

LEHI CITY CORPORATION

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Prepared by:
Department of Finance**

LEHI CITY CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2009

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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 22, 2009

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, 2009.

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, 2009, 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, 2009, 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.

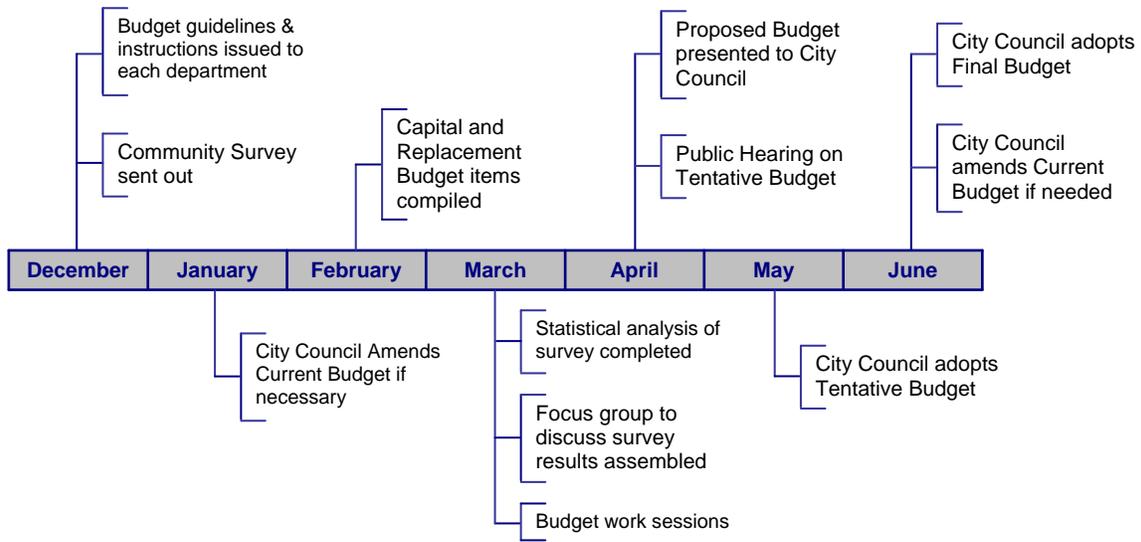


The City is a beautiful place to live. Just to the south is Utah Lake used for boating, fishing and hunting. The river that drains Utah Lake is the Jordan River, which runs through the City. To the east of the City are the beautiful Wasatch Mountains and to the west are the White Mountains and Oquirrh 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, 2008. This was the eleventh 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, 2009. 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, 2008

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.



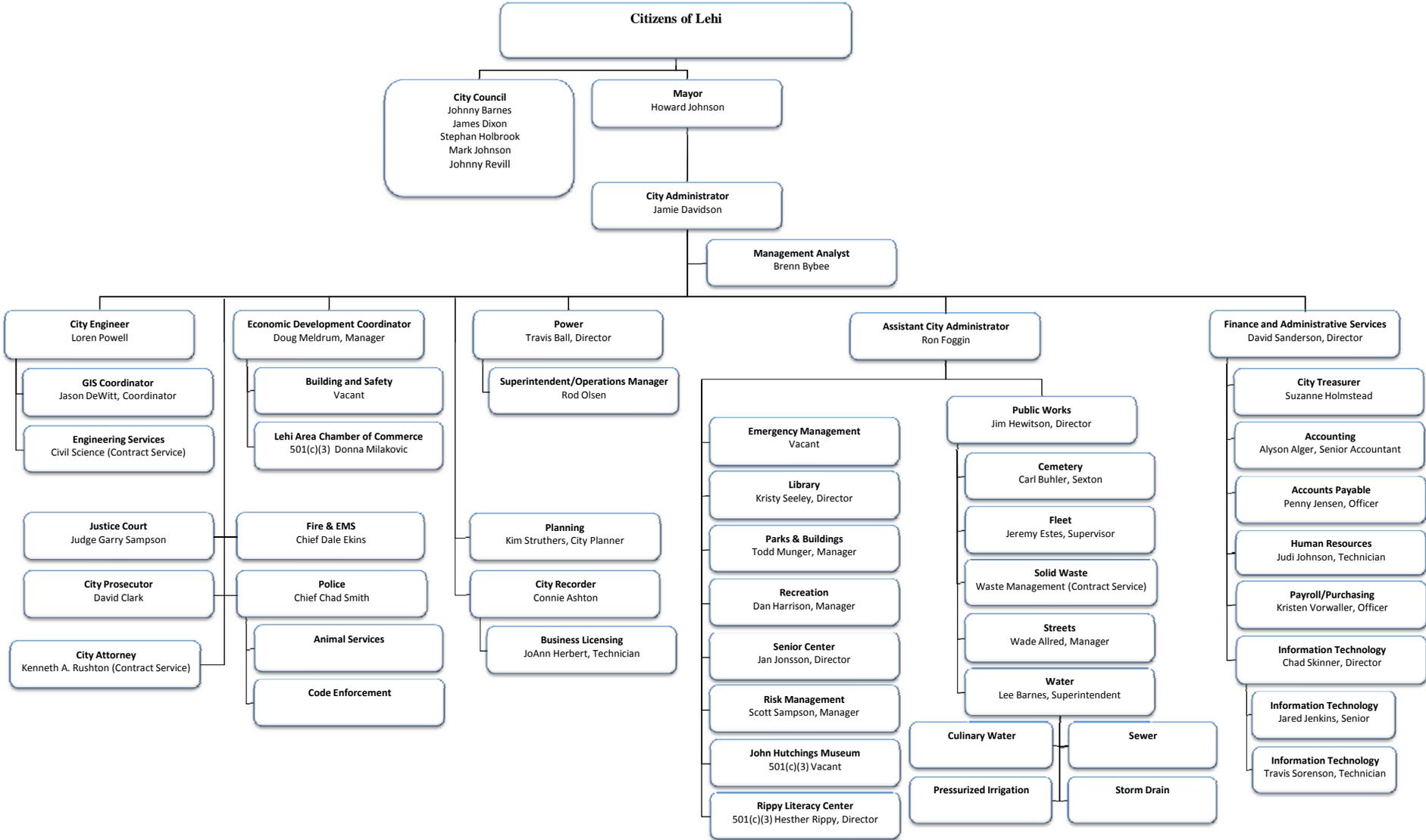
A handwritten signature in black ink, appearing to read "M. L. R. M.", written in a cursive style.

President

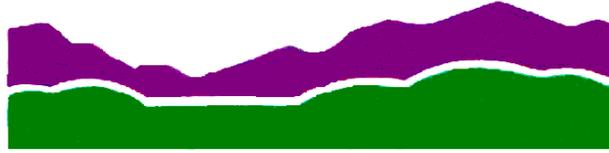
A handwritten signature in black ink, appearing to read "Jeffrey R. Egan", written in a cursive style.

Executive Director

Lehi City Organizational Chart For Year Ending June 30, 2009



LEHI



Principal Officials
For the Year Ended
June 30, 2009

Howard H. Johnson
Mayor

Johnny Barnes
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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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, 2009, 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, 2009, 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 9, 2009, 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.

The management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lehi City Corporation, Utah basic financial statements. 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Osborne Robbins & Bahler PLLC

December 9, 2009

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

As management of the City, we offer readers of City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. 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 \$282,690,450 (*net assets*).
- The total net assets of \$282,690,450 are comprised of \$350,986,458 in capital assets net of related debt, \$8,111,116 restricted, and (\$76,407,124) unrestricted.
- The City's governmental funds reported combined fund balances of \$4,377,433 which is a decrease of \$3,833,972 from 2008 fund balance of \$8,211,405.
- The City's total debt decreased by a net of \$4,770,852 during the current fiscal year. There was an increase in the tax increment note payable to a developer of \$4,470,865 for the cost of further development within the Alpine Highway Economic Development Area. The City made a principal payment of \$6,125,398 on the note payable to developer. Consequently, the outstanding balance on the note decreased by \$1,654,533 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.

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, 2009

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 five 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. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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.

Proprietary funds. The City maintains two different types of proprietary fund. *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. Because these services predominantly benefit governmental rather than business-type activities, they have been included principally within the governmental activities in the government-wide financial statements but 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 26-56 of this report.

Other information. Combining and individual fund statements and schedules can be found on pages 58-69 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 \$282,690,450 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, 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

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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 (2.8%) 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 2.5% to \$141,301,304 compared to \$137,900,199 in 2008, which is attributable primarily to an increase in developer funded infrastructure improvements.

LEHI CITY CORPORATION
NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 26,697,740	\$ 30,425,559	\$ 17,211,231	\$ 21,261,192	\$ 43,908,971	\$ 51,686,751
Capital assets	234,476,972	221,758,938	149,279,120	141,837,449	383,756,092	363,596,387
Total assets	261,174,712	252,184,497	166,490,351	163,098,641	427,665,063	415,283,138
Long-term liabilities	96,989,064	100,228,924	12,550,978	14,081,970	109,540,042	114,310,894
Other liabilities	24,961,260	24,109,497	10,473,311	9,573,115	35,434,571	33,682,612
Inter-fund balances	(2,164,758)	(1,543,357)	2,164,758	1,543,357	-	-
Total Liabilities	119,785,566	122,795,064	25,189,047	25,198,442	144,974,613	147,993,506
Net assets:						
Invested in capital assets,						
net of related debt	213,579,310	199,579,556	137,407,148	131,058,326	350,986,458	330,637,882
Restricted	2,488,688	1,412,125	5,622,428	7,606,529	8,111,116	9,018,654
Unrestricted	(74,678,852)	(71,602,248)	(1,728,272)	(764,656)	(76,407,124)	(72,366,904)
Total net assets	\$ 141,389,146	\$ 129,389,433	\$ 141,301,304	\$ 137,900,199	\$ 282,690,450	\$ 267,289,632

Governmental activities. Governmental activities increased the City's net assets by \$11,999,713. Business-type net assets increased the City's net assets by \$3,401,105. Overall, there was a net increase of \$15,400,818 in the City's net assets. Key elements of this increase as a result of current year operations are as follows:

- 2009 taxes increased by 71% over 2008. The increase was attributable to a dramatic increase in tax increment collections from the Alpine Highway Economic development Area. Current year collections exceeded prior year by over \$10 million dollars due to an increase in taxable value within the area. The increase in these tax collections is offset by a proportional increase in expenditures related to the requirements of the development agreement which requires the City to make disbursements back to the developer and, in smaller percentages, disbursements to other taxing entities within the project area. The increase in general property tax revenue was minor. The City maintained sales tax revenues comparable to the prior year, even with a drop in the state-wide economy. The City's population numbers, as tracked by the State Tax Commission, experienced and increase due to a census challenge. The increase in population serves to increase sales tax Collections because population is factored into the State of Utah sales tax distribution formula.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

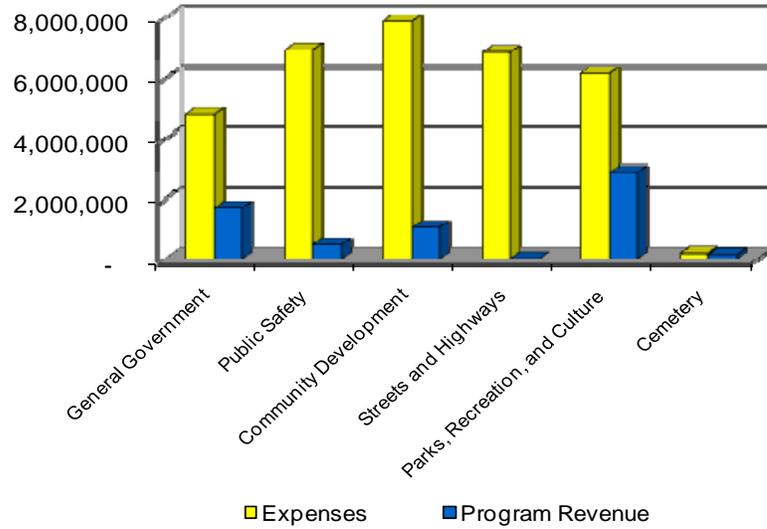
- Revenues from charges for services decreased \$1,657,907 from prior year. A sharp drop in license, fees and permit revenues accounts for the largest portion of the decrease in charges for services. Generally, the decrease was due to the struggling economy and the lack of new residential growth in the City. Lehi commercial growth has continued to be moderately strong especially given the current economic conditions.

LEHI CITY CORPORATION
CHANGES IN NET ASSETS

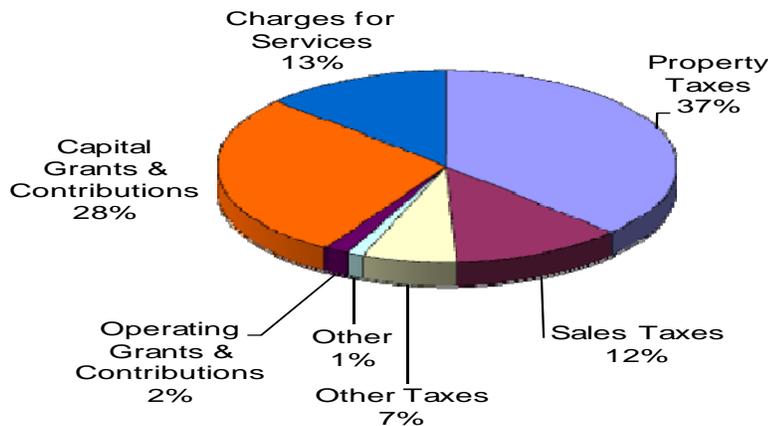
	Governmental		Business-type		Total	
	activities		activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 6,231,833	\$ 7,889,740	\$ 29,286,613	\$ 28,221,271	\$ 35,518,446	\$ 36,111,011
Operating grants and contributions	823,303	1,229,542	-	-	823,303	1,229,542
Capital grants and contributions	13,239,384	27,104,451	8,470,064	14,121,431	21,709,448	41,225,882
General revenues:					-	
Property taxes	17,539,314	6,581,220	-	-	17,539,314	6,581,220
Other taxes	9,452,755	9,157,665	-	-	9,452,755	9,157,665
Other	19,824	535,175	477,636	780,749	497,460	1,315,924
Total revenues	<u>47,306,413</u>	<u>52,497,793</u>	<u>38,234,313</u>	<u>43,123,451</u>	<u>85,540,726</u>	<u>95,621,244</u>
Expenses:						
General government	4,790,376	3,628,674	-	-	4,790,376	3,628,674
Public safety	6,917,410	7,519,925	-	-	6,917,410	7,519,925
Community development	7,845,367	23,047,285	-	-	7,845,367	23,047,285
Highways/streets	6,833,204	5,810,559	-	-	6,833,204	5,810,559
Parks, recreation, and culture	6,154,035	6,392,168	-	-	6,154,035	6,392,168
Cemetery	179,180	448,945	-	-	179,180	448,945
Interest on long-term debt	4,818,132	4,365,331	-	-	4,818,132	4,365,331
Culinary Water	-	-	2,738,379	2,656,616	2,738,379	2,656,616
Sewer	-	-	4,427,260	3,763,563	4,427,260	3,763,563
Pressurized Irrigation	-	-	1,867,549	1,827,990	1,867,549	1,827,990
Electric	-	-	20,728,252	18,944,544	20,728,252	18,944,544
Drainage	-	-	906,252	607,976	906,252	607,976
Garbage	-	-	1,934,512	1,673,466	1,934,512	1,673,466
Total expenses	<u>37,537,704</u>	<u>51,212,887</u>	<u>32,602,204</u>	<u>29,474,155</u>	<u>70,139,908</u>	<u>80,687,042</u>
Increase in net assets						
before transfers	9,768,709	1,284,906	5,632,109	13,649,296	15,400,818	14,934,202
Transfers	<u>2,231,004</u>	<u>731,000</u>	<u>(2,231,004)</u>	<u>(731,000)</u>	<u>-</u>	<u>-</u>
Increase in net assets	11,999,713	2,015,906	3,401,105	12,918,296	15,400,818	14,934,202
Net assets, beginning	129,389,433	127,373,527	137,900,199	151,091,988	267,289,632	278,465,515
Prior period adjustment	-	-	-	(26,110,085)	-	-
Net assets at beginning of year, as restated	<u>129,389,433</u>	<u>127,373,527</u>	<u>137,900,199</u>	<u>124,981,903</u>	<u>267,289,632</u>	<u>278,465,515</u>
Net assets, ending	<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>

LEHI CITY CORPORATION
 Management's Discussion and Analysis
 For the Year Ended June 30, 2009

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



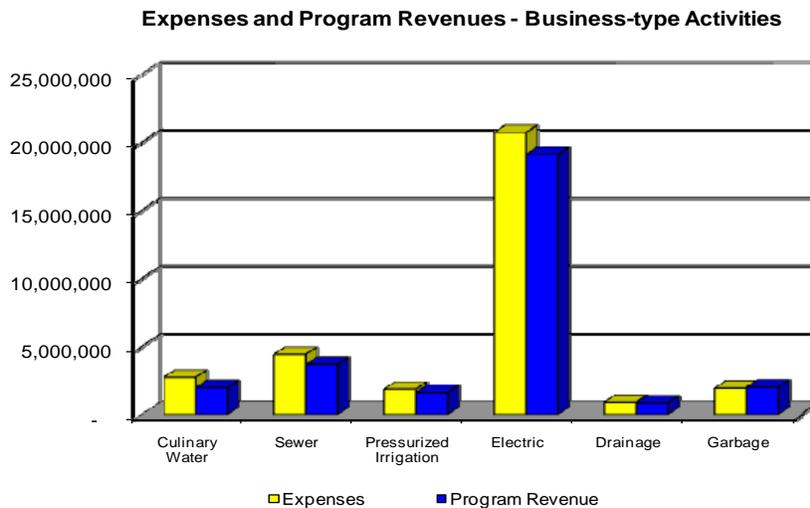
LEHI CITY CORPORATION
 Management's Discussion and Analysis
 For the Year Ended June 30, 2009

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.

General government expenses experienced an increase of \$1,161,702 (32%) over 2008. The City's general government function increased spending on capital outlay and the implementation of several professional studies.

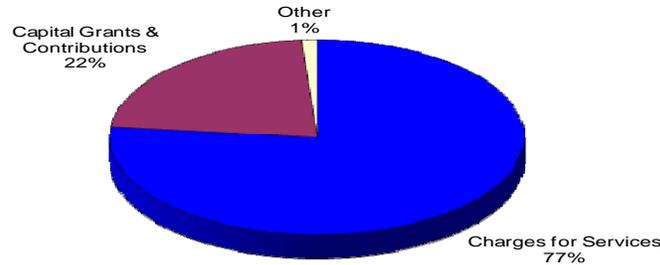
Business-type activities. Business-type activities increased the City's net assets by \$3,401,105. At the end of the current fiscal year, all of the City's major business-type activities reported positive net assets. Key elements of the increase in net assets are as follows:

- Charges for services for business-type activities increased over 2008 by \$1,065,342 (4%). The Electric Fund accounts for the majority of increase with an increase of \$911,811 in revenue collected from the previous year as a result of an increase in the number of customers. This amounted to a 5 percent increase from power customers.
- Capital grants and contributions for the business-type activities added \$8,470,064 to the net assets of the City. This amount was a decrease of \$5,651,367 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 \$3.1 million from 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, 2009

Revenues by Source - Business-type Activities



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 \$4,377,433. \$1,746,245 of this total amount (39%) 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 \$1,060,252, while total fund balance reached \$3,023,983. 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 5% of total general fund expenditures, while total fund balance represents 13% of that same amount. The fund balance of the City's general fund decreased by \$2,398,804 during the current fiscal year and this decrease was due in part to a transfer to the capital projects fund. Expenditures also exceeded revenues. 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 \$1,020,563. The project areas are the Mill Pond Project and the Alpine Highway Project. As mentioned earlier there was a significant increase from 2008 in the amount of tax increment revenues collected in this

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

fund, which was offset by corresponding disbursements as required under the development agreements. Overall, the fund experienced a decrease in fund balance of \$116,976.

The capital projects fund had a decrease in fund balance in the amount of \$1,213,441, which left a fund balance of \$301,511. The decrease was primarily due to the completion of construction of an addition to the administration building and a new fire station. These construction projects were complete at year end.

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 \$1,728,272. Individually, the electric fund's unrestricted net assets totaled \$4,474,123 and drainage unrestricted net assets totaled \$1,028,404. The culinary water fund had a deficit in unrestricted net assets of \$3,603,468, the sewer a deficit of \$1,270,544, pressurized irrigation a deficit of \$2,538,727, and the non-major enterprise fund a positive amount of \$181,940. 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 General Fund's original budget of \$30,433,831 was amended to \$24,526,742 due to the City's growth coming to a standstill, along with the economy.

- Licenses, fees and permit revenue received in 2009 (\$826,210) was approximately \$950,000 less than the revenue amount originally budgeted (\$1,780,000). The majority of this decrease was the drop in the new applications for building permits.
- Charges for services revenue was also lower than originally budgeted by approximately \$1 million dollars. As part of this shortfall, planning and inspection fees were substantially less than originally budgeted and recreation fees were below budget as well. These shortfalls in revenue are generally attributable to decreased development and the overall downturn in the economy.
- No departments exceeded their final budgets.

General fund expenditures exceeded general fund revenues by \$1,134,449. Although all departments were under their amended budget amounts, a portion of fund balance was used because of the economy.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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, 2009 amounts to \$383,756,092 (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 a new fire station was constructed, the City Hall addition was completed, and the Legacy Center parking lot was improved. The cost of these improvements was approximately \$4.5 million in the current year.
- Public infrastructure was completed as part of a commercial development for Smith's Market Place. This infrastructure consisted of new roads, culinary water, pressurized irrigation, sewer, electric, and drainage were completed during the year
- 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 \$10,010,565 and \$6,130,426 respectively.

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciaton)

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 81,290,383	\$ 75,076,277	\$ 2,028,167	\$ 1,689,827	\$ 83,318,550	\$ 76,766,104
Construction in progress	3,575,045	4,711,036	298,185	2,724,766	3,873,230	7,435,802
Buildings	16,307,944	11,892,863	2,178,443	2,268,265	18,486,387	14,161,128
Improvements & infrastructure	128,264,555	126,111,244	142,896,582	133,391,548	271,161,137	259,502,792
Machinery, equipment & vehicles	4,787,410	3,644,093	1,849,415	1,729,385	6,636,825	5,373,478
Office furniture and equipment	251,635	323,425	28,328	33,658	279,963	357,083
Total capital assets (net)	\$ 234,476,972	\$ 221,758,938	\$ 149,279,120	\$ 141,837,449	\$ 383,756,092	\$ 363,596,387

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 \$32,345,034. Of this amount \$2,190,000 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, 2009

LEHI CITY CORPORATION						
OUTSTANDING DEBT						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Capital lease obligations	\$ 305,665	\$ 431,927	\$ 118,935	\$ 209,457	\$ 424,600	\$ 641,384
Excise tax bonds	2,190,000	2,695,000	-	-	2,190,000	2,695,000
Tax increment Note Payable						
to Developer	74,097,585	75,752,118	-	-	74,097,585	75,752,118
Revenue bonds	18,401,997	19,582,680	11,753,037	13,235,811	30,155,034	32,818,491
Other Liabilities	1,993,817	1,767,199	679,006	636,702	2,672,823	2,403,901
Total liabilities	\$ 96,989,064	\$ 100,228,924	\$ 12,550,978	\$ 14,081,970	\$ 109,540,042	\$ 114,310,894

The City decreased its total debt by \$4,770,852 in fiscal year 2009. The key factor for this decrease was principal payments made during the year and a slight increase in the tax increment note payable to developer from the previous year in the amount \$1,654,533. 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.

During the fiscal year 2009, the City refunded an electric revenue fixed rate bond to take advantage of lower interest rates and reduce total future debt service payments. The refunding decreased future debt service obligations by \$331,401.

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 \$120,119,691 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 \$240,239,382, 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 6.1% (unemployment data is not available for the City). This compares to the state unemployment rate of 6.5% and a national rate of 10.2%.
- The City's residential growth had decreased rapidly with the economic times we are presently in. Very few residential permits are being applied for; however, commercial growth is increasing slightly and continues to grow.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2009

- Inflationary trends in the region compare favorably to national indices.

All of the above factors were considered in preparing the City's budget for the 2010 fiscal year. The 2010 budget is balanced without a property tax rate increase. The City administration will be examining utility rates in fiscal 2010. Many of the charges for services have not been updated for several years and need to be evaluated to see if they are high enough to cover the cost of providing services. The City is also in the process of updating business license fees. The City did increase utility fees that increased the residential customer fees per month on average of six dollars.

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.

Fiscal year 2008 was the first year of full operation for Costco and Lowes stores and they are expected to continue providing a stable sales tax base in future years. There are also several new restaurants and a hotel scheduled for construction during the 2010 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 residential business development that includes Utah's tallest building.

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, 2009

	PRIMARY GOVERNMENT			COMPONENT UNIT HUTCHINGS MUSEUM
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,008,245	\$ 1,626,334	\$ 5,634,579	\$ 137,995
RECEIVABLES (NET)				
ACCOUNTS	-	3,086,595	3,086,595	-
UNBILLED	-	432,536	432,536	-
TAXES	18,724,151	-	18,724,151	-
INTERGOVERNMENTAL	304,030	-	304,030	-
OTHER	375,600	-	375,600	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	726,605	726,605	-
PREPAID EXPENSES	34,398	89,070	123,468	-
INVENTORY	-	2,910,943	2,910,943	-
INVESTMENT IN WATER STOCKS AND RIGHTS, AT COST	-	1,182,680	1,182,680	-
BOND ISSUE COSTS (NET)	232,125	234,429	466,554	-
RESTRICTED CASH AND CASH EQUIVALENTS	3,019,191	6,922,039	9,941,230	-
NON-DEPRECIABLE CAPITAL ASSETS	84,865,428	2,326,352	87,191,780	5,000
DEPRECIABLE CAPITAL ASSETS, NET	149,611,544	146,952,768	296,564,312	368,997
TOTAL ASSETS	<u>261,174,712</u>	<u>166,490,351</u>	<u>427,665,063</u>	<u>511,992</u>
LIABILITIES				
INTERFUND BALANCES	(2,164,758)	2,164,758	-	-
ACCOUNTS PAYABLE	1,993,878	3,565,834	5,559,712	32,601
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
ACCOUNTS PAYABLE	-	209,019	209,019	-
ACCRUED INTEREST	142,500	1,292	143,792	-
ACCRUED LIABILITIES	388,003	-	388,003	-
UNEARNED REVENUE-PREPAID IMPACT FEES	-	1,089,300	1,089,300	-
WAGES PAYABLE	420,715	90,474	511,189	4,166
ACCRUED LIABILITIES	1,805,027	-	1,805,027	-
ACCRUED INTEREST PAYABLE	1,499,726	19,863	1,519,589	-
UNEARNED REVENUE:				
PROPERTY TAXES	17,313,386	-	17,313,386	-
IMPACT FEES	1,398,025	5,255,376	6,653,401	-
CUSTOMER DEPOSITS	-	242,153	242,153	-
NON-CURRENT LIABILITIES				
DUE WITHIN ONE YEAR	1,634,165	1,402,190	3,036,355	-
DUE IN MORE THAN ONE YEAR:				
COMPENSATED ABSENCES	1,056,100	476,435	1,532,535	-
LANDFILL POSTCLOSURE COSTS	424,666	-	424,666	-
CAPITAL LEASES PAYABLE	234,551	24,316	258,867	-
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	74,097,585	-	74,097,585	-
BONDS PAYABLE	19,541,997	10,648,037	30,190,034	-
TOTAL LIABILITIES	<u>119,785,566</u>	<u>25,189,047</u>	<u>144,974,613</u>	<u>36,767</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	213,579,310	137,407,148	350,986,458	373,997
RESTRICTED FOR				
CAPITAL IMPROVEMENTS	2,149,542	5,403,542	7,553,084	-
DEBT SERVICE	339,146	218,886	558,032	-
UNRESTRICTED (DEFICIT)	(74,678,852)	(1,728,272)	(76,407,124)	101,228
TOTAL NET ASSETS	<u>\$ 141,389,146</u>	<u>\$ 141,301,304</u>	<u>\$ 282,690,450</u>	<u>\$ 475,225</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

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			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
GENERAL GOVERNMENT	\$ 4,790,376	\$ 1,704,170	\$ -	\$ -	\$ (3,086,206)	\$ -	\$ (3,086,206)	\$ -
PUBLIC SAFETY	6,917,410	492,808	288,220	184,433	(5,951,949)	-	(5,951,949)	-
COMMUNITY DEVELOPMENT	7,845,367	1,023,732	-	-	(6,821,635)	-	(6,821,635)	-
STREETS AND HIGHWAYS	6,833,204	-	517,517	12,453,861	6,138,174	-	6,138,174	-
PARKS, RECREATION AND CULTURE	6,154,035	2,874,871	17,566	601,090	(2,660,508)	-	(2,660,508)	-
CEMETERY	179,180	136,252	-	-	(42,928)	-	(42,928)	-
INTEREST ON LONG-TERM DEBT	4,818,132	-	-	-	(4,818,132)	-	(4,818,132)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>37,537,704</u>	<u>6,231,833</u>	<u>823,303</u>	<u>13,239,384</u>	<u>(17,243,184)</u>	<u>-</u>	<u>(17,243,184)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES								
CULINARY WATER	2,738,379	1,984,451	-	1,033,268	-	279,340	279,340	-
SEWER	4,427,260	3,682,833	-	1,441,241	-	696,814	696,814	-
PRESSURIZED IRRIGATION	1,867,549	1,630,416	-	1,884,089	-	1,646,956	1,646,956	-
ELECTRIC	20,728,252	19,110,795	-	2,255,615	-	638,158	638,158	-
DRAINAGE	906,252	866,809	-	1,855,851	-	1,816,408	1,816,408	-
GARBAGE	1,934,512	2,011,309	-	-	-	76,797	76,797	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>32,602,204</u>	<u>29,286,613</u>	<u>-</u>	<u>8,470,064</u>	<u>-</u>	<u>5,154,473</u>	<u>5,154,473</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 70,139,908</u>	<u>\$ 35,518,446</u>	<u>\$ 823,303</u>	<u>\$ 21,709,448</u>	<u>(17,243,184)</u>	<u>5,154,473</u>	<u>(12,088,711)</u>	<u>-</u>
COMPONENT UNIT								
HUTCHINGS MUSEUM	<u>\$ 226,387</u>	<u>\$ 36,145</u>	<u>\$ 302,515</u>	<u>\$ -</u>				<u>112,273</u>
GENERAL REVENUES:								
PROPERTY TAXES					17,539,314	-	17,539,314	-
SALES TAXES					5,727,822	-	5,727,822	-
FRANCHISE TAXES					3,191,822	-	3,191,822	-
MOTOR VEHICLE FEES IN LIEU					533,111	-	533,111	-
INVESTMENT EARNINGS					179,236	280,778	460,014	3,177
LOSS ON DISPOSAL OF CAPITAL ASSETS					(159,412)	-	(159,412)	-
OTHER					-	196,858	196,858	-
TOTAL GENERAL REVENUES					<u>27,011,893</u>	<u>477,636</u>	<u>27,489,529</u>	<u>3,177</u>
TRANSFERS					<u>2,231,004</u>	<u>(2,231,004)</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>29,242,897</u>	<u>(1,753,368)</u>	<u>27,489,529</u>	<u>3,177</u>
CHANGE IN NET ASSETS					<u>11,999,713</u>	<u>3,401,105</u>	<u>15,400,818</u>	<u>115,450</u>
NET ASSETS AT BEGINNING OF YEAR					<u>129,389,433</u>	<u>137,900,199</u>	<u>267,289,632</u>	<u>359,775</u>
NET ASSETS AT END OF YEAR					<u>\$ 141,389,146</u>	<u>\$ 141,301,304</u>	<u>\$ 282,690,450</u>	<u>\$ 475,225</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 1,143,181	\$ 1,024,405	\$ 737,712	\$ 31,376	\$ 2,936,674
RECEIVABLES					
TAXES	6,345,271	12,378,880	-	-	18,724,151
INTERGOVERNMENTAL	304,030	-	-	-	304,030
OTHER	375,600	-	-	-	375,600
PREPAID EXPENDITURES	34,398	-	-	-	34,398
DUE FROM OTHER FUNDS	2,164,758	-	-	-	2,164,758
RESTRICTED CASH AND CASH EQUIVALENTS	1,963,731	-	1,055,460	-	3,019,191
TOTAL ASSETS	\$ 12,330,969	\$ 13,403,285	\$ 1,793,172	\$ 31,376	\$ 27,558,802
LIABILITIES					
ACCOUNTS PAYABLE	\$ 764,690	\$ 1,203	\$ 1,103,658	\$ -	\$ 1,869,551
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	-	-	388,003	-	388,003
WAGES PAYABLE	404,738	2,639	-	-	407,377
ACCRUED LIABILITIES	1,805,027	-	-	-	1,805,027
DEFERRED REVENUE:					
TAXES	4,934,506	12,378,880	-	-	17,313,386
IMPACT FEES	1,398,025	-	-	-	1,398,025
TOTAL LIABILITIES	\$ 9,306,986	\$ 12,382,722	\$ 1,491,661	\$ -	\$ 23,181,369
FUND BALANCES					
RESERVED FOR CAPITAL IMPROVEMENTS	1,963,731	-	185,811	-	2,149,542
RESERVED FOR DEBT SERVICE	-	-	481,646	-	481,646
UNRESERVED	1,060,252	1,020,563	(365,946)	-	1,714,869
UNRESERVED, REPORTED IN NONMAJOR:					
SPECIAL REVENUE FUNDS	-	-	-	31,376	31,376
TOTAL FUND BALANCE	\$ 3,023,983	\$ 1,020,563	\$ 301,511	\$ 31,376	\$ 4,377,433
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,330,969	\$ 13,403,285	\$ 1,793,172	\$ 31,376	\$ 27,558,802

LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

TOTAL GOVERNMENTAL FUND BALANCES	\$	4,377,433
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.		
		234,476,972
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD DEFERRED IN THE FUNDS.		
		232,125
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS		
		(96,989,064)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS.		
		(1,642,226)
THE CURRENT ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS		
		933,906
NET ASSETS OF GOVERNMENT ACTIVITIES	\$	141,389,146

LEHI CITY CORPORATION
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

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, 2009

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
TAXES	\$ 13,688,369	\$ 12,876,200	\$ 427,500	\$ -	\$ 26,992,069
LICENSES, FEES AND PERMITS	826,210	-	926,867	-	1,753,077
INTERGOVERNMENTAL CHARGES FOR SERVICES	1,604,255	-	-	-	1,604,255
FINES AND FORFEITURES	3,951,453	-	-	-	3,951,453
DEVELOPER CONTRIBUTIONS	1,133,215	-	-	-	1,133,215
MISCELLANEOUS	-	-	1,271,000	-	1,271,000
INTEREST ON INVESTMENTS	520,578	3,000	-	47,377	570,955
	67,532	60,943	49,739	1,022	179,236
TOTAL REVENUES	21,791,612	12,940,143	2,675,106	48,399	37,455,260
EXPENDITURES					
CURRENT					
GENERAL GOVERNMENT	4,390,714	-	-	-	4,390,714
PUBLIC SAFETY	7,897,722	-	-	-	7,897,722
COMMUNITY DEVELOPMENT	2,009,520	5,657,509	-	-	7,667,029
STREETS AND HIGHWAYS	1,834,279	-	-	-	1,834,279
PARKS, RECREATION AND CULTURE	5,542,788	-	-	-	5,542,788
CEMETERY	297,062	-	-	-	297,062
OTHER	-	-	-	32,623	32,623
CAPITAL OUTLAY	-	-	8,584,773	32,552	8,617,325
DEBT SERVICE					
PRINCIPAL	623,450	6,655,623	532,008	-	7,811,081
INTEREST AND FISCAL CHARGES	185,598	2,808,976	760,976	-	3,755,550
CAPITAL LEASE PAYMENTS-PRINCIPAL	126,262	-	-	-	126,262
CAPITAL LEASE PAYMENTS-INTEREST	18,666	-	-	-	18,666
TOTAL EXPENDITURES	22,926,061	15,122,108	9,877,757	65,175	47,991,101
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,134,449)	(2,181,965)	(7,202,651)	(16,776)	(10,535,841)
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	2,235,645	-	5,989,210	-	8,224,855
TRANSFERS OUT	(3,500,000)	(2,405,876)	-	(87,975)	(5,993,851)
ISSUANCE OF BONDS AND NOTES	-	4,470,865	-	-	4,470,865
TOTAL OTHER FINANCING SOURCES (USES)	(1,264,355)	2,064,989	5,989,210	(87,975)	6,701,869
NET CHANGE IN FUND BALANCE	(2,398,804)	(116,976)	(1,213,441)	(104,751)	(3,833,972)
FUND BALANCE AT BEGINNING OF YEAR	5,422,787	1,137,539	1,514,952	136,127	8,211,405
FUND BALANCE AT END OF YEAR	\$ 3,023,983	\$ 1,020,563	\$ 301,511	\$ 31,376	\$ 4,377,433

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (3,833,972)
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	9,732,986 (6,945,939)
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	(1,236,194)
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.	(4,470,865)
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.	7,937,343
THE NET REVENUE OF INTERNAL SERVICE FUNDS IS REPORTED WITH GOVERNMENTAL ACTIVITIES	979,400
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	(159,412)
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	10,010,565
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 11,999,713

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	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	\$ 14,347,339	\$ 13,243,093	\$ 13,688,369	\$ 445,276	\$ 3,000,000	\$ 12,953,320	\$ 12,876,200	\$ (77,120)
LICENSES, FEES AND PERMITS	1,780,000	600,000	826,210	226,210	-	-	-	-
INTERGOVERNMENTAL REVENUE	1,698,500	1,506,879	1,604,255	97,376	-	-	-	-
CHARGES FOR SERVICE	4,985,142	4,513,642	3,951,453	(562,189)	-	-	-	-
FINES AND FORFEITURES	1,228,500	1,167,500	1,133,215	(34,285)	-	-	-	-
DEVELOPER CONTRIBUTIONS	-	3,500,000	-	(3,500,000)	-	-	-	-
MISCELLANEOUS REVENUE	1,155,900	585,173	588,110	2,937	52,000	53,000	63,943	10,943
TOTAL REVENUES	25,195,381	25,116,287	21,791,612	(3,324,675)	3,052,000	13,006,320	12,940,143	(66,177)
EXPENDITURES								
GENERAL GOVERNMENT	5,770,989	4,889,745	4,390,714	499,031	-	-	-	-
PUBLIC SAFETY	11,689,598	8,114,519	7,897,722	216,797	-	-	-	-
COMMUNITY DEVELOPMENT	2,935,187	2,194,589	2,009,520	185,069	428,958	1,467,121	5,657,509	(4,190,388)
STREETS AND HIGHWAYS	2,337,823	2,053,421	1,834,279	219,142	-	-	-	-
PARKS, RECREATIONS AND CULTURE	5,755,881	5,840,833	5,542,788	298,045	-	-	-	-
CEMETERY	325,353	309,781	297,062	12,719	-	-	-	-
DEBT SERVICE	1,619,000	1,123,854	953,976	169,878	2,700,000	2,810,344	9,464,599	(6,654,255)
TOTAL EXPENDITURES	30,433,831	24,526,742	22,926,061	1,600,681	3,128,958	4,277,465	15,122,108	(10,844,643)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,238,450)	589,545	(1,134,449)	(1,723,994)	(76,958)	8,728,855	(2,181,965)	(10,910,820)
OTHER FINANCING SOURCES (USES)								
ISSUANCE OF NOTES	-	-	-	-	10,000,000	600,000	4,470,865	3,870,865
TRANSFERS IN	931,000	2,021,000	2,235,645	214,645	-	-	-	-
TRANSFERS OUT	(130,000)	(3,500,034)	(3,500,000)	34	(200,000)	(2,281,188)	(2,405,876)	(124,688)
SALE OF CAPITAL ASSETS	-	28,000	-	(28,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	801,000	(1,451,034)	(1,264,355)	186,679	9,800,000	(1,681,188)	2,064,989	3,746,177
NET CHANGE IN FUND BALANCE	(4,437,450)	(861,489)	(2,398,804)	(1,537,315)	9,723,042	7,047,667	(116,976)	(7,164,643)
FUND BALANCE AT BEGINNING OF YEAR	5,422,787	5,422,787	5,422,787	-	1,137,539	1,137,539	1,137,539	-
FUND BALANCE AT END OF YEAR	\$ 985,337	\$ 4,561,298	\$ 3,023,983	\$ (1,537,315)	\$ 10,860,581	\$ 8,185,206	\$ 1,020,563	\$ (7,164,643)

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LEHI CITY CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	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	\$ -	\$ -	\$ -	\$ 591,250	\$ 943,729	\$ 91,355	\$ 1,626,334	\$ 1,071,571
RECEIVABLE (NET):								
ACCOUNTS	212,972	371,157	175,560	2,017,038	86,291	223,577	3,086,595	-
UNBILLED	31,971	50,776	30,845	264,424	14,165	40,355	432,536	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	-	-	726,605	-	-	726,605	-
PREPAID INTEREST	-	-	-	89,070	-	-	89,070	-
DUE FROM OTHER FUNDS	-	-	-	1,991,890	-	-	1,991,890	-
INVENTORY	130,574	4,905	66,150	2,709,314	-	-	2,910,943	-
TOTAL CURRENT ASSETS	375,517	426,838	272,555	8,389,591	1,044,185	355,287	10,863,973	1,071,571
NON-CURRENT ASSETS								
INVESTMENT IN WATER STOCK AND RIGHTS, AT COST	1,181,162	-	1,518	-	-	-	1,182,680	-
BOND ISSUE COSTS (NET)	37,923	-	31,021	136,222	29,263	-	234,429	-
RESTRICTED CASH AND CASH EQUIVALENTS	1,437,566	1,548,705	1,491,251	2,224,364	220,153	-	6,922,039	-
NONDEPRECIABLE CAPITAL ASSETS	1,006,360	87,574	677,255	433,013	122,150	-	2,326,352	-
DEPRECIABLE CAPITAL ASSETS, NET	25,809,503	30,171,750	29,291,741	37,171,280	24,508,494	-	146,952,768	79,834
TOTAL NON-CURRENT ASSETS	29,472,514	31,808,029	31,492,786	39,964,879	24,880,060	-	157,618,268	79,834
TOTAL ASSETS	\$ 29,848,031	\$32,234,867	\$ 31,765,341	\$48,354,470	\$ 25,924,245	\$ 355,287	\$ 168,482,241	\$ 1,151,405

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES						NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE				
LIABILITIES									
CURRENT LIABILITIES									
DUE TO OTHER FUNDS	\$ 2,661,401	\$ 985,949	\$ 509,298	\$ -	\$ -	\$ -	\$ 4,156,648	\$ -	
ACCOUNTS PAYABLE	35,718	300,067	15,190	3,024,942	16,570	173,347	3,565,834	124,327	
WAGES PAYABLE	17,886	5,641	6,396	55,640	4,911	-	90,474	13,338	
ACCRUED INTEREST PAYABLE	10,924	-	8,939	-	-	-	19,863	-	
PAYABLE FROM RESTRICTED:									
ACCOUNTS PAYABLE	84,165	458	50,399	73,997	-	-	209,019	-	
ACCRUED INTEREST	14	-	11	-	1,267	-	1,292	-	
UNEARNED REVENUE-PREPAID IMPACT FEES	538,919	-	550,381	-	-	-	1,089,300	-	
UNEARNED REVENUE-IMPACT FEES	2,318,254	381,323	2,237,419	318,380	-	-	5,255,376	-	
CUSTOMER DEPOSITS	-	-	-	242,153	-	-	242,153	-	
CURRENT PORTION COMPENSATED ABSENCES	42,509	14,179	17,583	118,315	9,985	-	202,571	20,834	
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	189,750	49,950	155,250	644,669	160,000	-	1,199,619	-	
TOTAL CURRENT LIABILITIES	5,899,540	1,737,567	3,550,866	4,478,096	192,733	173,347	16,032,149	158,499	
NON-CURRENT LIABILITIES									
COMPENSATED ABSENCES	111,378	10,223	48,996	292,260	13,578	-	476,435	13,506	
CAPITAL LEASES PAYABLE, LESS CURRENT MATURITIES	-	12,837	-	11,479	-	-	24,316	-	
BONDS PAYABLE, LESS CURRENT MATURITIES	1,570,542	-	1,284,993	6,857,502	935,000	-	10,648,037	-	
TOTAL NON-CURRENT LIABILITIES	1,681,920	23,060	1,333,989	7,161,241	948,578	-	11,148,788	13,506	
TOTAL LIABILITIES	7,581,460	1,760,627	4,884,855	11,639,337	1,141,311	173,347	27,180,937	172,005	
NET ASSETS									
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT RESTRICTED FOR	25,055,571	30,196,537	28,528,753	30,090,643	23,535,644	-	137,407,148	79,834	
CAPITAL PROJECTS	814,468	1,548,247	890,460	2,150,367	-	-	5,403,542	-	
DEBT SERVICE	-	-	-	-	218,886	-	218,886	-	
UNRESTRICTED (DEFICIT)	(3,603,468)	(1,270,544)	(2,538,727)	4,474,123	1,028,404	181,940	(1,728,272)	899,566	
TOTAL NET ASSETS	22,266,571	30,474,240	26,880,486	36,715,133	24,782,934	181,940	141,301,304	979,400	
TOTAL LIABILITIES AND NET ASSETS	\$ 29,848,031	\$32,234,867	\$ 31,765,341	\$48,354,470	\$ 25,924,245	\$ 355,287	\$ 168,482,241	\$ 1,151,405	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	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	\$ 1,912,638	\$ 3,682,833	\$ 1,609,016	\$ 19,043,686	\$ 866,809	\$ 2,011,309	\$ 29,126,291	\$ 2,570,932
HOOK-UP AND SERVICING FEES	71,813	-	21,400	67,109	-	-	160,322	-
MISCELLANEOUS REVENUES	21,306	24,894	5,586	122,432	22,640	-	196,858	-
TOTAL OPERATING REVENUES	<u>2,005,757</u>	<u>3,707,727</u>	<u>1,636,002</u>	<u>19,233,227</u>	<u>889,449</u>	<u>2,011,309</u>	<u>29,483,471</u>	<u>2,570,932</u>
OPERATING EXPENSES								
PERSONNEL	796,953	269,073	265,745	2,147,869	172,235	-	3,651,875	364,951
GENERAL ADMINISTRATION	372,898	174,050	56,222	641,559	26,837	-	1,271,566	-
OPERATING AND MAINTENANCE	227,596	2,826,572	616,383	15,583,242	28,211	1,931,932	21,213,936	1,228,822
INTERFUND CHARGES	282,600	156,000	50,004	570,061	15,000	-	1,073,665	-
DEPRECIATION	928,578	951,788	798,546	1,482,754	591,972	-	4,753,638	6,110
TOTAL OPERATING EXPENSES	<u>2,608,625</u>	<u>4,377,483</u>	<u>1,786,900</u>	<u>20,425,485</u>	<u>834,255</u>	<u>1,931,932</u>	<u>31,964,680</u>	<u>1,599,883</u>
OPERATING INCOME (LOSS)	<u>(602,868)</u>	<u>(669,756)</u>	<u>(150,898)</u>	<u>(1,192,258)</u>	<u>55,194</u>	<u>79,377</u>	<u>(2,481,209)</u>	<u>971,049</u>
NON-OPERATING REVENUES (EXPENSES)								
IMPACT FEE REVENUE (PLEGGED AS SECURITY FOR REVENUE BONDS)	267,898	105,478	245,308	743,702	76,213	-	1,438,599	-
INTEREST INCOME	31,662	32,472	29,572	168,040	19,032	-	280,778	8,351
INTEREST EXPENSE	(124,537)	(39,121)	(76,380)	(285,176)	(67,119)	(2,580)	(594,913)	-
AMORTIZATION OF BOND ISSUE COSTS	(5,217)	(10,656)	(4,269)	(17,591)	(4,878)	-	(42,611)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>169,806</u>	<u>88,173</u>	<u>194,231</u>	<u>608,975</u>	<u>23,248</u>	<u>(2,580)</u>	<u>1,081,853</u>	<u>8,351</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(433,062)</u>	<u>(581,583)</u>	<u>43,333</u>	<u>(583,283)</u>	<u>78,442</u>	<u>76,797</u>	<u>(1,399,356)</u>	<u>979,400</u>
CAPITAL CONTRIBUTIONS	765,370	1,335,763	1,638,781	1,511,913	1,779,638	-	7,031,465	-
TRANSFERS FROM OTHER FUNDS	1,250,000	500,000	590,000	-	-	250,000	2,590,000	-
TRANSFERS TO OTHER FUNDS	(315,000)	(150,000)	-	(4,356,004)	-	-	(4,821,004)	-
CHANGE IN NET ASSETS	<u>1,267,308</u>	<u>1,104,180</u>	<u>2,272,114</u>	<u>(3,427,374)</u>	<u>1,858,080</u>	<u>326,797</u>	<u>3,401,105</u>	<u>979,400</u>
NET ASSETS AT BEGINNING OF YEAR	<u>20,999,263</u>	<u>29,370,060</u>	<u>24,608,372</u>	<u>40,142,507</u>	<u>22,924,854</u>	<u>(144,857)</u>	<u>137,900,199</u>	<u>-</u>
NET ASSETS AT END 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>\$ 141,301,304</u>	<u>\$ 979,400</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES								
CASH RECEIVED FROM CUSTOMERS	\$ 1,968,431	\$ 3,690,697	\$ 1,617,485	\$ 18,901,251	\$ 834,412	\$ 2,008,533	\$ 29,020,809	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	-	2,570,932
CASH PAID TO SUPPLIERS	(635,671)	(3,119,424)	(823,155)	(14,550,851)	(128,602)	(1,921,323)	(21,179,026)	(1,104,495)
CASH PAID TO EMPLOYEES	(790,026)	(284,233)	(262,363)	(2,125,374)	(143,761)	-	(3,605,757)	(317,273)
CASH PAID FOR INTERFUND SERVICES	(282,600)	(156,000)	(50,004)	(570,061)	(15,000)	-	(1,073,665)	-
OTHER RECEIPTS (PAYMENTS)	21,306	24,894	5,586	122,432	22,640	-	196,858	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	281,440	155,934	487,549	1,777,397	569,689	87,210	3,359,219	1,149,164
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
TRANSFERS IN	1,250,000	500,000	590,000	-	-	250,000	2,590,000	-
TRANSFERS OUT	(315,000)	(150,000)	-	(4,356,004)	-	-	(4,821,004)	-
PAYMENT RECEIVED FROM INTERFUND ADVANCES	-	-	-	2,497,862	-	-	2,497,862	-
PAYMENTS MADE ON INTERFUND ADVANCES	(562,304)	(280,098)	(790,784)	-	-	(243,275)	(1,876,461)	-
INTEREST PAID ON INTERFUND ADVANCE	(53,059)	(23,162)	(17,897)	-	-	(2,580)	(96,698)	-
NET CASH USED (PROVIDED BY) IN NON-CAPITAL FINANCING ACTIVITIES	319,637	46,740	(218,681)	(1,858,142)	-	4,145	(1,706,301)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,339,307)	(100,504)	(914,704)	(3,239,867)	(261,483)	-	(5,855,865)	(85,944)
PROCEEDS FROM ISSUANCE OF BONDS	-	-	-	7,563,778	-	-	7,563,778	-
CONTRIBUTIONS FROM DEVELOPERS	-	-	4,200	759,838	137,000	-	901,038	-
PRINCIPAL PAID ON BONDS	(236,500)	(304,775)	(193,500)	(8,095,000)	(150,000)	-	(8,979,775)	-
INTEREST PAID ON BONDS	(73,674)	(15,609)	(60,277)	(396,454)	(68,714)	-	(614,728)	-
PRINCIPAL PAID ON CAPITAL LEASES	-	(47,788)	-	(42,734)	-	-	(90,522)	-
INTEREST PAID ON CAPITAL LEASES	-	(4,132)	-	(2,204)	-	-	(6,336)	-
IMPACT FEES COLLECTED	260,378	105,478	237,628	743,702	76,213	-	1,423,399	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,389,103)	(367,330)	(926,653)	(2,708,941)	(266,984)	-	(5,659,011)	(85,944)
CASH FLOWS FROM INVESTING ACTIVITIES								
INTEREST INCOME COLLECTED	31,662	32,472	29,572	168,040	19,032	-	280,778	8,351

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS-CONTINUED
PROPRIETARY FUNDS
JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	ACTIVITIES INTERNAL SERVICE FUNDS	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(756,364)	(132,184)	(628,213)	(2,621,646)	321,737	91,355	(3,725,315)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,193,930	1,680,889	2,119,464	5,437,260	842,145	-	12,273,688	1,071,571
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,437,566</u>	<u>\$ 1,548,705</u>	<u>\$ 1,491,251</u>	<u>\$ 2,815,614</u>	<u>\$ 1,163,882</u>	<u>\$ 91,355</u>	<u>\$ 8,548,373</u>	<u>\$ 1,071,571</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:								
UNRESTRICTED CASH	\$ -	\$ -	\$ -	\$ 591,250	\$ 943,729	\$ 91,355	\$ 1,626,334	\$ 1,071,571
RESTRICTED CASH	1,437,566	1,548,705	1,491,251	2,224,364	220,153	-	6,922,039	-
	<u>\$ 1,437,566</u>	<u>\$ 1,548,705</u>	<u>\$ 1,491,251</u>	<u>\$ 2,815,614</u>	<u>\$ 1,163,882</u>	<u>\$ 91,355</u>	<u>\$ 8,548,373</u>	<u>\$ 1,071,571</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 765,370	\$ 1,335,763	\$ 1,634,581	\$ 752,075	\$ 1,642,637	\$ -	\$ 6,130,426	\$ -
	<u>\$ 765,370</u>	<u>\$ 1,335,763</u>	<u>\$ 1,634,581</u>	<u>\$ 752,075</u>	<u>\$ 1,642,637</u>	<u>\$ -</u>	<u>\$ 6,130,426</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
OPERATING INCOME (LOSS)	\$ (602,868)	\$ (669,756)	\$ (150,898)	\$ (1,192,258)	\$ 55,194	\$ 79,377	\$ (2,481,209)	\$ 971,049
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
DEPRECIATION	928,578	951,788	798,546	1,482,754	591,972	-	4,753,638	6,110
CHANGES IN ASSETS AND LIABILITIES								
ACCOUNTS RECEIVABLE	(16,020)	(17,174)	(15,858)	(388,513)	(50,537)	(31,910)	(520,012)	-
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	14,683	25,038	2,927	159,366	18,140	29,134	249,288	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	-	-	(726,605)	-	-	(726,605)	-
INVENTORY	14,316	3,714	(3,131)	1,288,249	-	-	1,303,148	-
ACCOUNTS PAYABLE	(64,176)	(122,516)	(147,419)	1,112,306	(73,554)	10,609	715,250	124,327
WAGES PAYABLE	(2,442)	(1,324)	(89)	2,758	4,911	-	3,814	13,338
COMPENSATED ABSENCES	9,369	(13,836)	3,471	19,737	23,563	-	42,304	34,340
CUSTOMER DEPOSITS	-	-	-	19,603	-	-	19,603	-
	<u>\$ 281,440</u>	<u>\$ 155,934</u>	<u>\$ 487,549</u>	<u>\$ 1,777,397</u>	<u>\$ 569,689</u>	<u>\$ 87,210</u>	<u>\$ 3,359,219</u>	<u>\$ 1,149,164</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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. Each blended component unit has a June 30 year end. The following entities are reported as blended component units:

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 Lehi City Municipal Building Authority - The Lehi City Municipal Building Authority (MBA) was created to finance and construct municipal buildings, which are then leased to the City. The MBA is governed by a board comprised of the City Council. The MBA has been included in the financial reporting entity as a capital projects fund. Separate financial statements are not issued for the MBA.

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 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

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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. The Museum Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Cash Flows are presented below.

Hutchings Museum	
Statement of Revenues, Expenses and Changes in Net Assets	
For the Year Ended June 30, 2009	
Operating revenues	
Admissions	\$ 36,145
Grants	12,519
Total operating revenues	<u>48,664</u>
Operating expenses	
Personnel	93,166
Operating and maintenance	115,956
Depreciation	16,007
Total operating expenses	<u>225,129</u>
Operating loss	<u>(176,465)</u>
Non-operating revenues (expenses)	
Contributions from primary government	289,996
Interest income	3,177
Interest expense	(1,258)
Total non-operating revenues (expenses)	<u>291,915</u>
Change in net assets	115,450
Net assets at beginning of year	<u>359,775</u>
Net assets at end of year	<u>\$ 475,225</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Hutchings Museum	
Statement of Cash Flows	
For the Year Ended June 30, 2009	
<hr/>	
Cash flows from operating activities	
Cash received from customers	\$ 48,664
Cash paid to suppliers	(86,394)
Cash paid to employees	(103,492)
Net cash used in operating activities	<u>(141,222)</u>
Cash flows from non-capital financing activities	
Contributions from primary government	289,996
Payments made to primary government	(160,714)
Interest paid on advance from primary government	(1,258)
Net cash provided by non-capital financing activities	<u>128,024</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(14,272)
Net cash used in capital and related financing activities	<u>(14,272)</u>
Cash flows from investing activities	
Interest income collected	3,177
Net cash provided by investing activities	<u>3,177</u>
Net decrease in cash and cash equivalents	(24,293)
Cash and cash equivalents at beginning of year	<u>162,288</u>
Cash and cash equivalents at end of year	<u>\$ 137,995</u>
Reconciliation of operating loss to	
net cash used in operating activities	
Adjustments to reconcile operating loss	
to net cash used in operating activities	(176,465)
Depreciation	16,007
Changes in assets and liabilities	
Accounts payable	29,562
Wages payable	(1,708)
Compensated absences	(8,618)
	<u>\$ (141,222)</u>

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.

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.

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.
- **Internal service funds** are used to account for the City's fleet maintenance, risk management, and information technology services. Because these services predominantly benefit the governmental activities, they have been combined with the governmental activities in the government-wide financial statements. The internal service activities has 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 \$432,536 at June 30, 2009. The accounts receivable for these revenues are reported net of the allowance for doubtful accounts (\$493,009 at June 30, 2009.)

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. .

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

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.

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

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, 2009 the book value of cash on deposit was \$3,326,249 and the bank balance was \$3,864,027 (\$3,111,670 of which was exposed to custodial credit risk as uninsured and uncollateralized) with the difference being outstanding checks and outstanding 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 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, 2009 are presented below:

<u>Investment Type</u>	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities</u>					
Utah Public Treasurer’s Investment Fund	\$11,379,977	\$11,379,977	\$ -	\$ -	\$ -
Money Market	833,958	833,958	-	-	-
U.S. Treasuries	35,625	35,625	-	-	-
Total	<u>\$12,249,560</u>	<u>\$12,249,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE B – DEPOSITS AND INVESTMENTS - CONTINUED

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:

<u>Rated Investments</u>	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public					
Treasurer’s	\$11,379,977	\$ -	\$ -	\$ -	\$11,379,977
Investment Fund	-	-	-	-	-
Money Market	833,958	-	833,958	-	-
U.S. Treasuries	35,625	35,625	-	-	-
Total	\$12,249,560	\$35,625	\$833,958	\$ -	\$11,379,977

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, 2009 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.

NOTE B – DEPOSITS AND INVESTMENTS - CONTINUED

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, 2009, 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, 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, 2009) and then compare those values to come up with an agreed upon fair value of the securities.

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE C – EXTERNAL INVESTMENT POOL-CONTINUED

As of June 30, 2009, the City had \$11,379,977 invested in the PTIF which had a fair value of \$11,395,750 for an unrealized gain of \$15,733. 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	72.10%
Certificates of deposit	0.71%
Money market accounts and Commercial paper	26.42%
U.S. Government securities	0.77%
	<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>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Reserves for future debt service	\$ 869,649	\$ 220,178	\$ 1,089,827
Unexpended B & C Road funds	85,917	-	85,917
Unexpended impact fees	2,063,625	5,612,561	7,676,186
Prepaid impact fees (unearned revenue)	-	1,089,300	1,089,300
	<u>\$ 3,019,191</u>	<u>\$ 6,922,039</u>	<u>\$ 9,941,230</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 is as follows:

	July 1, 2008	Increases	Decreases	June 30, 2009
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 75,076,277	\$ 6,373,518	\$ 159,412	\$ 81,290,383
Construction in progress	4,711,036	488,816	1,624,807	3,575,045
Total nondepreciable capital assets	<u>\$79,787,313</u>	<u>\$ 6,862,334</u>	<u>\$ 1,784,219</u>	<u>\$ 84,865,428</u>
Depreciable capital assets:				
Buildings	\$ 15,712,374	\$ 4,924,642	\$ -	\$ 20,637,016
Improvements, including infrastructure	151,027,679	7,623,603	-	158,651,282
Machinery, equipment and vehicles	10,247,919	2,031,121	-	12,279,040
Office furniture and equipment	1,213,855	12,602	-	1,226,457
Total depreciable capital assets at historical cost	<u>178,201,827</u>	<u>14,591,968</u>	<u>-</u>	<u>192,793,795</u>
Less accumulated depreciation:				
Buildings	3,819,511	509,561	-	4,329,072
Improvements, including infrastructure	24,916,435	5,470,292	-	30,386,727
Machinery, equipment and vehicles	6,603,826	887,804	-	7,491,630
Office furniture and equipment	890,430	84,392	-	974,822
Total accumulated depreciation	<u>36,230,202</u>	<u>6,952,049</u>	<u>-</u>	<u>43,182,251</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 141,971,625</u>	<u>\$ 7,639,919</u>	<u>\$ -</u>	<u>\$ 149,611,544</u>

Depreciation charged in governmental activities:

General government	\$ 852,104
Public safety	478,900
Community development	73,207
Streets and highways	4,720,333
Parks, recreation and culture	769,413
Cemetery	58,092
	<u>\$ 6,952,049</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE E – CAPITAL ASSETS – CONTINUED

	July 1, 2008	Increases	Decreases	June 30, 2009
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 1,689,827	\$ 338,340	\$ -	\$ 2,028,167
Construction in progress	2,724,766	1,652,720	4,079,301	298,185
Total nondepreciable capital assets	<u>\$ 4,414,593</u>	<u>\$ 1,991,060</u>	<u>\$ 4,079,301</u>	<u>\$ 2,326,352</u>
Depreciable capital assets:				
Buildings	\$ 2,808,699	\$ -	\$ -	\$ 2,808,699
Improvements, including infrastructure	158,429,557	13,813,599	-	172,243,156
Machinery, equipment and vehicles	4,410,832	469,951	-	4,880,783
Office furniture and equipment	177,109	-	-	177,109
Total depreciable capital assets at historical cost	<u>165,826,197</u>	<u>14,283,550</u>	<u>-</u>	<u>180,109,747</u>
Less accumulated depreciation:				
Buildings	540,434	89,822	-	630,256
Improvements, including infrastructure	25,038,009	4,308,565	-	29,346,574
Machinery, equipment and vehicles	2,681,447	349,921	-	3,031,368
Office furniture and equipment	143,451	5,330	-	148,781
Total accumulated depreciation	<u>28,403,341</u>	<u>4,753,638</u>	<u>-</u>	<u>33,156,979</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 137,422,856</u>	<u>\$ 9,529,912</u>	<u>\$ -</u>	<u>\$ 146,952,768</u>

Depreciation charged in business-type activities:

Culinary water	\$ 928,578
Sewer	951,788
Electric	1,482,754
Pressurized irrigation	798,546
Drainage	591,972
	<u>\$ 4,753,638</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE E – CAPITAL ASSETS – CONTINUED

	<u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
Discretely Presented Component Unit:				
Nondepreciable capital assets:				
Land	<u>\$5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,000</u>
Depreciable capital assets:				
Buildings	\$ 208,496	\$ 14,272	\$ -	\$ 222,768
Improvements, including infrastructure	310,382	-	-	310,382
Office furniture and equipment	<u>72,194</u>	<u>-</u>	<u>-</u>	<u>72,194</u>
Total depreciable capital assets at historical cost	<u>591,072</u>	<u>14,272</u>	<u>-</u>	<u>605,344</u>
Less accumulated depreciation:				
Buildings	74,892	5,942	-	80,834
Improvements, including infrastructure	93,346	7,332	-	100,678
Office furniture and equipment	<u>52,102</u>	<u>2,733</u>	<u>-</u>	<u>54,835</u>
Total accumulated depreciation	<u>220,340</u>	<u>16,007</u>	<u>-</u>	<u>236,347</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$370,732</u>	<u>\$ (1,735)</u>	<u>\$ -</u>	<u>\$ 368,997</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, 2009:

Governmental activities

1999 Excise tax bonds	
\$2,500,000 excise tax term bonds due December 1, 2009 with interest at 3.6% to 4.45%	\$ 300,000
2003 Excise tax bonds	
\$3,130,000 excise tax term bonds due June 1, 2013 with interest at 2.5% to 3.2%	1,890,000

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

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%	5,890,000
2004 Subordinated sales tax revenue bonds	
\$9,000,000 authorized, \$9,000,000 issued through June 30, 2007 sales tax revenue bonds with interest of 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	8,611,997
Capital lease obligations	
Payable in annual installments ranging from \$84,323 to \$144,929 including interest at 4.22% to 4.73%, maturing between 2009 and 2013	305,665
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%	74,097,585
Compensated absences	1,569,151
	424,666
Landfill closure and postclosure care liability	
Total governmental activities long-term debt	<u><u>\$96,989,064</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.	\$ 7,457,501
2003 Water refunding bonds	
\$3,980,000 water revenue bonds due serially through 2020 with interest rates ranging from 2.5% to 3.9%	2,390,536

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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%	810,000
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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%	1,095,000
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Capital lease obligations

Payable in annual installments ranging from \$21,464 to \$51,956 including interest at 4.22% to 4.77%, maturing between 2006 and 2010	118,935
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Compensated absences

679,006

Total business-type activities long-term debt

\$12,550,978

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

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, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amounts due in 2010
Governmental activities					
Bonds, notes and leases payable					
1999 Excise tax bonds	\$ 585,000	\$ -	\$ 285,000	\$ 300,000	\$ 300,000
2003 Excise tax bonds	2,110,000	-	220,000	1,890,000	225,000
2003 Sales tax revenue bonds	3,900,000	-	-	3,900,000	-
2004 Sales tax revenue and refunding bonds	6,405,000	-	515,000	5,890,000	525,000
Capital lease obligations	431,927	-	126,262	305,665	71,114
2004 Subordinated sales tax revenue bonds	8,747,455	-	135,458	8,611,997	-
Tax increment note payable to developer	75,752,118	4,470,865	6,125,398	74,097,585	-
1996 Sewer revenue bonds	530,225	-	530,225	-	-
Total bonds, notes and leases payable	<u>98,461,725</u>	<u>4,470,865</u>	<u>7,937,343</u>	<u>94,995,247</u>	<u>1,121,114</u>
Other liabilities:					
Compensated absences	1,678,420	706,840	816,109	1,569,151	513,051
Landfill closure and post- closure care liability	88,779	335,887	-	424,666	-
Total other liabilities	<u>1,767,199</u>	<u>1,042,727</u>	<u>816,109</u>	<u>1,993,817</u>	<u>513,051</u>
Governmental activities long-term debt	<u>\$ 100,228,924</u>	<u>\$ 5,513,592</u>	<u>\$ 8,753,452</u>	<u>\$ 96,989,064</u>	<u>\$ 1,634,165</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 and the RDA's portion of the 1996 sewer bonds is provided by the RDA.

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE G-LONG-TERM DEBT - CONTINUED

As of June 30, 2009 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Sales Tax Revenue Bonds		Excise Tax Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 525,000	\$ 406,185	\$ 525,000	\$ 65,009
2011	550,000	389,372	540,000	51,100
2012	560,000	369,234	550,000	34,900
2013	540,000	347,753	575,000	18,400
2014	560,000	326,678	-	-
2015-2019	3,145,000	1,276,471	-	-
2020-2024	3,910,000	485,823	-	-
	<u>\$9,790,000</u>	<u>\$3,601,516</u>	<u>\$2,190,000</u>	<u>\$169,409</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 be 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 good 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, 2009

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, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amounts due in 2010
Business-type activities					
Bonds, notes and leases payable					
1998 Electric refunding bonds	\$ 2,561,098	\$ -	\$ 2,561,098	\$ -	\$ -
2005 Electric revenue bonds	5,485,000	-	5,485,000	-	-
2009 Electric refunding bonds	-	7,457,501	-	7,457,501	600,000
2003 Water refunding bonds	2,707,088	-	316,552	2,390,536	225,000
1999 Water refunding bonds	925,000	-	115,000	810,000	120,000
1996 Sewer revenue bonds	312,625	-	312,625	-	-
2000 Drainage revenue bonds	1,245,000	-	150,000	1,095,000	160,000
Capital lease obligations	209,457	-	90,522	118,935	94,619
Total bonds, notes and leases payable	<u>13,445,268</u>	<u>7,457,501</u>	<u>9,030,797</u>	<u>11,871,972</u>	<u>1,199,619</u>
Compensated absences	636,702	461,471	419,167	679,006	202,571
Business-type activities long-term debt	<u>\$ 14,081,970</u>	<u>\$ 7,918,972</u>	<u>\$ 9,449,964</u>	<u>\$ 12,550,978</u>	<u>\$ 1,402,190</u>

During the fiscal year 2009, the City issued \$7,700,000 in new electric revenue bonds for the purpose of refunding the Series 1998 electric refunding bonds and Series 2005 electric revenue bonds. The refunding was undertaken to reduce total future debt service payments. The difference between cash flow required to service old debt and that required to service new debt and complete the refunding amounts to a \$331,401 savings. The advance refunding resulted in an economic gain of \$266,767.

As of June 30, 2009, 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
2010	\$ 600,000	\$ 258,045	\$ 345,000	\$ 119,327
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
2015-2019	3,700,000	494,175	1,125,000	154,870
2020	800,000	18,025	205,000	7,995
	<u>7,700,000</u>	<u>1,593,800</u>	<u>3,185,000</u>	<u>631,168</u>
Plus unamortized premium (less unamortized loss on defeasance)	(242,499)	242,499	15,536	(15,536)
	<u>\$7,457,501</u>	<u>\$1,836,299</u>	<u>\$3,200,536</u>	<u>\$615,632</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE G – LONG-TERM DEBT – CONTINUED

Year ending June 30,	Drainage Revenue Bonds	
	Principal	Interest
2010	\$ 160,000	\$ 60,840
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
	<u>\$1,095,000</u>	<u>\$232,520</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 Revenue Bonds	Water Revenue Bonds *	Drainage Revenue Bonds
Net revenues			
Operating revenues	\$19,233,227	\$ 3,641,759	\$889,449
Operating expenses (excluding depreciation)	(18,942,731)	(2,668,401)	(242,283)
Impact fee revenues	743,702	513,206	76,213
Interest income	168,040	61,234	19,032
Net revenues	<u>\$ 1,202,238</u>	<u>\$1,547,798</u>	<u>\$742,411</u>
Aggregate debt service for 2010	<u>\$ 858,045</u>	<u>\$ 464,327</u>	<u>\$220,840</u>
Ratio of net revenues to aggregate debt service	<u>1.40</u>	<u>3.33</u>	<u>3.36</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.

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, 2009 the following bonds are considered defeased:

	Bond Series	Defeased Balance
Governmental Activities:	2000 Lease Revenue Bonds	\$5,230,000
Business-type Activities:		
Electric fund	1994 Electric Revenue	680,000
Pressurized Irrigation Funds	1989 Water Revenue – Series C	493,000

Pledged Revenues

The City has pledged excise tax revenue in the amount of \$2,359,409 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 \$1,298,469 and debt service for the excise tax bonds was \$589,070.

The City has pledged sales tax revenues in the amount of \$23,074,790 to fund debt service payments on the sales tax revenue bonds. The timing of the debt service payments on the subordinated sales tax bond is uncertain. Therefore, total sales tax revenue required to meet related interest expense is not determinable. Pledged sales tax revenue required to fund debt service has been estimated based on current collections and interest rates. All sales tax 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 \$5,727,822 and debt service for the sales tax bonds was \$1,505,536.

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 \$74,097,585. 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

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE G – LONG-TERM DEBT – CONTINUED

in the current year was \$12,697,320. 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 \$3,816,168 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 \$1,547,798 and debt service payments on the water revenue bonds were \$563,951.

The City has pledged electric revenues in the amount of \$9,293,800 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 \$1,202,238 and electric revenue bond debt service payments were \$836,111.

The City has pledged drainage revenues in the amount of \$1,327,520 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 \$742,411 and drainage revenue bond debt service payments were \$218,715.

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
2010	\$ 84,323	\$ 98,347
2011	84,323	24,587
2012	84,323	-
2013	84,323	-
	<u>337,292</u>	<u>122,934</u>
Less amount representing interest	(31,627)	(3,999)
Present value of future minimum lease payments	<u>\$305,665</u>	<u>\$118,935</u>

NOTE H – CAPITAL LEASES-CONTINUED

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	58,000	153,484

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, 2009, 2008, and 2007 were \$766,263, \$714,802, and \$674,021 respectively; and for the Public Safety Contributory Retirement System, the contributions for the years ended June 30, 2009, 2008, and 2007,

NOTE I – RETIREMENT PLANS-CONTINUED

were \$205,438, \$227,822, and \$292,685 respectively; and for the Public Safety Noncontributory Retirement System, the contributions for the years ended June 30, 2009, 2008, and 2007 were \$258,386, \$200,520, and \$141,673 respectively. For the Firefighters Retirement System, the contributions for the years ended June 30, 2009, 2008, and 2007 were \$98,325, \$92,244, and \$59,388 respectively. The contributions were equal to the required contributions for each year.

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, 2009, was approximately \$13,074,000. Of that amount, approximately \$9,359,000 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, 2009, contributions totaling \$172,065 were made to the plan by employees and \$232,623 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.

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE K – COMMITMENTS AND CONTIGENCIES-CONTINUED

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, 2009, had an outstanding balance of \$179,677,000, of which the City's portion was \$24,495,829. During the year ended June 30, 2009, the City purchased power totaling approximately \$14,666,788 million.

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 2008. 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>2009</u>	<u>2008</u>
Claims liability, July 1	\$ 20,154	\$ -
Claims incurred during the year and changes		
In estimates	-	49,638
Payments on claims during the year	20,154	
Payments made by insurance	-	-
Coinsurance and deductible insurance		
payments made by the City	-	29,484
Claims liability, June 30,	<u>\$ -</u>	<u>\$20,154</u>

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2009, are as follows:

Due To Other Funds	Due From Other Funds	Amount
Major enterprise funds:		
Culinary Water Fund	Electric Fund	\$ 496,644
	General Fund	2,164,757
Sewer Fund	Electric Fund	985,949
Irrigation Fund	Electric Fund	509,298
		<u>\$4,156,648</u>

The interfund receivables/payables are related to operating funds temporarily loaned between the funds.

NOTE N - INTERFUND TRANSFERS

During the course of normal operations, the City has transactions between funds to distribute administrative costs, construct capital assets, and also to report capital assets funded through Redevelopment Agency proceeds in the enterprise fund appropriate to their purpose.

A summary of interfund transfers by fund is as follows:

	In	Out
Major Funds:		
General Fund	\$ 2,235,645	\$ 3,500,000
Capital Projects Fund	5,989,210	-
Redevelopment Agency	-	2,405,876
Culinary Water Fund	1,250,000	315,000
Sewer Fund	500,000	150,000
Pressurized Irrigation Fund	590,000	-
Electric Fund	-	4,356,004
Non-Major Funds:		
Garbage Fund	250,000	-
Lehi Community Foundation Fund	-	87,975
	<u>\$10,814,855</u>	<u>\$10,814,855</u>

NOTE O – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City has issued revenue bonds to finance certain improvements to its culinary water distribution 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 the funds are reported as major funds in the fund financial statements, segment disclosures herein are not required.

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

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.

For the year ended June 30, 2009 the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Millpond Project Area	\$ 178,880
Alpine Highway Project Area	12,697,320
Miscellaneous revenue	63,943
	<u>\$ 12,940,143</u>
Outstanding loans to finance RDA projects	<u>\$ 74,097,585</u>
Tax increments paid to other taxing agencies	\$ 1,627,536
Principal	6,655,623
Interest	2,808,976
Redevelopment costs	3,912,008
Amounts expended for administrative costs	117,965
	<u>\$ 15,122,108</u>

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, 2009, 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:

LEHI CITY CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE CARE COST-CONTINUED

Total estimated closure and postclosure care costs	\$581,735
Capacity used as of June 30, 2009	73%
Cumulative closure and postclosure care liability	<u>424,666</u>
Amounts previously recognized	<u>88,779</u>
Amount to be recognized as of June 30, 2009	<u>\$ 335,887</u>
Amount reported as a long-term liability in the governmental activities statement of net assets	<u><u>\$ 424,666</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 2009. The City expects the landfill to close in the year 2091 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

Community development expenditures in the Redevelopment Agency Fund exceeded appropriations by \$4,190,388, debt service in the Redevelopment Agency Fund exceeded appropriations by \$6,654,255, and transfers out in the Redevelopment Agency Fund exceeded appropriations by \$2,405,876.

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COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Lehi Community Foundation-This fund is used to account for private donations for specified projects.

Capital Projects Funds

Capital Projects MBA Fund-This fund has been used in the past to account for the construction of various City facilities.

LEHI CITY CORPORATION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	CAPITAL PROJECTS MBA	LEHI COMMUNITY FOUNDATION	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
CASH AND CASH EQUIVALENTS	\$ -	\$ 31,376	\$ 31,376
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 31,376</u>	<u>\$ 31,376</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
UNRESERVED	-	31,376	31,376
TOTAL FUND BALANCE	<u>-</u>	<u>31,376</u>	<u>31,376</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 31,376</u>	<u>\$ 31,376</u>

LEHI CITY CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	CAPITAL PROJECTS MBA	SPECIAL REVENUE LEHI COMMUNITY FOUNDATION	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
MISCELLANEOUS	\$ -	\$ 47,377	\$ 47,377
INTEREST	-	1,022	1,022
TOTAL REVENUES	<u>-</u>	<u>48,399</u>	<u>48,399</u>
EXPENDITURES			
CURRENT			
OTHER	-	32,623	32,623
CAPITAL OUTLAY	32,552	-	32,552
TOTAL EXPENDITURES	<u>32,552</u>	<u>32,623</u>	<u>65,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,552)</u>	<u>15,776</u>	<u>(16,776)</u>
OTHER FINANCING SOURCES			
TRANSFERS OUT	-	(87,975)	(87,975)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(87,975)</u>	<u>(87,975)</u>
NET CHANGE IN FUND BALANCE	-	(72,199)	(104,751)
FUND BALANCE AT BEGINNING OF YEAR	<u>32,552</u>	<u>103,575</u>	<u>136,127</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ 31,376</u>	<u>\$ 31,376</u>

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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
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
TAXES				
PROPERTY TAXES	\$ 5,158,093	\$ 4,878,093	\$ 4,663,114	\$ (214,979)
IN LIEU OF	675,360	600,000	533,111	(66,889)
GENERAL SALES TAX	5,783,886	4,865,000	5,300,322	435,322
FRANCHISE TAX	2,730,000	2,900,000	3,191,822	291,822
TOTAL	14,347,339	13,243,093	13,688,369	445,276
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	75,000	80,000	71,210	(8,790)
BUILDING PERMITS	1,705,000	520,000	505,000	(15,000)
IMPACT FEES	-	-	250,000	250,000
TOTAL	1,780,000	600,000	826,210	226,210
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	1,400,000	1,200,000	1,298,469	98,469
FIRE DEPARTMENT GRANT	150,000	157,040	188,090	31,050
POLICE SALARY REIMBURSEMENT	34,000	34,000	34,000	-
STATE LIQUOR FUNDS ALLOTMENT	40,000	41,339	41,339	-
COUNTY FIRE ALLOCATION	40,000	40,000	24,791	(15,209)
STATE GRANT	14,500	14,500	17,566	3,066
OTHER GRANTS	20,000	20,000	-	(20,000)
TOTAL	1,698,500	1,506,879	1,604,255	97,376
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	1,017,500	575,500	447,522	(127,978)
AMBULANCE FEES	500,000	500,000	489,605	(10,395)
FIRE FEES	5,000	5,000	3,203	(1,797)
CEMETERY FEES	127,000	112,000	136,252	24,252
RECREATION FEES	3,251,642	3,227,642	2,749,334	(478,308)
LIBRARY FEES	80,000	89,500	91,098	1,598
OTHER SERVICE REVENUE	4,000	4,000	34,439	30,439
TOTAL	4,985,142	4,513,642	3,951,453	(562,189)
FINES AND FORFEITURES				
COURTS FINES AND FORFEITURES	1,228,500	1,167,500	1,133,215	(34,285)
DEVELOPER CONTRIBUTIONS				
	-	3,500,000	-	(3,500,000)
MISCELLANEOUS REVENUE				
INTEREST ON INVESTMENTS	618,400	157,500	67,532	(89,968)
MISCELLANEOUS	537,500	427,673	520,578	92,905
TOTAL	1,155,900	585,173	588,110	2,937
TOTAL REVENUES	25,195,381	25,116,287	21,791,612	(3,324,675)
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	366,893	366,893	356,022	10,871
OPERATIONS AND MAINTENANCE	483,450	473,450	449,533	23,917
CAPITAL	8,500	8,500	-	8,500
TOTAL	858,843	848,843	805,555	43,288
ADMINISTRATIVE				
PERSONNEL	492,992	492,992	482,813	10,179
OPERATIONS AND MAINTENANCE	232,500	167,900	176,796	(8,896)
CAPITAL	-	-	-	-
TOTAL	725,492	660,892	659,609	1,283
TREASURY				
PERSONNEL	375,237	364,037	326,241	37,796
OPERATIONS AND MAINTENANCE	40,330	37,585	42,330	(4,745)
CAPITAL	7,500	1,500	1,288	212
TOTAL	423,067	403,122	369,859	33,263

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET POSITIVE (NEGATIVE)
FINANCE				
PERSONNEL	379,818	370,818	362,497	8,321
OPERATIONS AND MAINTENANCE	88,695	80,245	69,149	11,096
CAPITAL	7,500	1,000	-	1,000
TOTAL	476,013	452,063	431,646	20,417
CITY RECORDER				
PERSONNEL	153,625	152,125	147,905	4,220
OPERATIONS AND MAINTENANCE	45,300	33,550	18,740	14,810
CAPITAL	-	-	-	-
TOTAL	198,925	185,675	166,645	19,030
LEGAL SERVICES				
PERSONNEL	168,032	168,032	187,713	(19,681)
OPERATIONS AND MAINTENANCE	212,500	185,200	141,359	43,841
TOTAL	380,532	353,232	329,072	24,160
LEGISLATIVE				
PERSONNEL	167,136	167,136	141,906	25,230
OPERATIONS AND MAINTENANCE	159,000	88,000	(54,538)	142,538
CAPITAL	-	-	126,602	(126,602)
TOTAL	326,136	255,136	213,970	41,166
NONDEPARTMENTAL				
OPERATIONS AND MAINTENANCE	1,678,061	1,110,862	730,819	380,043
CAPITAL	195,000	210,000	237,499	(27,499)
TOTAL	1,873,061	1,320,862	968,318	352,544
EMERGENCY MANAGEMENT				
PERSONNEL	75,000	-	-	-
OPERATIONS AND MAINTENANCE	33,500	19,000	8,520	10,480
TOTAL	108,500	19,000	8,520	10,480
FACILITIES MAINTENANCE				
PERSONNEL	249,020	244,020	323,486	(79,466)
OPERATIONS AND MAINTENANCE	140,400	144,900	114,034	30,866
CAPITAL	11,000	2,000	-	2,000
TOTAL	400,420	390,920	437,520	(46,600)
TOTAL GENERAL GOVERNMENT	5,770,989	4,889,745	4,390,714	499,031
PUBLIC SAFETY				
POLICE				
PERSONNEL	3,457,544	3,618,544	2,570,608	1,047,936
OPERATIONS AND MAINTENANCE	927,756	853,456	1,704,211	(850,755)
CAPITAL	183,000	178,000	203,997	(25,997)
TOTAL	4,568,300	4,650,000	4,478,816	171,184
CODE ENFORCEMENT				
PERSONNEL	-	123,207	85,791	37,416
OPERATIONS AND MAINTENANCE	-	21,793	19,153	2,640
CAPITAL	-	4,500	4,323	177
TOTAL	4,568,300	149,500	109,267	40,233
FIRE				
PERSONNEL	1,644,588	1,644,588	1,578,428	66,160
OPERATIONS AND MAINTENANCE	661,110	485,660	436,160	49,500
CAPITAL	-	961,193	1,148,385	(187,192)
TOTAL	2,305,698	3,091,441	3,162,973	(71,532)
ANIMAL CONTROL				
PERSONNEL	115,000	103,278	88,607	14,671
OPERATIONS AND MAINTENANCE	132,300	115,300	55,571	59,729
CAPITAL	-	5,000	2,488	2,512
TOTAL	247,300	223,578	146,666	76,912
TOTAL PUBLIC SAFETY	11,689,598	8,114,519	7,897,722	216,797

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
COMMUNITY DEVELOPMENT				
PUBLIC WORKS ADMINISTRATION				
PERSONNEL	236,235	236,235	218,019	18,216
OPERATIONS AND MAINTENANCE	29,400	16,247	17,765	(1,518)
CAPITAL	-	-	-	-
TOTAL	265,635	252,482	235,784	16,698
ENGINEERING				
PERSONNEL	366,484	318,484	289,309	29,175
OPERATIONS AND MAINTENANCE	581,900	136,252	73,477	62,775
CAPITAL	30,000	30,000	31,989	(1,989)
TOTAL	978,384	484,736	394,775	89,961
PLANNING AND ZONING				
PERSONNEL	446,207	518,804	575,698	(56,894)
OPERATIONS AND MAINTENANCE	77,850	74,850	53,631	21,219
CAPITAL	65,500	60,000	26,956	33,044
TOTAL	589,557	653,654	656,285	(2,631)
INSPECTIONS				
PERSONNEL	725,612	711,861	656,338	55,523
OPERATIONS AND MAINTENANCE	369,499	85,356	66,338	19,018
CAPITAL	6,500	6,500	-	6,500
TOTAL	1,101,611	803,717	722,676	81,041
TOTAL COMMUNITY DEVELOPMENT	2,935,187	2,194,589	2,009,520	185,069
STREETS AND HIGHWAYS				
STREETS AND PUBLIC IMPROVEMENTS				
PERSONNEL	863,783	850,510	858,307	(7,797)
OPERATIONS AND MAINTENANCE	182,640	170,256	191,054	(20,798)
CAPITAL	465,000	378,155	152,334	225,821
TOTAL	1,511,423	1,398,921	1,201,695	197,226
C ROAD				
CAPITAL	826,400	654,500	632,584	21,916
TOTAL	826,400	654,500	632,584	21,916
TOTAL STREETS AND HIGHWAYS	2,337,823	2,053,421	1,834,279	219,142
PARKS, RECREATION AND CULTURE				
PARKS				
PERSONNEL	778,680	778,680	569,073	209,607
OPERATIONS AND MAINTENANCE	161,030	162,030	370,709	(208,679)
CAPITAL	49,000	19,000	-	19,000
TOTAL	988,710	959,710	939,782	19,928
COMMUNITY ARTS AND EVENTS				
OPERATIONS AND MAINTENANCE	213,700	326,196	348,966	(22,770)
TOTAL	213,700	326,196	348,966	(22,770)
SENIOR CITIZENS				
PERSONNEL	137,930	126,000	102,243	23,757
OPERATIONS AND MAINTENANCE	47,500	39,936	36,424	3,512
TOTAL	185,430	165,936	138,667	27,269
RECREATION				
PERSONNEL	1,749,792	1,749,792	1,638,686	111,106
OPERATIONS AND MAINTENANCE	1,322,150	1,500,740	1,421,860	78,880
CAPITAL	130,850	20,960	42,095	(21,135)
TOTAL	3,202,792	3,271,492	3,102,641	168,851

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
LITERACY CENTER				
PERSONNEL	150,750	150,750	133,470	17,280
OPERATIONS AND MAINTENANCE	36,500	31,750	7,635	24,115
TOTAL	187,250	182,500	141,105	41,395
LIBRARY				
PERSONNEL	576,999	576,999	502,795	74,204
OPERATIONS AND MAINTENANCE	349,500	346,000	357,882	(11,882)
CAPITAL	51,500	12,000	10,950	1,050
TOTAL	977,999	934,999	871,627	63,372
TOTAL PARKS, RECREATION AND CULTURE	5,755,881	5,840,833	5,542,788	298,045
CEMETERY				
PERSONNEL	237,371	237,371	103,349	134,022
OPERATIONS AND MAINTENANCE	67,982	58,722	179,713	(120,991)
CAPITAL	20,000	13,688	14,000	(312)
TOTAL	325,353	309,781	297,062	12,719
DEBT SERVICE				
PRINCIPAL	1,346,472	851,165	623,450	227,715
INTEREST	188,528	188,528	185,598	2,930
CAPITAL LEASE PAYMENT-PRINCIPAL	67,846	67,846	126,262	(58,416)
CAPITAL LEASE PAYMENT-INTEREST	16,154	16,315	18,666	(2,351)
TOTAL	1,619,000	1,123,854	953,976	169,878
TOTAL EXPENDITURES	30,433,831	24,526,742	22,926,061	1,600,681
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,238,450)	589,545	(1,134,449)	(1,723,994)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	931,000	2,021,000	2,235,645	214,645
TRANSFERS OUT	(130,000)	(3,500,034)	(3,500,000)	34
SALE OF CAPITAL ASSETS	-	28,000	-	(28,000)
TOTAL OTHER FINANCING SOURCES (USES)	801,000	(1,451,034)	(1,264,355)	186,679
NET CHANGE IN FUND BALANCE	(4,437,450)	(861,489)	(2,398,804)	(1,537,315)
FUND BALANCE AT BEGINNING OF YEAR	5,422,787	5,422,787	5,422,787	-
FUND BALANCE AT END OF YEAR	\$ 985,337	\$ 4,561,298	\$ 3,023,983	\$ (1,537,315)

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
IMPACT FEE REVENUE	\$ 3,541,125	\$ 1,010,000	\$ 926,867	\$ (83,133)
SALES TAX REVENUE	427,500	427,500	427,500	-
DEVELOPER CONTRIBUTIONS	-	3,100,000	1,271,000	(1,829,000)
INTEREST ON INVESTMENTS	155,000	108,000	49,739	(58,261)
TOTAL REVENUES	<u>4,123,625</u>	<u>4,645,500</u>	<u>2,675,106</u>	<u>(1,970,394)</u>
EXPENDITURES				
CURRENT				
OTHER	-	-	-	-
CAPITAL OUTLAY	8,987,900	10,054,586	8,584,773	1,469,813
DEBT SERVICE				
PRINCIPAL	-	400,000	532,008	(132,008)
INTEREST AND FISCAL CHARGES	427,500	427,500	760,976	(333,476)
TOTAL EXPENDITURES	<u>9,415,400</u>	<u>10,882,086</u>	<u>9,877,757</u>	<u>1,004,329</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,291,775)</u>	<u>(6,236,586)</u>	<u>(7,202,651)</u>	<u>(966,065)</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	250,000	4,250,000	5,989,210	1,739,210
TOTAL OTHER FINANCING SOURCES	<u>250,000</u>	<u>4,250,000</u>	<u>5,989,210</u>	<u>1,739,210</u>
NET CHANGE IN FUND BALANCE	(5,041,775)	(1,986,586)	(1,213,441)	773,145
FUND BALANCE AT BEGINNING OF YEAR	<u>1,514,952</u>	<u>1,514,952</u>	<u>1,514,952</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (3,526,823)</u>	<u>\$ (471,634)</u>	<u>\$ 301,511</u>	<u>\$ 773,145</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 whose compensation is provided for in this fund.

LEHI CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	TOTALS
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	\$ 203,885	\$ 589,966	\$ 277,720	\$ 1,071,571
TOTAL CURRENT ASSETS	<u>203,885</u>	<u>589,966</u>	<u>277,720</u>	<u>1,071,571</u>
NON-CURRENT ASSETS				
DEPRECIABLE CAPITAL ASSETS, NET	65,434	-	14,400	79,834
TOTAL NON-CURRENT ASSETS	<u>65,434</u>	<u>-</u>	<u>14,400</u>	<u>79,834</u>
TOTAL ASSETS	<u>269,319</u>	<u>589,966</u>	<u>292,120</u>	<u>1,151,405</u>
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	70,046	45,897	8,384	124,327
WAGES PAYABLE	8,098	2,804	2,436	13,338
CURRENT PORTION COMPENSATED ABSENCES	8,625	5,745	6,464	20,834
TOTAL CURRENT LIABILITIES	<u>86,769</u>	<u>54,446</u>	<u>17,284</u>	<u>158,499</u>
NON-CURRENT LIABILITIES				
COMPENSATED ABSENCES	-	7,173	6,333	13,506
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>7,173</u>	<u>6,333</u>	<u>13,506</u>
TOTAL LIABILITIES	<u>86,769</u>	<u>61,619</u>	<u>23,617</u>	<u>172,005</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	65,434	-	14,400	79,834
TOTAL NET ASSETS	<u>117,116</u>	<u>528,347</u>	<u>254,103</u>	<u>899,566</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 269,319</u>	<u>\$ 589,966</u>	<u>\$ 292,120</u>	<u>\$ 1,151,405</u>

LEHI CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
JUNE 30, 2009

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	TOTALS
OPERATING REVENUES				
CHARGES FOR SERVICES - INTERNAL	\$ 624,784	\$ 1,068,128	\$ 878,020	\$ 2,570,932
TOTAL OPERATING REVENUES	<u>624,784</u>	<u>1,068,128</u>	<u>878,020</u>	<u>2,570,932</u>
OPERATING EXPENSES				
PERSONNEL	148,014	109,951	106,986	364,951
OPERATING AND MAINTENANCE	292,846	434,512	501,464	1,228,822
DEPRECIATION	3,106	-	3,004	6,110
TOTAL OPERATING EXPENSES	<u>443,966</u>	<u>544,463</u>	<u>611,454</u>	<u>1,599,883</u>
OPERATING INCOME	<u>180,818</u>	<u>523,665</u>	<u>266,566</u>	<u>971,049</u>
NON-OPERATING REVENUES				
INTEREST INCOME	1,732	4,682	1,937	8,351
TOTAL NON-OPERATING REVENUES	<u>1,732</u>	<u>4,682</u>	<u>1,937</u>	<u>8,351</u>
CHANGE IN NET ASSETS	182,550	528,347	268,503	979,400
NET ASSETS AT BEGINNING OF YEAR	-	-	-	-
NET ASSETS AT END OF YEAR	<u>\$ 182,550</u>	<u>\$ 528,347</u>	<u>\$ 268,503</u>	<u>\$ 979,400</u>

LEHI CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2009

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	\$ 624,784	\$ 1,068,128	\$ 878,020	\$ 2,570,932
CASH PAID TO SUPPLIERS	(222,800)	(388,615)	(493,080)	(1,104,495)
CASH PAID TO EMPLOYEES	(131,291)	(94,229)	(91,753)	(317,273)
NET CASH PROVIDED BY OPERATING ACTIVITIES	270,693	585,284	293,187	1,149,164
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(68,540)	-	(17,404)	(85,944)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(68,540)	-	(17,404)	(85,944)
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST INCOME COLLECTED	1,732	4,682	1,937	8,351
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,732	4,682	1,937	8,351
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	203,885	589,966	277,720	1,071,571
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	-	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 203,885	\$ 589,966	\$ 277,720	\$ 1,071,571
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:				
UNRESTRICTED CASH	\$ 203,885	\$ 589,966	\$ 277,720	\$ 1,071,571
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
OPERATING INCOME	\$ 180,818	\$ 523,665	\$ 266,566	\$ 971,049
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
DEPRECIATION	3,106	-	3,004	6,110
CHANGES IN ASSETS AND LIABILITIES				
ACCOUNTS PAYABLE	70,046	45,897	8,384	124,327
WAGES PAYABLE	8,098	2,804	2,436	13,338
COMPENSATED ABSENCES	8,625	12,918	12,797	34,340
	\$ 270,693	\$ 585,284	\$ 293,187	\$ 1,149,164

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	72 - 77
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	78 - 84
These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	
Debt Capacity	85 - 94
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	95 - 96
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	97 - 99
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.

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Invested in capital assets, net of related debt	\$ 76,480,271	\$ 95,663,909	\$118,676,685	\$199,579,556	\$213,579,310
Restricted	2,464,432	5,069,239	3,168,606	1,412,125	2,488,688
Unrestricted	11,523,200	14,183,830	5,528,236	(71,602,248)	(74,678,852)
Total governmental activities net assets	90,467,903	114,916,978	127,373,527	129,389,433	141,389,146
Business-type activities					
Invested in capital assets, net of related debt	88,606,990	111,727,736	138,778,193	131,058,326	137,407,148
Restricted	2,278,824	3,964,822	7,081,023	7,606,529	5,622,428
Unrestricted	2,888,003	4,861,520	5,232,772	(764,656)	(1,728,272)
Total business-type activities net assets	93,773,817	120,554,078	151,091,988	137,900,199	141,301,304
Primary government					
Invested in capital assets, net of related debt	165,087,261	207,391,645	257,454,878	330,637,882	350,986,458
Restricted	4,743,256	9,034,061	10,249,629	9,018,654	8,111,116
Unrestricted	14,411,203	19,045,350	10,761,008	(72,366,904)	(76,407,124)
Total primary government net assets	\$ 184,241,720	\$ 235,471,056	\$278,465,515	\$267,289,632	\$282,690,450

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental activities					
General government	\$ 2,473,715	\$ 3,061,330	\$ 3,278,956	\$ 3,628,674	\$ 4,790,376
Public Safety	4,058,050	5,591,343	6,602,301	7,519,925	6,917,410
Community Development	2,094,404	2,430,340	4,117,333	23,047,285	7,845,367
Streets and Highways	4,075,003	4,832,769	4,927,772	5,810,559	6,833,204
Parks, recreation, and culture	4,880,066	5,224,571	6,017,809	6,392,168	6,154,035
Cemetery	303,608	350,002	409,954	448,945	179,180
Other	7,597	-	-	-	-
Interest on long-term debt	2,228,046	2,573,686	3,407,163	4,365,331	4,818,132
Total governmental activities	20,120,489	24,064,041	28,761,288	51,212,887	37,537,704
Business-type activities					
Culinary Water	1,806,484	1,883,564	2,182,072	2,656,616	2,738,379
Sewer	2,529,956	2,885,779	3,377,096	3,763,563	4,427,260
Pressurized Irrigation	1,368,222	1,396,885	1,926,428	1,827,990	1,867,549
Electric	14,829,348	16,087,303	16,223,414	18,944,544	20,728,252
Drainage	434,486	440,973	508,081	607,976	906,252
Swimming Pool	235,355	-	-	-	-
Ambulance	381,408	-	-	-	-
Garbage	1,257,056	1,386,508	1,661,564	1,673,466	1,934,512
Total business-type activities	22,842,315	24,081,012	25,878,655	29,474,155	32,602,204
Total primary government expenses	\$ 42,962,804	\$ 48,145,053	\$ 54,639,943	\$ 80,687,042	\$ 70,139,908
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,300,040	\$ 1,671,982	\$ 1,594,333	\$ 1,695,954	\$ 1,704,170
Public Safety	86,129	389,767	389,865	428,763	492,808
Community Development	2,781,526	4,738,740	5,355,658	2,887,683	1,023,732
Streets and Highways	19,475	314,829	-	-	-
Parks, recreation, and culture	1,579,155	2,496,624	2,862,975	2,605,373	2,874,871
Cemetery	77,836	113,897	130,334	271,967	136,252
Operating grants and contributions	299,681	652,893	829,731	1,229,542	823,303
Capital grants and contributions	15,631,015	23,997,070	34,359,144	27,104,451	13,239,384
Total governmental activities	21,774,857	34,375,802	45,522,040	36,223,733	20,294,520
Business-type activities					
Charges for services					
Culinary Water	1,589,361	1,986,927	2,110,706	2,346,398	1,984,451
Sewer	1,802,658	2,071,764	2,806,305	3,696,025	3,682,833
Pressurized Irrigation	1,134,314	1,325,319	1,497,451	1,606,059	1,630,416
Electric	14,735,942	16,880,143	15,926,346	18,198,914	19,110,795
Drainage	381,558	426,361	492,993	540,080	866,809
Swimming pool	81,985	-	-	-	-
Ambulance	254,131	-	-	-	-
Garbage	1,200,183	1,405,976	1,595,038	1,833,795	2,011,309
Operating grants and contributions	11,308	-	-	-	-
Capital grants and contributions	11,178,666	26,673,151	22,743,591	14,121,431	8,470,064
Total business-type activities	32,370,106	50,769,641	47,172,430	42,342,702	37,756,677
Total primary government program revenues	\$ 54,144,963	\$ 85,145,443	\$ 92,694,470	\$ 78,566,435	\$ 58,051,197

Continued

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental activities	\$ 1,654,368	\$ 10,311,761	\$ 10,311,761	\$ (14,989,154)	\$ (17,243,184)
Business-type activities	9,527,791	9,527,791	26,688,629	12,868,547	5,154,473
Total primary government net (expense)	<u>\$ 11,182,159</u>	<u>\$ 19,839,552</u>	<u>\$ 37,000,390</u>	<u>\$ (2,120,607)</u>	<u>\$ (12,088,711)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes					
Property taxes	\$ 6,087,979	\$ 7,078,262	\$ 6,310,568	\$ 6,581,220	\$ 17,539,314
Sales taxes	1,758,008	2,462,970	4,897,855	5,670,821	5,727,822
Franchise taxes	1,864,640	2,186,651	2,543,247	3,059,267	3,191,822
Motor vehicle fees in lieu	333,893	503,721	544,711	427,577	533,111
Earnings on investments	542,371	698,566	1,283,194	503,871	179,236
Other	160,689	41,239	46,022	31,304	(159,412)
Transfers	326,900	1,165,905	(12,624,095)	731,000	2,231,004
Total governmental activities	<u>11,074,480</u>	<u>14,137,314</u>	<u>3,001,502</u>	<u>17,005,060</u>	<u>29,242,897</u>
Business-type activities					
Earnings on investments	230,544	328,593	362,946	505,827	280,778
Other	396,716	928,944	556,775	274,922	196,858
Transfers	(326,900)	(1,165,905)	12,624,095	(731,000)	(2,231,004)
Total business-type activities	<u>300,360</u>	<u>91,632</u>	<u>13,543,816</u>	<u>49,749</u>	<u>(1,753,368)</u>
Total primary government	<u>\$ 11,374,840</u>	<u>\$ 14,228,946</u>	<u>\$ 16,545,318</u>	<u>\$ 17,054,809</u>	<u>\$ 27,489,529</u>
Change in Net Assets					
Governmental activities	\$ 12,728,848	\$ 24,449,075	\$ 19,762,254	\$ 2,015,906	\$ 11,999,713
Business-type activities	9,828,151	9,619,423	34,837,591	12,918,296	3,401,105
Total primary government	<u>\$ 22,556,999</u>	<u>\$ 34,068,498</u>	<u>\$ 54,599,845</u>	<u>\$ 14,934,202</u>	<u>\$ 15,400,818</u>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 2,389,930	\$ 4,626,796	\$ 3,026,635	\$ 1,351,083	\$ 1,963,731
Unreserved	3,657,739	4,515,495	3,945,221	4,071,704	1,060,252
Total general fund	<u>6,047,669</u>	<u>9,142,291</u>	<u>6,971,856</u>	<u>5,422,787</u>	<u>3,023,983</u>
All Other Governmental Funds					
Reserved	2,810,393	812,311	141,971	108,055	667,457
Unreserved, reported in:					
Debt service funds	87,690	398,620	399,646	-	-
Special revenue funds	899,461	1,018,681	1,005,883	1,241,114	1,051,939
Capital projects funds	31,494	572,749	690,150	1,439,449	(365,946)
Total all other governmental funds	<u>3,829,038</u>	<u>2,802,361</u>	<u>2,237,650</u>	<u>2,788,618</u>	<u>1,353,450</u>
Total governmental funds	<u>\$ 9,876,707</u>	<u>\$ 11,944,652</u>	<u>\$ 9,209,506</u>	<u>\$ 8,211,405</u>	<u>\$ 4,377,433</u>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 9,444,620	\$ 11,590,739	\$ 14,296,381	\$ 15,738,885	\$ 26,992,069
Licenses, fees and permits	4,283,213	6,903,211	5,869,656	2,720,478	1,753,077
Intergovernmental	1,062,031	1,338,970	1,569,424	1,888,959	1,604,255
Charges for services	2,702,550	4,587,955	6,025,454	4,899,924	3,951,453
Fines and forfeitures	1,300,040	1,219,282	1,129,472	1,252,981	1,133,215
Special assessment revenue	831,970	451,914	2,875,335	-	-
Developers contribution	-	-	-	3,500,000	1,271,000
Miscellaneous	547,766	978,350	464,861	442,973	570,955
Interest on investments	542,371	566,413	1,283,194	503,871	179,236
Total revenues	20,714,561	27,636,834	33,513,777	30,948,071	37,455,260
Expenditures					
General government	2,351,371	3,826,086	3,074,401	3,285,328	4,390,714
Public Safety	3,982,637	5,424,736	6,572,995	6,858,543	7,897,722
Community development	2,163,457	2,493,333	4,134,069	22,801,077	7,667,029
Streets and highways	2,518,285	2,949,997	4,611,346	1,551,653	1,834,279
Parks recreation and culture	4,662,906	5,639,584	8,360,057	5,674,251	5,542,788
Cemetery	329,604	480,627	446,884	345,922	297,062
Other	87,616	8,598	5,571	180,038	32,623
Capital outlay	10,741,229	4,859,533	2,577,544	8,046,417	8,617,325
Debt Service					
Principal	2,113,343	1,555,506	4,708,651	1,443,002	7,937,343
Interest and fiscal charges	2,230,367	2,182,580	3,455,683	4,366,846	3,774,216
Total expenditures	31,180,815	29,420,580	37,947,201	54,553,077	47,991,101
Excess (deficiency) of revenues over (under) expenditures	(10,466,254)	(1,783,746)	(4,433,424)	(23,605,006)	(10,535,841)
Other Financing Sources (Uses)					
Transfers in	3,571,403	3,526,085	1,799,157	4,494,820	8,224,855
Transfers out	(3,244,503)	(2,963,569)	(14,423,252)	(3,763,820)	(5,993,851)
Proceeds from capital lease	-	500,000	-	-	-
Sale of capital assets	-	41,239	71,920	35,550	-
Bond and note proceeds	5,399,485	2,747,936	15,785,158	21,840,355	4,470,865
Total other financing sources (uses)	5,726,385	3,851,691	3,232,983	22,606,905	6,701,869
Net change in fund balances	\$ (4,739,869)	\$ 2,067,945	\$ (1,200,441)	\$ (998,101)	\$ (3,833,972)
Debt service as a percentage of noncapital expenditures	21.3%	15.2%	23.1%	12.5%	25.4%

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
2000	\$ 857,453	\$ 1,786,233	\$ 572,173	\$ 197,725	\$ 3,413,584
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
Growth					
1998-2009	1945.5%	220.7%	457.8%	169.6%	690.7%

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 Nine Calendar Years

Calendar Year	Category				Total	City Direct Sales Tax Rate
	Retail	Services	Business Equipment & Utilities	Other		
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

Source: Utah State Tax Commission

Information for years prior to 2001 is not readily available for presentation.

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
2000	\$ 419,241,616	\$ 47,281,026	\$ 466,522,642	0.001999	\$ 723,256,003	64.5
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	2,379,091,353	623,900,919	3,002,992,272	0.002681	2,633,756,697	114.0

(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
2000	\$ 1,263,887	-	-	-	\$ 1,072,322	84.84
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

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	
2000	1.00 %	4.75 %	0.25 %	0.25 %	6.25 %
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

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							
2000	2.486	-	2.486	6.884	1.116	0.377	0.040	0.014	0.390	11.307
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

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 Four Years Ago

Taxpayer	2009			2005		
	Sales Tax (1)	Rank	Percentage of Total Sales Tax (1)	Sales Tax (1)	Rank	Percentage of Total Sales Tax (1)
Cabellas	N/A	1	14.75%	N/A	-	-
Costco	N/A	2	13.68	N/A	-	-
Lehi City	N/A	3	10.57	N/A	1	10.84%
Jack P Parson	N/A	4	3.71	N/A	4	4.66
Albertsons	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
Kohlers 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>\$ 1,567,688</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 Nine Years Ago

Taxpayer	2009			2000		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Micron Technology, Inc.	\$ 513,655,486	1	6.73%	\$ 381,997,352	1	58.10%
Thanksgiving Point L.C.	37,558,495	2	1.75	-	0	-
Cabellas	28,045,550	3	1.74	1,203,075	6	0.18
Fox Ridge Investments LLC	21,576,893	4	1.18	-	-	-
Thai Properties, LLC	17,568,499	5	1.05	-	-	-
Whistle Stop Development Corp.	7,985,550	6	0.48	-	-	-
Point Development L.C.	7,152,667	7	0.42	-	-	-
Qwest Corp	6,958,003	8	0.42	6,837,890	2	1.04
Museum of Ancient History	5,879,554	9	0.36	-	-	-
Costco Wholesale Corp.	5,755,534	10	0.35	-	-	-
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	\$ 652,136,231		14.48%	\$ 398,623,774		60.62%

Source: Utah County Assessor

Schedule 13
 Lehi City Corporation
 Ratio of Outstanding Debt by Type
 Last Nine 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	N/A	\$ 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	N/A	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%	2,700	

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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.

N/A=Not Available

Information prior to 2001 is not readily available for presentation.

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)
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-

(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, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Lehi (1)	Estimated Amount Applicable to Lehi
Lehi City	\$ 106,867,219	100.00 %	\$ 106,867,219
State of Utah	1,515,000,000	0.90	\$ 13,635,000
Utah County	15,455,000	7.00	\$ 1,081,850
Alpine School District	326,480,000	12.70	\$ 41,495,608
Central Utah Water Conservancy District	310,254,390	1.60	\$ 4,964,070
Total			<u>\$ 168,043,747</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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 28,930,240	\$ 29,348,564	\$ 47,648,628	\$ 62,319,980	\$ 67,010,228	\$ 67,136,936	\$ 94,814,247	\$ 96,213,344	\$ 105,076,084	\$ 120,119,691
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 28,930,240</u>	<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>\$ 120,119,691</u>

Total debt applicable to the
 limit as a percentage of
 debt limit

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Legal Debt Margin Calculation for Fiscal Year 2009

Estimated market value	\$ 3,002,992,272
Debt limit (4% of market value)	120,119,691
Debt applicable to limit	-
Legal debt margin	<u>\$ 120,119,691</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	
2000	\$ 2,663,776	\$ 934,196	\$ 1,729,580	\$ 174,615	\$ 189,488	\$ 364,103	4.75
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	4,216,199	2,668,401	1,547,798	430,000	133,951	563,951	2.74

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	
2000	\$ 1,603,597	\$ -	\$ -	\$ -	-
2001	1,786,233	-	-	-	-
2002	2,446,381	-	-	-	-
2003	2,266,702	-	-	-	-
2004	2,212,632	-	122,117	122,117	18.12
2005	2,356,721	460,000	464,929	924,929	2.55
2006	3,946,970	480,000	454,353	934,353	4.22
2007	4,897,855	500,000	444,203	944,203	5.19
2008	5,670,821	500,000	433,516	933,516	6.07
2009	5,727,822	515,000	427,576	942,576	6.08

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	
2000	\$ 643,476	\$ -	\$ 102,757	\$ 102,757	-
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

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	Interest	Total	
2000	\$ 1,705,778	\$ 1,151,625	\$ 554,153	\$ 120,000	\$ 110,045	\$ 230,045	2.41
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

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.

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	
2000	\$ 5,812,763	\$ 3,825,533	\$ 1,987,230	\$ 190,000	\$ 195,922	\$ 385,922	5.15
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

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 Nine 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

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)
2000	19,028	\$ N/A	\$ N/A	3.1 %
2001	20,930	N/A	N/A	3.1
2002	24,122	N/A	N/A	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

(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 2009. Amounts for calendar year 2008 are estimated at 2 percent greater than calendar year 2007 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 2008 are shown in fiscal year 2009

N/A = Not available

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	2009 (1)			1999 (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
Young Living	123	8	N/A	N/A	9	N/A
Lowes	123	9	N/A	N/A	7	N/A
Albertsons	95	10	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	2006	2007	2008	2009
General government				
Court	6	6	6	6
Administrative	7.5	8	9	10
Treasury	5.5	5	6	6
Finance	4.5	4.5	5	5
Legislative (1)	6	6	6	6
Public safety				
Police	37.5	39.5	40.5	41.5
Fire	27	27	27	39
Animal Control	1	1	1.5	1.5
Community development				
Public Works Administration	5	5	5	5
Planning and Zoning	7.5	7.5	7.5	7.5
Inspections	10	10	9	9
Streets and Highways				
Streets and Public Improvements	11	11	11	10
Park, recreation and culture				
Parks	17.5	18	19	18
Senior Citizens	3	3	3	3
Recreation	113.5	115.5	115.5	115.5
Library	13	13	13	13
Cemetery	3.5	3.5	3.5	3.5
Culinary Water	8.5	9	9	8
Sewer	3	3	3	3
Power	17	18	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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Community development										
Residential building permits issued	442	437	637	307	817	1,188	1,452	1,734	298	298
Commercial building permits issued	62	50	53	16	47	29	34	48	35	35
Court										
Traffic and Misdemeanor cases handled	3,532	3,718	3,914	4,120	8,706	9,482	12,776	13,585	14,354	14,354
Police										
Calls for service	6,633	7,130	7,665	8,240	15,000	11,453	12,252	13,575	14,041	14,041
Arrests	537	579	625	675	712	760	816	831	1,876	1,876
Violations cited	5,875	6,386	6,941	7,545	11,095	12,264	13,712	14,012	17,734	17,734
Fire										
Fire/Medical responses	1,053	1,158	1,272	1,398	1,576	1,690	2,213	2,415	2,201	2,201
Recreation										
Recreation programs	48	50	51	53	55	60	62	69	70	70
Participants in recreation programs	4,965	9,245	11,600	14,513	18,911	19,057	21,278	24,326	22,868	22,868
Library										
Books in collection	51,454	55,129	59,666	62,484	65,782	71,565	74,238	77,582	81,603	81,603
Books circulated	162,584	186,878	214,802	246,899	273,811	304,798	268,383	271,666	340,629	340,629
Cemetery										
Acres maintained	30	30	30	30	35	35	35	50	52	52
Total gravesites	21,168	21,288	21,408	21,528	21,648	21,768	21,888	40,852	42,853	42,853
Culinary Water										
Residential accounts serviced	4,525	5,108	5,769	6,271	6,985	8,548	9,605	10,023	10,555	10,555
Average daily consumption (thousands of gallons)	1,161	1,261	1,371	1,490	1,770	1,847	1,729	1,749	1,765	1,765
Sewer										
Sewer lines miles inspected	49	51	54	57	66	63	58	53	54	54
Power										
Accounts serviced	6,142	6,411	6,515	7,082	7,887	9,381	10,123	10,225	10,953	10,953
Megawatt hours sold	209	227	247	268	159	171	172	174	176	176
Secondary Water										
Accounts serviced	4,525	5,108	5,769	6,271	6,958	8,548	9,607	9,679	9,859	9,859

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Streets and Highways										
Street lights	778	818	1,032	1,105	1,217	1,297	1,436	1,776	1,792	1,801
Street miles	90	92	110	123	144	169	195	203	206	209
Police										
Vehicles	18	19	21	23	25	27	30	32	34	35
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	2	3	3	3	3	3	3	3	3	3
Public works										
Incorporated area in square miles	21	22	26	28	32	32	32	32	32	32
City building in square feet	N/A	N/A	N/A	N/A	N/A	212,000	220,000	220,000	220,000	221,000
Parks and recreation										
Park acreage	118	118	160	160	168	181	195	195	195	196
Baseball/softball diamonds	5	5	5	8	8	8	8	8	8	9
Soccer fields	3	3	3	4	4	4	4	4	4	4
Culinary water										
Water main line miles	127	136	148	151	163	178	201	202	202	204
Storage capacity (thousands of gallons)	4,300	4,300	4,300	5,000	5,000	7,000	10,000	10,000	10,000	10,000
Sewer										
Sewer line miles	92	108	108	114	132	134	141	142	142	142
Secondary water										
Secondary water main line miles	113	121	129	138	147	163	186	188	188	188
Power										
Power main feeder line miles	131	148	165	183	187	189	205	211	213	214

N/A = Not available

END OF REPORT