

Comprehensive Annual Financial Report

For the Year Ending June 30, 2015

Pleasant Grove City, Utah



PLEASANT GROVE CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2015



Prepared by:
Pleasant Grove City, Finance Department

PLEASANT GROVE CITY

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INTRODUCTORY SECTION





December 22, 2015
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, 2015, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City to issue a report on its financial position and activity, and this report be annually audited by an independent firm of certified public accountants. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

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

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

Governmental Structure

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

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

Economic Condition and Outlook

Pleasant Grove City, incorporated in 1855, is located in the northern portion of Utah County. The City is a rapidly growing suburban community encompassing 9.17 square miles. The City's population is currently 37,064. This is an increase from population estimated by the 2010 census of 3,555. The City's population increased rapidly from 2000 – 2007 but has moderated significantly since that time. We anticipate the population in Pleasant Grove to continue to increase at a steady rate with an ultimate buildout population of approximately 48,000.

After several years of minimal growth in sales tax revenue, economic activity has shown significant growth over the past two years. Sales tax revenue in FY 2015 reached \$4,453,675, which outpaced the previous historical high reached in 2008 of \$3,855,044. Building permit revenues totaled \$596,326, which was a decrease of 14.06% from fiscal year 2014. The City is committed to use conservative budgeting principles, particularly related to building-related fees. These increased revenues in the past have been only been used to fund growth-related costs and projects, rather than used to increase the City's base budget. While current development has slowed from the 2015 pace, we anticipate fiscal year 2016 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:

- **3-Year Infrastructure Plan.** The City recently developed a plan that would focus on the maintenance of city streets. A key component of the plan is that the utilities underneath the road will be upgraded or deemed in good condition before major maintenance is completed.

The funds for the plan are a combination of Class C Road funds and a general fund transfer. The current 3-Year plan will use a large majority of the Class C Fund Balance in order to maximize the number of streets that can be done. After each year, the plan will be updated to add another year's worth of projects. In essence, it will be a 3-year rolling plan complete with funding sources for the projects.

- **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.
- **Water Revenue Bond.** A new Water Revenue Bond was issued during the year, refunding the 2002B and partially refunding the 2006 Water Revenue Bond. With a NPV (net present value) savings at approximately \$1.2 million and an estimated annual savings at \$85,000. This refunding enables the City to use the savings to complete capital projects instead of servicing debt.

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 2014-15, the City had several significant projects. Some of these projects are listed below:

1. Shannon Fields. The City added two additional softball/baseball fields to their current park called Shannon Fields. It creates a fourplex of fields to accommodate the growing programs for the Pleasant Grove Recreation. The fields were funded by park impact fees and proceeds from the sale of Battle Creek Park to the Alpine School District. This project also added additional paved parking that will be used for recreation programs and the annual Strawberry Days Rodeo.
2. Fire Apparatus. The City recently upgraded their fire apparatus by refinancing their lease on the Ladder Truck. The lease also provided funding to refurbish a Fire Engine and three Ambulances.

Economic Development. The City Council recognizes the need to develop the City's economic base in order to provide necessary services, i.e., recreation, roads, water, etc. to its citizens. Efforts are being made by the City to attract new businesses and to promote the type of activities that will enhance the quality of life in the community. These businesses include restaurants, office buildings, and other retail businesses. With the improving economy, we are seeing greater interest in construction in the City's commercial areas. Large tracts of land have recently been purchased out in the Grove area in Pleasant Grove. They are proposed to be developed as a combination of office and retail businesses. A new 3-story office complex broke ground and should be leasing Class A office space by the summer 2016.

Due to the fast growth of doTERRA essential oils, they have expanded by adding a 3-story call center space and added a 100,000 square foot distribution facility. The distribution facility includes a will call area where product can be bought on-site. This addition will lead to additional sales tax revenue to the City. Aroma Tools, which is a complimentary business to doTERRA, opened for business in this past year. Their retail space also includes a large meeting space on the top floor.

The City's main commercial corridor, the Interchange Area currently contains 260,000 square feet of office space. The City anticipates 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 \$123,470 during the fiscal year, to end at \$4,503,013. However, that includes a \$435,097 transfer of the 2014 budget surplus to fund 2015 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 \$2,073,082 represents 15.96% of the fiscal year 2015 General fund revenues.

The General fund's balance has decreased approximately \$3,685,000 from its balance of six 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 six-year period, the City's governmental funds revenues increased from \$15,631,360 to \$18,390,728 and expenditures decreased from \$23,842,899 to \$19,398,181. 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 \$13,846,170 as compared to fiscal year 2009, while operating expenses rose from \$5,974,345 to \$11,170,769. Utility rate increases have attributed to the growth in revenue, and has provided funding to complete a greater number of capital projects.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place and to document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations. The audit for the fiscal year ended June 30, 2015, 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, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgments

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

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

Respectfully submitted,



J. Scott Darrington
City Administrator



Denise B. Roy
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

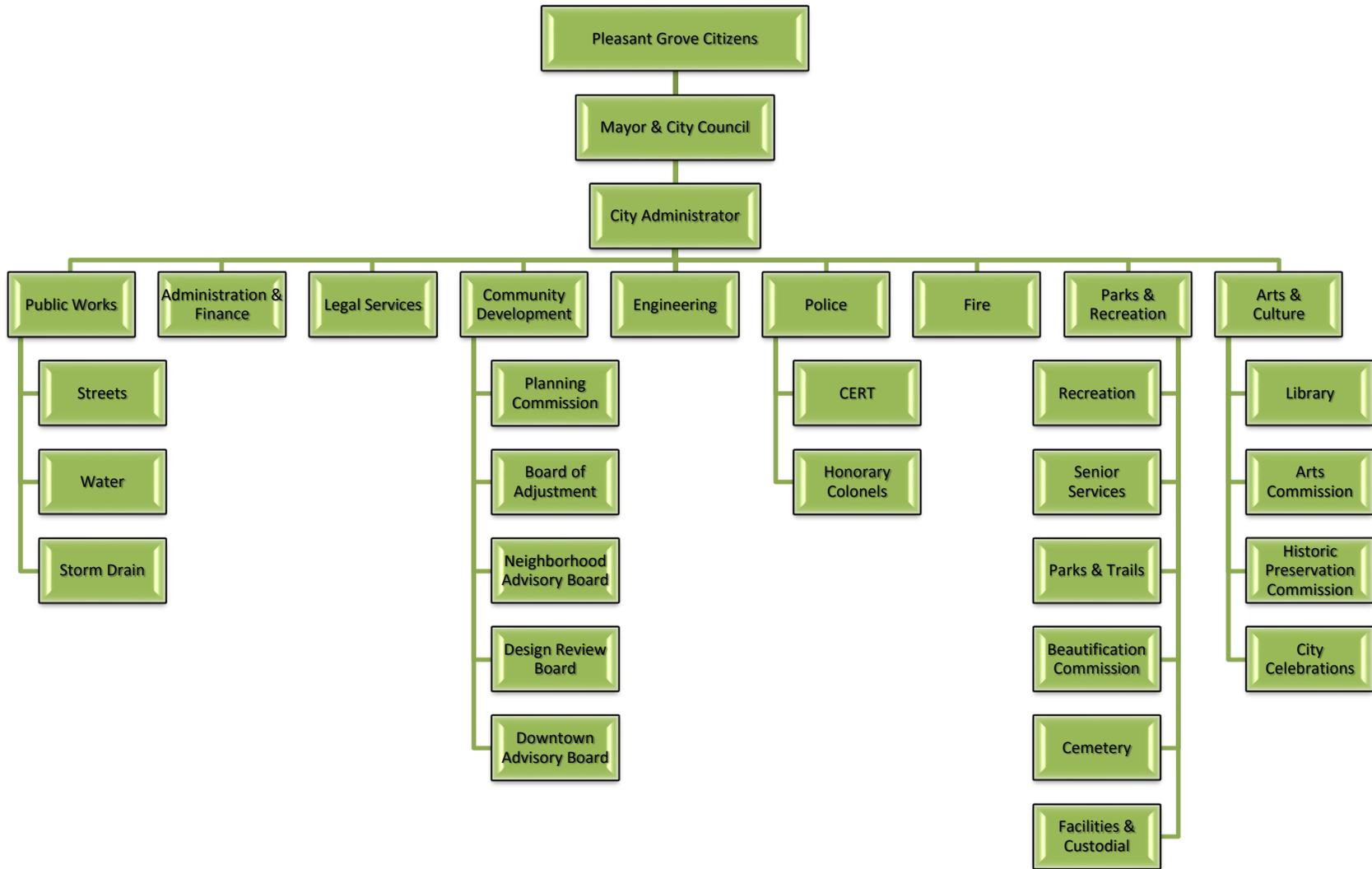
**Pleasant Grove City
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

PLEASANT GROVE CITY ORGANIZATION CHART



ELECTED AND APPOINTED OFFICIALS

Pleasant Grove City Mayor & Council



**Mayor
Mike Daniels**



Dianna Andersen



Cindy Boyd



Eric Jensen



Cyd LeMone



Ben Stanley

Pleasant Grove City Appointed Officials

City Administrator J. Scott Darrington
City Treasurer Karen Bezzant
Leisure Services Director Deon Giles
Arts & Culture Director Sheri Britsch
City Recorder Kathy Kresser
City Engineer Degen Lewis
Finance Director Denise Roy
Police Chief Michael Smith
City Attorney Christine Peterson
Fire Chief Dave Thomas
Public Works Director Marty Beaumont
Community Development Director Ken Young

FINANCIAL SECTION





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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Redevelopment Agency Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, in 2015 the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information regarding pensions, 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 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.

Supplementary and 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 as listed in the supplementary section in the table of contents 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 22, 2015 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 22, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- The total net position of Pleasant Grove City increased 2.72% to \$120,411,090. A significant contributor to this increase was \$1,200,346 in infrastructure contributions. The City also received a cash contribution of \$1,558,106. 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 \$7,713,729. Of this amount \$ 2,104,376 (27.28%) is available for spending at the government's discretion (unassigned fund balance).
- Total governmental fund balance increased by \$516,776 during the year. The majority of the increase was generated by collections of taxes. Property, sales and other taxes all increased from the prior year. The increased taxes will help pay for expenses related to growth and changes of the City.
- 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, 2015 the City's unassigned fund balance equals 15.96% of next year's revenue.

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 24 & 25.

FUND FINANCIAL STATEMENTS

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

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

The City maintains the following nine individual governmental funds:

- General
- Redevelopment Agency
- Capital Projects
- Dispatch
- Swimming Pool
- Community Center

- Cultural Arts
- Library
- Debt Service

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

The governmental fund financial statements can be found on pages 26-29 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 32-34 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, required supplementary information, other supplementary information and a statistical section, which give additional and more detailed information to the reader. The required supplementary information section includes other postemployment benefit information and net pension liability schedules related to the implementation of GASB 68. 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 requirement supplementary section begins on page 77, the supplementary section begins on page 81, and the statistical section begins on page 90. 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 \$120,411,090.

By far the largest portion of the City of Pleasant Grove's net position (84.06%) 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	
	2015	2014	2015	2014	2015	2014
	Current and other assets	\$ 15,047,602	\$ 13,750,245	\$ 14,090,092	\$ 12,620,842	\$ 29,137,694
Capital assets	82,390,871	81,753,925	84,263,174	83,767,057	166,654,045	165,520,982
Total Assets	97,438,473	95,504,170	98,353,266	96,387,899	195,791,739	191,892,069
Total Deferred Outflows of Resources	490,956	105,220	841,706	45,099	1,332,662	150,319
Long-term debt outstanding	29,299,431	31,293,300	35,633,214	36,530,421	64,932,645	67,823,721
Other liabilities	7,427,707	3,943,001	1,006,632	417,457	8,434,339	4,360,458
Total Liabilities	36,727,138	35,236,301	36,639,846	36,947,878	73,366,984	72,184,179
Total Deferred Inflows of Resources	3,221,666	2,668,391	124,661	-	3,346,327	2,668,391
Net Investment in capital assets	52,593,290	50,565,845	48,629,960	49,572,185	101,223,250	100,138,030
Restricted	4,389,607	4,037,589	6,578,455	4,054,874	10,968,062	8,092,463
Unrestricted	997,728	3,101,264	7,222,050	5,858,061	8,219,778	8,959,325
Total net position	\$ 57,980,625	\$ 57,704,698	\$ 62,430,465	\$ 59,485,120	\$ 120,411,090	\$ 117,189,818

An additional portion of the City's net position (9.1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$8,219,778 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2015, 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, 2015.

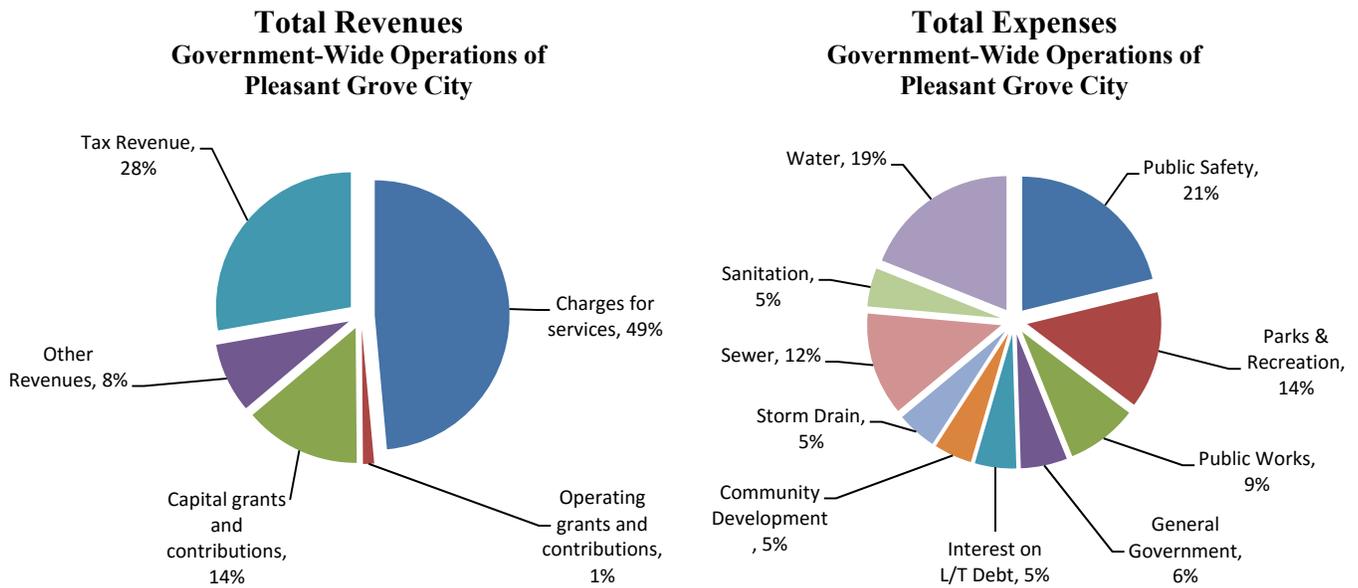
PLEASANT GROVE CITY'S CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 3,300,515	\$ 3,806,998	\$ 13,846,170	\$ 12,846,809	\$ 17,146,685	\$ 16,653,807
Operating grants and contributions	430,746	387,294	34,651	8,468	465,397	395,762
Capital grants and contributions	3,108,174	3,898,978	1,831,421	2,409,370	4,939,595	6,308,348
General Revenues:						
Taxes	9,810,218	9,354,866	-	-	9,810,218	9,354,866
Other Revenues	2,897,010	1,577,260	60,901	47,335	2,957,911	1,624,595
Total revenues	<u>19,546,663</u>	<u>19,025,396</u>	<u>15,773,143</u>	<u>15,311,982</u>	<u>35,319,806</u>	<u>34,337,378</u>
Expenses						
General Government	1,074,602	1,610,214	-	-	1,074,602	1,610,214
Community Services	1,422,246	1,321,009	-	-	1,422,246	1,321,009
Public Works	2,653,515	2,476,897	-	-	2,653,515	2,476,897
Public Safety	6,295,803	6,096,418	-	-	6,295,803	6,096,418
Parks & Recreation	4,508,362	4,062,645	-	-	4,508,362	4,062,645
Interest on L/T Debt	1,335,594	1,440,868	-	-	1,335,594	1,440,868
Water	-	-	5,062,433	5,455,815	5,062,433	5,455,815
Storm Drain	-	-	1,620,947	1,393,536	1,620,947	1,393,536
Sewer	-	-	4,267,092	3,582,696	4,267,092	3,582,696
Sanitation	-	-	1,360,672	1,335,337	1,360,672	1,335,337
Total Expenses	<u>17,290,122</u>	<u>17,008,051</u>	<u>12,311,144</u>	<u>11,767,384</u>	<u>29,601,266</u>	<u>28,775,435</u>
Increase (decrease) in net position						
before transfers	<u>2,256,541</u>	<u>2,017,345</u>	<u>3,461,999</u>	<u>3,544,598</u>	<u>5,718,540</u>	<u>5,561,943</u>
Transfers	<u>(60,980)</u>	<u>141,146</u>	<u>60,980</u>	<u>(141,146)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>2,195,561</u>	<u>2,158,491</u>	<u>3,522,979</u>	<u>3,403,452</u>	<u>5,718,540</u>	<u>5,561,943</u>
Net position, beginning restated	55,785,064	55,546,207	58,907,486	56,081,668	114,692,550	111,627,875
Net position, ending	<u>\$ 57,980,625</u>	<u>\$ 57,704,698</u>	<u>\$ 62,430,465</u>	<u>\$ 59,485,120</u>	<u>\$120,411,090</u>	<u>\$117,189,818</u>

Net Position for governmental activities increased by \$2,195,561, which is an increase of \$37,070 from the previous year. Business-type activities increased by \$3,522,979, which represents an increase of \$119,527 from the previous year. Factors 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. The implementation of GASB68 also played a part in the overall net position changes because of pension expenses that local governments made in the current fiscal year, and also required prior period adjustments made to record pension assets and liabilities.

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

The following two graphs display Pleasant Grove’s government-wide revenues and expenses for the fiscal year ended June 30, 2015.



Financial Analysis of Governmental Funds

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements.

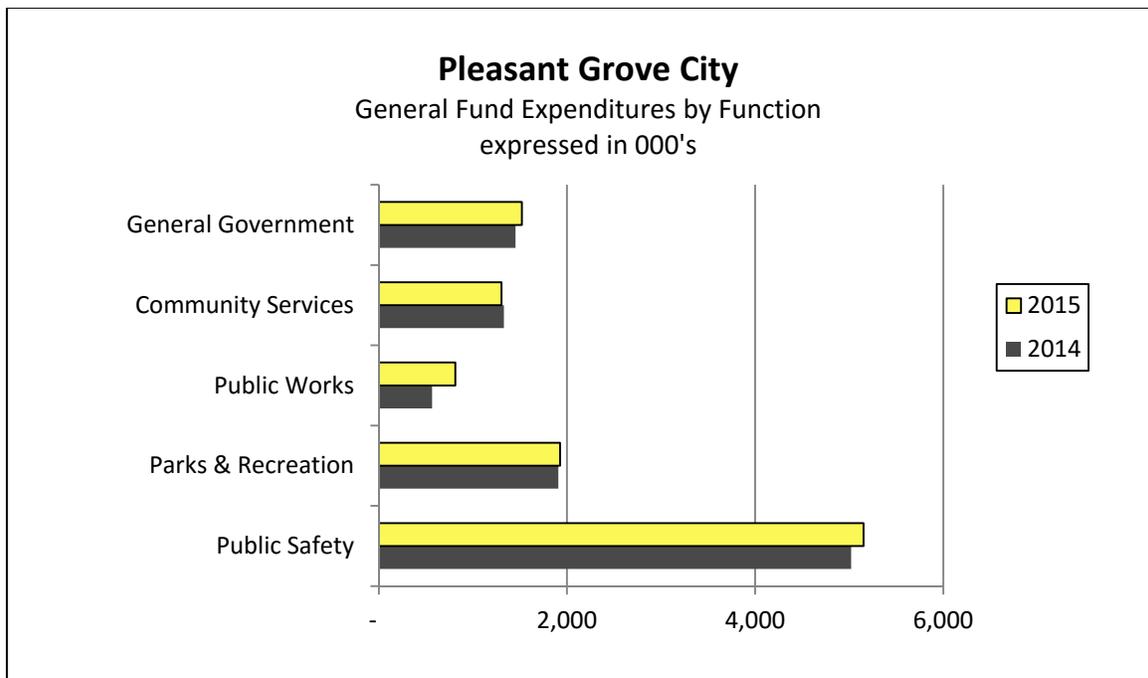
At the end of the current fiscal year, the City’s governmental funds reported combined fund balances of \$7,713,729. \$2,104,376 of this total amount (27.28%) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is classified 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 \$2,073,082, while total fund balance reached \$4,503,013.

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 49% of total tax revenue and 34% of total General Fund revenue. Overall, revenues increased by 2.69% and expenditures decreased by 2.03% from 2014.

The following chart compares general fund expenditures by function between 2014 and 2015.



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$237,628 during the year to bring the fund to a positive balance of \$165,973. Revenues in the RDA fund increased from \$1,560,127 in 2014 to \$1,801,321 in 2015 this is due to receiving more property taxes for the redevelopment area.

\$3,078,755 was spent from the Capital Projects fund on capital outlay in various departments 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 \$1,364,825. 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 \$32,096,721 to \$34,009,582. Sewer net position increased from \$16,868,504 to \$17,956,950. Storm Drain net position increased from \$9,924,625 to \$10,393,873. Sanitation net position increased from \$17,636 to \$70,060. Net position increases in 2015 were assisted mainly in continued growth of charges for services. In part due to utility rate increases and development related impact fees. Overall, in the enterprise funds, net position increased by \$3,522,979.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budgeted expenditure total of \$11,213,259 to final budgeted expenditures of \$11,637,949. These increases can be briefly summarized as follows:

- General Government increased by \$38,673
- Facilities increased by \$153,338
- Engineering increased by \$225,000
- Police decreased by \$34,886
- Fire increased by \$19,924
- Library increased by \$16,803
- Parks and Recreation increased by \$5,838

The largest increase in budgeted expenditures was related to engineering services and facility services. During the year, the City received certain state and federal grants. The City's guideline is to generally not budget grant revenue until the funds are received. The budget was increased to authorize the expenditure of these funds.

Capital Assets and Debt Administration

Capital Assets. The City of Pleasant Grove’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$166,155,895 (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 .38% (0.17% increase for governmental activities and a .59% increase for business-type activities).

Pleasant Grove City Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 45,221,519	\$44,630,520	\$ 9,301,927	\$ 9,301,928	\$ 54,523,446	\$ 53,932,448
Water Shares	-	-	1,981,938	1,981,938	1,981,938	1,981,938
Buildings	8,149,046	8,402,822	-	-	8,149,046	8,402,822
Equipment	2,696,354	2,474,265	620,663	624,032	3,317,017	3,098,297
Infrastructure	24,602,530	26,037,022	72,159,536	71,265,053	96,762,066	97,302,075
Const in Progress	1,223,272	209,296	199,110	594,106	1,422,382	803,402
Total Capital Assets	\$ 81,892,721	\$ 81,753,925	\$ 84,263,174	\$ 83,676,057	\$ 166,155,895	\$ 165,520,982

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

- Contributed infrastructure assets - \$1,200,349
- Shannon Fields Project - \$1,188,415
- Infrastructure improvements in excess of \$2.6 million in Water, Sewer and Storm Drain funds

Additional information on the City’s capital assets can be found in note 7 on pages 52-53 of this report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$59,101,000. \$55,021,000 is secured by specific revenue sources, while total general obligation bonds outstanding total \$4,080,000. 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 4,080,000	\$ 4,230,000	\$ -	\$ -	\$ 4,080,000	\$ 4,230,000
Revenue bonds	21,161,000	22,654,500	33,860,000	35,447,500	55,021,000	58,102,000
Total bonded debt	\$ 25,241,000	\$ 26,884,500	\$ 33,860,000	\$ 35,447,500	\$ 59,101,000	\$ 62,332,000

- The City’s total outstanding bond debt decreased \$3,231,000 during the current fiscal year. This is the total amount of principal paid and the issue of a new water bond was issued during the fiscal year. The bond refunded the Water Revenue 2002B and partially refunding the 2006 Water Revenue Bond.
- The City did enter into a capital lease agreement to refinance a ladder truck and refurbish a fire engine and three ambulances.
- 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 \$95,064,000 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 \$285,191,000, 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 54-68 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 3.0%. This rate is slightly lower than the state unemployment rate of 3.6%, while the national rate was 5.0%. The previous year’s rates were 3.3%, 3.6%, and 5.8% respectively.
- The General Fund budgeted operating expenditures remain fairly consistent for the upcoming year. Fiscal year-ending June 30, 2016 original budget reflects an increase of \$29,701 from the year ending, June 30, 2015.

- The City analyzed utility rates each year to evaluate all areas related to the operation of its utility funds. These areas include operations, debt service coverage, cash reserves, and capital needs. Based on this analysis, rates are adjusted each July.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS



PLEASANT GROVE CITY

Statement of Net Position

June 30, 2015

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	\$ 6,834,920	\$ 8,533,613	\$ 15,368,533
Restricted Cash	3,579,864	3,342,964	6,922,828
Receivables	4,404,207	1,605,641	6,009,848
Inventories	-	37,858	37,858
Other Current Assets	553,500	-	553,500
Due from Other Funds	11,399	(11,399)	-
Other Noncurrent Assets	19,798	581,187	600,985
Net Pension Asset	142,064	228	142,292
Capital Assets:			
Land	45,221,519	9,301,927	54,523,446
Water Shares	-	1,981,938	1,981,938
Buildings	8,149,046	-	8,149,046
Improvements	24,602,530	72,159,536	96,762,066
Machinery & Equipment	2,696,354	620,663	3,317,017
Construction in Progress	1,223,272	199,110	1,422,382
Total Assets	97,438,473	98,353,266	195,791,739
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows related to Pensions	399,923	130,896	530,819
Deferred Charge on Refunding	91,033	710,810	801,843
Total Deferred Outflows of Resources	490,956	841,706	1,332,662
LIABILITIES			
Accounts Payable	1,920,962	102,328	2,023,290
Bond Interest Payable	175,679	290,609	466,288
Retainage Payable	51,358	-	51,358
Developers' Deposits	2,757,548	-	2,757,548
Long-term Liabilities			
Due Within One Year	2,322,492	1,534,889	3,857,381
Due in More Than One Year	27,751,249	34,186,210	61,937,459
Net Pension Liability	1,747,850	525,810	2,273,660
Total Liabilities	36,727,138	36,639,846	73,366,984
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	380,871	124,661	505,532
Deferred Property Tax Revenue	2,840,795	-	2,840,795
Total Deferred Inflows of Resources	3,221,666	124,661	3,346,327
NET POSITION			
Net Investment in Capital Assets	52,593,290	48,629,960	101,223,250
Restricted for:			
Roads	1,515,802	-	1,515,802
Impact Fees	2,133,105	3,235,491	5,368,596
Library	70,430	-	70,430
Dispatch	56,667	-	56,667
Debt Service	247,201	3,342,964	3,590,165
Other	366,402	-	366,402
Unrestricted	997,728	7,222,050	8,219,778
Total Net Position	\$ 57,980,625	\$ 62,430,465	\$ 120,411,090

See accompanying notes.

PLEASANT GROVE CITY

Balance Sheet Governmental Funds June 30, 2015

	General	Special Revenue Redevelopment Agency	Capital Projects Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 3,611,653	\$ 165,970	\$ 2,801,401	\$ 255,896	\$ 6,834,920
Restricted Cash	3,467,336	3	-	112,525	3,579,864
Receivables (net)					
Property Tax	2,940,525	108,065	-	-	3,048,590
Sales Tax	801,090	-	-	-	801,090
Other	334,378	-	-	-	334,378
Intergovernmental	210,914	-	-	-	210,914
Special Assessment Receivable	9,235	-	-	-	9,235
Due from other funds	11,399	-	-	-	11,399
Other Current Assets	5,773	-	-	-	5,773
Prepaid Items	547,727	-	-	-	547,727
Total Assets	<u>11,940,030</u>	<u>274,038</u>	<u>2,801,401</u>	<u>368,421</u>	<u>15,383,890</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and Accrued Liabilities	\$ 1,847,241	\$ -	\$ -	\$ 73,721	\$ 1,920,962
Developers' Deposits	2,757,548	-	-	-	2,757,548
Retainage Payable	-	-	51,358	-	51,358
Total Liabilities	<u>4,604,789</u>	<u>-</u>	<u>51,358</u>	<u>73,721</u>	<u>4,729,868</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	2,732,730	108,065	-	-	2,840,795
Unavailable Revenue	99,498	-	-	-	99,498
Total Deferred Inflows of Resources	<u>2,832,228</u>	<u>108,065</u>	<u>-</u>	<u>-</u>	<u>2,940,293</u>
FUND BALANCES					
Nonspendable					
Prepaid Items	547,727	-	-	-	547,727
Restricted for					
Donations	366,402	-	-	-	366,402
Debt Service	-	3	-	247,201	247,204
Dispatch	-	-	-	56,667	56,667
Library Grants	-	-	-	70,430	70,430
Impact Fees	-	-	2,133,105	-	2,133,105
Class C Road Funds	1,515,802	-	-	-	1,515,802
Assigned to					
Capital Projects	-	-	616,938	-	616,938
Swimming Pool	-	-	-	29,915	29,915
Community Center	-	-	-	20,642	20,642
Cultural Arts	-	-	-	4,521	4,521
Unassigned	<u>2,073,082</u>	<u>165,970</u>	<u>-</u>	<u>(134,676)</u>	<u>2,104,376</u>
Total Fund Balances	<u>4,503,013</u>	<u>165,973</u>	<u>2,750,043</u>	<u>294,700</u>	<u>7,713,729</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,940,030</u>	<u>\$ 274,038</u>	<u>\$ 2,801,401</u>	<u>\$ 368,421</u>	<u>\$ 15,383,890</u>

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, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental fund types	\$ 7,713,729
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,892,722
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.	90,263
Governmental funds report the effects of prepaid bond insurance, whereas these amounts are deferred and shown as net amortization in the statement of activities.	19,798
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.	9,235
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(29,384,077)
Compensated absences are not due and payable in the current period and are not reported as fund liabilities in the funds.	(699,539)
Post retirement benefits are not due and payable in the current period and are not reported as fund liabilities in the funds.	(74,771)
Net pension assets and liabilities are not available to pay for current period expenditures and , therefore, are either deferred or not applicable to funds	(1,586,735)
Net position of governmental activities	<u><u>\$ 57,980,625</u></u>

See accompanying notes.

PLEASANT GROVE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	General	Special Revenue Redevelopment Agency	Capital Projects Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,480,491	\$ 29,777	\$ -	\$ 320,083	\$ 9,830,351
Licenses & Permits	672,635	-	-	-	672,635
Intergovernmental	1,147,477	92,213	19,594	205,493	1,464,777
Charges for Services	825,572	-	-	1,466,169	2,291,741
Fines & Forfeitures	336,139	-	-	-	336,139
Interest	22,277	3	10,785	431	33,496
Impact Fees	-	-	1,364,825	-	1,364,825
Miscellaneous	504,828	1,679,328	150,058	62,550	2,396,764
Total Revenues	<u>12,989,419</u>	<u>1,801,321</u>	<u>1,545,262</u>	<u>2,054,726</u>	<u>18,390,728</u>
EXPENDITURES					
Current					
General Government	1,521,403	2,737	192,676	-	1,716,816
Community Services	1,304,053	-	21,082	131,378	1,456,513
Public Works	506,104	-	32,340	-	538,444
Public Safety	5,152,228	-	300,643	623,574	6,076,445
Parks and Recreation	1,925,649	-	241,471	1,668,308	3,835,428
Capital Outlay & Projects	305,910	-	2,290,543	-	2,596,453
Debt Service					
Principal Retirement	-	572,000	167,768	1,071,500	1,811,268
Interest and Fees	-	988,956	8,229	369,629	1,366,814
Total Expenditures	<u>10,715,347</u>	<u>1,563,693</u>	<u>3,254,752</u>	<u>3,864,389</u>	<u>19,398,181</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,274,072</u>	<u>237,628</u>	<u>(1,709,490)</u>	<u>(1,809,663)</u>	<u>(1,007,453)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	-	-	497,929	-	497,929
Proceeds from Capital Lease	-	-	1,087,280	-	1,087,280
Transfers In	-	-	893,939	1,789,307	2,683,246
Transfers Out	(2,397,542)	-	(346,684)	-	(2,744,226)
Total Other Financing Sources/(Uses)	<u>(2,397,542)</u>	<u>-</u>	<u>2,132,464</u>	<u>1,789,307</u>	<u>1,524,229</u>
Net Change in Fund Balance	(123,470)	237,628	422,974	(20,356)	516,776
Fund Balances - July 1	4,626,483	(71,655)	2,327,069	315,056	7,196,953
Fund Balances - June 30	<u>\$ 4,503,013</u>	<u>\$ 165,973</u>	<u>\$ 2,750,043</u>	<u>\$ 294,700</u>	<u>\$ 7,713,729</u>

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, 2015

Amounts reported for governmental activities in the statement of activities
 are different because:

Net Change in Fund Balance -- Total Governmental Funds	\$	516,776
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.		(570,524)
Contributions of capital assets not reported in the funds.		709,318
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(20,133)
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.		1,237,737
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.		<u>322,387</u>
Change in net position of governmental activities	\$	<u><u>2,195,561</u></u>

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, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 3,190,000	\$ 3,190,000	\$ 3,052,788	\$ (137,212)
Sales & Use Tax	4,265,334	4,265,334	4,453,675	188,341
Other Taxes	1,970,000	2,123,338	1,974,028	(149,310)
Licenses & Permits	658,750	771,250	672,635	(98,615)
Intergovernmental Revenue	1,027,000	1,095,984	1,147,477	51,493
Charges for Services	819,900	932,400	825,572	(106,828)
Court Fines	384,500	384,500	336,139	(48,361)
Other Revenues	569,689	586,826	527,104	(59,722)
Total Revenue	<u>12,885,173</u>	<u>13,349,632</u>	<u>12,989,419</u>	<u>(360,213)</u>
EXPENDITURES				
General Government				
General Government	1,084,643	1,123,316	820,685	302,631
Municipal Justice Court	325,400	325,400	317,049	8,351
Facilities	217,765	371,103	383,669	(12,566)
Community Development				
Community Development	682,526	682,526	644,536	37,990
Engineering	468,475	693,475	659,517	33,958
Public Safety				
Police	3,424,290	3,389,404	3,303,619	85,785
Fire	1,842,164	1,862,088	1,848,609	13,479
Public Works				
Streets	554,569	554,569	501,182	53,387
Class C Fund Expenditures	639,303	639,303	310,832	328,471
Parks and Recreation				
Library	617,854	634,657	607,701	26,956
Parks and Recreation	1,356,270	1,362,108	1,317,948	44,160
Total Expenditures	<u>11,213,259</u>	<u>11,637,949</u>	<u>10,715,347</u>	<u>922,602</u>
Excess (Deficiency) of revenues				
Over Expenditures	<u>1,671,914</u>	<u>1,711,683</u>	<u>2,274,072</u>	<u>562,389</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
Operating Transfers In	1,600	1,000	-	(1,000)
Operating Transfers Out	(1,901,635)	(2,402,542)	(2,397,542)	5,000
Use of Fund Balance	-	449,218	-	(449,218)
Total Other Financing Sources (Uses)	<u>(1,900,035)</u>	<u>(1,952,324)</u>	<u>(2,397,542)</u>	<u>(445,218)</u>
Net Change in Fund Balance	-	-	(123,470)	(123,470)
Fund Balance - July 1	4,626,483	4,626,483	4,626,483	-
Fund Balance - June 30	<u>\$ 4,626,483</u>	<u>\$ 4,626,483</u>	<u>\$ 4,503,013</u>	<u>\$ (123,470)</u>

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, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 180,000	\$ 180,000	\$ 29,777	\$ (150,223)
Intergovernmental	-	-	92,213	92,213
Interest	-	-	3	3
Miscellaneous	1,560,127	1,680,551	1,679,328	(1,223)
Total Revenue	<u>1,740,127</u>	<u>1,860,551</u>	<u>1,801,321</u>	<u>(59,230)</u>
EXPENDITURES				
General Government	25,000	25,000	2,737	22,263
Capital Outlay & Projects		-	-	-
Debt Service				
Principal Retirement	574,000	574,000	572,000	2,000
Interest and Fees	986,906	986,906	988,956	(2,050)
Bond Issuance Costs	-	-	-	-
Total Expenditures	<u>1,585,906</u>	<u>1,585,906</u>	<u>1,563,693</u>	<u>22,214</u>
Excess (Deficiency) of revenues Over Expenditures	<u>154,221</u>	<u>274,645</u>	<u>237,628</u>	<u>(37,017)</u>
OTHER FINANCING SOURCES (USES)				
Use of Fund balance	-	120,424	-	(120,424)
Total Other Financing Sources (Uses)	<u>-</u>	<u>120,424</u>	<u>-</u>	<u>(120,424)</u>
Net Change in Fund Balance	-	-	237,628	237,628
Fund Balance - July 1	(71,655)	(71,655)	(71,655)	-
Fund Balance - June 30	<u>\$ (71,655)</u>	<u>\$ (71,655)</u>	<u>\$ 165,973</u>	<u>\$ 237,628</u>

See accompanying notes.

PLEASANT GROVE CITY

Statement of Net Position

Proprietary Funds

June 30, 2015

	Business-type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Storm Drain Fund	Sanitation Fund	
ASSETS					
Current Assets					
Cash & Cash Equivalents	\$ 3,855,193	\$ 3,582,478	\$ 1,095,942	\$ -	\$ 8,533,613
Accounts Receivable	683,086	526,364	248,746	147,445	1,605,641
Supplies	37,858	-	-	-	37,858
Total Current Assets	4,576,137	4,108,842	1,344,688	147,445	10,177,112
Noncurrent Assets					
Restricted Cash	955,391	-	2,387,573	-	3,342,964
Other Receivables	-	-	298,740	-	298,740
Other Noncurrent Assets	203,101	-	79,346	-	282,447
Net pension asset	98	86	44	-	228
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	62,054,685	18,634,501	13,241,661	-	93,930,847
Machinery and Equipment	646,878	219,803	614,639	-	1,481,320
Construction in Progress	199,110	-	-	-	199,110
Less Accumulated Depreciation	(16,019,459)	(4,409,274)	(2,268,732)	-	(22,697,465)
Capital Assets (Net of Accum Depreciation)	50,650,801	14,509,035	19,103,338	-	84,263,174
Total Noncurrent Assets	51,809,391	14,509,121	21,869,041	-	88,187,553
Total Assets	56,385,528	18,617,963	23,213,729	147,445	98,364,665
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	687,399	15,607	7,804	-	710,810
Deferred Charge related to Pensions	56,356	49,346	25,194	-	130,896
Total Deferred Outflows of Resources	743,755	64,953	32,998	-	841,706
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Liabilities	19,182	11,434	5,726	65,986	102,328
Interest Payable	90,255	916	199,438	-	290,609
Due to Other Funds	-	-	-	11,399	11,399
Accrued Compensated Absences	19,587	22,536	9,923	-	52,046
Current Portion Bonds and Leases Payable	1,026,507	49,200	407,136	-	1,482,843
Total Current Liabilities	1,155,531	84,086	622,223	77,385	1,939,225
Noncurrent Liabilities					
Accrued Compensated Absences	18,616	8,089	9,134	-	35,839
Net Pension Liability	226,382	198,222	101,206	-	525,810
Lease Payable	-	-	258,968	-	258,968
Bonds Payable (net of unamortized premium)	21,665,500	388,574	11,837,329	-	33,891,403
Total Noncurrent Liabilities	21,910,498	594,885	12,206,637	-	34,712,020
Total Liabilities	23,066,029	678,971	12,828,860	77,385	36,651,245
Deferred inflows of resources					
Deferred inflows related to pensions	53,672	46,995	23,994	-	124,661
Total deferred inflows of resources	53,672	46,995	23,994	-	124,661
NET ASSETS					
Net Investment in Capital Assets	27,958,794	14,071,261	6,599,905	-	48,629,960
Restricted for:					
Impact Fees	1,914,483	765,009	555,999	-	3,235,491
Debt Service	955,391	-	2,387,573	-	3,342,964
Unrestricted	3,180,914	3,120,680	850,396	70,060	7,222,050
Total Net Position	\$ 34,009,582	\$ 17,956,950	\$ 10,393,873	\$ 70,060	\$ 62,430,465

See accompanying notes.

PLEASANT GROVE CITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Storm Drain Fund	Sanitation Fund	
OPERATING REVENUES					
Charges for Services					
Operations	\$ -	\$ 4,563,291	\$ -	\$ 1,413,096	\$ 5,976,387
Pledged as Security for Revenue Bonds	6,095,695	-	1,774,088	-	7,869,783
Miscellaneous	10,190	669	4,526	-	15,385
Total Operating Revenue	<u>6,105,885</u>	<u>4,563,960</u>	<u>1,778,614</u>	<u>1,413,096</u>	<u>13,861,555</u>
OPERATING EXPENSES					
Salaries and Benefits	488,386	407,960	227,902	-	1,124,248
Costs of Services and Supplies	1,737,159	2,929,520	314,551	1,147,774	6,129,004
General and Administrative	722,911	606,002	298,145	212,898	1,839,956
Depreciation and Amortization	1,406,405	321,610	349,546	-	2,077,561
Total Operating Expenses	<u>4,354,861</u>	<u>4,265,092</u>	<u>1,190,144</u>	<u>1,360,672</u>	<u>11,170,769</u>
Operating Income (Loss)	<u>1,751,024</u>	<u>298,868</u>	<u>588,470</u>	<u>52,424</u>	<u>2,690,786</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest	15,499	15,296	14,719	-	45,514
Amortization of Prepaid Bond Insurance	(10,788)	-	(3,509)	-	(14,297)
Interest Expense	(696,784)	(2,000)	(427,294)	-	(1,126,078)
Grant Revenue	34,654	-	-	-	34,654
Total Non-Operating Revenue (Expenses)	<u>(657,419)</u>	<u>13,296</u>	<u>(416,084)</u>	<u>-</u>	<u>(1,060,207)</u>
Net Income (Loss) Before Contributions and Transfers	<u>1,093,605</u>	<u>312,164</u>	<u>172,386</u>	<u>52,424</u>	<u>1,630,579</u>
CONTRIBUTIONS AND TRANSFERS					
Impact Fees	805,068	369,202	166,121	-	1,340,391
Developer Contributions	21,335	413,953	55,741	-	491,029
Transfers In	-	-	75,000	-	75,000
Transfers Out	(7,147)	(6,873)	-	-	(14,020)
Total Contributions & Operating Transfers	<u>819,256</u>	<u>776,282</u>	<u>296,862</u>	<u>-</u>	<u>1,892,400</u>
CHANGE IN NET POSITION	<u>1,912,861</u>	<u>1,088,446</u>	<u>469,248</u>	<u>52,424</u>	<u>3,522,979</u>
Net Position - Beginning, as Previously Reported	32,345,409	17,086,261	10,035,814	17,636	59,485,120
Adjustment to Net Deferred Pension Costs	(248,688)	(217,757)	(111,189)	-	(577,634)
Net Position - Beginning, as Adjusted	<u>32,096,721</u>	<u>16,868,504</u>	<u>9,924,625</u>	<u>17,636</u>	<u>58,907,486</u>
Net Position - Ending	<u>\$ 34,009,582</u>	<u>\$ 17,956,950</u>	<u>\$ 10,393,873</u>	<u>\$ 70,060</u>	<u>\$ 62,430,465</u>

See accompanying notes.

PLEASANT GROVE CITY

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2015

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	\$ 6,108,295	\$ 4,563,880	\$ 1,799,083	\$ 1,414,422	\$ 13,885,680
Payments to Suppliers	(1,725,690)	(2,926,125)	(312,763)	(1,148,861)	(6,113,439)
Interfund Services	(722,911)	(606,002)	(298,145)	(212,897)	(1,839,955)
Payments to Employees	(521,088)	(437,067)	(251,683)	-	(1,209,838)
Net cash provided (used) by operating activities	<u>3,138,606</u>	<u>594,686</u>	<u>936,492</u>	<u>52,664</u>	<u>4,722,448</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due from/(to) other funds	-	-	-	(52,664)	(52,664)
Transfers from/(to) other funds	(7,147)	(6,873)	75,000	-	60,980
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,147)</u>	<u>(6,873)</u>	<u>75,000</u>	<u>(52,664)</u>	<u>8,316</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Impact fees	805,068	369,202	166,121	-	1,340,391
Purchase of capital assets	(1,285,871)	(762,231)	(159,616)	-	(2,207,718)
Proceeds from disposal of assets	-	-	-	-	-
Proceeds from capital debt	8,995,000	-	125,068	-	9,120,068
Proceeds from grants received	34,654	-	-	-	34,654
Payment of bond issuance costs	(116,280)	-	-	-	(116,280)
Principal paid on capital debt	(10,861,056)	(44,967)	(388,920)	-	(11,294,943)
Premium (discount) on bond payable	1,083,130	-	-	-	1,083,130
Interest paid on capital debt	(865,198)	(3,725)	(427,511)	-	(1,296,434)
Net cash provided (used) by capital and related financing activities	<u>(2,210,553)</u>	<u>(441,721)</u>	<u>(684,858)</u>	<u>-</u>	<u>(4,420,262)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Interest Income	15,499	15,296	14,719	-	45,514
Net increase (decrease) in cash and cash equivalents	<u>936,405</u>	<u>161,388</u>	<u>341,353</u>	<u>-</u>	<u>1,439,146</u>
Cash and cash equivalents - beginning of year	3,874,179	3,421,090	3,142,162	-	10,437,431
Cash and cash equivalents - end of year	<u>\$ 4,810,584</u>	<u>\$ 3,582,478</u>	<u>\$ 3,483,515</u>	<u>\$ -</u>	<u>\$ 11,876,577</u>
Reconciliation of operating income to net cash provided					
(used) by operating activities:					
Operating Income (Loss)	\$ 1,751,024	\$ 298,868	\$ 588,470	\$ 52,424	\$ 2,690,786
Adjustments to reconcile operating income to net cash					
provided (Used) by operating activities:					
Depreciation expense	1,406,405	321,610	349,546	-	2,077,561
(Increase) decrease in receivables	(137,371)	(44,229)	(29,320)	1,326	(209,594)
(Increase) decrease in inventory	7,111	-	-	-	7,111
(Increase) decrease in other current assets	139,781	44,149	49,789	-	233,719
Increase (decrease) in accounts payable	4,358	3,395	1,788	(1,086)	8,455
Increase (decrease) in compensated absences and pensions	(32,702)	(29,107)	(23,781)	-	(85,590)
Total Adjustments	<u>1,387,582</u>	<u>295,818</u>	<u>348,022</u>	<u>240</u>	<u>2,031,662</u>
Net cash provided (used) by operating activities	<u>\$ 3,138,606</u>	<u>\$ 594,686</u>	<u>\$ 936,492</u>	<u>\$ 52,664</u>	<u>\$ 4,722,448</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	\$ 21,335	\$ 413,953	\$ 55,741	\$ -	\$ 491,029

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

Pleasant Grove



Utah's City of Trees

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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. Measurement Focus and Basis of Accounting

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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. Budgetary Information

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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*

For the year ended June 30, 2015, expenditures exceeded appropriations in the Cultural Arts Fund by \$13,788 and in the Community Center Fund by \$97,877.

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.

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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 \$43,157. Total interest cost incurred for the year is \$2,752,215.

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

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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.

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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:
 - 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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

- **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.

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. The liability for such leave is reported as Incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Compensated absences liabilities are typically liquidated in the general and special revenue funds.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Pensions

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

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	\$110,492,165
Accumulated depreciation	<u>(28,599,443)</u>
Net adjustment to increase <i>fund balance -total governmental funds</i> to arrive at <i>net position – governmental activities</i>)	<u>\$81,892,722</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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	\$ 91,033
Bonds and capital leases payable	(29,299,431)
Bond interest payable	(175,679)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>(\$29,384,077)</u>

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 *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	\$ 2,235,207
Depreciation expense	(2,805,731)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>(\$ 570,524)</u>

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	\$ 22,991
Principal Paid	2,313,262
Prepaid Insurance	(1,140)
Issuance of New Capital Lease	(1,106,780)
Defeasance of Debt	(14,187)
Bond Premium/Amortization	23,591
Net Adjustment	<u>\$ 1,237,737</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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.

Pension Expense	\$ 332,900
Post Retirement Benefits	25,779
Compensated Absences	<u>(36,292)</u>
Total	<u>\$ 322,387</u>

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 operation 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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING *(continued)*

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:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	Balance June 30, 2015
Checking Accounts	Insured	\$ 250,000
Checking Accounts	Uninsured and Uncollateralized	850,894
		\$ 1,100,894

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:

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>Investment</u>	Custodial Credit Risk Amount		Maturities	Fair Value
	Insured			
Utah Public Treasurers' Investment Fund	\$	-	Less than 1 year	\$16,949,564
U.S. Bank - First American Government Money Market Fund		-	Less than 1 year	681,071
U.S. Bank - Money Market Fund		250,000	Less than 1 year	1,107,011
U.S. Bank - PTIF		-	Less than 1 year	2,507,874
				<u>\$21,245,520</u>

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.

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, 2015, the City had the following quality ratings:

<u>Investments</u>	Fair Value	AAA	Quality Ratings		
			AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 16,949,564	\$ -	\$ -	\$ -	\$ 16,949,564
U.S. Bank - First American Treasury Money Market Fund, Money Market Fund, and PTIF	4,295,956	681,071	-	-	3,614,885
Total Investment	<u>\$ 21,245,520</u>	<u>\$ 681,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,564,449</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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.

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, 2015, the City had \$16,949,564 invested in the PTIF which had a fair value of \$17,033,629 for an unrealized gain of \$84,077. 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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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:	<u>General</u>	<u>RDA</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Sanitation</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 689,026	\$ 503,013	\$ 250,270	\$ 151,033	\$ 1,593,342
Property Tax	2,940,525	108,065	-	-	-	-	3,048,590
Sales Tax	801,090	-	-	-	-	-	801,090
Other	334,378	-	-	-	-	-	334,378
Intergovernmental	210,914	-	-	-	-	-	210,914
Special Assessment	9,235	-	-	27,403	-	-	36,638
Less: Allowance for uncollectible accounts	-	-	(5,940)	(4,052)	(1,524)	(3,588)	(15,104)
Total	<u>\$ 4,296,142</u>	<u>\$ 108,065</u>	<u>\$ 683,086</u>	<u>\$ 526,364</u>	<u>\$ 248,746</u>	<u>\$ 147,445</u>	<u>\$ 6,009,848</u>

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:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sanitation	\$ 11,399

The general fund made a loan to the sanitation fund to cover a working capital shortfall.

Inter-fund Transfers:

	<u>Construction</u>	<u>Nonmajor Gov't'l</u>	<u>Storm Drain</u>	<u>Total</u>
Transfer Out:				
Construction	\$ -	\$ 346,684	\$ -	\$ 346,684
Sewer	6,873	-	-	6,873
Water	7,147	-	-	7,147
General	879,919	1,442,623	75,000	2,397,542
Total Transfer Out	<u>\$ 893,939</u>	<u>\$ 1,789,307</u>	<u>\$ 75,000</u>	<u>\$ 2,758,246</u>

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – CAPITAL ASSETS

	Cost	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ 209,296	\$ 1,223,272	\$ 209,296	\$ 1,223,272
Land	44,630,519	686,000	95,000	45,221,519
Total capital assets not being depreciated	<u>44,839,815</u>	<u>1,909,272</u>	<u>304,296</u>	<u>46,444,791</u>
Capital assets being depreciated:				
Buildings	13,497,611	122,375	-	13,619,986
Machinery and equipment	6,853,223	729,601	686,197	6,896,627
Infrastructure	43,043,184	487,576	-	43,530,760
Total capital assets being depreciated	<u>63,394,018</u>	<u>1,339,552</u>	<u>686,197</u>	<u>64,047,373</u>
Less accumulated depreciation for:				
Buildings	5,094,789	376,151	-	5,470,940
Machinery and equipment	4,378,957	507,513	686,197	4,200,273
Infrastructure	17,006,163	1,922,067	-	18,928,230
Total accumulated depreciation	<u>26,479,909</u>	<u>2,805,731</u>	<u>686,197</u>	<u>28,599,443</u>
Capital assets being depreciated, net	<u>36,914,109</u>	<u>(1,466,179)</u>	<u>-</u>	<u>35,447,930</u>
Governmental activities capital assets, net	<u>\$ 81,753,924</u>	<u>\$ 443,093</u>	<u>\$ 304,296</u>	<u>\$ 81,892,721</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ 594,106	\$ 199,110	\$ 594,107	\$ 199,109
Water Shares	1,981,938	-	-	1,981,938
Land	9,301,927	-	-	9,301,927
Total capital assets not being depreciated	<u>11,877,971</u>	<u>199,110</u>	<u>594,107</u>	<u>11,482,974</u>
Capital assets being depreciated:				
Buildings	65,497	-	-	65,497
Improvements	1,396,570	84,750	-	1,481,320
Machinery and equipment	91,046,921	2,883,927	-	93,930,848
Total capital assets being depreciated	<u>92,508,988</u>	<u>2,968,677</u>	<u>-</u>	<u>95,477,665</u>
Less accumulated depreciation for:				
Buildings	65,497	-	-	65,497
Machinery and equipment	772,538	88,118	-	860,656
Infrastructure	19,781,868	1,989,443	-	21,771,311
Total accumulated depreciation	<u>20,619,903</u>	<u>2,077,561</u>	<u>-</u>	<u>22,697,464</u>
Capital assets being depreciated, net	<u>71,889,085</u>	<u>891,116</u>	<u>-</u>	<u>72,780,201</u>
Business-type activities capital assets, net	<u>\$ 83,767,056</u>	<u>\$ 1,090,226</u>	<u>\$ 594,107</u>	<u>\$ 84,263,175</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$ 125,358
Public Works	1,823,417
Public Safety	349,276
Parks and Recreation	507,680
Total depreciation expense - governmental activities	\$ 2,805,731

Business-type activities:

Water	\$ 1,406,406
Sewer	321,609
Storm Drain	349,546
Sanitation	-
Total depreciation expense - Business-Type Activities	\$ 2,077,561

Total depreciation expense	\$ 4,883,292
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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)	\$ -	\$ 108,065
Preproperty taxes receivable (general fund)	90,263	2,732,730
Special assessment receivable (general fund)	9,235	-
Total deferred revenue for governmental funds	\$ 99,498	\$ 2,840,795

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. 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 beginning January, 2013.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – OTHER CURRENT/NONCURRENT ASSETS (continued)

	<u>Governmental</u>	<u>Business Type Activities</u>	
	<u>Activities</u>	<u>Water</u>	<u>Storm Drain</u>
	<u>Noncurrent</u>	<u>Noncurrent</u>	<u>Noncurrent</u>
Receivable NUCWCD	\$ -	\$ -	\$ 298,740
Prepaid Bond Insurance	19,799	203,101	79,346
	<u>\$ 19,799</u>	<u>\$ 203,101</u>	<u>\$ 378,086</u>

NOTE 10 – OPERATING 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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2016	\$ 87,877	\$ 3,727	\$ 91,604
2017	76,659	1,737	78,396
	<u>\$ 164,536</u>	<u>\$ 5,464</u>	<u>\$ 170,000</u>

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2016	\$ 110,177	\$ 2,033	\$ 112,210

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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – CAPITAL LEASES (continued)

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 Funds
Equipment	\$ 1,962,281	\$ 352,939
Accumulated Amortization	(631,457)	(75,561)
Total	\$ 1,330,824	\$ 277,378

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	Vehicles and
<u>30-Jun</u>	<u>Equipment</u>
2016	\$ 282,559
2017	263,345
2018	231,167
2019	172,889
2020	155,356
2021	155,825
2022	158,196
Total minimum lease payment	1,419,337
Less amounts representing interest	(91,336)
Present value of minimum lease payments	\$ 1,328,001

Business-Type Activities	
Year Ended	Vacuum
<u>30-Jun</u>	<u>Truck</u>
2016	\$ 53,781
2017	54,447
2018	54,542
2019	55,027
2020	55,526
2021	55,561
Total minimum lease payments	328,884
Less amounts representing interest	(22,380)
Present value of minimum lease payments	\$ 306,504

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, 2015.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – LONG-TERM DEBT (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2012 Sales Tax Bonds	\$ 2,768,500	\$ -	\$ (276,500)	\$ 2,492,000	\$ 287,000
Premium	71,292	-	(9,612)	61,680	
2011 CDA Bonds	17,331,000	-	(572,000)	16,759,000	605,000
2008 Excise Tax Bonds	2,555,000	-	(645,000)	1,910,000	675,000
Premium	38,465	-	(12,822)	25,643	
2007 Go Bonds	4,230,000	-	(150,000)	4,080,000	155,000
Premium	21,960	-	(1,156)	20,804	
Post-Employment Benefits	100,550	-	(25,779)	74,771	30,937
Compensated Absences	663,248	351,956	(315,665)	699,539	315,664
Capital Leases	890,983	1,106,780	(669,762)	1,328,001	253,891
Note payable - Utah County	2,622,302	-	-	2,622,302	
Net Pension Liability	2,244,394	-	(496,544)	1,747,850	
Total	<u>\$ 33,537,694</u>	<u>\$ 1,458,736</u>	<u>\$ (3,174,840)</u>	<u>\$ 31,821,590</u>	<u>\$ 2,322,492</u>

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Business-Type Activities:					
2002A Water Revenue Bonds	\$ 54,000	\$ -	(9,000)	\$ 45,000	\$ 9,000
2002B Water Revenue Bonds	891,000	-	\$ (891,000)	-	
2004 Water Revenue Bonds	972,000	-	(74,000)	898,000	75,000
1994 Water Revenue Bonds	47,000	-	(23,000)	24,000	24,000
2006 Water Revenue Bonds	224,000	-	(17,000)	207,000	17,000
2008 Water Revenue Bonds	9,440,000	-	(285,000)	9,155,000	300,000
Premium	143,596	-	(7,179)	136,417	
2006B Water Revenue Bonds	9,530,000	-	(8,805,000)	725,000	350,000
Premium	318,487	-	(106,162)	212,325	
2015 Water Revenue Bonds	-	8,995,000	-	8,995,000	160,000
Premium	-	1,083,130	(120,348)	962,782	
2012 Sales Tax Ref - Water	474,600	-	(47,400)	427,200	49,200
Premium	12,223	-	(1,648)	10,575	
2010 Water Revenue Bonds	923,000	-	(40,000)	883,000	42,000
2010 Provo Res Water Users	11,007	-	(297)	10,710	309
Compensated Absences	103,043	52,046	(67,204)	87,885	52,046
2012 Sales Tax Ref Bonds - SD	237,300	-	(23,700)	213,600	24,600
Premium	6,111	-	(824)	5,287	
2011 St Dr Revenue Bonds	6,680,000	-	(195,000)	6,485,000	200,000
Premium	38,121	-	(1,663)	36,458	
2012 Sales Tax Ref - Sewer	474,600	-	(47,400)	427,200	49,200
Premium	12,222	-	(1,648)	10,574	
2014 St Dr Capital Lease	352,939	-	(46,435)	306,504	47,536
2013 St Dr Revenue Bonds	5,500,000	-	(125,000)	5,375,000	135,000
Premium	85,170	-	(3,586)	81,584	
Net Pension Liability	675,186	-	(149,376)	525,810	
Total	<u>\$ 37,205,605</u>	<u>\$ 10,130,176</u>	<u>\$ (11,088,870)</u>	<u>\$ 36,246,911</u>	<u>\$ 1,534,891</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Bonds payable at June 30, 2015, 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. \$ 6,485,000

\$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. 5,375,000

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. 45,000

\$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. 898,000

\$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. 24,000

\$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. 207,000

\$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. 9,155,000

\$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%. During the year, the callable portion of the bonds was advanced refunded.
- See end of Note 12 725,000

\$8,995,000 Water Revenue Refunding Bonds, Series 2015, due in annual installments of \$100,000 to \$705,000 until December 1, 2031; interest at 2.000% to 4.000% payable semi-annually. 8,995,000

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 originally has a 35% interest rate subsidy from the Internal Revenue Service, but this rate is subject to change. This subsidy will be recorded as revenue when received. 883,000

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%. 16,759,000

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. 1,910,000

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%. 3,560,000

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. 4,080,000

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. 10,710

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – LONG-TERM DEBT (continued)

The annual requirements to amortize bonds outstanding as of June 30, 2015, including interest, are as follows:

<u>Water Revenue Bonds – 1994</u>			
Year Ended June 30,	Principal	Interest	Total
2016	\$ 24,000	\$ 137	\$ 24,137

<u>Water Revenue Bonds – 2010</u>				IRS *	
Year Ended June 30,	Principal	Interest	Subsidy		Net Total
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
	<u>\$ 883,000</u>	<u>\$ 230,676</u>	<u>\$ (80,737)</u>		<u>\$ 1,032,939</u>

*This subsidy is subject to change by the IRS.

<u>Water Revenue Bonds – 2002A</u>			
Year Ended June 30,	Principal	Interest	Total
2016	\$ 9,000	\$ -	\$ 9,000
2017	9,000	-	9,000
2018	9,000	-	9,000
2019	18,000	-	18,000
	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – LONG-TERM DEBT (continued)

<u>Water Revenue Bonds – 2008</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 9,155,000</u>	<u>\$ 5,132,000</u>	<u>\$ 14,287,000</u>

<u>Water Revenue Bonds – 2004</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 898,000</u>	<u>\$ 94,163</u>	<u>\$ 992,163</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – LONG-TERM DEBT (continued)

<u>Water Revenue Bonds – 2006</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 207,000</u>	<u>\$ 22,119</u>	<u>\$ 229,119</u>

<u>Water Revenue Bonds – 2006B</u>			
Year Ended June 30,	Principal	Interest	Total
2016	\$ 350,000	\$ 36,250	\$ 386,250
2017	375,000	18,750	393,750
	<u>\$ 725,000</u>	<u>\$ 55,000</u>	<u>\$ 780,000</u>

<u>Tax Increment and Revenue Bonds</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 16,759,000</u>	<u>\$ 5,496,044</u>	<u>\$ 22,255,044</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>C Road Revenue Bond</u>			
Year Ended June 30,	Principal	Interest	Total
2016	\$ 675,000	\$ 93,812	\$ 768,812
2017	705,000	61,750	766,750
2018	530,000	26,500	556,500
	<u>\$ 1,910,000</u>	<u>\$ 182,062</u>	<u>\$ 2,092,062</u>

<u>General Obligation Bond</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 4,080,000</u>	<u>\$ 1,637,205</u>	<u>\$ 5,717,205</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – LONG-TERM DEBT (continued)

<u>Provo Reservoir Water Users Loan</u>			
Year Ended	Principal	Interest	Total
<u>June 30,</u>	<u> </u>	<u> </u>	<u> </u>
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
	<u>\$ 10,710</u>	<u>\$ 5,688</u>	<u>\$ 16,398</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – LONG-TERM DEBT (continued)

Water Revenue Refunding Bonds Series 2015

Year Ended June 30,	Principal	Interest	Total
2016	\$ 160,000	\$ 265,320	\$ 425,320
2017	100,000	318,400	418,400
2018	510,000	316,400	826,400
2019	515,000	301,100	816,100
2020	535,000	285,650	820,650
2021	550,000	269,600	819,600
2022	585,000	253,100	838,100
2023	605,000	235,550	840,550
2024	510,000	217,400	727,400
2025	530,000	197,000	727,000
2026	555,000	175,800	730,800
2027	575,000	153,600	728,600
2028	600,000	130,600	730,600
2029	630,000	106,600	736,600
2030	650,000	81,400	731,400
2031	680,000	55,400	735,400
2032	705,000	28,200	733,200
	<u>\$ 8,995,000</u>	<u>\$ 3,391,120</u>	<u>\$ 12,386,120</u>

Sales Tax Revenue Refunding Bond Series 2012

Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 3,560,000</u>	<u>\$ 422,768</u>	<u>\$ 3,982,768</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>Storm Water Revenue Bonds Series 2013</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 5,375,000</u>	<u>\$ 2,489,120</u>	<u>\$ 7,864,120</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>Storm Water Revenue Bonds Series 2011</u>			
Year Ended June 30,	Principal	Interest	Total
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
	<u>\$ 6,485,000</u>	<u>\$ 3,467,216</u>	<u>\$ 9,952,216</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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	IRS Subsidy	Total
2016	\$ 3,157,309	\$ 2,516,426	\$ (8,375)	\$ 5,665,360
2017	3,225,322	2,444,101	(7,977)	5,661,446
2018	3,166,334	2,307,489	(7,569)	5,466,254
2019	2,742,348	2,178,838	(7,152)	4,914,034
2020	2,837,362	2,071,330	(6,725)	4,901,967
2021	2,953,376	1,956,960	(6,289)	4,904,047
2022	14,801,473	1,498,152	(5,843)	16,293,782
2023	2,323,492	1,058,070	(5,378)	3,376,184
2024	1,791,512	984,624	(4,904)	2,771,232
2025	1,860,533	913,352	(4,420)	2,769,465
2026	1,943,554	838,139	(3,917)	2,777,776
2027	1,910,576	759,644	(3,405)	2,666,815
2028	2,002,599	678,497	(2,874)	2,678,222
2029	2,094,623	592,551	(2,333)	2,684,841
2030	2,181,648	502,331	(1,774)	2,682,205
2031	2,282,673	408,006	(1,195)	2,689,484
2032	2,379,701	308,822	(607)	2,687,916
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	<u>\$ 59,111,710</u>	<u>\$ 22,625,318</u>	<u>\$ (80,737)</u>	<u>\$ 81,656,291</u>
Unknown Payment Schedule	2,622,302	-	-	2,622,302
	<u>\$ 61,734,012</u>	<u>\$ 22,625,318</u>	<u>\$ (80,737)</u>	<u>\$ 84,278,593</u>

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Advanced Refunding – On February 4, 2014, the City issued \$8,995,000 revenue bonds with a premium of \$1,083,130. The bonds were issued at interest rates of 2.0% to 4.0% and will mature on December 1, 2032. The City issued the bonds to advance refund \$803,000 of outstanding Series 2002B and \$8,455,000 callable portion of Series 2006B water revenue bonds. The City deposited the net proceeds along with other resources in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded portion of those bonds is considered defeased and the City has removed the liability from its accounts. The requisition price exceeded the net carrying amount of the old debt by \$755,766. This amount is shown as a deferred outflow of resources and is being amortized over the remaining life of the refunded debt. The advance refunding reduced total debt service payments over the next sixteen years by \$1,249,867. This results in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,252,488.

NOTE 13 – RETIREMENT PLAN AND OPEB

Description of plans – Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirements Systems are comprised of the following pension trust funds:

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

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

The Utah Retirement System (URS) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report which can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLAN AND OPEB (continued)

Benefits Provided – URS Provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year to to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

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

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%
Fierfighters System			
31 - Division a Tier 1	N/A	15.050%	3.820%
132 - Division B Tier 2	N/A	N/A	10.800%

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLAN AND OPEB *(continued)*

Pension assets, liabilities, expenses, and deferred outflows of resources and deferred inflows of resources related to pensions – At December 31, 2014, the City reported a net pension asset of \$142,292 and a net pension liability of \$2,273,660.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3018052%	\$ -	\$ 1,310,509
Public Safety System	0.7658748%	-	963,151
Firefighters System	2.4519367%	139,917	-
Tier 2 Public Employees System	0.0324922%	985	-
Tier 2 Public Safety and Firefighter System	0.0939329%	1,390	-
Total Net Pension Asset/Liability		\$ 142,292	\$ 2,273,660

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, the City recognized pension expense of \$627,118. At December 31, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 161,738
Changes in assumptions	-	343,794
Net difference between projected and actual earnings on the pension plan investments	65,198	-
Changes in proportion and differences between contributions and proportionate shares of contributions	-	-
Contributions subsequent to the measurement date	465,622	-
Total	\$ 530,820	\$ 505,532

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLAN AND OPEB *(continued)*

The \$465,622 was reported as deferred outflows of resources related to pensions resulting from contributions prior to the fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	\$ (107,385)
2016	(107,385)
2017	(107,385)
2018	(69,043)
2019	(16,233)
Thereafter	(32,905)

Actuarial assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.5-10.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member’s gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLAN AND OPEB (continued)

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013

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

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of Net Pension (asset)/liability	\$ 6,070,580	\$ 2,131,368	\$ (1,106,756)

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLAN AND OPEB (continued)

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

401-K Plan-Other

National Benefit Services administers a 401(k) plan invested with John Hancock Life Insurance Co. The contributions for June 30, 2015, 2014, and 2013 were \$126,927, \$129,146, and \$154,298, 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.

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 \$24,441, in the previous year \$22,279, and the second previous year \$23,674. The obligation of the plan at year end is \$76,109.

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 two projects under construction at the end of the year:

	Spent in FY 2015	Total Estimated Cost
Battle Creek Microhydro Power Generation	\$ 199,110	\$ 535,300
Shannon Fields	1,223,272	1,444,813

Subsequent to year-end, the City entered into a lease agreement with Zions Bank for \$233,970 for six police vehicles.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS *(continued)*

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.

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

In preparing these financial statements, Pleasant Grove City has evaluated events and transactions for potential recognition of disclosure through December 22, 2015, 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	\$ 92,213
Tax increment paid to other taxing agencies	-
Outstanding loans to finance CRA projects	16,759,000
Amounts expended for administrative costs and interest paid	991,693

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 – RESTATEMENT

In 2015, the City adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement NO. 68*.

The new standards require the City to recognize a liability in its government-wide financial statements for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plans as administered by the Utah Retirement Systems)—the collective net pension liability. The City is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. City contributions to the pension plans subsequent to the measurement date (December 31) of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

The governmental fund financial statements of the City are not affected by these new standards. Pension expenditures in the governmental funds continue to be recognized equal to the total of a) amounts paid by the City to the pension plans and b) the change between the beginning and ending balances of amounts of contributions currently payable to the pensions.

The effect of adding the pension related items is reflected as a “Restatement of Net Position” in the *Statement of Activities* (\$2,497,268) as well as the Proprietary Funds *Statement of Revenues, Expenses, and Change in Net Position* (\$577,634) since these pension items do not relate to the current financial reporting period.

**REQUIRED SUPPLEMENTARY
INFORMATION**



PLEASANT GROVE CITY CORPORATION
Other Postemployment Benefits Plan
Schedule of Funding Progress

	Beginning Balance		Increase/decrease	Ending Balance
June 30, 2010	\$235,337	\$	(28,848)	\$206,489
June 30, 2011	206,489		(31,445)	175,044
June 30, 2012	175,044		(28,541)	146,503
June 30, 2013	146,503		(23,674)	122,829
June 30, 2014	122,829		(22,279)	100,550
June 30, 2015	100,550		(24,441)	76,109

PLEASANT GROVE CITY CORPORATION
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees system	Tier 2 Public Safety and Firefighter System
	2015				
Proportion of the net pension liability (asset)	0.3018052%	0.7658748%	2.4519367%	0.0324922%	0.0939329%
Proportionate share of the net pension liability (asset)	\$1,310,509	\$963,151	(\$139,917)	(\$985)	(\$1,390)
Covered employee payroll	\$2,583,446	\$1,224,529	\$715,539	\$159,942	\$38,791
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.7%	78.7%	-19.6%	-6.0%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.5%	103.5%	103.5%	120.5%

Note:

This schedule usually covers the ten (10) most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

PLEASANT GROVE CITY CORPORATION

Schedule of Pension Contributions

Last Ten Fiscal Years

	Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Contractually required contribution	\$474,353	\$377,235	\$21,859	\$13,405	\$4,233
Contributions in relation to the contractually required contribution	(\$474,353)	(\$377,235)	(\$21,859)	(\$13,405)	(\$4,233)
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	\$2,583,446	\$1,224,529	\$715,539	\$159,942	\$38,791
Contributions as a percentage of covered-employee payroll	18.36%	30.81%	3.05%	8.38%	10.91%

Note:

This schedule usually covers the ten (10) most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

**OTHER SUPPLEMENTARY
INFORMATION**



PLEASANT GROVE CITY

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue						Total
	Dispatch	Swimming Pool	Community Center	Cultural Arts	Library	Debt Service	
ASSETS							
Cash & Cash Equivalents	\$ 71,068	\$ 57,491	\$ 52,386	\$ 4,521	\$ 70,430	\$ -	\$ 255,896
Restricted for Debt Service	-	-	-	-	-	112,525	112,525
Total Assets	<u>\$ 71,068</u>	<u>\$ 57,491</u>	<u>\$ 52,386</u>	<u>\$ 4,521</u>	<u>\$ 70,430</u>	<u>\$ 112,525</u>	<u>\$ 368,421</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and Accrued Liabilities	\$ 14,401	\$ 27,576	\$ 31,744	\$ -	\$ -	\$ -	\$ 73,721
Total Liabilities	<u>14,401</u>	<u>27,576</u>	<u>31,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,721</u>
FUND BALANCES							
Restricted Fund Balance							
E911 Dispatch Services	56,667	-	-	-	-	-	56,667
Library Purposes	-	-	-	-	70,430	-	70,430
Debt Service	-	-	-	-	-	247,201	247,201
Assigned Fund Balance	-	29,915	20,642	4,521	-	-	55,078
Unassigned Fund Balance	-	-	-	-	-	(134,676)	(134,676)
Total Fund Balances	<u>56,667</u>	<u>29,915</u>	<u>20,642</u>	<u>4,521</u>	<u>70,430</u>	<u>112,525</u>	<u>294,700</u>
Total Liabilities and Fund Balances	<u>\$ 71,068</u>	<u>\$ 57,491</u>	<u>\$ 52,386</u>	<u>\$ 4,521</u>	<u>\$ 70,430</u>	<u>\$ 112,525</u>	<u>\$ 368,421</u>

PLEASANT GROVE CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015

	Special Revenue						Total
	Dispatch	Swimming Pool	Community Center	Cultural Arts	Library	Debt Service	
REVENUES							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,083	\$ 320,083
Intergovernmental	205,493	-	-	-	-	-	205,493
Charges for Services	-	219,527	1,149,984	96,658	-	-	1,466,169
Interest	43	-	-	-	267	121	431
Other Revenue	-	29,263	26,996	224	6,067	-	62,550
Total Revenues	205,536	248,790	1,176,980	96,882	6,334	320,204	2,054,726
EXPENDITURES							
Current							
Public Safety	623,574	-	-	-	-	-	623,574
Parks and Recreation	-	402,285	1,266,023	-	-	-	1,668,308
Library	-	-	-	-	-	-	-
Cultural Arts	-	-	-	131,378	-	-	131,378
Debt Service							
Principal	-	-	-	-	-	1,071,500	1,071,500
Interest and Fees	-	-	-	-	-	369,629	369,629
Total Expenditures	623,574	402,285	1,266,023	131,378	-	1,441,129	3,864,389
Excess (Deficiency) of							
Revenues over Expenditures	(418,038)	(153,495)	(89,043)	(34,496)	6,334	(1,120,925)	(1,809,663)
Othr Financing Sources (Uses)							
Transfers In	386,250	172,552	90,146	22,612	-	1,117,747	1,789,307
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	386,250	172,552	90,146	22,612	-	1,117,747	1,789,307
Net Change in Fund Balance	(31,788)	19,057	1,103	(11,884)	6,334	(3,178)	(20,356)
Fund Balances - July 1	88,455	10,858	19,539	16,405	64,096	115,703	315,056
Fund Balances - June 30	<u>\$ 56,667</u>	<u>\$ 29,915</u>	<u>\$ 20,642</u>	<u>\$ 4,521</u>	<u>\$ 70,430</u>	<u>\$ 112,525</u>	<u>\$ 294,700</u>

PLEASANT GROVE CITY

Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Impact Fees	\$ 346,684	\$ 346,684	\$ 1,364,825	\$ 1,018,141
Intergovernmental	-	19,594	19,594	-
Interest	-	-	10,785	10,785
Miscellaneous	159,500	572,579	150,058	(422,521)
Total Revenue	<u>506,184</u>	<u>938,857</u>	<u>1,545,262</u>	<u>606,405</u>
CAPITAL EXPENDITURES				
General Government	67,000	157,310	192,676	(35,366)
Community Services	48,500	-	21,082	(21,082)
Public Works	-	35,000	32,340	2,660
Public Safety	1,384,132	1,434,132	1,367,914	66,218
Parks and Recreation	1,324,070	1,833,243	1,464,743	368,500
Debt Service				-
Principal Retirement	167,768	167,768	167,768	0
Interest and Fees	8,229	8,229	8,229	(0)
Total Expenditures	<u>2,999,699</u>	<u>3,635,682</u>	<u>3,254,752</u>	<u>380,930</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(2,493,515)</u>	<u>(2,696,825)</u>	<u>(1,709,490)</u>	<u>987,335</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	50,000	497,929	447,929
Proceeds from Capital Lease	1,061,994	1,061,994	1,087,280	25,286
Transfers In	549,552	984,649	893,939	(90,710)
Transfer Out	(361,184)	(361,184)	(346,684)	14,500
Contribution of Fund Balance	(103,617)	(92,407)	-	92,407
Use of Fund Balance	21,180	1,053,773	-	(1,053,773)
Total Other Financing Sources (Uses)	<u>1,167,925</u>	<u>2,696,825</u>	<u>2,132,464</u>	<u>(564,361)</u>
Net Change in Fund Balance	-	-	422,974	422,974
Fund Balance - July 1	<u>2,327,069</u>	<u>2,327,069</u>	<u>2,327,069</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 2,327,069</u>	<u>\$ 2,327,069</u>	<u>\$ 2,750,043</u>	<u>\$ 422,974</u>

PLEASANT GROVE CITY

Dispatch Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 205,493	\$ (9,507)
Interest	1,500	1,500	43	(1,457)
Miscellaneous	-	-	-	-
Total Revenue	<u>216,500</u>	<u>216,500</u>	<u>205,536</u>	<u>(10,964)</u>
EXPENDITURES				
Public Safety	537,750	649,260	623,574	25,686
Total Expenditures	<u>537,750</u>	<u>649,260</u>	<u>623,574</u>	<u>25,686</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(321,250)</u>	<u>(432,760)</u>	<u>(418,038)</u>	<u>14,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	321,250	386,250	386,250	-
Use of fund balance	-	46,510	-	(46,510)
Total Other Financing Sources (Uses)	<u>321,250</u>	<u>432,760</u>	<u>386,250</u>	<u>(46,510)</u>
Net Change in Fund Balance	-	-	(31,788)	(31,788)
Fund Balance - July 1	88,455	88,455	88,455	-
Fund Balance - June 30	<u>\$ 88,455</u>	<u>\$ 88,455</u>	<u>\$ 56,667</u>	<u>\$ (31,788)</u>

PLEASANT GROVE CITY
Swimming Pool Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 200,370	\$ 200,370	\$ 219,527	19,157
Miscellaneous	33,000	33,000	29,263	(3,737)
Total Revenue	<u>233,370</u>	<u>233,370</u>	<u>248,790</u>	<u>15,420</u>
EXPENDITURES				
Parks & Recreation	405,922	405,922	402,285	3,637
Total Expenditures	<u>405,922</u>	<u>405,922</u>	<u>402,285</u>	<u>3,637</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(172,552)</u>	<u>(172,552)</u>	<u>(153,495)</u>	<u>19,057</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	172,552	172,552	172,552	-
Total Other Financing Sources (Uses)	<u>172,552</u>	<u>172,552</u>	<u>172,552</u>	<u>-</u>
Net Change in Fund Balance	-	-	19,057	19,057
Fund Balance - July 1	10,858	10,858	10,858	-
Fund Balance - June 30	<u>\$ 10,858</u>	<u>\$ 10,858</u>	<u>\$ 29,915</u>	<u>\$ 19,057</u>

PLEASANT GROVE CITY

Community Center

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 1,000,000	\$ 1,115,000	\$ 1,149,984	\$ 34,984
Miscellaneous	28,000	28,000	26,996	(1,004)
Total Revenue	<u>1,028,000</u>	<u>1,143,000</u>	<u>1,176,980</u>	<u>33,980</u>
EXPENDITURES				
Parks & Recreation	1,053,146	1,168,146	1,266,023	(97,877)
Total Expenditures	<u>1,053,146</u>	<u>1,168,146</u>	<u>1,266,023</u>	<u>(97,877)</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(25,146)</u>	<u>(25,146)</u>	<u>(89,043)</u>	<u>(63,897)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	90,146	90,146	90,146	-
Transfers Out	(65,000)	(65,000)	-	65,000
Use of fund balance	-	-	-	-
Total Other Financing Sources (Uses)	<u>25,146</u>	<u>25,146</u>	<u>90,146</u>	<u>65,000</u>
Net Change in Fund Balance	-	-	1,103	1,103
Fund Balance - July 1	19,539	19,539	19,539	-
Fund Balance - June 30	<u>\$ 19,539</u>	<u>\$ 19,539</u>	<u>\$ 20,642</u>	<u>\$ 1,103</u>

PLEASANT GROVE CITY

Cultural Arts

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$ 95,900	\$ 103,900	\$ 96,658	\$ (7,242)
Donations	-	-	224	224
Total Revenue	<u>95,900</u>	<u>103,900</u>	<u>96,882</u>	<u>(7,018)</u>
EXPENDITURES				
Parks & Recreation	109,590	117,590	131,378	(13,788)
Total Expenditures	<u>109,590</u>	<u>117,590</u>	<u>131,378</u>	<u>(13,788)</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(13,690)</u>	<u>(13,690)</u>	<u>(34,496)</u>	<u>(20,806)</u>
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)	<u>13,690</u>	<u>13,690</u>	<u>22,612</u>	<u>8,922</u>
Net Change in Fund Balance	-	-	(11,884)	(11,884)
Fund Balance - July 1	16,405	16,405	16,405	-
Fund Balance - June 30	<u>\$ 16,405</u>	<u>\$ 16,405</u>	<u>\$ 4,521</u>	<u>\$ (11,884)</u>

PLEASANT GROVE CITY
Library Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,800	\$ 7,800	\$ -	\$ (7,800)
Interest	250	250	267	17
Miscellaneous	2,000	2,000	6,067	4,067
Total Revenue	<u>10,050</u>	<u>10,050</u>	<u>6,334</u>	<u>(3,716)</u>
EXPENDITURES				
Library	10,050	25,050	-	25,050
Total Expenditures	<u>10,050</u>	<u>25,050</u>	<u>-</u>	<u>25,050</u>
Excess (Deficiency) of revenues Over Expenditures	<u>-</u>	<u>(15,000)</u>	<u>6,334</u>	<u>21,334</u>
OTHER FINANCING SOURCES (USES)				
Use of fund balance	15,000	15,000	-	(15,000)
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Net Change in Fund Balance		-	6,334	6,334
Fund Balance - July 1	64,096	64,096	64,096	-
Fund Balance - June 30	<u>\$ 64,096</u>	<u>\$ 64,096</u>	<u>\$ 70,430</u>	<u>\$ 6,334</u>

PLEASANT GROVE CITY
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 320,083	\$ 320,083	\$ 320,083	\$ -
Interest	-	-	121	121
Total Revenue	<u>320,083</u>	<u>320,083</u>	<u>320,204</u>	<u>121</u>
EXPENDITURES				
Debt Service				
Principal Retirement	1,071,500	1,071,500	1,071,500	-
Interest and Fees	369,629	369,629	369,629	-
Total Expenditures	<u>1,441,129</u>	<u>1,441,129</u>	<u>1,441,129</u>	<u>-</u>
Excess (Deficiency) of revenues Over Expenditures	<u>(1,121,046)</u>	<u>(1,121,046)</u>	<u>(1,120,925)</u>	<u>121</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,117,747	1,117,747	1,117,747	-
Use of Fund Balance	3,299	3,299	-	(3,299)
Total Other Financing Sources (Uses)	<u>1,121,046</u>	<u>1,121,046</u>	<u>1,117,747</u>	<u>(3,299)</u>
Net Change in Fund Balance	-	-	(3,178)	(3,178)
Fund Balance - July 1	<u>115,703</u>	<u>115,703</u>	<u>115,703</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 115,703</u>	<u>\$ 115,703</u>	<u>\$ 112,525</u>	<u>\$ (3,178)</u>

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These Schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	91-96
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue sources, property tax, sales tax, and water revenue.	97-105
Debt Capacity 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.	106-110
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	111-113
Operating Information 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.	114-115

PLEASANT GROVE CITY

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net Investment in Capital Assets	\$ 48,368	\$ 42,280	\$ 44,835	\$ 47,283	\$ 47,248	\$ 49,239	\$ 50,312	\$ 50,796	\$ 50,566	\$ 52,593
Restricted	1,890	2,309	6,435	4,379	3,216	2,857	2,774	3,056	4,038	4,390
Unrestricted	5,657	3,126	585	3,035	3,556	2,939	2,166	2,426	3,101	998
Total government activities net position	<u>55,915</u>	<u>47,715</u>	<u>51,856</u>	<u>54,697</u>	<u>54,020</u>	<u>55,035</u>	<u>55,252</u>	<u>56,278</u>	<u>57,705</u>	<u>57,981</u>
Business-type activities										
Net Investment in Capital Assets	28,265	37,316	40,270	39,175	40,001	40,329	47,175	48,324	49,572	48,630
Restricted	-	-	-	-	2,639	1,731	1,638	2,536	4,055	6,578
Unrestricted	6,796	7,269	6,747	8,249	4,150	4,998	4,929	5,927	5,858	7,222
Total business-type activities net position	<u>35,061</u>	<u>44,585</u>	<u>47,016</u>	<u>47,424</u>	<u>46,789</u>	<u>47,058</u>	<u>53,742</u>	<u>56,787</u>	<u>59,485</u>	<u>62,430</u>
Primary government										
Net Investment in Capital Assets	76,633	79,596	85,105	86,458	87,248	89,568	97,487	99,120	100,138	101,223
Restricted	1,890	2,309	6,435	4,379	5,855	4,588	4,412	5,592	8,093	10,968
Unrestricted	12,453	10,395	7,331	11,283	7,706	7,937	7,095	8,353	8,959	8,220
Total primary government net position	<u>\$ 90,976</u>	<u>\$ 92,300</u>	<u>\$ 98,872</u>	<u>\$ 102,121</u>	<u>\$ 100,809</u>	<u>\$ 102,093</u>	<u>\$ 108,994</u>	<u>\$ 113,065</u>	<u>\$ 117,190</u>	<u>\$ 120,411</u>

PLEASANT GROVE CITY

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 3,961	\$ 4,057	\$ 4,689	\$ 4,664	\$ 3,344	\$ 3,213	\$ 3,127	\$ 2,975	\$ 1,610	\$ 1,075
Community Services	-	-	-	-	939	826	995	1,234	1,321	1,422
Public Works	2,289	18,451	2,150	3,453	3,594	3,586	2,337	2,424	2,477	2,654
Public Safety	3,792	4,268	5,302	5,257	5,601	5,452	5,496	5,634	6,096	6,296
Parks & Recreation	2,464	2,481	2,686	3,280	3,681	3,469	3,820	3,958	4,063	4,508
Interest on long-term debt	517	899	1,453	1,501	1,268	1,672	1,665	1,489	1,441	1,335
Total governmental activities expense	<u>13,021</u>	<u>30,156</u>	<u>16,280</u>	<u>18,156</u>	<u>18,427</u>	<u>18,218</u>	<u>17,440</u>	<u>17,714</u>	<u>17,008</u>	<u>17,290</u>
Business-type activities										
Water	2,004	2,451	3,089	3,609	3,976	4,548	5,086	5,517	5,456	5,062
Sewer	2,369	2,411	2,609	2,673	3,134	3,521	3,380	3,632	3,583	4,267
Storm Drain	385	375	475	476	534	581	857	1,089	1,393	1,621
Sanitation	-	-	-	-	-	-	1,320	1,324	1,335	1,361
Total business-type activities expense	<u>4,758</u>	<u>5,236</u>	<u>6,173</u>	<u>6,757</u>	<u>7,644</u>	<u>8,650</u>	<u>10,643</u>	<u>11,562</u>	<u>11,767</u>	<u>12,311</u>
Total primary government expenses	<u>17,779</u>	<u>35,393</u>	<u>22,453</u>	<u>24,913</u>	<u>26,072</u>	<u>26,868</u>	<u>28,083</u>	<u>29,276</u>	<u>28,775</u>	<u>29,601</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	3,234	3,485	3,556	3,171	1,992	1,758	2,071	2,278	636	378
Community Services	-	-	-	-	331	293	187	406	694	1,019
Public Works	52	41	-	-	1,065	1,359	-	4	3	-
Public Safety	2,143	2,478	2,794	976	808	734	871	844	831	308
Parks & Recreation	904	907	855	1,060	1,398	1,456	1,541	1,611	1,643	1,595
Operating grants and contributions	1,235	1,222	195	671	432	544	529	376	387	431
Capital grants and contributions	3,498	5,348	4,382	6,064	1,845	3,151	1,903	2,581	3,899	3,108
Total governmental activities programs revenues	<u>11,066</u>	<u>13,481</u>	<u>11,781</u>	<u>11,942</u>	<u>7,870</u>	<u>9,295</u>	<u>7,102</u>	<u>8,100</u>	<u>8,093</u>	<u>6,839</u>
Business-type activities:										
Charges for services:										
Water	2,255	2,504	3,147	3,070	3,045	3,479	4,165	4,959	5,594	6,096
Sewer	2,026	2,184	2,416	2,229	2,961	3,253	3,886	4,280	4,367	4,563
Storm Drain	291	363	400	395	403	591	968	1,239	1,536	1,774
Sanitation	-	-	-	-	-	-	1,320	1,325	1,351	1,413
Operating grants and contributions	-	-	-	-	-	-	-	43	8	35
Capital grants and contributions	4,691	9,055	2,174	1,310	560	1,579	6,965	2,726	2,409	1,831
Total business-type activities program revenues	<u>9,263</u>	<u>14,106</u>	<u>8,137</u>	<u>7,004</u>	<u>6,970</u>	<u>8,902</u>	<u>17,304</u>	<u>14,572</u>	<u>15,265</u>	<u>15,712</u>
Total primary governmental program revenues	<u>20,329</u>	<u>27,587</u>	<u>19,918</u>	<u>18,946</u>	<u>14,840</u>	<u>18,197</u>	<u>24,406</u>	<u>22,672</u>	<u>23,358</u>	<u>22,551</u>

PLEASANT GROVE CITY

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue										
Governmental activities	\$ (1,956)	\$ (16,675)	\$ (4,499)	\$ (6,214)	\$ (10,557)	\$ (8,923)	\$ (10,338)	\$ (9,614)	\$ (8,915)	\$ (10,451)
Business-type activities	4,506	8,870	1,964	247	(674)	252	6,661	3,010	3,498	3,401
Total primary government net expense	<u>2,550</u>	<u>(7,805)</u>	<u>(2,535)</u>	<u>(5,968)</u>	<u>(11,231)</u>	<u>(8,671)</u>	<u>(3,677)</u>	<u>(6,604)</u>	<u>(5,417)</u>	<u>(7,050)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	2,560	2,789	2,925	3,338	3,346	2,969	3,151	3,226	3,059	3,077
Sales taxes	3,108	3,774	3,855	3,498	3,308	3,523	3,752	3,849	4,082	4,454
Franchise taxes	1,362	1,418	1,529	1,580	1,086	1,160	1,593	1,654	1,905	1,973
Other taxes	-	-	-	-	667	686	312	316	309	306
Investment earnings	307	388	262	231	10	24	22	11	15	33
Miscellaneous	88	150	56	409	1,463	1,576	1,726	1,584	1,562	2,864
Transfers	-	-	-	-	-	-	-	-	141	(61)
Total governmental activities	<u>7,587</u>	<u>8,475</u>	<u>8,639</u>	<u>9,056</u>	<u>9,880</u>	<u>9,938</u>	<u>10,556</u>	<u>10,640</u>	<u>11,073</u>	<u>12,646</u>
Business-type activities:										
Investment earnings	259	654	467	160	40	17	23	35	47	46
Miscellaneous	-	-	-	-	-	-	-	-	-	15
Transfers	-	-	-	-	-	-	-	-	(141)	61
Total business-type activities	<u>540</u>	<u>654</u>	<u>467</u>	<u>160</u>	<u>40</u>	<u>17</u>	<u>23</u>	<u>35</u>	<u>(94)</u>	<u>122</u>
Total primary government	<u>8,127</u>	<u>9,129</u>	<u>9,107</u>	<u>9,216</u>	<u>9,919</u>	<u>9,955</u>	<u>10,579</u>	<u>10,675</u>	<u>10,979</u>	<u>12,768</u>
Change in Net Position										
Governmental activities	5,632	(8,200)	4,141	2,842	(677)	1,015	218	1,026	2,158	2,196
Business-type activities	5,045	9,524	2,431	407	(634)	269	6,684	3,045	3,404	3,523
Total primary government	<u>\$ 10,677</u>	<u>\$ 1,324</u>	<u>\$ 6,572</u>	<u>\$ 3,249</u>	<u>\$ (1,312)</u>	<u>\$ 1,284</u>	<u>\$ 6,902</u>	<u>\$ 4,071</u>	<u>\$ 5,562</u>	<u>\$ 5,719</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Nonspendable										
Prepaid Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274	\$ 276	\$ 241	\$ 722	\$ 548
Restricted for										
Donations	-	-	-	-	286	298	338	361	363	366
Class C Road Funds	232	351	4,886	2,888	328	1,620	1,740	1,672	1,392	1,516
Debt Service	-	-	-	-	1,203	-	-	-	-	-
Dispatch	350	450	624	720	749	-	-	-	-	-
Library Grants	214	219	55	62	54	-	-	-	-	-
Other	1,445	1,776	6	6	276	-	-	-	-	-
Unassigned	<u>964</u>	<u>2,510</u>	<u>5,586</u>	<u>4,512</u>	<u>3,230</u>	<u>2,011</u>	<u>2,104</u>	<u>2,686</u>	<u>2,149</u>	<u>2,073</u>
Total general fund	<u>\$ 3,205</u>	<u>\$ 5,306</u>	<u>\$ 11,157</u>	<u>\$ 8,188</u>	<u>\$ 6,126</u>	<u>\$ 4,203</u>	<u>\$ 4,458</u>	<u>\$ 4,960</u>	<u>\$ 4,626</u>	<u>\$ 4,503</u>
All Other Governmental Funds										
Restricted for										
Debt Service	-	-	-	-	208	200	134	114	239	247
Dispatch	-	-	-	-	-	685	510	302	88	57
Library Grants	-	-	-	-	-	54	53	55	64	70
Impact Fees	1,095	1,288	871	709	673	-	-	552	1,891	2,133
Assigned to										
MBA	493	-	40	40	40	40	-	-	-	-
Debt Service	219	69	-	38	73	86	117	5	-	-
Capital Projects	4,316	3,355	-	2,517	303	1,036	506	219	437	617
Swimming Pool	-	-	-	-	-	5	11	17	11	30
Community Center	-	-	-	-	-	-	32	19	20	21
Cultural Arts	-	-	-	-	-	-	5	7	16	5
Redevelopment	-	-	-	-	-	-	-	14	-	-
Unassigned	<u>(1,572)</u>	<u>(390)</u>	<u>(1,330)</u>	<u>(916)</u>	<u>(498)</u>	<u>(275)</u>	<u>(140)</u>	<u>-</u>	<u>(195)</u>	<u>31</u>
Total all other governmental funds	<u>\$ 4,551</u>	<u>\$ 4,322</u>	<u>\$ (419)</u>	<u>\$ 2,388</u>	<u>\$ 799</u>	<u>\$ 1,831</u>	<u>\$ 1,228</u>	<u>\$ 1,304</u>	<u>\$ 2,571</u>	<u>\$ 3,211</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes	\$ 6,844	\$ 7,811	\$ 8,297	\$ 8,318	\$ 8,593	\$ 8,453	\$ 8,745	\$ 9,158	\$ 9,381	\$ 9,830
Licenses, fees, and permits	838	914	488	285	212	254	260	480	765	673
Intergovernmental	1,251	1,453	1,318	1,506	1,398	1,713	2,012	1,367	1,496	1,465
Charges for services	4,715	4,222	5,881	4,027	4,234	4,602	3,665	4,012	2,435	2,292
Fines and penalties	577	1,589	512	556	554	406	541	354	378	336
Investment earnings	-	-	-	-	31	24	25	23	24	33
Impact fees	965	883	556	253	193	170	213	855	2,153	1,365
Miscellaneous	772	792	717	687	441	344	1,926	1,857	1,792	2,397
Total Revenues	15,964	17,665	17,771	15,631	15,656	15,966	17,387	18,106	18,424	18,391
Expenditures										
General government	3,763	4,038	4,642	4,398	3,145	3,152	2,927	2,883	1,498	1,717
Community Development	-	-	-	-	912	872	984	1,197	1,329	1,456
Public Works	2,137	21,807	3,681	5,745	3,211	1,933	552	566	566	844
Public Safety	3,890	4,240	5,154	5,969	5,205	5,388	5,781	5,476	5,739	7,144
Parks and Recreation	3,438	2,839	10,676	5,473	3,003	3,013	3,313	3,410	3,535	5,059
Capital outlay	-	-	-	-	2,597	791	1,128	1,071	1,802	-
Debt service										
Principal	1,218	1,851	668	886	1,373	1,652	19,658	1,669	1,790	1,811
Other	-	-	217	-	-	-	327	-	-	-
Interest	497	803	1,157	1,371	1,417	1,633	1,655	1,546	1,473	1,367
Total expenditures	14,944	35,578	26,195	23,843	20,865	18,434	36,325	17,818	17,732	19,398
Excess of revenues over (under) expenditures	1,020	(17,913)	(8,425)	(8,212)	(5,208)	(2,468)	(18,938)	288	692	(1,007)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
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	498
Proceeds from Capital Lease	-	-	-	-	-	-	-	-	-	1,087
Transfers in	3,096	761	350	850	353	3,423	1,995	1,856	2,777	2,683
Transfers out	(3,096)	(761)	(350)	(850)	(353)	(3,423)	(1,995)	(1,856)	(2,636)	(2,744)
Total other financing sources (uses)	<u>339</u>	<u>19,785</u>	<u>9,534</u>	<u>8,050</u>	<u>1,557</u>	<u>1,577</u>	<u>18,590</u>	<u>291</u>	<u>241</u>	<u>1,524</u>
Net change in fund balances	<u>\$ 1,359</u>	<u>\$ 1,872</u>	<u>\$ 1,110</u>	<u>\$ (161)</u>	<u>\$ (3,651)</u>	<u>\$ (891)</u>	<u>\$ (348)</u>	<u>\$ 579</u>	<u>\$ 933</u>	<u>\$ 517</u>
Debt service as a percentage of noncapital expenditures	11%	7%	7%	9%	15%	19%	61%	19%	20%	16%

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

<u>Fiscal Year</u>	<u>Primary Residential</u>	<u>Secondary Residential</u>	<u>Commercial and Industrial</u>	<u>Other Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Taxable Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
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%
2015	1,075,377,057	5,115,600	264,992,770	94,017,177	31,245,902	25,724,598	1,496,473,104	0.001997	2,376,598,484	62.97%

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)

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rates	General Obligation Debt Service	Total Direct Rate	Alpine School District	Utah County	No UT Co Water Conservancy	Central Utah Water Conservancy District
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
2015	1.760	0.237	1.997	8.096	1.149	0.025	0.422

Source: Utah State Tax Commission

PLEASANT GROVE CITY

Principal Property Tax Payers
Current Year and Six Years ago

Taxpayer	2015			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Valley Properties	\$ 43,566,100	1	2.91%			0.000%
Somerset Meadows	18,020,695	2	1.20%			
Pacificorp	12,727,231	3	0.85%	\$ 8,993,112	1	0.615%
Thorneberry, LTD	12,715,505	4	0.85%	5,610,550	9	0.384%
Pleasant Springs, LLC	12,682,505	5	0.85%			0.000%
BW Inc	12,133,800	6	0.81%			
Jacqueline A Dowdy	10,785,000	7	0.72%			0.000%
Questar	9,421,019	8	0.63%			0.000%
Green Grove Apartments	9,160,525	9	0.61%	7,497,270	3	0.513%
Residences at Mayfield, LLC	8,770,025	10	0.59%			
Pen & Ink, LTD				7,041,763	4	0.482%
Amsource Pleasant Grove, LC				7,991,800	2	0.547%
Continental Pipe Manufacturing Co				6,975,200	5	0.477%
Qwest				6,628,352	6	0.454%
Pleasant Development, LLC				5,872,500	7	0.402%
DMB Investments				5,793,000	8	0.396%
Firmage Grove, LC				5,523,000	10	0.378%
Total	\$ 149,982,405		10.022%	\$ 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 Ten Fiscal Years

Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
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%
2015	2,995,956	2,761,139	92.16%	144,584	2,905,723	96.99%	90,233	3.01%

Source: Utah County

Note: Data for Years Previous to 2006 Unavailable

PLEASANT GROVE CITY
Ratios of General Bonded Debt Outstanding
Last Seven 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
2015	4,080,021	-	4,080,021	0.172%	116.61

Source: Utah County

PLEASANT GROVE CITY
 Taxable Sales by Category
 Last Six Fiscal Years

	Fiscal Year					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Automobile	\$ 48,380,006	\$ 44,608,900	\$ 40,772,800	\$ 38,173,001	\$ 33,950,700	\$ 44,608,900
Grocery	37,240,322	37,127,500	36,869,000	38,167,647	39,570,400	39,884,300
Utility/Communication	32,563,506	32,922,300	31,018,600	30,193,491	29,617,100	29,361,500
Construction/Home Improvement	23,170,259	20,156,500	15,007,900	12,455,329	9,950,700	6,688,500
Restaurant	10,808,915	10,410,300	9,384,400	10,319,663	8,708,500	7,926,200
Eating & drinking establishments	7,774,995	6,784,200	5,597,700	4,933,840	3,580,100	540,600
Gas Station	7,243,029	6,573,000	2,850,300	4,704,282	4,239,000	3,793,300
Health/Nutrition	6,758,012	4,782,000	2,809,900	2,822,552	2,510,500	2,248,800
Technology	4,109,505	3,339,800	1,423,600	1,362,133	4,427,200	1,651,000
Shipping/Printing	3,563,877	3,223,200	1,288,300	N/A	N/A	N/A
Household Retail	3,272,157	3,792,700	2,024,000	2,083,668	N/A	N/A
Mail Order	2,826,958	3,927,600	1,385,600	1,403,103	1,755,000	669,400
Entertainment	2,796,951	2,551,400	1,874,200	1,726,299	2,075,600	1,023,900
Department Store	2,457,928	2,941,500	2,359,500	2,759,682	3,306,000	2,778,700
Industrial/Manufacturing	2,165,366	2,976,900	2,817,700	22,082,327	17,417,800	2,922,000
Fitness	1,254,600	1,235,700	1,149,900	N/A	N/A	N/A
All Other Outlets	73,176,324	43,632,200	47,544,200	40,502,125	41,477,300	154,620,400
Totals	\$ 269,562,710	\$ 230,985,700	\$ 206,177,600	\$ 213,689,142	\$ 202,585,900	\$ 298,717,500
City direct sales tax rate	1.00%	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
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%
2015	1.000%	0.800%	4.950%

Sources: Utah State Tax Commission

PLEASANT GROVE CITY
Principal Sales Tax Remitters
Fiscal Years 2010 and 2015

Fiscal Year 2015	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
Smiths Food & Drug	N/A	Shamrock Group, LLC	N/A
UT State Alcoholic Beverage Control	N/A	Smiths Food & Drug	N/A
UT State Motor Vehicle	N/A	T Mobile	N/A
Walmart	N/A	Verizon Wireless	N/A
Total	<u>\$ 1,073,086</u>	Total	<u>\$ 767,998</u>
Total Citywide Collections	\$ 2,695,627	Total Citywide Collections	\$ 1,659,142
Top 10 as a Percentage of Total Collections	39.81%	Top 10 as a Percentage of Total Collections	46.29%
Top 10 as a Percentage of Total Revenue ²	13.14%	Top 10 as a Percentage of Total Revenue ²	10.90%

Source: Utah State Tax Commission

Note: Data for Years Previous to 2010 Unavailable

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

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

PLEASANT GROVE CITY

Charges for Water Fees

Last Ten Fiscal Years

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water Sales	\$ 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	\$ 3,268,561
Secondary Water	102,732	175,285	680,637	991,627	1,181,043	1,316,610	1,730,614	2,099,510	2,409,439	2,483,686
Other	239,365	142,725	169,438	139,503	193,357	49,023	53,426	120,684	179,820	343,448
Totals	<u>\$ 2,368,060</u>	<u>\$ 2,504,386</u>	<u>\$ 3,147,025</u>	<u>\$ 3,069,944</u>	<u>\$ 3,045,455</u>	<u>\$ 3,478,805</u>	<u>\$ 4,165,543</u>	<u>\$ 4,946,264</u>	<u>\$ 5,583,659</u>	<u>\$ 6,095,695</u>

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)

Fiscal Year	Governmental Activities							Business-type Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation	Excise Tax Road Bond	Sales Tax Revenue	Lease Revenue Bonds	Leases	Other Long-Term Debt	RDA Tax Increment Bond	Water Revenue	Sewer Revenue	Storm Drain Revenue	Sales Tax Revenue	Leases	Other Long-Term Debt				
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	
2015	4,101	1,936	2,554	-	1,328	2,622	16,759	22,254	-	11,979	1,095	306	-	64,934	7.28%	1,752	

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, 2015

<u>Government Unit</u>	<u>Total Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt			
Alpine School District	\$ 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			<u>29,613,775</u>
Total direct and overlapping debt			<u><u>\$ 83,586,591</u></u>

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 Eight Fiscal Years

(amounts expressed in thousands)

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value (in thousands)	\$ 2,376,598
Debt limit (4% of assessed value)	95,064
Debt applicable to limit:	
General obligation bonds	(4,080)
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>(4,080)</u>
Legal debt margin	<u>\$ 90,984</u>

	Fiscal Year							
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 90,684	\$ 98,952	\$ 91,304	\$ 87,920	\$ 81,373	\$ 80,624	\$ 83,756	\$ 95,064
Total net debt applicable to limit	<u>-</u>	<u>(4,913)</u>	<u>(4,792)</u>	<u>(4,665)</u>	<u>(4,534)</u>	<u>(4,398)</u>	<u>(4,252)</u>	<u>(4,080)</u>
Legal debt margin	<u>\$ 90,684</u>	<u>\$ 94,039</u>	<u>\$ 86,512</u>	<u>\$ 83,255</u>	<u>\$ 76,839</u>	<u>\$ 76,226</u>	<u>\$ 79,504</u>	<u>\$ 90,984</u>
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%	4.29%

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)

Fiscal Year	Water Revenue Bonds						Storm Water Revenue Bonds						Tax Increment Bonds			
	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service			Sales Tax Revenues	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
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
2015	6,916	2,948	3,968	886	888	2.24	1,955	841	1,114	320	430	1.49	4,454	605	987	2.80

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

Fiscal Year	Sales Tax Revenue				General Obligation Bonds				Excise Tax Revenue			
	Debt Service				Debt Service				Class C Road Revenues	Debt Service		
	Sales Tax Revenues	Principal	Interest	Coverage	Property Tax Revenues	Principal	Interest	Coverage		Principal	Interest	Coverage
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
2015	4,454	395	100	9.00	320	150	170	1.00	1,516	645	126	1.97

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 Eight Calendar 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%
2014	37,064	891,859,745	24,063	3.2%

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 Nine Years Ago

<u>Employer</u>	<u>2015</u>	<u>2006</u>
	Range of <u>Employees</u>	Range of <u>Employees</u>
DoTerra International, LLC	500-999	
Alpine School District	300-749	300-749
Auto Meter		100-249
Close to My Heart	100-249	100-249
Horrocks Engineers, Inc.	100-249	
Lincoln Academy Inc	100-249	
Maceys	100-249	100-249
Niels Fugal Sons Company	100-249	100-249
Pleasant Grove City	100-249	100-249
All Pro Security, LLC	50-99	
Alpine Pediatrics	50-99	50-99
Brundage Bone Pumping		50-99
Daybreak Training Services	50-99	50-99
Elite Grounds, L.C	50-99	
Nmary's Culinary Crafts LLC	50-99	
McDonalds	50-99	
Mile High Contracting	50-99	
Packman, LLC	50-99	
Smith's Food and Drug	50-99	50-99
Sundesha, 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	
Walmart	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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Management services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Finance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Planning	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Building	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Legal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Municipal Court	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Other	7.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	5.0	5.0
Police										
Officers	29.0	32.0	33.0	26.0	25.0	25.0	25.0	25.0	26.0	25.0
Civilians	6.0	7.0	8.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire										
Firefighters and officers	4.0	3.0	4.0	5.0	14.0	15.0	15.0	15.0	14.0	15.0
Refuse collections										
Other public works										
Engineering	-	-	-	1.0	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	4.0	4.0
Storm Drain	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	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	12.0	12.0	15.0	15.0	15.0	15.0	15.0	15.0	14.0	16.0
Library	1.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water/Sewer	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	11.0
Total	<u>87.0</u>	<u>93.0</u>	<u>100.0</u>	<u>94.0</u>	<u>104.0</u>	<u>105.0</u>	<u>104.0</u>	<u>105.0</u>	<u>101.0</u>	<u>104.0</u>

Source: Pleasant Grove City

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government					
Building permits issued	178	260	361	372	45
Building inspections conducted	1,713	1,714	4,215	3,387	2,721
Police					
Physical arrests	1608	1,359	581	1,409	1,241
Parking violations	327	4	-	2	-
Traffic violations	3,302	4,608	2,798	2,566	2,264
Fire					
Emergency responses	859	1,388	1,199	1,330	1,486
Number of Transports	592	573	500	579	494
Average Response Time (Minutes)	5	5	4:14	4:51	3:36
Other public works					
Potholes repaired (tons of asphalt)	410	431	457	478	500
Parks and recreation					
Daily program participants	12,761	11,813	12,298	18,643	20,072
Community center admissions	147,356	135,866	141,540	169,744	190,511
Water					
New connections	41	64	143	170	176
Culinary Water Breaks	66	82	127	127	140
PI Water Breaks	N/A	N/A	N/A	115	35
Average daily consumption (thousands of gallons)	2,623	2,821	2,709	2,702	2,867

Source: Pleasant Grove City

Note: Data for Years Previous to 2011 Unavailable

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police					
Stations	1	1	1	1	1
Patrol units (sworn officers)	25	25	26	26	27
Reserve units					3
Fire Stations	1	1	1	1	1
Other public works					
Streets (miles)	111	205	205	117	112
Streetlights	1,070	3,974	1,150	1,155	1,086
Storm Drain (miles)	69	101	72	72	98
Parks and recreation					
Acreage	92	92	92	77	77
Playgrounds	8	8	8	7	7
Baseball/softball diamonds	7	7	7	6	8
Soccer/football fields	9	9	9	9	9
Community centers	1	1	1	1	1
Water					
Culinary Water Lines (miles)	136	151	152	156	154
Irrigation Water Lines (miles)	103	104	105	108	108
Fire Hydrants	N/A	1,223	1,240	1,280	1,355
Culinary Storage (thou. of gallons)	11,000	11,000	11,000	12,431	12,431
Irrigation Storage (thou. of gallons)	12,200	12,200	12,200	12,200	12,200
Wastewater					
Sanitary sewers (miles)	N/A	110	110	125	120

Source: Pleasant Grove City

Note: Data for Years Previous to 2011 Unavailable

OTHER REPORTS





**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, 2015, 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 22, 2015.

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 than 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

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 of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 22, 2015



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA 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 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, 2015.

State compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Restricted Taxes
- Open & Public Meetings Act
- Cash Management
- Impact Fees
- Government Records Access Management Act (GRAMA)

The City received state funding from the following programs classified as major programs for the year ended June 30, 2015:

B&C Road Funds (Department of Transportation)

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.

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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in a separate letter of communication with those charged with governance dated December 22, 2015. Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in a separate letter of communication with those charged with governance. 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2015, 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 22, 2015

Pleasant Grove City
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year ended June 30, 2015

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
Class C Road Funds		6/30/2014	\$ <u>1,003,877</u>
<u>Utah Department of Health</u>			
EMS			\$ <u>1,634</u>
Subtotal - Utah Department of Health			\$ <u>1,634</u>
<u>Utah Department of Natural Resources</u>			
Fishing			\$ <u>700</u>
<u>Utah Department of Community & Culture</u>			
CLEF			<u>8,871</u>
Subtotal - Utah Department of Community & Culture			\$ <u>8,871</u>
<u>Utah Highway Patrol</u>			
Highway Safety Grant			\$ 72
In-car Camera			<u>4,835</u>
Subtotal - Utah Highway Patrol			\$ <u>4,907</u>
<u>Utah Commission on Criminal and Juvenile Justice</u>			
State Liquor Tax		6/30/2014	\$ 29,234
Subtotal- Utah Commission on Criminal and Juvenile Justice			\$ <u>29,234</u>
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			\$ <u><u>1,049,224</u></u>