

LEHI CITY CORPORATION

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Prepared by:
Department of Finance**

LEHI CITY CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2010

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LEHI CITY CORPORATION

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INTRODUCTORY SECTION

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153 North 100 East – P.O. Box 255 – Lehi, Utah 84043-1895
801-768-7100 – Fax: 801-768-7101

December 20, 2010

To the Honorable Mayor, City Council and Citizens of Lehi City:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Lehi City (the City) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by Osborne, Robbins and Buhler PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

Lehi is located 12 miles north of Provo and 23 miles south of Salt Lake City. Lehi was settled by Mormon pioneers in 1850 and was known by several different names: Sulphur Springs, Snow's springs, Dry Creek and Evansville. The final name settled on by the Town's people was Lehi. The City was incorporated in 1852. Lehi is Utah's sixth oldest city.

The City has had a traditional Mayor Council form of government since 1852. Policy making and legislative authority are vested in a governing council consisting of the mayor and five city council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's administrator, recorder, and treasurer. The City's administrator is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing heads of the various departments. The mayor and city council are elected on a non-partisan basis. City council members serve four-year staggered terms. The mayor is elected to serve a four-year term. The mayor and all five city council seats are elected at large.

Lehi has a rich history. The Overland Stage Coach Route ran through the town. The famous Pony Express Trail ran next to the town. The Transcontinental Telegraph line ran adjacent to the City.

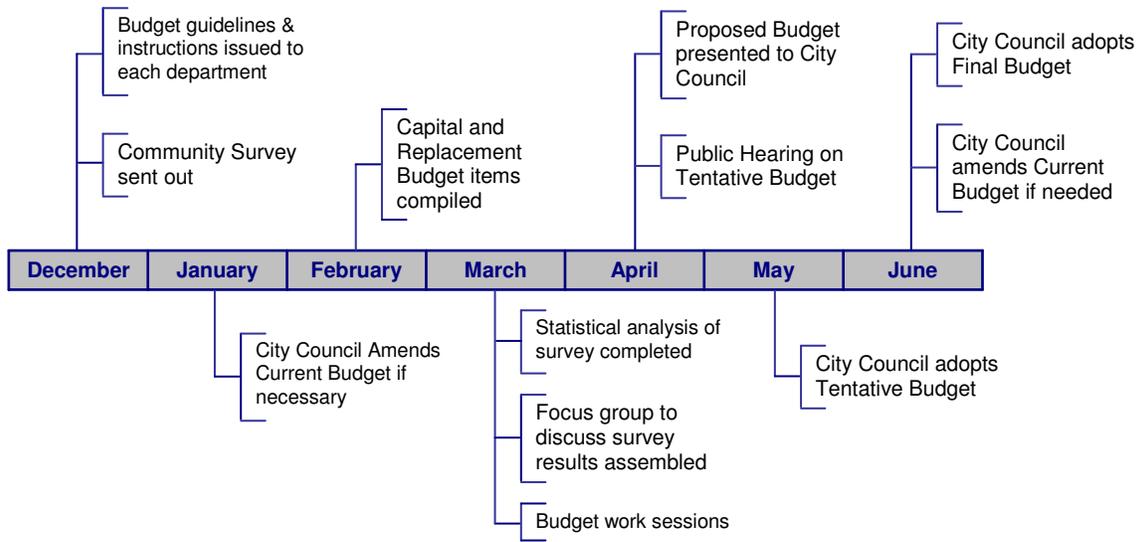


The City is a beautiful place to live. Just to the south is Utah Lake used for boating, fishing and hunting. The river that drains Utah Lake is the Jordan River, which runs through the City. To the east of the City are the beautiful Wasatch Mountains and to the west are the White Mountains and Oquirrh Mountains. All of which are within thirty minutes of Lehi offering a variety of activities including hiking, mountain biking, fishing, camping and skiing.

The City has a very western feel with many of the downtown businesses operating in buildings built in the late 1800s. The Lehi Roundup is a five-day celebration with many different community events, a stock parade, a standard parade and a professional rodeo. The Lehi Roundup Rodeo is one of the oldest rodeos in the state.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and roads; parks; both commercial and residential building inspection; a wide variety of recreational programs; and cultural events. The City also owns and operates a culinary water system, a secondary water system, a wastewater system, a storm water system, an electrical distribution system, solid waste collection, a swimming and recreation facility and emergency medical services.

The annual budget serves as the foundation for the City’s financial planning and control. The City’s budget process is well laid out starting in December for a budget that will be adopted by June 22 and goes into effect July 1. The creation of the budget follows the time line below:



The City is required to hold two public hearings on the proposed budget. The first public hearing must be held by May 22 for the adoption of the tentative budget. The second public hearing must be held by June 22 for the adoption of the final budget.

Within the existing budget, the level of the City’s budgetary control (that is, the level at which the City’s expenditures cannot legally exceed appropriated amounts) is established by activity and purpose within the individual fund. Department heads may make transfers of appropriations inside their activity. Transfers of appropriations between activities, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 20 as part of the basic financial statements for the governmental funds and the Redevelopment Agency which is a major special revenue fund. For governmental funds with appropriated annual budgets, other than the general fund, this comparison is presented in the governmental fund subsection of this report, which starts on page 59. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project budget has been adopted (i.e., the special revenue funds and the capital project fund).

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City has enjoyed strong residential growth for the previous eight years; however, the current and future projections for the next couple of years show that growth is declining due to the tough economic times for Lehi, the State of Utah, and the United States. Commercial growth has leveled off also, but Lehi has experienced some moderate growth with various small strip malls. There are several restaurants planned for 2010 as well as a large hotel. A large developer is planning to add a large mall at the north end of the City. The new Cabela's store, a one of a kind retailer is enjoying great success. The City has some of the best undeveloped commercial frontage along the Wasatch Front.

The region has Brigham Young University, Utah Valley State College and the University of Utah within 25 minutes of the City center. These higher education facilities employ more than 3,000 people. These universities provide a strong educated work force for a large number of high tech businesses in the area. The region also provides some of the best medical facilities in the western United States. Utah County, the County in which the City is located, has an unemployment rate of 6.1%, which is slightly lower than the State of Utah, which is at 6.5%.

Long-term Financial Planning

The City's long-term goals are expressed simply as meeting tomorrow's needs with good financial decisions and by continuing to forecast capital improvements into the future. The City administration is currently working on updates to all the capital facilities plans and updates to impact fees. Impact fees help the City add the capital improvements that are needed to accommodate new growth. Existing impact fees, which include fire, police, parks, streets, culinary water, secondary water, sewer and power, are expected to increase.



The implementation of long term planning has permitted the City to construct some of the finest park systems in our region. From just three parks a few years ago to more than a fourteen major facilities today, we have successfully transformed our community's park system and created exceptional open spaces for our citizens' enjoyment. The strategic planning for parks has been expanded to include a trail system that will allow joggers, walkers and bicyclists to enjoy the Dry Creek Basin, which runs through the entire City.

In our utilities, the City has developed numerous long-term goals including maintenance of a high service level and sufficient advance planning to meet expected demands. For example, the culinary water system planning process has required the City Engineer to prepare a capital facilities plan that provides for the provision of resources, storage and transmission systems to keep up with the demands of our growing community. An example of success in long-term planning has been made in the area of power. Without the strategic plan in place the City would not be able to anticipate infrastructure needs in a timely manner and some services could be interrupted.

Our storm drainage plans include ambitious expansions in the future to deal with years of neglect and the pressure of growth. Likewise, sewer and road systems are under careful review to be certain that as our systems age they are maintained in a manner that identifies and solves problems before failures occur. The City staff is currently exploring long term financing options for street projects and drainage system improvements. With long term plans, it becomes easier to be proactive rather than reactive.

Finally, our commitment to public safety cannot be overstated. In August 2006, the City started 24/7 EMS service. The roll out of this much needed service was a culmination of years of planning. This was only one step in a continuing effort to improve public safety. Additional fire personnel have been added to make the service adequate. This was a huge commitment, but one that needed to occur as response time to accidents and fires had fallen far below national standards. We built a new fire station in the north east end of the City and staffed it with 12 new personnel.

As a long-term goal it is clear that a sense of safety must be maintained if our citizens are to enjoy the wide array of programs and activities being provided in the community. Lehi's strategic plan has identified the need for three more fire/EMS stations on the south and north ends of the City. A third station is projected to be constructed in the next five years. The constructed fire station will allow the fire and EMS departments to respond to emergency calls much faster on the northeast side of the City.

Cash Management Policies and Practices

The City maintains an active investment program with the State Investment Pool as well as with local banking institutions. All investments comply with the Utah Money Management Act. The City's investment policy includes many self-imposed constraints in order to effectively safeguard the public funds involved. Idle cash is invested on a daily basis. The City maintains a zero cash balance at a local bank. Funds wash into an investment account at the end of each day, maximizing the City's interest income.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twelfth consecutive year the government has received this prestigious award. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2010. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance, treasury, and administration departments. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



James P. Davidson
City Administrator



David Sanderson
Director of Finance and Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lehi City Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

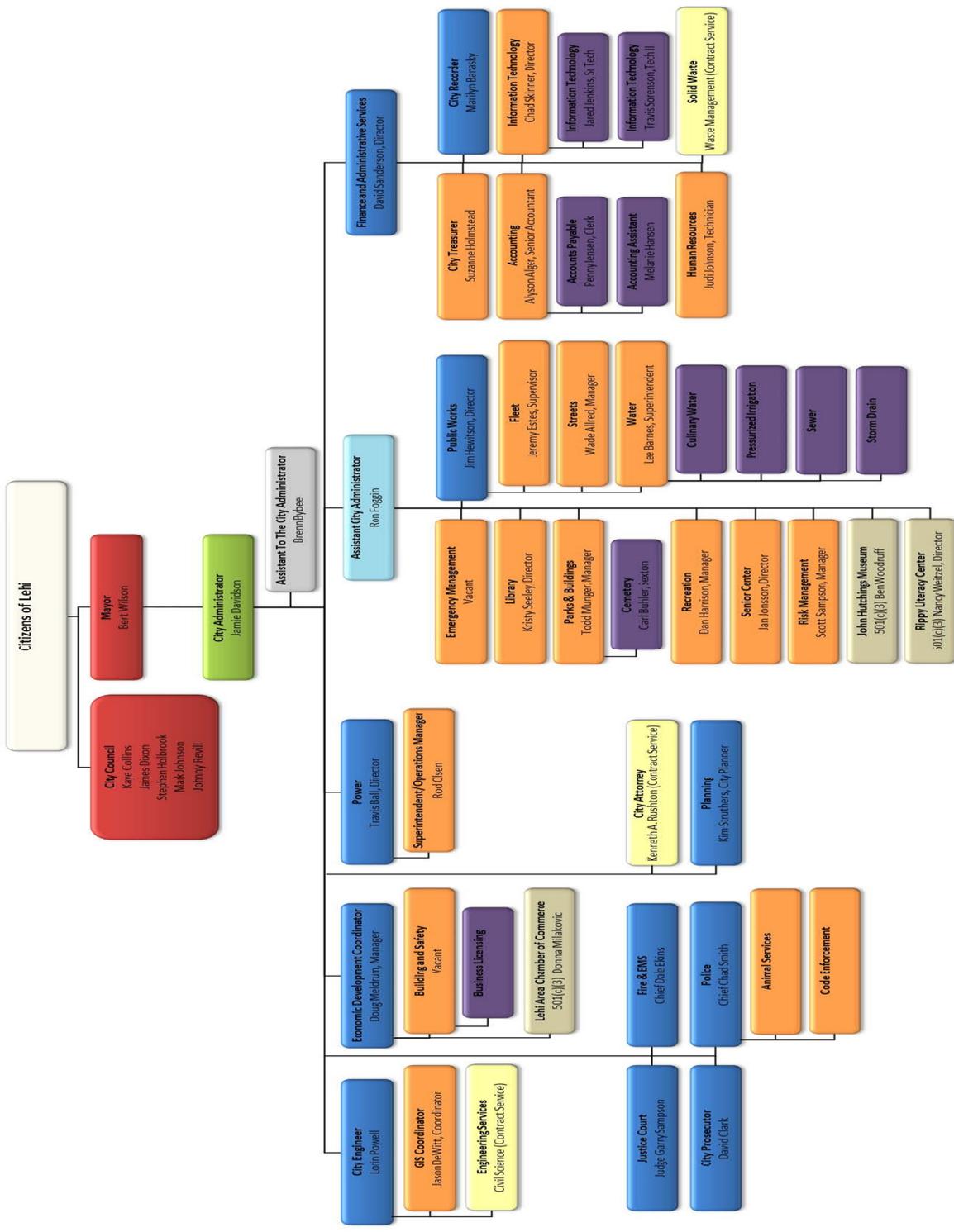


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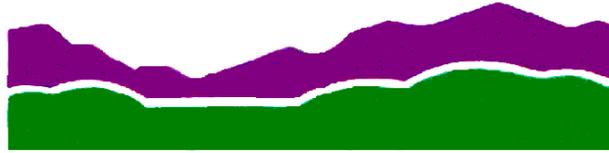
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director



LEHI



Principal Officials
For the Year Ended
June 30, 2010

Bert Wilson
Mayor

Kaye Collins
Councilperson

James Dixon
Councilperson

Mark Johnson
Councilperson

Stephen Holbrook
Councilperson

Johnny Revill
Councilperson

James P. Davidson
City Administrator

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FINANCIAL SECTION

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OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
Lehi City Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lehi City Corporation, Utah (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lehi City Corporation, Utah as of June 30, 2010, and the respective changes in financial position, and, cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Redevelopment Agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lehi City Corporation, Utah financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Osborne Robbins & Buhler PLLC

December 15, 2010

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages I - VI of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$286,608,429 (*net assets*).
- The total net assets of \$286,608,429 are comprised of \$351,610,178 in capital assets net of related debt, \$9,139,361 restricted, and (\$74,141,110) unrestricted.
- The City's governmental funds reported combined fund balances of \$5,634,161 which is an increase of \$1,256,728 from fund balance reported in 2009 (\$4,377,433).
- The City's total debt decreased by a net of \$4,708,183 during the current fiscal year. There was a relatively small increase in the tax increment note payable to a developer of \$362,185 for the cost of further development within the Alpine Highway Economic Development Area. The City made a principal payment of \$2,674,438 on the note payable to developer. Consequently, the outstanding balance on the note decreased by \$2,312,253 from prior year. It is important to note that, if tax increment collections from the Alpine Highway Economic Development Area are insufficient to fully repay the tax increment note payable, the remaining balance will not be repaid to the developer. Other reductions in debt were related to normally scheduled principal reductions.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to of the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Both of the government-wide financial 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 a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, streets and highways, parks, recreation and culture, and cemetery. The business-type activities of the City include culinary water, sewer, pressurized irrigation, electric, drainage, and garbage.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate entity, the Hutchings Museum, for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Redevelopment Agency and Municipal Building Authority, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as integral parts of the primary government.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 between *governmental funds* and *governmental activities*.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the redevelopment agency special revenue fund which are considered to be major funds. The Lehi Community Foundation fund is the only nonmajor governmental fund of the City.

The City adopts annual appropriated budgets for its general fund and its special revenue redevelopment agency fund. A budgetary comparison statement has been provided for the general fund and the redevelopment agency fund to demonstrate compliance with these budgets.

The basic governmental fund financial statement can be found on pages 18-20 of this report.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its culinary water, sewer, pressurized irrigation, electric, drainage, and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the culinary water, sewer, pressurized irrigation, electric, and drainage funds, which are considered to be major funds of the City. The garbage fund is the only non-major proprietary fund.

The City of Lehi uses three *internal service funds* to account for its fleet maintenance, risk management activities and computer maintenance and replacement activities. These are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 21-25 of this report.

Notes to the financial statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-57 of this report.

Other information. Combining and individual fund statements and schedules can be found on pages 59-67 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, net assets exceeded liabilities by \$286,608,429 at the close of the most recent year.

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

An additional portion of the City's net assets (3.2%) represents resources that are subject to external restrictions on how they may be used.

The net assets of the City's business-type activities increased by 1.4% to \$143,317,101 compared to \$141,301,304 in 2009. This was despite a reduction in revenues of approximately \$2.6 million and an increase in expenses of \$232,860 from 2009. Transfers out to other funds went down by \$1,500,004 from 2009.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

LEHI CITY CORPORATION
NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 22,202,275	\$ 26,697,740	\$ 16,638,825	\$ 17,211,231	\$ 38,841,100	\$ 43,908,971
Capital assets	231,315,196	234,476,972	150,499,581	149,279,120	381,814,777	383,756,092
Total assets	<u>253,517,471</u>	<u>261,174,712</u>	<u>167,138,406</u>	<u>166,490,351</u>	<u>420,655,877</u>	<u>427,665,063</u>
Long-term liabilities	93,413,391	96,989,064	11,418,468	12,550,978	104,831,859	109,540,042
Other liabilities	20,263,904	24,961,260	8,951,685	10,473,311	29,215,589	35,434,571
Interfund balances	(3,451,152)	(2,164,758)	3,451,152	2,164,758	-	-
Total liabilities	<u>110,226,143</u>	<u>119,785,566</u>	<u>23,821,305</u>	<u>25,189,047</u>	<u>134,047,448</u>	<u>144,974,613</u>
Net assets						
Invested in capital assets, net of related debt	211,805,645	213,579,310	139,804,533	137,407,148	351,610,178	350,986,458
Restricted	3,500,816	2,488,688	5,638,545	5,622,428	9,139,361	8,111,116
Unrestricted	(72,015,133)	(74,678,852)	(2,125,977)	(1,728,272)	(74,141,110)	(76,407,124)
Total net assets	<u>\$ 143,291,328</u>	<u>\$ 141,389,146</u>	<u>\$ 143,317,101</u>	<u>\$ 141,301,304</u>	<u>\$ 286,608,429</u>	<u>\$ 282,690,450</u>

Governmental activities. Governmental activities increased the City's net assets by \$1,902,182. Business-type net assets increased the City's net assets by \$2,015,797. Overall, there was a net increase of \$3,917,979 in the City's net assets. Key elements of this increase as a result of current year operations are as follows:

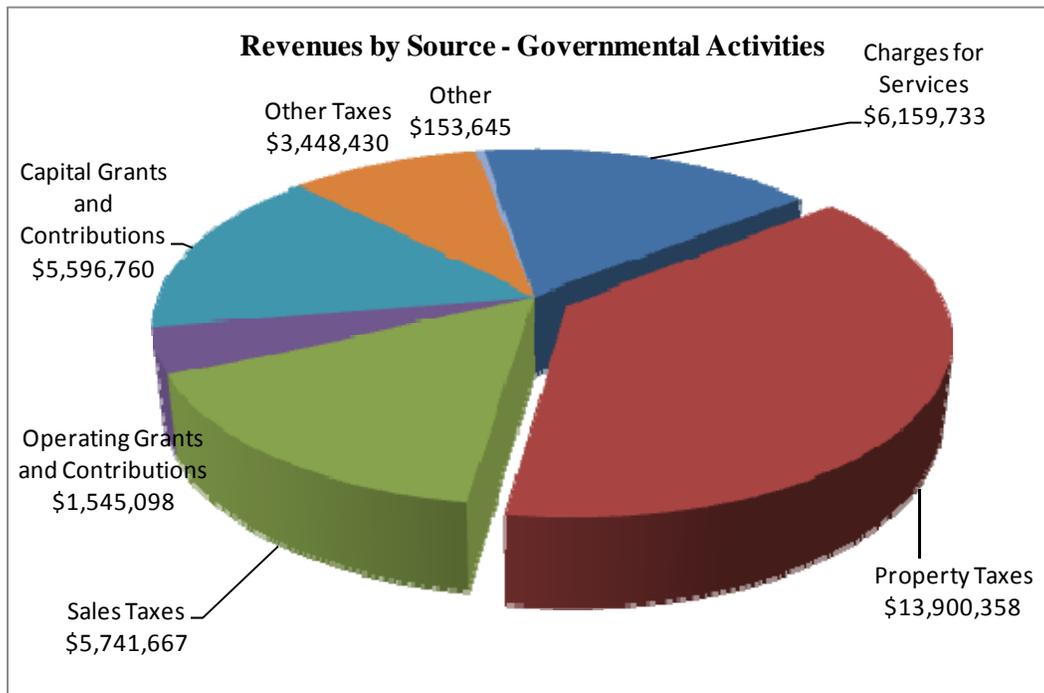
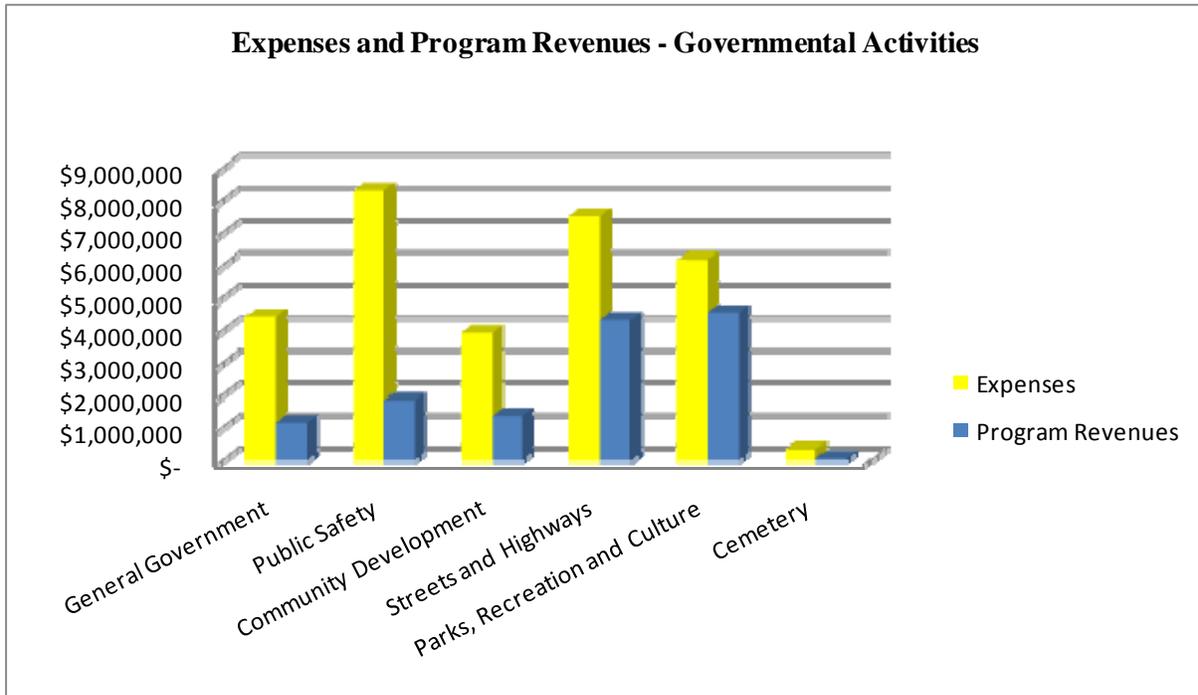
- Capital grants and contributions decreased by approximately 57.7% from 2009, a result of decreased contributions of infrastructure from developers, which is reflective of the economic environment of the year.
- Operating grants and contributions increased from 2009 by \$721,795 due in large part to a federal grant used to fund additional personnel in the City's fire department.
- Property taxes decreased by \$3,638,956 as a result of falling collection rates. Collection rates have dropped as a function of general economic factors.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

LEHI CITY CORPORATION
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 6,159,733	\$ 6,231,833	\$ 30,442,857	\$ 29,286,613	\$ 36,602,590	\$ 35,518,446
Operating grants and contributions	1,545,098	823,303	-	-	1,545,098	823,303
Capital grants and contributions	5,596,760	13,239,384	5,034,797	8,470,064	10,631,557	21,709,448
General revenues:						
Property taxes	13,900,358	17,539,314	-	-	13,900,358	17,539,314
Other taxes	9,190,097	9,452,755	-	-	9,190,097	9,452,755
Other	153,645	19,824	104,207	477,636	257,852	497,460
Total revenues	<u>36,545,691</u>	<u>47,306,413</u>	<u>35,581,861</u>	<u>38,234,313</u>	<u>72,127,552</u>	<u>85,540,726</u>
Expenses:						
General government	4,429,526	4,790,376	-	-	4,429,526	4,790,376
Public safety	8,294,302	6,917,410	-	-	8,294,302	6,917,410
Community development	3,915,440	7,845,367	-	-	3,915,440	7,845,367
Highways/streets	7,533,656	6,833,204	-	-	7,533,656	6,833,204
Parks, recreation, and culture	6,181,189	6,154,035	-	-	6,181,189	6,154,035
Cemetery	343,280	179,180	-	-	343,280	179,180
Interest on long-term debt	4,677,116	4,818,132	-	-	4,677,116	4,818,132
Culinary Water	-	-	2,502,822	2,738,379	2,502,822	2,738,379
Sewer	-	-	4,867,521	4,427,260	4,867,521	4,427,260
Pressurized Irrigation	-	-	1,882,960	1,867,549	1,882,960	1,867,549
Electric	-	-	20,554,351	20,728,252	20,554,351	20,728,252
Drainage	-	-	1,006,380	906,252	1,006,380	906,252
Garbage	-	-	2,021,030	1,934,512	2,021,030	1,934,512
Total expenses	<u>35,374,509</u>	<u>37,537,704</u>	<u>32,835,064</u>	<u>32,602,204</u>	<u>68,209,573</u>	<u>70,139,908</u>
Increase in net assets before transfers	1,171,182	9,768,709	2,746,797	5,632,109	3,917,979	15,400,818
Transfers	<u>731,000</u>	<u>2,231,004</u>	<u>(731,000)</u>	<u>(2,231,004)</u>	<u>-</u>	<u>-</u>
Increase in net assets	1,902,182	11,999,713	2,015,797	3,401,105	3,917,979	15,400,818
Net assets, beginning	<u>141,389,146</u>	<u>129,389,433</u>	<u>141,301,304</u>	<u>137,900,199</u>	<u>282,690,450</u>	<u>267,289,632</u>
Net assets, ending	<u>\$ 143,291,328</u>	<u>\$ 141,389,146</u>	<u>\$ 143,317,101</u>	<u>\$ 141,301,304</u>	<u>\$ 286,608,429</u>	<u>\$ 282,690,450</u>

LEHI CITY CORPORATION
 Management's Discussion and Analysis
 For the Year Ended June 30, 2010



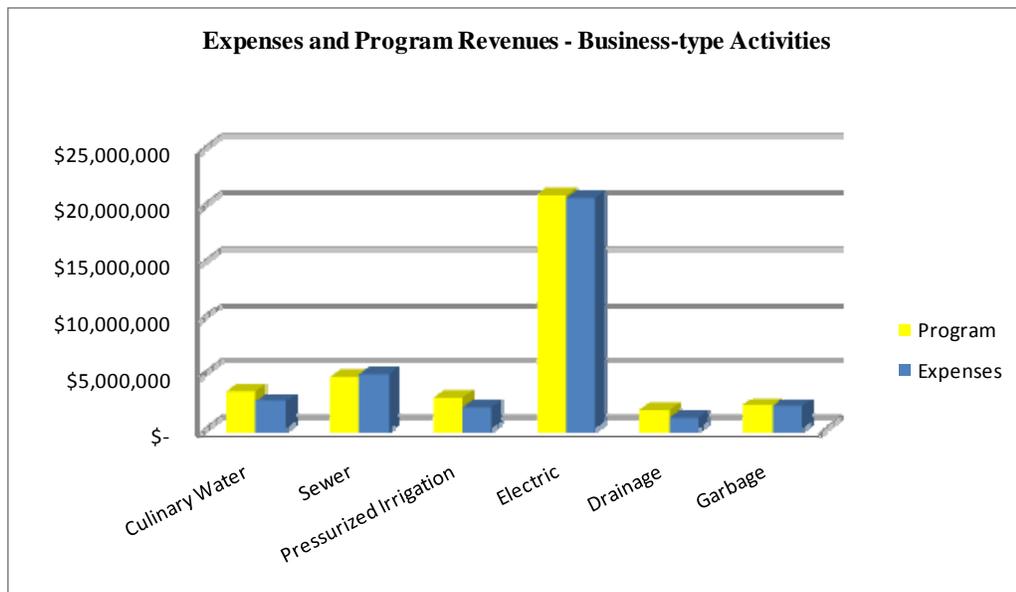
LEHI CITY CORPORATION
 Management's Discussion and Analysis
 For the Year Ended June 30, 2010

For the most part, increases in expenses closely paralleled inflation and related growth in the demand for services. Community development expenses decreased from prior year because of a reduction in the volume of capital projects undertaken within the Alpine Highway Economic Development Area. The cost of these capital projects is reported as community development expense because the City does not own these current year improvements and therefore does not report the improvements as capital assets.

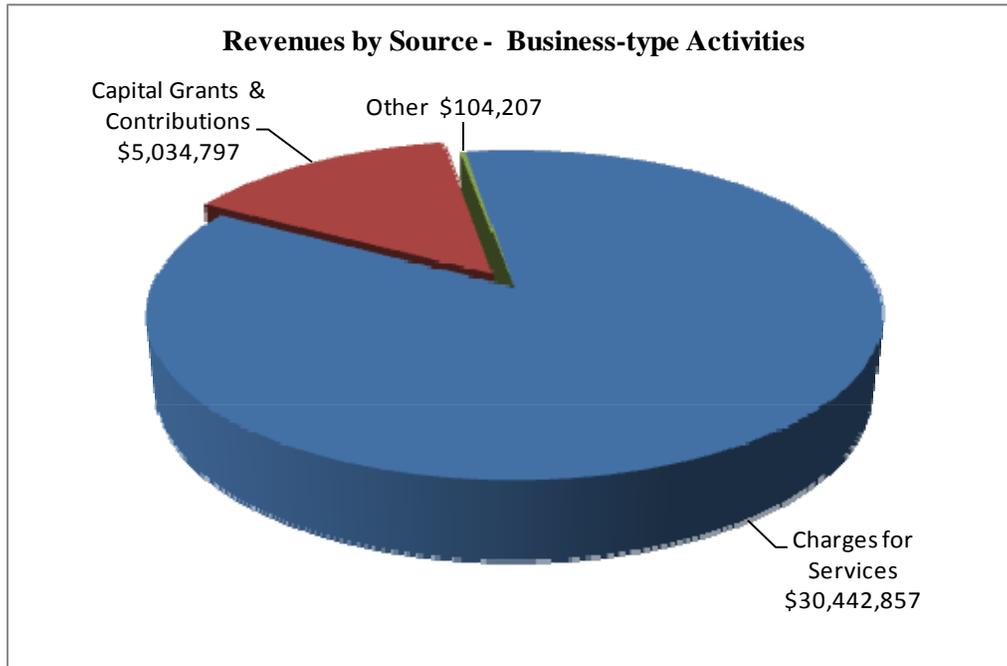
Public safety expenses experienced an increase of \$1,376,892 (19.9%) over 2009. As mentioned, with the help of federal grant revenues, the City was able to hire more personnel in the fire department.

Business-type activities. Business-type activities increased the City's net assets by \$2,015,797. At the end of the current fiscal year, all of the City's major business-type activities reported positive net assets. Key elements of the increase in net assets are as follows:

- Charges for services in the business-type activities increased over 2009 by \$1,156,244 (4.0%). All of the enterprise funds experienced an increase in charges for services over 2009 except the Electric Fund. The increase was the result of approved increases in the monthly service fees charged to customers. The decrease in the Electric Fund service charges was due to decreased customer usage afforded by cooler summer temperatures.
- Capital grants and contributions for the business-type activities added \$5,034,797 to the net assets of the City. This amount was a decrease of \$3,435,267 from the previous year. The decrease was a result of a downturn in collection of impact fees from new residential and commercial development combined with a decrease in contributions of infrastructure from developers.
- Expenses of the business-type activities increased by only \$232,860 from the prior year. The increase is primarily due to an increase in system maintenance costs and power supply costs.



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$5,634,161. \$1,998,542 of this total amount (35.5%) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, 2) to pay capital improvements commitments, 3) or for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,416,269, while total fund balance reached \$3,643,223. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.2% of total general fund expenditures, while total fund balance represents 16.0% of that same amount. The fund balance of the City's general fund increased by \$619,240 during the current fiscal year and this increase was due in part to transfers from other funds, including the special revenue Redevelopment Agency. Revenues were under budget as a result of a general downturn in the economy.

The special revenue Redevelopment Agency Fund has an unreserved fund balance of \$1,053,906. The project areas are the Mill Pond Project and the Alpine Highway Project. During 2010, a new project area was approved, but no expenditures were incurred and no tax increment was collected in this new area.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Overall, the fund experienced an increase in fund balance of \$33,343.

The capital projects fund also had an increase in fund balance in the amount of \$573,181, which resulted in a fund balance of \$874,692. Several large construction projects had been in progress during 2009 and those were completed in 2010 with the bulk of the costs occurring in 2009.

Proprietary funds. The City's proprietary funds provide the same type of information found in the business-type portions of the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year totaled a deficit of \$2,380,621. Individually, the electric fund's unrestricted net assets totaled \$4,117,310 and drainage unrestricted net assets totaled \$303,380. The culinary water fund had a deficit in unrestricted net assets of \$3,958,151, the sewer had a deficit of \$1,501,994, pressurized irrigation a deficit of \$1,636,788, and the non-major enterprise fund a positive amount of \$295,622. Other factors concerning the finances of these proprietary funds can be found earlier in this section under business-type activities. The City recognized the need to evaluate charges for services in the funds in FY 2008 and water, sewer and pressurized irrigation fees were increased in FY 2009 with a plan to eliminate these deficits in a three to five year period with the increase in fees and controlling expenses.

General Fund Budgetary Highlights

During the fiscal year, the City made no amendments to the General Fund's original budget of \$25,602,019.

- Tax revenues recognized in 2010 were approximately \$997,627 million less than budgeted. The majority of this decrease was the drop in sales tax revenues, a direct result of the economic downturn.
- Charges for services revenue was also lower than originally budgeted by approximately \$1.1 million dollars. As part of this shortfall, recreation fees were substantially less than originally budgeted. This shortfall in revenue are generally attributable to decreased development and the overall downturn in the economy.
- The Public Safety department exceeded its final budget by \$11,946 due mainly to a significant increase in the cost of ammunition. Other miscellaneous departmental costs increased compared to prior year.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$381,814,777 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements including infrastructure and distribution systems, machinery and equipment, vehicles, and office furniture and equipment.

Major capital asset activity during the current fiscal year included the following:

- In the governmental activities, the Veterans Park was remodeled for a cost of approximately \$203,000. In addition, there were several street widening and pedestrian safety projects completed for a cost of approximately \$493,000
- Additions to infrastructure in the Electric fund included approximately \$240,000 for a substation and another approximately \$550,000 for a transformer, as well as over \$850,000 in line upgrades and installations.
- Infrastructure and land was donated to the City by developers. The estimated fair value of the infrastructure and land donated in the governmental and business type activities was \$2,076,180 and \$1,525,187 respectively.

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 82,811,839	\$ 81,290,383	\$ 2,336,469	\$ 2,028,167	\$ 85,148,308	\$ 83,318,550
Intangibles	-	-	1,182,680	1,182,680	1,182,680	1,182,680
Construction in progress	3,952,044	3,575,045	1,208,865	298,185	5,160,909	3,873,230
Buildings and structures	15,634,913	16,307,944	2,089,155	2,178,443	17,724,068	18,486,387
Improvements, including infrastructure	124,048,648	128,264,555	140,020,178	142,896,582	264,068,826	271,161,137
Machinery, equipment, and vehicles	4,549,562	4,787,410	3,638,948	1,849,415	8,188,510	6,636,825
Office furniture and equipment	318,190	251,635	23,286	28,328	341,476	279,963
Total	\$ 231,315,196	\$ 234,476,972	\$ 150,499,581	\$ 150,461,800	\$ 381,814,777	\$ 384,938,772

Additional information on the City's capital assets can be found in note E on pages 40-41 of this report.

Long-term debt. At the end of the current fiscal year the City had total bonded debt outstanding of \$29,945,731. Of this amount \$1,665,000 is excise tax debt which is secured by Class C road taxes. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

LEHI CITY CORPORATION
 OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital lease obligations	\$ 234,551	\$ 305,665	\$ 24,317	\$ 118,935	\$ 258,868	\$ 424,600
Excise tax bonds	1,665,000	2,190,000	-	-	1,665,000	2,190,000
Tax increment note payable to developer	71,785,332	74,097,585	-	-	71,785,332	74,097,585
Revenue bonds	17,610,000	18,401,997	10,670,731	11,753,037	28,280,731	30,155,034
Other liabilities	2,118,508	1,993,817	723,420	679,006	2,841,928	2,672,823
Total	<u>\$ 93,413,391</u>	<u>\$ 96,989,064</u>	<u>\$ 11,418,468</u>	<u>\$ 12,550,978</u>	<u>\$ 104,831,859</u>	<u>\$ 109,540,042</u>

The City decreased its total debt by \$4,708,183 in fiscal year 2010. The key factor for this decrease was principal payments made during the year, net of a very small increase in the tax increment note payable to developer. The tax increment note payable to developer is part of an Economic Development Area (EDA) and the proceeds upgraded various infrastructure in and around the EDA project area.

The City was awarded an underlying "AA-" rating up from an underlying "A+" rating from Standard & Poor's ("AAA" insured) for sales tax revenue bonds and an underlying "A3" from Moody's ("Aaa" insured) for the culinary water and pressurized irrigation funds. All bonds previous to these were rated with an "AAA" with the purchase of bond insurance.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$134,135,119 and the City currently has no general obligation debt. In addition, state statutes allow for an additional 4% to be used for business-type debt, thus resulting in a debt limit of 8% of total taxable value. The current limitation for business-type projects is \$268,270,238, which significantly exceeds the outstanding business-type debt the City currently has.

Additional information on the City's long-term debt can be found in note G on pages 42-50 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Utah County is currently 7.0% (unemployment data is not available for the City). This compares to the state unemployment rate of 7.6% and a national rate of 9.6%.
- The City administration will continue to examine utility rates in fiscal 2011. Many of the charges for services were updated last year to cover the cost of providing services and the City will continually update them as needed.
- The City is also in the process of updating its business license fees.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2010

All of the above factors were considered in preparing the City's budget for the 2011 fiscal year. The 2011 budget is balanced without a property tax rate increase. The City administration will be examining the utility service rates it charges its customers in fiscal 2011. The City plans to perform this review on an annual basis.

Cabela's opened a new 160,000 square foot retail store in early fiscal year 2006. This one of a kind retailer brought in approximately 4,000,000 million visitors to the City in 2006. The store opened to the biggest opening a Cabela's store has ever had, and continues to be one of the biggest sales tax producers in the City and is expected to bolster sales tax revenues in coming years.

There are several new restaurants and a hotel scheduled for construction during the 2011 fiscal year. In the spring of 2009 a Smiths Marketplace, which sells grocery and other retail items, opened and is expected to generate more than \$50,000,000 in taxable sales a year.

IM Flash is a flash memory manufacturer and employs approximately 1,600 people. This state of the art manufacturing plant adds \$450,000,000 of property value to the City. Other notable additions to the City in the next several years will be an 800,000 square foot class an office park project, a new children's museum, an upscale factory outlet mall and a new 18 screen theatre complex.

The additional tax revenue generated by the new development will be needed to fund the additional required City services. The City has a full time fire/EMS service, but the City is in need of two additional stations. Other services such as parks, police and library services will be improved with revenue increases.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 153 North 100 East, Lehi, Utah, 84043.

BASIC FINANCIAL STATEMENTS

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LEHI CITY CORPORATION
STATEMENT OF NET ASSETS
JUNE 30, 2010

	PRIMARY GOVERNMENT			COMPONENT UNIT HUTCHINGS MUSEUM
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 1,613,219	\$ 2,541,323	\$ 4,154,542	\$ 128,783
RECEIVABLES (NET)				
ACCOUNTS	-	2,974,876	2,974,876	-
UNBILLED	-	454,260	454,260	-
TAXES	15,727,722	-	15,727,722	-
INTERGOVERNMENTAL	375,694	-	375,694	-
OTHER	508,450	-	508,450	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	1,066,677	1,066,677	-
PREPAID EXPENSES	-	89,601	89,601	-
INVENTORY	23,006	2,573,932	2,596,938	-
BOND ISSUE COSTS (NET)	217,926	212,899	430,825	-
RESTRICTED CASH AND CASH EQUIVALENTS	3,736,258	6,725,257	10,461,515	-
NON-DEPRECIABLE CAPITAL ASSETS	86,763,883	4,728,014	91,491,897	5,000
DEPRECIABLE CAPITAL ASSETS, NET	144,551,313	145,771,567	290,322,880	353,047
TOTAL ASSETS	253,517,471	167,138,406	420,655,877	486,830
LIABILITIES				
INTERFUND BALANCES	(3,451,152)	3,451,152	-	-
ACCOUNTS PAYABLE	728,255	2,754,267	3,482,522	6,091
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
ACCOUNTS PAYABLE	100,639	96,730	197,369	-
ACCRUED INTEREST	134,803	2,182	136,985	-
UNEARNED REVENUE-PREPAID IMPACT FEES	-	987,800	987,800	-
WAGES PAYABLE	457,505	130,096	587,601	6,301
ACCRUED LIABILITIES	1,482,610	-	1,482,610	-
ACCRUED INTEREST PAYABLE	1,616,534	11,167	1,627,701	-
UNEARNED REVENUE:				
PROPERTY TAXES	14,391,433	-	14,391,433	-
IMPACT FEES	1,352,125	4,716,138	6,068,263	-
CUSTOMER DEPOSITS	-	253,305	253,305	-
NON-CURRENT LIABILITIES				
DUE WITHIN ONE YEAR	1,754,668	1,343,020	3,097,688	439
DUE IN MORE THAN ONE YEAR:				
COMPENSATED ABSENCES	1,065,509	529,717	1,595,226	-
LANDFILL POSTCLOSURE COSTS	462,870	-	462,870	-
CAPITAL LEASES PAYABLE	160,012	-	160,012	-
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	71,785,332	-	71,785,332	-
BONDS PAYABLE	18,185,000	9,545,731	27,730,731	-
TOTAL LIABILITIES	110,226,143	23,821,305	134,047,448	12,831
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	211,805,645	139,804,533	351,610,178	358,047
RESTRICTED FOR				
CAPITAL IMPROVEMENTS	3,500,816	5,390,245	8,891,061	-
DEBT SERVICE	-	248,300	248,300	-
UNRESTRICTED (DEFICIT)	(72,015,133)	(2,125,977)	(74,141,110)	115,952
TOTAL NET ASSETS	\$ 143,291,328	\$ 143,317,101	\$ 286,608,429	\$ 473,999

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
GENERAL GOVERNMENT	\$ 4,429,526	\$ 1,145,665	\$ -	\$ -	\$ (3,283,861)	\$ -	\$ (3,283,861)	\$ -
PUBLIC SAFETY	8,294,302	591,731	826,693	421,025	(6,454,853)	-	(6,454,853)	-
COMMUNITY DEVELOPMENT	3,915,440	1,363,643	-	-	(2,551,797)	-	(2,551,797)	-
STREETS AND HIGHWAYS	7,533,656	-	691,317	3,638,762	(3,203,577)	-	(3,203,577)	-
PARKS, RECREATION AND CULTURE	6,181,189	2,987,914	27,088	1,536,973	(1,629,214)	-	(1,629,214)	-
CEMETERY	343,280	70,780	-	-	(272,500)	-	(272,500)	-
INTEREST ON LONG-TERM DEBT	4,677,116	-	-	-	(4,677,116)	-	(4,677,116)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>35,374,509</u>	<u>6,159,733</u>	<u>1,545,098</u>	<u>5,596,760</u>	<u>(22,072,918)</u>	<u>-</u>	<u>(22,072,918)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES								
CULINARY WATER	2,502,822	2,597,686	-	812,169	-	907,033	907,033	-
SEWER	4,867,521	3,959,930	-	684,458	-	(223,133)	(223,133)	-
PRESSURIZED IRRIGATION	1,882,960	1,850,135	-	1,016,997	-	984,172	984,172	-
ELECTRIC	20,554,351	18,975,668	-	1,799,126	-	220,443	220,443	-
DRAINAGE	1,006,380	933,646	-	722,047	-	649,313	649,313	-
GARBAGE	2,021,030	2,125,792	-	-	-	104,762	104,762	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>32,835,064</u>	<u>30,442,857</u>	<u>-</u>	<u>5,034,797</u>	<u>-</u>	<u>2,642,590</u>	<u>2,642,590</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 68,209,573</u>	<u>\$ 36,602,590</u>	<u>\$ 1,545,098</u>	<u>\$ 10,631,557</u>	<u>(22,072,918)</u>	<u>2,642,590</u>	<u>(19,430,328)</u>	<u>-</u>
COMPONENT UNIT								
HUTCHINGS MUSEUM	<u>\$ 169,892</u>	<u>\$ 36,446</u>	<u>\$ 130,596</u>	<u>\$ -</u>				<u>(2,850)</u>
GENERAL REVENUES:								
PROPERTY TAXES					13,900,358	-	13,900,358	-
SALES TAXES					5,741,667	-	5,741,667	-
FRANCHISE TAXES					3,127,311	-	3,127,311	-
MOTOR VEHICLE FEES IN LIEU					321,119	-	321,119	-
INVESTMENT EARNINGS					98,348	49,956	148,304	1,624
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS					55,297	(115,728)	(60,431)	-
OTHER					-	169,979	169,979	-
TOTAL GENERAL REVENUES					<u>23,244,100</u>	<u>104,207</u>	<u>23,348,307</u>	<u>1,624</u>
TRANSFERS					<u>731,000</u>	<u>(731,000)</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>23,975,100</u>	<u>(626,793)</u>	<u>23,348,307</u>	<u>1,624</u>
CHANGE IN NET ASSETS					<u>1,902,182</u>	<u>2,015,797</u>	<u>3,917,979</u>	<u>(1,226)</u>
NET ASSETS AT BEGINNING OF YEAR					<u>141,389,146</u>	<u>141,301,304</u>	<u>282,690,450</u>	<u>475,225</u>
NET ASSETS AT END OF YEAR					<u>\$ 143,291,328</u>	<u>\$ 143,317,101</u>	<u>\$ 286,608,429</u>	<u>\$ 473,999</u>

**LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	SPECIAL REVENUE LEHI COMMUNITY FOUNDATION	TOTAL GOVERNMENTAL FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 278,686	\$ 1,053,906	\$ -	\$ 63,641	\$ 1,396,233
RECEIVABLES					
TAXES	6,433,124	9,294,598	-	-	15,727,722
INTERGOVERNMENTAL	375,694	-	-	-	375,694
OTHER	508,450	-	-	-	508,450
DUE FROM OTHER FUNDS	2,753,921	-	-	-	2,753,921
RESTRICTED CASH AND CASH EQUIVALENTS	2,226,954	-	1,509,304	-	3,736,258
TOTAL ASSETS	\$ 12,576,829	\$ 10,348,504	\$ 1,509,304	\$ 63,641	\$ 24,498,278
LIABILITIES					
ACCOUNTS PAYABLE	\$ 563,430	\$ -	\$ 39,427	\$ 1,301	\$ 604,158
DUE TO OTHER FUNDS	-	-	494,546	-	494,546
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	-	-	100,639	-	100,639
WAGES PAYABLE	438,606	-	-	-	438,606
ACCRUED LIABILITIES	1,482,610	-	-	-	1,482,610
DEFERRED REVENUE:					
TAXES	5,096,835	9,294,598	-	-	14,391,433
IMPACT FEES	1,352,125	-	-	-	1,352,125
TOTAL LIABILITIES	8,933,606	9,294,598	634,612	1,301	18,864,117
FUND BALANCES					
RESERVED FOR CAPITAL IMPROVEMENTS	2,226,954	-	1,273,862	-	3,500,816
RESERVED FOR DEBT SERVICE	-	-	134,803	-	134,803
UNRESERVED	1,416,269	1,053,906	(533,973)	-	1,936,202
UNRESERVED, REPORTED IN NONMAJOR:					
SPECIAL REVENUE FUNDS	-	-	-	62,340	62,340
TOTAL FUND BALANCE	3,643,223	1,053,906	874,692	62,340	5,634,161
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,576,829	\$ 10,348,504	\$ 1,509,304	\$ 63,641	\$ 24,498,278

**LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 5,634,161
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS.	231,315,196
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD DEFERRED IN THE FUNDS.	217,926
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(93,413,391)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS.	(1,751,337)
THE CURRENT ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS	1,543,417
SOME OF THE INTERNAL SERVICE NET INCOME IS ALLOCABLE TO BUSINESS-TYPE ACTIVITIES. THESE AMOUNTS ARE SHOWN IN THE INTERNAL BALANCES IN THE STATEMENT OF NET ASSETS	(254,644)
NET ASSETS OF GOVERNMENT ACTIVITIES	\$ 143,291,328

**LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
TAXES	\$ 12,537,373	\$ 9,294,596	\$ 1,258,486	\$ -	\$ 23,090,455
LICENSES, FEES AND PERMITS	864,649	-	2,430,534	-	3,295,183
INTERGOVERNMENTAL	2,532,394	-	56,850	-	2,589,244
CHARGES FOR SERVICES	4,111,773	-	-	-	4,111,773
FINES AND FORFEITURES	828,467	-	-	-	828,467
MISCELLANEOUS	379,223	-	-	62,196	441,419
INTEREST ON INVESTMENTS	71,673	15,207	5,263	193	92,336
TOTAL REVENUES	21,325,552	9,309,803	3,751,133	62,389	34,448,877
EXPENDITURES					
CURRENT					
GENERAL GOVERNMENT	4,431,166	-	-	-	4,431,166
PUBLIC SAFETY	8,071,323	-	-	-	8,071,323
COMMUNITY DEVELOPMENT	1,759,068	1,948,267	-	-	3,707,335
STREETS AND HIGHWAYS	1,689,097	-	-	-	1,689,097
PARKS, RECREATION AND CULTURE	5,793,779	-	-	-	5,793,779
CEMETERY	289,208	-	-	-	289,208
OTHER	-	-	1,800	31,425	33,225
CAPITAL OUTLAY	-	-	1,695,944	-	1,695,944
DEBT SERVICE					
PRINCIPAL	525,000	2,674,438	791,997	-	3,991,435
INTEREST AND FISCAL CHARGES	64,525	3,646,760	843,512	-	4,554,797
CAPITAL LEASE PAYMENTS-PRINCIPAL	71,114	-	-	-	71,114
CAPITAL LEASE PAYMENTS-INTEREST	13,208	-	-	-	13,208
TOTAL EXPENDITURES	22,707,488	8,269,465	3,333,253	31,425	34,341,631
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,381,936)	1,040,338	417,880	30,964	107,246
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	1,944,879	-	155,301	-	2,100,180
TRANSFERS OUT	-	(1,369,180)	-	-	(1,369,180)
SALE OF CAPITAL ASSETS	56,297	-	-	-	56,297
ISSUANCE OF BONDS AND NOTES	-	362,185	-	-	362,185
TOTAL OTHER FINANCING SOURCES (USES)	2,001,176	(1,006,995)	155,301	-	1,149,482
NET CHANGE IN FUND BALANCE	619,240	33,343	573,181	30,964	1,256,728
FUND BALANCE AT BEGINNING OF YEAR	3,023,983	1,020,563	301,511	31,376	4,377,433
FUND BALANCE AT END OF YEAR	\$ 3,643,223	\$ 1,053,906	\$ 874,692	\$ 62,340	\$ 5,634,161

**LEHI CITY CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,256,728
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES WHILE GOVERNMENTAL ACTIVITIES REPORT DEPRECIATION EXPENSE TO ALLOCATE THOSE EXPENDITURES OVER THE LIFE OF THE ASSETS CAPITAL ASSET PURCHASES CAPITALIZED DEPRECIATION EXPENSE	1,979,312 (7,636,484)
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES, SUCH AS COMPENSATED ABSENCES, INTEREST, LANDFILL POST-CLOSURE COSTS DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS	(228,665)
PROCEEDS FROM DEBT ISSUES ARE AN OTHER FINANCING SOURCE IN THE FUNDS, BUT A DEBT ISSUE INCREASES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS	(362,185)
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.	4,062,549
THE NET REVENUE OF INTERNAL SERVICES FUNDS IS ALLOCATED BETWEEN GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES. INTERNAL SERVICE FUND NET INCOME LESS AMOUNT ALLOCATED TO BUSINESS-TYPE ACTIVITIES	1,024,590 (254,644)
GOVERNMENTAL FUNDS REPORT BOND ISSUE COSTS AS EXPENDITURES. WHILE GOVERNMENTAL ACTIVITIES AMORTIZE THOSE COSTS OVER THE LIFE OF THE BONDS	(14,199)
GOVERNMENTAL FUNDS REPORT THE DISPOSAL OF ASSETS TO THE EXTENT PROCEEDS ARE RECEIVED A GAIN OR LOSS IS REPORTED FOR EACH DISPOSAL	(1,000)
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	2,076,180
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 1,902,182

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	GENERAL FUND				REDEVELOPMENT AGENCY			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
TAXES	\$ 13,535,000	\$ 13,535,000	\$ 12,537,373	\$ (997,627)	\$ 12,525,000	\$ 12,525,000	\$ 9,294,596	\$ (3,230,404)
LICENSES, FEES AND PERMITS	740,000	740,000	864,649	124,649	-	-	-	-
INTERGOVERNMENTAL REVENUE	2,266,018	2,266,018	2,532,394	266,376	-	-	-	-
CHARGES FOR SERVICE	5,249,752	5,249,752	4,111,773	(1,137,979)	-	-	-	-
FINES AND FORFEITURES	903,500	903,500	828,467	(75,033)	-	-	-	-
MISCELLANEOUS REVENUE	479,099	479,099	379,223	(99,876)	500,000	500,000	-	(500,000)
INTEREST ON INVESTMENTS	162,900	162,900	71,673	(91,227)	52,000	52,000	15,207	(36,793)
TOTAL REVENUES	23,336,269	23,336,269	21,325,552	(2,010,717)	13,077,000	13,077,000	9,309,803	(3,767,197)
EXPENDITURES								
GENERAL GOVERNMENT	5,795,522	5,795,522	4,431,166	1,364,356	-	-	-	-
PUBLIC SAFETY	8,059,377	8,059,377	8,071,323	(11,946)	-	-	-	-
COMMUNITY DEVELOPMENT	2,002,859	2,002,859	1,759,068	243,791	2,980,250	2,980,250	1,948,267	1,031,983
STREETS AND HIGHWAYS	1,809,508	1,809,508	1,689,097	120,411	-	-	-	-
PARKS, RECREATIONS AND CULTURE	6,012,347	6,012,347	5,793,779	218,568	-	-	-	-
CEMETERY	303,406	303,406	289,208	14,198	-	-	-	-
DEBT SERVICE	1,619,000	1,619,000	673,847	945,153	8,590,000	8,590,000	6,321,198	2,268,802
TOTAL EXPENDITURES	25,602,019	25,602,019	22,707,488	2,894,531	11,570,250	11,570,250	8,269,465	3,300,785
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,265,750)	(2,265,750)	(1,381,936)	883,814	1,506,750	1,506,750	1,040,338	(466,412)
OTHER FINANCING SOURCES (USES)								
ISSUANCE OF NOTES	-	-	-	-	-	-	362,185	362,185
TRANSFERS IN	2,237,750	2,237,750	1,944,879	(292,871)	-	-	-	-
TRANSFERS OUT	-	-	-	-	(1,506,750)	(1,506,750)	(1,369,180)	137,570
SALE OF CAPITAL ASSETS	28,000	28,000	56,297	28,297	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,265,750	2,265,750	2,001,176	(264,574)	(1,506,750)	(1,506,750)	(1,006,995)	499,755
NET CHANGE IN FUND BALANCE	-	-	619,240	619,240	-	-	33,343	33,343
FUND BALANCE AT BEGINNING OF YEAR	3,023,983	3,023,983	3,023,983	-	1,020,563	1,020,563	1,020,563	-
FUND BALANCE AT END OF YEAR	\$ 3,023,983	\$ 3,023,983	\$ 3,643,223	\$ 619,240	\$ 1,020,563	\$ 1,020,563	\$ 1,053,906	\$ 33,343

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES						TOTAL BUSINESS- TYPE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		
ASSETS								
CURRENT ASSETS								
CASH AND CASH EQUIVALENTS	\$ 235,000	\$ 21,983	\$ 274,560	\$ 888,073	\$ 796,559	\$ 325,148	\$ 2,541,323	\$ 216,986
RECEIVABLE (NET):								
ACCOUNTS	247,684	376,727	173,299	1,849,158	103,653	224,355	2,974,876	-
UNBILLED	41,141	59,156	31,792	266,249	14,517	41,405	454,260	-
ADVANCE BILLING ON DEPOSIT								
WITH POWER SUPPLIER	-	-	-	1,066,677	-	-	1,066,677	-
PREPAID INTEREST	-	-	-	89,601	-	-	89,601	-
DUE FROM OTHER FUNDS	-	-	-	155,968	-	-	155,968	1,446,421
INVENTORY	84,484	7,567	61,284	2,417,909	2,688	-	2,573,932	23,006
TOTAL CURRENT ASSETS	608,309	465,433	540,935	6,733,635	917,417	590,908	9,856,637	1,686,413
NON-CURRENT ASSETS								
BOND ISSUE COSTS (NET)	32,705	-	26,752	129,057	24,385	-	212,899	-
RESTRICTED CASH AND CASH EQUIVALENTS	1,764,699	1,706,029	1,520,785	1,513,531	220,213	-	6,725,257	-
NONDEPRECIABLE CAPITAL ASSETS	2,187,522	87,574	676,147	490,500	1,286,271	-	4,728,014	-
DEPRECIABLE CAPITAL ASSETS, NET	25,062,946	29,577,053	29,116,493	37,449,286	24,565,789	-	145,771,567	500,050
TOTAL NON-CURRENT ASSETS	29,047,872	31,370,656	31,340,177	39,582,374	26,096,658	-	157,437,737	500,050
TOTAL ASSETS	\$ 29,656,181	\$ 31,836,089	\$ 31,881,112	\$ 46,316,009	\$ 27,014,075	\$ 590,908	\$ 167,294,374	\$ 2,186,463

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		
LIABILITIES								
CURRENT LIABILITIES								
DUE TO OTHER FUNDS	\$ 2,286,387	\$ 1,192,460	\$ 166,029	\$ -	\$ 216,888	\$ -	\$ 3,861,764	\$ -
ACCOUNTS PAYABLE	23,759	385,908	14,894	1,647,119	387,301	295,286	2,754,267	124,097
WAGES PAYABLE	23,095	9,812	9,518	81,235	6,436	-	130,096	18,899
ACCRUED INTEREST PAYABLE	4,912	24	4,019	2,212	-	-	11,167	-
PAYABLE FROM RESTRICTED ASSETS:								
ACCOUNTS PAYABLE	-	-	13,730	83,000	-	-	96,730	-
ACCRUED INTEREST	-	-	-	-	2,182	-	2,182	-
UNEARNED REVENUE - PREPAID IMPACT FEES	481,580	-	506,220	-	-	-	987,800	-
UNEARNED REVENUE-IMPACT FEES	2,096,413	359,340	1,942,700	317,685	-	-	4,716,138	-
CUSTOMER DEPOSITS	-	-	-	253,305	-	-	253,305	-
CURRENT PORTION COMPENSATED ABSENCES	41,582	12,674	15,318	111,833	12,296	-	193,703	24,473
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	195,250	12,837	159,750	611,480	170,000	-	1,149,317	-
TOTAL CURRENT LIABILITIES	5,152,978	1,973,055	2,832,178	3,107,869	795,103	295,286	14,156,469	167,469
NON-CURRENT LIABILITIES								
COMPENSATED ABSENCES	123,017	7,209	51,997	331,993	15,501	-	529,717	15,004
CAPITAL LEASES PAYABLE, LESS CURRENT MATURITIES	-	-	-	-	-	-	-	-
BONDS PAYABLE, LESS CURRENT MATURITIES	1,374,437	-	1,124,544	6,281,750	765,000	-	9,545,731	-
TOTAL NON-CURRENT LIABILITIES	1,497,454	7,209	1,176,541	6,613,743	780,501	-	10,075,448	15,004
TOTAL LIABILITIES	6,650,432	1,980,264	4,008,719	9,721,612	1,575,604	295,286	24,231,917	182,473
NET ASSETS								
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	25,680,781	29,651,790	28,508,346	31,046,556	24,917,060	-	139,804,533	500,050
RESTRICTED FOR								
CAPITAL PROJECTS	1,268,380	1,706,029	988,776	1,427,060	-	-	5,390,245	-
DEBT SERVICE	14,739	-	12,059	3,471	218,031	-	248,300	-
UNRESTRICTED (DEFICIT)	(3,958,151)	(1,501,994)	(1,636,788)	4,117,310	303,380	295,622	(2,380,621)	1,503,940
TOTAL NET ASSETS	23,005,749	29,855,825	27,872,393	36,594,397	25,438,471	295,622	143,062,457	2,003,990
TOTAL LIABILITIES AND NET ASSETS	\$ 29,656,181	\$ 31,836,089	\$ 31,881,112	\$ 46,316,009	\$ 27,014,075	\$ 590,908		\$ 2,186,463
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							254,644	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES							<u>\$ 143,317,101</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		
OPERATING REVENUES (PLEGGED AS SECURITY FOR REVENUE BONDS)								
CHARGES FOR SERVICES	\$ 2,426,949	\$ 3,959,345	\$ 1,790,282	\$ 18,876,367	\$ 933,646	\$ 2,125,792	\$ 30,112,381	\$ 2,823,265
HOOK-UP AND SERVICING FEES	170,737	585	59,853	99,301	-	-	330,476	-
MISCELLANEOUS REVENUES	-	3,976	1,632	156,246	-	8,125	169,979	-
TOTAL OPERATING REVENUES	<u>2,597,686</u>	<u>3,963,906</u>	<u>1,851,767</u>	<u>19,131,914</u>	<u>933,646</u>	<u>2,133,917</u>	<u>30,612,836</u>	<u>2,823,265</u>
OPERATING EXPENSES								
PERSONNEL	709,177	260,552	268,980	2,302,639	201,431	-	3,742,779	516,679
GENERAL ADMINISTRATION	95,601	65,089	62,508	436,246	38,855	33,078	731,377	-
OPERATING AND MAINTENANCE	417,622	3,413,900	568,844	15,626,188	17,754	1,987,952	22,032,260	1,237,931
INTERFUND CHARGES	203,240	131,401	50,000	577,848	15,000	-	977,489	-
DEPRECIATION	1,003,183	990,085	879,513	1,714,952	666,708	-	5,254,441	50,077
TOTAL OPERATING EXPENSES	<u>2,428,823</u>	<u>4,861,027</u>	<u>1,829,845</u>	<u>20,657,873</u>	<u>939,748</u>	<u>2,021,030</u>	<u>32,738,346</u>	<u>1,804,687</u>
OPERATING INCOME (LOSS)	<u>168,863</u>	<u>(897,121)</u>	<u>21,922</u>	<u>(1,525,959)</u>	<u>(6,102)</u>	<u>112,887</u>	<u>(2,125,510)</u>	<u>1,018,578</u>
NON-OPERATING REVENUES (EXPENSES)								
IMPACT FEE REVENUE (PLEGGED AS SECURITY FOR REVENUE BONDS)	633,426	230,751	627,249	1,073,746	143,240	-	2,708,412	-
INTEREST INCOME	6,645	6,970	6,103	23,219	6,224	795	49,956	6,012
INTEREST EXPENSE	(68,782)	(6,494)	(48,846)	(143,957)	(61,754)	-	(329,833)	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(115,728)	-	-	-	-	(115,728)	-
AMORTIZATION OF BOND ISSUE COSTS	(5,217)	-	(4,269)	(7,165)	(4,878)	-	(21,529)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>566,072</u>	<u>115,499</u>	<u>580,237</u>	<u>945,843</u>	<u>82,832</u>	<u>795</u>	<u>2,291,278</u>	<u>6,012</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	734,935	(781,622)	602,159	(580,116)	76,730	113,682	165,768	1,024,590
CAPITAL CONTRIBUTIONS	178,743	453,707	389,748	725,380	578,807	-	2,326,385	-
TRANSFERS TO OTHER FUNDS	(174,500)	(290,500)	-	(266,000)	-	-	(731,000)	-
CHANGE IN NET ASSETS	739,178	(618,415)	991,907	(120,736)	655,537	113,682	1,761,153	1,024,590
NET ASSETS AT BEGINNING OF YEAR	<u>22,266,571</u>	<u>30,474,240</u>	<u>26,880,486</u>	<u>36,715,133</u>	<u>24,782,934</u>	<u>181,940</u>		<u>979,400</u>
NET ASSETS AT END OF YEAR	<u>\$ 23,005,749</u>	<u>29,855,825</u>	<u>\$ 27,872,393</u>	<u>\$ 36,594,397</u>	<u>\$ 25,438,471</u>	<u>\$ 295,622</u>		<u>\$ 2,003,990</u>
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							254,644	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (page 17)							<u>\$ 2,015,797</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		
CASH FLOWS FROM OPERATING ACTIVITIES								
CASH RECEIVED FROM CUSTOMERS	\$ 2,553,804	\$ 3,945,983	\$ 1,851,449	\$ 19,152,875	\$ 915,932	\$ 2,123,964	\$ 30,544,007	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	-	2,823,265
CASH PAID TO SUPPLIERS	(563,257)	(3,396,268)	(663,451)	(17,480,395)	(70,219)	(1,899,091)	(24,072,681)	(929,758)
CASH PAID TO EMPLOYEES	(693,256)	(260,900)	(265,122)	(2,243,793)	(195,672)	-	(3,658,743)	(837,390)
CASH PAID FOR INTERFUND SERVICES	(203,240)	(131,401)	(50,000)	(577,848)	(15,000)	-	(977,489)	-
OTHER RECEIPTS (PAYMENTS)	-	3,976	1,632	156,246	-	8,125	169,979	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,094,051	161,390	874,508	(992,915)	635,041	232,998	2,005,073	1,056,117
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
TRANSFERS OUT	(174,500)	(290,500)	-	(266,000)	-	-	(731,000)	-
PAYMENTS RECEIVED FROM INTERFUND BALANCES	-	206,511	-	1,835,922	216,888	-	2,259,321	-
PAYMENTS MADE ON INTERFUND BALANCES	(375,014)	-	(343,269)	-	-	-	(718,283)	(1,446,421)
INTEREST PAID ON INTERFUND ADVANCE	(10,033)	(4,501)	(779)	-	-	-	(15,313)	-
NET CASH USED (PROVIDED BY) IN NON-CAPITAL FINANCING ACTIVITIES	(559,547)	(88,490)	(344,048)	1,569,922	216,888	-	794,725	(1,446,421)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(77,882)	(57,409)	(311,891)	(1,856,875)	(1,197,052)	-	(3,501,109)	(470,293)
CONTRIBUTIONS FROM DEVELOPERS	-	-	-	531,810	269,388	-	801,198	-
PRINCIPAL PAID ON BONDS	(189,750)	-	(155,250)	(600,000)	(160,000)	-	(1,105,000)	-
INTEREST PAID ON BONDS	(65,630)	-	(53,697)	(115,807)	(60,839)	-	(295,973)	-
PRINCIPAL PAID ON CAPITAL LEASES	-	(49,948)	-	(44,670)	-	-	(94,618)	-
INTEREST PAID ON CAPITAL LEASES	-	(1,974)	-	(1,745)	-	-	(3,719)	-
IMPACT FEES COLLECTED	354,246	208,768	288,369	1,073,051	143,240	-	2,067,674	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	20,984	99,437	(232,469)	(1,014,236)	(1,005,263)	-	(2,131,547)	(470,293)
CASH FLOWS FROM INVESTING ACTIVITIES								
INTEREST INCOME COLLECTED	6,645	6,970	6,103	23,219	6,224	795	49,956	6,012
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,645	6,970	6,103	23,219	6,224	795	49,956	6,012

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	562,133	179,307	304,094	(414,010)	(147,110)	233,793	718,207	(854,585)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,437,566	1,548,705	1,491,251	2,815,614	1,163,882	91,355	8,548,373	1,071,571
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,999,699</u>	<u>\$ 1,728,012</u>	<u>\$ 1,795,345</u>	<u>\$ 2,401,604</u>	<u>\$ 1,016,772</u>	<u>\$ 325,148</u>	<u>\$ 9,266,580</u>	<u>\$ 216,986</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:								
UNRESTRICTED CASH	\$ 235,000	\$ 21,983	\$ 274,560	\$ 888,073	\$ 796,559	\$ 325,148	\$ 2,541,323	\$ 216,986
RESTRICTED CASH	1,764,699	1,706,029	1,520,785	1,513,531	220,213	-	6,725,257	-
	<u>\$ 1,999,699</u>	<u>\$ 1,728,012</u>	<u>\$ 1,795,345</u>	<u>\$ 2,401,604</u>	<u>\$ 1,016,772</u>	<u>\$ 325,148</u>	<u>\$ 9,266,580</u>	<u>\$ 216,986</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 178,743	\$ 453,707	\$ 389,748	\$ 193,570	\$ 309,419	\$ -	\$ 1,525,187	\$ -
	<u>\$ 178,743</u>	<u>\$ 453,707</u>	<u>\$ 389,748</u>	<u>\$ 193,570</u>	<u>\$ 309,419</u>	<u>\$ -</u>	<u>\$ 1,525,187</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
OPERATING INCOME (LOSS)	\$ 168,863	\$ (897,121)	\$ 21,922	\$ (1,525,959)	\$ (6,102)	\$ 112,887	\$ (2,125,510)	\$ 1,018,578
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
DEPRECIATION	1,003,183	990,085	879,513	1,714,952	666,708	-	5,254,441	50,077
CHANGES IN ASSETS AND LIABILITIES								
ACCOUNTS RECEIVABLE	(38,999)	(13,935)	10,248	133,995	(24,977)	(2,303)	64,029	-
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	(4,883)	(12)	(8,934)	32,060	7,263	475	25,969	-
ADVANCE BILLING ON DEPOSIT								
WITH POWER SUPPLIER	-	-	-	(340,072)	-	-	(340,072)	-
PREPAID ITEMS	-	-	-	(531)	-	-	(531)	-
INVENTORY	46,090	(2,662)	4,866	291,405	(2,688)	-	337,011	(23,006)
ACCOUNTS PAYABLE	(96,124)	85,383	(36,965)	(1,368,763)	(10,922)	121,939	(1,305,452)	(230)
WAGES PAYABLE	5,209	4,171	3,122	25,595	1,525	-	39,622	5,561
COMPENSATED ABSENCES	10,712	(4,519)	736	33,251	4,234	-	44,414	5,137
CUSTOMER DEPOSITS	-	-	-	11,152	-	-	11,152	-
	<u>\$ 1,094,051</u>	<u>\$ 161,390</u>	<u>\$ 874,508</u>	<u>\$ (992,915)</u>	<u>\$ 635,041</u>	<u>\$ 232,998</u>	<u>\$ 2,005,073</u>	<u>\$ 1,056,117</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lehi City Corporation (the City) was incorporated under the laws of the State of Utah in 1852 and operates under an elected Mayor-Council form of government. The City's major operations include police and fire protection, parks, library and recreation, public works, community development and general administrative services. In addition, the City owns and operates culinary water, pressurized irrigation, sewer, drainage, and power systems.

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

These financial statements present the City (primary government) and its component units, organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legal separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The following entity is the City's only blended component unit which also has a June 30 year end:

The Lehi City Redevelopment Agency - The Lehi City Redevelopment Agency (RDA) serves all the citizens of the City and is governed by a board comprised of the City Council. In conformity with generally accepted accounting principles, the financial statements of the RDA have been included in the financial reporting entity as a special revenue fund and a debt service fund. Separate financial statements are not issued for the RDA.

The City's discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The following entity is reported as a discretely presented component unit:

The Hutchings Museum - The Hutchings Museum is a separate non-profit entity under its own articles of incorporation. The Lehi City Mayor and Council appoint and approve the Museum Board of Directors. The City has financial responsibility for the operations of the Museum. The assets and inventories of the Hutchings Museum are controlled and maintained by the Board. Separate financial statements are not issued for the Hutchings Museum. Because separate financial statements are not issued for the Museum, the Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Cash Flows is provided below.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

HUTCHINGS MUSEUM	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS	
COMPONENT UNIT	
FOR THE YEAR ENDED JUNE 30, 2010	
<hr/>	
OPERATING REVENUES	
ADMISSIONS	\$ 36,446
GRANTS	600
TOTAL OPERATING REVENUES	<u>37,046</u>
OPERATING EXPENSES	
PERSONNEL	89,865
OPERATING AND MAINTENANCE	64,077
DEPRECIATION	15,950
TOTAL OPERATING EXPENSES	<u>169,892</u>
OPERATING LOSS	<u>(132,846)</u>
NON-OPERATING REVENUES (EXPENSES)	
CONTRIBUTIONS FROM PRIMARY GOVERNMENT	129,996
INTEREST INCOME	1,624
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>131,620</u>
CHANGE IN NET ASSETS	(1,226)
NET ASSETS AT BEGINNING OF YEAR	475,225
NET ASSETS AT END OF YEAR	<u><u>\$ 473,999</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

HUTCHINGS MUSEUM	
STATEMENT OF CASH FLOWS	
COMPONENT UNIT	
FOR THE YEAR ENDED JUNE 30, 2010	
<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
CASH RECEIVED FROM CUSTOMERS	\$ 37,046
CASH PAID TO SUPPLIERS	(90,587)
CASH PAID TO EMPLOYEES	(87,291)
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(140,832)
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
CONTRIBUTIONS FROM PRIMARY GOVERNMENT	129,996
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	-
	<hr/>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	-
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
INTEREST INCOME COLLECTED	1,624
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,624
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,212)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	137,995
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 128,783</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
OPERATING LOSS	\$ (132,846)
ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
DEPRECIATION	15,950
CHANGES IN ASSETS AND LIABILITIES	
ACCOUNTS PAYABLE	(26,510)
WAGES PAYABLE	2,135
COMPENSATED ABSENCES	439
	<u>\$ (140,832)</u>

The Tri-City Golf Course – The Tri-City Golf Course was established in 1973 by American Fork City, Pleasant Grove City, and Lehi City. The Golf Course has its own board with one member of the each city council serving on that board. The joint venture does not meet the criteria for inclusion in the City's financial report as a component unit because the City does not exercise administrative control and the effect of the City's investment in the joint venture is immaterial.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, library and recreation, streets, community development and general administrative services are classified as governmental activities. The City's culinary water, sewer, pressurized irrigation, electric, drainage, and garbage services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, community development, streets, etc.). The functions are also supported by general government revenues (property, sales and franchise taxes, impact fees, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and franchise taxes, etc.).

The City does not allocate indirect expenses.

The effect of interfund activity has generally been eliminated from the government-wide financial statements in accordance with GAAP. Certain eliminations have been made in regards to interfund activities, payables and receivables. Interfund services provided and used are not eliminated in the process of consolidation.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds 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 accounting for in another fund.
- **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon the determination of net income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City's proprietary funds consist of:

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) 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.

The City's major enterprise funds are the Water Fund, the Sewer Fund, the Pressurized Irrigation Fund, the Electric Fund and the Drainage Fund.

- The purpose of the Culinary Water Fund is to assure an adequate supply of potable water. It also maintains the culinary water distribution lines, wells and storage tanks, and culinary water facilities.
- The purpose of the Pressurized Irrigation Fund is to provide the citizens of the City with an adequate supply of clean irrigation water and an adequate working water pressure to the City Fire Department.
- The Sewer Fund's mission is to ensure the proper and healthy collection and transmission of the City's sewers and to protect, maintain and expand the City's sewer system.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- The purpose of the Electric Fund is to provide reliable electrical service to the City's customers at competitive rates. This includes the construction and operation and maintenance of the City's power distribution system including underground and overhead lines, meters, substations.
- The Drainage Fund is responsible for improving storm water conveyance throughout the City, including construction of new storm water conveyance and detention facilities to correct existing drainage problems in order to protect the City's citizens and their property from serious flooding.
- **Internal service funds** are used to account for the City's fleet maintenance, risk management, and information technology services. The internal service fund activities have been combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided with the combining data elsewhere in this report.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures, or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under this basis, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and cash equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agents and short-term investments with original maturity of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, certain qualifying commercial paper, repurchase agreements and bankers' acceptances, and negotiable or nonnegotiable deposits of qualified depositories and the Utah Public Treasurers' Investment Fund.

Investments for the City are reported at fair value. The Utah Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted cash and cash equivalents

Certain restricted cash and cash equivalents are held by a fiscal agent for the redemption of bonded debt and for acquisition and construction of capital projects.

Inventories

Inventories in the proprietary funds consist of materials used in the construction and repair of the transmission, distribution, collection, and treatment systems are valued at the lower of cost or market on a weighted average basis. Supplies inventories, consisting principally of office supplies, are valued at the lower of cost or market on a first-in, first-out basis. Transformers are valued at the lower of cost or market on a specific identification basis.

Capital assets

Capital assets, which include building and structures, improvements (including distributions systems and infrastructure), machinery, equipment, vehicles and office furniture, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All City infrastructure has been capitalized. Capital assets are defined as assets purchased or acquired with an original cost of \$5,000 or more. Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on these assets is computed using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	10-50
Improvements, including distribution systems and other infrastructure	10-50
Machinery, equipment, and vehicles	5-15
Office furniture and equipment	5-15

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Intangible Assets

Following the guidance of GASB Statement No. 51, effective July 1, 2009, the City began recording donated intangible assets meeting the criteria outlined in GASB Statement No. 51 at fair value. The City has not retroactively reported donated intangible assets because adequate records to determine or estimate historical costs were not available. The City has historically included purchased intangible assets as capital assets. Water rights are the City's primary intangible asset.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is reported on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is reported in the year in which the resources are measurable and become available.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the year which the taxes are collected because the property taxes are intended to fund activities in the year of collection and not the fiscal year in which they were levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, matching requirements and expenditure requirements. On a modified accrual basis, revenue from a nonexchange transaction must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: intergovernmental revenue, sales and franchise taxes, charges for services, interest, and other fees.

Property taxes and special assessments are measurable and susceptible to accrual when they attach as an enforceable lien on the property. They become available when they are due. Amounts that are measurable but not available are recorded as deferred revenue. Property taxes become an enforceable lien on January 1 but are not due until November 30.

The City bills utility customers once monthly when the meters are read. The City is divided into two billing districts. Unbilled accounts receivable were \$454,260 at June 30, 2010. The accounts receivable are reported net of the allowance for doubtful accounts of \$467,040 at June 30, 2010.

Compensated Absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. Accumulated vacation cannot exceed 80 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accumulated sick leave is earned at a rate of one day per month. Employees may accumulate unlimited sick leave. Upon retirement, employees may elect to be paid 25% of outstanding sick pay or may have 75% of outstanding sick pay deposited into an annuity account for their benefit. Proprietary funds expense 75% of sick pay when it is earned by the employee. Governmental funds report an expenditure when the sick pay is paid. The current portion is the accrued sick pay for employees of governmental funds who terminated prior to year end.

The noncurrent portion of these amounts (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Interfund Activity

Interfund activity is reported either as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and, in the government-wide statement of activities, reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Fund Equity Reserves

Fund balance – in the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for a specific purpose.

Restricted net assets – in the government wide financial statements as well as the proprietary fund financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Bond issue costs

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method.

Advance billing on deposit with power supplier

The City is a participant in the Utah Associated Municipal Power Systems (UAMPS). UAMPS bills members in advance based upon estimates of power cost and usage. The City's advance billings on deposit at UAMPS at year-end are recorded as a current asset.

Budgets and budgetary control

Annual budgets are prepared and adopted, in accordance with state law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Redevelopment Agency Special Revenue Fund and Capital Projects Fund. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established by activity and purpose within an individual fund such as general government; public safety; community development; streets and highways; parks, recreation and culture; and cemetery within the governmental funds. Each department head is responsible to the Mayor and City Council for spending within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unrestricted General Fund balance until it exceeds 5% of the General Fund revenues. Until unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held to increase total appropriations of any governmental fund. With the consent of the Finance Director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgetary information included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund and the Redevelopment Agency are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Subsequent events

Management has evaluated subsequent events through December 15, 2010, the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS

The City's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of 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.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. At June 30, 2010 the book value of cash on deposit was \$2,374,427 and the bank balance was \$4,572,791 (\$1,003,471 of which was exposed to custodial credit risk as uninsured and uncollateralized) with the difference being outstanding checks and deposits.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. The Act authorizes investments in both negotiable and 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; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The City’s investments at June 30, 2010 are presented below:

<u>Investment Type</u>	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Utah Public Treasurer's Investment Fund	\$ 12,208,859	\$ 12,208,859	\$ -	\$ -	\$ -
Money Market Funds	134,756	134,756	-	-	-
U.S. Treasuries	26,798	26,798	-	-	-
	<u>\$ 12,370,413</u>	<u>\$ 12,370,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City’s policy for managing interest rate risk is to comply with the State’s Money Management Act. Section 51-7-11 of 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 on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The City’s rated debt investments are presented below:

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

<u>Rated Debt Investments</u>	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Debt Securities					
Utah Public Treasurer's Investment Fund	\$ 12,208,859	\$ -	\$ -	\$ -	\$ 12,208,859
Money Market Funds	134,756	-	134,756	-	-
U.S. Treasuries	26,798	26,798	-	-	-
	<u>\$ 12,370,413</u>	<u>\$ 26,798</u>	<u>\$ 134,756</u>	<u>\$ -</u>	<u>\$ 12,208,859</u>

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment 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 investments at June 30, 2010 were predominantly with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a 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 between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

At June 30, 2010, the City did not have more than 5 percent of its investments in any single issuer other than the amounts invested with the Utah Public Treasurer's Investment Fund. The Utah Public Treasurer's Investment Fund is not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

NOTE C – EXTERNAL INVESTMENT POOL

The City invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and,

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE C – EXTERNAL INVESTMENT POOL - CONTINUED

therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2010) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2010, the City had \$12,208,859 invested in the PTIF which had a fair value of \$12,255,941 for an unrealized gain of \$47,082. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	74.79%
Certificates of deposit	0.43%
Money market accounts and Commercial paper	22.40%
U.S. Government securities	2.38%
	<u>100.00%</u>

NOTE D – RESTRICTED ASSETS

The balance of the City's restricted asset accounts are as follows:

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Reserves for future debt service	\$ 134,803	\$ 250,482	\$ 385,285
Unexpended B & C Road funds	317,080	-	317,080
Unexpended impact fees	3,284,375	5,486,975	8,771,350
Prepaid impact fees (unearned revenue)	-	987,800	987,800
	<u>\$ 3,736,258</u>	<u>\$ 6,725,257</u>	<u>\$ 10,461,515</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 is as follows:

	<u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 81,290,383	\$ 1,521,456	\$ -	\$ 82,811,839
Construction in progress	3,575,045	376,999	-	3,952,044
Total nondepreciable capital assets	<u>\$ 84,865,428</u>	<u>\$ 1,898,455</u>	<u>\$ -</u>	<u>\$ 86,763,883</u>
Depreciable capital assets:				
Buildings	\$ 20,637,016	\$ 55,239	\$ -	\$ 20,692,255
Improvements, including infrastructure	158,651,282	1,756,075	-	160,407,357
Machinery, equipment and vehicles	12,279,040	675,166	119,982	12,834,224
Office furniture and equipment	1,226,457	140,850	-	1,367,307
Total depreciable capital assets at historical cost	<u>192,793,795</u>	<u>2,627,330</u>	<u>119,982</u>	<u>195,301,143</u>
Less accumulated depreciation:				
Buildings	4,329,072	728,270	-	5,057,342
Improvements, including infrastructure	30,386,727	5,971,982	-	36,358,709
Machinery, equipment and vehicles	7,491,630	912,014	118,982	8,284,662
Office furniture and equipment	974,822	74,295	-	1,049,117
Total accumulated depreciation	<u>43,182,251</u>	<u>7,686,561</u>	<u>118,982</u>	<u>50,749,830</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 149,611,544</u>	<u>\$ (5,059,231)</u>	<u>\$ 1,000</u>	<u>\$ 144,551,313</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 542,198
Public safety	632,157
Community development	218,700
Streets and highways, including infrastructure	5,666,440
Parks, recreation and culture	572,994
Cemetery	54,072
	<u>\$ 7,686,561</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE E – CAPITAL ASSETS – CONTINUED

	<u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 2,028,167	\$ 308,302	\$ -	\$ 2,336,469
Construction in progress	298,185	910,680	-	1,208,865
Intangibles	1,182,680	-	-	1,182,680
Total nondepreciable capital assets	<u>\$ 3,509,032</u>	<u>\$ 1,218,982</u>	<u>\$ -</u>	<u>\$ 4,728,014</u>
Depreciable capital assets:				
Buildings	\$ 2,808,699	\$ -	\$ -	\$ 2,808,699
Improvements, including infrastructure	172,243,156	1,386,417	222,462	173,407,111
Machinery, equipment and vehicles	4,880,783	2,802,551		7,683,334
Office furniture and equipment	177,109	-	-	177,109
Total depreciable capital assets at historical cost	<u>180,109,747</u>	<u>4,188,968</u>	<u>222,462</u>	<u>184,076,253</u>
Less accumulated depreciation:				
Buildings	630,256	89,288	-	719,544
Improvements, including infrastructure	29,346,574	4,147,093	106,734	33,386,933
Machinery, equipment and vehicles	3,031,368	1,013,018		4,044,386
Office furniture and equipment	148,781	5,042	-	153,823
Total accumulated depreciation	<u>33,156,979</u>	<u>5,254,441</u>	<u>106,734</u>	<u>38,304,686</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 146,952,768</u>	<u>\$ (1,065,473)</u>	<u>\$ 115,728</u>	<u>\$ 145,771,567</u>
Depreciation was charged to functions as follows:				
Business-type activities:				
Culinary water			\$ 1,003,183	
Sewer			990,085	
Electric			1,714,952	
Pressurized irrigation			879,513	
Drainage			666,708	
			<u>\$ 5,254,441</u>	

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE E – CAPITAL ASSETS – CONTINUED

	<u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Discretely Present Component Unit:				
Nondepreciable capital assets:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Depreciable capital assets:				
Buildings	\$ 222,768	\$ -	\$ -	\$ 222,768
Improvements, including infrastructure	310,382	-	-	310,382
Office furniture and equipment	72,194	-	-	72,194
Total depreciable capital assets at historical cost	<u>605,344</u>	<u>-</u>	<u>-</u>	<u>605,344</u>
Less accumulated depreciation:				
Buildings	80,834	171,463	-	252,297
Improvements, including infrastructure	100,678	(100,678)	-	-
Office furniture and equipment	54,835	(54,835)	-	-
Total accumulated depreciation	<u>236,347</u>	<u>15,950</u>	<u>-</u>	<u>252,297</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 368,997</u>	<u>\$ (15,950)</u>	<u>\$ -</u>	<u>\$ 353,047</u>

NOTE F – CUSTOMER DEPOSITS

Business-type activity deposits are enterprise fund customer deposits the City requires from renters or businesses before they receive utility connection. The deposit is returnable when the residence is vacated by the renter, or the business has established a history of meeting its obligations to the City promptly.

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2010:

Governmental activities

2003 Excise tax bonds

\$3,130,000 excise tax term bonds due June 1, 2013
with interest at 2.5% to 3.2%

\$ 1,665,000

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G – LONG-TERM DEBT - CONTINUED

Governmental activities - continued

2003 Sales tax revenue bonds	
\$3,900,000 sales tax revenue term bonds due serially through June 1, 2024 with interest at 3.6% to 4.625%	3,900,000
2004 Sales tax revenue and refunding bonds	
\$8,345,000 sales tax revenue and refunding term bonds due serially through June 1, 2024 with interest at 2.25% to 5.0%	5,365,000
2004 Subordinated sales tax revenue bonds	
\$9,000,000 sales tax revenue bonds with interest at 4.75% payable from 87.5% of the local sales and use tax and 100% of the transient room tax collected from the Cabela's Retail Store Project area, due in 2024	8,345,000
Capital lease obligation	
Payable in annual installments of \$21,080, including interest at 4.73%, maturing in 2013	234,551
Tax increment note payable to developer	
Due in annual installments equal to 70% of the tax increment received by the RDA from the Alpine Highway Project, including interest at 6.5%	71,785,332
Compensated absences	1,655,638
Landfill closure and postclosure care liability	462,870
	<u> </u>
Total Governmental activities long-term debt	<u><u>\$ 93,413,391</u></u>

Business-type activities

2009 Electric refunding and revenue bonds	
\$7,700,000 electric refunding and revenue bonds due serially through 2020. The bonds are variable rate debt and are remarketed weekly. The interest rate is based on the market conditions the day the bonds are remarketed.	\$ 6,881,750
2003 Water refunding bonds	
\$3,980,000 water revenue bonds due serially through 2020 with interest rates ranging from 2.5% to 3.9%	2,163,981

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G – LONG-TERM DEBT - CONTINUED

Business-type activities - continued

1999 Water refunding bonds	
\$1,740,000 water refunding bonds due serially through 2015 with interest at 3.25% to 4.9%	690,000
2000 Drainage revenue bonds	
\$2,200,000 in drainage revenue bonds due serially through 2015 with interest rates ranging from 4.3% to 5.6%	935,000
Capital lease obligations	
Payable in annual installments ranging from \$46,428 to \$51,920, including interest at 4.22% to 4.77%, maturing in 2011	24,317
Compensated absences	<u>723,420</u>
 Total Business-type activities long-term debt	 <u><u>\$ 11,418,468</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G – LONG-TERM DEBT - CONTINUED

The following is a summary of the changes in governmental-type activities long-term debt for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Current Amounts Due
Governmental activities					
Bonds, note and leases payable					
1999 Excise tax bonds	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -
2003 Excise tax bonds	1,890,000	-	225,000	1,665,000	540,000
2003 Sales tax revenue bonds	3,900,000	-	-	3,900,000	-
2004 Sales tax revenue and refunding bonds	5,890,000	-	525,000	5,365,000	550,000
Capital lease obligations	305,665	-	71,114	234,551	74,539
2004 Subordinated sales tax revenue bonds	8,611,997	-	266,997	8,345,000	-
Tax increment note payable to developer	74,097,585	362,185	2,674,438	71,785,332	-
Total bonds, notes and leases payable	<u>94,995,247</u>	<u>362,185</u>	<u>4,062,549</u>	<u>91,294,883</u>	<u>1,164,539</u>
Other liabilities:					
Compensated absences	1,569,151	745,037	658,550	1,655,638	590,129
Landfill closure and post- closure care liability	424,666	38,204	-	462,870	-
	<u>1,993,817</u>	<u>783,241</u>	<u>658,550</u>	<u>2,118,508</u>	<u>590,129</u>
Governmental activities long-term debt	<u>\$ 96,989,064</u>	<u>\$ 1,145,426</u>	<u>\$ 4,721,099</u>	<u>\$ 93,413,391</u>	<u>\$ 1,754,668</u>

For the governmental activities, compensated absences are generally liquidated by the general fund. Capital project funds predominantly provide debt service for the excise tax bonds, special assessment bonds and lease revenue bonds. The debt service for the note payable to developer is provided by the RDA.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G-LONG-TERM DEBT - CONTINUED

As of June 30, 2010 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Sales Tax Revenue Bonds		Excise Tax Bonds Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 550,000	\$ 398,309	\$ 540,000	\$ 51,100
2012	560,000	380,434	550,000	34,900
2013	540,000	358,034	575,000	18,400
2014	560,000	337,473	-	-
2015	585,000	315,884	-	-
2016-2020	3,270,000	1,211,691	-	-
2021-2025	3,200,000	392,664	-	-
	<u>\$9,265,000</u>	<u>\$ 3,394,489</u>	<u>\$1,665,000</u>	<u>\$ 104,400</u>

The amortization of compensated absences, subordinated sales tax revenues bonds, and the tax increment note payable to developer have not been included in the above schedules due to the uncertainty of the timing of the payments. However, annual payments in the amount of 70% of tax increment collections for the Alpine Highway Economic Development Area are required on the tax increment note payable to developer through the year 2028. The City is required, per the contract with the developer, to make annual payments, as specified above, until 2028. In no case would the City be required to pay more on the note than 70% of the tax increment collections from this area through 2028. If these collections are insufficient to fully repay the tax increment note payable, the remaining balance will not be paid to the developer.

Annual payments, in the amount of 87.5% of sales tax collections from the Cabela's store (an outdoor and sporting goods retailer located within the City) are required on the subordinated sales tax bonds. To date, collections have been sufficient to pay interest and some principal related to the subordinated sales tax bonds. Per the subordinated sales tax bond covenants, if the bonds have not been paid in full by their September 2024 maturity date, the remaining outstanding balance shall be forgiven by the owners of the bonds.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G-LONG-TERM DEBT - CONTINUED

The following is a summary of the changes in business-type activities long-term debt for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Current Amounts Due
Business-type activities					
Bonds, note and leases payable					
2009 Electric refunding bonds	\$ 7,457,501	\$ -	\$ 575,751	\$ 6,881,750	\$ 600,000
2003 Water refunding bonds	2,390,536	-	226,555	2,163,981	225,000
1999 Water refunding bonds	810,000	-	120,000	690,000	130,000
2000 Drainage revenue bonds	1,095,000	-	160,000	935,000	170,000
Capital lease obligations	118,935	-	94,618	24,317	24,317
Total bonds, notes and leases payable	11,871,972	-	1,176,924	10,695,048	1,149,317
Compensated absences	679,006	325,539	281,125	723,420	193,703
Business-type activities long-term debt	<u>\$ 12,550,978</u>	<u>\$ 325,539</u>	<u>\$ 1,458,049</u>	<u>\$ 11,418,468</u>	<u>\$ 1,343,020</u>

As of June 30, 2010, annual debt service requirements of business-type activities to maturity are as follows:

Year ending June 30,	Electric Refunding Bonds		Water Refunding Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 600,000	\$ 241,779	\$ 355,000	\$ 107,178
2012	600,000	220,907	370,000	94,382
2013	700,000	187,080	385,000	80,988
2014	700,000	173,789	400,000	66,428
2015	700,000	149,205	385,000	50,980
2016-2020	3,800,000	362,994	945,000	-
Plus unamortized premium	7,100,000	1,335,754	2,840,000	399,956
	(218,250)	218,250	13,981	(13,981)
	<u>\$6,881,750</u>	<u>\$ 1,554,004</u>	<u>\$2,853,981</u>	<u>\$ 385,975</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G – LONG-TERM DEBT – CONTINUED

Year ending June 30,	Drainage Revenue bonds	
	Principal	Interest
2011	\$ 170,000	\$ 52,360
2012	175,000	42,840
2013	185,000	33,040
2014	195,000	22,680
2015	210,000	11,760
2016-2020	-	-
	<u>\$ 935,000</u>	<u>\$ 162,680</u>

The amortization of compensated absences has not been included in the above schedules due to the uncertainty of the timing of the payments.

All outstanding revenue bonds are secured by a first lien on net revenues earned by the City. Net revenues are defined in the revenue bond agreements. The City is required to establish rates (including connection fees) sufficient to pay the operation and maintenance expenses and to provide net revenues in an amount not less than 125% of the aggregate annual debt service requirement for the forthcoming fiscal year. The following summarizes the debt service coverage calculations for the various revenue bonds:

	Electric Revenues Bonds	Water Revenue Bonds*	Drainage Revenue Bonds
Net revenues			
Operating revenues	\$ 19,131,914	\$ 4,449,453	\$ 933,646
Operating expenses (excluding depreciation)	(18,942,921)	(2,375,972)	(273,040)
Impact fee revenues	1,073,746	1,260,675	143,240
Interest income	23,219	12,748	6,224
Net revenues	<u>\$ 1,285,958</u>	<u>\$ 3,346,904</u>	<u>\$ 810,070</u>
Aggregate debt service for 2011	<u>\$ 841,779</u>	<u>\$ 462,178</u>	<u>\$ 222,360</u>
Ratio of net revenues to aggregate debt service	<u>1.53</u>	<u>7.24</u>	<u>3.64</u>
Minimum ratio	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>

*The net revenues calculation for the Water Revenue Bonds combines the related information from the Culinary Water fund and the Pressurized Irrigation Fund.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G – LONG-TERM DEBT – CONTINUED

Prior Years Defeasance of Debt

In prior years, certain outstanding bonds were defeased by placing proceeds of bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements.

At June 30, 2010 the following bonds are considered defeased:

	<u>Bond Series</u>	<u>Defeased Balance</u>
Governmental Activities:	2000 Lease Revenue Bonds	\$5,015,000
Business-type Activities:		
Electric fund	1994 Electric Revenue	560,000
Pressurized Irrigation Funds	1989 Water Revenue – Series C	373,000

Pledged Revenues

The City has pledged excise tax revenue in the amount of \$1,769,400 to fund debt service payments on the excise tax revenue bonds. These bonds were used to finance road projects. Excise tax revenue has been pledged for debt service payments through the year 2013. Excise tax revenues are expected to produce 230 percent of the debt service requirements over the life of the bonds. Excise tax revenue in the current year was \$1,446,611 and debt service for the excise tax bonds was \$589,525.

The City has pledged sales tax revenues in the amount of \$21,004,489 to fund debt service payments on the sales tax revenue bonds. These bonds were used to finance infrastructure improvements within the City. Sales tax revenue has been pledged for debt service payments through the year 2024. Total sales tax collections through 2024 have not been estimated. Sales tax revenue in the current year was \$5,810,238 and debt service for the sales tax bonds was \$1,635,509

The City has pledged tax increment revenues to fund debt service payments on the tax increment note payable to developer. The principal portion of the note is \$71,785,332. The interest associated with the note is uncertain because of the timing of payments on the note are contingent upon tax increment revenues collected in the area. The proceeds from the note were used to fund redevelopment expenditures. Tax increment has been pledged for debt service payments through the year 2028. Total tax increment collections through 2028 are not estimable. Tax increment revenue available for debt service in the current year was \$9,027,924. As explained previously, if tax increment revenues over the life of the note are insufficient to pay the note, the City will not be required to pay the remaining balance.

The City has pledged water revenues in the amount of \$3,239,956 to fund debt service payments on the water revenue refunding bonds. The bonds were issued to fund water system improvements within the City. Water revenues have been pledged for debt service payments through the year 2020. Water revenues are expected to produce 500 percent of the debt service requirements over the life of the bonds. Net water revenues for the year were \$3,364,904 and debt service payments on the water revenue bonds were \$464,327.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE G – LONG-TERM DEBT – CONTINUED

The City has pledged electric revenues in the amount of \$8,435,754 to fund debt service payments on the electric revenues bonds. The bonds were issued to fund electric system improvements within the City. Electric revenues have been pledged for debt service payments through the year 2020. Electric revenues are projected to produce 420 percent of the debt service requirements over the life of the bonds. In the current year, net electric revenues were \$1,192,794 and electric revenue bond debt service payments were \$727,034.

The City has pledged drainage revenues in the amount of \$1,097,680 to fund debt service payments on the drainage revenue bonds. The bonds were issued to fund drainage system improvements within the City. Drainage revenues have been pledged to fund debt service payments through the year 2015. Drainage revenues are expected to produce approximately 295 percent of the debt service requirements over the life of the bonds. In the current year, net drainage revenues were \$810,070 and drainage revenue bond debt service payments were \$220,840.

NOTE H – CAPITAL LEASES

The City has entered into certain capital lease agreements under which the related buildings and equipment will become the property of the City when the terms of the lease agreement are met.

	Governmental Activities	Business-type Activities
2011	\$ 84,324	\$ 24,588
2012	84,322	-
2013	84,320	-
2014	-	-
	<u>252,966</u>	<u>24,588</u>
Less amount representing interest	(18,415)	(271)
Present value of future minimum lease payments	<u>\$ 234,551</u>	<u>\$ 24,317</u>

Capital assets and related accumulated depreciation under capital lease are as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 500,000	\$ 438,698
Accumulated depreciation	74,991	197,352

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE I - RETIREMENT PLANS

Plan Description - The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Contributory Retirement System, Firefighters Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The 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 State 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 for the Local Governmental Contributory Retirement System, Local Government Noncontributory Retirement System, the Public Safety Contributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy - Plan members in the Local Governmental Noncontributory Retirement System the City is required to contribute 11.62% of their annual covered salary. In the Public Safety Contributory Retirement System, members are required to contribute 12.29% of their salary (all of which is paid by the City), and the City is required to pay 11.22% of members' annual salary. In the Public Safety Noncontributory Retirement System the City is required to contribute 22.61% of the members' annual covered salary. In the Firefighters Retirement System, members are required to contribute 13.41% of their annual covered salary (all of which is paid by the City), and the City is not required to contribute. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Noncontributory Retirement System for June 30, 2010, 2009, and 2008 were \$740,602, \$766,263, and \$714,802 respectively; and for the Public Safety Contributory Retirement System, the contributions for the years ended June 30, 2010, 2009, and 2008, were \$185,184, \$205,438, and \$227,822 respectively; and for the Public Safety Noncontributory Retirement System, the contributions for the years ended June 30, 2010, 2009, and 2008 were \$282,640, \$258,383, and \$200,520 respectively. For the Firefighters Retirement System, the contributions for the years ended June 30, 2010, 2009, and 2008 were \$168,241, \$98,325, and \$92,244 respectively. The contributions were equal to the required contributions for each year.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE J - DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by either USRS or ICMA Retirement Corporation under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City's total payroll in the fiscal year ended June 30, 2010, was approximately \$13,779,022. Of that amount, approximately \$9,625,556 was eligible to participate in the plan. The City participates at rates between 0% and 2.68% depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the year ended June 30, 2010, contributions totaling \$176,695 were made to the plan by employees and \$287,276 by the City.

The City sponsors another deferred compensation plan through ICMA Retirement Corporation in accordance with Internal Revenue Code Section 457. This plan is available to all City employees and permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE K – COMMITMENTS AND CONTIGENCIES

The City has entered into a contract expiring in 2027 with the Intermountain Power Agency (IPA) for the purchase of power. Under the terms of the agreement, the City is liable for an agreed-upon purchase amount of approximately .43% of production regardless of whether it is used. The City has also entered into an excess power sales agreement whereby all power purchased from IPA in excess of the City's need, will be sold to a group of California cities, thus relieving the City's excess power purchase liability.

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable, however, at a minimum, in connection with these power supply agreements, the City will be required to fund debt service on the UAMPS bonds which, at June 30, 2010, had an outstanding balance of \$162,670,900, of which the City's portion was \$23,138,364. During the year ended June 30, 2010, the City purchased power totaling approximately \$15,386,149 million.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE K – COMMITMENTS AND CONTIGENCIES-CONTINUED

There are several pending lawsuits in which the City is involved. The City management estimates the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial position of the City.

In fiscal year 2007, the City entered into a ten year operating lease agreement for property to be used for a park. The lease payment is \$300,000 annually. At the expiration of the lease the City has the option to purchase the property for \$4,200,000.

NOTE L – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all of these risks of loss except natural disasters. There were no decreases in coverage during 2010. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Claims information for the past two years is as follows:

	<u>2010</u>	<u>2009</u>
Claims liability, July 1	\$ 27,695	\$ 20,154
Claims incurred during the year and changes in estimates	-	-
Payments on claims during the year		
Payments made by insurance	27,695	20,154
Coinsurance and deductible insurance payments made by the City	-	-
Claims liability, June 30	<u>\$ -</u>	<u>\$ -</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2010, are as follows:

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Amount</u>
Major Enterprise Funds:		
Culinary Water Fund	Electric Fund	\$ 155,968
	Fleet Fund	851,983
	Risk Management Fund	594,438
	General Fund	683,998
Sewer Fund	General Fund	1,192,460
Pressurized Irrigation Fund	General Fund	166,029
Drainage Fund	General Fund	216,888
Major Governmental Fund:		
Capital Projects Fund	General Fund	494,546
		<u>\$ 4,356,310</u>

The interfund receivables/payables are related to operating cash temporarily loaned between the funds to meet the daily operating cash needs of each fund.

NOTE N - INTERFUND TRANSFERS

The City has transfers to distribute administrative costs expended in the general fund to the enterprise funds. The City has transfers from the Redevelopment Agency to the general fund and capital projects fund to reimburse these funds for capital improvements made in prior years. The costs of these capital improvements are reimbursed to the general fund and capital projects fund by the Redevelopment Agency pursuant to the Alpine Highway Economic Development Plan.

A summary of interfund transfers by fund is as follows:

	<u>In</u>	<u>Out</u>
Major Fund:		
General Fund	\$ 1,944,879	\$ -
Capital Projects Fund	155,301	-
Redevelopment Agency	-	1,369,180
Culinary Water Fund	-	174,500
Sewer Fund	-	290,500
Electric Fund	-	266,000
	<u>\$ 2,100,180</u>	<u>\$ 2,100,180</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE O – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City has issued revenue bonds to finance certain improvements to its culinary water distribution system, its sewer system, its pressurized irrigation system, its electric power distribution system and its drainage system. Because each of these activities is accounted for in separate funds and all of those funds are reported as major funds in the fund financial statements, segment disclosures herein are not required.

NOTE P - REDEVELOPMENT AGENCY OF THE CITY OF LEHI

The Lehi City Redevelopment Agency was created in 1985 to increase and develop the commercial growth in the southeast area of the City, known as the Millpond Project Area. Redevelopment activity did not begin until 1996, when the first tax increment was generated.

In 1994, Micron Technologies, Inc. (IM Flash), a computer chip manufacturer, approached the City for tax incentives to construct a manufacturing facility in Utah. This project, which became a component of the Redevelopment Agency of the City, is known as the Alpine Highway Project Area. Infrastructure improvements on and off site have been made over the life of the project area. In 1998, the tax increment related to this project was triggered and received by the Redevelopment Agency and was used for debt service. In 2008 the Alpine Highway Project Area was extended for an additional twenty years. Consequently, payments will be made to IM Flash through 2028.

During 2010, the Redevelopment Agency approved another economic development project called the Thanksgiving Park Economic Development Project Area. The project involves the construction of several office buildings within the project area, with the Redevelopment Agency obligated to pay the developer a portion of the tax increment generated by the project. The office buildings must be developed according to a specific schedule and if the schedule is not met, the developer would forfeit some of the tax increment funds. No tax increment monies were generated from this project during 2010.

For the year ended June 30, 2010 the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Millpond Project Area	\$ 266,672
Alpine Highway Project Area	9,027,924
	<u>\$ 9,294,596</u>
 Outstanding loans to finance RDA projects	 <u>\$ 71,785,332</u>
 Expenditures:	
Tax increments paid to other taxing agencies	\$ 1,462,524
Principal	2,674,438
Interest	3,646,760
Redevelopment costs	383,413
Administrative costs	102,330
	<u>\$ 8,269,465</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expenditure in the General fund in each period based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability at June 30, 2010, and the expenditure recognized for the year then ended were calculated as follows based on the cumulative use of 73% of the estimated capacity of the landfill:

Total estimated closure and postclosure care costs	\$617,160
Capacity used as of June 30, 2010	75%
Cumulative closure and postclosure care liability	<u>462,870</u>
Amounts previously recognized	424,666
Amount to be recognized as of June 30, 2010	<u>\$ 38,204</u>
Amount reported as a long-term liability in the governmental activities statement of net assets	<u><u>\$462,870</u></u>

The total estimated closure and postclosure care costs are based on estimates of what it would cost to perform all closure and postclosure care in 2010. The City expects the landfill to close in the year 2031 after reaching its total estimated capacity of 230,000 cubic yards. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required to establish financial assurance in accordance with the State of Utah Department of Environmental Quality, Division of Solid and Hazardous Waste Administrative Rules. The City must submit an annual report in which certain financial information is provided to the State indicating that the City meets the minimum financial requirements outlined in the aforementioned rules.

NOTE R – EXPENDITURES EXCEEDING APPROPRIATIONS

Public safety expenditures in the General Fund exceeded appropriations by \$11,946. The City will monitor expenditures closely in the future to ensure compliance with budgetary appropriations.

NOTE S – SUBSEQUENT EVENTS

During September 2010, the City issued \$2,500,000 Storm Drainage Revenue and Refunding bonds. Approximately \$1.7 million of the bonds was deposited into a construction account for use on various upcoming storm drain improvements. The remainder of the bond proceeds, together with the funds in the debt service reserve fund created with respect to the 2000 Storm Drainage Revenue Bonds will be used to refund the \$935,000 outstanding Series 2000 Drainage Revenue bonds. The difference between cash flow required to service the 2000 bonds and that required to service the new bonds amounts to a \$285,930 savings in cash flows, which will result in an economic gain of \$258,146.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE S – SUBSEQUENT EVENTS - CONTINUED

In August 2010, the Lehi City Redevelopment Agency passed an ordinance adopting an economic development project area known as the Alpine Highway West Economic Development Project Area. The project will be funded with tax increment financing for a period not to exceed twenty years and up to a maximum of \$18,726,485, with the Agency electing to receive 75% of the tax increment from the project area.

**INDIVIDUAL FUND SCHEDULES OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES				
PROPERTY TAXES	\$ 5,070,000	\$ 5,070,000	\$ 4,605,762	\$ (464,238)
IN LIEU OF	500,000	500,000	321,119	(178,881)
GENERAL SALES TAX	5,165,000	5,165,000	4,551,752	(613,248)
FRANCHISE TAX	2,800,000	2,800,000	3,058,740	258,740
TOTAL	<u>13,535,000</u>	<u>13,535,000</u>	<u>12,537,373</u>	<u>(997,627)</u>
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	75,000	75,000	66,418	(8,582)
BUILDING PERMITS	665,000	665,000	752,331	87,331
IMPACT FEES	-	-	45,900	45,900
TOTAL	<u>740,000</u>	<u>740,000</u>	<u>864,649</u>	<u>124,649</u>
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	1,275,000	1,275,000	1,446,611	171,611
FIRE DEPARTMENT GRANT	559,711	559,711	671,384	111,673
POLICE SALARY REIMBURSEMENT	34,000	34,000	34,000	-
STATE LIQUOR FUNDS ALLOTMENT	42,000	42,000	43,957	1,957
COUNTY FIRE ALLOCATION	40,000	40,000	27,463	(12,537)
STATE GRANT	108,492	108,492	103,791	(4,701)
OTHER GRANTS	206,815	206,815	205,188	(1,627)
TOTAL	<u>2,266,018</u>	<u>2,266,018</u>	<u>2,532,394</u>	<u>266,376</u>
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	710,000	710,000	544,894	(165,106)
AMBULANCE FEES	750,000	750,000	563,514	(186,486)
FIRE FEES	5,000	5,000	6,867	1,867
CEMETERY FEES	127,000	127,000	70,780	(56,220)
RECREATION FEES	3,514,252	3,514,252	2,787,713	(726,539)
LIBRARY FEES	93,000	93,000	99,807	6,807
OTHER SERVICE REVENUE	50,500	50,500	38,198	(12,302)
TOTAL	<u>5,249,752</u>	<u>5,249,752</u>	<u>4,111,773</u>	<u>(1,137,979)</u>
FINES AND FORFEITURES				
COURT'S FINES AND FORFEITURES	903,500	903,500	828,467	(75,033)
MISCELLANEOUS				
	479,099	479,099	379,223	(99,876)
INTEREST ON INVESTMENTS				
	162,900	162,900	71,673	(91,227)
TOTAL REVENUES	<u>23,336,269</u>	<u>23,336,269</u>	<u>21,325,552</u>	<u>(2,010,717)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	384,280	384,280	348,692	35,588
OPERATIONS AND MAINTENANCE	95,450	95,450	73,299	22,151
TOTAL	<u>479,730</u>	<u>479,730</u>	<u>421,991</u>	<u>57,739</u>
ADMINISTRATIVE				
PERSONNEL	490,207	490,207	477,987	12,220
OPERATIONS AND MAINTENANCE	78,000	78,000	50,767	27,233
CAPITAL	-	-	10,593	(10,593)
TOTAL	<u>568,207</u>	<u>568,207</u>	<u>539,347</u>	<u>28,860</u>
TREASURY				
PERSONNEL	348,041	348,041	319,181	28,860
OPERATIONS AND MAINTENANCE	37,585	37,585	36,583	1,002
TOTAL	<u>385,626</u>	<u>385,626</u>	<u>355,764</u>	<u>29,862</u>

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2010

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FINANCE				
PERSONNEL	407,000	407,000	371,297	35,703
OPERATIONS AND MAINTENANCE	81,246	81,246	82,031	(785)
TOTAL	488,246	488,246	453,328	34,918
CITY RECORDER				
PERSONNEL	155,658	155,658	143,686	11,972
OPERATIONS AND MAINTENANCE	49,550	49,550	25,729	23,821
TOTAL	205,208	205,208	169,415	35,793
LEGAL SERVICES				
PERSONNEL	176,337	176,337	177,353	(1,016)
OPERATIONS AND MAINTENANCE	172,884	172,884	142,115	30,769
TOTAL	349,221	349,221	319,468	29,753
LEGISLATIVE				
PERSONNEL	167,136	167,136	150,383	16,753
OPERATIONS AND MAINTENANCE	105,000	105,000	69,980	35,020
TOTAL	272,136	272,136	220,363	51,773
NONDEPARTMENTAL				
OPERATIONS AND MAINTENANCE	2,393,340	2,393,340	1,311,243	1,082,097
CAPITAL	245,000	245,000	177,276	67,724
TOTAL	2,638,340	2,638,340	1,488,519	1,149,821
EMERGENCY MANAGEMENT				
OPERATIONS AND MAINTENANCE	15,000	15,000	5,450	9,550
TOTAL	15,000	15,000	5,450	9,550
FACILITIES MAINTENANCE				
PERSONNEL	246,408	246,408	338,206	(91,798)
OPERATIONS AND MAINTENANCE	147,400	147,400	119,315	28,085
TOTAL	393,808	393,808	457,521	(63,713)
TOTAL GENERAL GOVERNMENT	5,795,522	5,795,522	4,431,166	1,364,356
PUBLIC SAFETY				
POLICE				
PERSONNEL	3,477,500	3,477,500	3,662,262	(184,762)
OPERATIONS AND MAINTENANCE	948,456	948,456	904,754	43,702
CAPITAL	100,831	100,831	103,606	(2,775)
TOTAL	4,526,787	4,526,787	4,670,622	(143,835)
CODE ENFORCEMENT				
PERSONNEL	141,616	141,616	86,737	54,879
OPERATIONS AND MAINTENANCE	22,294	22,294	17,065	5,229
TOTAL	163,910	163,910	103,802	60,108
FIRE				
PERSONNEL	2,582,717	2,582,717	2,567,641	15,076
OPERATIONS AND MAINTENANCE	502,060	502,060	543,153	(41,093)
CAPITAL	80,000	80,000	53,603	26,397
TOTAL	3,164,777	3,164,777	3,164,397	380
ANIMAL CONTROL				
PERSONNEL	90,803	90,803	71,972	18,831
OPERATIONS AND MAINTENANCE	113,100	113,100	60,530	52,570
TOTAL	203,903	203,903	132,502	71,401
TOTAL PUBLIC SAFETY	8,059,377	8,059,377	8,071,323	(11,946)

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
COMMUNITY DEVELOPMENT				
PUBLIC WORKS ADMINISTRATION				
PERSONNEL	244,297	244,297	218,346	25,951
OPERATIONS AND MAINTENANCE	17,747	17,747	16,263	1,484
TOTAL	<u>262,044</u>	<u>262,044</u>	<u>234,609</u>	<u>27,435</u>
ENGINEERING				
PERSONNEL	375,565	375,565	341,899	33,666
OPERATIONS AND MAINTENANCE	55,900	55,900	44,119	11,781
CAPITAL	-	-	16,310	(16,310)
TOTAL	<u>431,465</u>	<u>431,465</u>	<u>402,328</u>	<u>29,137</u>
PLANNING AND ZONING				
PERSONNEL	505,821	505,821	391,607	114,214
OPERATIONS AND MAINTENANCE	82,850	82,850	53,496	29,354
CAPITAL	-	-	-	-
TOTAL	<u>588,671</u>	<u>588,671</u>	<u>445,103</u>	<u>143,568</u>
INSPECTIONS				
PERSONNEL	647,494	647,494	603,555	43,939
OPERATIONS AND MAINTENANCE	73,185	73,185	73,473	(288)
TOTAL	<u>720,679</u>	<u>720,679</u>	<u>677,028</u>	<u>43,651</u>
TOTAL COMMUNITY DEVELOPMENT	<u>2,002,859</u>	<u>2,002,859</u>	<u>1,759,068</u>	<u>243,791</u>
STREETS AND HIGHWAYS				
STREETS AND PUBLIC IMPROVEMENTS				
PERSONNEL	897,852	897,852	743,582	154,270
OPERATIONS AND MAINTENANCE	210,256	210,256	212,752	(2,496)
CAPITAL	-	-	127	(127)
TOTAL	<u>1,108,108</u>	<u>1,108,108</u>	<u>956,461</u>	<u>151,647</u>
C ROAD				
OPERATIONS AND MAINTENANCE	85,400	85,400	85,864	(464)
CAPITAL	616,000	616,000	646,772	(30,772)
TOTAL	<u>701,400</u>	<u>701,400</u>	<u>732,636</u>	<u>(31,236)</u>
TOTAL STREETS AND HIGHWAYS	<u>1,809,508</u>	<u>1,809,508</u>	<u>1,689,097</u>	<u>120,411</u>
PARKS, RECREATION AND CULTURE				
PARKS				
PERSONNEL	791,680	791,680	742,864	48,816
OPERATIONS AND MAINTENANCE	228,530	228,530	242,941	(14,411)
CAPITAL	93,629	93,629	127,816	(34,187)
TOTAL	<u>1,113,839</u>	<u>1,113,839</u>	<u>1,113,621</u>	<u>218</u>
COMMUNITY ARTS AND EVENTS				
OPERATIONS AND MAINTENANCE	331,200	331,200	331,122	78
TOTAL	<u>331,200</u>	<u>331,200</u>	<u>331,122</u>	<u>78</u>
SENIOR CITIZENS				
PERSONNEL	127,533	127,533	100,169	27,364
OPERATIONS AND MAINTENANCE	38,150	38,150	33,845	4,305
TOTAL	<u>165,683</u>	<u>165,683</u>	<u>134,014</u>	<u>31,669</u>
RECREATION				
PERSONNEL	1,806,292	1,806,292	1,649,329	156,963
OPERATIONS AND MAINTENANCE	1,363,300	1,363,300	1,424,056	(60,756)
CAPITAL	129,210	129,210	88,370	40,840
TOTAL	<u>3,298,802</u>	<u>3,298,802</u>	<u>3,161,755</u>	<u>137,047</u>

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
LITERACY CENTER				
PERSONNEL	150,750	150,750	131,825	18,925
OPERATIONS AND MAINTENANCE	10,250	10,250	8,918	1,332
TOTAL	<u>161,000</u>	<u>161,000</u>	<u>140,743</u>	<u>20,257</u>
LIBRARY				
PERSONNEL	600,323	600,323	554,496	45,827
OPERATIONS AND MAINTENANCE	334,500	334,500	311,904	22,596
CAPITAL	7,000	7,000	46,124	(39,124)
TOTAL	<u>941,823</u>	<u>941,823</u>	<u>912,524</u>	<u>29,299</u>
TOTAL PARKS, RECREATION AND CULTURE	<u>6,012,347</u>	<u>6,012,347</u>	<u>5,793,779</u>	<u>218,568</u>
CEMETERY				
PERSONNEL	242,684	242,684	234,575	8,109
OPERATIONS AND MAINTENANCE	60,722	60,722	54,633	6,089
TOTAL	<u>303,406</u>	<u>303,406</u>	<u>289,208</u>	<u>14,198</u>
DEBT SERVICE				
PRINCIPAL	943,000	943,000	525,000	418,000
INTEREST	592,000	592,000	64,525	527,475
CAPITAL LEASE PAYMENT-PRINCIPAL	70,700	70,700	71,114	(414)
CAPITAL LEASE PAYMENT-INTEREST	13,300	13,300	13,208	92
TOTAL	<u>1,619,000</u>	<u>1,619,000</u>	<u>673,847</u>	<u>945,153</u>
TOTAL EXPENDITURES	<u>25,602,019</u>	<u>25,602,019</u>	<u>22,707,488</u>	<u>2,894,531</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,265,750)</u>	<u>(2,265,750)</u>	<u>(1,381,936)</u>	<u>883,814</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	2,237,750	2,237,750	1,944,879	(292,871)
TRANSFERS OUT	-	-	-	-
SALE OF CAPITAL ASSETS	28,000	28,000	56,297	28,297
TOTAL OTHER FINANCING SOURCES	<u>2,265,750</u>	<u>2,265,750</u>	<u>2,001,176</u>	<u>(264,574)</u>
NET CHANGE IN FUND BALANCE	-	-	619,240	619,240
FUND BALANCE AT BEGINNING OF YEAR	<u>3,023,983</u>	<u>3,023,983</u>	<u>3,023,983</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 3,023,983</u>	<u>\$ 3,023,983</u>	<u>\$ 3,643,223</u>	<u>\$ 619,240</u>

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
IMPACT FEE REVENUE	\$ 1,349,000	\$ 1,349,000	\$ 2,430,534	\$ 1,081,534
SALES TAX REVENUE	427,500	427,500	1,258,486	830,986
INTERGOVERNMENTAL REVENUES	-	-	56,850	56,850
DEVELOPER CONTRIBUTIONS	1,300,000	1,300,000	-	(1,300,000)
MISCELLANEOUS	2,728,603	2,728,603	-	(2,728,603)
INTEREST ON INVESTMENTS	62,102	62,102	5,263	(56,839)
TOTAL REVENUES	<u>5,867,205</u>	<u>5,867,205</u>	<u>3,751,133</u>	<u>(2,116,072)</u>
EXPENDITURES				
CURRENT				
OTHER	269,300	269,300	1,800	267,500
CAPITAL OUTLAY	5,420,405	5,420,405	1,695,944	3,724,461
DEBT SERVICE				
PRINCIPAL	-	-	791,997	(791,997)
INTEREST AND FISCAL CHARGES	427,500	427,500	843,512	(416,012)
TOTAL EXPENDITURES	<u>6,117,205</u>	<u>6,117,205</u>	<u>3,333,253</u>	<u>2,783,952</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(250,000)</u>	<u>(250,000)</u>	<u>417,880</u>	<u>667,880</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	250,000	250,000	155,301	(94,699)
TOTAL OTHER FINANCING SOURCES	<u>250,000</u>	<u>250,000</u>	<u>155,301</u>	<u>(94,699)</u>
NET CHANGE IN FUND BALANCE	-	-	573,181	573,181
FUND BALANCE AT BEGINNING OF YEAR	<u>301,511</u>	<u>301,511</u>	<u>301,511</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 301,511</u>	<u>\$ 301,511</u>	<u>\$ 874,692</u>	<u>\$ 573,181</u>

COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City.

Information Technology-This fund is used to account for the costs of providing computers, related equipment, and software to City departments. A service fee is charged to City departments monthly.

Fleet-This fund is used to account for the costs of maintaining the City's vehicles and equipment.

Risk Management-This fund is used to account for the costs of general liability insurance premiums, property damage, and claims for which the City is responsibility. The City employs a risk manager who is also paid with the fund accumulated in this fund.

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	TOTALS
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	\$ 215,665	\$ 1,321	\$ -	\$ 216,986
DUE FROM OTHER FUNDS	-	851,983	594,438	1,446,421
INVENTORY	-	23,006	-	23,006
TOTAL CURRENT ASSETS	215,665	876,310	594,438	1,686,413
NON-CURRENT ASSETS				
DEPRECIABLE CAPITAL ASSETS, NET	129,160	359,971	10,919	500,050
TOTAL NON-CURRENT ASSETS	129,160	359,971	10,919	500,050
TOTAL ASSETS	344,825	1,236,281	605,357	2,186,463
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	48,683	68,843	6,571	124,097
WAGES PAYABLE	10,760	4,777	3,362	18,899
CURRENT PORTION COMPENSATED ABSENCES	12,692	5,705	6,076	24,473
TOTAL CURRENT LIABILITIES	72,135	79,325	16,009	167,469
NON-CURRENT LIABILITIES				
COMPENSATED ABSENCES	5,379	2,008	7,617	15,004
TOTAL NON-CURRENT LIABILITIES	5,379	2,008	7,617	15,004
TOTAL LIABILITIES	77,514	81,333	23,626	182,473
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	129,160	359,971	10,919	500,050
UNRESTRICTED	138,151	794,977	570,812	1,503,940
TOTAL NET ASSETS	267,311	1,154,948	581,731	2,003,990
TOTAL LIABILITIES AND NET ASSETS	\$ 344,825	\$ 1,236,281	\$ 605,357	\$ 2,186,463

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
JUNE 30, 2010

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	TOTALS
OPERATING REVENUES				
CHARGES FOR SERVICES - INTERNAL	\$ 663,001	\$ 1,328,263	\$ 832,001	\$ 2,823,265
TOTAL OPERATING REVENUES	<u>663,001</u>	<u>1,328,263</u>	<u>832,001</u>	<u>2,823,265</u>
OPERATING EXPENSES				
PERSONNEL	307,575	114,434	94,670	516,679
OPERATING AND MAINTENANCE	248,505	566,982	422,444	1,237,931
DEPRECIATION	23,092	23,504	3,481	50,077
TOTAL OPERATING EXPENSES	<u>579,172</u>	<u>704,920</u>	<u>520,595</u>	<u>1,804,687</u>
OPERATING INCOME (LOSS)	<u>83,829</u>	<u>623,343</u>	<u>311,406</u>	<u>1,018,578</u>
NON-OPERATING REVENUES (EXPENSES)				
INTEREST INCOME	932	3,258	1,822	6,012
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>932</u>	<u>3,258</u>	<u>1,822</u>	<u>6,012</u>
CHANGE IN NET ASSETS	84,761	626,601	313,228	1,024,590
NET ASSETS AT BEGINNING OF YEAR	<u>182,550</u>	<u>528,347</u>	<u>268,503</u>	<u>979,400</u>
NET ASSETS AT END OF YEAR	<u>\$ 267,311</u>	<u>\$ 1,154,948</u>	<u>\$ 581,731</u>	<u>\$ 2,003,990</u>

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2010

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	\$ 663,001	\$ 1,328,263	\$ 832,001	\$ 2,823,265
CASH PAID TO SUPPLIERS	(269,868)	(567,042)	(92,848)	(929,758)
CASH PAID TO EMPLOYEES	(295,467)	(117,666)	(424,257)	(837,390)
NET CASH PROVIDED BY OPERATING ACTIVITIES	97,666	643,555	314,896	1,056,117
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
PAYMENTS MADE TO OTHER FUNDS	-	(851,983)	(594,438)	(1,446,421)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	-	(851,983)	(594,438)	(1,446,421)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(86,818)	(383,475)	-	(470,293)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(86,818)	(383,475)	-	(470,293)
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST INCOME COLLECTED	932	3,258	1,822	6,012
NET CASH PROVIDED BY INVESTING ACTIVITIES	932	3,258	1,822	6,012
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	11,780	(588,645)	(277,720)	(854,585)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	203,885	589,966	277,720	1,071,571
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 215,665	\$ 1,321	\$ -	\$ 216,986
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:				
UNRESTRICTED CASH	\$ 215,665	\$ 1,321	\$ -	\$ 216,986
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
OPERATING INCOME	\$ 83,829	\$ 623,343	\$ 311,406	\$ 1,018,578
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
DEPRECIATION	23,092	23,504	3,481	50,077
CHANGES IN ASSETS AND LIABILITIES				
INVENTORY	-	(23,006)	-	(23,006)
ACCOUNTS PAYABLE	(21,363)	22,946	(1,813)	(230)
WAGES PAYABLE	2,662	1,973	926	5,561
COMPENSATED ABSENCES	9,446	(5,205)	896	5,137
	\$ 97,666	\$ 643,555	\$ 314,896	\$ 1,056,117

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	69 - 74
These schedules provide trend information to help the reader understand how the City's financial performance and economic conditions have changed over time.	
Revenue Capacity	75 - 81
These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	
Debt Capacity	82 - 91
These schedules provide information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	92 - 93
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	94 - 96
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.	

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
Lehi City Corporation
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental activities					
Invested in capital assets, net of related debt	\$ 95,663,909	\$ 118,676,685	\$ 199,579,556	\$ 213,579,310	\$ 211,805,645
Restricted	5,069,239	3,168,606	1,412,125	2,488,688	3,500,816
Unrestricted	14,183,830	5,528,236	(71,602,248)	(74,678,852)	(72,015,133)
Total governmental activities net assets	<u>114,916,978</u>	<u>127,373,527</u>	<u>129,389,433</u>	<u>141,389,146</u>	<u>143,291,328</u>
Business-type activities					
Invested in capital assets, net of related debt	111,727,736	138,778,193	131,058,326	137,407,148	139,804,533
Restricted	3,964,822	7,081,023	7,606,529	5,622,428	5,638,545
Unrestricted	4,861,520	5,232,772	(764,656)	(1,728,272)	(2,125,977)
Total business-type activities net assets	<u>120,554,078</u>	<u>151,091,988</u>	<u>137,900,199</u>	<u>141,301,304</u>	<u>143,317,101</u>
Primary government					
Invested in capital assets, net of related debt	207,391,645	257,454,878	330,637,882	350,986,458	351,610,178
Restricted	9,034,061	10,249,629	9,018,654	8,111,116	9,139,361
Unrestricted	19,045,350	10,761,008	(72,366,904)	(76,407,124)	(74,141,110)
Total primary government net assets	<u>\$ 235,471,056</u>	<u>\$ 278,465,515</u>	<u>\$ 267,289,632</u>	<u>\$ 282,690,450</u>	<u>\$ 286,608,429</u>

Schedule 2
Lehi City Corporation
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities					
General government	\$ 3,061,330	\$ 3,278,956	\$ 3,628,674	\$ 4,790,376	\$ 4,429,526
Public Safety	5,591,343	6,602,301	7,519,925	6,917,410	8,294,302
Community Development	2,430,340	4,117,333	23,047,285	7,845,367	3,915,440
Streets and Highways	4,832,769	4,927,772	5,810,559	6,833,204	7,533,656
Parks, recreation, and culture	5,224,571	6,017,809	6,392,168	6,154,035	6,181,189
Cemetery	350,002	409,954	448,945	179,180	343,280
Interest on long-term debt	2,573,686	3,407,163	4,365,331	4,818,132	4,677,116
Total governmental activities	24,064,041	28,761,288	51,212,887	37,537,704	35,374,509
Business-type activities					
Culinary Water	1,883,564	2,182,072	2,656,616	2,738,379	2,502,822
Sewer	2,885,779	3,377,096	3,763,563	4,427,260	4,867,521
Pressurized Irrigation	1,396,885	1,926,428	1,827,990	1,867,549	1,882,960
Electric	16,087,303	16,223,414	18,944,544	20,728,252	20,554,351
Drainage	440,973	508,081	607,976	906,252	1,006,380
Garbage	1,386,508	1,661,564	1,673,466	1,934,512	2,021,030
Total business-type activities	24,081,012	25,878,655	29,474,155	32,602,204	32,835,064
Total primary government expenses	\$ 48,145,053	\$ 54,639,943	\$ 80,687,042	\$ 70,139,908	\$ 68,209,573
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,671,982	\$ 1,594,333	\$ 1,695,954	\$ 1,704,170	\$ 1,145,665
Public Safety	389,767	389,865	428,763	492,808	591,731
Community Development	4,738,740	5,355,658	2,887,683	1,023,732	1,363,643
Streets and Highways	314,829	-	-	-	-
Parks, recreation, and culture	2,496,624	2,862,975	2,605,373	2,874,871	2,987,914
Cemetery	113,897	130,334	271,967	136,252	70,780
Operating grants and contributions	652,893	829,731	1,229,542	823,303	1,545,098
Capital grants and contributions	23,997,070	34,359,144	27,104,451	13,239,384	5,596,760
Total governmental activities	34,375,802	45,522,040	36,223,733	20,294,520	13,301,591
Business-type activities					
Charges for services					
Culinary Water	1,986,927	2,110,706	2,346,398	1,984,451	2,597,686
Sewer	2,071,764	2,806,305	3,696,025	3,682,833	3,959,930
Pressurized Irrigation	1,325,319	1,497,451	1,606,059	1,630,416	1,850,135
Electric	16,880,143	15,926,346	18,198,914	19,110,795	18,975,668
Drainage	426,361	492,993	540,080	866,809	933,646
Garbage	1,405,976	1,595,038	1,833,795	2,011,309	2,125,792
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	26,673,151	22,743,591	14,121,431	8,470,064	5,034,797
Total business-type activities	50,769,641	47,172,430	42,342,702	37,756,677	35,477,654
Total primary government program revenues	\$ 85,145,443	\$ 92,694,470	\$ 78,566,435	\$ 58,051,197	\$ 48,779,245

CONTINUED

Schedule 2
Lehi City Corporation
Changes in Net Assets (continued)
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Net (Expense)/Revenue					
Governmental activities	\$ 10,311,761	\$ 10,311,761	\$ (14,989,154)	\$ (17,243,184)	\$ (22,072,918)
Business-type activities	9,527,791	26,688,629	12,868,547	5,154,473	2,642,590
Total primary government net (expense)/revenue	<u>\$ 19,839,552</u>	<u>\$ 37,000,390</u>	<u>\$ (2,120,607)</u>	<u>\$ (12,088,711)</u>	<u>\$ (19,430,328)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes					
Property taxes	\$ 7,078,262	\$ 6,310,568	\$ 6,581,220	\$ 17,539,314	\$ 13,900,358
Sales taxes	2,462,970	4,897,855	5,670,821	5,727,822	5,741,667
Franchise taxes	2,186,651	2,543,247	3,059,267	3,191,822	3,127,311
Motor vehicle fees in lieu	503,721	544,711	427,577	533,111	321,119
Earnings on investments	698,566	1,283,194	503,871	179,236	98,348
Gain (Loss) on disposal of assets	-	-	-	(159,412)	55,297
Other	41,239	46,022	31,304	-	-
Transfers	1,165,905	(12,624,095)	731,000	2,231,004	731,000
Total governmental activities	<u>14,137,314</u>	<u>3,001,502</u>	<u>17,005,060</u>	<u>29,242,897</u>	<u>23,975,100</u>
Business-type activities					
Earnings on investments	328,593	362,946	505,827	280,778	49,956
Gain (Loss) on disposal of assets	-	-	-	-	(115,728)
Other	928,944	556,775	274,922	196,858	169,979
Transfers	(1,165,905)	12,624,095	(731,000)	(2,231,004)	(731,000)
Total business-type activities	<u>91,632</u>	<u>13,543,816</u>	<u>49,749</u>	<u>(1,753,368)</u>	<u>(626,793)</u>
Total primary government	<u>\$ 14,228,946</u>	<u>\$ 16,545,318</u>	<u>\$ 17,054,809</u>	<u>\$ 27,489,529</u>	<u>\$ 23,348,307</u>
Change in Net Assets					
Governmental activities	\$ 24,449,075	\$ 19,762,254	\$ 2,015,906	\$ 11,999,713	\$ 1,902,182
Business-type activities	9,619,423	34,837,591	12,918,296	3,401,105	2,015,797
Total primary government	<u>\$ 34,068,498</u>	<u>\$ 54,599,845</u>	<u>\$ 14,934,202</u>	<u>\$ 15,400,818</u>	<u>\$ 3,917,979</u>

Schedule 3
 Lehi City Corporation
 Fund Balances, Governmental Funds
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 4,626,796	\$ 3,026,635	\$ 1,351,083	\$ 1,963,731	\$ 2,226,954
Unreserved	<u>4,515,495</u>	<u>3,945,221</u>	<u>4,071,704</u>	<u>1,060,252</u>	<u>1,416,269</u>
Total general fund	<u>9,142,291</u>	<u>6,971,856</u>	<u>5,422,787</u>	<u>3,023,983</u>	<u>3,643,223</u>
All Other Governmental Funds					
Reserved	812,311	141,971	108,055	667,457	1,408,665
Unreserved, reported in:					
Debt service funds	398,620	399,646	-	-	-
Special revenue funds	1,018,681	1,005,883	1,241,114	1,051,939	1,116,246
Capital projects funds	<u>572,749</u>	<u>690,150</u>	<u>1,439,449</u>	<u>(365,946)</u>	<u>(533,973)</u>
Total all other governmental funds	<u>2,802,361</u>	<u>2,237,650</u>	<u>2,788,618</u>	<u>1,353,450</u>	<u>1,990,938</u>
Total governmental funds	<u>\$ 11,944,652</u>	<u>\$ 9,209,506</u>	<u>\$ 8,211,405</u>	<u>\$ 4,377,433</u>	<u>\$ 5,634,161</u>

Schedule 4
Lehi City Corporation
Changes in Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Taxes	\$ 11,590,739	\$ 14,296,381	\$ 15,738,885	\$ 26,992,069	\$ 23,090,455
Licenses, fees and permits	6,903,211	5,869,656	2,720,478	1,753,077	3,295,183
Intergovernmental	1,338,970	1,569,424	1,888,959	1,604,255	2,589,244
Charges for services	4,587,955	6,025,454	4,899,924	3,951,453	4,111,773
Fines and forfeitures	1,219,282	1,129,472	1,252,981	1,133,215	828,467
Special assessment revenue	451,914	2,875,335	-	-	-
Developers contribution	-	-	3,500,000	1,271,000	-
Miscellaneous	978,350	464,861	442,973	570,955	441,419
Interest on investments	566,413	1,283,194	503,871	179,236	92,336
Total revenues	27,636,834	33,513,777	30,948,071	37,455,260	34,448,877
Expenditures					
General government	3,826,086	3,074,401	3,285,328	4,390,714	4,431,166
Public Safety	5,424,736	6,572,995	6,858,543	7,897,722	8,071,323
Community development	2,493,333	4,134,069	22,801,077	7,667,029	3,707,335
Streets and highways	2,949,997	4,611,346	1,551,653	1,834,279	1,689,097
Parks recreation and culture	5,639,584	8,360,057	5,674,251	5,542,788	5,793,779
Cemetery	480,627	446,884	345,922	297,062	289,208
Other	8,598	5,571	180,038	32,623	33,225
Capital outlay	4,859,533	2,577,544	8,046,417	8,617,325	1,695,944
Debt Service					
Principal	1,555,506	4,708,651	1,443,002	7,937,343	4,062,549
Interest and fiscal charges	2,182,580	3,455,683	4,366,846	3,774,216	4,568,005
Total expenditures	29,420,580	37,947,201	54,553,077	47,991,101	34,341,631
Excess (deficiency) of revenues over (under) expenditures	(1,783,746)	(4,433,424)	(23,605,006)	(10,535,841)	107,246
Other Financing Sources (Uses)					
Transfers in	3,526,085	1,799,157	4,494,820	8,224,855	2,100,180
Transfers out	(2,963,569)	(14,423,252)	(3,763,820)	(5,993,851)	(1,369,180)
Proceeds from capital lease	500,000	-	-	-	-
Sale of capital assets	41,239	71,920	35,550	-	56,297
Bond and note proceeds	2,747,936	15,785,158	21,840,355	4,470,865	362,185
Total other financing sources (uses)	3,851,691	3,232,983	22,606,905	6,701,869	1,149,482
Net change in fund balances	\$ 2,067,945	\$ (1,200,441)	\$ (998,101)	\$ (3,833,972)	\$ 1,256,728
Debt service as a percentage of noncapital expenditures	15.20%	23.10%	12.50% #	30.61%	26.67%

Note: Noncapital expenditures are total expenditures less capital outlay and expenditures for capitalized assets included within the functional expenditure categories.

Schedule 5
 Lehi City Corporation
 Tax Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	General Property Tax	General Use and Sales Tax	Franchise Tax	Fees in Lieu of Personal Property Tax	Total
2001	\$ 2,050,143	\$ 2,446,381	\$ 852,345	\$ 340,265	\$ 5,689,134
2002	1,470,180	2,266,702	1,346,252	400,961	5,484,095
2003	3,294,633	2,212,632	1,482,720	335,782	7,325,767
2004	4,471,736	2,356,721	1,608,100	340,504	8,777,061
2005	4,557,879	2,688,208	1,864,640	333,893	9,444,620
2006	5,594,262	3,946,940	2,186,651	503,721	12,231,574
2007	6,310,568	4,897,855	2,543,247	544,711	14,296,381
2008	6,581,220	5,670,821	3,059,267	427,577	15,738,885
2009	17,539,314	5,727,822	3,191,822	533,111	26,992,069
2010	13,900,358	5,810,238	3,058,740	321,119	23,090,455
Growth					
2001-2010	578.0%	137.5%	258.9%	-5.6%	305.9%

Note: Property tax revenue information is provided for the general fund only prior to fiscal year 2003.

Schedule 6
 Lehi City Corporation
 Direct Taxable Sales by Category
 Last Ten Calendar Years

Calendar Year	Category					City Direct Sales Tax Rate
	Retail	Services	Business Equipment & Utilities	Other	Total	
2001	\$ 61,748,545	\$ 16,624,210	\$ 39,916,089	\$ 19,758,783	\$ 138,047,627	% 1.00
2002	67,361,754	19,769,806	35,668,882	31,179,109	153,979,551	1.00
2003	69,038,784	17,360,572	33,581,299	32,809,516	152,790,171	1.00
2004	73,780,406	17,804,639	45,816,443	38,537,300	175,938,788	1.00
2005	81,312,086	19,627,480	49,472,357	16,675,432	167,087,355	1.00
2006	118,687,003	27,774,877	71,333,454	33,988,557	251,783,891	1.00
2007	126,788,004	29,887,594	75,667,454	38,555,443	270,898,495	1.00
2008	134,866,005	31,867,594	76,068,432	39,555,412	282,357,443	1.00
2009	132,245,016	29,863,447	73,066,431	38,568,479	273,743,373	1.00
2010	131,655,216	29,254,658	72,096,599	38,467,499	271,473,972	1.00

Source: Utah State Tax Commission

Schedule 7
 Lehi City Corporation
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Calendar Years

Fiscal Year (1)	Real Property	Personal Property (2)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value (4)
2001	\$ 513,373,413	\$ 48,357,888	\$ 561,731,301	0.002552	\$ 733,714,100	% 76.6
2002	681,393,303	35,036,732	716,430,035	0.002452	1,191,215,705	60.1
2003	834,159,420	291,471,697	1,125,631,117	0.002541	1,557,999,509	72.2
2004	852,926,407	166,657,163	1,019,583,570	0.002462	1,675,255,691	60.9
2005	1,012,159,310	142,807,609	1,154,966,919	0.002663	1,678,423,396	68.8
2006	1,597,480,058	106,666,087	1,704,146,145	0.002604	2,370,356,176	71.9
2007	1,611,147,905	113,555,088	1,724,702,993	0.002614	2,405,333,599	71.7
2008	2,145,782,000	575,688,000	2,721,470,000	0.002618	2,626,902,107	103.6
2009	2,678,798,948	1,197,279,870	3,876,078,818	0.002681	2,633,756,697	147.2
2010	2,553,929,456	799,448,514	3,353,377,970	0.002785	2,150,922,532	155.9

(1) Numbers based on calendar year not fiscal year.

(2) Personal Property has been combined with centrally assessed values.

(3) Values were obtained from the Utah County Auditor and do not include properties which are taxed separately under tax increment programs. The decrease in 1998 occurred because the value of certain properties was diverted to tax increment programs. The dramatic increase in personal property in 2003 was due to a reassessment of personal property at the Micron Technology facility. The decrease in assessed and personal property values in 2004 was due to a reassessment of several large properties in Lehi.

(4) The assessed value percentage has increased dramatically over the previous years due to significant real property that has been placed in Redevelopment Area

Schedule 8
 Lehi City Corporation
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 1,824,013	\$ -	% -	\$ -	\$ 1,763,091	% 96.66
2002	2,284,123	-	-	-	1,974,618	86.45
2003	2,929,044	-	-	-	2,529,492	86.36
2004	2,763,289	2,137,696	77.36	143,510	2,281,206	82.55
2005	2,350,221	2,482,760	105.64	(30,316)	2,452,444	104.35
2006	3,167,943	2,962,266	93.51	138,512	3,100,778	97.88
2007	4,037,756	3,705,842	91.78	336,239	4,042,081	100.11
2008	4,645,150	4,536,512	97.66	363,590	4,900,102	105.49
2009	4,834,566	4,387,425	90.75	275,689	4,663,114	96.45
2010	5,235,678	4,605,762	87.97	292,642	4,898,404	93.56

Note: Years preceding 2004 reflect total collections, including delinquent collections, relative to the tax levy.
 Year 2004 begins tracking collections by levy year.

Source: Utah County Treasurer

Schedule 9
 Lehi City Corporation
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	City Direct Rate (1)	Overlapping Rates			Total
		State of Utah	Utah County	Mass Transit	
2001	1.00	4.75	0.25	0.25	6.25
2002	1.00	4.75	0.25	0.25	6.25
2003	1.00	4.75	0.25	0.25	6.25
2004	1.00	4.75	0.25	0.25	6.25
2005	1.00	4.75	0.25	0.25	6.25
2006	1.00	4.75	0.25	0.25	6.25
2007	1.00	4.75	0.25	0.25	6.25
2008	1.00	4.75	0.25	0.25	6.25
2009	1.00	4.75	0.25	0.25	6.25
2010	1.00	4.75	0.25	0.25	6.25

Note: Overlapping rates are those of other governments and agencies that apply to taxable sales within the City.

(1) Of the total sales taxes assessed by municipalities within the state, 50 percent is distributed based on point of sale and 50 percent is pooled and distributed based on population.

Source: Utah State Tax Commission

Schedule 10
 Lehi City Corporation
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

Fiscal Year	Lehi City (1)			Alpine School District	Utah County	Central Utah Water Conservancy District	Northern Utah County Water Conservancy District	Lehi Metropolitan Water District	Other	Total
	General Fund	Debt Service Fund	Total							
2001	2.552	-	2.552	6.769	1.038	0.369	0.037	0.013	0.366	11.144
2002	2.452	-	2.452	6.953	1.034	0.358	0.036	0.013	0.348	11.194
2003	2.541	-	2.541	7.884	1.053	0.358	0.036	0.013	0.358	12.243
2004	2.462	-	2.462	8.119	1.065	0.353	0.035	0.010	0.360	12.404
2005	2.663	-	2.663	8.082	1.040	0.400	0.033	0.011	0.351	12.580
2006	2.604	-	2.604	6.883	1.079	0.036	0.028	0.011	0.504	11.145
2007	2.614	-	2.614	8.150	1.090	0.032	0.022	0.008	0.520	12.436
2008	2.618	-	2.618	8.153	1.092	0.031	0.022	0.008	0.520	12.444
2009	2.681	-	2.681	8.152	1.091	0.031	0.210	0.008	0.520	12.693
2010	2.370	-	2.370	8.152	1.091	0.031	0.210	0.008	0.520	12.382

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Note: Overlapping rates are those of other governments and agencies that apply to property owners within the City. Tax rates are set by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year. Tax rates are per dollar of assessed value.

(1) The City's certified property tax rate may be increased only by a majority vote of the city council, after holding one or more truth-in-taxation public hearings.

Source: Utah State Tax Commission

Schedule 11
 Lehi City Corporation
 Principal Sales Tax Payers
 Current Year and Five Years Ago

Taxpayer	2010			2005		
	Sales Tax (1)	Rank	Percentage of Total Sales Tax (1)	Sales Tax (1)	Rank	Percentage of Total Sales Tax (1)
Costco	N/A	1	% 16.78	N/A	-	% -
Cabellas	N/A	2	12.45	N/A	-	-
Smiths	N/A	3	8.57	N/A	-	10.84
Jack P Parson	N/A	4	3.71	N/A	4	4.66
Fresh Market	N/A	5	3.68	N/A	3	5.70
Lone Peak Trailers	N/A	6	3.42	N/A	2	7.50
Questar Gas Co.	N/A	7	2.57	N/A	6	2.74
Kohlrs Inc.	N/A	8	2.38	N/A	5	4.57
Truck World	N/A	9	2.34	N/A	-	-
Lowes	N/A	10	1.83	N/A	7	2.50
Vinyl Industries	N/A	-	-	N/A	8	2.39
Thanksgiving Point	N/A	-	-	N/A	9	2.08
Standard Plummers	N/A	-	-	N/A	10	1.45
Total	<u>\$ 1,456,698</u>		<u>% 58.93</u>	<u>\$ 754,333</u>		<u>% 44.43</u>

Notes: Sales tax information for nine years ago is not available.

(1) Sales tax information is considered proprietary and cannot be shown by individual payer, so the group is shown in the aggregate.

N/A = Not applicable

Source: Utah State Tax Commission

Schedule 12
Lehi City Corporation
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2010			2000		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Micron Technology, Inc.	\$ 503,665,466	1	% 6.73	\$ 381,997,352	1	% 0.58
Thanksgiving Point L.C.	35,548,495	2	1.75	-	-	-
Cabellas	27,945,550	3	1.74	1,203,075	6	0.18
Fox Ridge Investments LLC	20,575,883	4	1.18	-	-	-
Thai Properties, LLC	16,568,329	5	1.05	-	-	-
Whistle Stop Development Corp.	7,686,450	6	0.48	-	-	-
Point Development L.C.	7,052,567	7	0.42	-	-	-
Smiths	698,566	8	0.41	-	-	-
Qwest Corp	6,958,003	9	0.42	6,837,890	2	1.04
Museum of Ancient History	5,879,554	10	0.36	-	-	-
Mountain Fuel Supply Co.	-	-	-	1,606,090	3	0.24
Lehi Lodging L.C.	-	-	-	1,579,465	4	0.24
Thomas J Peck & Sons Inc.	-	-	-	1,400,941	5	0.21
Metro West Ready-Mix Inc.	-	-	-	1,168,200	7	0.18
Union Pacific Railroad Co.	-	-	-	1,048,230	8	0.16
Devere Fowler LTD	-	-	-	989,157	9	0.15
Kohler's Market	-	-	-	793,374	10	0.12
Total	\$ 632,578,863		% 14.48	\$ 398,623,774		% 60.62

Source: Utah County Assessor

Schedule 13
 Lehi City Corporation
 Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Business-Type Activities							Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Sales Tax Revenue	Lease Revenue	Sewer* Revenue	Excise Tax Road	Special Assessment	Capital Leases	Note Payable	Water Revenue	Sewer* Revenue	Electric Revenue	Dainage Revenue	Capital Leases	Special Assessment				
2001	\$ -	\$ 6,515,000	\$ 1,225,550	\$ 2,340,000	\$ 5,367,838	\$558,608	\$ 23,024,494	\$ 3,260,885	\$ 726,034	\$ 4,097,198	\$ 2,125,000	\$ 251,026	\$ 3,697,162	\$ 53,188,795	% 15.48	\$ 2,541	
2002	-	6,455,000	1,139,825	2,075,000	5,130,998	729,974	22,004,405	3,044,230	674,797	3,905,348	2,015,000	379,108	3,534,002	51,087,687	15.48	2,118	
2003	-	6,305,000	1,050,925	4,980,000	4,879,333	805,324	38,992,623	5,431,412	621,735	3,703,498	1,900,000	364,084	3,360,666	72,394,600	15.49	2,751	
2004	12,245,000	-	958,850	4,555,000	4,612,888	547,623	39,006,764	5,214,858	566,848	3,491,648	1,780,000	237,696	3,177,111	76,394,286	14.85	2,546	
2005	17,036,200	-	860,425	4,115,000	3,780,987	292,194	39,127,461	4,838,304	508,311	3,269,798	1,655,000	154,809	2,604,125	78,242,614	12.76	2,272	
2006	19,155,292	-	755,650	3,660,000	3,461,254	679,356	39,276,305	4,451,752	446,124	8,892,948	1,525,000	420,591	2,383,954	85,108,226	11.70	2,266	
2007	19,805,000	-	644,525	3,185,000	-	518,084	53,911,763	4,050,196	380,288	8,552,948	1,390,000	296,063	-	92,733,867	12.72	2,343	
2008	19,052,455	-	530,225	2,695,000	-	431,927	75,752,118	3,632,088	312,625	8,046,098	1,245,000	209,457	-	111,906,993	15.35	2,827	
2009	18,401,997	-	-	2,190,000	-	305,665	74,097,585	3,200,536	-	7,457,501	1,095,000	118,935	-	106,867,219	14.65	2,375	
2010	17,610,000	-	-	1,665,000	-	234,551	71,785,332	2,853,981	-	6,881,750	935,000	24,317	-	101,989,931	13.99	2,081	

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1) See Schedule 23 for personal income and population data

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* 63.5% of the Sewer Revenue bonds are repaid by the RDA with the remaining 36.5% payable by sewer fund.

Schedule 14
 Lehi City Corporation
 Ratio of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Other Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2001	\$ -	\$ -	\$ -	% -	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-

(1) See Schedule 7 for property value data.

(2) See Schedule 23 for population data.

Schedule 15
Lehi City Corporation
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Lehi (1)	Estimated Amount Applicable to Lehi
State of Utah	\$ 2,299,300,000	%	\$ 13,635,000
Utah County	6,695,000	7.00	1,081,850
Alpine School District	389,365,000	12.70	41,495,608
Central Utah Water Conservancy District	302,900,000	1.60	4,964,070
Subtotal, overlapping debt	2,998,260,000		61,176,528
Lehi City direct debt	91,294,883		91,294,883
Total direct and overlapping debt	<u>\$ 3,089,554,883</u>		<u>\$ 152,471,411</u>

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

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed value by each overlapping unit's total taxable assessed value.

Sources: Utah State Tax Commission; Alpine School District; Utah County Auditor's Office; Central Utah Water Conservancy District

Schedule 16
 Lehi City Corporation
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 29,348,564	\$ 47,648,628	\$ 62,319,980	\$ 67,010,228	\$ 67,136,936	\$ 94,814,247	\$ 96,213,344	\$ 105,076,084	\$ 155,043,152	\$ 134,135,119
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 29,348,564</u>	<u>\$ 47,648,628</u>	<u>\$ 62,319,980</u>	<u>\$ 67,010,228</u>	<u>\$ 67,136,936</u>	<u>\$ 94,814,247</u>	<u>\$ 96,213,344</u>	<u>\$ 105,076,084</u>	<u>\$ 155,043,152</u>	<u>\$ 134,135,119</u>
Total debt applicable to the limit as a percentage of debt limit										

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Legal Debt Margin Calculation for Fiscal Year 2010

Estimated market value	\$ 3,353,377,970
Debt limit (4% of market value)	134,135,119
Debt applicable to limit	-
Legal debt margin	<u>\$ 134,135,119</u>

Source: Utah State Tax Commission; Utah County Auditor's Office

Schedule 17
 Lehi City Corporation
 Pledged-Revenue Coverage
 Water Revenue Bonds
 Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2001	\$ 2,889,463	\$ 1,195,619	\$ 1,693,844	\$ 215,635	\$ 241,468	\$ 457,103	3.71
2002	2,995,023	1,503,953	1,491,070	216,655	234,224	450,879	3.25
2003	3,565,066	1,467,649	2,097,417	270,000	188,123	458,123	5.33
2004	4,314,572	1,517,999	2,796,573	215,000	178,461	393,461	7.11
2005	5,745,050	1,885,130	3,859,920	375,000	181,287	556,287	6.94
2006	7,097,064	1,921,382	5,175,682	385,000	170,345	555,345	9.32
2007	5,639,918	2,550,237	3,089,681	400,000	159,019	559,019	5.53
2008	5,732,489	2,744,802	2,987,687	415,000	147,235	562,235	5.31
2009	5,200,893	2,668,401	2,532,492	430,000	133,951	563,951	4.49
2010	5,722,876	2,375,972	3,346,904	345,000	119,327	464,327	7.21

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Total revenue (including interest and impact fees). Amounts shown are for culinary water and secondary water combined.
- (2) Total operating expenses exclusive of depreciation. Amounts shown are for culinary water and secondary water combined.
- (3) Amounts shown are for culinary water and secondary water.

Schedule 18
 Lehi City Corporation
 Pledged-Revenue Coverage
 Sales Tax Revenue Bonds
 Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$ 1,786,233	\$ -	\$ -	\$ -	-
2002	2,446,381	-	-	-	-
2003	2,266,702	-	-	-	-
2004	2,212,632	-	305,112	305,112	7.25
2005	2,356,721	460,000	464,929	924,929	2.55
2006	3,946,970	480,000	432,750	912,750	4.32
2007	4,897,855	500,000	458,950	958,950	5.11
2008	5,670,821	500,000	439,450	939,450	6.04
2009	5,727,822	515,000	427,576	942,576	6.08
2010	5,741,667	525,000	414,058	939,058	6.11

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 19
 Lehi City Corporation
 Pledged-Revenue Coverage
 Excise Tax Road Bonds
 Last Ten Fiscal Years

Fiscal Year	Excise Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$ 665,089	\$ 210,000	\$ 98,727	\$ 308,727	2.15
2002	742,333	215,000	90,674	305,674	2.43
2003	822,755	225,000	86,652	311,652	2.64
2004	963,466	425,000	163,526	588,526	1.64
2005	791,544	440,000	149,467	589,467	1.34
2006	1,019,426	455,000	134,420	589,420	1.73
2007	1,237,982	475,000	118,819	593,819	2.08
2008	1,399,065	490,000	102,821	592,821	2.36
2009	1,298,469	505,000	84,070	589,070	2.20
2010	1,446,611	525,000	64,525	589,525	2.45

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 20
Lehi City Corporation
Pledged-Revenue Coverage
Sewer Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal(3)	Interest	Total	
2001	\$ 1,770,266	\$ 1,317,938	\$ 452,328	\$ 125,000	\$ 104,775	\$ 229,775	1.97
2002	1,887,350	1,320,449	566,901	135,000	99,054	234,054	2.42
2003	1,994,768	1,379,930	614,838	140,000	92,865	232,865	2.64
2004	2,329,374	1,690,985	638,389	145,000	86,309	231,309	2.76
2005	2,772,212	2,023,456	748,756	155,000	78,520	233,520	3.21
2006	3,004,082	2,372,996	631,086	165,000	69,400	234,400	2.69
2007	3,422,679	2,611,879	810,800	175,000	59,754	234,754	3.45
2008	4,169,702	2,857,611	1,312,091	180,000	49,950	229,950	5.71
2009	3,845,677	3,425,695	419,982	190,000	44,509	234,509	1.79
2010	4,201,627	3,870,942	330,685	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Total revenue (including interest and impact fees and debt service funded by the RDA).
- (2) Total operating expenses exclusive of depreciation.
- (3) No sewer debt for FY 2010.

Schedule 21
Lehi City Corporation
Pledged-Revenue Coverage
Electric Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 7,444,257	\$ 7,682,301	\$ (238,044)	\$ 195,000	\$ 189,272	\$ 384,272	(0.62)
2002	15,539,866	15,404,290	135,576	191,850	172,154	364,004	0.37
2003	16,896,727	14,912,552	1,984,175	210,000	174,654	384,654	5.16
2004	17,575,468	15,387,330	2,188,138	220,000	166,570	386,570	5.66
2005	16,188,046	13,302,032	2,886,014	230,000	157,880	387,880	7.44
2006	21,075,694	14,237,620	6,838,074	230,000	148,680	378,680	18.06
2007	19,328,569	14,093,103	5,235,466	495,000	268,685	763,685	6.86
2008	20,721,770	17,229,303	3,492,467	506,850	323,186	830,036	4.21
2009	20,144,969	18,942,731	1,202,238	540,000	296,110	836,110	1.44
2010	20,228,879	18,942,921	1,285,958	600,000	143,957	743,957	1.73

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Total revenue (including interest and impact fees).
- (2) Total operating expenses exclusive of depreciation.

Schedule 22
 Lehi City Corporation
 Pledged-Revenue Coverage
 Drainage Revenue Bonds
 Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 452,545	\$ 2,434	\$ 450,111	\$ 75,000	\$ -	\$ 75,000	-
2002	432,424	2,250	430,174	110,000	113,002	223,002	1.93
2003	461,452	31,166	430,286	115,000	107,722	222,722	1.93
2004	430,649	7,012	423,637	120,000	102,087	222,087	1.91
2005	399,467	33,387	366,080	125,000	96,087	221,087	1.66
2006	668,249	21,712	646,537	130,000	89,837	219,837	2.94
2007	893,418	13,208	880,210	135,000	83,207	218,207	4.03
2008	732,353	10,294	722,059	145,000	76,255	221,255	3.26
2009	984,694	242,283	742,411	150,000	68,715	218,715	3.39
2010	1,083,110	273,040	810,070	160,000	60,840	220,840	3.67

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 Drainage fund created in 2000.

- (1) Total revenue (including interest and impact fees).
- (2) Total operating expenses exclusive of depreciation.

Schedule 23
 Lehi City Corporation
 Demographic and Economic Statics
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (2)	Unemployment Rate (3)
2001	20,930	\$ 486,554,523	\$ 17,995	%
2002	24,122	493,556,494	18,583	3.2
2003	26,314	510,017,948	19,382	4.9
2004	30,000	586,530,000	19,551	4.0
2005	34,433	703,776,087	20,439	3.8
2006	37,558	793,224,960	21,120	3.6
2007	39,587	862,204,860	21,780	2.5
2008	43,566	917,344,440	21,056	2.3
2009	46,802	1,015,041,776	21,688	4.9
2010	49,646	1,167,376,044	23,514	7.2

(1) Estimates of total personal income are derived by multiplying per capita personal income amounts by the corresponding population.

(2) Per capita personal income amounts are for Utah County. The amounts shown are for the calendar year that ended during the specified fiscal year, e.g., amounts for calendar year 2008 are shown in fiscal year 2010. Amounts for calendar year 2009 are estimated at 2 percent greater than calendar year 2008 amounts.

(3) Unemployment rates are for Utah County. The rates shown are for the calendar year that ended during the specified fiscal year, e.g., rates for calendar year 2009 are shown in fiscal year 2010

Sources: Population information provided by the Lehi Planning Department. Per capita personal income information provided by the Governor's office of Planning & Budget. Unemployment rates provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Schedule 24
 Lehi City Corporation
 Principal Employers
 Current Year and Ten Years Ago

Employer	2010 (1)			2000 (1)		
	Estimated Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
IM Flash	1,668	1	N/A	N/A	1	N/A
Xango	710	2	N/A	N/A	2	N/A
Cabela's	413	3	N/A	N/A	3	N/A
Thanksgiving Point	375	4	N/A	N/A	4	N/A
Hadco	274	5	N/A	N/A	5	N/A
Jack B Parson Co.	250	6	N/A	N/A	6	N/A
Costco	213	7	N/A	N/A	N/A	N/A
Smiths	178	8	N/A	N/A	N/A	N/A
Young Living	123	9	N/A	N/A	9	N/A
Lowe's	123	10	N/A	N/A	7	N/A
Fresh Market	95	-	N/A	N/A	8	N/A

(1) The City does not collect employee information as part of the business license or any other process.

N/A = Not Available

Schedule 25
 Lehi City Corporation
 Full-time Equivalent City Government Employees by Function/Program
 Last Four Fiscal Years

Function/Program	2007	2008	2009	2010
General government				
Court	6	6	6	6
Administrative	8	9	10	9
Treasury	5	6	6	6
Finance	4.5	5	5	5
Legislative (1)	6	6	6	6
Public safety				
Police	39.5	40.5	41.5	41.5
Fire	27	27	39	39
Animal Control	1	1.5	1.5	1.5
Community development				
Public Works Administration	5	5	5	5
Planning and Zoning	7.5	7.5	7.5	6.5
Inspections	10	9	9	8
Streets and Highways				
Streets and Public Improvements	11	11	10	9
Park, recreation and culture				
Parks	18	19	18	19
Senior Citizens	3	3	3	3
Recreation	115.5	115.5	115.5	115.5
Library	13	13	13	13
Cemetery	3.5	3.5	3.5	2.5
Culinary Water	9	9	8	8
Sewer	3	3	3	3
Power	18	19	19	19
Garbage (2)	-	-	-	-
Secondary Water	3.5	3.5	3.5	3.5
Drainage (3)	-	-	-	-

Information required by GASB 44 is presented prospectively from 2005

Note: Full-time equivalent employees shown are based on authorized positions as determined by the salary schedule and the personnel budgets for the specified year.

(1) Legislative is made up of a part-time mayor and 5 part-time council members.

(2) Garbage service is contracted out to a private hauler.

(3) The public works director oversee drainage. The cleaning and necessary repairs are done by all three water departments.

Schedule 26
Lehi City Corporation
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Community development										
Residential building permits issued	442	437	637	307	817	1,188	1,452	1,734	298	243
Commercial building permits issued	62	50	53	16	47	29	34	48	35	28
Court										
Traffic and Misdemeanor cases handled	3,532	3,718	3,914	4,120	8,706	9,482	12,776	13,585	14,354	15,351
Police										
Calls for service	6,633	7,130	7,665	8,240	15,000	11,453	12,252	13,575	14,041	14,326
Arrests	537	579	625	675	712	760	816	831	1,876	1,902
Violations cited	5,875	6,386	6,941	7,545	11,095	12,264	13,712	14,012	17,734	18,809
Fire										
Fire/Medical responses	1,053	1,158	1,272	1,398	1,576	1,690	2,213	2,415	2,201	2,322
Recreation										
Recreation programs	48	50	51	53	55	60	62	69	70	72
Participants in recreation programs	4,965	9,245	11,600	14,513	18,911	19,057	21,278	24,326	22,868	22,992
Library										
Books in collection	51,454	55,129	59,666	62,484	65,782	71,565	74,238	77,582	81,603	82,606
Books circulated	162,584	186,878	214,802	246,899	273,811	304,798	268,383	271,666	340,629	342,819
Cemetery										
Acres maintained	30	30	30	30	35	35	35	50	52	53
Total gravesites	21,168	21,288	21,408	21,528	21,648	21,768	21,888	40,852	42,853	42,965
Culinary Water										
Residential accounts serviced	4,525	5,108	5,769	6,271	6,985	8,548	9,605	10,023	10,555	10,826
Average daily consumption (thousands of gallons)	1,161	1,261	1,371	1,490	1,770	1,847	1,729	1,749	1,765	1,767
Sewer										
Sewer lines miles inspected	49	51	54	57	66	63	58	53	54	55
Power										
Accounts serviced	6,142	6,411	6,515	7,082	7,887	9,381	10,123	10,225	10,953	11,212
Megawatt hours sold	209	227	247	268	159	171	172	174	176	177
Secondary Water										
Accounts serviced	4,525	5,108	5,769	6,271	6,958	8,548	9,607	9,679	9,859	9,959

Schedule 27
 Lehi City Corporation
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Streets and Highways										
Street lights	818	1,032	1,105	1,217	1,297	1,436	1,776	1,792	1,801	1,803
Street miles	92	110	123	144	169	195	203	206	209	210
Police										
Vehicles	19	21	23	25	27	30	32	34	35	36
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	7	7	7	7	7	7	7	7	7	7
Ambulances	3	3	3	3	3	3	3	3	3	3
Public works										
Incorporated area in square miles	22	26	28	32	32	32	32	32	32	32
City building in square feet	N/A	N/A	N/A	N/A	212,000	220,000	220,000	220,000	221,000	235,000
Parks and recreation										
Park acreage	118	160	160	168	181	195	195	195	196	196
Baseball/softball diamonds	5	5	8	8	8	8	8	8	9	9
Soccer fields	3	3	4	4	4	4	4	4	4	4
Culinary water										
Water main line miles	136	148	151	163	178	201	202	202	204	206
Storage capacity (thousands of gallons)	4,300	4,300	5,000	5,000	7,000	10,000	10,000	10,000	10,000	10,000
Sewer										
Sewer line miles	108	108	114	132	134	141	142	142	142	144
Secondary water										
Secondary water main line miles	121	129	138	147	163	186	188	188	188	189
Power										
Power main feeder line miles	148	165	183	187	189	205	211	213	214	217

N/A = Not available