

**PLEASANT VIEW CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council, and Management of
Pleasant View City, Utah

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 View City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasant View City as of June 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 38-39 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasant View City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of Pleasant View's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pleasant View City's internal control over financial reporting and compliance.

Wood Richard & Associates, PC

Ogden, Utah

December 23, 2014

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

**PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014**

INTRODUCTION

The following is a discussion and analysis of Pleasant View City's financial performance and activities for the year ended June 30, 2014. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview, and analysis should assist the reader to gain a more complete knowledge of the City's financial performance. Starting with the year ended June 30, 2004 the City implemented new reporting standards established by the Governmental Accounting Standards Board (GASB). These new standards significantly changed the content and structure of the financial statements from earlier years. The new presentations are intended to give current answers to the ongoing questions of "what is the City's financial condition", "what are the resources of the City", "how much do specific City services cost", and "who pays for which service".

HIGHLIGHTS

During the 2014 fiscal year, the governmental activities saw an increase in property taxes in the General Fund of \$89,044 (4.1%); the majority of property taxes in the RDA Fund have been reclassified as contributions from other governmental entities. There was an increase in sales tax revenue of \$67,645 (7.8%). Sales taxes, property taxes, and franchise taxes now make up 42.19% of all governmental activity revenues excluding capital contributions.

The City continued to experience new growth this year compared to 2013 due to the gradual improvement in the economy; the building permits increased by \$153,768 totaling \$336,183 at year end.

Court fines and traffic school fines decreased slightly this year to \$90,244, a total decrease of \$1,349.

The business-type activities saw a stable growth in user fees in the water, solid waste, and storm sewer funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This presentation is intended to serve as an introduction to the basic financial statements of Pleasant View City. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains the required supplementary information, as well as, additional supplementary information informative to the various users of the report.

The government-wide view of the City's finances is a requirement under the GASB Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and became effective for the City for 2004. Fund financial statements have been reported in the past.

Government-wide Statements – Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities on pages 11 and 12 comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or disbursed, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

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The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position measure whether the City's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). Pleasant View City's ongoing governmental activities include general government, public safety, public works, and parks and recreation services. Governmental activities also include the City's effort to accumulate and use resources for significant infrastructure, parks, and facilities. The City has four business-type activities – 1) storm sewer 2) solid waste 3) water 4) sewer.

The government-wide statements also include information about the Redevelopment Agency, which is a blended *component unit* of Pleasant View City. A detailed explanation of the reporting entity is part of the notes to the financial statements.

Fund Financial Statements

The fund financial statements beginning on page 13 provide detailed information about individual funds. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds can be divided into two types: governmental funds, and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This *short-term* view of the City's financial position helps determine whether the City has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds are presented using the *full-accrual* basis of accounting. Pleasant View City uses one type of proprietary fund, which are *Enterprise funds*. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has four enterprise funds – Storm Sewer Fund, Solid Waste Fund, Water Fund and the Sewer Fund.

Reconciliation between Government-wide and Fund Statements

Because the focus of governmental funds (modified accrual accounting, short-term focus) is narrower than that of the government-wide financial statements (full-accrual accounting, long-term focus), it is useful to compare the information presented for governmental funds with similar information presented

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for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison on pages 14 and 16 of this report. Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- The value of developers infrastructure contributions are reported as revenue on the government-wide statements but are not reported on the governmental fund statements.

Notes to the Financial Statements

The notes beginning on page 20 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

OVERALL FINANCIAL ANALYSIS OF THE CITY

The opportunity to live in a growing, active family-oriented community continues to bring citizens to Pleasant View. The City's total net position increased \$3,156,249 or 9.94% over the prior year. Net position of governmental activities increased \$2,134,239 or 13.83%. Net position of business-type activities increased \$1,022,010 or 6.27%.

Net Position

The largest component of the City's net position, \$27,471,810 or 78.72%, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all-outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt are intended to be provided from other sources.

Restricted net position comprises \$1,774,713 or 5.09% of total net position. This portion of net position is subject to external restrictions on how they may be used. These are accumulated from State road taxes, impact fees placed on new development, donor restricted contributions, state liquor funds, and bonding. They are the funding source to pay for the major improvements needed as the population of the City grows.

The amount of unrestricted net position at June 30, 2014 is \$5,651,202 or 16.19% of total net position. This may be used at the City's discretion for future spending.

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The following presentation summarizes the City's financial position as of June 30, 2014 compared with 2013.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 4,808,727	\$ 4,320,786	\$ 4,056,175	\$ 3,124,413	\$ 8,864,902	\$ 7,445,199
Capital Assets	13,977,327	12,785,641	14,509,764	14,346,838	28,487,091	27,132,479
Total Assets	18,786,054	17,106,427	18,565,939	17,471,251	37,351,993	34,577,678
Current and Other Liabilities	651,049	903,199	377,838	210,161	1,028,887	1,113,360
Long-term Liabilities	-	-	856,000	950,999	856,000	950,999
Total Liabilities	651,049	903,199	1,233,838	1,161,160	1,884,887	2,064,359
Deferred Inflows of Resources						
Unavailable Revenues - property taxes	569,381	771,843	-	-	569,381	771,843
Total Deferred Inflows of Resources	569,381	771,843	-	-	569,381	771,843
Net Position:						
Net Investment in capital assets	13,913,046	12,785,641	13,558,764	13,301,839	27,471,810	26,087,480
Restricted	1,040,412	799,520	734,301	325,766	1,774,713	1,125,286
Unrestricted	2,612,166	1,846,224	3,039,036	2,682,486	5,651,202	4,528,710
Total Net Position	\$ 17,565,624	\$ 15,431,385	\$ 17,332,101	\$ 16,310,091	\$ 34,897,725	\$ 31,741,476

Significant increases occurred in Capital Assets of \$1,855,282, accumulated depreciation increased by \$771,605 for a total net increase in Capital Assets of \$1,354,612.

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MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014**

Changes in Net Position

The \$3,156,249 increase in Net Position was generated mainly because of the \$1.6 million grant received for the road project the City made this year.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
General revenues:						
Taxes	\$ 2,277,540	\$ 2,383,727	\$ -	\$ -	\$ 2,277,540	\$ 2,383,727
Other Revenues	25,122	27,606	-	-	25,122	27,606
Gain (Loss) of Asset	-	-	-	-	-	-
Interest Revenue	15,928	15,595	17,488	19,160	33,416	34,755
Program Revenues:						
Charges for Services	867,787	562,978	2,683,516	2,235,159	3,551,303	2,798,137
Operating Grants	434,260	284,761	-	-	434,260	284,761
Capital Grants	1,777,363	217,387	-	-	1,777,363	217,387
Total Revenues	<u>5,398,000</u>	<u>3,492,054</u>	<u>2,701,004</u>	<u>2,254,319</u>	<u>8,099,004</u>	<u>5,746,373</u>
Expenses:						
General Government	809,325	731,929	-	-	809,325	731,929
Public Safety	1,025,700	1,020,132	-	-	1,025,700	1,020,132
Public Works	959,506	887,550	-	-	959,506	887,550
Parks and Recreation	309,230	271,712	-	-	309,230	271,712
Storm Sewer	-	-	278,746	277,373	278,746	277,373
Solid Waste	-	-	325,515	318,724	325,515	318,724
Water	-	-	476,685	509,384	476,685	509,384
Sewer	-	-	758,048	756,403	758,048	756,403
Total Expenses	<u>3,103,761</u>	<u>2,911,323</u>	<u>1,838,994</u>	<u>1,861,884</u>	<u>4,942,755</u>	<u>4,773,207</u>
Change in Net Position before Transfers	2,294,239	580,731	862,010	392,435	3,156,249	973,166
Transfers In (Out)	(160,000)	-	160,000	-	-	-
Change in Net Position	2,134,239	580,731	1,022,010	392,435	3,156,249	973,166
Net Position - Beginning	15,431,385	14,850,654	16,310,091	15,917,656	31,741,476	30,768,310
Net Position - Ending	<u>\$ 17,565,624</u>	<u>\$ 15,431,385</u>	<u>\$ 17,332,101</u>	<u>\$ 16,310,091</u>	<u>\$ 34,897,725</u>	<u>\$ 31,741,476</u>

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund balances in the City's governmental funds increased by \$934,937. This increase is due to the City's road grant received of \$1.6 million and the park impact fees increasing by \$110,349. The expenditures not including the capital improvements on the roads decreased by \$567,976. No transfers were received by non-governmental funds.

BUDGET CHANGES

Budgeted revenues and expenditures were increased due to the economy improving more than previously anticipated. The overall budgeted licenses and permits revenue increased by \$213,640 along with taxes in the amount \$74,000 from what was expected of the economy. The budgeted charges for services revenues were increased by \$60,100 due to additional building taking place in the City and anticipation of higher donations for the City celebration. The General Fund was able to transfer \$170,000 to the Road & Sidewalk Fund; \$70,000 to the Park Development Fund and \$190,000 to the Equipment Fleet & Project Fund for future projects and equipment.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

Pleasant View City added \$2,204,219 in new capital assets during the year ended June 30, 2014.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 491,200	\$ -	\$ -	\$ 491,200
Construction in Progress	651,347	1,539,241	-	2,190,588
Total capital assets, not being depreciated	<u>1,142,547</u>	<u>1,539,241</u>	<u>-</u>	<u>2,681,788</u>
Capital assets, being depreciated				
Land Improvements	1,534,420	43,216	-	1,577,636
Buildings	1,569,297	-	-	1,569,297
Machinery & Equipment	1,455,237	6,950	(8,459)	1,453,728
Infrastructure	10,671,349	-	-	10,671,349
Total capital assets, being depreciated	<u>15,230,303</u>	<u>50,166</u>	<u>(8,459)</u>	<u>15,272,010</u>
Accumulated Depreciation for:				
Land Improvements	(178,997)	(37,853)	-	(216,850)
Buildings	(347,882)	(33,485)	-	(381,367)
Machinery & Equipment	(1,110,047)	(91,131)	844	(1,200,334)
Infrastructure	(1,950,283)	(227,637)	-	(2,177,920)
Total accumulated depreciation	<u>(3,587,209)</u>	<u>(390,106)</u>	<u>844</u>	<u>(3,976,471)</u>
Total capital assets, being depreciated, net	<u>11,643,094</u>	<u>(339,940)</u>	<u>(7,615)</u>	<u>11,295,539</u>
Governmental activities capital assets, net	<u>\$ 12,785,641</u>	<u>\$ 1,199,301</u>	<u>\$ (7,615)</u>	<u>\$ 13,977,327</u>

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CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 426,044	\$ -	\$ -	\$ 426,044
Construction in Progress	70,388	278,551	(70,388)	278,551
Total capital assets, not being depreciated	<u>496,432</u>	<u>278,551</u>	<u>-</u>	<u>704,595</u>
Capital assets, being depreciated				
Buildings	1,053,308	70,387	-	1,123,695
Utility Systems	16,287,384	189,025	-	16,476,409
Machinery & Equipment	626,998	76,849	-	703,847
Total capital assets, being depreciated	<u>17,967,690</u>	<u>336,261</u>	<u>-</u>	<u>18,303,951</u>
Accumulated Depreciation for:				
Buildings	(310,157)	(22,173)	-	(332,330)
Utility Systems	(3,343,665)	(338,817)	-	(3,682,482)
Machinery & Equipment	(463,461)	(20,509)	-	(483,970)
Total accumulated depreciation	<u>(4,117,283)</u>	<u>(381,499)</u>	<u>-</u>	<u>(4,498,782)</u>
Total capital assets, being depreciated, net	<u>13,850,407</u>	<u>(45,238)</u>	<u>-</u>	<u>13,805,169</u>
Business-type activities capital assets, net	<u>\$ 14,346,839</u>	<u>\$ 233,313</u>	<u>\$ -</u>	<u>\$ 14,509,764</u>

Long-term Debt

Long-term debt in the governmental activities consists of compensated absences. The business-type activities reduced their outstanding revenue bonds by \$94,000.

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 71,897	\$ 113,009	\$ (120,625)	\$ 64,281	\$ 64,281
<i>Total Governmental Activities</i>	<u>\$ 71,897</u>	<u>\$ 113,009</u>	<u>\$ (120,625)</u>	<u>\$ 64,281</u>	<u>\$ 64,281</u>
Business-type Activities:					
Water Revenue Bonds, Series 2012	\$ 1,045,000	\$ -	\$ (94,000)	\$ 951,000	\$ 95,000
Total Debt	<u>1,045,000</u>	<u>-</u>	<u>(94,000)</u>	<u>951,000</u>	<u>95,000</u>
Compensated Absences	<u>20,609</u>	<u>30,987</u>	<u>(31,717)</u>	<u>19,879</u>	<u>19,879</u>
<i>Total Business-type Activities</i>	<u>\$ 1,065,609</u>	<u>\$ 30,987</u>	<u>\$ (125,717)</u>	<u>\$ 970,879</u>	<u>\$ 114,879</u>

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
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REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Pleasant View City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Pleasant View City
520 West Elberta Drive
Pleasant View, Utah 84414

BASIC FINANCIAL STATEMENTS

PLEASANT VIEW CITY
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,893,985	\$ 3,088,020	\$ 5,982,005
Accounts Receivable (Net of Allowance for Uncollectibles)	35,304	213,854	249,158
Accounts Receivable - Intergovernmental	839,026	-	839,026
Inventory	-	20,000	20,000
Restricted Cash	1,040,412	734,301	1,774,713
Capital Assets:			
Land	491,200	426,044	917,244
Construction in Progress	2,190,588	278,551	2,469,139
Land Improvements	1,577,636	-	1,577,636
Buildings	1,569,297	1,123,695	2,692,992
Machinery and Equipment	1,453,728	703,847	2,157,575
Utility Systems	-	16,476,409	16,476,409
Infrastructure	10,671,349	-	10,671,349
Less Accumulated Depreciation	(3,976,471)	(4,498,782)	(8,475,253)
Total Capital Assets, Net	<u>13,977,327</u>	<u>14,509,764</u>	<u>28,487,091</u>
Total Assets	<u>18,786,054</u>	<u>18,565,939</u>	<u>37,351,993</u>
LIABILITIES			
Accounts Payable	383,866	163,438	547,304
Customer Deposits	153,064	99,521	252,585
Other Accrued Liabilities	49,838	-	49,838
Noncurrent Liabilities:			
Due Within One Year	64,281	114,879	179,160
Due in More Than One Year	-	856,000	856,000
Total Liabilities	<u>651,049</u>	<u>1,233,838</u>	<u>1,884,887</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	569,381	-	569,381
Total Deferred Inflows of Resources	<u>569,381</u>	<u>-</u>	<u>569,381</u>
NET POSITION			
Net Investment in Capital Assets	13,913,046	13,558,764	27,471,810
Restricted For:			
Class "C" Roads	257,758	-	257,758
Alcoholic Beverage Enforcement and Treatment	10,125	-	10,125
Open Space Impact Fees	155,582	-	155,582
Redevelopment	616,947	-	616,947
Sewer Impact Fees	-	60,931	60,931
Storm Sewer Impact Fees	-	673,370	673,370
Unrestricted	2,612,166	3,039,036	5,651,202
Total Net Position	<u>\$ 17,565,624</u>	<u>\$ 17,332,101</u>	<u>\$ 34,897,725</u>

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues			Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 809,325	\$ 40,842	\$ 169,076	\$ -	\$ (599,407)	\$ -	\$ (599,407)
Public Safety	1,025,700	90,244	-	-	(935,456)	-	(935,456)
Public Works	959,506	512,953	265,184	1,655,852	1,474,483	-	1,474,483
Parks and Recreation	309,230	223,748	-	121,511	36,029	-	36,029
Total Governmental Activities	3,103,761	867,787	434,260	1,777,363	(24,351)	-	(24,351)
Business-type Activities							
Storm Sewer	278,746	674,619	-	-	-	395,873	395,873
Solid Waste	325,515	340,504	-	-	-	14,989	14,989
Water	476,685	696,977	-	-	-	220,292	220,292
Sewer	758,048	971,416	-	-	-	213,368	213,368
Total Business-type Activities	1,838,994	2,683,516	-	-	-	844,522	844,522
Total Government	\$ 4,942,755	\$ 3,551,303	\$ 434,260	\$ 1,777,363	(24,351)	844,522	820,171
		General Revenues:					
		Taxes					
		Property			627,100	-	627,100
		Sales and Use			932,045	-	932,045
		Fee in Lieu			53,015	-	53,015
		Franchise			665,380	-	665,380
		Transfers In/Out			(160,000)	160,000	-
		Interest and Investment Earnings			15,928	17,488	33,416
		Miscellaneous			25,122	-	25,122
		Total General Revenues and Transfers			2,158,590	177,488	2,336,078
		Change in Net Position			2,134,239	1,022,010	3,156,249
		Net Position at Beginning of Year			15,431,385	16,310,091	31,741,476
		Net Position at End of Year			\$ 17,565,624	\$ 17,332,101	\$ 34,897,725

The accompanying notes are an integral part of these financial statements.

**PLEASANT VIEW CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2014**

	General	Roads (Capital)	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 642,993	\$ 1,047,165	\$ 1,203,827	\$ 2,893,985
Restricted Cash	267,883	-	772,529	1,040,412
Accounts Receivable	34,431	-	873	35,304
Accounts Receivable - Intergovernmental	839,026	-	-	839,026
TOTAL ASSETS	\$ 1,784,333	\$ 1,047,165	\$ 1,977,229	\$ 4,808,727
LIABILITIES				
Accounts Payable	\$ 271,253	\$ 85,294	\$ 27,319	\$ 383,866
Customer Deposits	153,064	-	-	153,064
Other Accrued Liabilities	49,838	-	-	49,838
TOTAL LIABILITIES	474,155	85,294	27,319	586,768
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	569,381	-	-	569,381
TOTAL DEFERRED INFLOWS OF RESOURCES	569,381	-	-	569,381
FUND BALANCES				
Restricted for:				
Class C Roads	257,758	-	-	257,758
Park Development Impact Fees	-	-	155,582	155,582
Alcoholic Beverage Enforcement and Treatment	10,125	-	-	10,125
Redevelopment	-	-	617,820	617,820
Assigned for:				
Park Improvements	-	-	521,438	521,438
Equipment Replacement	-	-	655,070	655,070
Roads and Sidewalks	-	961,871	-	961,871
Unassigned	472,914	-	-	472,914
TOTAL FUND BALANCES	740,797	961,871	1,949,910	3,652,578
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,784,333	\$ 1,047,165	\$ 1,977,229	\$ 4,808,727

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

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

Total fund balances--total governmental funds	\$ 3,652,578
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund financial statements.	13,977,327
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Those liabilities consist of:	
Compensated Absences	<u>(64,281)</u>
Net position of governmental activities	<u>\$ 17,565,624</u>

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Roads (Capital)	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,261,266	\$ -	\$ 16,274	\$ 2,277,540
Licenses and Permits	358,942	-	-	358,942
Intergovernmental	318,386	1,655,852	-	1,974,238
Charges for services	171,133	-	-	171,133
Fines	90,244	-	-	90,244
Impact Fees	-	-	183,935	183,935
Other Revenues	47,047	3,597	291,324	341,968
Total Revenues	3,247,018	1,659,449	491,533	5,398,000
EXPENDITURES				
Current Operating:				
General Government	724,946	-	57,306	782,252
Public Safety	976,655	-	-	976,655
Public Works	684,673	1,404,506	37,709	2,126,888
Parks and Recreation	253,880	-	163,388	417,268
Total Expenditures	2,640,154	1,404,506	258,403	4,303,063
Excess of Revenues Over (Under) Expenditures	606,864	254,943	233,130	1,094,937
OTHER FINANCING SOURCES (USES)				
Transfers-In	-	170,000	260,000	430,000
Transfers-Out	(590,000)	-	-	(590,000)
Total Other Financing Sources (Uses)	(590,000)	170,000	260,000	(160,000)
Net Change in Fund Balances	16,864	424,943	493,130	934,937
Fund Balances at Beginning of Year	723,933	536,928	1,456,780	2,717,641
Fund Balances at End of Year	\$ 740,797	\$ 961,871	\$ 1,949,910	\$ 3,652,578

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balance, total governmental funds		\$ 934,937
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. 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 expense in the current period.</p>		
Capital Outlays	1,589,408	
Depreciation Expense	<u>(390,106)</u>	1,199,302
<p>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 the governmental funds.</p>		
Compensated Absences Accrued		(113,009)
Net Book Value of Disposed Assets		<u>(7,613)</u>
<p>The governmental funds reports bond proceeds and proceeds from other financing sources as an other financing source. These amounts are reported as liabilities in the statement of net position. Repayment of debt principal and compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The net effect of these items is as follows:</p>		
Compensated Absences	<u>120,622</u>	<u>120,622</u>
Change in net position of governmental activities		<u>\$ 2,134,239</u>

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Storm Sewer	Solid Waste
ASSETS		
Current Assets:		
Cash	\$ 61,188	\$ 171,480
Accounts Receivable (Net)	37,153	39,254
Inventory	-	-
Total Current Assets	98,341	210,734
Noncurrent Assets:		
Restricted Cash	673,370	-
Capital Assets:		
Land	66,331	-
Construction in Progress	278,551	-
Buildings	131,902	-
Utility Systems	5,589,906	-
Machinery and Equipment	297,317	-
Less Accumulated Depreciation	(1,230,675)	-
Total Capital Assets, Net	5,133,332	-
Total Noncurrent Assets	5,806,702	-
Total Assets	5,905,043	210,734
LIABILITIES		
Current Liabilities:		
Accounts Payable	17,122	24,284
Customer Deposits	-	-
Current Portion of Long-Term Obligations	5,503	2,689
Total Current Liabilities	22,625	26,973
Noncurrent Liabilities:		
Long-Term Obligations, Net of Current Portion	-	-
Total Liabilities	22,625	26,973
NET POSITION		
Net Investment in Capital Assets	5,133,332	-
Restricted for Impact Fees	673,370	-
Unrestricted	75,716	183,761
Total Net Position	\$ 5,882,418	\$ 183,761

The accompanying notes are an integral part of these financial statements.

<u>Water</u>	<u>Sewer</u>	<u>Total</u>
\$ 1,377,063	\$ 1,478,289	\$ 3,088,020
47,771	89,676	213,854
20,000	-	20,000
<u>1,444,834</u>	<u>1,567,965</u>	<u>3,321,874</u>
-	60,931	734,301
359,713	-	426,044
-	-	278,551
941,793	50,000	1,123,695
7,198,101	3,688,402	16,476,409
330,404	76,126	703,847
<u>(2,110,598)</u>	<u>(1,157,509)</u>	<u>(4,498,782)</u>
<u>6,719,413</u>	<u>2,657,019</u>	<u>14,509,764</u>
<u>6,719,413</u>	<u>2,717,950</u>	<u>15,244,065</u>
<u>8,164,247</u>	<u>4,285,915</u>	<u>18,565,939</u>
72,908	49,124	163,438
99,521	-	99,521
103,055	3,632	114,879
<u>275,484</u>	<u>52,756</u>	<u>377,838</u>
<u>856,000</u>	<u>-</u>	<u>856,000</u>
<u>1,131,484</u>	<u>52,756</u>	<u>1,233,838</u>
5,768,413	2,657,019	13,558,764
-	60,931	734,301
1,264,350	1,515,209	3,039,036
<u>\$ 7,032,763</u>	<u>\$ 4,233,159</u>	<u>\$ 17,332,101</u>

PLEASANT VIEW CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Storm Sewer	Solid Waste
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 321,696	\$ 343,139
Cash Paid to Suppliers	(18,878)	(261,506)
Cash Paid to Employees	(121,901)	(39,735)
Net Cash Provided (Used) by Operating Activities	<u>180,917</u>	<u>41,898</u>
Cash Flows from Noncapital Financing Activities		
Transfers In/Out	160,000	-
Net Cash Used in Noncapital Financing Activities	<u>160,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(355,400)	-
Principal Payments - Bonds	-	-
Issuance of Debt - Bonds	-	-
Interest Paid	-	-
Impact Fees Collected	344,467	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(10,933)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest on Investments	3,434	797
Net Cash Provided by Investing Activities	<u>3,434</u>	<u>797</u>
Net Increase (Decrease) in Cash	333,418	42,695
Cash - July 1	401,140	128,785
Cash - June 30	<u>\$ 734,558</u>	<u>\$ 171,480</u>
As Reported on the Statement of Net Position:		
Cash	61,188	171,480
Restricted Cash	673,370	-
	<u>\$ 734,558</u>	<u>\$ 171,480</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 51,406	\$ 14,989
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	121,393	-
Changes in Assets and Liabilities:		
Accounts Receivable	(8,456)	2,635
Customer Deposits	-	-
Compensated Absences	(549)	(10)
Accounts Payable	17,123	24,284
Net Cash Provided by Operating Activities	<u>\$ 180,917</u>	<u>\$ 41,898</u>
Noncash investing and financing activities:		
Capital Contributions	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Water	Sewer	Total
\$ 539,523	\$ 842,076	\$ 1,995,009
10,454	250	67,950
<u>549,977</u>	<u>842,326</u>	<u>2,062,959</u>
133,547	76,025	370,649
-	544,345	819,011
7,380	3,286	17,267
75,283	51,514	150,956
7,813	33	13,866
49,445	120	49,565
5,072	3,400	18,817
<u>180,781</u>	<u>79,325</u>	<u>381,499</u>
<u>459,321</u>	<u>758,048</u>	<u>1,821,630</u>
<u>90,656</u>	<u>84,278</u>	<u>241,329</u>
147,000	129,090	620,557
6,349	6,908	17,488
-	-	-
<u>(17,364)</u>	<u>-</u>	<u>(17,364)</u>
<u>135,985</u>	<u>135,998</u>	<u>620,681</u>
226,641	220,276	862,010
-	-	160,000
<u>226,641</u>	<u>220,276</u>	<u>1,022,010</u>
<u>6,806,122</u>	<u>4,012,883</u>	<u>16,310,091</u>
<u>\$ 7,032,763</u>	<u>\$ 4,233,159</u>	<u>\$ 17,332,101</u>

PLEASANT VIEW CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Storm Sewer	Solid Waste
Operating Revenues:		
Charges for Services	\$ 330,152	\$ 283,258
Other Operating Revenues	-	57,246
Total Operating Revenues	<u>330,152</u>	<u>340,504</u>
Operating Expenses:		
Personnel Services	121,352	39,725
Contractual Services	-	274,666
Office Supplies and Expense	4,487	2,114
Supplies	24,159	-
Professional Services	5,555	465
Utilities	-	-
Equipment and Maintenance	1,800	8,545
Depreciation	121,393	-
Total Operating Expenses	<u>278,746</u>	<u>325,515</u>
Operating Income (Loss)	<u>51,406</u>	<u>14,989</u>
Nonoperating Revenues (Expenses)		
Impact Fees	344,467	-
Interest Revenue	3,434	797
Gain or (Loss) on Disposition of Asset	-	-
Interest Expense	-	-
Total Nonoperating Revenues (Expenses)	<u>347,901</u>	<u>797</u>
Net Income (Loss) Before Contributions and Transfers	399,307	15,786
Transfers (to) or from Other Funds	<u>160,000</u>	<u>-</u>
Change in Net Position	<u>559,307</u>	<u>15,786</u>
Total Net Position - Beginning	<u>5,323,111</u>	<u>167,975</u>
Total Net Position - Ending	<u>\$ 5,882,418</u>	<u>\$ 183,761</u>

The accompanying notes are an integral part of these financial statements.

Water	Sewer	Total
\$ 543,499	\$ 848,325	\$ 2,056,659
(74,777)	(553,576)	(908,737)
(133,464)	(76,275)	(371,375)
<u>335,258</u>	<u>218,474</u>	<u>776,547</u>
-	-	160,000
-	-	<u>160,000</u>
(189,025)	-	(544,425)
(94,000)	-	(94,000)
-	-	-
(17,364)	-	(17,364)
147,000	129,090	620,557
<u>(153,389)</u>	<u>129,090</u>	<u>(35,232)</u>
6,349	6,908	17,488
<u>6,349</u>	<u>6,908</u>	<u>17,488</u>
188,218	354,472	918,803
<u>1,188,845</u>	<u>1,184,748</u>	<u>2,903,518</u>
<u>\$ 1,377,063</u>	<u>\$ 1,539,220</u>	<u>\$ 3,822,321</u>
1,377,063	1,478,289	3,088,020
-	60,931	734,301
<u>\$ 1,377,063</u>	<u>\$ 1,539,220</u>	<u>\$ 3,822,321</u>
\$ 90,656	\$ 84,278	\$ 241,329
180,781	79,325	381,499
(13,138)	5,999	(12,960)
6,660	-	6,660
83	(250)	(726)
<u>70,216</u>	<u>49,122</u>	<u>160,745</u>
<u>\$ 335,258</u>	<u>\$ 218,474</u>	<u>\$ 776,547</u>
\$ -	\$ -	\$ -

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

Pleasant View City is incorporated under the laws of the State of Utah and operates within the classification of a fifth-class City. The City government is operated under a mayor and five-member council who are elected for four-year terms. Appointed officers are the city recorder, city treasurer, and the police chief. In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and no component units.

The City's 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). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

B. Basic Financial Statements

The City's basic financial statements consist of the government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

Statement of Net Position - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end.

Statement of Activities - The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements (continued)

Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts.

There are three categories of funds: governmental, proprietary, and fiduciary. The following fund types are used by the City:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following describes the major governmental fund of the City:

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.

Road (Capital Projects) fund is used to accumulate and spend financial resources for the construction and improvements on roads that are not business-type.

The following describes the nonmajor governmental funds of the City:

Park Development (Capital Projects) fund is used to account for financial resources to be used for the acquisition or construction of park improvements as designate by the governing body (other than those financed by business-type/proprietary funds).

Equipment Replacement (Capital Projects) fund is used to accumulate and spend financial resources for new equipment and other new capital facilities and improvements that are not business-type.

Redevelopment fund helps eliminate "blighted" areas within the designated project area. The City receives tax increment revenue for the fund. The Redevelopment Fund is a special revenue fund

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (continued)

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's various departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The following is a description of the proprietary funds of the City.

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business enterprises or where the governing body had decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise funds include the water fund, sewer fund, storm sewer, and the solid waste fund.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time liability is incurred. Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting (continued)

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

E. Assets, Liabilities and Equity

1. Deposits and Investments

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

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

3. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

4. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories 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.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

5. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Interest has not been capitalized during the construction period on property, plant and equipment.

The City capitalizes assets with an original cost of \$2,500 or more and a useful life of more than three years, except for infrastructure. Land improvements with an original cost of \$12,500 or more are capitalized. Buildings and building improvements with an original cost of \$25,000 or more and infrastructure with an original cost of \$100,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Utility Systems	50
Infrastructure	50
Machinery & Equipment	5-20

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

6. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item reported under this category. *Unavailable revenue-property taxes* are reported as deferred inflows of resources since they are not recognized as receivables before the period for which the taxes are levied. These amounts are reported in both the government-wide statements and the governmental fund statements.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

7. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. If an employee has more than 20 years of service with the Utah Retirement System, the city accrues 20% of the employee's available sick leave hours. Vacation pay is accrued when incurred and is reported as a liability. Amounts not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position as a noncurrent liability.

8. Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of notes payable and bonds payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

9. Equity Classifications

Fund financial statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
 - b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors.
 - c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
-

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

9. Equity Classifications (continued)

- d. Assigned fund balance – Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first apply restricted resources rather than unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Equity (continued)

10. Interfund Transactions (continued)

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

11. Property Tax

Real property taxes are collected by the County Treasurer and remitted to the City after collection. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year. The tax levy is established by June 15th with a lien date of January 1st. Property tax revenue is not recognized when levied, because it is not expected to be collected within 60 days after the end of the fiscal year and is not available for use in the year in which the taxes are levied.

12. Operating Revenues and Expenses

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Information

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah cities" by the Pleasant View City Municipal Council prior to June 22nd for the following fiscal year, which begins on July 1. Budgets may be increased by resolution of the Municipal Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first regularly scheduled council meeting in May, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to the formal adoption of the budget the City Council will hold budget workshop meetings, which are open to the public.
3. Prior to June 22nd the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 7 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds.
5. Budgets for the General Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the 2013/2014 fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.

B. Fund Equity Restrictions

Restricted for Class "C" Road - Restriction required to be kept that accounts for the receipt of class "C" road revenues and expenditures.

Restricted for Alcoholic Beverage Enforcement and Treatment - Restriction required to be kept that accounts for the receipt of State Liquor revenues and expenditures.

Restricted for Impact Fees - The City Council passed an ordinance providing for specific impact fees on all new construction. Impact fees include fees for fire, parks (open space and park development), sanitary sewer, water, and storm sewer. These fees are to be restricted for costs of development.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Fund Equity Restrictions (continued)

Restricted for Redevelopment - The Redevelopment Fund receives property taxes with the intent to spend the funds on redeveloping the City.

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, and Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of city funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does have a formal deposit policy for custodial credit risk. As of June 30, 2014, none of the City's bank balances of \$176,661 were uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF).

PLEASANT VIEW CITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Deposits and Investments (continued)

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses – net of administration fees, of the PTIF are allocated based upon the participant’s average daily balance. The fair value of the PTIF Investment pool is approximately equal to the value of the pool shares.

As of June 30, 2014, the City had the following investments and maturities:

	Carrying Amount	Market Value
Investments not subject to categorizations:		
Utah Public Treasurer's Investment Fund	\$ 7,776,681	\$ 7,819,501

The GASB Fair Value factor at June 30, 2014 was 1.00550620

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers Investment Fund and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City’s investments are noted in the previous table.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act as previously discussed.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The City’s investment in the Utah Public Treasurer’s Investment Fund has no concentration of credit risk.

PLEASANT VIEW CITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

A. Deposits and Investments (continued)

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, 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 a formal policy for custodial credit risk.

The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2014, are as follows:

Cash on hand and on deposit:	
Cash deficit	\$ (19,963)
PTIF investment	<u>7,776,681</u>
Total cash and investments	<u><u>\$ 7,756,718</u></u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash and cash equivalents	\$ 5,982,005
Restricted cash	<u>1,774,713</u>
Total cash and investments	<u><u>\$ 7,756,718</u></u>

B. Accounts Receivable

Intergovernmental accounts receivable for the City, including the applicable allowance for uncollectible accounts at June 30, 2014, are as follows:

Intergovernmental Activities:	<u>General</u>
Receivables:	
Sales Tax	\$ 169,252
Class C Road	49,202
Property Tax	9,289
Deferred Property Tax	569,561
Other Taxes	<u>41,722</u>
Gross receivables	839,026
Less: Allowance for uncollectibles	<u>-</u>
Net total receivables	<u><u>\$ 839,026</u></u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

B. Accounts Receivable (continued)

The Accounts Receivables in the Proprietary funds have the following balances:

Business-type Activities:	Storm Drain	Water	Sewer	Sanitation	Total
Accounts Receivables	\$ 38,153	\$ 49,099	\$ 91,676	\$ 40,254	\$ 219,182
Less: Allowance for uncollectibles	(1,000)	(1,328)	(2,000)	(1,000)	(5,328)
Net total receivables	<u>\$ 37,153</u>	<u>\$ 47,771</u>	<u>\$ 89,676</u>	<u>\$ 39,254</u>	<u>\$ 213,854</u>

C. Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 491,200	\$ -	\$ -	\$ 491,200
Construction in Progress	651,347	1,539,241	-	2,190,588
Total capital assets, not being depreciated	<u>1,142,547</u>	<u>1,539,241</u>	<u>-</u>	<u>2,681,788</u>
Capital assets, being depreciated				
Land Improvements	1,534,420	43,216	-	1,577,636
Buildings	1,569,297	-	-	1,569,297
Machinery & Equipment	1,455,237	6,950	(8,459)	1,453,728
Infrastructure	10,671,349	-	-	10,671,349
Total capital assets, being depreciated	<u>15,230,303</u>	<u>50,166</u>	<u>(8,459)</u>	<u>15,272,010</u>
Accumulated Depreciation for:				
Land Improvements	(178,997)	(37,853)	-	(216,850)
Buildings	(347,882)	(33,485)	-	(381,367)
Machinery & Equipment	(1,110,047)	(91,131)	844	(1,200,334)
Infrastructure	(1,950,283)	(227,637)	-	(2,177,920)
Total accumulated depreciation	<u>(3,587,209)</u>	<u>(390,106)</u>	<u>844</u>	<u>(3,976,471)</u>
Total capital assets, being depreciated, net	<u>11,643,094</u>	<u>(339,940)</u>	<u>(7,615)</u>	<u>11,295,539</u>
Governmental activities capital assets, net	<u>\$ 12,785,641</u>	<u>\$ 1,199,301</u>	<u>\$ (7,615)</u>	<u>\$ 13,977,327</u>

Depreciation Expense was charged to functions/departments of the primary government as follows:

Governmental Activities:

General Government	\$ 27,073
Public Safety	49,045
Public Works	276,106
Parks and Recreation	37,882
Total Depreciation Expense	<u>\$ 390,106</u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

C. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 426,044	\$ -	\$ -	\$ 426,044
Construction in Progress	70,388	278,551	(70,388)	278,551
Total capital assets, not being depreciated	<u>496,432</u>	<u>278,551</u>	<u>-</u>	<u>704,983</u>
Capital assets, being depreciated				
Buildings	1,053,308	70,387	-	1,123,695
Utility Systems	16,287,384	189,025	-	16,476,409
Machinery & Equipment	626,998	76,849	-	703,847
Total capital assets, being depreciated	<u>17,967,690</u>	<u>336,261</u>	<u>-</u>	<u>18,303,951</u>
Accumulated Depreciation for:				
Buildings	(310,157)	(22,173)	-	(332,330)
Utility Systems	(3,343,665)	(338,817)	-	(3,682,482)
Machinery & Equipment	(463,461)	(20,509)	-	(483,970)
Total accumulated depreciation	<u>(4,117,283)</u>	<u>(381,499)</u>	<u>-</u>	<u>(4,498,782)</u>
Total capital assets, being depreciated, net	<u>13,850,407</u>	<u>(45,238)</u>	<u>-</u>	<u>13,805,169</u>
Business-type activities capital assets, net	<u>\$ 14,346,839</u>	<u>\$ 233,313</u>	<u>\$ -</u>	<u>\$ 14,509,764</u>

Depreciation Expense was charged to functions/departments of the primary business-type activities as follows:

Business-type Activities:	
Storm Sewer	\$ 121,393
Solid Waste	-
Water	180,781
Sewer	<u>79,325</u>
Total Depreciation Expense	<u>\$ 381,499</u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

D. Interfund Transfers/Balances

Transfers for the year June 30, 2014 were as follows:

Transfers Out	Transfers In				Total
	Roads Fund	Park Development (Capital)	Equipment Replacement (Capital)	Storm Sewer	
General Fund	\$ 170,000	\$ 70,000	\$ 190,000	\$ 160,000	\$ 590,000
Totals	\$ 170,000	\$ 70,000	\$ 190,000	\$ 160,000	\$ 590,000

The above transfers resulted from the normal course of the City's operation.

E. Long-Term Liabilities

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the governmental activities:

Governmental Activities:	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Compensated Absences	\$ 71,897	\$ 113,009	\$ (120,625)	\$ 64,281	\$ 64,281
<i>Total Governmental Activities</i>	<u>\$ 71,897</u>	<u>\$ 113,009</u>	<u>\$ (120,625)</u>	<u>\$ 64,281</u>	<u>\$ 64,281</u>

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the business-type activities:

Business-type Activities:	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Water Revenue Bonds, Series 2012	\$ 1,045,000	\$ -	\$ (94,000)	\$ 951,000	\$ 95,000
Total Debt	1,045,000	-	(94,000)	951,000	95,000
Compensated Absences	20,609	30,987	(31,717)	19,879	19,879
<i>Total Business-type Activities</i>	<u>\$ 1,065,609</u>	<u>\$ 30,987</u>	<u>\$ (125,717)</u>	<u>\$ 970,879</u>	<u>\$ 114,879</u>

PLEASANT VIEW CITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

E. Long-Term Liabilities (continued)

Water Revenue Bond, Series 2012. The City issued Series 2012 bonds to provide funds for improvements and construction of a culinary water project. The settlement amount is \$1,144,000.

The Series bonds' interest rate is set at 1.74% and is due semi-annually on April 1st and October 1st. Principal payments are due on October 1st of each year. The bonds mature on October 1, 2023.

\$ 951,000

The annual requirements to amortize the obligation are as follows:

Year Ended June 30,	Series 2012 Water Bonds		
	Principal	Interest	Total
2015	\$ 95,000	\$ 15,721	\$ 110,721
2016	98,000	14,042	112,042
2017	100,000	12,319	112,319
2018	102,000	10,562	112,562
2019	105,000	8,761	113,761
2020-2023	451,000	15,947	466,947
Totals	\$ 951,000	\$ 77,352	\$ 1,028,352

F. Redevelopment Agency

In 2002, the City created a redevelopment agency fund to account for revenues derived from specific taxes, which are designated to finance particular functions of the city. The actual expenditures for the fund consisted of the following:

1. \$764 for professional and technical expenses.
2. \$2,297 for memberships and subscriptions and supplies.
3. \$380 for travel and training.
4. \$53,865 as tax incentives to businesses.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

IV. OTHER INFORMATION

A. Retirement System

Plan Description - Pleasant View City Corporation contributes to the Local Government Noncontributing Retirement System, which is for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans 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 of the Local Governmental Contributory Retirement System and Local Government Noncontributory Retirement System. 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 – Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Pleasant View City is required to contribute 13.28% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Pleasant View City is required to contribute 17.29% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage, Pleasant View City is required to contribute 32.14% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Defined Benefit Plan – The Pleasant View City contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2014, 2013, and 2012, were \$10,754, \$9,469, and \$7,483, respectively and for the Noncontributory Retirement System the contributions for June 30, 2014, 2013, and 2012, were \$102,762, \$97,890, and \$83,224, respectively and for the Public Safety Retirement System contributions for June 30, 2014, 2013, and 2012, were \$91,025, \$90,181, and \$81,652, respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan – The City also provides a 457 Plan and a 401(k) plan for employees. The plans are adopted and amended by the City Council, administered by the trustees with money management and contract administration provided by Utah State Retirement System. The City has not made any contributions to the 457 Plan in the past three years. The 401(k) plan is an elective deferral plan. All participants are fully vested. Contributions for the year ended June 30, 2014 totaled approximately \$72,240.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

IV. OTHER INFORMATION (continued)

B. Deferred Revenue

Deferred revenues are funds where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The deferred revenue consists of two elements:

1. The City places a lien on property within its taxing jurisdiction for property taxes on January 1st. On that date the property taxes are recognized as a receivable, but are not recognized as revenue until the taxes have been levied and are within the year in which the taxes are to be used to finance the City's operations.
2. The City receives property taxes in advance of the year in which the taxes are to be used to finance the City's operations. These funds are recorded as deferred revenue.

Pleasant View City deferred revenue as of June 30, 2014 is as follows:

Property Taxes:	<u>Amount</u>
Subject to a lien	\$ 569,381
Total	<u>\$ 569,381</u>

C. Risk Management – Claims and Judgments

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior year.

D. Stewardship, Compliance, and Accountability

State code requires the General fund to maintain its actual expenditures below an approved budget in each department. All the expenditures were within the budgeted amounts for the year ending June 30, 2014.

**REQUIRED
SUPPLEMENTARY INFORMATION**

PLEASANT VIEW CITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Current Year Property Taxes	\$ 557,994	\$ 577,000	\$ 580,976	\$ 3,976
Redemptions	45,000	30,000	29,850	(150)
Fee in Lieu	53,000	50,000	53,015	3,015
Sales and Use Taxes	850,000	910,000	932,045	22,045
Franchise Taxes	666,000	666,000	665,380	(620)
	<u>2,171,994</u>	<u>2,233,000</u>	<u>2,261,266</u>	<u>28,266</u>
Licenses and Permits:				
Business Licenses	13,500	13,500	13,393	(107)
Building Permits	177,340	410,000	336,183	(73,817)
Other Licenses	6,000	12,400	9,366	(3,034)
	<u>196,840</u>	<u>435,900</u>	<u>358,942</u>	<u>(76,958)</u>
Intergovernmental:				
Other Intergovernmental	57,450	58,512	46,090	(12,422)
Class "C" Road Fund Allotment	270,000	277,000	265,184	(11,816)
State Liquor Allotment	7,200	7,100	7,112	12
	<u>334,650</u>	<u>342,612</u>	<u>318,386</u>	<u>(24,226)</u>
Charges for Services:				
Inspection Fees	-	13,000	10,810	(2,190)
Plan Check Fees	55,000	135,000	101,570	(33,430)
Zoning and Subdivision Fees	3,650	13,400	18,300	4,900
Founder's Day	-	16,000	11,571	(4,429)
Park and Recreation Fees	26,600	26,600	28,242	1,642
Other Fees	9,300	650	640	(10)
	<u>94,550</u>	<u>204,650</u>	<u>171,133</u>	<u>(33,517)</u>
Fines and Forfeitures	<u>123,100</u>	<u>93,100</u>	<u>90,244</u>	<u>(2,856)</u>
Other Revenues:				
Interest Earnings	3,300	4,300	4,482	182
Rents and Concessions	18,000	18,000	17,443	(557)
Miscellaneous Revenue	28,000	21,850	25,122	3,272
	<u>49,300</u>	<u>44,150</u>	<u>47,047</u>	<u>2,897</u>
Total Revenues	<u>\$ 2,970,434</u>	<u>\$ 3,353,412</u>	<u>\$ 3,247,018</u>	<u>\$ (106,394)</u>

(continued)

PLEASANT VIEW CITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
General Government:				
Legislative	\$ 44,975	\$ 43,475	\$ 43,655	\$ (180)
Judicial	90,995	90,995	80,786	10,209
Administration	253,010	244,130	232,227	11,903
Nondepartmental	120,575	163,575	174,769	(11,194)
Buildings	41,500	45,075	42,387	2,688
Planning and Zoning	142,550	156,040	151,122	4,918
	<u>693,605</u>	<u>743,290</u>	<u>724,946</u>	<u>18,344</u>
Public Safety:				
Police Department	1,124,360	1,007,670	970,895	36,775
Emergency Response	-	6,000	5,760	240
	<u>1,124,360</u>	<u>1,013,670</u>	<u>976,655</u>	<u>37,015</u>
Public Works				
Building Inspection	-	97,720	88,365	9,355
Shop	22,355	20,300	16,259	4,041
Streets	709,750	681,907	580,049	101,858
	<u>732,105</u>	<u>799,927</u>	<u>684,673</u>	<u>115,254</u>
Senior Citizen	-	7,500	5,000	2,500
Parks	171,150	173,075	149,976	23,099
Recreation	107,900	61,600	57,504	4,096
Community Promotion	12,000	41,500	41,400	100
Total Expenditures	<u>2,841,120</u>	<u>2,840,562</u>	<u>2,640,154</u>	<u>200,408</u>
Other financing sources (uses):				
Operating transfers in (out)	(200,000)	(590,000)	(590,000)	-
Appropriations of Class "C" Reserve	19,300	6,607	-	6,607
Appropriations of Fund Balances	51,386	70,543	-	70,543
Total other financing sources (uses)	<u>(129,314)</u>	<u>(512,850)</u>	<u>(590,000)</u>	<u>77,150</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	16,864	16,864
Fund Balance - July 1	<u>723,933</u>	<u>723,933</u>	<u>723,933</u>	-
Fund Balance - June 30	<u>\$ 723,933</u>	<u>\$ 723,933</u>	<u>\$ 740,797</u>	<u>\$ 16,864</u>

SUPPLEMENTARY INFORMATION

**PLEASANT VIEW CITY
COMBINING BALANCE SHEET
NONMAJOR FUNDS
AS OF JUNE 30, 2014**

	<u>Capital Project Funds</u>			Total Nonmajor Governmental Funds
	<u>Park Development</u>	<u>Equipment Replacement</u>	<u>RDA</u>	
ASSETS				
Cash	\$ 544,265	\$ 659,562	\$ -	\$ 1,203,827
Restricted Cash	155,582	-	616,947	772,529
Accounts Receivable	-	-	873	873
TOTAL ASSETS	\$ 699,847	\$ 659,562	\$ 617,820	\$ 1,977,229
LIABILITIES				
Accounts Payable	\$ 22,827	\$ 4,492	\$ -	\$ 27,319
TOTAL LIABILITIES	22,827	4,492	-	27,319
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES				
Restricted for:				
Impact Fees	155,582	-	-	155,582
Redevelopment	-	-	617,820	617,820
Assigned for:				
Park Improvements	521,438	-	-	521,438
Equipment Replacement	-	655,070	-	655,070
Unassigned	-	-	-	-
TOTAL FUND BALANCES	677,020	655,070	617,820	1,949,910
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 699,847	\$ 659,562	\$ 617,820	\$ 1,977,229

PLEASANT VIEW CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
AS OF JUNE 30, 2014

	<u>CAPITAL PROJECT FUNDS</u>			Total Nonmajor Governmental Funds
	Park Development	Equipment Replacement	RDA	
REVENUES				
Impact Fees	\$ 183,935	\$ -	\$ -	\$ 183,935
Property Tax Increment	-	-	16,274	16,274
Interest	2,564	2,412	2,873	7,849
Miscellaneous	121,511	-	161,964	283,475
Total Revenues	308,010	2,412	181,111	491,533
EXPENDITURES				
General Government	-	-	57,306	57,306
Public Safety	-	-	-	-
Public Works	-	37,709	-	37,709
Parks and Recreation	163,388	-	-	163,388
Total Expenditures	163,388	37,709	57,306	258,403
Excess of Revenues Over (Under) Expenditures	144,622	(35,297)	123,805	233,130
OTHER FINANCING SOURCES (USES)				
Transfers-In or (Out)	70,000	190,000	-	260,000
Total Other Financing Sources (Uses)	70,000	190,000	-	260,000
Net Change in Fund Balances	214,622	154,703	123,805	493,130
Fund Balances at Beginning of Year	462,398	500,367	494,015	1,456,780
Fund Balances at End of Year	\$ 677,020	\$ 655,070	\$ 617,820	\$ 1,949,910

AUDITORS' REPORTS AND FINDINGS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor, City Council and Management of
Pleasant View City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasant View City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Pleasant View City's basic financial statements, and have issued our report thereon dated December 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pleasant View City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasant View City's internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant View City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weakness and significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses (2014-01 and 2014-02).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings to be a significant deficiency (2014-03).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant View City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pleasant View City's Response to Findings

Pleasant View City's response to the findings identified in our audit is described in the accompanying schedule of findings. Pleasant View City's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wood Richards & Associates, PC

Ogden, Utah

December 23, 2014

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE* ON:

- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- INTERNAL CONTROL OVER COMPLIANCE

To the Mayor, City Council, and Management of
Pleasant View City

Report On Compliance with General State Compliance Requirements and for Each Major State Program

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

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

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

Pleasant View City did not have any state funding classified as a major program during the year ended June 30, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Pleasant View City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Pleasant View City or its major state programs occurred. An audit includes examining, on a test basis, evidence about Pleasant View City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Pleasant View City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings as items (2014-04 and 2014-05). Our opinion on compliance is not modified with respect to these matters.

Pleasant View City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings. Pleasant View City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report On Internal Control Over Compliance

Management of Pleasant View City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pleasant View City's internal control over compliance with the compliance requirements that could have a direct and material effect on Pleasant View City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pleasant View City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Wood Richards & Associates, PC

Ogden, Utah

December 23, 2014

**PLEASANT VIEW CITY
SCHEDULE OF FINDINGS
JUNE 30, 2014**

2014-01: Internal Control Over Financial Reporting – Material Weakness

Criteria: Controls over cash disbursements should be sufficient to provide for adequate separation of duties and control within cash disbursement, signatures, and reconciliation of financial institution accounts.

Condition: The City's cash disbursements, signatures, and reconciliation are being performed and reviewed by the same two employees.

Cause: The City's small office staff and management team has not had the means to sufficiently separate duties or add mitigating controls.

Effect: The City has a material weakness in internal controls over financial reporting.

Management's Response: The City has started having the City Manager review the cancelled check images monthly to add a mitigating control. The City is also considering a positive pay banking system and having the City Manager preapprove the cash disbursements, rather than reviewing the disbursement after they have already cleared their financial institution.

2014-02: Internal Control Over Financial Reporting – Material Weakness

Criteria: A government's control procedures should be adequately designed to enable the financial statements to be sufficiently accurate and free of material misstatements on the accrual basis of accounting.

Condition: The financial statements of the City were materially misstated in receivables, payables, compensated absences allocation, capital assets, and reserve for bad debt.

Cause: Control procedures over reconciling and monitoring the balances and transaction were based partially on a cash basis of accounting and the records were not adjusted for accruals.

Effect: The City has a material weakness in internal controls over financial reporting.

Management's Response: The City will take appropriate steps to prevent such misstatements in the future.

**PLEASANT VIEW CITY
SCHEDULE OF FINDINGS
JUNE 30, 2014**

2014-03: Internal Control Over Financial Reporting – Significant Deficiency

Criteria: Controls over justice court functions should be sufficient to provide for adequate review and separation of duties over adjustments.

Condition: The City's justice court adjustments are not always being reviewed and approved by separate individual. Additionally, one person has the ability to create justice court adjustments and receipt payments corresponding with those adjustments.

Cause: The City's control procedures have not been implemented sufficiently to protect against the risk of misstatement in the justice court area.

Effect: The City has a significant deficiency in internal controls over financial reporting.

Management's Response: The City has worked to develop new policies and procedures over justice court and has established a formal monthly internal review by another individual.

2014-04: State Compliance – Utah Retirement System

Criteria: The Internal Revenue Service and Utah Retirement Systems require entities who make retirement contributions on behalf of their employees such as the contributory retirement system and the defined contribution system, make a formal pick up election for these contributions.

Condition: The City has not made such a formal election.

Cause: The City is working on getting the correct language for a formal resolution.

Effect: The City is noncompliant with this requirement.

Management's Response: The City now has the language prepared and is ready to go forward and make this formal action.

2014-05: State Compliance – Government Records Access Management Act

Criteria: The Utah State Code requires municipalities to adopt a formal Government Records Access Management Act (GRAMA) Policy.

Condition: The City has informally decided to follow the Utah State Government Records Access Management Act as contained within the Utah State Code without a formal action acknowledging such.

Cause: The City believed informally following state code was sufficient.

Effect: The City is noncompliant with this requirement.

Management's Response: The City is aware of this deficiency and will make a formal action establishing a GRAMA policy or formally establishing the Utah State Code Policy as the City's GRAMA policy.
