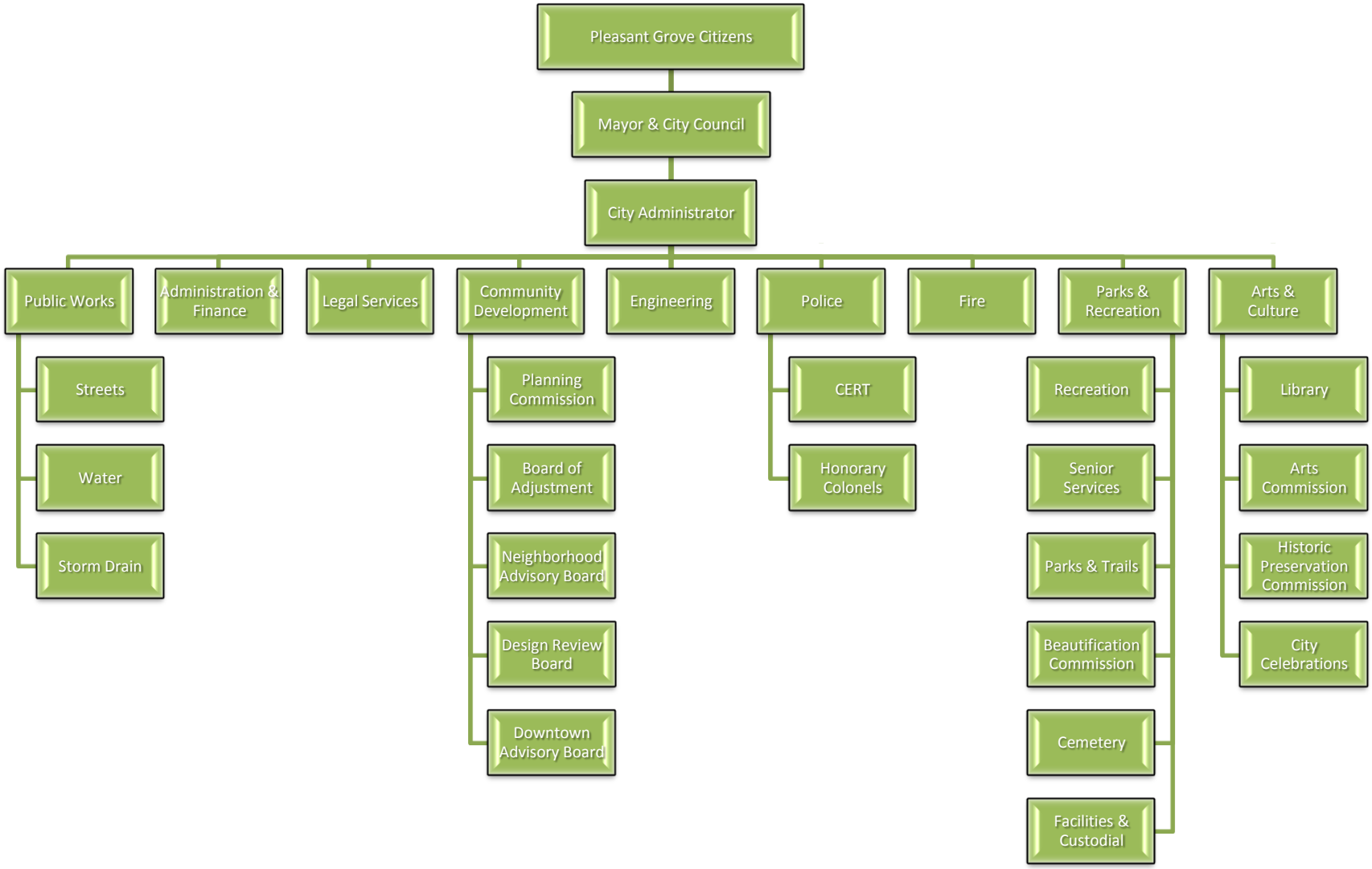
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Pleasant Grove City Organization Chart



ELECTED AND APPOINTED OFFICIALS

Pleasant Grove City Mayor & Council

Mayor Mike Daniels

Cindy Boyd

Dianna Andersen

Cyd LeMone

Jay Meacham

Ben Stanley

Pleasant Grove City
Appointed Officials

City Administrator..... J. Scott Darrington
City Treasurer..... Karen Bezzant
Leisure Services Director .....Deon Giles
Arts & Culture Director..... April Harrison
City Recorder.....Kathy Kresser
City Engineer.....Degen Lewis
Finance Director .....Dean Lundell
Police Chief ..... Michael Smith
City Attorney ..... Christine Peterson
Fire Chief.....Marc Sanderson
Public Works Director.....Lynn Walker
Community Development Director..... Ken Young

FINANCIAL SECTION

GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Pleasant Grove City
Pleasant Grove, Utah

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, as of and for the year ended June 30, 2014, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 respective 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 and budgetary comparison information as listed in the table of contents 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

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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 Pleasant Grove City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic 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 27, 2014 on our consideration of Pleasant Grove 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 Pleasant Grove City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Certified Public Accountants
Provo, UT 84601
December 27, 2014

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, 2014.

FINANCIAL HIGHLIGHTS

- The total net position of Pleasant Grove City increased 3.65% to $117,189,818. A significant contributors to this increase was $1,271,718 in infrastructure contributions. The City also received a cash contribution of $1,560,127. This contribution was to cover debt service expenditures for debt issued by the Redevelopment Agency of Pleasant Grove.

- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $7,196,953. Of this amount $1,954,335 (27.16%) is available for spending at the government's discretion (unassigned fund balance).

- Total governmental fund balance increased by $932,680 during the year. The majority of the increase was generated by collections of impact fees. These impact fees will be used fund growth-related capital projects. In future years.

- Utah law restricts an amount a municipality can maintain in its General Fund unreserved fund balance to 25% of the next year's budgeted revenue. As of June 30, 2014 the City's unassigned fund balance equals 16.99% of next year's revenue.

- The City entered into a capital lease during the year in the amount of $451,033. Additionally, $2,711,000 of principal was paid on the City's outstanding bonds.

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 25 & 26.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pleasant Grove City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The City maintains the following ten individual governmental funds:

- General
- 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 27-30 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 33-35 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 36 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 76, and the statistical section begins on page 87. 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 $117,189,818.

By far the largest portion of the City of Pleasant Grove's net position (87.63%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net position.

PLEASANT GROVE CITY NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 13,750,245	$ 13,311,789	$ 12,620,842	$ 17,708,656	$ 26,371,087	$ 31,020,445
Capital assets	81,753,925	82,342,275	83,767,057	76,693,071	165,520,982	159,035,346
Total Assets	95,504,170	95,654,064	96,387,899	94,401,727	191,892,069	190,055,791
Total Deferred Outflows of Resources	105,220	119,407	45,099	51,179	150,319	170,586
Long-term debt outstanding	31,293,300	33,128,813	36,530,421	37,353,068	67,823,721	70,481,881
Other liabilities	3,943,001	3,575,178	417,457	312,578	4,360,458	3,887,756
Total Liabilities	35,236,301	36,703,991	36,947,878	37,665,646	72,184,179	74,369,637
Total Deferred Inflows of Resources	2,668,391	2,791,214	-	-	2,668,391	2,791,214
Net Investment in capital assets	50,565,845	50,796,063	49,572,185	48,323,213	100,138,030	99,119,276
Restricted	4,037,589	3,055,847	4,054,874	2,536,718	8,092,463	5,592,565
Unrestricted	3,101,264	2,426,356	5,858,061	5,927,329	8,959,325	8,353,685
Total net position	$ 57,704,698	$ 56,278,266	$ 59,485,120	$ 56,787,260	$117,189,818	$113,065,526

An additional portion of the City's net position (6.91%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of $8,959,325 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2014, 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, 2014.

PLEASANT GROVE CITY'S CHANGE IN NET POSITION

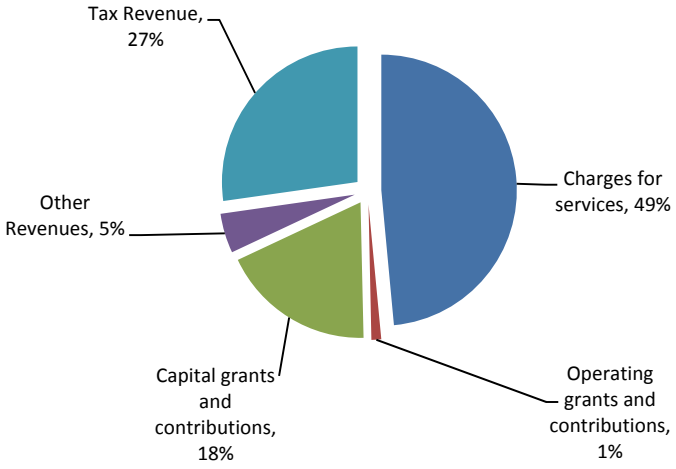
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	$ 3,806,998	$ 5,143,118	$ 12,846,809	$ 11,802,122	$ 16,653,807	$ 16,945,240
Operating grants and contributions	387,294	375,553	8,468	43,285	395,762	418,838
Capital grants and contributions	3,898,978	2,581,140	2,409,370	2,726,152	6,308,348	5,307,292
General Revenues:						
Taxes	9,354,866	9,044,884	-	-	9,354,866	9,044,884
Other Revenues	1,577,260	1,594,889	47,335	35,156	1,624,595	1,630,045
Total revenues	19,025,396	18,739,584	15,311,982	14,606,715	34,337,378	33,346,299
Expenses						
General Government	1,610,214	2,975,119	-	-	1,610,214	2,975,119
Community Services	1,321,009	1,234,330	-	-	1,321,009	1,234,330
Public Works	2,476,897	2,423,915	-	-	2,476,897	2,423,915
Public Safety	6,096,418	5,633,654	-	-	6,096,418	5,633,654
Parks & Recreation	4,062,645	3,957,787	-	-	4,062,645	3,957,787
Interest on L/T Debt	1,440,868	1,488,856	-	-	1,440,868	1,488,856
Water	-	-	5,455,815	5,517,248	5,455,815	5,517,248
Storm Drain	-	-	3,582,696	3,631,525	3,582,696	3,631,525
Sewer	-	-	1,393,536	1,089,211	1,393,536	1,089,211
Sanitation	-	-	1,335,337	1,323,840	1,335,337	1,323,840
Total Expenses	17,008,051	17,713,661	11,767,384	11,561,824	28,775,435	29,275,485
Transfers	141,146	-	(141,146)	-	-	-
Increase (decrease) in net assets	2,158,491	1,025,923	3,403,452	3,044,891	5,561,943	4,070,814
Net position, beginning	55,546,207	55,252,343	56,081,668	53,742,369	111,627,875	108,994,712
Net position, ending	$ 57,704,698	$ 56,278,266	$ 59,485,120	$ 56,787,260	$117,189,818	$113,065,526

Net Position for governmental activities increased by $2,158,491, which is an increase of $1,132,568 from the previous year. Business-type activities increased by $3,403,452, which represents an increase of $658,561 from the previous year. The decrease in Charges for Services in Governmental funds is largely due to a change in how the City accounts for services provided to the City's Enterprise funds by the General Fund. Previously, they were shown as revenues. Going forward, they will be shown as a reduction of the expenditure. Factor contributing to an increase in Net Position in Governmental Funds include capital grants and contributions as well as impact fees. Capital contributions consist of infrastructure built by developers and donated to the City as well as impact fee revenues.

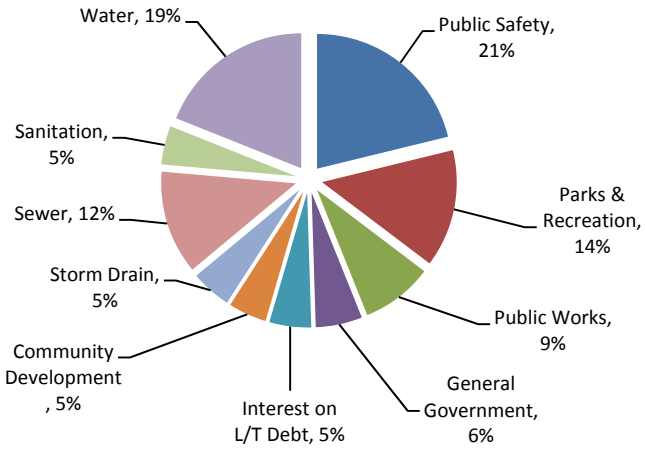
Taxes are the primary source of general revenue. Most of the City's operating grants are related to public safety grants and class C road funds, while capital grants consist primarily of donated infrastructure assets.

The following two graphs display Pleasant Grove's government-wide revenues and expenses for the fiscal year ended June 30, 2014.

Total Revenues
Government-Wide Operations of Pleasant Grove City



Total Expenses
Government-Wide Operations of Pleasant Grove City



Financial Analysis of Governmental Funds

<u>Governmental Funds.</u> 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.

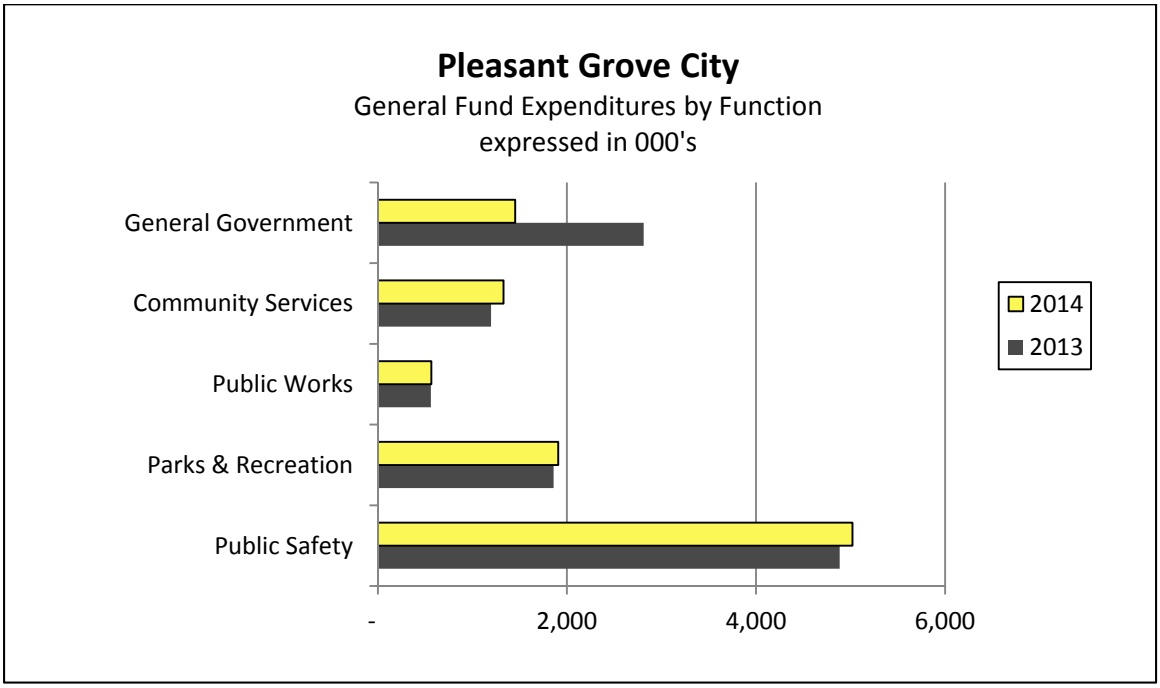
At the end of the current fiscal year, the City's governmental funds reported combined fund balances of $7,196,953. $1,954,335 of this total amount (27%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified as 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 $2,149,398, while total fund balance reached $4,626,483.

Taxes are the largest source of revenue in the General Fund, representing 71% of total General Fund revenues. The largest component is sales tax, which represents 45% of total tax revenue and 30% of total General Fund revenue. Overall, revenues decreased by 7.26% and expenditures decreased by 5.79% from 2013. The reason both expenditures and revenues decreased is the change in accounting for services provided to the City Enterprise funds by the General fund.

The following chart compares general fund expenditures by function between 2013 and 2014.



Other Governmental Funds
The fund balance in the Redevelopment Agency fund decreased by $86,162 during the year to bring the fund to a negative balance of $71,655. The decrease was caused by a capital project occurring in the RDA area prior to the receipt of tax increment funds. Revenues in the RDA fund decreased from $1,745,468 in 2013 to $1,687,711 in 2014 due to one of the RDA properties being reassigned to Greenbelt status. The City currently has only one redevelopment area.

$930,479 was spent from the Capital Projects fund on capital outlays during the year. 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 $2,152,692. 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 $31,180,736 to $32,345,409. Sewer net position increased from $15,542,223 to $17,086,261. Storm Drain net position increased from $9,356,928 to $10,035,814. Net position increases in 2014 were assisted in part due to utility rate increases and development related impact fees. Finally, Sanitation Fund net position increased from $1,781 to $17,636. Overall, in the enterprise funds, net position increased by $3,403,452.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budgeted expenditure total of $10,741,891 to final budgeted expenditures of $11,195,885. These increases can be briefly summarized as follows:

- General Government increased by $14,834
- Justice Court decreased by $3,847
- Facilities increased by $141
- Community Development increased by $83,397
- Engineering increased by $170,123
- Police increased by $4,696
- Fire increased by $36,172
- Public Works increased by $130,409
- Library increased by $275
- Parks and Recreation increased by $17,795

The largest increase in budgeted expenditures was related to grants. The City's guideline is to generally not budget grant revenue until the funds are received. During the year, the

City received certain state and federal grants. 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, 2014, amounts to $165,520,982 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, construction in progress, and water rights. The total increase in the City's capital assets (net of depreciation) was 4.08% (0.72% decrease for governmental activities and a 9.22% increase for business-type activities).

Pleasant Grove City Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$44,630,520	$44,118,519	$ 9,301,928	$ 3,161,080	$ 53,932,448	$ 47,279,599
Water Shares	-	-	1,981,938	1,981,938	1,981,938	1,981,938
Buildings	8,402,822	8,780,419	-	-	8,402,822	8,780,419
Equipment	2,474,265	2,652,285	624,032	237,320	3,098,297	2,889,605
Infrastructure	26,037,022	26,791,052	71,265,053	71,262,028	97,302,075	98,053,080
Const in Progress	209,296	-	594,106	50,705	803,402	50,705
Total Capital Assets	$81,753,925	$82,342,275	$83,767,057	$76,693,071	$165,520,982	$159,035,346

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

- Contributed infrastructure assets - $1,271,718
- Storm Drain Detention Land - $5,708,433
- Land for Future Water Tank - $432,415
- Relining of City Swimming Pool - $389,526
-

Additional information on the City's capital assets can be found in note 7 on pages 54-55 of this report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of $62,332,000. $58,102,000 is secured by specific revenue sources, while total general obligation bonds outstanding total $4,230,000. 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 4,230,000	$ 4,375,000	$ -	$ -	$ 4,230,000	$ 4,375,000
Revenue bonds	22,654,500	24,075,000	35,447,500	36,593,000	58,102,000	60,668,000
Total bonded debt	$ 26,884,500	$ 28,450,000	$ 35,447,500	$ 36,593,000	$ 62,332,000	$ 65,043,000

- The City's total outstanding bond debt decreased $2,711,000 during the current fiscal year. This is the total amount of principal paid. No new bonds were issued during the year.

- The City did enter into a capital lease agreement to purchase a Vacall truck for the Storm Drain fund as well as fitness equipment for the City's recreation facility

- Pleasant Grove City maintains a "AA" rating for its sales tax bonds, a "AA-" rating for its general obligation bonds, an "A" rating for its water revenue bonds, and an "A+" rating for its excise tax bonds.

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 $83,756,000 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 $251,268,000, which again significantly exceeds the level of outstanding debt.

Additional information on the City's long-term debt can be found in note 10 on pages 58-70 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Utah County (of which Pleasant Grove is the fifth largest city) was 3.3%. This rate is slightly lower than the state unemployment rate of 3.6%, while the national rate was 5.8%. The previous year's rates were 4.5%, 4.6%, and 7.0% respectively.

- The General Fund budgeted operating expenditures remain fairly consistent for the upcoming year. Fiscal year-ending June 30, 2015 original budget reflects an increase of $21,175 from the year ending, June 30, 2014.
- 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 adusted each July. While rates vary based on usage and lot size, most residents will pay approximately $4.64 more per month this year as opposed to the previous year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Pleasant Grove's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Pleasant Grove City, Finance Director, 70 South 100 East, Pleasant Grove, UT 84062.

BASIC FINANCIAL STATEMENTS

PLEASANT GROVE CITY

Statement of Net Position

June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 5,659,868	$ 7,080,792	$ 12,740,660
Restricted Cash	3,082,173	3,356,638	6,438,811
Receivables	4,180,909	1,346,257	5,527,166
Inventories	-	44,969	44,969
Other Current Assets	742,293	233,719	976,012
Due from Other Funds	64,063	(64,063)	-
Other Noncurrent Assets	20,939	622,530	643,469
Capital Assets:			
Land	44,630,520	9,301,928	53,932,448
Water Shares	-	1,981,938	1,981,938
Buildings	8,402,822	-	8,402,822
Improvements	26,037,022	71,265,053	97,302,075
Machinery & Equipment	2,474,265	624,032	3,098,297
Construction in Progress	209,296	594,106	803,402
Total Assets	95,504,170	96,387,899	191,892,069
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	105,220	45,099	150,319
Total Deferred Outflows of Resources	105,220	45,099	150,319
LIABILITIES			
Accounts Payable	1,666,079	93,873	1,759,952
Bond Interest Payable	198,670	323,584	522,254
Retainage Payable	5,996	-	5,996
Developers' Deposits	2,072,256	-	2,072,256
Long-term Liabilities			
Due Within One Year	2,122,313	1,427,482	3,549,795
Due in More Than One Year	29,170,987	35,102,939	64,273,926
Total Liabilities	35,236,301	36,947,878	72,184,179
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	2,668,391	-	2,668,391
Total Deferred Inflows of Resources	2,668,391	-	2,668,391
NET POSITION			
Net Investment in Capital Assets	50,565,845	49,572,185	100,138,030
Restricted for:			
Roads	1,392,277	-	1,392,277
Impact Fees	1,890,595	2,885,643	4,776,238
Library	64,096	-	64,096
Dispatch	88,455	-	88,455
Debt Service	239,111	1,169,231	1,408,342
Other	363,055	-	363,055
Unrestricted	3,101,264	5,858,061	8,959,325
Total Net Position	$ 57,704,698	$ 59,485,120	$ 117,189,818

See accompanying notes.

PLEASANT GROVE CITY

Statement of Activities

For the Year Ended June 30, 2014

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position – Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position – Primary Government: Total
Primary Government							
Governmental:							
General Government	$ 1,610,214	$ 636,019	$ 45,358	$ 95,214	$ (833,623)	$ -	$ (833,623)
Community Services	1,321,009	693,940	-	-	(627,069)	-	(627,069)
Public Works	2,476,897	3,257	-	2,961,574	487,934	-	487,934
Public Safety	6,096,418	831,370	330,048	164,749	(4,770,251)	-	(4,770,251)
Parks and Recreation	4,062,645	1,642,412	11,888	677,441	(1,730,904)	-	(1,730,904)
Interest on Long-Term Debt	1,440,868				(1,440,868)	-	(1,440,868)
Total Governmental Activities	17,008,051	3,806,998	387,294	3,898,978	(8,914,781)	-	(8,914,781)
Business-type:							
Water	5,455,815	5,593,448	8,468	1,128,095	-	1,274,196	1,274,196
Sewer	3,582,696	4,367,263	-	776,271	-	1,560,838	1,560,838
Storm Drain	1,393,536	1,534,906	-	505,004	-	646,374	646,374
Sanitation	1,335,337	1,351,192	-	-	-	15,855	15,855
Total Business-type Activities	11,767,384	12,846,809	8,468	2,409,370	-	3,497,263	3,497,263
Total Primary Government	28,775,435	16,653,807	395,762	6,308,348	(8,914,781)	3,497,263	(5,417,518)
General Revenues:							
Property Taxes					3,058,621	-	3,058,621
Sales and Use Tax					4,082,085	-	4,082,085
Franchise Tax					1,904,962	-	1,904,962
Other Taxes					309,198	-	309,198
Miscellaneous Revenue					1,562,127	-	1,562,127
Unrestricted Investment Earnings					15,133	47,335	62,468
Transfers					141,146	(141,146)	-
Total General Revenues and Transfers					11,073,272	(93,811)	10,979,461
Change in Net Position					2,158,491	3,403,452	5,561,943
Net Position - Beginning, as Previously Reported					56,278,266	56,787,260	113,065,526
Adjustment to Net Bond Issuance Costs					(732,059)	(705,592)	(1,437,651)
Net Position - Beginning, as Adjusted					55,546,207	56,081,668	111,627,875
Net Position - Ending					$ 57,704,698	$ 59,485,120	$ 117,189,818

See accompanying notes.

PLEASANT GROVE CITY

Balance Sheet
Governmental Funds
June 30, 2014

	General	Special Revenue Redevelopment Agency	Capital Projects Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	$ 3,067,412	$ -	$ 2,327,069	$ 265,387	$ 5,659,868
Restricted Cash	2,966,467	3	-	115,703	3,082,173
Receivables (net)					
Property Tax	2,859,055	33,056	-	-	2,892,111
Sales Tax	733,103	-	-	-	733,103
Other	328,258	-	-	-	328,258
Intergovernmental	214,157	-	-	-	214,157
Special Assessment Receivable	13,280	-	-	-	13,280
Due from other funds	129,725	-	-	-	129,725
Other Current Assets	20,540	-	-	-	20,540
Prepaid Items	721,753	-	-	-	721,753
Total Assets	11,053,750	33,059	2,327,069	381,090	13,794,968
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and Accrued Liabilities	$ 1,600,045	$ -	$ -	$ 66,034	$ 1,666,079
Developers' Deposits	2,072,256	-	-	-	2,072,256
Retainage Payable	-	5,996	-	-	5,996
Due to Other Funds	-	65,662	-		65,662
Total Liabilities	3,672,301	71,658	-	66,034	3,809,993
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	2,635,335	33,056	-	-	2,668,391
Unavailable Revenue	119,631	-	-	-	119,631
Total Deferred Inflows of Resources	2,754,966	33,056	-	-	2,788,022
FUND BALANCES					
Nonspendable					
Prepaid Items	721,753	-	-	-	721,753
Restriced for					
Donations	363,055	-	-	-	363,055
Debt Service	-	3	-	239,108	239,111
Dispatch	-	-	-	88,455	88,455
Library Grants	-	-	-	64,096	64,096
Impact Fees	-	-	1,890,595	-	1,890,595
Class C Road Funds	1,392,277	-	-	-	1,392,277
Assigned to					
Capital Projects	-	-	436,474	-	436,474
Swimming Pool	-	-	-	10,858	10,858
Community Center	-	-	-	19,539	19,539
Cultural Arts	-	-	-	16,405	16,405
Unassigned	2,149,398	(71,658)	-	(123,405)	1,954,335
Total Fund Balances	4,626,483	(71,655)	2,327,069	315,056	7,196,953
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,053,750	$ 33,059	$ 2,327,069	$ 381,090	$ 13,794,968

See accompanying notes.

PLEASANT GROVE CITY

Reconciliation of The Balance Sheet of Governmental Funds
To The Statement of Net Position
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances - governmental fund types	$ 7,196,953
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,753,925
Property taxes levied in prior years but not yet received are reported as deferred revenue in the governmental funds, but are recorded as revenues in the prior year's net assets in the statement of activities.	106,351
Governmental funds report the effects of prepaid bond insurance, whereas these amounts are deferred and shown as net amortization in the statement of activities.	20,939
Special assessments revenue is recognized as it is received in the governmental funds, while in the statement of activities, it is recognized once it is receivable.	13,280
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(30,622,952)
Compensated absences are not due and payable in the current period and are not reported as fund liabilities in the funds.	(663,248)
Post retirement benefits are not due and payable in the current period and are not reported as fund libilities in the funds.	(100,550)
Net assets of governmental activities	$ 57,704,698

See accompanying notes.

PLEASANT GROVE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	General	Special Revenue: Redevelopment Agency	Capital Projects: Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 9,027,434	$ 32,366	$ -	$ 320,983	$ 9,380,783
Licenses & Permits	765,315	-	-	-	765,315
Intergovernmental	1,170,579	95,214	19,069	211,437	1,496,299
Charges for Services	1,075,285	-	-	1,359,662	2,434,947
Fines & Forfeitures	377,436	-	-	-	377,436
Interest	18,314	4	4,295	959	23,572
Impact Fees	-	-	2,152,692	-	2,152,692
Miscellaneous	214,585	1,560,127	9,518	8,090	1,792,320
Total Revenues	12,648,948	1,687,711	2,185,574	1,901,131	18,423,365
EXPENDITURES					
Current					
General Government	1,452,705	4,450	40,596	-	1,497,751
Community Services	1,328,947	-	-	-	1,328,947
Public Works	566,340	-	-	-	566,340
Public Safety	5,020,302	-	106,873	612,107	5,739,282
Parks and Recreation	1,907,605	-	6,910	1,619,868	3,534,383
Capital Outlay & Projects	661,985	209,296	930,479	-	1,801,760
Debt Service					
Principal Retirement	-	541,000	224,910	1,024,500	1,790,410
Interest and Fees	-	1,019,127	42,588	411,339	1,473,054
Total Expenditures	10,937,884	1,773,873	1,352,356	3,667,814	17,731,927
Excess (Deficiency) of Revenues over Expenditures	1,711,064	(86,162)	833,218	(1,766,683)	691,438
Other Financing Sources (Uses)					
Sale of Capital Assets	2,000	-	-	-	2,000
Proceeds from Capital Lease	-	-	98,097	-	98,097
Transfers In	202,275	-	969,698	1,605,304	2,777,277
Transfers Out	(2,249,036)	-	(345,143)	(41,952)	(2,636,131)
Total Other Financing Sources/(Uses)	(2,044,761)	-	722,652	1,563,352	241,243
Net Change in Fund Balance	(333,697)	(86,162)	1,555,870	(203,331)	932,680
Fund Balances - July 1	4,960,180	14,507	771,199	518,387	6,264,273
Fund Balances - June 30	$ 4,626,483	$ (71,655)	$ 2,327,069	$ 315,056	$ 7,196,953

See accompanying notes.

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, 2014

Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balance -- Total Governmental Funds	$ 932,680
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,217,190)
Contributions of capital assets not reported in the funds.	628,841
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(28,807)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of prepaid insurance costs on bonds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,897,708
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(54,741)
Change in net assets of governmental activities	$ 2,158,491

See accompanying notes.

PLEASANT GROVE CITY

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	$ 2,715,000	$ 2,715,000	$ 2,731,189	$ 16,189
Sales & Use Tax	3,965,334	3,965,334	4,082,086	116,752
Other Taxes	2,240,000	2,240,000	2,214,159	(25,841)
Licenses & Permits	340,750	510,750	765,315	254,565
Intergovernmental Revenue	1,027,000	1,279,864	1,170,579	(109,285)
Charges for Services	843,900	843,900	1,075,285	231,385
Court Fines	480,500	480,500	328,179	(152,321)
Other Revenues	250,889	267,468	282,156	14,688
Total Revenue	11,863,373	12,302,816	12,648,948	346,132
EXPENDITURES				
General Government				
General Government	703,995	718,829	735,795	(16,966)
Municipal Justice Court	313,470	309,623	302,090	7,533
Facilities	256,750	256,891	414,820	(157,929)
Community Development				
Community Development	544,416	627,813	613,963	13,850
Engineering	447,401	617,524	714,984	(97,460)
Public Safety				
Police	3,342,808	3,347,504	3,193,191	154,313
Fire	1,815,315	1,851,487	1,827,111	24,376
Public Works				
Streets	543,319	673,728	565,472	108,256
Class C Fund Expenditures	777,500	777,500	662,853	114,647
Parks and Recreation				
Library	621,609	621,884	595,636	26,248
Parks and Recreation	1,375,308	1,393,103	1,311,969	81,134
Total Expenditures	10,741,891	11,195,885	10,937,884	258,001
Excess (Deficiency) of revenues Over Expenditures	1,121,482	1,106,930	1,711,064	604,134
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	2,000	2,000
Operating Transfers In	-	-	202,275	202,275
Operating Transfers Out	(1,736,611)	(2,299,036)	(2,249,036)	50,000
Use of Fund Balance	615,128	1,192,104	-	(1,192,104)
Total Other Financing Sources (Uses)	(1,121,483)	(1,106,932)	(2,044,761)	(937,829)
Net Change in Fund Balance	-	-	(333,697)	(333,697)
Fund Balance - July 1	4,960,180	4,960,180	4,960,180	-
Fund Balance - June 30	$ 4,960,180	$ 4,960,180	$ 4,626,483	$ (333,697)

See accompanying notes.

PLEASANT GROVE CITY

Redevelopment Agency Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 180,000	$ 180,000	$ 32,366	$ (147,634)
Intergovernmental	-	-	95,214	95,214
Interest	-	-	4	4
Miscellaneous	1,560,127	1,710,127	1,560,127	(150,000)
Total Revenue	1,740,127	1,890,127	1,687,711	(202,416)
EXPENDITURES				
General Government	27,000	27,000	4,450	22,550
Capital Outlay & Projects	-	150,000	209,296	(59,296)
Debt Service				
Principal Retirement	541,000	541,000	541,000	-
Interest and Fees	1,019,127	1,019,127	1,019,127	-
Total Expenditures	1,587,127	1,737,127	1,773,873	(36,746)
Excess (Deficiency) of revenues Over Expenditures	153,000	153,000	(86,162)	(239,162)
Net Change in Fund Balance	153,000	153,000	(86,162)	(239,162)
Fund Balance - July 1	14,507	14,507	14,507	-
Fund Balance - June 30	$ 167,507	$ 167,507	$ (71,655)	$ (239,162)

See accompanying notes.

PLEASANT GROVE CITY

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Storm Drain Fund	Sanitation Fund	Total
ASSETS					
Current Assets					
Cash & Cash Equivalents	$ 2,918,117	$ 3,421,090	$ 741,585	$ -	$ 7,080,792
Accounts Receivable	545,715	482,135	169,636	148,771	1,346,257
Supplies	44,969	-	-	-	44,969
Other Current Assets	139,781	44,149	49,789	-	233,719
Total Current Assets	3,648,582	3,947,374	961,010	148,771	8,705,737
Noncurrent Assets					
Restricted Cash	956,062	-	2,400,576	-	3,356,638
Other Noncurrent Assets	191,144	-	431,386	-	622,530
Capital Assets					
Land	1,761,157	25,000	7,515,770	-	9,301,927
Water Shares	1,981,938	-	-	-	1,981,938
Buildings and Structures	26,492	39,005	-	-	65,497
Infrastructure and Improvements	60,569,417	17,435,620	13,041,884	-	91,046,921
Machinery and Equipment	577,708	219,803	599,059	-	1,396,570
Construction in Progress	446,341	22,697	125,068	-	594,106
Less Accumulated Depreciation	(14,613,053)	(4,087,664)	(1,919,186)	-	(20,619,903)
Capital Assets (Net of Accum Depreciation)	50,750,000	13,654,461	19,362,595	-	83,767,056
Total Noncurrent Assets	51,897,206	13,654,461	22,194,557	-	87,746,224
Total Assets	55,545,788	17,601,835	23,155,567	148,771	96,451,961
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	18,040	18,040	9,019		45,099
Total Deferred Outfllows of Resources	18,040	18,040	9,019	-	45,099
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Liabilities	14,824	8,039	3,938	67,072	93,873
Interest Payable	116,865	991	205,728	-	323,584
Due to Other Funds	-	-	-	64,063	64,063
Current Portion Bonds Payable	965,164	64,757	397,561	-	1,427,482
Total Current Liabilities	1,096,853	73,787	607,227	131,135	1,909,002
Noncurrent Liabilities					
Compensated Absenses	29,350	20,403	12,040	-	61,793
Bonds Payable (net of anamortized premium)	22,092,216	439,424	12,509,505	-	35,041,145
Total Noncurrent Liabilities	22,121,566	459,827	12,521,545	-	35,102,938
Total Liabilities	23,218,419	533,614	13,128,772	131,135	37,011,940
NET ASSETS					
Net Investment in Capital Assets	27,727,127	13,185,677	8,659,381	-	49,572,185
Restricted for:					
Impact Fees	1,620,044	875,722	389,877	-	2,885,643
Debt Service	956,062	-	213,169	-	1,169,231
Unrestricted	2,042,176	3,024,862	773,387	17,636	5,858,061
Total Net Position	$ 32,345,409	$ 17,086,261	$ 10,035,814	$ 17,636	$ 59,485,120

See accompanying notes.

PLEASANT GROVE CITY

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Storm Drain Fund	Sanitation Fund	Total
OPERATING REVENUES					
Charges for Services					
Operations	$ -	$ 4,365,853	$ -	$ 1,351,192	$ 5,717,045
Pledged as Security for Revenue Bonds	5,583,659	-	1,532,868	-	7,116,527
Total Operating Revenue	5,583,659	4,365,853	1,532,868	1,351,192	12,833,572
OPERATING EXPENSES					
Salaries and Benefits	524,107	436,986	203,428	-	1,164,521
Costs of Services and Supplies	1,751,082	2,361,341	233,710	1,127,097	5,473,230
General and Administrative	803,632	480,871	207,231	208,240	1,699,974
Depreciation and Amortization	1,386,258	298,904	310,271	-	1,995,433
Total Operating Expenses	4,465,079	3,578,102	954,640	1,335,337	10,333,158
Operating Income (Loss)	1,118,580	787,751	578,228	15,855	2,500,414
NON-OPERATING REVENUES (EXPENSES)					
Interest	15,591	13,919	17,825	-	47,335
Amortization of Prepaid Bond Insurance	(9,887)	-	(2,383)	-	(12,270)
Interest Expense	(980,849)	(4,594)	(436,513)	-	(1,421,956)
Grant Revenue	8,468	-	-	-	8,468
Other Non-Operating Revenue	9,789	1,410	2,038	-	13,237
Total Non-Operating Revenue (Expenses)	(956,888)	10,735	(419,033)	-	(1,365,186)
Net Income (Loss) Before Contributions and Transfers	161,692	798,486	159,195	15,855	1,135,228
CONTRIBUTIONS AND TRANSFERS					
Impact Fees	1,066,461	455,378	232,394	-	1,754,233
Developer Contributions	61,634	320,893	272,610	-	655,137
Transfers In	-	-	75,000	-	75,000
Transfers Out	(125,114)	(30,719)	(60,313)	-	(216,146)
Total Contributions & Operating Transfers	1,002,981	745,552	519,691	-	2,268,224
CHANGE IN NET POSITION	1,164,673	1,544,038	678,886	15,855	3,403,452
Net Position - Beginning, as Previously Reported	31,625,379	15,561,741	9,598,359	1,781	56,787,260
Adjustment to Net Deferred Bond Issuance Costs	(444,643)	(19,518)	(241,431)	-	(705,592)
Net Position - Beginning, as Adjusted	31,180,736	15,542,223	9,356,928	1,781	56,081,668
Net Position - Ending	$ 32,345,409	$ 17,086,261	$ 10,035,814	$ 17,636	$ 59,485,120

See accompanying notes.

PLEASANT GROVE CITY

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Storm Drain Utility	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	$ 5,522,945	$ 4,362,041	$ 1,511,446	$ 1,342,829	$ 12,739,261
Payments to Suppliers	(1,749,197)	(2,361,342)	(248,711)	(1,060,025)	(5,419,275)
Interfund Services	(803,632)	(480,871)	(207,231)	(208,240)	(1,699,974)
Payments to Employees	(518,588)	(435,934)	(201,289)	-	(1,155,811)
Net cash provided (used) by operating activities	2,451,528	1,083,894	854,215	74,564	4,464,201
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans from/(to) other funds	-	138,627	-	(74,564)	64,063
Transfers from/(to) other funds	(125,114)	(30,719)	14,687	-	(141,146)
Net Cash Provided (Used) by Noncapital Financing Activities	(125,114)	107,908	14,687	(74,564)	(77,083)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Impact fees	1,084,627	455,378	232,394	-	1,772,399
Purchase of capital assets	(1,263,288)	(644,103)	(6,519,228)	-	(8,426,619)
Proceeds from capital debt	-	-	352,939	-	352,939
Contribution from NUWCD	-	-	49,790	-	49,790
Proceeds from grants received	8,468	-	33,800	-	42,268
Principal paid on capital debt	(891,486)	(46,200)	(208,100)	-	(1,145,786)
Interest paid on capital debt	(1,010,147)	(3,882)	(387,469)	-	(1,401,498)
Other Non-Operating Revenue	9,789	1,410	14,297	-	25,496
Net cash provided (used) by capital and related financing activities	(2,062,037)	(237,397)	(6,431,577)	-	(8,731,011)
CASH FLOW FROM INVESTING ACTIVITIES					
Interest Income	15,591	13,919	17,825	-	47,335
Net increase (decrease) in cash and cash equivalents	279,968	968,324	(5,544,850)	-	(4,296,558)
Cash and cash equivalents - beginning of year	3,594,211	2,452,766	8,687,011	-	14,733,988
Cash and cash equivalents - end of year	$ 3,874,179	$ 3,421,090	$ 3,142,161	$ -	$ 10,437,430
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating Income (Loss)	$ 1,118,580	$ 787,751	$ 578,228	$ 15,855	$ 2,500,414
Adjustments to reconcile operating income to net cash provided (Used) by operating activities:					
Depreciation expense	1,386,258	298,904	310,271	-	1,995,433
(Increase) decrease in receivables	(60,715)	(3,812)	(21,421)	(8,363)	(94,311)
(Increase) decrease in inventory	1,885	-	-	-	1,885
Increase (decrease) in accounts payable	-	-	(15,000)	-	(15,000)
Increase (decrease) in accrued liabilities	2,966	803	496	67,072	71,337
Increase (decrease) in accrued vacation and sick leave	2,554	248	1,641	-	4,443
Total Adjustments	1,332,948	296,143	275,987	58,709	1,963,787
Net cash provided (used) by operating activities	$ 2,451,528	$ 1,083,894	$ 854,215	$ 74,564	$ 4,464,201
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	$ 61,634	$ 320,893	$ 260,351	$ -	$ 642,878

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Pleasant Grove
Utah's City of Trees

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities,* which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The Pleasant Grove City Corporation is a municipal corporation governed by an elected mayor and city council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit. The Redevelopment Agency serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The Authority is reported as a special revenue fund and does not issue separate financial statements.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government–wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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 by the general fund to the various enterprise funds for providing utility services to activities of the general fund, where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements

The government 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 those accounted for in another fund.

The *construction fund* is a capital projects fund and accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The *redevelopment agency* special revenue fund accounts for the activities of the agency, a blended component unit of the city. The agency is an entity established to further public purpose in the community and renewal of particular city areas.

The government reports the following major enterprise funds:

The *water fund* accounts for the activities of the City's water operations.

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 government reports the following nonmajor fund types:

Special Revenue Funds

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Debt Service Fund

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. <u>Measurement Focus and Basis of Accounting</u>

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis accounting.* 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 government fund financial statements are reported using the *current financial resources measurements 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.*

F. <u>Budgetary Information</u>

1. *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

2. ***Excess of expenditures over appropriations and fund deficit***

For the year ended June 30, 2014, expenditures exceeded appropriations in the Redevelopment Agency Fund by $36,746 and in the Community Center Fund by $42,969. The Redevelopment Agency fund also has a deficit fund balance at year-end of $71,655.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. ***Cash and cash equivalents***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. ***Investments***

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method, the Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. ***Inventories and Prepaid Items***

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. *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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. The interest capitalized this year is $36, 235. Total interest cost incurred for the year is $2,897,932.

Land and construction in progress are not depreciated. The other property, buildings, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	25-40
Machinery and equipment	5-20
Improvements	20-25
Infrastructure	20-50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

5. *Deferred Outflows/Inflows of Resources*

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and Statement No. 65, *Items Previously Reported as Assets and Liabilities.* These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of financial position 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 so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items, one of which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. The other item *deferred revenue* is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied in January for the subsequent fiscal year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. *Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

It is the government's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

7. *Fund Balance Flow Assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports non-spendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Non-spendable**. This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually require to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as non-spendable.

- **Restricted**. This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Unspent Donations
b) Debt Service
c) Unspent Dispatch Funds
d) Unspent Impact Fees
e) Unspent Library Grants
f) Unspent Class C road funds

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City Council has not committed any fund balance amounts.

- **Assigned.** This category includes governmental fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the City's administration comprised of the City administrative council. The City has assigned debt service, capital projects, swimming pool, community center, and cultural arts and redevelopment requirements.

- **Unassigned.** Residual balances in the Governmental Funds are classified as unassigned.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. 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.

H. Revenues and Expenditures/Expense

1. *Program Revenues*

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2. *Property Taxes*

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax, which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on all business personal property on January 1 and real estate and improvement taxes are levied on January 1 and are payable by November 30. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by unearned revenue.

The city council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The council must set a tax rate by June 22 each year. The county treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

3. *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. A liability for these amounts is reported in the financial statements.

4. *Proprietary Funds Operating and Nonoperating Revenues and Expenses*

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 the water, sewer, storm drain, and sanitation funds are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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 *fund balance – total governmental funds* and *net position – 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 costs 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	$108,233,834
Accumulated depreciation	(26,479,909)
Net adjustment to increase *fund balance -total governmental funds* to arrive at *net position – governmental activities)*	$81,753,925

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 statements. All liabilities (both current and long-term) are reported in the statement of net position.

Deferred charge on refunding	$ 105,220
Bonds and capital leases payable	(30,529,502)
Bond interest payable	(198,670)
Net adjustment to reduce *fund balance – total governmental funds* to arrive at *net position – governmental activities*	($30,622,952)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide 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

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS *(continued)*

changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

Capital outlay	$ 1,536,731
Depreciation expense	(2,753,921)
Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net position of governmental activities*	($ 1,217,190)

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, 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."

Long-Term Debt Issued or Retired	
Change in Accrued Interest	$ 22,782
Principal Paid	1,790,410
Prepaid Insurance	(1,140)
Issuance of New Capital Lease	(98,097)
Utah County Note Payment	174,349
Defeasance of Debt	(14,187)
Bond Premium/Amortization	23,591
Net Adjustment	$ 1,897,708

Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and are not reported in governmental funds.

Post Retirement Benefits	$ 22,280
Compensated Absences	(77,021)
Total	$ (54,741)

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

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:

A. 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 operating budget. The operating budget includes proposed expenditures and the means of financing them.

B. 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.

C. 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.

D. Control of budgeted expenditures is exercised, under state law, at the departmental level.

E. 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.

F. Budget appropriations for any department may be reduced by resolution.

G. A public hearing as required in B) 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.

H. 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.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The City considers the actions of the State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act.

The City does not have a deposit policy for custodial credit risk. As of year-end, the City's custodial credit risk for deposits was as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2014
Checking Accounts	Insured	$ 250,000
Checking Accounts	Uninsured and Uncollateralized	468,659
		$ 718,659

B. Investments

The City's investments are managed through participation in the State Public Treasurer's Investment Fund. The City also has funds in bond escrow accounts at US Bank invested in money market mutual funds and in the Public Treasurer's Investment Fund. As of year-end, the City had the following investments:

Investment	Custodial Credit Risk Amount Insured	Maturities	Fair Value
Utah Public Treasurers' Investment Fund	$ -	Less than 1 year	$14,222,286
U.S. Bank - First American Government Money Market Fund	-	Less than 1 year	928,371
U.S. Bank - Money Market Fund	250,000	Less than 1 year	1,168,911
U.S. Bank - PTIF	-	Less than 1 year	2,398,178
			$18,717,746

Investments–Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS *(continued)*

Investments–Credit Risk. The City follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers Investment Fund (PTIF), certificates of deposits, U.S. treasury obligations, U.S. agency issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices.

At June 30, 2014, the City had the following quality ratings:

		Quality Ratings			
Investments	Fair Value	AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	$ 14,222,286	$ -	$ -	$ -	$ 14,222,286
U.S. Bank - First American Treasury Money Market Fund	4,495,460	928,371	-	-	3,567,089
Total Investment	$ 18,717,746	$ 928,371	$ -	$ -	$ 17,789,375

Investments – Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk.

Public Treasurers Investment Fund – 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.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS *(continued)*

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

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

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

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

As of June 30, 2014, the City had $14,222,286 invested in the PTIF which had a fair value of $14,300,597 for an unrealized gain of $78,311. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major fund and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivable:	General	RDA	Water	Sewer	Storm Drain	Sanitation	Total
Accounts	$ -	$ -	$ 555,024	$ 485,790	$ 170,732	150,213	$ 1,361,759
Property Tax	2,859,055	33,056	-	-	-		2,892,111
Sales Tax	733,103	-	-	-	-		733,103
Other	328,258	-	-	-	-		328,258
Intergovermental	214,157	-	-	-	-		214,157
Special Assessment	13,280	-	-	-	-		13,280
Less: Allowance for uncollectible accounts	-	-	(9,309)	(3,655)	(1,096)	(1,442)	(15,502)
Total	$ 4,147,853	$ 33,056	$ 545,715	$ 482,135	$ 169,636	$ 148,771	$ 5,527,166

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of inter-fund balances as of year-end is as follows:

Due to/from other funds:

Receivable fund	Payable Fund	Amount
General	Sanitation	$ 64,063
General	Redevelopment Agency	65,662
Total		$129,725

The general fund made a loan to the sanitation fund to cover a working capital shortfall. A loan from the general fund to the redevelopment agency was made due to a capital project occurring in the project area prior to the receipt of tax increment funds.

Inter-fund Transfers:

	Transfer In				
	General	Construction	Nonmajor Govt'l	Storm Drain	Total
Transfer Out:					
Construction	$ -	$ -	$ 345,143	$ -	$ 345,143
Nonmajor Govt'l Funds	-	41,952	-	-	41,952
Storm Drain	60,313	-	-	-	60,313
Sewer	23,919	6,800	-	-	30,719
Water	118,043	7,071	-	-	125,114
General	-	913,875	1,260,161	75,000	2,249,036
Total Transfer Out	$ 202,275	$ 969,698	$ 1,605,304	$ 75,000	$2,852,277

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

NOTE 7 – CAPITAL ASSETS

Governmental activities:	Cost	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in Progress	$ -	$ 209,296	$ -	$ 209,296
Land	44,118,520	512,000	-	44,630,520
Total capital assets not being depreciated	44,118,520	721,296	-	44,839,816
Capital assets being depreciated:				
Buildings	13,497,611	-	-	13,497,611
Machinery and equipment	6,570,037	303,186	20,000	6,853,223
Infrastructure	41,902,094	1,141,090	-	43,043,184
Total capital assets being depreciated	61,969,742	1,444,276	20,000	63,394,018
Less accumulated depreciation for:				
Buildings	4,717,192	377,597	-	5,094,789
Machinery and equipment	3,917,752	481,205	20,000	4,378,957
Infrastructure	15,111,042	1,895,121	-	17,006,163
Total accumulated depreciation	23,745,986	2,753,923	20,000	26,479,909
Capital assets being depreciated, net	38,223,756	(1,309,647)	-	36,914,109
Governmental activities capital assets, net	$ 82,342,276	$ (588,351)	$ -	$ 81,753,925

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in Progress	$ 50,705	$ 573,864	$ 30,463	$ 594,106
Water Shares	1,981,938	-	-	1,981,938
Land	3,161,080	6,140,847	-	9,301,927
Total capital assets not being depreciated	5,193,723	6,714,711	30,463	11,877,971
Capital assets being depreciated:				
Buildings	65,497	-	-	65,497
Improvements	955,327	441,243	-	1,396,570
Machinery and equipment	89,102,994	1,943,927	-	91,046,921
Total capital assets being depreciated	90,123,818	2,385,170	-	92,508,988
Less accumulated depreciation for:				
Buildings	65,497	-	-	65,497
Machinery and equipment	718,007	54,531	-	772,538
Infrastructure	17,840,966	1,940,902	-	19,781,868
Total accumulated depreciation	18,624,470	1,995,433	-	20,619,903
Capital assets being depreciated, net	71,499,348	389,737	-	71,889,085
Business-type activities capital assets, net	$ 76,693,071	$ 7,104,448	$ 30,463	$ 83,767,056

NOTE 7 – CAPITAL ASSETS *(continued)*

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 46,434
Public Works	1,834,347
Public Safety	360,851
Parks and Recreation	512,291
Total depreciation expense - governmental activities	$ 2,753,923
Business-type activities:	
Water	$ 1,386,258
Sewer	298,904
Storm Drain	310,271
Sanitation	-
Total depreciation expense - Business-Type Activities	$ 1,995,433
Total depreciation expense	$ 4,749,356

NOTE 8 – DEFERRED INFLOWS OF RESOURCES

At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	Unavailable	Deferred
Property taxes receivable (RDA fund)	$ -	$ 33,056
Preoperty taxes receivable (general fund)	106,351	2,635,335
Special assessment receivable (general fund)	13,280	-
Total deferred revenue for governmental funds	119,631	2,668,391

NOTE 9 – OTHER CURRENT/NONCURRENT ASSETS

Other current and noncurrent assets include prepaid bond insurance costs that are being amortized over the life of the bond. Other current assets include impact fees and unbilled water charges. Also included is a receivable from North Utah County Water Conservancy District. The original amount of $497,900 is to reimburse the City for improvements made to the Grove Creek and Battle Creek debris basins. The terms are 10 payments of $49,790 annually for 10 years at 0% interest.

NOTE 9 – OTHER CURRENT/NONCURRENT ASSETS *(continued)*

		Business Type Activities				
	Governmental Activities	Sewer	Water		Storm Drain	
		Current	Current	Noncurrent	Current	Noncurrent
Receivable NUCWCD	$ -	$ -	$ -	$ -	$ 49,789	$ 348,531
Impact Fees	-	-	64,567	-	-	-
Special Assessments	-	44,149	-	-	-	-
Prepaid Bond Insurance	20,939	-	-	191,144	-	82,855
Unbilled Water Charges	-	-	75,214	-	-	-
	$ 20,939	$ 44,149	$ 139,781	$ 191,144	$ 49,789	$ 431,386

NOTE 10 - LEASE COMMITMENTS

The City entered into an agreement with Suntrust Equipment Finance and Leasing Corp in 2011 which is treated partially as a capital lease and partially as an operating lease. The portion the City treats as an operating lease is for copiers, computer equipment, and nine police vehicles. The lease term is for 5 years, but the City intends to trade in the vehicles after three years. For the operating lease portion, the subsequent years' payments are:

Year ended June 30	Principal	Interest	Total
2015	$ 94,770	$ 5,873	$ 100,643
2016	87,877	3,727	91,604
2017	76,659	1,737	78,396
	$ 259,306	$ 11,337	$ 270,643

In July, 2012, the City signed a lease agreement for 12 vehicles, computer equipment, and fitness equipment. Most of these items are on a capital lease, but five of the vehicles will be on an operating lease. For the operating lease portion, the subsequent payments are:

Year ended June 30	Principal	Interest	Total
2015	$ 29,842	$ 2,583	$ 32,425
2016	110,177	2,033	112,210
	$ 140,019	$ 4,616	$ 144,635

NOTE 11 – CAPITAL LEASES

The City executed capital leases in July 2009 for purchase of a Tiller Quint Ladder Truck and related equipment for the public safety department, and also for an asphalt zipper for the public works department. In 2011, the city signed two new leases for the purchase of seven Public Safety vehicles.

In July, 2012, the City signed a lease agreement for 12 vehicles, computer equipment, and fitness equipment. Most of these items are on a capital lease, but five of the vehicles are on an operating lease.

In September, 2013, the City signed a lease agreement for a police vehicle. This is treated as a capital lease.

In November, 2013, the City signed an equipment lease agreement for a storm drain vacuum truck and fitness equipment for the recreation center. This is treated as a capital lease.

Assets under capital leases are:

	Govt'l Funds	Enterprise Fund
Equipment	$1,561,416	$ 352,939
Accumulated Amortization	(540,329)	(25,141)
Total	$1,021,087	$ 327,798

Amortization of capital assets purchased under capital leases is included in depreciation.

The present value of future minimum capital lease payments as of year-end is:

Governmental Activities Year Ended 30-Jun	Ladder Truck	Equipment	Asphalt Zipper	Vehicles
2015	$ 116,851	$ 54,632	$ 28,089	$ 53,039
2016	437,329	55,610	-	62,453
2017	-	33,294	-	67,360
2018	-	-	-	44,932
2019	-	-	-	7,207
Total minimum lease payment	554,180	143,536	28,089	234,991
Less amounts representing interest	(52,186)	(5,008)	(1,028)	(11,590)
Present value of minimum lease payments	$ 501,994	$ 138,528	$ 27,061	$ 223,401

NOTE 11 – CAPITAL LEASES *(continued)*

Business-Type Activities Year Ended 30-Jun	Vacuum Truck
2015	$ 53,624
2016	53,781
2017	54,447
2018	54,542
2019	55,027
2020	55,526
2021	55,561
Total minimum lease payments	382,508
Less amounts representing interest	(29,569)
Present value of minimum lease payments	$ 352,939

NOTE 12 – LONG-TERM DEBT

Changes in long-term debt:
The following is a summary of bond, capital lease and other debt transactions for the City for the year ended June 30, 2014.

NOTE 12 – LONG-TERM DEBT *(continued)*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2012 Sales Tax Bonds	$ 3,038,000	$ -	$ (269,500)	$ 2,768,500	$ 276,500
Premium	80,905	-	(9,613)	71,292	
2011 CDA Bonds	17,872,000	-	(541,000)	17,331,000	572,000
2008 Excise Tax Bonds	3,165,000	-	(610,000)	2,555,000	645,000
Premium	51,287	-	(12,822)	38,465	
2007 Go Bonds	4,375,000	-	(145,000)	4,230,000	150,000
Premium	23,116	-	(1,156)	21,960	
Post-Employment Benefits	122,829	-	(22,279)	100,550	28,524
Compensated Absences	586,227	312,128	(235,107)	663,248	235,107
Capital Leases	1,017,800	98,094	(224,911)	890,983	215,182
Note payable - Utah County	2,796,651	-	(174,349)	2,622,302	
Total	$ 33,128,815	$ 410,222	$ (2,245,737)	$ 31,293,300	$ 2,122,313

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Business-Type Activities:					
2002A Water Revenue Bonds	$ 63,000	$ -	(9,000)	$ 54,000	$ 9,000
2002B Water Revenue Bonds	976,000	-	$ (85,000)	891,000	88,000
2004 Water Revenue Bonds	1,045,000	-	(73,000)	972,000	74,000
1994 Water Revenue Bonds	70,000	-	(23,000)	47,000	23,000
2006 Water Revenue Bonds	240,000	-	(16,000)	224,000	17,000
2008 Water Revenue Bonds	9,715,000	-	(275,000)	9,440,000	300,000
Premium	150,776	-	(7,180)	143,596	
2006B Water Revenue Bonds	9,855,000	-	(325,000)	9,530,000	350,000
Premium	336,181	-	(17,694)	318,487	
2002 Sales Tax Bonds - Water	-	-	-	-	-
2012 Sales Tax Ref - Water	520,800	-	(46,200)	474,600	47,400
Premium	13,871	-	(1,648)	12,223	
2010 Water Revenue Bonds	962,000	-	(39,000)	923,000	40,000
2010 Provo Res Water Users	11,293	-	(286)	11,007	297
Compensated Absences	98,600	45,693	(41,250)	103,043	41,250
2002 Sales Tax Bonds - St Dr	-	-	-	-	-
2012 Sales Tax Ref Bonds - SD	260,400	-	(23,100)	237,300	23,700
Premium	6,935	-	(824)	6,111	
2011 St Dr Revenue Bonds	6,865,000	-	(185,000)	6,680,000	195,000
Premium	39,785	-	(1,663)	38,122	
2002 Sales Tax Bonds - Sewer	-	-	-	-	-
2012 Sales Tax Ref - Sewer	520,800	-	(46,200)	474,600	47,400
Premium	13,870	-	(1,648)	12,222	
2014 St Dr Capital Lease	-	352,939	-	352,939	46,435
2013 St Dr Revenue Bonds	5,500,000	-	-	5,500,000	125,000
Premium	88756	- -	(3,586)	85,170	
Total	$ 37,353,067	$ 398,632	$ (1,221,279)	$ 36,530,420	$ 1,427,482

NOTE 12 – LONG-TERM DEBT *(continued)*

Bonds payable at June 30, 2014, are comprised of the following individual issues:

Storm Water Revenue Bonds:	
$7,050,000 Storm Water Revenue Bonds Series 2011, due in annual installments of $185,000 to $440,000, through July, 2037; Interest is from 2.0% to 4.0% payable semiannually.	$ 6,680,000
$5,500,000 Storm Water Revenue Bonds Series 2013 due in annual installments of $125,000 to $320,000, through July, 2038; interest is from 2% to 4% payable semiannually.	5,500,000
Water Revenue Bonds:	
$150,000 Water Revenue Bond Series 2002A, 0% interest, payable in annual installments of $7,000 to $18,000 until December 2018.	54,000
$1,700,000 Water Revenue Bond Series 2002B, payable in annual installments of $63,000 to $111,000 until December 2022: 3.04% interest payable semiannually.	891,000
$1,520,000 Water Revenue Bonds Series 2004, 1.700% interest, payable in annual installments of $64,000 to $75,000 until December 1, 2025.	972,000
$449,000 Water Revenue Bond Series 1994, due in annual installments of $21,000 to $24,000 through January 1, 2016; interest at .57% payable annually.	47,000
$352,000 Water Revenue Bonds Series 2006, due in annual installments of $15,000 to $21,000 through December 1, 2026; interest at 1.70% annually.	224,000
$10,725,000 Water Revenue Bonds Series 2008 (secondary water), payable in annual installments of $225,000 to $730,000 until December, 2034; interest at 4.0% to 5.25% payable semi-annually.	9,440,000
$11,540,000 Water Revenue Bonds Series 2006B, due in annual installments of $250,000 to $775,000 through December 1, 2031; interest from 4.1% to 5.0%.	9,530,000

NOTE 12 – LONG-TERM DEBT *(continued)*

$1,000,000 Water Revenue Bonds Series 2010, payable in annual installments of $38,000 to $64,000 until December 1, 2031; interest at 2.71% payable semiannually. This is a Build America Bond, federally taxable, and has a 35% interest rate subsidy from the Internal Revenue Service. This subsidy will be recorded as revenue when received.	923,000
Tax Increment and Revenue Refunding Bonds- Series 2011 $18,383,000 Bonds for community renewal projects due in annual payments of $511,000 to $802,000 through December 1, 2021; with a balloon payment of $12,560,000 in December 2021; interest at 5.790%.	17,331,000
C Road Revenue Bonds: $4,390,000 2008 "C" Road Bonds due in annual installments of $80,000 on January 15, 2009 and more annual installments of $530,000 to $705,000 from January 15, 2012 to January 15, 2018; interest at 4.0% to 5.0%, payable semi-annually.	2,555,000
Sales Tax Revenue Refunding Bonds: $4,390,000 Sales Tax Revenue Refunding Bonds, series 2012; Principal payments in annual installments of $50,000 to $490,000 through December, 2022; interest from 2.0% to 3.0% payable semi-annually. This bond is allocated to different funds As follows: Capital Projects 70%, Water 12%, Sewer 12%, and Storm Drain 6%.	3,955,000
General Obligation Bonds: $5,000,000 General Obligation Bonds Series 2008 due in annual installments of $115,000 to $350,000 through October, 2031; interest from 4.0% to 4.25%, payable semiannually.	4,230,000
Note Payable $2,900,000 Note Payable to Utah County for 20th West Improvements - repayment will be from future impact fees and other fees to be collected from developers and property owners – there is no interest rate and no repayment schedule at this time.	2,622,302
Note Payable Two notes payable to Provo Reservoir Water Users to purchase "full" water shares in the amount of $10,558 and to purchase "late" water shares for $4,525, with respective annual payments of $164 and $82 at 4 % interest until March 2035.	11,007

NOTE 12 – LONG-TERM DEBT *(continued)*

The annual requirements to amortize bonds outstanding as of June 30, 2014, including interest, are as follows:

Water Revenue Bonds – 1994

Year Ended June 30,	Principal	Interest	Total
2015	$ 23,000	$ 268	$ 23,268
2016	24,000	137	24,137
	$ 47,000	$ 405	$ 47,405

Water Revenue Bonds – 2010

Year Ended June 30,	Principal	Interest	IRS Subsidy	Net Total
2015	$ 40,000	$ 25,013	$ (8,755)	$ 56,258
2016	42,000	23,929	(8,375)	57,554
2017	43,000	22,791	(7,977)	57,814
2018	44,000	21,626	(7,569)	58,057
2019	45,000	20,433	(7,152)	58,281
2020	46,000	19,214	(6,725)	58,489
2021	47,000	17,967	(6,289)	58,678
2022	49,000	16,694	(5,843)	59,851
2023	50,000	15,366	(5,378)	59,988
2024	51,000	14,011	(4,904)	60,107
2025	53,000	12,629	(4,420)	61,209
2026	54,000	11,192	(3,917)	61,275
2027	56,000	9,729	(3,405)	62,324
2028	57,000	8,211	(2,874)	62,337
2029	59,000	6,667	(2,333)	63,334
2030	61,000	5,068	(1,774)	64,294
2031	62,000	3,415	(1,195)	64,220
2032	64,000	1,734	(607)	65,127
	$ 923,000	$ 255,689	$ (89,492)	$ 1,089,197

Water Revenue Bonds – 2002A

Year Ended June 30,	Principal	Interest	Total
2015	$ 9,000	$ -	$ 9,000
2016	9,000	-	9,000
2017	9,000	-	9,000
2018	9,000	-	9,000
2019	18,000	-	18,000
	$ 54,000	$ -	$ 54,000

NOTE 12 – LONG-TERM DEBT *(continued)*

Water Revenue Bonds – 2002B

Year Ended June 30,	Principal	Interest	Total
2015	$ 88,000	$ 27,086	$ 115,086
2016	90,000	24,411	114,411
2017	93,000	21,675	114,675
2018	96,000	18,848	114,848
2019	99,000	15,930	114,930
2020	102,000	12,920	114,920
2021	104,000	9,819	113,819
2022	108,000	6,658	114,658
2023	111,000	3,374	114,374
	$ 891,000	$ 140,721	$ 1,031,721

Water Revenue Bonds – 2008

Year Ended June 30,	Principal	Interest	Total
2015	$ 285,000	$ 461,281	$ 746,281
2016	300,000	448,850	748,850
2017	310,000	435,888	745,888
2018	325,000	421,175	746,175
2019	350,000	404,300	754,300
2020	365,000	387,337	752,337
2021	385,000	370,463	755,463
2022	400,000	352,800	752,800
2023	420,000	334,087	754,087
2024	440,000	314,200	754,200
2025	460,000	292,525	752,525
2026	485,000	268,900	753,900
2027	505,000	244,150	749,150
2028	540,000	217,350	757,350
2029	565,000	188,344	753,344
2030	595,000	157,894	752,894
2031	625,000	125,869	750,869
2032	660,000	92,137	752,137
2033	695,000	56,569	751,569
2034	730,000	19,162	749,162
	$ 9,440,000	$ 5,593,281	$ 15,033,281

NOTE 12 – LONG-TERM DEBT *(continued)*

Water Revenue Bonds – 2004

Year Ended June 30,	Principal	Interest	Total
2015	$ 74,000	$ 16,524	$ 90,524
2016	75,000	15,266	90,266
2017	76,000	13,991	89,991
2018	78,000	12,699	90,699
2019	79,000	11,373	90,373
2020	80,000	10,030	90,030
2021	81,000	8,670	89,670
2022	83,000	7,293	90,293
2023	84,000	5,882	89,882
2024	86,000	4,454	90,454
2025	87,000	2,992	89,992
2026	89,000	1,513	90,513
	$ 972,000	$ 110,687	$ 1,082,687

Water Revenue Bonds – 2006

Year Ended June 30,	Principal	Interest	Total
2015	$ 17,000	$ 3,808	$ 20,808
2016	17,000	3,519	20,519
2017	17,000	3,230	20,230
2018	18,000	2,941	20,941
2019	18,000	2,635	20,635
2020	18,000	2,329	20,329
2021	18,000	2,023	20,023
2022	19,000	1,717	20,717
2023	19,000	1,394	20,394
2024	19,000	1,071	20,071
2025	20,000	784	20,784
2026	20,000	408	20,408
2027	4,000	68	4,068
	$ 224,000	$ 25,927	$ 249,927

NOTE 12 – LONG-TERM DEBT *(continued)*

Water Revenue Bonds – 2006B

Year Ended June 30,	Principal	Interest	Total
2015	$ 350,000	$ 454,187	$ 804,187
2016	350,000	436,688	786,688
2017	375,000	418,553	793,553
2018	400,000	400,987	800,987
2019	410,000	384,331	794,331
2020	430,000	366,738	796,738
2021	450,000	347,925	797,925
2022	485,000	326,125	811,125
2023	515,000	301,125	816,125
2024	520,000	275,250	795,250
2025	545,000	248,625	793,625
2026	575,000	220,625	795,625
2027	605,000	191,125	796,125
2028	635,000	160,125	795,125
2029	670,000	127,500	797,500
2030	700,000	93,250	793,250
2031	740,000	57,250	797,250
2032	775,000	19,385	794,385
	$ 9,530,000	$ 4,829,794	$ 14,359,794

Tax Increment and Revenue Bonds

Year Ended June 30,	Principal	Interest	Total
2015	$ 572,000	$ 986,906	$ 1,558,906
2016	605,000	952,831	1,557,831
2017	640,000	916,789	1,556,789
2018	677,000	878,661	1,555,661
2019	717,000	838,305	1,555,305
2020	758,000	795,604	1,553,604
2021	802,000	750,242	1,552,242
2022	12,560,000	363,612	12,923,612
	$ 17,331,000	$ 6,482,950	$ 23,813,950

NOTE 12 – LONG-TERM DEBT *(continued)*

C Road Revenue Bond

Year Ended June 30,	Principal	Interest	Total
2015	$ 645,000	$ 126,063	$ 771,063
2016	675,000	93,812	768,812
2017	705,000	61,750	766,750
2018	530,000	26,500	556,500
	$ 2,555,000	$ 308,125	$ 2,863,125

General Obligation Bond

Year Ended June 30,	Principal	Interest	Total
2015	$ 150,000	$ 170,082	$ 320,082
2016	155,000	163,983	318,983
2017	165,000	157,583	322,583
2018	175,000	150,783	325,783
2019	180,000	143,682	323,682
2020	190,000	136,283	326,283
2021	200,000	128,482	328,482
2022	210,000	120,283	330,283
2023	220,000	111,682	331,682
2024	235,000	102,524	337,524
2025	245,000	92,804	337,804
2026	255,000	82,679	337,679
2027	270,000	72,047	342,047
2028	285,000	60,809	345,809
2029	300,000	48,662	348,662
2030	315,000	35,594	350,594
2031	330,000	21,887	351,887
2032	350,000	7,438	357,438
	$ 4,230,000	$ 1,807,287	$ 6,037,287

NOTE 12 – LONG-TERM DEBT *(continued)*

Provo Reservoir Water Users Loan

Year Ended June 30,	Principal	Interest	Total
2015	$ 297	$ 522	$ 819
2016	309	510	819
2017	322	498	820
2018	334	485	819
2019	348	472	820
2020	362	458	820
2021	376	444	820
2022	473	347	820
2023	492	328	820
2024	512	308	820
2025	533	287	820
2026	554	266	820
2027	576	244	820
2028	599	221	820
2029	623	197	820
2030	648	172	820
2031	673	147	820
2032	701	119	820
2033	729	91	820
2034	758	62	820
2035	788	32	820
	$ 11,007	$ 6,210	$ 17,217

Sales Tax Revenue Refunding Bond Series 2012

Year Ended June 30,	Principal	Interest	Total
2015	$ 395,000	$ 100,263	$ 495,263
2016	410,000	91,700	501,700
2017	415,000	82,418	497,418
2018	425,000	72,437	497,437
2019	435,000	61,688	496,688
2020	450,000	49,500	499,500
2021	460,000	35,850	495,850
2022	475,000	21,825	496,825
2023	490,000	7,350	497,350
	$ 3,955,000	$ 523,031	$ 4,478,031

NOTE 12 – LONG-TERM DEBT *(continued)*

Storm Water Revenue Bonds Series 2011

Year Ended June 30,	Principal	Interest	Total
2015	$ 195,000	$ 259,531	$ 454,531
2016	200,000	252,631	452,631
2017	205,000	247,325	452,325
2018	210,000	242,394	452,394
2019	215,000	236,813	451,813
2020	220,000	230,556	450,556
2021	230,000	223,519	453,519
2022	235,000	216,256	451,256
2023	245,000	207,831	452,831
2024	255,000	197,831	452,831
2025	265,000	187,431	452,431
2026	275,000	176,631	451,631
2027	285,000	165,431	450,431
2028	300,000	153,731	453,731
2029	310,000	141,531	451,531
2030	325,000	128,628	453,628
2031	340,000	114,913	454,913
2032	350,000	100,244	450,244
2033	370,000	84,494	454,494
2034	385,000	67,738	452,738
2035	405,000	49,963	454,963
2036	420,000	30,875	450,875
2037	440,000	10,450	450,450
	$ 6,680,000	$ 3,726,747	$ 10,406,747

NOTE 12 – LONG-TERM DEBT *(continued)*

Storm Water Revenue Bonds Series 2013

Year Ended June 30,	Principal	Interest	Total
2015	$ 125,000	$ 170,288	$ 295,288
2016	135,000	167,688	302,688
2017	165,000	164,688	329,688
2018	165,000	161,388	326,388
2019	170,000	158,037	328,037
2020	175,000	154,369	329,369
2021	180,000	149,700	329,700
2022	185,000	144,225	329,225
2023	190,000	138,600	328,600
2024	195,000	132,825	327,825
2025	200,000	126,900	326,900
2026	210,000	120,750	330,750
2027	215,000	114,375	329,375
2028	220,000	107,575	327,575
2029	230,000	100,550	330,550
2030	235,000	93,575	328,575
2031	245,000	86,375	331,375
2032	250,000	78,950	328,950
2033	255,000	71,375	326,375
2034	265,000	63,575	328,575
2035	275,000	54,100	329,100
2036	285,000	42,900	327,900
2037	300,000	31,200	331,200
2038	310,000	19,000	329,000
2039	320,000	6,400	326,400
	$ 5,500,000	$ 2,659,408	$ 8,159,408

NOTE 12 – LONG-TERM DEBT *(continued)*

Subsequent 5-Year Debt Disclosure

The combined principal and interest amounts of the City's bonds and notes for the next 5 years and to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	$ 2,968,297	$ 2,801,822	$ 5,770,119
2016	3,087,309	2,675,955	5,763,264
2017	3,218,322	2,547,179	5,765,501
2018	3,152,334	2,410,924	5,563,258
2019	2,736,348	2,277,999	5,014,347
2020	2,834,362	2,165,338	4,999,700
2021	2,957,376	2,045,104	5,002,480
2022	14,809,473	1,577,835	16,387,308
2023	2,344,492	1,127,019	3,471,511
2024	1,801,512	1,042,474	2,843,986
2025	1,875,533	964,977	2,840,510
2026	1,963,554	883,264	2,846,818
2027	1,940,576	796,869	2,737,445
2028	2,037,599	708,022	2,745,621
2029	2,134,623	613,451	2,748,074
2030	2,231,648	514,181	2,745,829
2031	2,342,673	409,856	2,752,529
2032	2,449,701	300,007	2,749,708
2033	1,320,729	212,529	1,533,258
2034	1,380,758	150,537	1,531,295
2035	680,788	104,095	784,883
2036	705,000	73,775	778,775
2037	740,000	41,650	781,650
2038	310,000	19,000	329,000
2039	320,000	6,400	326,400
Total	$ 62,343,007	$ 26,470,262	$ 88,813,269
Unknown Payment Schedule	2,622,302	-	2,622,302
	$ 64,965,309	$ 26,470,262	$ 91,435,571

NOTE 13 - RETIREMENT PLAN

Defined Benefit Plan

Plan Description. Pleasant Grove City contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System) and Public Safety Retirement System (Public Safety System) and Firefighters System for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Pleasant Grove City is required to contribute a percent of covered salary to the respective systems, 13.990% to the Contributory, 17.290% to the Noncontributory, and 32.140% to the Public Safety Noncontributory Tier 1, 20.850% to the Contributory Tier 2, and 18.010% to the Firefighters System. The contribution rates are the actuarially determined rates. The contribution requirements of the system are authorized by statute and specified by the Board.

Defined Contribution Plan

Certain employees hired after July 1, 2011 can choose to participate in a defined contribution plan under Internal Revenue Code Section 401(k), rather than the defined benefit plan. Employees covered by the Local Government Retirement System have a contribution of up to 12% of covered salaries automatically made by the City. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employees upon termination or may be used as supplemental income upon retirement.

The required contributions and amounts received for fiscal year 2014 and the two previous years are detailed in the following table:

NOTE 13 - RETIREMENT PLAN *(continued)*

	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
Contributory System:			
Local Government			
2014	$ -	$ 9,096	$ 107,017
2013	-	4,802	56,092
2012	-	918	12,097
Noncontributory System:			
Local Government Tier 1			
2014	$ -	$ 455,894	$ 2,592,608
2013	-	412,007	2,552,365
2012	-	344,055	2,498,650
Public Safety System:			
Other Division A Contributory			
2014	$ -	$ 2,158	$ 19,580
` Other Division A Noncontributory Tier 1			
2014	$ -	$ 367,384	$ 1,233,398
2013	-	341,565	1,217,919
2012	-	277,760	1,207,124
Firefighters System:			
Division A Tier 1			
2014	$ 92,202	$ 18,134	$ 686,550
2013	98,733	17,450	726,812
2012	94,521	3,140	696,784
Defined Contributions Systems:			
401(k) Plan			
2014	$ 5,384	$ -	
2013	1,532	-	
2012	292	-	

The contributions for the year were paid by the due date and were equal to the required contributions.

401-K Plan-Other

National Benefit Services administers a 401(k) plan invested with John Hancock Life Insurance Co. The contributions for June 30, 2014, 2013, and 2012 were $129,146, $154,298, and $225,834, respectively.

Pleasant Grove City Post-employment Benefit Plan

The City in prior years had a post-employment benefit package for employees. The medical benefits include the payment of health insurance premiums for a maximum of ten years or until the employee is eligible for Medicare. The employer pays an amount based on the premiums incurred during the last month of employment. Allowing for annual inflation, the employee reimburses the City for premium costs above the calculated amount at retirement.

NOTE 13 - RETIREMENT PLAN *(continued)*

The plan was terminated in 2009. Only two employees are still receiving benefits. The liability is recorded on the Statement of Net Position as a governmental non-current liability.

The benefits are paid out of current operations (unfunded). The amount paid in the current year is $22,279, in the previous year $23,674, and the second previous year $28,541. The obligation of the plan at year end is $100,550.

NOTE 14 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

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

The city has six projects under construction at the end of the year:

	Spent in FY 2013	Spent in FY 2014	Total Estimated Cost	Estimated Completion Date
200 South 700 West Waterline Upsize	$ 20,242	$ 374,117	$ 429,757	8/31/2014
14" Distribution Line - Locust		51,983	766,977	11/30/2014
900 South 900 East Garden Dr		22,697	512,572	8/31/2014
800 North Murdock Storm Drain		72,152	85,000	8/31/2014
300 North Storm Drain Improvements		52,916	63,151	8/31/2014
1300 West Streetlight		209,296	215,796	11/30/2014

Subsequent to year-end, the City entered into two lease agreements. The first is with Zions Bank for $1,087,280 for fire vehicles. The second is with Zions Bank for $333,844.17 for police vehicles.

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 affect on the City's financial statements.

In preparing these financial statements, Pleasant Grove City has evaluated events and transactions for potential recognition of disclosure through December 27, 2014, the date the financial statements were available to be issued.

NOTE 15 – 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. It is the policy of the City to purchase commercial insurance for some of these risks. Various policies are purchased through insurance agencies to cover life, health, workers' compensation, and other employee related policies. The City also participates in the Utah Local Governments Trust (a public entity risk pool). All claims are submitted to the Utah Local Governments Trust, which acts as a commercial insurer. The Trust is obligated to pay all claims covered by its plan. The plan covers liability, theft, damages and other losses. A minimal deductible applies to these policies which the City pays in the event of any loss. Settled claims resulting from these risks have not exceeded its coverage in any of the past three fiscal years.

NOTE 16 - REDEVELOPMENT AGENCY

The Pleasant Grove City Redevelopment Agency was established to further public purposes in the redevelopment of certain City areas. For the year ended June 30, 2014, the following activity occurred in the City's Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	$ 127,580
Tax increment paid to other taxing agencies	-
Outstanding loans to finance CRA projects	17,331,000
Amounts expended for land site improvements and preparation costs	209,296
Amounts expended for administrative costs and interest paid	1,022,127

NOTE 17 – RESTATEMENT

The beginning net position in the government-wide statement of net position has been restated to reflect the effects of implementing GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred inflows of Resources, and Net Position,* and Statement No. 65, *Items Previously Reported as Assets and Liabilities* as follows:

NOTE 17 – RESTATEMENT *(continued)*

	Government-Wide Financial Statements	
	Governmental Activities	Business-Type Activities
Net position, as originally stated June 30, 2013	$ 56,278,266	$ 56,787,260
Restate bond issuance costs-expense when occurred per GASB Statements 63 and 65	(732,059)	(705,592)
Net position as restated June 30, 2013	55,546,207	56,081,668

OTHER SUPPLEMENTARY INFORMATION

PLEASANT GROVE CITY

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue						
	Dispatch	Swimming Pool	Community Center	Cultural Arts	Library	Debt Service	Total
ASSETS							
Cash & Cash Equivalents	$ 103,032	$ 36,438	$ 45,416	$ 16,405	$ 64,096	$ -	$ 265,387
Restricted for Debt Service	-	-	-	-	-	115,703	115,703
Total Assets	$ 103,032	$ 36,438	$ 45,416	$ 16,405	$ 64,096	$ 115,703	$ 381,090
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and Accrued Liabilities	$ 14,577	$ 25,580	$ 25,877	$ -	$ -	$ -	$ 66,034
Total Liabilities	14,577	25,580	25,877	-	-	-	66,034
FUND BALANCES							
Restricted Fund Balance							
E911 Dispatch Services	88,455	-	-	-	-	-	88,455
Library Purposes	-	-	-	-	64,096	-	64,096
Debt Service	-	-	-	-	-	239,108	239,108
Assigned Fund Balance	-	10,858	19,539	16,405	-	-	46,802
Unassigned Fund Balance	-	-	-	-	-	(123,405)	(123,405)
Total Fund Balances	88,455	10,858	19,539	16,405	64,096	115,703	315,056
Total Liabilities and Fund Balances	$ 103,032	$ 36,438	$ 45,416	$ 16,405	$ 64,096	$ 115,703	$ 381,090

PLEASANT GROVE CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2014

	Special Revenue						
	Dispatch	Swimming Pool	Community Center	Cultural Arts	Library	Debt Service	Total
REVENUES							
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ 320,983	$ 320,983
Intergovernmental	210,059	-	-	-	1,378	-	211,437
Charges for Services	-	213,133	1,059,498	87,031	-		1,359,662
Interest	584	-	-	-	227	148	959
Other Revenue	-	-	-	1,121	6,969	-	8,090
Total Revenues	210,643	213,133	1,059,498	88,152	8,574	321,131	1,901,131
EXPENDITURES							
Current							
Public Safety	612,107	-	-	-	-		612,107
Parks and Recreation	-	386,948	1,131,742	101,178	-	-	1,619,868
Debt Service							
Principal	-	-	-	-	-	1,024,500	1,024,500
Payment to Bond Escrow Agent							
Interest and Fees	-	-	-	-	-	411,339	411,339
Total Expenditures	612,107	386,948	1,131,742	101,178	-	1,435,839	3,667,814
Excess (Deficiency) of Revenues over Expenditures	(401,464)	(173,815)	(72,244)	(13,026)	8,574	(1,114,708)	(1,766,683)
Othr Financing Sources (Uses)							
Transfers In	188,100	168,000	114,886	22,612	-	1,111,706	1,605,304
Transfers Out	-	-	(41,952)	-	-	-	(41,952)
Total Other Financing Sources/(Uses)	188,100	168,000	72,934	22,612	-	1,111,706	1,563,352
Net Change in Fund Balance	(213,364)	(5,815)	690	9,586	8,574	(3,002)	(203,331)
Fund Balances - July 1	301,819	16,673	18,849	6,819	55,522	118,705	518,387
Fund Balances - June 30	$ 88,455	$ 10,858	$ 19,539	$ 16,405	$ 64,096	$ 115,703	$ 315,056

PLEASANT GROVE CITY

Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Impact Fees	$ 150,000	$ 351,644	$ 2,152,692	$ 1,801,048
Intergovernmental	-	19,069	19,069	-
Interest	-	-	4,295	(4,295)
Miscellaneous	-	-	9,518	(9,518)
Total Revenue	150,000	370,713	2,185,574	1,787,235
CAPITAL EXPENDITURES				
General Government	82,584	82,583	81,913	670
Community Services	-	-	-	-
Public Works	119,999	239,724	291,853	(52,129)
Public Safety	101,145	157,388	163,115	(5,727)
Parks and Recreation	417,001	518,269	547,977	(29,708)
Debt Service				
Principal Retirement	224,430	224,430	224,910	(480)
Interest and Fees	42,588	42,588	42,588	-
Total Expenditures	987,747	1,264,982	1,352,356	(87,374)
Excess (Deficiency) of revenues Over Expenditures	(837,747)	(894,269)	833,218	1,727,487
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	105,000	105,000	98,097	(6,903)
Transfers In	519,273	1,041,698	969,698	(72,000)
Transfer Out	(345,143)	(345,143)	(345,143)	-
Use of Fund Balance	558,617	92,714	-	(92,714)
Total Other Financing Sources (Uses)	837,747	894,269	722,652	(171,617)
Net Change in Fund Balance	-	-	1,555,870	1,555,870
Fund Balance - July 1	771,199	771,199	771,199	-
Fund Balance - June 30	$ 771,199	$ 771,199	$ 2,327,069	$ 1,555,870

PLEASANT GROVE CITY

Dispatch Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 370,498	$ 395,498	$ 210,059	$ (185,439)
Interest	1,500	1,500	584	(916)
Miscellaneous	184,643	159,643	-	(159,643)
Total Revenue	556,641	556,641	210,643	(345,998)
EXPENDITURES				
Public Safety	842,664	865,194	612,107	253,087
Total Expenditures	842,664	865,194	612,107	253,087
Excess (Deficiency) of revenues Over Expenditures	(286,023)	(308,553)	(401,464)	(92,911)
OTHER FINANCING SOURCES (USES)				
Transfers In	188,100	188,100	188,100	-
Use of fund balance	97,923	120,453	-	(120,453)
Total Other Financing Sources (Uses)	286,023	308,553	188,100	(120,453)
Net Change in Fund Balance	-	-	(213,364)	(213,364)
Fund Balance - July 1	301,819	301,819	301,819	-
Fund Balance - June 30	$ 301,819	$ 301,819	$ 88,455	$ (213,364)

PLEASANT GROVE CITY

Swimming Pool Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	$ 227,500	$ 227,500	$ 213,133	$ (14,367)
Total Revenue	227,500	227,500	213,133	(14,367)
EXPENDITURES				
Parks & Recreation	395,500	395,500	386,948	8,552
Total Expenditures	395,500	395,500	386,948	8,552
Excess (Deficiency) of revenues Over Expenditures	(168,000)	(168,000)	(173,815)	(5,815)
OTHER FINANCING SOURCES (USES)				
Transfers In	168,000	168,000	168,000	-
Total Other Financing Sources (Uses)	168,000	168,000	168,000	-
Net Change in Fund Balance	-	-	(5,815)	(5,815)
Fund Balance - July 1	16,673	16,673	16,673	-
Fund Balance - June 30	$ 16,673	$ 16,673	$ 10,858	$ (5,815)

PLEASANT GROVE CITY

Community Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	$ 1,001,000	$ 1,001,000	$ 1,059,498	$ 58,498
Total Revenue	1,001,000	1,001,000	1,059,498	58,498
EXPENDITURES				
Parks & Recreation	1,011,934	1,088,773	1,131,742	(42,969)
Total Expenditures	1,011,934	1,088,773	1,131,742	(42,969)
Excess (Deficiency) of revenues Over Expenditures	(10,934)	(87,773)	(72,244)	15,529
OTHER FINANCING SOURCES (USES)				
Transfers In	54,886	114,886	114,886	-
Transfers Out	(43,952)	(47,352)	(41,952)	5,400
Use of fund balance	-	20,239	-	(20,239)
Total Other Financing Sources (Uses)	10,934	87,773	72,934	(14,839)
Net Change in Fund Balance	-	-	690	690
Fund Balance - July 1	18,849	18,849	18,849	-
Fund Balance - June 30	$ 18,849	$ 18,849	$ 19,539	$ 690

PLEASANT GROVE CITY

Cultural Arts
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	$ 95,900	$ 95,900	$ 87,031	$ (8,869)
Donations	-	-	1,121	1,121
Total Revenue	95,900	95,900	88,152	(7,748)
EXPENDITURES				
Parks & Recreation	109,590	109,590	101,178	8,412
Total Expenditures	109,590	109,590	101,178	8,412
Excess (Deficiency) of revenues Over Expenditures	(13,690)	(13,690)	(13,026)	664
OTHER FINANCING SOURCES (USES)				
Transfers In	22,612	22,612	22,612	-
Contribution to fund balance	(8,922)	(8,922)	-	8,922
Total Other Financing Sources (Uses)	13,690	13,690	22,612	8,922
Net Change in Fund Balance	-	-	9,586	9,586
Fund Balance - July 1	6,819	6,819	6,819	-
Fund Balance - June 30	$ 6,819	$ 6,819	$ 16,405	$ 9,586

PLEASANT GROVE CITY

Library Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 7,800	$ 7,800	$ 1,378	$ (6,422)
Interest	250	250	227	(23)
Miscellaneous	2,000	2,000	6,969	4,969
Total Revenue	10,050	10,050	8,574	(1,476)
EXPENDITURES				
Parks & Recreation	10,050	10,050	-	10,050
Total Expenditures	10,050	10,050	-	10,050
Excess (Deficiency) of revenues Over Expenditures	-	-	8,574	8,574
Net Change in Fund Balance	-	-	8,574	8,574
Fund Balance - July 1	55,522	55,522	55,522	-
Fund Balance - June 30	$ 55,522	$ 55,522	$ 64,096	$ 8,574

PLEASANT GROVE CITY

Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 320,983	$ 320,983	$ 320,983	$ -
Interest	4,500	4,500	148	(4,352)
Total Revenue	325,483	325,483	321,131	(4,352)
EXPENDITURES				
Debt Service				
Principal Retirement	1,024,500	1,024,500	1,024,500	-
Interest and Fees	412,690	412,690	411,339	1,351
Total Expenditures	1,437,190	1,437,190	1,435,839	1,351
Excess (Deficiency) of revenues Over Expenditures	(1,111,707)	(1,111,707)	(1,114,708)	(3,001)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,111,707	1,111,707	1,111,706	(1)
Total Other Financing Sources (Uses)	1,111,707	1,111,707	1,111,706	(1)
Net Change in Fund Balance	-	-	(3,002)	(3,002)
Fund Balance - July 1	118,705	118,705	118,705	-
Fund Balance - June 30	$ 118,705	$ 118,705	$ 115,703	$ (3,002)

STATISTICAL SECTION

Statistical Section

This part of Pleasant Grove City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents **Page**

Financial Trends **88-93**
These Schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity **94-102**
These schedules contain information to help the reader assess the city's most significant local revenue sources, property tax, sales tax, and water revenue.

Debt Capacity **103-107**
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information **108-110**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information **111-112**
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

PLEASANT GROVE CITY

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in Capital Assets	$ 43,699	$ 48,368	$ 42,280	$ 44,835	$ 47,283	$ 47,248	$ 49,239	$ 50,312	$ 50,796	$ 50,566
Restricted	1,606	1,890	2,309	6,435	4,379	3,216	2,857	2,774	3,056	4,038
Unrestricted	4,978	5,657	3,126	585	3,035	3,556	2,939	2,166	2,426	3,101
Total government activities net position	50,283	55,915	47,715	51,856	54,697	54,020	55,035	55,252	56,278	57,705
Business-type activities										
Net Investment in Capital Assets	24,701	28,265	37,316	40,270	39,175	40,001	40,329	47,175	48,324	49,572
Restricted	-	-	-	-	-	2,639	1,731	1,638	2,536	4,055
Unrestricted	5,661	6,796	7,269	6,747	8,249	4,150	4,998	4,929	5,927	5,858
Total business-type activities net position	30,362	35,061	44,585	47,016	47,424	46,789	47,058	53,742	56,787	59,485
Primary government										
Net Investment in Capital Assets	68,399	76,633	79,596	85,105	86,458	87,248	89,568	97,487	99,120	100,138
Restricted	1,606	1,890	2,309	6,435	4,379	5,855	4,588	4,412	5,592	8,093
Unrestricted	10,640	12,453	10,395	7,331	11,283	7,706	7,937	7,095	8,353	8,959
Total primary government net position	$ 80,645	$ 90,976	$ 92,300	$ 98,872	$ 102,121	$ 100,809	$ 102,093	$ 108,994	$ 113,065	$ 117,190

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	$ 3,386	$ 3,961	$ 4,057	$ 4,689	$ 4,664	$ 3,344	$ 3,213	$ 3,127	$ 2,975	$ 1,610
Community Services	-	-	-	-	-	939	826	995	1,234	1,321
Public Works	2,048	2,289	18,451	2,150	3,453	3,594	3,586	2,337	2,424	2,477
Public Safety	3,611	3,792	4,268	5,302	5,257	5,601	5,452	5,496	5,634	6,096
Parks & Recreation	2,093	2,464	2,481	2,686	3,280	3,681	3,469	3,820	3,958	4,063
Interest on long-term debt	502	517	899	1,453	1,501	1,268	1,672	1,665	1,489	1,441
Total governmental activities expense	11,639	13,021	30,156	16,280	18,156	18,427	18,218	17,440	17,714	17,008
Business-type activities										
Water	2,297	2,004	2,451	3,089	3,609	3,976	4,548	5,086	5,517	5,456
Sewer	2,087	2,369	2,411	2,609	2,673	3,134	3,521	3,380	3,632	3,583
Storm Drain	318	385	375	475	476	534	581	857	1,089	1,393
Sanitation	-	-	-	-	-	-	-	1,320	1,324	1,335
Total business-type activities expense	4,702	4,758	5,236	6,173	6,757	7,644	8,650	10,643	11,562	11,767
Total primary government expenses	16,342	17,779	35,393	22,453	24,913	26,072	26,868	28,083	29,276	28,775
Program Revenues										
Governmental activities:										
Charges for services:										
General government	3,099	3,234	3,485	3,556	3,171	1,992	1,758	2,071	2,278	636
Community Services	-	-	-	-	-	331	293	187	406	694
Public Works	45	52	41	-	-	1,065	1,359	-	4	3
Public Safety	1,890	2,143	2,478	2,794	976	808	734	871	844	831
Parks & Recreation	845	904	907	855	1,060	1,398	1,456	1,541	1,611	1,643
Operating grants and contributions	1,230	1,235	1,222	195	671	432	544	529	376	387
Capital grants and contributions	3,149	3,498	5,348	4,382	6,064	1,845	3,151	1,903	2,581	3,899
Total governmental activities programs revenues	10,259	11,066	13,481	11,781	11,942	7,870	9,295	7,102	8,100	8,093
Business-type activities:										
Charges for services:										
Water	1,920	2,255	2,504	3,147	3,070	3,045	3,479	4,165	4,959	5,594
Sewer	1,931	2,026	2,184	2,416	2,229	2,961	3,253	3,886	4,280	4,367
Storm Drain	285	291	363	400	395	403	591	968	1,239	1,536
Sanitation	-	-	-	-	-	-	-	1,320	1,325	1,351
Operating grants and contributions	-	-	-	-	-	-	-	-	43	8
Capital grants and contributions	3,509	4,691	9,055	2,174	1,310	560	1,579	6,965	2,726	2,409
Total business-type activities program revenues	7,645	9,263	14,106	8,137	7,004	6,970	8,902	17,304	14,572	15,265
Total primary governmental program revenues	17,904	20,329	27,587	19,918	18,946	14,840	18,197	24,406	22,672	23,358

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	$ (1,381)	$ (1,956)	$ (16,675)	$ (4,499)	$ (6,214)	$ (10,557)	$ (8,923)	$ (10,338)	$ (9,614)	$ (8,915)
Business-type activities	2,943	4,506	8,870	1,964	247	(674)	252	6,661	3,010	3,498
Total primary government net expense	1,562	2,550	(7,805)	(2,535)	(5,968)	(11,231)	(8,671)	(3,677)	(6,604)	(5,417)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	2,488	2,560	2,789	2,925	3,338	3,346	2,969	3,151	3,226	3,059
Sales taxes	2,540	3,108	3,774	3,855	3,498	3,308	3,523	3,752	3,849	4,082
Franchise taxes	1,161	1,362	1,418	1,529	1,580	1,086	1,160	1,593	1,654	1,905
Other taxes	-	-	-	-	-	667	686	312	316	309
Investment earnings	156	307	388	262	231	10	24	22	11	15
Miscellaneous	20	88	150	56	409	1,463	1,576	1,726	1,584	1,562
Transfers	-	-	-	-	-	-	-	-	-	141
Total governmental activities	6,364	7,587	8,475	8,639	9,056	9,880	9,938	10,556	10,640	11,073
Business-type activities:										
Investment earnings	131	259	654	467	160	40	17	23	35	47
Transfers	-	-	-	-	-	-	-	-	-	(141)
Total business-type activities	153	540	654	467	160	40	17	23	35	(94)
Total primary government	6,518	8,127	9,129	9,107	9,216	9,919	9,955	10,579	10,675	10,979
Change in Net Position										
Governmental activities	4,983	5,632	(8,200)	4,141	2,842	(677)	1,015	218	1,026	2,158
Business-type activities	3,096	5,045	9,524	2,431	407	(634)	269	6,684	3,045	3,404
Total primary government	$ 8,080	$ 10,677	$ 1,324	$ 6,572	$ 3,249	$ (1,312)	$ 1,284	$ 6,902	$ 4,071	$ 5,562

PLEASANT GROVE CITY

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable										
Prepaid Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 274	$ 276	$ 241	$ 722
Restricted for										
Donations	-	-	-	-	-	286	298	338	361	363
Class C Road Funds	63	232	351	4,886	2,888	328	1,620	1,740	1,672	1,392
Debt Service	-	-	-	-	-	1,203	-	-	-	-
Dispatch	-	350	450	624	720	749	-	-	-	-
Library Grants	-	214	219	55	62	54	-	-	-	-
Other	339	1,445	1,776	6	6	276	-	-	-	-
Unassigned	3,421	964	2,510	5,586	4,512	3,230	2,011	2,104	2,686	2,149
Total general fund	$ 3,823	$ 3,205	$ 5,306	$ 11,157	$ 8,188	$ 6,126	$ 4,203	$ 4,458	$ 4,960	$ 4,626
All Other Governmental Funds										
Restriced for										
Debt Service	-	-	-		-	208	200	134	114	239
Dispatch	-	-	-		-	-	685	510	302	88
Library Grants	-	-	-		-	-	54	53	55	64
Impact Fees	1,543	1,095	1,288	871	709	673	-	-	552	1,891
Assigned to										
MBA	618	493	-	40	40	40	40	-	-	-
Debt Service	367	219	69	-	38	73	86	117	5	-
Capital Projects	1,617	4,316	3,355	-	2,517	303	1,036	506	219	437
Swimming Pool	-	-	-	-	-	-	5	11	17	11
Community Center	-	-	-	-	-	-	-	32	19	20
Cultural Arts	-		-	-	-	-	-	5	7	16
Redevelopment	-	-	-	-	-	-	-	-	14	-
Unassigned	(1,571)	(1,572)	(390)	(1,330)	(916)	(498)	(275)	(140)	-	(195)
Total all other governmental funds	$ 2,574	$ 4,551	$ 4,322	$ (419)	$ 2,388	$ 799	$ 1,831	$ 1,228	$ 1,304	$ 2,571

PLEASANT GROVE CITY

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 5,937	$ 6,844	$ 7,811	$ 8,297	$ 8,318	$ 8,593	$ 8,453	$ 8,745	$ 9,158	$ 9,381
Licenses, fees, and permits	945	838	914	488	285	212	254	260	480	765
Intergovernmental	1,089	1,251	1,453	1,318	1,506	1,398	1,713	2,012	1,367	1,496
Charges for services	4,302	4,715	4,222	5,881	4,027	4,234	4,602	3,665	4,012	2,435
Fines and penalties	545	577	1,589	512	556	554	406	541	354	378
Investment earnings	-	-	-	-	-	31	24	25	23	24
Impact fees	1,172	965	883	556	253	193	170	213	855	2,153
Miscellaneous	744	772	792	717	687	441	344	1,926	1,857	1,792
Total Revenues	14,735	15,964	17,665	17,771	15,631	15,656	15,966	17,387	18,106	18,424
Expenditures										
General government	3,233	3,763	4,038	4,642	4,398	3,145	3,152	2,927	2,883	1,498
Community Development	-	-	-	-	-	912	872	984	1,197	1,329
Public Works	1,634	2,137	21,807	3,681	5,745	3,211	1,933	552	566	566
Public Safety	3,843	3,890	4,240	5,154	5,969	5,205	5,388	5,781	5,476	5,739
Parks and Recreation	2,432	3,438	2,839	10,676	5,473	3,003	3,013	3,313	3,410	3,535
Capital outlay	-	-	-	-	-	2,597	791	1,128	1,071	1,802
Debt service										
Principal	1,235	1,218	1,851	668	886	1,373	1,652	19,658	1,669	1,790
Other	-	-	-	217	-	-	-	327	-	-
Interest	484	497	803	1,157	1,371	1,417	1,633	1,655	1,546	1,473
Total expenditures	12,862	14,944	35,578	26,195	23,843	20,865	18,434	36,325	17,818	17,732
Excess of revenues over (under) expenditures	1,873	1,020	(17,913)	(8,425)	(8,212)	(5,208)	(2,468)	(18,938)	288	692

PLEASANT GROVE CITY

Changes in Fund Balances, Governmental Funds (continued)

Last Ten Fiscal Years

	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)											
Issuance of long term debt	-	-	-	19,785	9,534	3,813	232	-	18,588	280	98
Contributions	-	-	88	-	-	4,237	1,325	1,548	-	-	-
Sale of capital assets	-	-	251	-	-	-	-	29	2	11	2
Transfers in	481	1,409	3,096	761	350	850	353	3,423	1,995	1,856	2,777
Transfers out	(481)	(1,409)	(3,096)	(761)	(350)	(850)	(353)	(3,423)	(1,995)	(1,856)	(2,636)
Total other financing sources (uses)	-	-	339	19,785	9,534	8,050	1,557	1,577	18,590	291	241
Net change in fund balances	$ 697	$ 1,873	$ 1,359	$ 1,872	$ 1,110	$ (161)	$ (3,651)	$ (891)	$ (348)	$ 579	$ 933
Debt service as a percentage of noncapital expenditures	18%	13%	11%	7%	7%	9%	15%	19%	61%	19%	20%

PLEASANT GROVE CITY

Assessed Value and Estimate Actual Value of Taxable Property

Last Seven 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
2008	$ 1,098,671,419	$ 1,203,622	$ 191,471,159	$ 27,674,050	$ 28,143,211	$ 21,012,035	$ 1,368,175,496	0.001608	$ 2,267,088,475	60.35%
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%

Source: Utah State Tax Commission

Notes: Data for Years Previous to 2008 Unavailable

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
2005	2.477	-	2.477	8.119	1.425	0.035	0.353
2006	2.349	-	2.349	8.082	1.391	0.033	0.400
2007	2.033	-	2.033	6.883	1.262	0.028	0.357
2008	1.608	-	1.608	6.937	1.000	0.022	0.302
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

Source: Utah State Tax Commission

PLEASANT GROVE CITY

Principal Property Tax Payers
Current Year and Five Years ago

	2014			2009		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
BW Inc	$ 12,126,400	1	0.91%			
Pacificorp	11,799,391	2	0.89%	$ 8,993,112	1	0.615%
Pleasant Springs, LLC	11,028,270	3	0.83%			0.000%
Thorneberry, LTD	10,675,720	4	0.80%	5,610,550	9	0.384%
Valley Properties	9,566,200	5	0.72%			0.000%
Jacqueline A Dowdy	9,110,700	6	0.68%			0.000%
Green Grove Apartments	8,712,660	7	0.65%	7,497,270	3	0.513%
Pen & Ink, LTD	8,488,325	8	0.64%	7,041,763	4	0.482%
Questar	8,024,128	9	0.60%			0.000%
Quail Run Partners, LLC	6,050,000	10	0.45%			0.000%
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%
DMB Investments				5,793,000	8	0.396%
Firmage Grove, LC				5,523,000	10	0.378%
Total	$ 95,581,794		7.517%	$ 67,926,547		4.649%

Source: Utah County
Note: Data for Years Previous to 2009 Unavailable

PLEASANT GROVE CITY

Property Tax Levied and Collections
Last Nine Fiscal Years

Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2006	$ 2,037,866	$ 1,866,118	91.57%	$ 171,748	$ 2,037,866	100.00%	N/A	N/A
2007	2,154,385	1,977,393	91.78%	176,992	2,154,385	100.00%	N/A	N/A
2008	2,150,726	1,924,586	89.49%	226,140	2,150,726	100.00%	N/A	N/A
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%

Source: Utah County
Note: Data for Years Previous to 2006 Unavailable

PLEASANT GROVE CITY

Ratios of General Bonded Debt Outstanding
Last Six 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
2008	$ -	$ -	$ -	$ -	$ -
2009	4,912,740	-	4,912,740	0.199%	153.52
2010	4,791,584	-	4,791,584	0.210%	145.20
2011	4,665,427	-	4,665,427	0.212%	139.23
2012	4,534,272	-	4,534,272	0.223%	131.68
2013	4,398,116	-	4,398,116	0.218%	127.41
2014	4,251,960	-	4,251,960	0.201%	121.53

Source: Utah County

PLEASANT GROVE CITY

Taxable Sales by Category
Last Five Fiscal Years

	Fiscal Year				
	2014	2013	2012	2011	2010
Automobile	44,608,900	40,772,800	38,173,001	33,950,700	31,807,500
Grocery	37,127,500	36,869,000	38,167,647	39,570,400	39,884,300
Utility/Communication	32,922,300	31,018,600	30,193,491	29,617,100	29,361,500
Construction/Home Improvement	20,156,500	15,007,900	12,455,329	9,950,700	6,688,500
Restaurant	10,410,300	9,384,400	10,319,663	8,708,500	7,926,200
Eating & drinking establishments	6,784,200	5,597,700	4,933,840	3,580,100	540,600
Gas Station	6,573,000	2,850,300	4,704,282	4,239,000	3,793,300
Health/Nutrician	4,782,000	2,809,900	2,822,552	2,510,500	2,248,800
Mail Order	3,927,600	1,385,600	1,403,103	1,755,000	669,400
Household Retail	3,792,700	2,024,000	2,083,668	N/A	N/A
Technology	3,339,800	1,423,600	1,362,133	4,427,200	1,651,000
Shipping/Printing	3,223,200	1,288,300	N/A	N/A	N/A
Industrial/Manufacturing	2,976,900	2,817,700	22,082,327	17,417,800	2,922,000
Department Store	2,941,500	2,359,500	2,759,682	3,306,000	2,778,700
Entertainment	2,551,400	1,874,200	1,726,299	2,075,600	1,023,900
Fitness	1,235,700	1,149,900	N/A	N/A	N/A
All Other Outlets	43,632,200	47,544,200	40,502,125	41,477,300	154,620,400
Totals	$ 230,985,700	$ 206,177,600	$ 213,689,142	$ 202,585,900	$ 285,916,100
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Utah State Tax Commission
Note: Data for Years Previous to 2010 Unavailable

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
2005	1.000%	0.250%	5.000%
2006	1.000%	0.250%	5.000%
2007	1.000%	0.500%	5.000%
2008	1.000%	0.550%	5.000%
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%

Sources: Utah State Tax Commission

PLEASANT GROVE CITY
Principal Sales Tax Remitters
Fiscal Years 2010 and 2014

Fiscal Year 2014	Sales Tax[1]	Fiscal Year 2010	Sales Tax[1]
BMW of Pleasant Grove	N/A	AT & T Mobility	N/A
Lansing Building Products	N/A	BMW of Pleasant Grove	N/A
Maceys	N/A	Maceys	N/A
Metro Ready Mix	N/A	Northwest Pipe Company	N/A
Pacificorp	N/A	Pacificorp	N/A
Questar Gas	N/A	Questar Gas	N/A
Shamrock Group, LLC	N/A	Shamrock Group, LLC	N/A
Smiths Food & Drug	N/A	Smiths Food & Drug	N/A
UT State Alcoholic Beverage Control	N/A	T Mobile	N/A
Verizon Wireless	N/A	Verizon Wireless	N/A
Total	$ 931,649	**Total**	$ 767,998
Total Citywide Collections	$ 2,245,040	Total Citywide Collections	$ 1,659,142
Top 10 as a Percentage of Total Collections	41.50%	Top 10 as a Percentage of Total Collections	46.29%
Top 10 as a Percentage of Total Revenue[2]	11.41%	Top 10 as a Percentage of Total Revenue[2]	10.90%

Source: Utah State Tax Commission
Note: Data for Years Previous to 2010 Unavailable

[1]Utah State law prohibits the disclosure of retail sales figures for individual businesses. Top 10 taxpayers are listed alphabetically.
[2]The distribution formula set forth by the Utah State legislature provides that 50% of sales tax collections are distributed to the entity in which the tax is collected. The other 50% is distributed statewide based on population. This number represents the 50% point of sale collections as a percentage of total sales tax revenue received.

PLEASANT GROVE CITY

Charges for Water Fees

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water Sales	$ 1,597,464	$ 2,025,963	$ 2,186,376	$ 2,296,950	$ 1,938,812	$ 1,671,055	$ 2,113,172	$ 2,381,503	$ 2,726,070	$ 2,994,400
Secondary Water	82,700	102,732	175,285	680,637	991,627	1,181,043	1,316,610	1,730,614	2,099,510	2,409,439
Other	239,936	239,365	142,725	169,438	139,503	193,357	49,023	53,426	120,684	179,820
Totals	$ 1,920,100	$ 2,368,060	$ 2,504,386	$ 3,147,025	$ 3,069,944	$ 3,045,455	$ 3,478,805	$ 4,165,543	$ 4,946,264	$ 5,583,659

Source: Pleasant Grove City

Note: Other includes: Irrigation Water Rental, Water Initiation Fee, Installation Fees, Water Turn-On Charges, and Payments for Services

PLEASANT GROVE CITY

Ratios of Outstanding Debt by Type

Last Ten Years

(dollars in thousands except per capita)

	Governmental Activities							Business-type Activities								
Fiscal Year	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	Total Primary Government	Percentage of Personal Income	Per Capita
2005	614	2,910	4,599	1,124	77	-	-	3,476	1,197	294	-	-	-	14,291	N/A	N/A
2006	313	2,475	4,420	862	35	201	-	4,601	1,115	379	-	-	21	14,401	N/A	N/A
2007	-	2,020	4,235	-	-	219	19,785	16,492	1,029	363	-	-	23	44,143	N/A	N/A
2008	5,029	6,050	4,043	-	-	223	19,785	15,896	940	347	-	-	25	52,313	N/A	N/A
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

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, 2014

Government Unit	Total Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt			
Alpine School District	$ 412,085,000	9.07%	$ 37,382,576
Utah County	249,190,455	5.50%	13,716,004
Central Utah Water Cons. District	257,522,075	1.12%	2,874,236
Subtotal, overlapping debt			53,972,816
City direct debt			30,529,502
Total direct and overlapping debt			$ 84,502,318

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 Seven Fiscal Years
(amounts expressed in thousands)

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value (in thousands)	$ 2,093,905
Debt limit (4% of assessed value)	83,756
Debt applicable to limit:	
General obligation bonds	(4,230)
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	(4,230)
Legal debt margin	$ 79,526

	Fiscal Year						
	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 90,684	$ 98,952	$ 91,304	$ 87,920	$ 81,373	$ 80,624	$ 83,756
Total net debt applicable to limit	-	(4,913)	(4,792)	(4,665)	(4,534)	(4,398)	(4,252)
Legal debt margin	$ 90,684	$ 94,039	$ 86,512	$ 83,255	$ 76,839	$ 76,226	$ 79,504
Total net debt applicable to the limit as a percentage of debt limit	0.00%	4.97%	5.25%	5.31%	5.57%	5.45%	5.08%

Source: Utah County Auditor's Office
Note 1: Data for Years Previous to 2008 Unavailable
Note 2: Debt margin applies only to general obligation bonds.

PLEASANT GROVE CITY

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

	Water Revenue Bonds						Storm Water Revenue Bonds						Tax Increment Bonds			
				Debt Service						Debt Service				Debt Service		
Fiscal Year	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Sales Tax Revenues	Principal	Interest	Coverage
2005	2,505	1,739	766	94	55	5.13	-	-	-	-	-	N/A	-	-	-	0.00
2006	2,776	2,141	635	92	53	4.36	-	-	-	-	-	N/A	-	-	-	0.00
2007	3,298	1,633	1,665	163	395	2.98	-	-	-	-	-	N/A	3,774	265	611	4.31
2008	3,594	1,715	1,879	432	619	1.79	-	-	-	-	-	N/A	3,855	275	1,066	2.88
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

PLEASANT GROVE CITY

Pledged-Revenue Coverage (continued)

Last Ten Fiscal Years

(dollars in thousands)

	Sales Tax Revenue				General Obligation Bonds				Excise Tax Revenue			
		Debt Service				Debt Service				Debt Service		
Fiscal Year	Sales Tax Revenues	Principal	Interest	Coverage	Property Tax Revenues	Principal	Interest	Coverage	Class C Road Revenues	Principal	Interest	Coverage
2005	2,540	250	288	4.72	-	-	-	-	699	420	140	1.25
2006	3,108	250	296	5.69	-	-	-	-	842	405	156	1.50
2007	3,774	265	273	7.02	-	-	-	-	942	455	105	1.68
2008	3,855	275	265	7.15	-	-	-	-	997	475	86	1.78
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

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 Seven Calandar Years

Calender Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	30,903	538,387,847	17,422	N/A
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%

Note 1: Data for Years Previous to 2007 Unavailable
Note 2: Unemployment Rate is for Utah County

PLEASANT GROVE CITY

Principal Employers
Current Year and Eight Years Ago

	2014	2006
Employer	Range of Employees	Range of Employees
Alpine School District	300-749	300-749
Auto Meter		100-249
Close to My Heart	100-249	100-249
Horrocks Engineers, Inc.	100-249	
Maceys	100-249	100-249
MOZY Decho Software	100-249	
Niels Fugal Sons Company	100-249	100-249
Pleasant Grove City	100-249	100-249
180 Fusion, LLC	50-99	
All Pro Security, LLC	50-99	
Alpine Pediatrics	50-99	50-99
Brundage Bone Pumping		50-99
Business Promotion	50-99	
Daybreak Training Services	50-99	50-99
Has Leads	50-99	
Lincoln Academy	50-99	
McDonalds	50-99	
Mile High Contracting	50-99	
Open Edge	50-99	
ROI Solutions	50-99	
Smith's Food and Drug	50-99	50-99
Southam and Associates		50-99
Sundesa, LLC	50-99	
Taco Amigo	50-99	
Test Out Corporation	50-99	
Tri City Medical Clinic	50-99	50-99
Utah Pacific Bridge & Steel	50-99	
Warburtons	50-99	
Westroc, Inc.		50-99

Source: Utah Department of Workforce Services
Note 1: Data for Years Previous to 2006 Unavailable
Note 2: 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.

PLEASANT GROVE CITY

Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of June 30									
Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Management services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Finance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	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	2.0	2.0	2.0
Municipal Court	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Other	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	5.0
Police										
Officers	31.0	29.0	32.0	33.0	26.0	25.0	25.0	25.0	25.0	26.0
Civilians	6.0	6.0	7.0	8.0	7.0	8.0	8.0	8.0	8.0	8.0
Fire										
Firefighters and officers	4.0	4.0	3.0	4.0	5.0	14.0	15.0	15.0	15.0	14.0
Refuse collections										
Other public works										
Engineering	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Streets	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Storm Drain	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Other	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Redevelopment	-	1.0	1.0	-	-	-	-	-	-	-
Parks and recreation	10.0	12.0	12.0	15.0	15.0	15.0	15.0	15.0	15.0	14.0
Library	1.0	1.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water/Sewer	8.0	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0
Total	86.0	87.0	93.0	100.0	94.0	104.0	105.0	104.0	105.0	101.0

Source: Pleasant Grove City

PLEASANT GROVE CITY

Operating Indicators by Function/Program
Last Four Fiscal Years

Function/Program	Fiscal Year 2011	2012	2013	2014
General government				
Building permits issued	178	260	361	372
Building inspections conducted	1,713	1,714	4,215	3,387
Police				
Physical arrests	1608	1,359	581	1,326
Parking violations	327	4	-	2
Traffic violations	3,302	4,608	2,798	2,481
Fire				
Emergency responses	859	1,388	1,199	1,330
Number of Transports	592	573	500	579
Average Response Time (Minutes)	5	5	4:14	4:51
Other public works				
Potholes repaired (tons of asphalt)	410	431	457	478
Parks and recreation				
Daily program participants	12,761	11,813	12,298	33,084
Community center admissions	147,356	135,866	141,540	169,744
Water				
New connections	41	64	143	170
Culinary Water Breaks	66	82	127	127
PI Water Breaks	N/A	N/A	N/A	115
Average daily consumption (thousands of gallons)	2,623	2,821	2,709	2,702

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

PLEASANT GROVE CITY

Capital Asset Statistics by Function/Program
Last Four Fiscal Years

Function/Program	Fiscal Year 2011	2012	2013	2014
Police				
Stations	1	1	1	1
Patrol units	25	25	26	26
Fire Stations	1	1	1	1
Other public works				
Streets (miles)	111	205	205	117
Streetlights	1,070	3,974	1,150	1,155
Storm Drain (miles)	69	101	72	72
Parks and recreation				
Acreage	92	92	92	77
Playgrounds	8	8	8	7
Baseball/softball diamonds	7	7	7	6
Soccer/football fields	9	9	9	9
Community centers	1	1	1	1
Water				
Culinary Water Lines (miles)	136	151	152	156
Irrigation Water Lines (miles)	103	104	105	108
Fire Hydrants	N/A	1,223	1,240	1,280
Culinary Storage (thou. of gallons)	11,000	11,000	11,000	12,431
Irrigation Storage (thou. of gallons)	12,200	12,200	12,200	12,200
Wastewater				
Sanitary sewers (miles)	N/A	110	110	125

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

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INDEPENDENT AUDITOR'S 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

Honorable Mayor and City Council
Pleasant Grove City
Pleasant Grove, Utah

We have audited, in accordance with the 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, business type activities, each major fund, and the aggregate remaining fund information of Pleasant Grove City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Pleasant Grove City's basic financial statements, and have issued our report thereon dated December 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pleasant Grove 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 Pleasant Grove City's internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant Grove 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 that a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Pleasant Grove 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

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with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances on 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 of the effectiveness of the entity's internal control or on compliance. This report in an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 27, 2014

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE
STATE COMPLIANCE AUDIT GUIDE ON:
COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
COMPLIANCE FOR EACH MAJOR STATE PROGRAM
INTERNAL CONTROL OVER COMPLIANCE AND
SCHEDULE OF EXPENDITURES OF STATE AWARDS

Honorable Mayor and City Council
Pleasant Grove City
Pleasant Grove, Utah

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND FOR EACH MAJOR STATE PROGRAM

We have audited Pleasant Grove City's compliance with applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Pleasant Grove City or each of its major state programs for the year ended June 30, 2014

State compliance requirements were tested for the year ended June 30, 2014 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts
Utah Retirement Systems
Transfers from Utility Enterprise Funds
Cash Management
Impact Fees
Government Records Access Management Act (GRAMA)
Conflicts of Interest
Nepotism
Open & Public Meetings Act
Budget Notice and Format

The City received state funding from the following programs classified as major programs for the year ended June 30, 2014:

B&C Road funds
E-911 Fee

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

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Auditor's Responsibility

Our responsibility is to express an opinion on Pleasant Grove 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 *State Compliance Audit Guide*. Those standards and the *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 or its major state programs 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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Pleasant Grove City complied, in all material respects, with the compliance requirements identified above that could have a direct and material effect on the City or on its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in a separate letter to management dated December 27, 2014. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in a separate letter to management. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *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 general state or major state program 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 general state or major state program 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 general state or major state program 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.

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

REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasant Grove City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gilbert & Stewart
GILBERT & STEWART
Certified Public Accountants
December 27, 2014

Pleasant Grove City
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2014

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
UDOT			
Class C Road Funds			$ 949,064
Bureau of Emerg Medical Serv and Preparedness			
EMS Grant			$ 4,205
EMS Grant			$ 2,125
EMS Grant			$ 490
Subtotal – Bureau of Emerg Medical Serv and Preparedness			$ 6,820
Utah Department of Natural Resources			
Fishing			$ 750
Utah State Library			
CLEF Grant			$ 8,169
Utah Highway Patrol			
Digital Camera System			$ 5,000
Utah Division of Forestry			
Patch Springs Fire	UT-SLD-000612		$ 4,990
Wignal Fire			1,335
Tank Fire	UT-UWF-000555		10,233
Subtotal – Utah Division of Forestry			$ 16,558
Utah Commission on Criminal and Juvenile Justice			
State Liquor Tax			$ 29,806

Pleasant Grove City
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2014

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
E911 Committee			
Emergency Services Telephone Fee			$ 209,569
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			**$ 1,225,735**