

Pleasant Grove City

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011



Pleasant Grove



Utah's City of Trees

PLEASANT GROVE CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2011

Pleasant Grove



Utah's City of Trees

Prepared by:
Pleasant Grove City, Finance Department

PLEASANT GROVE CITY

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|----------------------------------|---|
| Letter of Transmittal | 2 |
| Organizational Chart..... | 6 |
| List of Principal Officials..... | 7 |

FINANCIAL SECTION

| | |
|--|----|
| Independent Auditors Report..... | 11 |
| Management’s Discussion and Analysis | 13 |

Basic Financial Statements

| | |
|-------------------------------|----|
| Statement of Net Assets | 25 |
| Statement of Activities..... | 26 |

Governmental Funds

| | |
|--|----|
| Balance Sheet | 27 |
| Balance Sheet Reconciliation to Statement of Net Assets | 28 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 29 |
| Statement of Changes Reconciliation to Statement of Activities..... | 30 |

Proprietary Funds

| | |
|---|----|
| Statement of Net Assets | 31 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Assets | 32 |
| Statement of Cash Flows | 33 |

| | |
|------------------------------------|----|
| Notes to Financial Statements..... | 34 |
|------------------------------------|----|

PLEASANT GROVE CITY

TABLE OF CONTENTS

(Continued)

Required Supplementary Information

| | |
|--|----|
| General Fund – Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual..... | 67 |
| Redevelopment Agency Fund – Statement of Revenues, Expenditures, And Changes in Fund Balance – Budget & Actual..... | 68 |

Supplementary Section

| | |
|--|----|
| Non-major Governmental Funds | |
| Combining Balance Sheet | 70 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance | 71 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual | |
| Construction Fund | 72 |
| Special Revenue Funds | |
| Dispatch | 73 |
| Swimming Pool..... | 74 |
| Library..... | 75 |
| Debt Service Fund..... | 76 |

STATISTICAL SECTION

| | |
|---|----|
| Net Assets by Components | 79 |
| Changes in Net Assets | 80 |
| Governmental Fund – Fund Balance | 82 |
| Governmental Fund – Changes in Fund Balance | 83 |
| Assessed/Estimate Actual Value of Taxable Property..... | 85 |
| Property Tax Rates – Direct and Overlapping Governments | 86 |
| Principal Property Tax Payers | 87 |
| Property Tax Levies and Collections..... | 88 |
| Taxable Sales by Category..... | 89 |
| Direct and Overlapping Sales Tax Rate..... | 90 |
| Principal Sales Tax Remitters..... | 91 |
| Charges for Water Fees..... | 92 |
| Ratio of Outstanding Debt by Type | 93 |
| Direct and Overlapping Governmental Activities Debt..... | 94 |

PLEASANT GROVE CITY

TABLE OF CONTENTS

(Continued)

| | |
|---|-----|
| Legal Debt Margin Information..... | 95 |
| Pledged-Revenue Coverage..... | 96 |
| Demographic and Economic Statistics | 98 |
| Principal Employers..... | 99 |
| FTE City Employees by Function/Program..... | 100 |
| Operating Indicators by Function/Program | 101 |
| Capital Asset Statistics by Function/Program..... | 102 |

OTHER REPORTS

| | |
|--|-----|
| Report on Internal Control over Financial Reporting and on Compliance And other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards | 104 |
| Independent Auditor's Report on Compliance in Accordance with the State of Utah Legal Compliance Audit Guide | 106 |



INTRODUCTORY SECTION



December 23, 2011
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, 2011, 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 it has 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 (i.e., the City as legally defined), 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 and Pleasant Grove Municipal Building Authority are reported in this CAFR as special revenue funds.

| |
|---|
| 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, 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. As of the 2010 census, the City's population is currently 33,509. This is a decrease from the estimated population estimated in 2009 of 1,500, but is a 43% increase since the year 2000. The population in Pleasant Grove is anticipated to continue to increase at a steady rate with an ultimate buildout population of approximately 55,000.

Like most governmental entities, the City has been affected by the current, difficult economic environment. Certain revenues such as sales tax and development fees have decreased substantially, and as a result general fund budgets have been reduced from previous years' levels. As a response to decreased revenue levels, the City has reduced its full-time employees by 5.5 positions for the fiscal year 2012 budget. The City is committed to long-term financial stability, and will continue to monitor revenue levels and budget accordingly.

MAJOR INITIATIVES

Long-Range Planning. Pleasant Grove is dedicated to the adherence of forward-looking principals 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:

- **Storm Drain Environmental Requirements.** Strict federal guidelines regarding the protection of waterways have necessitated the City to make operational changes and capital investment to ensure full compliance with these guidelines. In conjunction with the City's recently completed rate study, funding has been increased to not only comply but to be proactive in the protection of the areas waterways.
- **5-Year Utility Fund Budgets.** The City embarked on a major utility rate study to get the City's rate in line with future needs. This rate study resulted in significant rate increases to the citizens of Pleasant Grove and will be implemented over a four-year period. In order to avoid such large adjustments in the future, 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.
- **CAFR Preparation.** 2011 is the first year that Pleasant Grove City has prepared a Comprehensive Annual Financial Report. The City's desire to prepare this report comes from both elected officials and City management. The additional information included in this report, above financial statements previously provided, will assist the City in planning for future results.

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 2010-11, the City had several significant projects. Some of these projects are listed below:

1. Culinary Water System. Pleasant Grove received a \$1 million low-interest loan from the State of Utah toward the upgrading of the City's culinary water system. Proceeds from this loan will be used to upsize waterlines and replace lead joints in various areas in the City.
2. Grove Creek/Battle Creek pipeline. Beginning last year, the Provo Reservoir Water Users Company embarked on a project to enclose the Murdock Canal. In order for the City to continue directing a portion of the spring run off water into the canal, an underground pipeline must be built to connect the debris basins at the mouths of Grove Creek Canyon and Battle Creek Canyon. The estimated cost of

these pipelines is \$3 million. The City issued storm drain revenue bonds in June of 2011 in part to fund the construction of this project.

3. Spring Run Off. Each year, Pleasant Grove is at risk to spring run off flooding due to its location at the base of Mt. Timpanogas. This spring was one of the wettest ever recorded and thus significant effort was made to avoid any flooding. \$206,305 was spent towards these prevention efforts. The majority of these costs, \$154,729, will be reimbursed by FEMA as the event was given a federal disaster declaration by President Obama.

Economic Development. The City Council recognizes the need to develop the City's economic base in order to provide the 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. During the year 2 new businesses, Sammy's and Simply Splendid, have opened in the City's historic downtown area.

The Pleasant Grove Redevelopment Agency was established for the purpose of encouraging new development within the City. Two of the three areas established by the Agency have expired with the remaining area, the Gateway Community Development area set to expire in 2031. The City will continue to encourage development through the use of redevelopment areas.

The City's main commercial corridor, the Interchange Area currently contains 260,000 sq ft of office space. We anticipate additional office 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 the rapid growth of the City. The fund balance in the City's General Fund decreased by \$1,923,094 during the fiscal year, to end at \$4,202,936. Much of the decrease in fund balance was for the establishment of two new funds in the City: Dispatch and Library Grants. The activities associated with these two funds, were previously accounted for in the General fund. During the year, \$803,259 was transferred from the General fund to these two funds. This amount represents the cumulate amount of revenue over expenditures received by these activities over their respective lives. Additionally, a one-time transfer of \$1,148,639 was made from the General fund to the Capital Projects fund for one-time capital expenditures. The General fund's unassigned balance of \$2,010,785 represents 15.67% of the fiscal year 2012 budgeted General fund revenues.

The General fund's balance has increased \$997,993 from its balance of five years ago. During the same five-year period, the City's governmental funds revenues increased from \$15,963,555 to \$15,966,313 and expenditures increased from \$14,943,675 to \$18,434,149. The largest increase in expenditures between the two periods is debt service payments as the result of bonds issued in 2006 by the Pleasant Grove Redevelopment Agency. The debt service payment made in fiscal year 2011 was \$1,547,893 and is associated with an equal payment from the developer of the project, which is shown under *Other Financing Sources*. Growth in proprietary funds has increased during this period as well. Proprietary fund operating revenues increased from \$4,572,439 to \$7,318,227 as compared to fiscal year 2006, while operating expenses rose from \$4,580,478 to \$7,486,536.

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, 2011, 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.

Acknowledgments

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

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

Respectfully submitted,

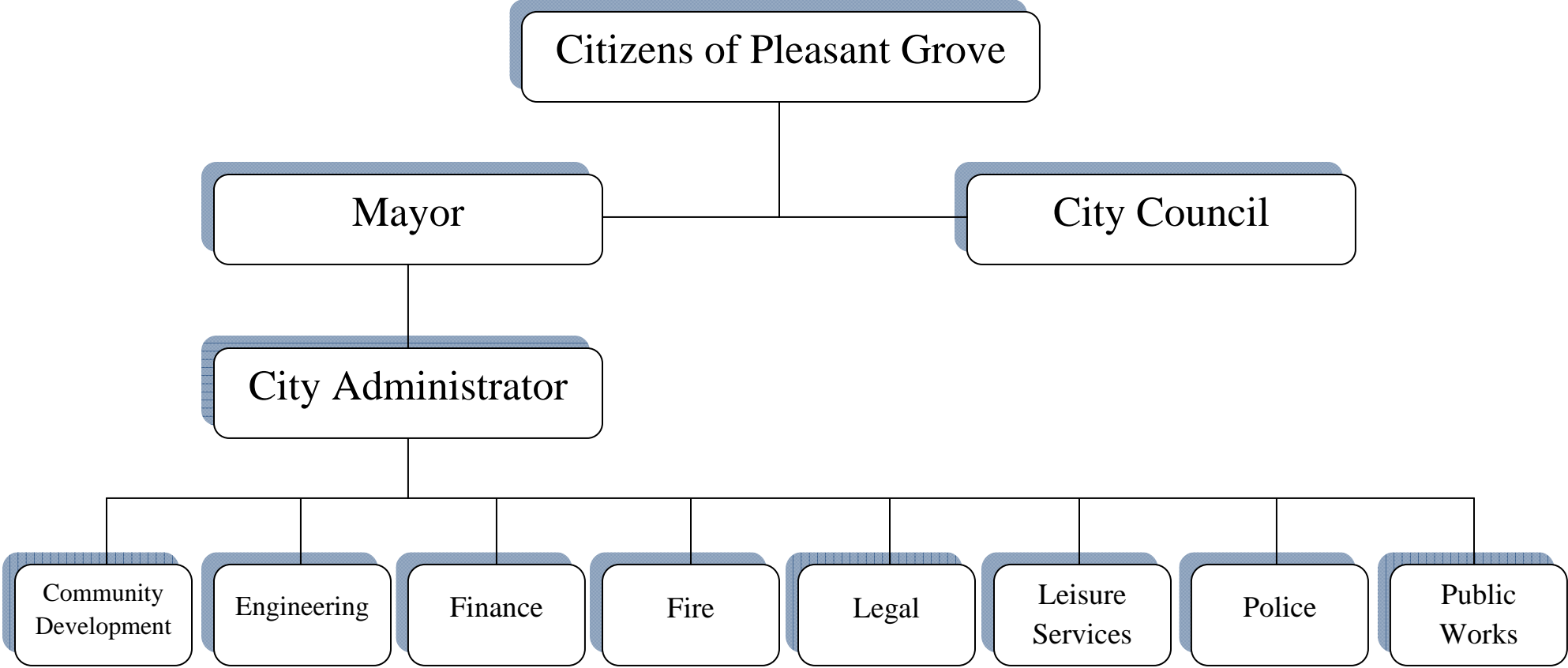


J. Scott Darrington
City Administrator



Dean Lundell
Finance Director

PLEASANT GROVE CITY ORGANIZATION CHART



**ELECTED AND APPOINTED
OFFICIALS**

Pleasant Grove



Utah's City of Trees

Pleasant Grove City
Mayor and City Council



Mayor Bruce Call



Cindy Boyd

Kimberly Robinson



Val Danklef

Lee Jensen

Jeff Wilson

Pleasant Grove City Appointed Officials

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



FINANCIAL SECTION



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H PROBST, CPA
RONALD J. STEWART, CPA
—
SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Pleasant Grove City Corporation
Pleasant Grove, UT

December 21, 2011

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, Utah, (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

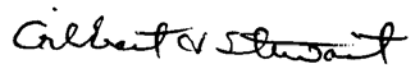
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Pleasant Grove City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 21, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



GILBERT & STEWART
Certified Public Accountants

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, 2011.

FINANCIAL HIGHLIGHTS

- The total net assets of Pleasant Grove City increased 1.25% to \$102,092,653. Significant contributors to this increase were: \$1,781,106 in infrastructure contributed by developers and a cash contribution of \$1,547,893 from a single developer. This contribution was to cover debt service expenditures for debt issued by the Redevelopment Agency of Pleasant Grove. Overall principal payments in governmental debt totaled \$1,433,500.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$6,033,839. Of this amount \$1,735,939 (28.77%) is available for spending at the government's discretion (unassigned fund balance).
- Total governmental fund balance decreased by \$891,203 during the year. While a portion of this decrease was to fund current operation in the General Fund, most of the reduction was due to previously accumulated fund balance being used for capital projects.
- Utah law restricts an amount a municipality can maintain in its General Fund unreserved fund balance to 18% of the next year's budgeted revenue. As of June 30, 2011 the City's unassigned fund balance equals 15.67% of next year's revenue.
- During the year, the City incurred additional debt by issuing two series' of bonds. The first occurred in December with the issuance of \$1,000,000 in Build America Bonds. The proceeds were used to replace and upsize old waterlines in the City. \$7,050,000 in bonds were also issued in June towards improvements in the City's storm drain infrastructure. Both of these bonds are secured by revenue pledges from the respective utility funds.

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 assets presents information on all of Pleasant Grove City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Pleasant Grove City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 25 & 26.

FUND FINANCIAL STATEMENTS

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

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

The City maintains the following eight individual governmental funds:

- General
- Redevelopment Agency
- Capital Projects
- Municipal Building Authority
- Dispatch
- Swimming Pool
- Library
- Debt Service

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

The governmental fund financial statements can be found on pages 27-30 of this report.

Proprietary funds –Pleasant Grove City maintains one type of proprietary fund, which is an enterprise fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Pleasant Grove City uses enterprise funds to account for its Storm Drain Utility, Water Utility, and Sewer Utility. All of Pleasant Grove’s proprietary funds are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 31-33 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 34 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual statements for the City’s General Fund as well as other major special revenue funds. The RSI section begins on page 66.

Other Information – In addition to the above mentioned statements and reports, this report also presents other supplementary information and a statistical section, which give additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City’s non-major funds as well as budget to actual statements for the City’s other governmental funds. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 69, and the statistical section begins on page 77.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets 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 \$102,092,653.

By far the largest portion of the City of Pleasant Grove's net assets (87.73%) 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 assets.

PLEASANT GROVE CITY NET ASSETS

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------|-----------------------------|---------------|----------------|----------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 11,806,458 | \$ 13,985,118 | \$ 14,623,934 | \$ 8,272,319 | \$ 26,430,392 | \$ 22,257,437 |
| Capital assets | 84,116,073 | 83,762,163 | 66,424,645 | 65,268,178 | 150,540,718 | 149,030,341 |
| Total Assets | 95,922,531 | 97,747,281 | 81,048,579 | 73,540,497 | 176,971,110 | 171,287,778 |
| Long-term debt outstanding | 35,553,994 | 37,291,496 | 33,765,987 | 26,574,695 | 69,319,981 | 63,866,191 |
| Other liabilities | 5,334,013 | 6,436,107 | 224,463 | 176,664 | 5,558,476 | 6,612,771 |
| Total Liabilities | 40,888,007 | 43,727,603 | 33,990,450 | 26,751,359 | 74,878,457 | 70,478,962 |
| Net Assets | | | | | | |
| Invested in capital assets, net of related debt | 49,238,849 | 47,247,874 | 40,329,309 | 40,000,567 | 89,568,158 | 87,248,441 |
| Restricted | 2,856,415 | 3,215,720 | 1,730,968 | 2,639,065 | 4,587,383 | 5,854,785 |
| Unrestricted | 2,939,260 | 3,556,084 | 4,997,852 | 4,149,506 | 7,937,112 | 7,705,590 |
| Total net assets | \$ 55,034,524 | \$ 54,019,678 | \$ 47,058,129 | \$ 46,789,138 | \$ 102,092,653 | \$ 100,808,816 |

An additional portion of the City's net assets (4.49%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$7,937,112 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2011, the City is able report positive balances in all three categories of net assets, 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, 2011.

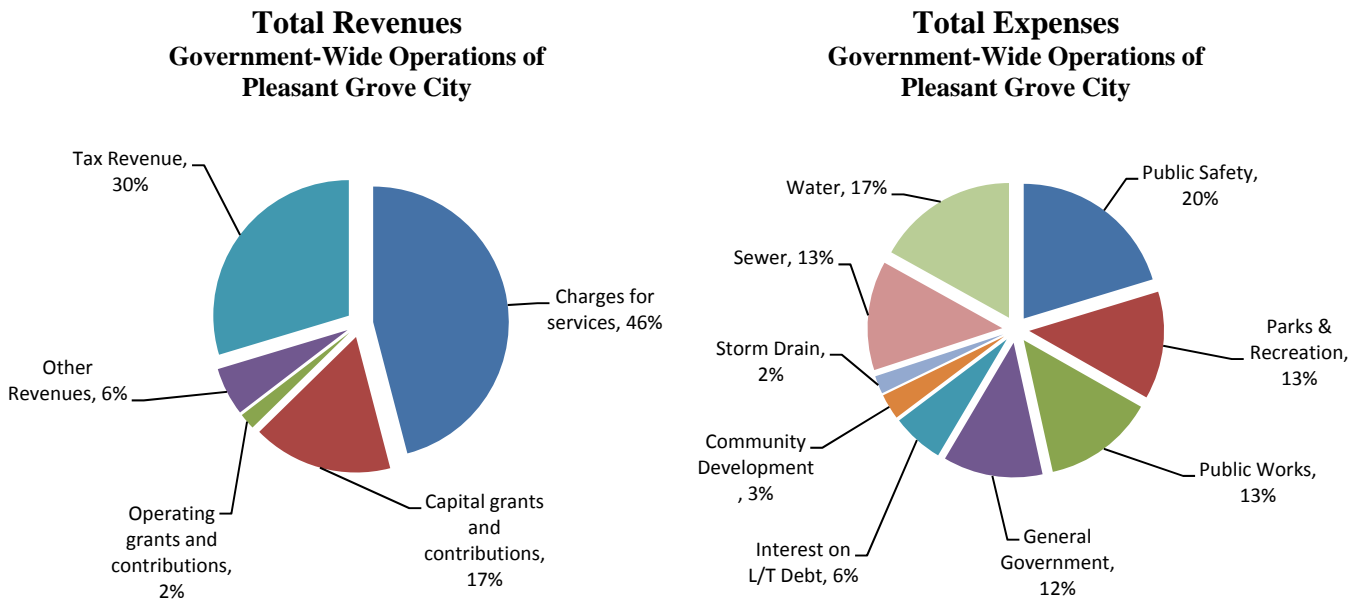
PLEASANT GROVE CITY'S CHANGE IN NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 5,599,963 | \$ 5,593,749 | \$ 7,322,533 | \$ 6,410,065 | \$ 12,922,496 | \$ 12,003,814 |
| Operating grants and contributions | 543,997 | 431,762 | - | - | 543,997 | 431,762 |
| Capital grants and contributions | 3,150,315 | 1,844,667 | 1,579,014 | 560,205 | 4,729,329 | 2,404,872 |
| General Revenues: | | | | | | |
| Taxes | 8,338,310 | 8,406,552 | - | - | 8,338,310 | 8,406,552 |
| Other Revenues | 1,600,101 | 1,473,202 | 17,139 | 39,551 | 1,617,240 | 1,512,753 |
| Total revenues | <u>19,232,686</u> | <u>17,749,932</u> | <u>8,918,686</u> | <u>7,009,821</u> | <u>28,151,372</u> | <u>24,759,753</u> |
| Expenses | | | | | | |
| General Government | 3,212,991 | 3,344,440 | - | - | 3,212,991 | 3,344,440 |
| Community Services | 826,103 | 938,823 | - | - | 826,103 | 938,823 |
| Public Works | 3,585,751 | 3,594,180 | - | - | 3,585,751 | 3,594,180 |
| Public Safety | 5,452,324 | 5,601,452 | - | - | 5,452,324 | 5,601,452 |
| Parks & Recreation | 3,469,153 | 3,680,548 | - | - | 3,469,153 | 3,680,548 |
| Interest on L/T Debt | 1,671,518 | 1,267,930 | - | - | 1,671,518 | 1,267,930 |
| Water | - | - | 4,547,177 | 3,976,228 | 4,547,177 | 3,976,228 |
| Storm Drain | - | - | 3,521,435 | 533,621 | 3,521,435 | 533,621 |
| Sewer | - | - | 581,083 | 3,134,398 | 581,083 | 3,134,398 |
| Total Expenses | <u>18,217,840</u> | <u>18,427,373</u> | <u>8,649,695</u> | <u>7,644,247</u> | <u>26,867,535</u> | <u>26,071,620</u> |
| Increase (decrease) in net assets | 1,014,846 | (677,441) | 268,991 | (634,426) | 1,283,837 | (1,311,867) |
| Net asset, beginning | <u>54,019,678</u> | <u>54,697,119</u> | <u>46,789,138</u> | <u>47,423,564</u> | <u>100,808,816</u> | <u>102,120,683</u> |
| Net assets, ending | <u>\$ 55,034,524</u> | <u>\$ 54,019,678</u> | <u>\$ 47,058,129</u> | <u>\$ 46,789,138</u> | <u>\$ 102,092,653</u> | <u>\$ 100,808,816</u> |

Net Assets for governmental activities increased by \$1,014,846, which is an increase of \$1,692,287 from the previous year. Business-type activities increased by \$268,991, which represents an increase of \$903,417 from the previous year. One of the factors contributing to an increase in Net Assets in Governmental Funds is the Capital grants and contributions. Capital contributions consist of infrastructure built by developers and donated to the City as well as impact fee revenues.

The largest source of revenue from charges for services is fees charged to the City’s utility funds to reimburse the governmental funds for services performed. Taxes are the primary source of general revenue. Most of the City’s operating grants are related to public safety grants and class C road funds, while capital grants consist primarily of donated infrastructure assets.

The following two graphs display Pleasant Grove’s government-wide revenues and expenses for the fiscal year ended June 30, 2011.



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 \$6,033,839. \$1,735,939 of this total amount (29%) constitutes unassigned fund balance, which is available for spending at the government’s discretion.

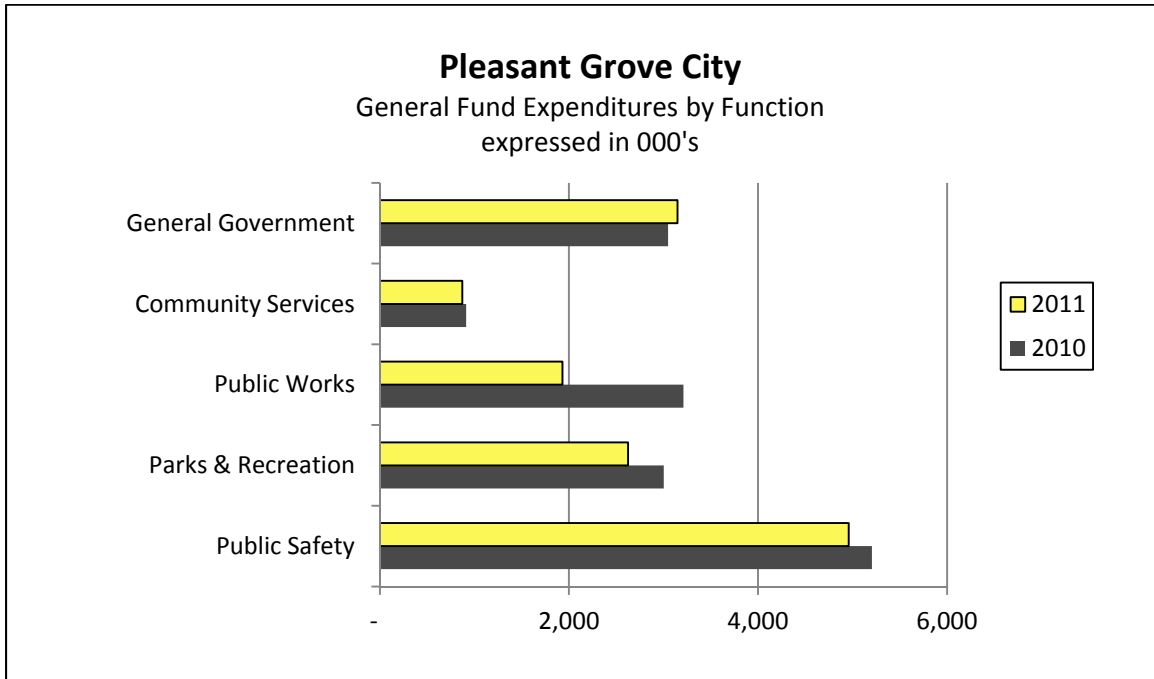
The remainder of fund balance is classified as one of the following: nonspendable, restricted, committed, or assigned. Nonspendable fund balance refers to resources that either cannot be spent because of their form or cannot be spent because they must remain intact. Restricted fund balance means that 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 \$2,010,785, while total fund balance reached \$4,202,936.

Taxes are the largest source of revenue in the General Fund, representing 53% of total General Fund revenues. The largest component is sales tax, which represents 45% of total tax revenue and 24% of total General Fund revenue. Revenues in the General Fund decreased from last year by \$328,462, while expenditures decreased \$2,473,729. The largest decrease in expenditure was in road projects, for which the City spent \$1.3 million less in 2011 than in 2010. Road funds are received annually in consistent amounts, but are spent based on annual need and according to capital facility plans.

The following chart compares general fund expenditures by function between 2010 and 2011.



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$223,324 during the year, but it still has a deficit balance of (\$274,846). The City will continue to work to get a positive balance in this fund. Property tax increment revenues decreased from \$515,185 in 2010 to \$226,823 in 2011 as one of the City's three RDA areas expired. This is a decrease of 56%. One of the remaining two areas expired in 2011, leaving only one RDA area going forward.

The City spent 791,105 on capital outlays during the year. The Capital Project fund is solely for the purpose of collecting funds for the construction of capital projects. Revenue sources include impact fees of \$169,971. 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 assets of the water increased from \$24,485,860 to \$25,484,356. Sewer net assets decreased from \$14,940,430 to \$13,565,429. During the year, the Sewer fund transferred \$1,417,525 into the Water fund. This transfer was made to stabilize the Water Fund until recently adopted rates have been fully implemented. Storm Drain net assets increased from \$7,362,848 to 8,008,344. Overall, in the enterprise funds, net assets decreased by 0.57%.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budgeted expenditure total of \$14,368,763 to final budgeted expenditures of \$14,719,749. These increases can be briefly summarized as follows:

- General Government increased by \$134,166.
- Public Safety increased by \$123,343.
- Public Works decreased by \$51,222.
- Parks and Recreation increased by \$101,450.
- Community Services increased by \$43,249.

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

Capital Assets and Debt Administration

Capital Assets. The City of Pleasant Grove's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$150,540,718 (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 investment in fixed assets for the current year was 1.015% (0.42% increase in governmental activities and a 1.78% for business-type activities).

Pleasant Grove City Capital Assets (net of depreciation)

| | Governmental activities | | Business-type activities | | Total | |
|----------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 43,014,442 | \$ 42,207,469 | \$ 1,820,579 | \$ 1,820,579 | \$ 44,835,021 | \$ 44,028,048 |
| Water Shares | - | - | 1,981,938 | 1,981,938 | 1,981,938 | 1,981,938 |
| Buildings | 9,169,814 | 9,481,729 | - | - | 9,169,814 | 9,481,729 |
| Equipment | 2,244,891 | 2,325,294 | 234,407 | 205,612 | 2,479,298 | 2,530,906 |
| Infrastructure | 29,677,131 | 29,747,671 | 61,661,465 | 61,260,050 | 91,338,596 | 91,007,721 |
| Const in Progress | 9,795 | - | 726,256 | - | 736,051 | - |
| Total Capital Assets | \$ 84,116,073 | \$ 83,762,163 | \$ 66,424,645 | \$ 65,268,179 | \$ 150,540,718 | \$ 149,030,342 |

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

- Contributed infrastructure assets - \$1,781,106
- Storm Drain System Improvements - \$643,737
- Water System Improvements - \$648,750
- Sewer Distribution Pipe Lining - \$176,872

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$64,154,000. \$59,514,000 is secured by specific revenue sources, while total general obligation bonds outstanding total \$4,640,000. The chart on the following page displays the City's long-term debt transactions for the year.

**Pleasant Grove City Outstanding Debt
General Obligation and Revenue Bonds (000's)**

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General obligation bonds | \$ 4,640,000 | \$ 4,765,000 | \$ - | \$ - | \$ 4,640,000 | \$ 4,765,000 |
| Revenue bonds | 26,430,000 | 27,738,500 | 33,084,000 | 25,935,500 | 59,514,000 | 53,674,000 |
| Total bonded debt | \$ 31,070,000 | \$ 32,503,500 | \$ 33,084,000 | \$ 25,935,500 | \$ 64,154,000 | \$ 58,439,000 |

- The City’s total outstanding bond debt increased by \$5,715,000 during the current fiscal year. New bonds were issued with a total par amount of \$8,050,000, and \$2,335,000 of bonds were retired during the year.
- The City issued two series of bonds during the year. \$1,000,000 of water revenue bonds were issued to work towards the replacement of aging and undersized waterlines. \$7,050,000 of storm drain bonds were issued for the construction of two pipelines and for the acquisition of land for future storm water detention.
- Pleasant Grove City maintains a “AA” rating for its sales tax bonds and a “AA-“ rating for its general obligation bonds. The City’s water revenue bond rating was downgraded from “A+” to “BBB+” by Standard and Poor’s (S&P) during the year primarily due to revenues falling short of projections. The issues related to the downgrade have been addressed by the City in the in the implementation of a comprehensive rate evaluation put in place in December 2010.

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 \$87,920,000 which is significantly in excess of the City’s outstanding general obligation debt. In addition, state statutes allows for an additional 4% to be used for water, sewer, or other revenue bond projects thus resulting in a debt limit of 8% of total taxable value. Total limitation is \$263,760,000, which again significantly exceeds the level of outstanding debt.

Additional information on the City’s long-term debt can be found in the footnotes to this financial 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 7.7%. This rate equals the state unemployment rate of 7.7%, while the national rate was 9.0%. The previous year’s rates were 8.0%, 7.6%, and 9.3% respectively.

- The General Fund budgeted expenditures for the fiscal year-ending June 30, 2012 reflects a decrease of \$2,666,609 from the year ending, June 30, 2011. \$2,310,938 of the decrease is due to the establishment of three new funds for activities which were previously included in the General Fund. These new funds are: Cultural Arts, Recreation, and Sanitation.
- The City completed a comprehensive utility rate study in December of 2010. The study analyzed all of the City's utility rates (culinary water, pressurized irrigation, sewer, and storm drain) and recommended rate levels through 2014. These rates are adjusted each July. While rates vary based on usage and lot size, most residents will pay approximately \$10.70 more per month this year as opposed to the previous year.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS



PLEASANT GROVE CITY

Statement of Net Assets

June 30, 2011

| ASSETS | Primary Government | | |
|--|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| Cash and Cash Equivalents | \$ 4,402,776 | \$ 3,380,351 | \$ 7,783,127 |
| Restricted Cash | 2,088,084 | 9,069,484 | 11,157,568 |
| Receivables | 4,350,076 | 1,095,801 | 5,445,877 |
| Inventories | - | 17,076 | 17,076 |
| Other Current Assets | 436,080 | 146,815 | 582,895 |
| Bond Issuance Costs (Net) | 529,442 | 914,407 | 1,443,849 |
| Capital Assets: | | | |
| Land | 43,014,442 | 1,820,579 | 44,835,021 |
| Water Shares | - | 1,981,938 | 1,981,938 |
| Buildings | 9,169,814 | - | 9,169,814 |
| Improvements | 29,677,131 | 61,661,465 | 91,338,596 |
| Machinery & Equipment | 2,244,891 | 234,407 | 2,479,298 |
| Construction in Progress | 9,795 | 726,256 | 736,051 |
| Total Assets | 95,922,531 | 81,048,579 | 176,971,110 |
| LIABILITIES | | | |
| Accounts Payable | 1,393,052 | 63,666 | 1,456,718 |
| Bond Interest Payable | 288,070 | 150,796 | 438,866 |
| Retainage Payable | - | 10,001 | 10,001 |
| Deposits | 964,434 | - | 964,434 |
| Deferred Revenue | 2,688,457 | - | 2,688,457 |
| Long-term Liabilities | | | |
| Due Within One Year | 1,638,967 | 917,764 | 2,556,731 |
| Due in More Than One Year | 33,915,027 | 32,848,223 | 66,763,250 |
| Total Liabilities | 40,888,007 | 33,990,450 | 74,878,457 |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 49,238,849 | 40,329,309 | 89,568,158 |
| Restricted for: | | | |
| Roads | 1,619,577 | - | 1,619,577 |
| Impact Fees | - | 241,792 | 241,792 |
| Library | 54,088 | - | 54,088 |
| Dispatch | 684,671 | - | 684,671 |
| Debt Service | 200,262 | 1,489,176 | 1,689,438 |
| Other | 297,817 | - | 297,817 |
| Unrestricted | 2,939,260 | 4,997,852 | 7,937,112 |
| Total Net Assets | \$ 55,034,524 | \$ 47,058,129 | \$ 102,092,653 |

See accompanying notes.

PLEASANT GROVE CITY

Balance Sheet
Governmental Funds
June 30, 2011

| | General | Special Revenue RDA | Capital Projects Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash & Cash Equivalents | \$ 2,478,621 | - | \$ 1,035,826 | \$ 888,328 | \$ 4,402,775 |
| Restricted Cash | 1,887,822 | - | 200,262 | - | 2,088,084 |
| Receivables (net) | | | | | |
| Property Tax | 2,824,091 | 164,281 | - | - | 2,988,372 |
| Sales Tax | 640,430 | - | - | - | 640,430 |
| Other | 353,056 | - | - | - | 353,056 |
| Intergovernmental | 343,816 | - | - | - | 343,816 |
| Special Assessment Receivable | 24,402 | - | - | - | 24,402 |
| Due from other funds | 274,846 | - | - | - | 274,846 |
| Other Current Assets | 161,323 | - | - | - | 161,323 |
| Prepaid Expenses | 274,757 | - | - | - | 274,757 |
| Total Assets | 9,263,164 | 164,281 | 1,236,088 | 888,328 | 11,551,861 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable and Accrued Liabilities | \$ 1,374,385 | \$ - | \$ - | \$ 18,667 | \$ 1,393,052 |
| Construction Bonds and Refunds | 964,434 | - | - | - | 964,434 |
| Retainage Payable | - | - | - | - | - |
| Due to Other Funds | - | 274,846 | - | - | 274,846 |
| Deferred Revenue | 2,721,409 | 164,281 | - | - | 2,885,690 |
| Total Liabilities | 5,060,228 | 439,127 | - | 18,667 | 5,518,022 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Prepaid Expenses | 274,757 | - | - | - | 274,757 |
| Restricted for | | | | | |
| Donations | 297,817 | - | - | - | 297,817 |
| Debt Service | - | - | 200,262 | - | 200,262 |
| Dispatch | - | - | - | 684,671 | 684,671 |
| Library Grants | - | - | - | 54,088 | 54,088 |
| Class C Road Funds | 1,619,577 | - | - | - | 1,619,577 |
| Assigned to | | | | | |
| Municipal Building Authority | - | - | - | 40,030 | 40,030 |
| Debt Service | - | - | - | 86,114 | 86,114 |
| Capital Projects | - | - | 1,035,826 | - | 1,035,826 |
| Swimming Pool | - | - | - | 4,758 | 4,758 |
| Unassigned | 2,010,785 | (274,846) | - | - | 1,735,939 |
| Total Fund Balances | 4,202,936 | (274,846) | 1,236,088 | 869,661 | 6,033,839 |
| Total Liabilities and Fund Balances | \$ 9,263,164 | \$ 164,281 | \$ 1,236,088 | \$ 888,328 | \$ 11,551,861 |

See accompanying notes.

PLEASANT GROVE CITY

Reconciliation of The Balance Sheet of Governmental Funds To The Statement of Net Assets For the Year Ended June 30, 2011

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

| | |
|---|-----------------------------|
| Total fund balances - governmental fund types | \$ 6,033,839 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 84,116,073 |
| 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. | 172,832 |
| Governmental funds report the effects of bond issuance costs, whereas these amounts are deferred and shown as net amortization in the statement of activities | 529,442 |
| 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 | 24,402 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (35,165,294) |
| Compensated absences are not due and payable in the current period and are not reported as fund liabilities in the funds. | (512,159) |
| Post retirement benefits are not due and payable in the current period and are not reported as fund liabilities in the funds. | (164,611) |
| Net assets of governmental activities | <u><u>\$ 55,034,524</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, 2011

| | General | Special Revenue Redevelopment Agency | Capital Projects Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------|---|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 7,869,772 | \$ 226,823 | \$ - | \$ 356,846 | \$ 8,453,441 |
| Licenses & Permits | 253,576 | - | - | - | 253,576 |
| Intergovernmental | 1,481,788 | - | - | 231,687 | 1,713,475 |
| Charges for Services | 4,405,755 | - | - | 196,740 | 4,602,495 |
| Fines & Forfeitures | 405,773 | - | - | - | 405,773 |
| Interest | 13,432 | - | 7,148 | 3,499 | 24,079 |
| Impact Fees | - | - | 169,971 | - | 169,971 |
| Miscellaneous | 340,881 | - | 24 | 2,598 | 343,503 |
| Total Revenues | 14,770,977 | 226,823 | 177,143 | 791,370 | 15,966,313 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | 3,148,783 | 3,499 | - | - | 3,152,282 |
| Community Services | 871,520 | - | - | - | 871,520 |
| Public Works | 1,931,224 | - | 2,000 | - | 1,933,224 |
| Public Safety | 4,960,105 | - | - | 428,156 | 5,388,261 |
| Parks and Recreation | 2,625,512 | - | - | 387,300 | 3,012,812 |
| Capital Outlay & Projects | - | - | 791,105 | - | 791,105 |
| Debt Service | | | | | |
| Principal Retirement | 91,055 | 560,000 | 103,349 | 897,303 | 1,651,707 |
| Interest and Fees | 49,181 | 987,893 | - | 596,164 | 1,633,238 |
| Total Expenditures | 13,677,380 | 1,551,392 | 896,454 | 2,308,923 | 18,434,149 |
| Excess (Deficiency) of Revenues over Expenditures | 1,093,597 | (1,324,569) | (719,311) | (1,517,553) | (2,467,836) |
| Other Financing Sources (Uses) | | | | | |
| Developer Contributions | - | 1,547,893 | - | - | 1,547,893 |
| Sale of Fixed Assets | 28,740 | - | - | - | 28,740 |
| Transfers In | - | - | 1,148,639 | 2,274,228 | 3,422,867 |
| Transfers Out | (3,045,431) | - | (377,436) | - | (3,422,867) |
| Total Other Financing Sources/(Uses) | (3,016,691) | 1,547,893 | 771,203 | 2,274,228 | 1,576,633 |
| Net Change in Fund Balance | (1,923,094) | 223,324 | 51,892 | 756,675 | (891,203) |
| Fund Balances - July 1 | 6,126,030 | (498,170) | 1,184,196 | 112,986 | 6,925,042 |
| Fund Balances - June 30 | \$ 4,202,936 | \$ (274,846) | \$ 1,236,088 | \$ 869,661 | \$ 6,033,839 |

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, 2011

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

| | |
|--|----------------------------|
| Net Change in Fund Balance -- Total Governmental Funds | \$ (891,203) |
| 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 capital outlays exceeded depreciation in the current period. | (1,426,560) |
| Contributions of capital assets not reported in the funds. | 1,781,106 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (91,365) |
| 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 1,570,751 |
| 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>72,117</u> |
| Change in net assets of governmental activities | <u><u>\$ 1,014,846</u></u> |

See accompanying notes.

PLEASANT GROVE CITY

Statement of Net Assets

Proprietary Funds

June 30, 2011

| | Business-type Activities - Enterprise Funds | | | Total |
|---|---|----------------------|---------------------|----------------------|
| | Water Fund | Sewer Fund | Storm Drain Fund | |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash & Cash Equivalents | \$ 1,647,423 | \$ 1,732,928 | \$ - | \$ 3,380,351 |
| Accounts Receivable | 599,468 | 403,955 | 92,378 | 1,095,801 |
| Inventories | 17,076 | - | - | 17,076 |
| Other Current Assets | - | 90,727 | 56,088 | 146,815 |
| Due from Other Funds | - | 49,598 | - | 49,598 |
| Total Current Assets | 2,263,967 | 2,277,208 | 148,466 | 4,689,641 |
| Noncurrent Assets | | | | |
| Restricted Cash | 2,402,361 | 68,180 | 6,598,943 | 9,069,484 |
| Bond Issuance Costs | 854,382 | 52,316 | 196,569 | 1,103,267 |
| Accumulated Amortization | (146,655) | (36,430) | (5,775) | (188,860) |
| Capital Assets | | | | |
| Land | 1,328,742 | 25,000 | 466,837 | 1,820,579 |
| Water Shares | 1,981,938 | - | - | 1,981,938 |
| Buildings and Structures | 26,492 | 39,005 | - | 65,497 |
| Infrastructure and Improvements | 52,499,904 | 14,897,376 | 8,589,765 | 75,987,045 |
| Machinery and Equipment | 420,922 | 203,430 | 225,439 | 849,791 |
| Construction in Progress | 302,144 | - | 424,112 | 726,256 |
| Less Accumulated Depreciation | (10,586,616) | (3,265,249) | (1,154,596) | (15,006,461) |
| Capital Assets (Net of Accum Depreciation) | 45,973,526 | 11,899,562 | 8,551,557 | 66,424,645 |
| Total Noncurrent Assets | 49,083,614 | 11,983,628 | 15,341,294 | 76,408,536 |
| Total Assets | 51,347,581 | 14,260,836 | 15,489,760 | 81,098,177 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable and Accrued Liabilities | 46,411 | 3,504 | 13,751 | 63,666 |
| Interest Payable | 130,859 | 3,234 | 16,703 | 150,796 |
| Due to Other Funds | - | - | 49,598 | 49,598 |
| Retainage Payable | 10,001 | - | - | 10,001 |
| Current Portion Bonds Payable | 820,938 | 102,800 | 19,177 | 942,915 |
| Total Current Liabilities | 1,008,209 | 109,538 | 99,229 | 1,216,976 |
| Noncurrent Liabilities | | | | |
| Compensated Absences | 40,419 | 35,669 | 14,253 | 90,341 |
| Bonds Payable | 24,814,597 | 550,200 | 7,367,934 | 32,732,731 |
| Total Noncurrent Liabilities | 24,855,016 | 585,869 | 7,382,187 | 32,823,072 |
| Total Liabilities | 25,863,225 | 695,407 | 7,481,416 | 34,040,048 |
| NET ASSETS | | | | |
| Invested in Capital Assets, net of related debt | 20,337,992 | 12,227,928 | 7,763,389 | 40,329,309 |
| Restricted for: | | | | |
| Impact Fees | 26,732 | 144,044 | 71,016 | 241,792 |
| Debt Service | 1,420,996 | 68,180 | - | 1,489,176 |
| Unrestricted | 3,698,636 | 1,125,277 | 173,939 | 4,997,852 |
| Total Net Assets | \$ 25,484,356 | \$ 13,565,429 | \$ 8,008,344 | \$ 47,058,129 |

See accompanying notes.

PLEASANT GROVE CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

| | Business-type Activities - Enterprise Funds | | | Total |
|--|---|----------------------|---------------------|----------------------|
| | Water Fund | Sewer Fund | Storm Drain Fund | |
| OPERATING REVENUES | | | | |
| Charges for Services | | | | |
| Operations | \$ - | \$ - | \$ - | \$ - |
| Pledged as Security for Revenue Bonds | 3,478,805 | 3,248,878 | 590,544 | 7,318,227 |
| Total Operating Revenue | <u>3,478,805</u> | <u>3,248,878</u> | <u>590,544</u> | <u>7,318,227</u> |
| OPERATING EXPENSES | | | | |
| Salaries and Benefits | 420,752 | 372,102 | 140,593 | 933,447 |
| Costs of Services and Supplies | 1,126,496 | 2,320,335 | 118,835 | 3,565,666 |
| General and Administrative | 757,096 | 547,434 | 109,767 | 1,414,297 |
| Depreciation and Amortization | 1,131,778 | 246,567 | 194,781 | 1,573,126 |
| Total Operating Expenses | <u>3,436,122</u> | <u>3,486,438</u> | <u>563,976</u> | <u>7,486,536</u> |
| Operating Income (Loss) | <u>42,683</u> | <u>(237,560)</u> | <u>26,568</u> | <u>(168,309)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Impact Fees | 152,065 | 75,612 | 61,639 | 289,316 |
| Interest | 6,468 | 10,631 | 40 | 17,139 |
| Special Assessment Revenue | - | 4,306 | - | 4,306 |
| Amortization of Bond Issuance Costs | (34,317) | (4,012) | (1,201) | (39,530) |
| Interest Expense | (1,076,742) | (30,985) | (15,905) | (1,123,632) |
| Grant Revenue | - | - | 56,088 | 56,088 |
| Total Non-Operating Revenue (Expenses) | <u>(952,526)</u> | <u>55,552</u> | <u>100,661</u> | <u>(796,313)</u> |
| Net Income (Loss) Before Contributions and Transfers | <u>(909,843)</u> | <u>(182,008)</u> | <u>127,229</u> | <u>(964,622)</u> |
| CONTRIBUTIONS AND TRANSFERS | | | | |
| Developer Contributions | 490,814 | 224,532 | 518,267 | 1,233,613 |
| Transfers In | 1,417,525 | - | - | 1,417,525 |
| Transfers Out | - | (1,417,525) | - | (1,417,525) |
| Total Contributions & Operating Transfers | <u>1,908,339</u> | <u>(1,192,993)</u> | <u>518,267</u> | <u>1,233,613</u> |
| CHANGE IN NET ASSETS | <u>998,496</u> | <u>(1,375,001)</u> | <u>645,496</u> | <u>268,991</u> |
| Total Net Assets - Beginning | <u>24,485,860</u> | <u>14,940,430</u> | <u>7,362,848</u> | <u>46,789,138</u> |
| Total Net Assets - Ending | <u>\$ 25,484,356</u> | <u>\$ 13,565,429</u> | <u>\$ 8,008,344</u> | <u>\$ 47,058,129</u> |

See accompanying notes.

PLEASANT GROVE CITY

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2011

| | Business-type Activities - Enterprise Funds | | | |
|--|---|---------------------|------------------------|----------------------|
| | Water Fund | Sewer Fund | Storm Drain Utility | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customers and Users | \$ 3,235,083 | \$ 3,185,069 | \$ 542,787 | \$ 6,962,939 |
| Payments to Suppliers | (1,089,346) | (2,320,336) | (118,835) | (3,528,517) |
| Interfund Services | (781,864) | (547,434) | (109,767) | (1,439,065) |
| Payments to Employees | (407,140) | (364,314) | (132,287) | (903,741) |
| Net cash provided (used) by operating activities | <u>956,733</u> | <u>(47,015)</u> | <u>181,898</u> | <u>1,091,616</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers In | 1,417,525 | - | - | 1,417,525 |
| Transfers Out | - | (1,417,525) | - | (1,417,525) |
| Net Cash Provided (Used) by Noncapital Financing Activ | <u>1,417,525</u> | <u>(1,417,525)</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | | |
| Impact fees | 152,065 | 75,612 | 61,639 | 289,316 |
| Purchase of capital assets | (648,750) | (176,872) | (643,737) | (1,469,359) |
| Loans from/(to) other funds | - | (49,598) | 49,598 | - |
| Proceeds from capital debt | 1,000,000 | - | 7,093,249 | 8,093,249 |
| Proceeds from Special Assessments | - | 12,897 | - | 12,897 |
| Payment of bond issuance costs | (29,655) | - | (171,373) | (201,028) |
| Principal paid on capital debt | (786,851) | (99,600) | (18,300) | (904,751) |
| Interest paid on capital debt | (1,106,647) | (33,223) | (14,052) | (1,153,922) |
| Manila Water Impact Fees | 40,565 | - | - | 40,565 |
| Net cash provided (used) by capital and related financing activities | <u>(1,379,273)</u> | <u>(270,784)</u> | <u>6,357,024</u> | <u>4,706,967</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Interest Income | 6,468 | 10,631 | 40 | 17,139 |
| Net increase (decrease) in cash and cash equivalents | <u>1,001,453</u> | <u>(1,724,693)</u> | <u>6,538,962</u> | <u>5,815,722</u> |
| Cash and cash equivalents - beginning of year | <u>3,048,331</u> | <u>3,525,801</u> | <u>59,981</u> | <u>6,634,113</u> |
| Cash and cash equivalents - end of year | <u>\$ 4,049,784</u> | <u>\$ 1,801,108</u> | <u>\$ 6,598,943</u> | <u>\$ 12,449,835</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating Income (Loss) | <u>\$ 42,683</u> | <u>\$ (237,560)</u> | <u>\$ 26,568</u> | <u>\$ (168,309)</u> |
| Adjustments to reconcile operating income to net cash provided (Used) by operating activities: | | | | |
| Depreciation expense | 1,131,778 | 246,567 | 194,781 | 1,573,126 |
| (Increase) decrease in receivables | (238,721) | (63,810) | (47,757) | (350,288) |
| (Increase) decrease in inventory | 36,392 | - | - | 36,392 |
| Increase (decrease) in accrued liabilities | (28,480) | - | - | (28,480) |
| Increase (decrease) in accrued vacation and sick leave | 13,081 | 7,788 | 8,306 | 29,175 |
| Total Adjustments | <u>914,050</u> | <u>190,545</u> | <u>155,330</u> | <u>1,259,925</u> |
| Net cash provided (used) by operating activities | <u>\$ 956,733</u> | <u>\$ (47,015)</u> | <u>\$ 181,898</u> | <u>\$ 1,091,616</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Contributions of capital assets from developers | 490,814 | 224,532 | 518,267 | 1,233,613 |

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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pleasant Grove City Corporation (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

Pleasant Grove City Corporation was incorporated under laws of the State of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the mayor and a city council. They are assisted by a finance director who is currently responsible for the financial matters of the City, including money management, accounts payable, financial statements, and accounts receivable.

The City provides the following services as mandated by law: public safety, judicial services, highways and streets, sanitation, parks, cemetery, water, sewer, storm drain, public improvements, planning and zoning, and general administrative services.

The City owns one-third of Fox Hollow Golf Course. The accounts of the golf course are excluded from the accompanying financial statements because the entity is autonomous and has a self-elected board of directors responsible for its operations and the hiring of its management personnel. The golf course was established in 1973 by American Fork City, Pleasant Grove 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.

Blended Component Units.

The Municipal Building Authority was created by the City during fiscal year 1995 and is governed by the City's mayor and council. The authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the City. The bonds are secured by a lease agreement with the City and will be retired through lease payments from the City. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY (*Continued*)

The Redevelopment Agency is governed by a separate governing board, who are the City's mayor and council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and the Redevelopment Agency are considered blended component units since the governing board in each case is the same governing board of the City.

The Municipal Building Authority and the Redevelopment Agency are presented as special revenue funds in the financial statements.

Complete financial statements for each of the individual component units may be obtained at the City's administrative offices.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statements of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (if any), even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY (*Continued*)

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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 *Construction fund is a capital projects fund* and accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

The government reports the following major proprietary funds:

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

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY (*Continued*)

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.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principle ongoing operations.

Additionally, the government reports the following fund types:

The *special revenue funds* are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

The *debt service fund* accounts for accumulation of financial resources for the payment of principal and interest on the City’s general obligation debt.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments

The City’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.

Investments consist of amounts deposited with the Utah Public Treasurer’s Investment Fund, treasury bills of the U.S. Government, and money market funds. Investments are stated at fair value, which approximates cost.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to either “due to other funds” or “due from other funds.”

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY (*Continued*)

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures 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 government-wide and fund financial statements.

4. Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt services, and also cash held for construction performance bonds.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The interest capitalized during the year is \$26,622.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings and structures | 25-40 |
| Improvements other than buildings | 20-25 |
| Infrastructure | 20 |
| Machinery and equipment | 5-10 |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY (Continued)

6. 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. Any unused sick leave is converted to compensated absences at a rate of 25 percent at year-end. A liability for these amounts is reported in the financial statements.

7. 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 deferred 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.

8. Long-term obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures.

Interest expense is shown separately in the governmental activities, and none is included in the functions of the governmental activities.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY (Continued)

9. Fund Equity

Beginning with fiscal year 2011, the City implemented GASB statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*. 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 nonspendable balances, then restricted, then committed, and so forth. The City's governmental funds beginning balances have been restated to reflect the below classifications. Fund balance classifications are summarized as follows:

- **Nonspendable.** 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 nonspendable.
- **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 enable legislation. Restricted fund balance amounts include the following:
 - a) Unspent Donations
 - b) Debt Service
 - c) Unspent Dispatch Funds
 - d) Unspent Library Grants
 - e) 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, municipal building authority, and swimming pool requirements.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY (Continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

10. Use of Estimates

Presenting financial statements in conformity with generally accepted accounting principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

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 assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

This difference primarily results from the long-term economic focus of the statement of net assets 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 assets includes those capital assets among the assets of the City as a whole.

| | |
|---|----------------------|
| Cost of capital assets | \$102,654,585 |
| Accumulated depreciation | <u>(18,538,512)</u> |
| Net adjustment to increase <i>fund balance -total governmental funds</i> to arrive at <i>net assets – governmental activities</i>) | <u>\$84,116,073</u> |

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 assets.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

| | |
|--|--------------------|
| Bonds and capital leases payable | (\$34,877,224) |
| Bond interest payable | (<u>288,070</u>) |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | (\$35,165,294) |

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

| | |
|--|-------------------------|
| Capital outlay | \$ 1,113,250 |
| Depreciation expense | (<u>2,539,810</u>) |
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ <u>1,426,560</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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

| | |
|--|---------------------|
| Debt issued or retired: | |
| Change in accrued interest | \$ 51,958 |
| Principal paid on bonds and capital leases | 1,665,384 |
| Issuance cost amortization | (<u>42,675</u>) |
| Total debt incurred | \$ <u>1,570,751</u> |

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

| | |
|--------------------------|------------------|
| Post Retirement Benefits | \$ 68,023 |
| Compensated absences | <u>4,094</u> |
| Total | \$ <u>72,117</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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. 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.
- E. Budget appropriations for any department may be reduced by resolution.
- F. 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.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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 June 30, 2011, the City’s custodial credit risk for deposits were as follows:

| <u>Depository Account</u> | <u>Custodial Credit Risk</u> | <u>Balance June 30, 2011</u> |
|---------------------------|-----------------------------------|----------------------------------|
| Checking Accounts | Insured | \$ 1,718,211 |
| Savings Accounts | Insured | 250,000 |
| Savings Accounts | Uninsured and Uncollateralized | <u>717,659</u> |
| | | <u>\$ 2,685,870</u> |

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 accounts at US Bank invested in money market mutual funds and at Wells Fargo invested in the Public Treasurer’s Investment Fund. As of June 30, 2011 The City had the following investments:

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|--|-------------------|---------------------|
| Utah Public Treasurers’ Investment Fund | Less than 1 year | \$ 6,389,563 |
| U.S. Bank – First American Treasury Obligation Fund | Less than 1 year | <u>9,898,671</u> |
| | | <u>\$16,288,234</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-

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

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 2011, the City had the following quality ratings:

| Investments | Fair Value | AAA | Quality Ratings | | |
|----------------------------|----------------------|---------------------|-----------------|-------------|---------------------|
| | | | AA | A | Unrated |
| Utah Public Treasurer's | | | | | |
| Investment Fund | \$ 6,389,564 | \$ - | \$ - | \$ - | \$ 6,389,564 |
| U.S. Bank – First American | | | | | |
| Treasury Obligations Fund | 9,898,670 | 9,898,670 | | | |
| Total investment | <u>\$ 16,288,234</u> | <u>\$ 9,898,670</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,389,564</u> |

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.

NOTE 5 - RECEIVABLES

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

| Receivable: | General | RDA | Water | Sewer | Storm Drain | Total |
|--|---------------------|-------------------|-------------------|-------------------|------------------|---------------------|
| Accounts | \$ 140,171 | \$ - | \$ 608,002 | \$ 407,755 | \$ 92,966 | \$ 1,248,894 |
| Property Tax | 2,824,091 | 164,281 | | | | 2,988,372 |
| Sales Tax | 640,430 | | | | | 640,430 |
| Other | 215,774 | | | | | 215,774 |
| Intergovernmental | 343,816 | | | | | 343,816 |
| Special Assessment | 24,402 | | | | | 24,402 |
| Less: Allowance for uncollectible accounts | (2,889) | | (8,534) | (3,800) | (588) | (15,811) |
| Total | <u>\$ 4,185,795</u> | <u>\$ 164,281</u> | <u>\$ 599,468</u> | <u>\$ 403,955</u> | <u>\$ 92,378</u> | <u>\$ 5,445,877</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - RECEIVABLES (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

| | <u>Unavailable</u> | <u>Unearned</u> |
|--|--------------------|--------------------|
| Property taxes receivable (RDA fund) | \$ - | \$ 164,281 |
| Property taxes receivable (general fund) | 172,831 | 2,524,176 |
| Special assessment receivable (general fund) | 24,402 | |
| Total deferred/unearned revenue for governmental funds | <u>\$197,233</u> | <u>\$2,688,457</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 | Redevelopment Agency | <u>\$274,846</u> |

The inter-fund balance between the RDA and the general fund is not expected to be repaid within one year.

Inter-fund Transfers:

| | Transfer Out | | | |
|-----------------------|---------------------|-------------------|---------------------|---------------------|
| | General | Construction | Business Type | Total |
| Transfer In: | | | | |
| Construction | \$ 1,148,639 | \$ - | \$ - | \$ 1,148,639 |
| Nonmajor Govtl. Funds | 2,015,373 | 377,436 | | 2,392,809 |
| Business Type | | | 1,417,525 | 1,417,525 |
| Total Transfer Out | <u>\$ 3,164,012</u> | <u>\$ 377,436</u> | <u>\$ 1,417,525</u> | <u>\$ 4,958,973</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, 2011

NOTE 7 – CAPITAL ASSETS

| Primary Government | Beginning | | | Ending |
|--|----------------------|---------------------|------------------|----------------------|
| Governmental activities: | <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> |
| Capital assets not being depreciated: | | | | |
| Construction in Progress | \$ - | \$ 9,796 | \$ - | \$ 9,796 |
| Land | 42,207,469 | 806,973 | - | 43,014,442 |
| Total capital assets not being depreciated | <u>42,207,469</u> | <u>816,769</u> | <u>-</u> | <u>43,024,238</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 13,091,331 | 48,417 | - | 13,139,748 |
| Machinery and equipment | 5,285,745 | 269,671 | 130,397 | 5,425,019 |
| Infrastructure | 39,306,083 | 1,759,497 | - | 41,065,580 |
| Total capital assets being depreciated | <u>57,683,159</u> | <u>2,077,585</u> | <u>130,397</u> | <u>59,630,347</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,609,602 | 360,332 | - | 3,969,934 |
| Machinery and equipment | 2,960,451 | 349,440 | 129,763 | 3,180,128 |
| Infrastructure | 9,558,412 | 1,830,038 | - | 11,388,450 |
| Total accumulated depreciation | <u>16,128,465</u> | <u>2,539,810</u> | <u>129,763</u> | <u>18,538,512</u> |
| Total capital assets, being depreciated, net | <u>41,554,694</u> | <u>(462,225)</u> | <u>634</u> | <u>41,091,835</u> |
| Governmental activities capital assets, net | <u>\$ 83,762,163</u> | <u>\$ 354,544</u> | <u>\$ 634</u> | <u>\$ 84,116,073</u> |
| | Beginning | | | Ending |
| Business-type activities: | <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> |
| Capital assets not being depreciated: | | | | |
| Construction in Progress | \$ - | \$ 726,254 | \$ - | \$ 726,254 |
| Water Shares | 1,981,938 | - | - | 1,981,938 |
| Land | 1,820,579 | - | - | 1,820,579 |
| Total capital assets not being depreciated | <u>3,802,517</u> | <u>726,254</u> | <u>-</u> | <u>4,528,771</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 65,497 | - | - | 65,497 |
| Improvements | 74,063,478 | 1,923,568 | - | 75,987,046 |
| Machinery and equipment | 770,023 | 79,770 | - | 849,793 |
| Total capital assets being depreciated | <u>74,898,998</u> | <u>2,003,338</u> | <u>-</u> | <u>76,902,336</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 65,497 | - | - | 65,497 |
| Improvements | 12,803,428 | 1,522,152 | - | 14,325,580 |
| Machinery and equipment | 564,411 | 50,974 | - | 615,385 |
| Total accumulated depreciation | <u>13,433,336</u> | <u>1,573,126</u> | <u>-</u> | <u>15,006,462</u> |
| Total capital assets, being depreciated, net | <u>61,465,662</u> | <u>430,212</u> | <u>-</u> | <u>61,895,874</u> |
| Business-type activities capital assets, net | <u>\$ 65,268,179</u> | <u>\$ 1,156,466</u> | <u>\$ -</u> | <u>\$ 66,424,645</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – CAPITAL ASSETS (Continued)

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

Governmental activities:

| | | |
|--|----|-----------|
| General government | \$ | 45,970 |
| Community Services | | - |
| Public Works | | 1,751,370 |
| Public Safety | | 269,204 |
| Parks and Recreation | | 473,266 |
| Total depreciation expense - governmental activities | \$ | 2,539,810 |

Business-type activities:

| | | |
|---|----|-----------|
| Water | \$ | 1,131,778 |
| Sewer | | 246,567 |
| Storm Drain | | 194,781 |
| Total depreciation expense - Business-Type Activities | \$ | 1,573,126 |

| | | |
|----------------------------|----|-----------|
| Total depreciation expense | \$ | 4,112,936 |
|----------------------------|----|-----------|

NOTE 8 - LEASE COMMITMENTS

The City entered into an installment purchase agreement during 2009 for fourteen public safety vehicles. The intent of the City and the seller is to treat this as an operating lease agreement with the vehicles being traded in at the end of two years. According to the agreement, the subsequent years' payment schedule is as follows:

| Year ended 30-Jun | Principal | Interest | Total |
|----------------------|------------|----------|------------|
| 2012 | \$ 237,201 | \$ 9,061 | \$ 246,262 |

During the year, the amount paid for this lease was \$102,610.

The City signed a municipal lease agreement in 2010 for three public safety vehicles. The intent of the City and lessor is to trade these vehicles in at the end of two years. The lease will be treated as an operating lease. The future payment schedule is:

| Year ended 30-Jun | Principal | Interest | Total |
|----------------------|-----------|----------|-----------|
| 2012 | \$ 63,892 | \$ 2,108 | \$ 66,000 |

During the year, the amount paid for this lease was \$28,288.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 - LEASE COMMITMENTS (Continued)

The City signed a municipal lease agreement in 2010 for nine public safety vehicles. The intent of the City and the seller is to treat this as an operating lease agreement with the vehicles being traded in every two years. According to the agreement, the subsequent years' payment schedule is as follows:

| Year ended <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|-------------------|------------------|-------------------|
| 2012 | \$ 65,950 | \$ 7,393 | \$ 73,343 |
| 2013 | 48,609 | 5,144 | 53,753 |
| 2014 | 50,266 | 3,487 | 53,753 |
| 2015 | 51,981 | 1,772 | 53,753 |
| | <u>\$ 216,806</u> | <u>\$ 17,796</u> | <u>\$ 234,602</u> |

During the year, the amount paid for this lease was \$73,743.

NOTE 9 – CAPITAL LEASES

The City executed capital leases in July 2009 for purchase of a Tiller Quint Ladder Truck and related equipment for the fire department, and also for an asphalt zipper for the streets department.

| | |
|--|--------------------|
| Assets under capital leases are: Equipment | \$1,145,063 |
| Accumulated Amortization | <u>(76,337)</u> |
| Total | <u>\$1,068,726</u> |

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:

| Year Ended | Ladder | Equipment | Asphalt |
|---|-------------------|------------------|-------------------|
| <u>30-Jun</u> | <u>Truck</u> | <u>Equipment</u> | <u>Zipper</u> |
| 2012 | \$ 116,851 | \$ 23,385 | \$ 28,089 |
| 2013 | 116,851 | 23,385 | 28,089 |
| 2014 | 116,851 | 23,386 | 28,089 |
| 2015 | 116,851 | - | 28,089 |
| 2016 | 437,329 | - | - |
| Total minimum lease payment | 904,733 | 70,156 | 112,356 |
| Less amounts representing interest | <u>(162,780)</u> | <u>(6,337)</u> | <u>(9,913)</u> |
| Present value of minimum lease payments | <u>\$ 741,953</u> | <u>\$ 63,819</u> | <u>\$ 102,443</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – 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, 2011.

| | Beginning Balance | Additions | Reductions | Ending Balances | Due Within One Year |
|-------------------------------|----------------------|-----------|-----------------------|----------------------|------------------------|
| Government Activities | | | | | |
| Post-employment Benefits | \$ 232,634 | - | \$ (68,023) | \$ 164,611 | \$ 28,294 |
| Compensated Absences | 516,253 | - | (4,094) | 512,159 | - |
| C Road Revenue Bonds | 535,000 | - | (535,000) | - | - |
| C Road Revenue Bonds | 4,310,000 | - | - | 4,310,000 | 560,000 |
| Premium on C Road bonds | 89,753 | - | (12,822) | 76,931 | - |
| General obligation bonds | 4,765,000 | - | (125,000) | 4,640,000 | 130,000 |
| Premium on GO bonds | 26,584 | - | (1,157) | 25,427 | - |
| Sales tax revenue bonds | 3,643,500 | - | (213,500) | 3,430,000 | 220,500 |
| Tax increment & revenue bonds | 19,250,000 | - | (560,000) | 18,690,000 | 580,000 |
| Capital Lease | 1,022,772 | - | (114,557) | 908,215 | 120,173 |
| Note payable- Utah County | 2,900,000 | - | (103,349) | 2,796,651 | - |
| Total | <u>\$ 37,291,496</u> | <u>-</u> | <u>\$ (1,737,502)</u> | <u>\$ 35,553,994</u> | <u>\$ 1,638,967</u> |

| | Beginning Balance | Additions | Reductions | Ending Balances | Due Within One Year |
|--------------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Business-Type Activated | | | | | |
| Compensated Absences | \$ 62,535 | \$ 27,806 | - | \$ 90,341 | - |
| Water Revenue Bonds | 24,246,000 | 1,000,000 | \$ (747,000) | 24,499,000 | \$ 758,000 |
| Premium on water revenue bonds | 561,577 | - | (24,873) | 536,704 | - |
| Sewer revenue bonds | 128,000 | - | (63,000) | 65,000 | 65,000 |
| Storm water revenue bonds | - | 7,050,000 | - | 7,050,000 | - |
| Premium on storm water revenue bonds | - | 43,249 | (139) | 43,110 | - |
| Sales tax revenue bonds | 1,561,500 | - | (91,500) | 1,470,000 | 94,500 |
| Note payable- Provo Reservoir | 15,083 | - | (3,251) | 11,832 | 264 |
| Total | <u>\$ 26,574,695</u> | <u>\$ 8,121,055</u> | <u>\$ (929,763)</u> | <u>\$ 33,765,987</u> | <u>\$ 917,764</u> |

Bonds payable at June 30, 2011, 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.

\$ 7,050,000

Sewer Revenue Bonds:

\$553,000 Sewer Revenue Bonds Series 2001 due in annual installments of \$46,000 to \$65,000 through February 2012; interest is 4% payable annually.

65,000

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.

81,000

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT *(Continued)*

| | |
|--|------------|
| <p>\$1,700,000 Water Revenue Bond Series 2002B, payable in annual installments of \$63,000 to \$111,000 until December 2022: 3.04% interest payable semiannually.</p> | 1,139,000 |
| <p>\$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.</p> | 1,186,000 |
| <p>\$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.</p> | 116,000 |
| <p>\$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.</p> | 272,000 |
| <p>\$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.</p> | 10,250,000 |
| <p>\$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%.</p> | 10,455,000 |
| <p>\$1,000,000 Water Revenue Bonds Series 2010, payable in annual installments of \$38,000 to \$64,000 until December 1, 2031; interest at 2.71% payable semiannually. This is a Build America Bond, federally taxable, and has a 35% interest rate subsidy from the Internal Revenue Service. This subsidy will be recorded as revenue when received.</p> | 1,000,000 |
| Tax Increment and Revenue Bonds | |
| <p>\$19,785,000 Bonds for community renewal projects due in annual payments of \$535,000 to \$1,285,000 through December 1, 2031; interest at 4.05%.</p> | 18,690,000 |
| C Road Revenue Bonds: | |
| <p>\$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.</p> | 4,310,000 |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

Sales Tax Revenue Bonds:

\$7,070,000 Sales Tax Revenue Bonds Series 2002: principal payments in annual installments of \$250,000 to \$525,000 through June, 2023; interest from 3.0% to 5.25% payable semi-annually; this bond is allocated to different funds as follows: Capital Projects 70%, Water 12%, Sewer 12%, and Storm Drain 6%. 4,900,000

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. \$4,640,000

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 norepayment schedule at this time. 2,796,651

Note Payable

Two notes payable to Provo Reservoir Water Users to purchase “full” water shares in the amount of \$10,558 and to purchase “late” water shares for \$4,525, with respective annual payments of \$164 and \$82 at 4 % interest until March 2035. 11,832

The annual requirements to amortize bonds outstanding as of June 30, 2011, including interest, are as follows:

| Year Ended June 30, | <u>Water Revenue Bonds – 1994</u> | | |
|------------------------|-----------------------------------|-----------------|-------------------|
| | Principal | Interest | Total |
| 2012 | \$ 23,000 | \$ 661 | \$ 23,661 |
| 2013 | 23,000 | 530 | 23,530 |
| 2014 | 23,000 | 399 | 23,399 |
| 2015 | 23,000 | 268 | 23,268 |
| 2016 | 24,000 | 137 | 24,137 |
| | <u>\$ 116,000</u> | <u>\$ 1,995</u> | <u>\$ 117,995</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>Water Revenue Bonds – 2010</u> | | | | |
|-----------------------------------|---------------------|-------------------|---------------------|---------------------|
| Year Ended June 30, | Principal | Interest | IRS Subsidy | Net Total |
| 2012 | \$ - | \$ 25,594 | \$ (8,958) | \$ 16,636 |
| 2013 | 38,000 | 27,100 | (9,485) | 55,615 |
| 2014 | 39,000 | 26,070 | (9,124) | 55,946 |
| 2015 | 40,000 | 25,013 | (8,755) | 56,258 |
| 2016 | 42,000 | 23,929 | (8,375) | 57,554 |
| 2017 | 43,000 | 22,791 | (7,977) | 57,814 |
| 2018 | 44,000 | 21,626 | (7,569) | 58,057 |
| 2019 | 45,000 | 20,433 | (7,152) | 58,281 |
| 2020 | 46,000 | 19,214 | (6,725) | 58,489 |
| 2021 | 47,000 | 17,967 | (6,289) | 58,678 |
| 2022 | 49,000 | 16,694 | (5,843) | 59,851 |
| 2023 | 50,000 | 15,366 | (5,378) | 59,988 |
| 2024 | 51,000 | 14,011 | (4,904) | 60,107 |
| 2025 | 53,000 | 12,629 | (4,420) | 61,209 |
| 2026 | 54,000 | 11,192 | (3,917) | 61,275 |
| 2027 | 56,000 | 9,729 | (3,405) | 62,324 |
| 2028 | 57,000 | 8,211 | (2,874) | 62,337 |
| 2029 | 59,000 | 6,667 | (2,333) | 63,334 |
| 2030 | 61,000 | 5,068 | (1,774) | 64,294 |
| 2031 | 62,000 | 3,415 | (1,195) | 64,220 |
| 2032 | 64,000 | 1,734 | (607) | 65,127 |
| | <u>\$ 1,000,000</u> | <u>\$ 334,453</u> | <u>\$ (117,059)</u> | <u>\$ 1,217,394</u> |

| <u>Water Revenue Bonds – 2002A</u> | | | |
|------------------------------------|------------------|-------------|------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 9,000 | \$ - | \$ 9,000 |
| 2013 | 9,000 | - | 9,000 |
| 2014 | 9,000 | - | 9,000 |
| 2015 | 9,000 | - | 9,000 |
| 2016 | 9,000 | - | 9,000 |
| 2017 | 9,000 | - | 9,000 |
| 2018 | 9,000 | - | 9,000 |
| 2019 | 18,000 | - | 18,000 |
| | <u>\$ 81,000</u> | <u>\$ -</u> | <u>\$ 81,000</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>Water Revenue Bonds – 2008</u> | | | |
|-----------------------------------|----------------------|---------------------|----------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 260,000 | \$ 494,538 | \$ 754,538 |
| 2013 | 275,000 | 483,837 | 758,837 |
| 2014 | 275,000 | 472,838 | 747,838 |
| 2015 | 285,000 | 461,281 | 746,281 |
| 2016 | 300,000 | 448,850 | 748,850 |
| 2017 | 310,000 | 435,888 | 745,888 |
| 2018 | 325,000 | 421,175 | 746,175 |
| 2019 | 350,000 | 404,300 | 754,300 |
| 2020 | 365,000 | 387,337 | 752,337 |
| 2021 | 385,000 | 370,463 | 755,463 |
| 2022 | 400,000 | 352,800 | 752,800 |
| 2023 | 420,000 | 334,087 | 754,087 |
| 2024 | 440,000 | 314,200 | 754,200 |
| 2025 | 460,000 | 292,525 | 752,525 |
| 2026 | 485,000 | 268,900 | 753,900 |
| 2027 | 505,000 | 244,150 | 749,150 |
| 2028 | 540,000 | 217,350 | 757,350 |
| 2029 | 565,000 | 188,344 | 753,344 |
| 2030 | 595,000 | 157,894 | 752,894 |
| 2031 | 625,000 | 125,869 | 750,869 |
| 2032 | 660,000 | 92,137 | 752,137 |
| 2033 | 695,000 | 56,569 | 751,569 |
| 2034 | 730,000 | 19,162 | 749,162 |
| | <u>\$ 10,250,000</u> | <u>\$ 7,044,494</u> | <u>\$ 17,294,494</u> |

| <u>Water Revenue Bonds – 2002B</u> | | | |
|------------------------------------|---------------------|-------------------|---------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 80,000 | \$ 34,626 | \$ 114,626 |
| 2013 | 83,000 | 32,194 | 115,194 |
| 2014 | 85,000 | 29,670 | 114,670 |
| 2015 | 88,000 | 27,086 | 115,086 |
| 2016 | 90,000 | 24,411 | 114,411 |
| 2017 | 93,000 | 21,675 | 114,675 |
| 2018 | 96,000 | 18,848 | 114,848 |
| 2019 | 99,000 | 15,930 | 114,930 |
| 2020 | 102,000 | 12,920 | 114,920 |
| 2021 | 104,000 | 9,819 | 113,819 |
| 2022 | 108,000 | 6,658 | 114,658 |
| 2023 | 111,000 | 3,374 | 114,374 |
| | <u>\$ 1,139,000</u> | <u>\$ 237,211</u> | <u>\$ 1,376,211</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>Water Revenue Bonds – 2004</u> | | | |
|-----------------------------------|---------------------|-------------------|---------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 70,000 | \$ 20,162 | \$ 90,162 |
| 2013 | 71,000 | 18,972 | 89,972 |
| 2014 | 73,000 | 17,765 | 90,765 |
| 2015 | 74,000 | 16,524 | 90,524 |
| 2016 | 75,000 | 15,266 | 90,266 |
| 2017 | 76,000 | 13,991 | 89,991 |
| 2018 | 78,000 | 12,699 | 90,699 |
| 2019 | 79,000 | 11,373 | 90,373 |
| 2020 | 80,000 | 10,030 | 90,030 |
| 2021 | 81,000 | 8,670 | 89,670 |
| 2022 | 83,000 | 7,293 | 90,293 |
| 2023 | 84,000 | 5,882 | 89,882 |
| 2024 | 86,000 | 4,454 | 90,454 |
| 2025 | 87,000 | 2,992 | 89,992 |
| 2026 | 89,000 | 1,513 | 90,513 |
| | <u>\$ 1,186,000</u> | <u>\$ 167,586</u> | <u>\$ 1,353,586</u> |

| <u>Water Revenue Bonds – 2006</u> | | | |
|-----------------------------------|-------------------|------------------|-------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 16,000 | \$ 4,684 | \$ 20,684 |
| 2013 | 16,000 | 4,352 | 20,352 |
| 2014 | 16,000 | 4,080 | 20,080 |
| 2015 | 17,000 | 3,808 | 20,808 |
| 2016 | 17,000 | 3,519 | 20,519 |
| 2017 | 17,000 | 3,230 | 20,230 |
| 2018 | 18,000 | 2,941 | 20,941 |
| 2019 | 18,000 | 2,635 | 20,635 |
| 2020 | 18,000 | 2,329 | 20,329 |
| 2021 | 18,000 | 2,023 | 20,023 |
| 2022 | 19,000 | 1,717 | 20,717 |
| 2023 | 19,000 | 1,394 | 20,394 |
| 2024 | 19,000 | 1,071 | 20,071 |
| 2025 | 20,000 | 784 | 20,784 |
| 2026 | 20,000 | 408 | 20,408 |
| 2027 | 4,000 | 68 | 4,068 |
| | <u>\$ 272,000</u> | <u>\$ 39,043</u> | <u>\$ 311,043</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>Water Revenue Bonds – 2006B</u> | | | |
|------------------------------------|----------------------|---------------------|----------------------|
| Year Ended June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2012 | \$ 300,000 | \$ 497,187 | \$ 797,187 |
| 2013 | 300,000 | 485,187 | 785,187 |
| 2014 | 325,000 | 471,062 | 796,062 |
| 2015 | 350,000 | 454,187 | 804,187 |
| 2016 | 350,000 | 436,688 | 786,688 |
| 2017 | 375,000 | 418,553 | 793,553 |
| 2018 | 400,000 | 400,987 | 800,987 |
| 2019 | 410,000 | 384,331 | 794,331 |
| 2020 | 430,000 | 366,738 | 796,738 |
| 2021 | 450,000 | 347,925 | 797,925 |
| 2022 | 485,000 | 326,125 | 811,125 |
| 2023 | 515,000 | 301,125 | 816,125 |
| 2024 | 520,000 | 275,250 | 795,250 |
| 2025 | 545,000 | 248,625 | 793,625 |
| 2026 | 575,000 | 220,625 | 795,625 |
| 2027 | 605,000 | 191,125 | 796,125 |
| 2028 | 635,000 | 160,125 | 795,125 |
| 2029 | 670,000 | 127,500 | 797,500 |
| 2030 | 700,000 | 93,250 | 793,250 |
| 2031 | 740,000 | 57,250 | 797,250 |
| 2032 | 775,000 | 19,385 | 794,385 |
| | <u>\$ 10,455,000</u> | <u>\$ 6,283,230</u> | <u>\$ 16,738,230</u> |

| <u>Sewer Revenue Bonds – 2001</u> | | | |
|-----------------------------------|------------------|-----------------|------------------|
| Year Ended June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2012 | <u>\$ 65,000</u> | <u>\$ 2,600</u> | <u>\$ 67,600</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>Sales Tax Revenue Bonds Series 2002</u> | | | |
|--|---------------------|---------------------|---------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 315,000 | \$ 222,175 | \$ 537,175 |
| 2013 | 330,000 | 209,275 | 539,275 |
| 2014 | 340,000 | 195,662 | 535,662 |
| 2015 | 355,000 | 181,106 | 536,106 |
| 2016 | 375,000 | 165,406 | 540,406 |
| 2017 | 390,000 | 148,573 | 538,573 |
| 2018 | 410,000 | 129,133 | 539,133 |
| 2019 | 430,000 | 107,082 | 537,082 |
| 2020 | 455,000 | 84,648 | 539,648 |
| 2021 | 475,000 | 61,862 | 536,862 |
| 2022 | 500,000 | 37,975 | 537,975 |
| 2023 | 525,000 | 12,863 | 537,863 |
| | <u>\$ 4,900,000</u> | <u>\$ 1,555,760</u> | <u>\$ 6,455,760</u> |

| <u>Tax Increment and Revenue Bonds</u> | | | |
|--|----------------------|---------------------|----------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 580,000 | \$ 745,200 | \$ 1,325,200 |
| 2013 | 605,000 | 721,204 | 1,326,204 |
| 2014 | 630,000 | 696,195 | 1,326,195 |
| 2015 | 655,000 | 670,174 | 1,325,174 |
| 2016 | 680,000 | 643,140 | 1,323,140 |
| 2017 | 710,000 | 614,992 | 1,324,992 |
| 2018 | 740,000 | 585,630 | 1,325,630 |
| 2019 | 770,000 | 555,053 | 1,325,053 |
| 2020 | 800,000 | 523,260 | 1,323,260 |
| 2021 | 830,000 | 490,252 | 1,320,252 |
| 2022 | 865,000 | 455,929 | 1,320,929 |
| 2023 | 900,000 | 420,188 | 1,320,188 |
| 2024 | 935,000 | 383,029 | 1,318,029 |
| 2025 | 975,000 | 344,351 | 1,319,351 |
| 2026 | 1,015,000 | 304,054 | 1,319,054 |
| 2027 | 1,055,000 | 262,136 | 1,317,136 |
| 2028 | 1,095,000 | 218,599 | 1,313,599 |
| 2029 | 1,140,000 | 173,340 | 1,313,340 |
| 2030 | 1,190,000 | 126,158 | 1,316,158 |
| 2031 | 1,235,000 | 77,051 | 1,312,051 |
| 2032 | 1,285,000 | 26,021 | 1,311,021 |
| | <u>\$ 18,690,000</u> | <u>\$ 9,035,956</u> | <u>\$ 27,725,956</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>C Road Revenue Bond</u> | | | |
|----------------------------|---------------------|-------------------|---------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 560,000 | \$ 210,887 | \$ 770,887 |
| 2013 | 585,000 | 182,888 | 767,888 |
| 2014 | 610,000 | 156,562 | 766,562 |
| 2015 | 645,000 | 126,063 | 771,063 |
| 2016 | 675,000 | 93,812 | 768,812 |
| 2017 | 705,000 | 61,750 | 766,750 |
| 2018 | 530,000 | 26,500 | 556,500 |
| | <u>\$ 4,310,000</u> | <u>\$ 858,462</u> | <u>\$ 5,168,462</u> |

| <u>General Obligation Bond</u> | | | |
|--------------------------------|---------------------|---------------------|---------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ 130,000 | \$ 186,883 | \$ 316,883 |
| 2013 | 135,000 | 181,582 | 316,582 |
| 2014 | 145,000 | 175,983 | 320,983 |
| 2015 | 150,000 | 170,082 | 320,082 |
| 2016 | 155,000 | 163,983 | 318,983 |
| 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>\$ 4,475,000</u> | <u>\$ 2,194,152</u> | <u>\$ 6,669,152</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT *(Continued)*

| Year Ended June 30, | Provo Reservoir Water Users Loan | | |
|------------------------|----------------------------------|----------|-----------|
| | Principal | Interest | Total |
| 2012 | \$ 264 | \$ 555 | \$ 819 |
| 2013 | 275 | 545 | 820 |
| 2014 | 286 | 534 | 820 |
| 2015 | 297 | 522 | 819 |
| 2016 | 309 | 510 | 819 |
| 2017 | 322 | 498 | 820 |
| 2018 | 334 | 485 | 819 |
| 2019 | 348 | 472 | 820 |
| 2020 | 362 | 458 | 820 |
| 2021 | 376 | 444 | 820 |
| 2022 | 473 | 347 | 820 |
| 2023 | 492 | 328 | 820 |
| 2024 | 512 | 308 | 820 |
| 2025 | 533 | 287 | 820 |
| 2026 | 554 | 266 | 820 |
| 2027 | 576 | 244 | 820 |
| 2028 | 599 | 221 | 820 |
| 2029 | 623 | 197 | 820 |
| 2030 | 648 | 172 | 820 |
| 2031 | 673 | 147 | 820 |
| 2032 | 701 | 119 | 820 |
| 2033 | 729 | 91 | 820 |
| 2034 | 758 | 62 | 820 |
| 2035 | 788 | 32 | 820 |
| | \$ 11,832 | \$ 7,844 | \$ 19,676 |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

| <u>Storm Water Revenue Bonds Series 2011</u> | | | |
|--|---------------------|---------------------|----------------------|
| Year Ended June 30, | Principal | Interest | Total |
| 2012 | \$ - | \$ 163,609 | \$ 163,609 |
| 2013 | 185,000 | 269,906 | 454,906 |
| 2014 | 185,000 | 265,281 | 450,281 |
| 2015 | 195,000 | 259,531 | 454,531 |
| 2016 | 200,000 | 252,631 | 452,631 |
| 2017 | 205,000 | 247,325 | 452,325 |
| 2018 | 210,000 | 242,394 | 452,394 |
| 2019 | 215,000 | 236,813 | 451,813 |
| 2020 | 220,000 | 230,556 | 450,556 |
| 2021 | 230,000 | 223,519 | 453,519 |
| 2022 | 235,000 | 216,256 | 451,256 |
| 2023 | 245,000 | 207,831 | 452,831 |
| 2024 | 255,000 | 197,831 | 452,831 |
| 2025 | 265,000 | 187,431 | 452,431 |
| 2026 | 275,000 | 176,631 | 451,631 |
| 2027 | 285,000 | 165,431 | 450,431 |
| 2028 | 300,000 | 153,731 | 453,731 |
| 2029 | 310,000 | 141,531 | 451,531 |
| 2030 | 325,000 | 128,628 | 453,628 |
| 2031 | 340,000 | 114,913 | 454,913 |
| 2032 | 350,000 | 100,244 | 450,244 |
| 2033 | 370,000 | 84,494 | 454,494 |
| 2034 | 385,000 | 67,738 | 452,738 |
| 2035 | 405,000 | 49,963 | 454,963 |
| 2036 | 420,000 | 30,875 | 450,875 |
| 2037 | 440,000 | 10,450 | 450,450 |
| | <u>\$ 7,050,000</u> | <u>\$ 4,425,543</u> | <u>\$ 11,475,543</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – LONG-TERM DEBT (Continued)

Subsequent 5-Year Debt Disclosure

The combined principal amounts of general Long-term Bonds and Enterprise Fund Bonds payable or the next 5 years and to maturity are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|-----------------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 2,408,264 | \$ 2,609,361 | \$ 5,017,625 |
| 2013 | 2,655,275 | 2,617,572 | 5,272,847 |
| 2014 | 2,755,286 | 2,512,101 | 5,267,387 |
| 2015 | 2,886,297 | 2,395,645 | 5,281,942 |
| 2016 | 2,992,309 | 2,272,282 | 5,264,591 |
| 2017 | 3,098,322 | 2,146,848 | 5,245,170 |
| 2018 | 3,035,334 | 2,013,201 | 5,048,535 |
| 2019 | 2,614,348 | 1,882,410 | 4,496,758 |
| 2020 | 2,706,362 | 1,773,773 | 4,480,135 |
| 2021 | 2,820,376 | 1,661,426 | 4,481,802 |
| 2022 | 2,954,473 | 1,542,077 | 4,496,550 |
| 2023 | 3,089,492 | 1,414,120 | 4,503,612 |
| 2024 | 2,541,512 | 1,292,678 | 3,834,190 |
| 2025 | 2,650,533 | 1,182,431 | 3,832,964 |
| 2026 | 2,768,554 | 1,066,268 | 3,834,822 |
| 2027 | 2,780,577 | 944,621 | 3,725,198 |
| 2028 | 2,912,599 | 819,046 | 3,731,645 |
| 2029 | 3,044,623 | 686,241 | 3,730,864 |
| 2030 | 3,186,648 | 546,764 | 3,733,412 |
| 2031 | 3,332,673 | 400,532 | 3,733,205 |
| 2032 | 3,484,701 | 247,078 | 3,731,779 |
| 2033 | 1,065,729 | 141,154 | 1,206,883 |
| 2034 | 1,115,768 | 86,962 | 1,202,730 |
| 2035 | 405,777 | 49,995 | 455,772 |
| 2036 | 420,000 | 30,875 | 450,875 |
| 2037 | 440,000 | 10,450 | 450,450 |
| Total | <u>\$ 64,165,832</u> | <u>\$ 32,345,911</u> | <u>\$ 96,511,743</u> |
| Unknown Payment Schedule | <u>2,796,651</u> | <u>-</u> | <u>2,796,651</u> |
| | <u>\$ 66,962,483</u> | <u>\$ 32,345,911</u> | <u>\$ 99,308,394</u> |

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - RETIREMENT PLAN

Local Governmental - Cost Sharing

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

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

Funding Policy. Pleasant Grove City is required to contribute a percent of covered salary to the respective systems, 13.370% to the Noncontributory, and 26.1300% to the Public Safety Noncontributory and 16.770% to the Firefighters System. The contribution rates are the actuarially determined rates. The contribution requirements of the system are authorized by statute and specified by the Board.

Pleasant Grove City contributions to the Noncontributory Retirement System for June 30, 2011, 2010 and 2009 were \$357,523, \$320,234, and \$318,537 respectively; for the Public Safety Retirement System the contributions for June 30, 2011, 2010 and 2009 were \$268,234, \$235,501, and \$232,016 respectively; and for the Firefighters System the contributions for June 30, 2011, 2010 and 2009 were \$104,770, \$77,946, and \$74,149, respectively.

401-K Plan

National Benefit Services administers a 401(k) plan invested with John Hancock Life Insurance Co. During the year, the city changed the contribution rates to 5.74% for regular employees and 3.91% for firefighters. The contributions for June 30, 2011, 2010, and 2009 were \$243,543, \$286,983, and \$419,647, 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.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - RETIREMENT PLAN (Continued)

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

The benefits are paid out of current operations (unfunded). The amount paid in the current year is \$31,445, in the previous year \$28,848, and the 2nd previous year \$12,080. The obligation of the plan at year end is \$164,611.

NOTE 12 – 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 \$219,424.

In 2006, the city issued \$19,785,000 in CDA Tax Increment Revenue Bonds. The proceeds purchased land to be developed. The developer has not begun construction, but has agreed to pay the city an amount to cover debt service on the bonds. Because more than 10% of the debt service comes from revenues, other than City generated tax revenues, these bonds as of November 30, 2010 no longer qualify for tax-exempt status. The interest rate increased from 4.05% to 6.4% at this date.

On July 11, 2011, the city signed a municipal lease agreement for \$521,406. Payments of \$126,875 to \$101,371 at an interest rate of 2.2650% will be paid until July 11, 2016. Part of this lease will be \$78,811 for 4 police vehicles and be treated as a capital lease. This remainder of \$442,595 for 9 police vehicles and office equipment will be treated as an operating lease.

The city has several projects under construction at the end of the year: (1) \$3,000,000 Battlecreek / Grovecreek piping project which is 14% complete: (2) \$193,000 Building energy upgrades which is 5% complete: (3) \$66,859 Wade Springs project which is 74% complete: (4) \$968,500 Drinking water line replacement project which is 24% complete: and \$275,625 Fugal well project which is 9% complete.

Litigation - The City is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material affect on the City's financial statements.

In preparing these financial statements, Pleasant Grove City has evaluated events and transactions for potential recognition of disclosure through December 31, 2011, the date the financial statements were available to be issued.

PLEASANT GROVE CITY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – 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 14 - 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, 2011, the following activity occurred in the City's Redevelopment Agency:

| | |
|---|------------|
| Tax increment collection from other taxing agencies for various project areas | \$ 226,823 |
| Tax increment paid to other taxing agencies | - |
| Outstanding loans to finance CRA projects | 18,964,846 |
| Amounts expended for land site improvements and preparation costs | - |
| Amounts expended for administrative costs and interest paid | 1,003,354 |

NOTE 15 – OTHER DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds as part of the general purpose financial statements, including:

| | |
|---|-------------|
| Deficit fund balance in the redevelopment agency fund | (\$274,846) |
|---|-------------|

**REQUIRED SUPPLEMENTARY
INFORMATION**

Pleasant Grove



Utah's City of Trees

PLEASANT GROVE CITY

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| REVENUES | | | | |
| Property Taxes | \$ 2,460,000 | \$ 2,460,000 | \$ 2,500,682 | \$ 40,682 |
| Sales & Use Tax | 3,350,000 | 3,350,000 | 3,522,835 | 172,835 |
| Other Taxes | 1,920,000 | 1,920,000 | 1,846,255 | (73,745) |
| Licenses & Permits | 235,750 | 235,750 | 253,576 | 17,826 |
| Intergovernmental Revenue | 1,308,600 | 1,549,770 | 1,481,788 | (67,982) |
| Charges for Services | 2,917,900 | 3,005,596 | 2,847,586 | (158,010) |
| Administrative Fees | 1,527,000 | 1,527,000 | 1,501,035 | (25,965) |
| Court Fines | 483,000 | 483,000 | 405,773 | (77,227) |
| Other Revenues | 281,250 | 287,870 | 411,447 | 123,577 |
| Total Revenue | <u>14,483,500</u> | <u>14,818,986</u> | <u>14,770,977</u> | <u>(48,009)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 3,140,473 | 3,274,639 | 3,148,783 | 125,856 |
| Community Services | 861,744 | 904,993 | 871,520 | 33,473 |
| Public Works | 2,600,428 | 2,549,206 | 1,931,224 | 617,982 |
| Public Safety | 4,955,458 | 5,078,801 | 4,960,105 | 118,696 |
| Parks and Recreation | 2,670,424 | 2,771,874 | 2,625,512 | 146,362 |
| Debt Service | | | | |
| Principal Retirement | 91,055 | 91,055 | 91,055 | - |
| Interest and Fiscal Charges | 49,181 | 49,181 | 49,181 | - |
| Total Expenditures | <u>14,368,763</u> | <u>14,719,749</u> | <u>13,677,380</u> | <u>1,042,369</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>114,737</u> | <u>99,237</u> | <u>1,093,597</u> | <u>994,360</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers Out | (1,175,838) | (2,769,097) | (3,045,431) | (276,334) |
| Sale of Capital Assets | - | - | 28,740 | 28,740 |
| Total Other Financing Sources (Uses) | <u>(1,175,838)</u> | <u>(2,769,097)</u> | <u>(3,016,691)</u> | <u>(247,594)</u> |
| Net Change in Fund Balance | (1,061,101) | (2,669,860) | (1,923,094) | 746,766 |
| Fund Balance - July 1 | 6,126,030 | 6,126,030 | 6,126,030 | - |
| Fund Balance - June 30 | <u>\$ 5,064,929</u> | <u>\$ 3,456,170</u> | <u>\$ 4,202,936</u> | <u>\$ 746,766</u> |

See accompanying notes.

PLEASANT GROVE CITY
Redevelopment Agency Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|---------------------|--|
| REVENUES | | | | |
| Taxes | \$ 495,000 | \$ 495,000 | \$ 226,823 | \$ (268,177) |
| Total Revenue | <u>495,000</u> | <u>495,000</u> | <u>226,823</u> | <u>(268,177)</u> |
| EXPENDITURES | | | | |
| General Government | 14,000 | 19,000 | 3,499 | 15,501 |
| Debt Service | | | | |
| Principal Retirement | 560,000 | 560,000 | 560,000 | - |
| Interest and Fees | 768,285 | 987,893 | 987,893 | - |
| Total Expenditures | <u>1,342,285</u> | <u>1,566,893</u> | <u>1,551,392</u> | <u>15,501</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>(847,285)</u> | <u>(1,071,893)</u> | <u>(1,324,569)</u> | <u>(252,676)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Contributions | 1,328,285 | 1,547,893 | 1,547,893 | - |
| Total Other Financing Sources (Uses) | <u>1,328,285</u> | <u>1,547,893</u> | <u>1,547,893</u> | <u>-</u> |
| Net Change in Fund Balance | 481,000 | 476,000 | 223,324 | (252,676) |
| Fund Balance - July 1 | (498,170) | (498,170) | (498,170) | - |
| Fund Balance - June 30 | <u>\$ (17,170)</u> | <u>\$ (22,170)</u> | <u>\$ (274,846)</u> | <u>\$ (252,676)</u> |

See accompanying notes.

**OTHER SUPPLEMENTARY
INFORMATION**



PLEASANT GROVE CITY

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

| | Special Revenue | | | | | Total |
|--|-----------------------------|------------|------------------|-----------|--------------|------------|
| | Municipal Bldg Authority | Dispatch | Swimming Pool | Library | Debt Service | |
| ASSETS | | | | | | |
| Cash & Cash Equivalents | \$ 40,030 | \$ 688,832 | \$ 19,264 | \$ 54,088 | \$ 86,114 | \$ 888,328 |
| Total Assets | \$ 40,030 | \$ 688,832 | \$ 19,264 | \$ 54,088 | \$ 86,114 | \$ 888,328 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable and Accrued Liabilities | \$ - | \$ 4,161 | \$ 14,506 | \$ - | \$ - | \$ 18,667 |
| Total Liabilities | - | 4,161 | 14,506 | - | - | 18,667 |
| FUND BALANCES | | | | | | |
| Restricted for | | | | | | |
| Dispatch | - | 684,671 | - | - | - | 684,671 |
| Library Grants | - | - | - | 54,088 | - | 54,088 |
| Assigned to | | | | | | |
| Municipal Building Authority | 40,030 | - | - | - | - | 40,030 |
| Debt Service | - | - | - | - | 86,114 | 86,114 |
| Swimming Pool | - | - | 4,758 | - | - | 4,758 |
| Total Fund Balances | 40,030 | 684,671 | 4,758 | 54,088 | 86,114 | 869,661 |
| Total Liabilities and Fund Balances | \$ 40,030 | \$ 688,832 | \$ 19,264 | \$ 54,088 | \$ 86,114 | \$ 888,328 |

PLEASANT GROVE CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended June 30, 2011

| | Special Revenue | | | | | Total |
|---|-----------------------------|------------|------------------|-----------|--------------|-------------|
| | Municipal Bldg Authority | Dispatch | Swimming Pool | Library | Debt Service | |
| REVENUES | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ 356,846 | \$ 356,846 |
| Intergovernmental | - | 223,291 | - | 8,396 | - | 231,687 |
| Charges for Services | - | - | 196,740 | - | - | 196,740 |
| Interest | - | 2,144 | - | 169 | 1,186 | 3,499 |
| Other Revenue | - | - | - | 2,598 | - | 2,598 |
| Total Revenues | - | 225,435 | 196,740 | 11,163 | 358,032 | 791,370 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | 428,156 | - | - | - | 428,156 |
| Public Works | - | - | - | - | - | - |
| Parks and Recreation | - | - | 376,258 | 11,042 | - | 387,300 |
| Debt Service | | | | | | |
| Principal | - | - | - | - | 897,303 | 897,303 |
| Interest and Fees | - | - | - | - | 596,164 | 596,164 |
| Total Expenditures | - | 428,156 | 376,258 | 11,042 | 1,493,467 | 2,308,923 |
| Excess (Deficiency) of | | | | | | |
| Revenues over Expenditures | - | (202,721) | (179,518) | 121 | (1,135,435) | (1,517,553) |
| Othr Financing Sources (Uses) | | | | | | |
| Transfers In | - | 887,392 | 184,276 | 53,967 | 1,148,593 | 2,274,228 |
| Transfers Out | - | - | - | - | - | - |
| Total Other Financing Sources/(Uses) | - | 887,392 | 184,276 | 53,967 | 1,148,593 | 2,274,228 |
| Net Change in Fund Balance | - | 684,671 | 4,758 | 54,088 | 13,158 | 756,675 |
| Fund Balances - July 1 | 40,030 | - | - | - | 72,956 | 112,986 |
| Fund Balances - June 30 | \$ 40,030 | \$ 684,671 | \$ 4,758 | \$ 54,088 | \$ 86,114 | \$ 869,661 |

PLEASANT GROVE CITY

Construction Fund

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

For the Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|---------------------|--|
| REVENUES | | | | |
| Impact Fees | \$ 150,000 | \$ 150,000 | \$ 169,971 | \$ 19,971 |
| Intercompany | 193,000 | 231,600 | - | (231,600) |
| Interest | - | 2,000 | 7,148 | 5,148 |
| Miscellaneous | - | - | 24 | 24 |
| Total Revenue | <u>343,000</u> | <u>383,600</u> | <u>177,143</u> | <u>(206,457)</u> |
| CAPITAL EXPENDITURES | | | | |
| General Government | 250,000 | 651,037 | 415,581 | 235,456 |
| Public Works | - | 84,835 | 61,826 | 23,009 |
| Public Safety | - | 226,938 | 226,937 | 1 |
| Parks and Recreation | - | 63,231 | 88,761 | (25,530) |
| Debt Service | | | | |
| Principal Retirement | - | 103,350 | 103,349 | 1 |
| Total Expenditures | <u>250,000</u> | <u>1,129,391</u> | <u>896,454</u> | <u>232,937</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>93,000</u> | <u>(745,791)</u> | <u>(719,311)</u> | <u>26,480</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 20,000 | 770,000 | 1,148,639 | 378,639 |
| Transfer Out | (377,436) | (377,436) | (377,436) | - |
| Total Other Financing Sources (Uses) | <u>(357,436)</u> | <u>392,564</u> | <u>771,203</u> | <u>378,639</u> |
| Net Change in Fund Balance | (264,436) | (353,227) | 51,892 | 405,119 |
| Fund Balance - July 1 | 1,184,196 | 1,184,196 | 1,184,196 | - |
| Fund Balance - June 30 | <u>\$ 919,760</u> | <u>\$ 830,969</u> | <u>\$ 1,236,088</u> | <u>\$ 405,119</u> |

PLEASANT GROVE CITY

Dispatch Fund

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

For the Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Intergovernmental | \$ 200,000 | \$ 227,715 | \$ 223,291 | \$ (4,424) |
| Interest | 5,000 | 5,000 | 2,144 | (2,856) |
| Total Revenue | <u>205,000</u> | <u>232,715</u> | <u>225,435</u> | <u>(7,280)</u> |
| EXPENDITURES | | | | |
| Public Safety | 418,100 | 445,815 | 428,156 | 17,659 |
| Total Expenditures | <u>418,100</u> | <u>445,815</u> | <u>428,156</u> | <u>17,659</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>(213,100)</u> | <u>(213,100)</u> | <u>(202,721)</u> | <u>10,379</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 138,100 | 887,392 | 887,392 | - |
| Total Other Financing Sources (Uses) | <u>138,100</u> | <u>887,392</u> | <u>887,392</u> | <u>-</u> |
| Net Change in Fund Balance | (75,000) | 674,292 | 684,671 | 10,379 |
| Fund Balance - July 1 | - | - | - | - |
| Fund Balance - June 30 | <u>\$ (75,000)</u> | <u>\$ 674,292</u> | <u>\$ 684,671</u> | <u>\$ 10,379</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, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|--------------------|------------------|-------------------|--|
| REVENUES | | | | |
| Charges for Services | \$ 270,000 | \$ 219,600 | \$ 196,740 | \$ (22,860) |
| Total Revenue | <u>270,000</u> | <u>219,600</u> | <u>196,740</u> | <u>(22,860)</u> |
| EXPENDITURES | | | | |
| Parks & Recreation | 398,000 | 387,600 | 376,258 | 11,342 |
| Total Expenditures | <u>398,000</u> | <u>387,600</u> | <u>376,258</u> | <u>11,342</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>(128,000)</u> | <u>(168,000)</u> | <u>(179,518)</u> | <u>(11,518)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 128,000 | 168,000 | 184,276 | 16,276 |
| Total Other Financing Sources (Uses) | <u>128,000</u> | <u>168,000</u> | <u>184,276</u> | <u>16,276</u> |
| Net Change in Fund Balance | - | - | 4,758 | 4,758 |
| Fund Balance - July 1 | - | - | - | - |
| Fund Balance - June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,758</u> | <u>\$ 4,758</u> |

PLEASANT GROVE CITY

Library Fund

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

For the Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|--------------------|------------------|-------------------|--|
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 8,396 | \$ 8,396 | \$ - |
| Interest | 250 | 250 | 169 | (81) |
| Miscellaneous | 4,000 | 4,000 | 2,598 | (1,402) |
| Total Revenue | <u>4,250</u> | <u>12,646</u> | <u>11,163</u> | <u>(1,483)</u> |
| EXPENDITURES | | | | |
| Parks & Recreation | 4,250 | 12,646 | 11,042 | 1,604 |
| Total Expenditures | <u>4,250</u> | <u>12,646</u> | <u>11,042</u> | <u>1,604</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>-</u> | <u>-</u> | <u>121</u> | <u>121</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 53,967 | 53,967 | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>53,967</u> | <u>53,967</u> | <u>-</u> |
| Net Change in Fund Balance | - | 53,967 | 54,088 | 121 |
| Fund Balance - July 1 | - | - | - | - |
| Fund Balance - June 30 | <u>\$ -</u> | <u>\$ 53,967</u> | <u>\$ 54,088</u> | <u>\$ 121</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, 2011

| | Original Budget | Final Budget | Actual Amounts | Variances with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| REVENUES | | | | |
| Taxes | \$ 319,383 | \$ 319,383 | \$ 356,846 | \$ 37,463 |
| Interest | - | - | 1,186 | 1,186 |
| Total Revenue | <u>319,383</u> | <u>319,383</u> | <u>358,032</u> | <u>38,649</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal Retirement | 931,834 | 931,834 | 897,303 | 34,531 |
| Interest and Fees | 654,723 | 654,723 | 596,164 | 58,559 |
| Total Expenditures | <u>1,586,557</u> | <u>1,586,557</u> | <u>1,493,467</u> | <u>93,090</u> |
| Excess (Deficiency) of revenues Over Expenditures | <u>(1,267,174)</u> | <u>(1,267,174)</u> | <u>(1,135,435)</u> | <u>131,739</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>1,267,174</u> | <u>1,267,174</u> | <u>1,148,593</u> | <u>(118,581)</u> |
| Total Other Financing Sources (Uses) | <u>1,267,174</u> | <u>1,267,174</u> | <u>1,148,593</u> | <u>(118,581)</u> |
| Net Change in Fund Balance | - | - | 13,158 | 13,158 |
| Fund Balance - July 1 | <u>72,956</u> | <u>72,956</u> | <u>72,956</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 72,956</u> | <u>\$ 72,956</u> | <u>\$ 86,114</u> | <u>\$ 13,158</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. | 79-84 |
| 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. | 85-92 |
| 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. | 93-97 |
| 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. | 98-100 |
| 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. | 101-102 |

PLEASANT GROVE CITY

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

| | Fiscal Year | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 36,911 | \$ 40,560 | \$ 43,699 | \$ 48,368 | \$ 42,280 | \$ 44,835 | \$ 47,283 | \$ 47,248 | \$ 49,239 |
| Restricted | 1,045 | 1,700 | 1,606 | 1,890 | 2,309 | 6,435 | 4,379 | 3,216 | 2,857 |
| Unrestricted | 3,088 | 3,039 | 4,978 | 5,657 | 3,126 | 585 | 3,035 | 3,556 | 2,939 |
| Total government activities net assets | <u>41,044</u> | <u>45,300</u> | <u>50,283</u> | <u>55,915</u> | <u>47,715</u> | <u>51,856</u> | <u>54,697</u> | <u>54,020</u> | <u>55,035</u> |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related debt | 17,839 | 21,347 | 24,701 | 28,265 | 37,316 | 40,270 | 39,175 | 40,001 | 40,329 |
| Restricted | - | - | - | - | - | - | - | 2,639 | 1,731 |
| Unrestricted | 5,333 | 5,919 | 5,661 | 6,796 | 7,269 | 6,747 | 8,249 | 4,150 | 4,998 |
| Total business-type activities net assets | <u>23,172</u> | <u>27,265</u> | <u>30,362</u> | <u>35,061</u> | <u>44,585</u> | <u>47,016</u> | <u>47,424</u> | <u>46,789</u> | <u>47,058</u> |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related debt | 54,750 | 61,907 | 68,399 | 76,633 | 79,596 | 85,105 | 86,458 | 87,248 | 89,568 |
| Restricted | 1,045 | 1,700 | 1,606 | 1,890 | 2,309 | 6,435 | 4,379 | 5,855 | 4,588 |
| Unrestricted | 8,421 | 8,958 | 10,640 | 12,453 | 10,395 | 7,331 | 11,283 | 7,706 | 7,937 |
| Total primary government net assets | <u>\$ 64,216</u> | <u>\$ 72,565</u> | <u>\$ 80,645</u> | <u>\$ 90,976</u> | <u>\$ 92,300</u> | <u>\$ 98,872</u> | <u>\$ 102,121</u> | <u>\$ 100,809</u> | <u>\$ 102,093</u> |

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

PLEASANT GROVE CITY

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 5,796 | \$ 2,687 | \$ 3,386 | \$ 3,961 | \$ 4,057 | \$ 4,689 | \$ 4,664 | \$ 3,344 | \$ 3,213 |
| Community Services | - | - | - | - | - | - | - | 939 | 826 |
| Public Works | 877 | 2,159 | 2,048 | 2,289 | 18,451 | 2,150 | 3,453 | 3,594 | 3,586 |
| Public Safety | 3,002 | 3,487 | 3,611 | 3,792 | 4,268 | 5,302 | 5,257 | 5,601 | 5,452 |
| Parks & Recreation | 1,926 | 2,041 | 2,093 | 2,464 | 2,481 | 2,686 | 3,280 | 3,681 | 3,469 |
| Interest on long-term debt | 675 | 644 | 502 | 517 | 899 | 1,453 | 1,501 | 1,268 | 1,672 |
| Total governmental activities expense | <u>12,275</u> | <u>11,018</u> | <u>11,639</u> | <u>13,021</u> | <u>30,156</u> | <u>16,280</u> | <u>18,156</u> | <u>18,427</u> | <u>18,218</u> |
| Business-type activities | | | | | | | | | |
| Water | 2,167 | 2,194 | 2,297 | 2,004 | 2,451 | 3,089 | 3,609 | 3,976 | 4,548 |
| Sewer | 1,825 | 1,932 | 2,087 | 2,369 | 2,411 | 2,609 | 2,673 | 3,134 | 3,521 |
| Storm Drain | 263 | 258 | 318 | 385 | 375 | 475 | 476 | 534 | 581 |
| Total business-type activities expense | <u>4,256</u> | <u>4,384</u> | <u>4,702</u> | <u>4,758</u> | <u>5,236</u> | <u>6,173</u> | <u>6,757</u> | <u>7,644</u> | <u>8,650</u> |
| Total primary government expenses | <u>16,531</u> | <u>15,402</u> | <u>16,342</u> | <u>17,779</u> | <u>35,393</u> | <u>22,453</u> | <u>24,913</u> | <u>26,072</u> | <u>26,868</u> |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | 3,194 | 3,569 | 3,099 | 3,234 | 3,485 | 3,556 | 3,171 | 1,992 | 1,758 |
| Community Services | - | - | - | - | - | - | - | 331 | 293 |
| Public Works | 211 | 526 | 45 | 52 | 41 | - | - | 1,065 | 1,359 |
| Public Safety | 1,641 | 1,744 | 1,890 | 2,143 | 2,478 | 2,794 | 976 | 808 | 734 |
| Parks & Recreation | 298 | 605 | 845 | 904 | 907 | 855 | 1,060 | 1,398 | 1,456 |
| Operating grants and contributions | 1,137 | 1,210 | 1,230 | 1,235 | 1,222 | 195 | 671 | 432 | 544 |
| Capital grants and contributions | 3,135 | 1,816 | 3,149 | 3,498 | 5,348 | 4,382 | 6,064 | 1,845 | 3,151 |
| Total governmental activities programs revenues | <u>9,615</u> | <u>9,469</u> | <u>10,259</u> | <u>11,066</u> | <u>13,481</u> | <u>11,781</u> | <u>11,942</u> | <u>7,870</u> | <u>9,295</u> |
| Business-type activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| Water | 1,579 | 2,394 | 1,920 | 2,255 | 2,504 | 3,147 | 3,070 | 3,045 | 3,479 |
| Sewer | 1,991 | 2,363 | 1,931 | 2,026 | 2,184 | 2,416 | 2,229 | 2,961 | 3,253 |
| Storm Drain | 256 | 264 | 285 | 291 | 363 | 400 | 395 | 403 | 591 |
| Capital grants and contributions | 1,642 | 3,396 | 3,509 | 4,691 | 9,055 | 2,174 | 1,310 | 560 | 1,579 |
| Total business-type activities program revenues | <u>5,468</u> | <u>8,416</u> | <u>7,645</u> | <u>9,263</u> | <u>14,106</u> | <u>8,137</u> | <u>7,004</u> | <u>6,970</u> | <u>8,902</u> |
| Total primary governmental program revenues | <u>15,083</u> | <u>17,885</u> | <u>17,904</u> | <u>20,329</u> | <u>27,587</u> | <u>19,918</u> | <u>18,946</u> | <u>14,840</u> | <u>18,197</u> |

PLEASANT GROVE CITY

Changes in Net Assets (continued)

Last Five Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | |
|---|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Net (Expense)/Revenue | | | | | | | | | |
| Governmental activities | \$ (2,660) | \$ (1,548) | \$ (1,381) | \$ (1,956) | \$ (16,675) | \$ (4,499) | \$ (6,214) | \$ (10,557) | \$ (8,923) |
| Business-type activities | 1,212 | 4,032 | 2,943 | 4,506 | 8,870 | 1,964 | 247 | (674) | 252 |
| Total primary government net expense | <u>(1,448)</u> | <u>2,484</u> | <u>1,562</u> | <u>2,550</u> | <u>(7,805)</u> | <u>(2,535)</u> | <u>(5,968)</u> | <u>(11,231)</u> | <u>(8,671)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Property taxes | 2,456 | 2,563 | 2,488 | 2,560 | 2,789 | 2,925 | 3,338 | 3,346 | 2,969 |
| Sales taxes | 2,202 | 2,241 | 2,540 | 3,108 | 3,774 | 3,855 | 3,498 | 3,308 | 3,523 |
| Franchise taxes | 806 | 895 | 1,161 | 1,362 | 1,418 | 1,529 | 1,580 | 1,086 | 1,160 |
| Other taxes | - | - | - | - | - | - | - | 667 | 686 |
| Investment earnings | 118 | 106 | 156 | 307 | 388 | 262 | 231 | 10 | 24 |
| Miscellaneous | 64 | - | 20 | 88 | 150 | 56 | 409 | 1,463 | 1,576 |
| Transfers | - | - | - | - | - | - | - | - | - |
| Total governmental activities | <u>5,647</u> | <u>5,804</u> | <u>6,364</u> | <u>7,587</u> | <u>8,475</u> | <u>8,639</u> | <u>9,056</u> | <u>9,880</u> | <u>9,938</u> |
| Business-type activities: | | | | | | | | | |
| Investment earnings | 59 | 62 | 131 | 259 | 654 | 467 | 160 | 40 | 17 |
| Total business-type activities | <u>59</u> | <u>62</u> | <u>153</u> | <u>540</u> | <u>654</u> | <u>467</u> | <u>160</u> | <u>40</u> | <u>17</u> |
| Total primary government | <u>5,706</u> | <u>5,866</u> | <u>6,518</u> | <u>8,127</u> | <u>9,129</u> | <u>9,107</u> | <u>9,216</u> | <u>9,919</u> | <u>9,955</u> |
| Change in Net Assets | | | | | | | | | |
| Governmental activities | 2,987 | 4,256 | 4,983 | 5,632 | (8,200) | 4,141 | 2,842 | (677) | 1,015 |
| Business-type activities | 1,271 | 4,094 | 3,096 | 5,045 | 9,524 | 2,431 | 407 | (634) | 269 |
| Total primary government | <u>\$ 4,258</u> | <u>\$ 8,350</u> | <u>\$ 8,080</u> | <u>\$ 10,677</u> | <u>\$ 1,324</u> | <u>\$ 6,572</u> | <u>\$ 3,249</u> | <u>\$ (1,312)</u> | <u>\$ 1,284</u> |

Notes: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Prepaid Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 274 |
| Restricted for | | | | | | | | | | |
| Donations | - | - | - | - | - | - | - | - | 286 | 298 |
| Class C Road Funds | 445 | 620 | 331 | 63 | 232 | 351 | 4,886 | 2,888 | 328 | 1,620 |
| Debt Service | - | - | - | - | - | - | - | - | 1,203 | - |
| Dispatch | - | - | - | - | 350 | 450 | 624 | 720 | 749 | - |
| Library Grants | - | - | - | - | 214 | 219 | 55 | 62 | 54 | - |
| Other | - | - | - | 339 | 1,445 | 1,776 | 6 | 6 | 276 | - |
| Unassigned | 2,014 | 2,324 | 3,145 | 3,421 | 964 | 2,510 | 5,586 | 4,512 | 3,230 | 2,011 |
| Total general fund | <u>\$ 2,459</u> | <u>\$ 2,944</u> | <u>\$ 3,476</u> | <u>\$ 3,823</u> | <u>\$ 3,205</u> | <u>\$ 5,306</u> | <u>\$ 11,157</u> | <u>\$ 8,188</u> | <u>\$ 6,126</u> | <u>\$ 4,203</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for | | | | | | | | | | |
| Debt Service | - | - | - | - | - | - | - | - | 208 | 200 |
| Dispatch | - | - | - | - | - | - | - | - | - | 685 |
| Library Grants | - | - | - | - | - | - | - | - | - | 54 |
| Impact Fees | 293 | 424 | 1,369 | 1,543 | 1,095 | 1,288 | 871 | 709 | 673 | - |
| Assigned to | | | | | | | | | | |
| MBA | 1,226 | 1,020 | 823 | 618 | 493 | - | 40 | 40 | 40 | 40 |
| Debt Service | - | 918 | 417 | 367 | 219 | 69 | - | 38 | 73 | 86 |
| Capital Projects | 457 | 362 | 135 | 1,617 | 4,316 | 3,355 | - | 2,517 | 303 | 1,036 |
| Swimming Pool | - | - | - | - | - | - | - | - | - | 5 |
| Unassigned | (1,980) | (1,843) | (1,696) | (1,571) | (1,572) | (390) | (1,330) | (916) | (498) | (275) |
| Total all other governmental funds | <u>\$ (4)</u> | <u>\$ 881</u> | <u>\$ 1,048</u> | <u>\$ 2,574</u> | <u>\$ 4,551</u> | <u>\$ 4,322</u> | <u>\$ (419)</u> | <u>\$ 2,388</u> | <u>\$ 799</u> | <u>\$ 1,831</u> |

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

| | Fiscal Year | | | | | | | | | |
|--|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Revenues | | | | | | | | | | |
| Taxes | \$ 5,403 | \$ 5,103 | \$ 5,401 | \$ 5,937 | \$ 6,844 | \$ 7,811 | \$ 8,297 | \$ 8,318 | \$ 8,593 | \$ 8,453 |
| Licenses, fees, and permits | 338 | 782 | 987 | 945 | 838 | 914 | 488 | 285 | 212 | 254 |
| Intergovernmental | 843 | 4,228 | 1,076 | 1,089 | 1,251 | 1,453 | 1,318 | 1,506 | 1,398 | 1,713 |
| Charges for services | 2,766 | 3,733 | 3,979 | 4,302 | 4,715 | 4,222 | 5,881 | 4,027 | 4,234 | 4,602 |
| Fines and penalties | 400 | 447 | 403 | 545 | 577 | 1,589 | 512 | 556 | 554 | 406 |
| Investment earnings | 140 | - | - | - | - | - | - | - | 31 | 24 |
| Impact fees | 165 | 425 | 1,094 | 1,172 | 965 | 883 | 556 | 253 | 193 | 170 |
| Miscellaneous | 374 | 479 | 532 | 744 | 772 | 792 | 717 | 687 | 441 | 344 |
| Total Revenues | 10,428 | 15,198 | 13,472 | 14,735 | 15,964 | 17,665 | 17,771 | 15,631 | 15,656 | 15,966 |
| Expenditures | | | | | | | | | | |
| General government | 1,587 | 5,836 | 2,745 | 3,233 | 3,763 | 4,038 | 4,642 | 4,398 | 3,145 | 3,152 |
| Community Development | - | - | - | - | - | - | - | - | 912 | 872 |
| Public Works | 1,466 | 1,597 | 2,216 | 1,634 | 2,137 | 21,807 | 3,681 | 5,745 | 3,211 | 1,933 |
| Public Safety | 3,695 | 3,403 | 3,385 | 3,843 | 3,890 | 4,240 | 5,154 | 5,969 | 5,205 | 5,388 |
| Parks and Recreation | 1,894 | 1,954 | 2,151 | 2,432 | 3,438 | 2,839 | 10,676 | 5,473 | 3,003 | 3,013 |
| Economic Development | 75 | - | - | - | - | - | - | - | - | - |
| Capital outlay | 6,617 | - | - | - | - | - | - | - | 2,597 | 791 |
| Debt service | | | | | | | | | | |
| Principal | 964 | 7,245 | 1,710 | 1,235 | 1,218 | 1,851 | 668 | 886 | 1,373 | 1,652 |
| Other | - | 162 | - | - | - | - | 217 | - | - | - |
| Interest | 721 | 570 | 567 | 484 | 497 | 803 | 1,157 | 1,371 | 1,417 | 1,633 |
| Total expenditures | 17,018 | 20,767 | 12,775 | 12,862 | 14,944 | 35,578 | 26,195 | 23,843 | 20,865 | 18,434 |
| Excess of revenues over (under) expenditures | (6,590) | (5,570) | 697 | 1,873 | 1,020 | (17,913) | (8,425) | (8,212) | (5,208) | (2,468) |

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

| | Fiscal Year | | | | | | | | | |
|---|--------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of long term debt | 3,628 | 6,014 | - | - | - | 19,785 | 9,534 | 3,813 | 232 | - |
| Contributions | 1,400 | - | - | - | 88 | - | - | 4,237 | 1,325 | 1,548 |
| Sale of capital assets | - | 64 | - | - | 251 | - | - | - | - | 29 |
| Transfers in | 895 | 848 | 481 | 1,409 | 3,096 | 761 | 350 | 850 | 353 | 3,423 |
| Transfers out | (318) | (848) | (481) | (1,409) | (3,096) | (761) | (350) | (850) | (353) | (3,423) |
| Total other financing sources (uses) | <u>5,605</u> | <u>6,078</u> | <u>-</u> | <u>-</u> | <u>339</u> | <u>19,785</u> | <u>9,534</u> | <u>8,050</u> | <u>1,557</u> | <u>1,577</u> |
| Net change in fund balances | <u>\$ (985)</u> | <u>\$ 509</u> | <u>\$ 697</u> | <u>\$ 1,873</u> | <u>\$ 1,359</u> | <u>\$ 1,872</u> | <u>\$ 1,110</u> | <u>\$ (161)</u> | <u>\$ (3,651)</u> | <u>\$ (891)</u> |
| Debt service as a percentage of noncapital expenditures | 16% | 38% | 18% | 13% | 11% | 7% | 7% | 9% | 15% | 19% |

PLEASANT GROVE CITY
 Assessed Value and Estimate Actual Value of Taxable Property
 Last Four 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> |
|--------------------|----------------------------|------------------------------|----------------------------------|----------------------------|--------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|---|
| 2007 | \$ 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 | 60.349 |
| 2008 | 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 | 60.590 |
| 2009 | 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 | 64.015 |
| 2010 | 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 | 63.613 |

Source: Utah County(Based on a Calendar Year)

Notes: Data for Years Previous to 2007 Unavailable
 Data is for Calendar Year 2010

PLEASANT GROVE CITY
 Direct and Overlapping Property Tax Rates
 Last Nine 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 |
| 2003 | 2.617 | - | 2.617 | 7.884 | 1.411 | 0.036 | 0.358 |
| 2004 | 2.477 | - | 2.477 | 8.119 | 1.425 | 0.035 | 0.353 |
| 2005 | 2.349 | - | 2.349 | 8.082 | 1.391 | 0.033 | 0.400 |
| 2006 | 2.033 | - | 2.033 | 6.883 | 1.262 | 0.028 | 0.357 |
| 2007 | 1.608 | - | 1.608 | 6.937 | 1.000 | 0.022 | 0.302 |
| 2008 | 1.566 | 0.240 | 1.806 | 7.057 | 1.105 | 0.022 | 0.286 |
| 2009 | 1.696 | 0.247 | 1.943 | 7.541 | 1.203 | 0.024 | 0.400 |
| 2010 | 1.830 | 0.255 | 2.085 | 8.220 | 1.294 | 0.026 | 0.421 |
| 2011 | 1.981 | 0.275 | 2.256 | 8.812 | 1.342 | 0.028 | 0.436 |

Source: Utah State Tax Commission

Note: Data for Years Previous to 2003 Unavailable

PLEASANT GROVE CITY

Principal Property Tax Payers
Current Year and One Year ago

| Taxpayer | 2010 | | | 2009 | | |
|-----------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Pacificorp | \$ 10,059,857 | 1 | 0.719% | \$ 8,993,112 | 1 | 0.615% |
| Amsource Pleasant Grove, LC | 7,557,949 | 2 | 0.541% | 7,991,800 | 2 | 0.547% |
| Green Grove Apartments, LP | 7,497,270 | 3 | 0.536% | 7,497,270 | 3 | 0.513% |
| Pen & Ink, LTD | 7,439,625 | 4 | 0.532% | 7,041,763 | 4 | 0.482% |
| Continental Pipe Manufacturing Co | 6,753,526 | 5 | 0.483% | 6,975,200 | 5 | 0.477% |
| Pleasant Grove Partners, LLC | 5,640,286 | 6 | 0.403% | | | |
| Qwest | 5,612,893 | 7 | 0.401% | 6,628,352 | 6 | 0.454% |
| Thorneberry, LTD | 5,610,550 | 8 | 0.401% | 5,610,550 | 8 | 0.384% |
| Firmage Grove, LC | 5,208,570 | 9 | 0.373% | 5,523,000 | 10 | 0.378% |
| Questar Gas | 5,205,490 | 10 | 0.372% | | | |
| Pleasant Development, LLC | | | | 5,872,500 | 7 | 0.402% |
| DMB Investments | | | | 5,793,000 | 8 | 0.396% |
| Total | \$ 66,586,016 | | 4.762% | \$ 67,926,547 | | 4.649% |

Source: Utah County(Based on a Calendar Year)

Note: Data for Years Previous to 2009 Unavailable

PLEASANT GROVE CITY
Property Tax Levied and Collections
Last Ten Calendar 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 |
|---------------|----------------|-------------------------|------------------------------------|----------------------------|-----------------------|--|------------------------------|---|
| 2005 | \$ 2,037,866 | \$ 1,866,118 | 91.57% | \$ 112,772 | \$ 1,978,890 | 97.11% | N/A | N/A |
| 2006 | 2,154,385 | 1,977,393 | 91.78% | 141,038 | 2,118,431 | 98.33% | N/A | N/A |
| 2007 | 2,150,726 | 1,924,586 | 89.49% | 126,975 | 2,051,561 | 95.39% | N/A | N/A |
| 2008 | 2,635,201 | 2,336,693 | 88.67% | 169,910 | 2,506,603 | 95.12% | N/A | N/A |
| 2009 | 2,741,579 | 2,425,620 | 88.48% | 193,930 | 2,619,551 | 95.55% | 315,959 | 11.52% |
| 2010 | 2,871,198 | 2,588,246 | 90.15% | 223,370 | 2,811,616 | 97.92% | 130,727 | 4.55% |

Source: Utah County (Based on a Calendar Year)

Note: Data for Years Previous to 2009 Unavailable

PLEASANT GROVE CITY

Taxable Sales by Category Last Two Fiscal Years

| | Fiscal Year | |
|----------------------------------|-----------------------|-----------------------|
| | <u>2011</u> | <u>2010</u> |
| Grocery | \$ 39,570,400 | \$ 39,884,300 |
| Automobile | 33,950,700 | 31,807,500 |
| Utility/Communication | 29,617,100 | 29,361,500 |
| Industrial Equipment | 17,417,800 | 2,922,000 |
| Construction/Home Improvement | 9,950,700 | 6,688,500 |
| Restaurant | 8,708,500 | 7,926,200 |
| Technology | 4,427,200 | 1,651,000 |
| Gas Station | 4,239,000 | 3,793,300 |
| Eating & drinking establishments | 3,580,100 | 540,600 |
| Department Store | 3,306,000 | 2,778,700 |
| Health/Nutrician | 2,510,500 | 2,248,800 |
| Entertainment | 2,075,600 | 1,023,900 |
| Mail Order | 1,755,000 | 669,400 |
| All Other Outlets | <u>41,477,300</u> | <u>34,618,500</u> |
| Totals | <u>\$ 202,585,900</u> | <u>\$ 165,914,200</u> |
| City direct sales tax rate | 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 |
|-------------|------------------------------------|-------------|------------------|
| 2002 | 1.000% | 0.250% | 5.000% |
| 2003 | 1.000% | 0.250% | 5.000% |
| 2004 | 1.000% | 0.250% | 5.000% |
| 2005 | 1.000% | 0.250% | 5.000% |
| 2006 | 1.000% | 0.250% | 5.000% |
| 2007 | 1.000% | 0.500% | 5.000% |
| 2008 | 1.000% | 0.550% | 5.000% |
| 2009 | 1.000% | 0.800% | 4.900% |
| 2010 | 1.000% | 0.800% | 4.950% |
| 2011 | 1.000% | 0.800% | 4.950% |

Sources: Utah State Tax Commission

PLEASANT GROVE CITY
Sales Tax Revenue Payers by Industry
Fiscal Years 2010 and 2011

| Fiscal Year 2011 | 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 |
| Northwest Pipe Company | N/A | Northwest Pipe Company | N/A |
| Pacificorp | N/A | Pacificorp | N/A |
| Questar Gas | N/A | Questar Gas | N/A |
| Shamrock Group, LLC | N/A | Shamrock Group, LLC | N/A |
| Smiths Food & Drug | N/A | Smiths Food & Drug | N/A |
| UT State Alcoholic Beverage Control | N/A | T Mobile | N/A |
| Verizon Wireless | N/A | Verizon Wireless | N/A |
| Total | \$ 931,818 | Total | \$ 767,998 |
| Total Citywide Collections | \$ 2,025,858 | Total Citywide Collections | \$ 1,659,142 |
| Top 10 as a Percentage of Total Collections | 46.00% | Top 10 as a Percentage of Total Collections | 46.29% |
| Top 10 as a Percentage of Total Revenue ² | 13.23% | 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>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Water Sales | \$ 1,220,135 | \$ 1,133,246 | \$ 1,583,366 | \$ 1,597,464 | \$ 2,025,963 | \$ 2,186,376 | \$ 2,296,950 | \$ 1,938,812 | \$ 1,671,055 | \$ 2,113,172 |
| Secondary Water | 48,710 | 56,726 | 65,490 | 82,700 | 102,732 | 175,285 | 680,637 | 991,627 | 1,181,043 | 1,316,610 |
| Other | <u>224,286</u> | <u>235,839</u> | <u>279,663</u> | <u>239,936</u> | <u>239,365</u> | <u>142,725</u> | <u>169,438</u> | <u>139,503</u> | <u>193,357</u> | <u>49,023</u> |
| Totals | <u>\$ 1,493,131</u> | <u>\$ 1,425,811</u> | <u>\$ 1,928,519</u> | <u>\$ 1,920,100</u> | <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> |

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 | | | | |
| 2002 | \$ 1,375 | \$ 4,125 | \$ - | \$ 1,837 | \$ 286 | \$ - | \$ - | \$ 1,705 | \$ 553 | \$ - | \$ 9,881 | N/A | N/A | |
| 2003 | 908 | 3,735 | 4,774 | 1,373 | 309 | - | - | 3,606 | 1,355 | 424 | 16,484 | N/A | N/A | |
| 2004 | 313 | 2,475 | 4,421 | 862 | 35 | - | - | 4,601 | 1,115 | 379 | 14,201 | N/A | N/A | |
| 2005 | 614 | 2,910 | 4,599 | 1,124 | 77 | - | - | 3,476 | 1,197 | 394 | 14,391 | N/A | N/A | |
| 2006 | 908 | 3,330 | 4,774 | 1,373 | 174 | - | - | 3,391 | 1,277 | 409 | 15,636 | N/A | N/A | |
| 2007 | - | 2,020 | 4,235 | - | - | - | 19,785 | 16,050 | 1,029 | 363 | 43,482 | N/A | N/A | |
| 2008 | 5,000 | 5,935 | 4,043 | - | - | - | 19,785 | 15,472 | 940 | 347 | 51,522 | N/A | N/A | |
| 2009 | 4,885 | 5,360 | 3,847 | - | 913 | 2,900 | 19,785 | 25,595 | 848 | 330 | 64,463 | N/A | N/A | |
| 2010 | 4,765 | 4,845 | 3,644 | - | 1,023 | 2,900 | 19,250 | 24,246 | 128 | - | 60,801 | N/A | N/A | |
| 2011 | 4,640 | 4,310 | 3,430 | 3,430 | 908 | - | 18,690 | 24,528 | 65 | 7,050 | 68,521 | 12.11% | 2,045 | |

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, 2011

| <u>Government Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-------------------------|--|---|
| Debt repaid with property taxes | | | |
| Alpine School District | \$ 357,220,000 | 9.29% | \$ 33,188,502 |
| Utah County | 6,695,000 | 5.50% | 368,397 |
| Central Utah Water Cons. District | 276,380,000 | 1.15% | 3,189,886 |
| Subtotal, overlapping debt | | | 36,746,785 |
| City direct debt | | | 4,640,000 |
| Total direct and overlapping debt | | | \$ 41,386,785 |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Pleasant Grove City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

PLEASANT GROVE CITY

Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---|------------------|
| Assessed value | \$ 2,197,997 |
| Debt limit (4% of assessed value) | 87,920 |
| Debt applicable to limit: | |
| General obligation bonds | (4,640) |
| Less: Amount set aside for repayment of general obligation debt | - |
| Total net debt applicable to limit | <u>(4,640)</u> |
| Legal debt margin | <u>\$ 83,280</u> |

| | Fiscal Year | | | |
|---|------------------|------------------|------------------|------------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Debt limit | \$ 90,684 | \$ 98,952 | \$ 91,304 | \$ 87,920 |
| Total net debt applicable to limit | <u>(5,000)</u> | <u>(4,885)</u> | <u>(4,765)</u> | <u>(4,640)</u> |
| Legal debt margin | <u>\$ 90,684</u> | <u>\$ 98,952</u> | <u>\$ 91,304</u> | <u>\$ 83,280</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 5.51% | 4.94% | 5.22% | 5.28% |

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 | | | | | | Sewer 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 |
| 2002 | \$ 1,589 | \$ 1,204 | \$ 385 | \$ 22 | \$ 2 | 16.06 | \$ 1,902 | \$ 1,651 | \$ 250 | \$ - | \$ 3 | 84.85 | \$ - | \$ - | \$ - | 0.00 |
| 2003 | 1,582 | 1,677 | (95) | 29 | 33 | (1.53) | 2,046 | 1,644 | 401 | - | 22 | 18.15 | - | - | - | 0.00 |
| 2004 | 2,398 | 1,649 | 749 | 92 | 53 | 5.15 | 2,417 | 1,719 | 697 | 46 | 20 | 10.52 | - | - | - | 0.00 |
| 2005 | 2,505 | 1,739 | 766 | 94 | 55 | 5.13 | 2,643 | 1,871 | 771 | 48 | 18 | 11.62 | - | - | - | 0.00 |
| 2006 | 2,776 | 2,141 | 635 | 92 | 53 | 4.36 | 2,775 | 2,141 | 633 | 46 | 20 | 9.56 | - | - | - | 0.00 |
| 2007 | 3,298 | 1,633 | 1,665 | 163 | 395 | 2.98 | 2,951 | 2,179 | 772 | 52 | 14 | 11.65 | 3,774 | 265 | 611 | 4.31 |
| 2008 | 3,594 | 1,715 | 1,879 | 432 | 619 | 1.79 | 2,780 | 2,353 | 427 | 54 | 12 | 6.46 | 3,855 | 275 | 1,066 | 2.88 |
| 2009 | 3,318 | 1,833 | 1,484 | 462 | 1,066 | 0.97 | 2,374 | 2,401 | (28) | 56 | 10 | (0.42) | 3,498 | 280 | 1,057 | 2.62 |
| 2010 | 3,160 | 1,867 | 1,293 | 690 | 1,102 | 0.72 | 3,053 | 2,872 | 181 | 58 | 8 | 2.76 | 3,308 | 825 | 1,036 | 1.78 |
| 2011 | 3,637 | 2,304 | 1,333 | 733 | 1,078 | 0.74 | 3,335 | 3,240 | 95 | 61 | 5 | 1.44 | 3,523 | 865 | 1,222 | 1.69 |

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

| Fiscal Year | Sales Tax Revenue | | | | General Obligation Bonds | | | | Excise Tax Revenue | | | |
|-------------|--------------------|--------------|----------|----------|--------------------------|--------------|----------|----------|-----------------------|--------------|----------|----------|
| | Sales Tax Revenues | Debt Service | | | Property Tax Revenues | Debt Service | | | Class C Road Revenues | Debt Service | | |
| | | Principal | Interest | Coverage | | Principal | Interest | Coverage | | Principal | Interest | Coverage |
| 2002 | \$ - | \$ - | \$ - | - | \$ - | \$ - | \$ - | - | \$ 728 | 375 | \$ 187 | 1.30 |
| 2003 | 2,202 | - | 150 | 14.70 | - | - | - | - | 794 | 390 | 172 | 1.41 |
| 2004 | 2,241 | 250 | 296 | 4.10 | - | - | - | - | 873 | 405 | 156 | 1.56 |
| 2005 | 2,540 | 250 | 288 | 4.72 | - | - | - | - | 699 | 420 | 140 | 1.25 |
| 2006 | 3,108 | 250 | 296 | 5.69 | - | - | - | - | 842 | 405 | 156 | 1.50 |
| 2007 | 3,774 | 265 | 273 | 7.02 | - | - | - | - | 942 | 455 | 105 | 1.68 |
| 2008 | 3,855 | 275 | 265 | 7.15 | - | - | - | - | 997 | 475 | 86 | 1.78 |
| 2009 | 3,498 | 280 | 255 | 6.53 | 317 | 115 | 202 | 1.00 | 865 | 495 | 66 | 1.54 |
| 2010 | 3,308 | 290 | 245 | 6.18 | 317 | 120 | 197 | 1.00 | 925 | 595 | 164 | 1.22 |
| 2011 | 3,523 | 305 | 234 | 6.53 | 317 | 125 | 192 | 1.00 | 982 | 535 | 234 | 1.28 |

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 Four Calendar Years

| <u>Calendar Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|--------------------------|-------------------|------------------------|---|------------------------------|
| 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% |

Note 1: Data for Years Previous to 2008 Unavailable

Note 2: Unemployment Rate is for Utah County

PLEASANT GROVE CITY

Principal Employers
Current Year and Five Years Ago

| <u>Employer</u> | <u>2011</u> | <u>2006</u> |
|-----------------------------|------------------------------|------------------------------|
| | Range of <u>Employees</u> | Range of <u>Employees</u> |
| Alpine School District | 300-749 | 300-749 |
| Auto Meter | | 100-249 |
| Close to My Heart | 100-249 | 100-249 |
| Horrocks Engineers, Inc. | 100-249 | |
| Maceys | 100-249 | 100-249 |
| MOZY Decho Software | 100-249 | |
| Niels Fugal Sons Company | 100-249 | 100-249 |
| Pleasant Grove City | 100-249 | 100-249 |
| Alpine Pediatrics | 50-99 | 50-99 |
| Brundage Bone Pumping | | 50-99 |
| Daybreak Training Services | 50-99 | 50-99 |
| Lincoln Academy | 50-99 | |
| Mission Health Services | 50-99 | |
| Quail Run Primary School | 50-99 | |
| Rocky Mountain Welding | 50-99 | 50-99 |
| ROI Solutions | 50-99 | |
| Smith's Food and Drug | 50-99 | 50-99 |
| Southam and Associates | | 50-99 |
| Tri City Medical Clinic | 50-99 | 50-99 |
| Utah Pacific Bridge & Steel | 50-99 | |
| Warburtons | 50-99 | |
| Westroc, Inc. | | 50-99 |

Source: Utah Department of Workforce Services

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

| <u>Function/Program</u> | Full-time-Equivalent Employees as of June 30 | | | | | | | | | |
|---------------------------|--|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| General government | | | | | | | | | | |
| Management services | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Finance | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Planning | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Building | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Legal | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Municipal Court | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Other | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Police | | | | | | | | | | |
| Officers | 28.0 | 29.0 | 31.0 | 31.0 | 29.0 | 32.0 | 33.0 | 26.0 | 25.0 | 25.0 |
| Civilians | 3.0 | 4.0 | 4.0 | 6.0 | 6.0 | 7.0 | 8.0 | 7.0 | 8.0 | 8.0 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 4.0 | 4.0 | 3.0 | 4.0 | 4.0 | 3.0 | 4.0 | 5.0 | 14.0 | 15.0 |
| Refuse collections | | | | | | | | | | |
| Other public works | | | | | | | | | | |
| Engineering | - | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 |
| Streets | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Storm Drain | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Other | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Redevelopment | - | - | - | - | 1.0 | 1.0 | - | - | - | - |
| Parks and recreation | 11.0 | 10.0 | 10.0 | 10.0 | 12.0 | 12.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Library | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Water/Sewer | 6.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | 9.0 | 9.0 | 10.0 | 10.0 |
| Total | <u>75.0</u> | <u>79.0</u> | <u>81.0</u> | <u>86.0</u> | <u>87.0</u> | <u>93.0</u> | <u>100.0</u> | <u>94.0</u> | <u>104.0</u> | <u>105.0</u> |

Source: Pleasant Grove City

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

| <u>Function/Program</u> | <u>Fiscal Year</u> <u>2011</u> |
|---|-----------------------------------|
| General government | |
| Building permits issued | 178 |
| Building inspections conducted | 1,713 |
| Police | |
| Physical arrests | 1,608 |
| Parking violations | 327 |
| Traffic violations | 3,302 |
| Fire | |
| Emergency responses | 859 |
| Number of Transports | 592 |
| Average Response Time (Minutes) | 5 |
| Other public works | |
| Potholes repaired (tons of asphalt) | 410 |
| Parks and recreation | |
| Total Daily Visits | 181,921 |
| Community center admissions | 25,522 |
| Water | |
| New connections | 41 |
| Water main breaks | 66 |
| Average daily consumption (thousands of gallons) | 2,903 |

Source: Pleasant Grove City

Note: Data for Years Previous to 2011 Unavailable

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

| <u>Function/Program</u> | <u>Fiscal Year 2011</u> |
|-------------------------------------|---------------------------------|
| Police | |
| Stations | 1 |
| Patrol units | 16 |
| Fire Stations | 1 |
| Other public works | |
| Streets (miles) | 111 |
| Streetlights | 1,070 |
| Storm Drain (miles) | 69 |
| Parks and recreation | |
| Acreage | 92 |
| Playgrounds | 8 |
| Baseball/softball diamonds | 7 |
| Soccer/football fields | 9 |
| Community centers | 1 |
| Water | |
| Culinary Water Lines (miles) | 136 |
| Irrigation Water Lines (miles) | 103 |
| Fire Hydrants | 50 |
| Storage capacity (thou. of gallons) | 11,000 |

Source: Pleasant Grove City

Note: Data for Years Previous to 2011 Unavailable

OTHER REPORTS





GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

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

**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***

The Honorable Mayor and City Council
Pleasant Grove City Corporation
Pleasant Grove, UT

December 21, 2011

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, 2011, which collectively comprise Pleasant Grove City's basic financial statements and have issued our report thereon dated December 21, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pleasant Grove City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Pleasant Grove City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasant Grove City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9666
FAX (801) 756-9667

PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 654-6477
FAX (801) 373-5622

WWW.GILBERTANDSTEWART.COM

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant Grove City's financial statements are free of 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 non compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Pleasant Grove City, in the Communication with Those Charged with Governance dated December 21, 2011.

This report is intended solely for the information of management, City Council, Utah State Auditor and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



GILBERT & STEWART
Certified Public Accountants



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

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

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE IN ACCORDANCE WITH THE
STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

The Honorable Mayor and City Council
Pleasant Grove City Corporation
Pleasant Grove, UT

December 21, 2011

We have audited Pleasant Grove City Corporation's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows:

| | |
|---------------------------------------|---------------------------------|
| Public Debt | B & C Road Funds |
| Cash Management | Special Districts |
| Purchasing Requirements | Other General Compliance Issues |
| Budgetary Compliance | Uniform Building Code Standards |
| Taxation and Property Tax Limitations | Impact Fees |
| Liquor Law Enforcement | Asset Forfeitures |
| Justice Courts | Utah Retirement System |
| | Fund Balance |

The City received the following major assistance programs from the State of Utah:

Class "C" Road Funds (Department of Transportation)
Liquor Funds (Utah State Tax Commission)

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit 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 of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. 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 circumstance. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9666
FAX (801) 756-9667

PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

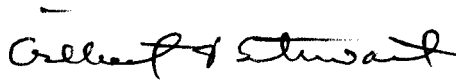
HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 654-6477
FAX (801) 373-5622

WWW.GILBERTANDSTEWART.COM

In our opinion, Pleasant Grove City Corporation, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in a separate letter, Communication with Those Charged with Governance dated December 21, 2011.

The City's written response to the findings identified in our audit is described in the accompanying letter, Communication with Those Charges with Governance. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, the City Council, and Utah State Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.



GILBERT & STEWART
Certified Public Accountants