

LEHI CITY CORPORATION

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Prepared by:
Department of Finance**



LEHI CITY CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

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LEHI CITY CORPORATION

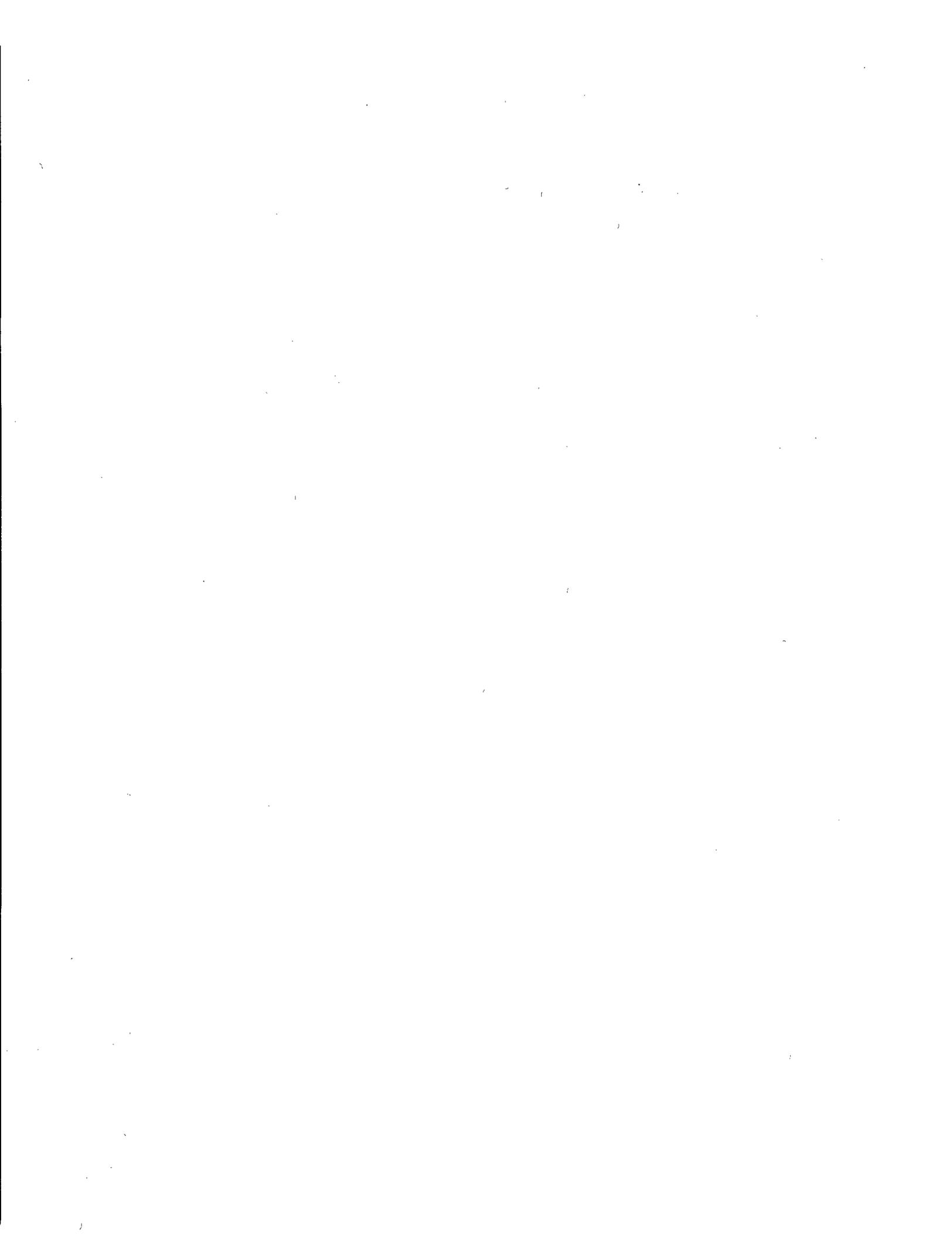
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

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INTRODUCTORY SECTION





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

December 15, 2008

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, 2008.

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 accounts. 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, 2008, 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, 2008, 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.

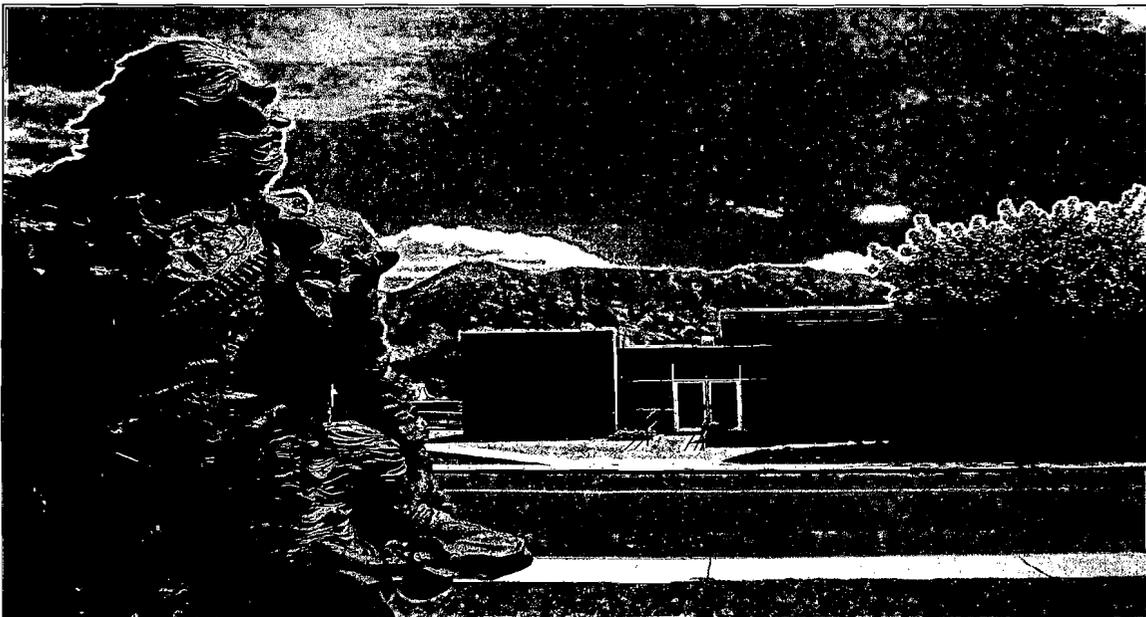
Profile of the Government

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 strong mayor 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.

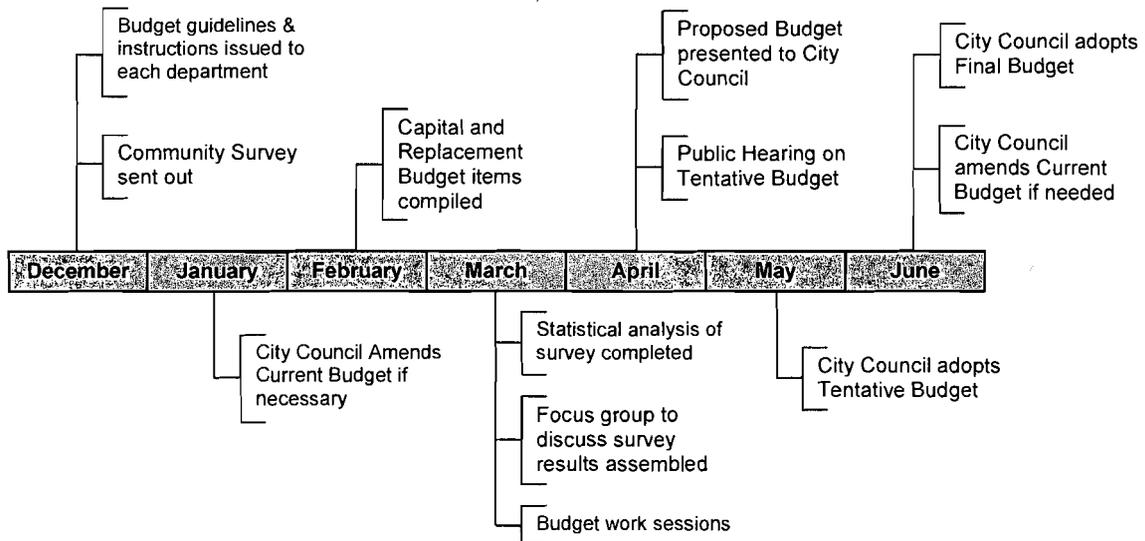
The City is a beautiful place to live. Just to the south is Utah Lake used for boating, fishing and hunting. The river that drains Utah Lake is the Jordan River, which runs through the City. To the east of the City are the beautiful Wasatch Mountains and to the west are the White Mountains and Oquirrh 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 facility, and an emergency medical service.

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, department heads may make transfers of appropriations inside their department. Transfers of appropriations between departments, 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 21 as part of the basic financial statements for the governmental funds. 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-length 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 last ten years and it appears 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 growth with various small strip malls and the additions of Smith's Market Place. There are several restaurants planned for 2009 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 3.5%, which is slightly lower than the State of Utah, which is at 3.8%.

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 fee. Impact fees help the City add the needed capital improvements that are needed to accommodate new growth. Existing impact fees, which include parks, streets, culinary water, secondary water, sewer and power, are expected to increase and several new impact fees will be added. Newly added impact fees will include police, fire and drainage capital improvements.

The identification and implementation of long term planning has permitted the City to construct one 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 citizen's 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. With a good twenty-year strategic plan, the City was able to bond for six million dollars to complete a new substation as well as improvements to existing substations. 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. In eight years the City will more than likely bond for \$4,200,000 for park property that is currently being leased. With long term plans, it becomes easier to be proactive rather than being 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.

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 four more fire/EMS stations on the south and north ends of the City. A new fire/EMS station is under construction and is scheduled to be completed in April of 2009. 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

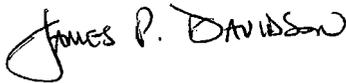
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the tenth consecutive year the government has received this 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, 2008. 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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

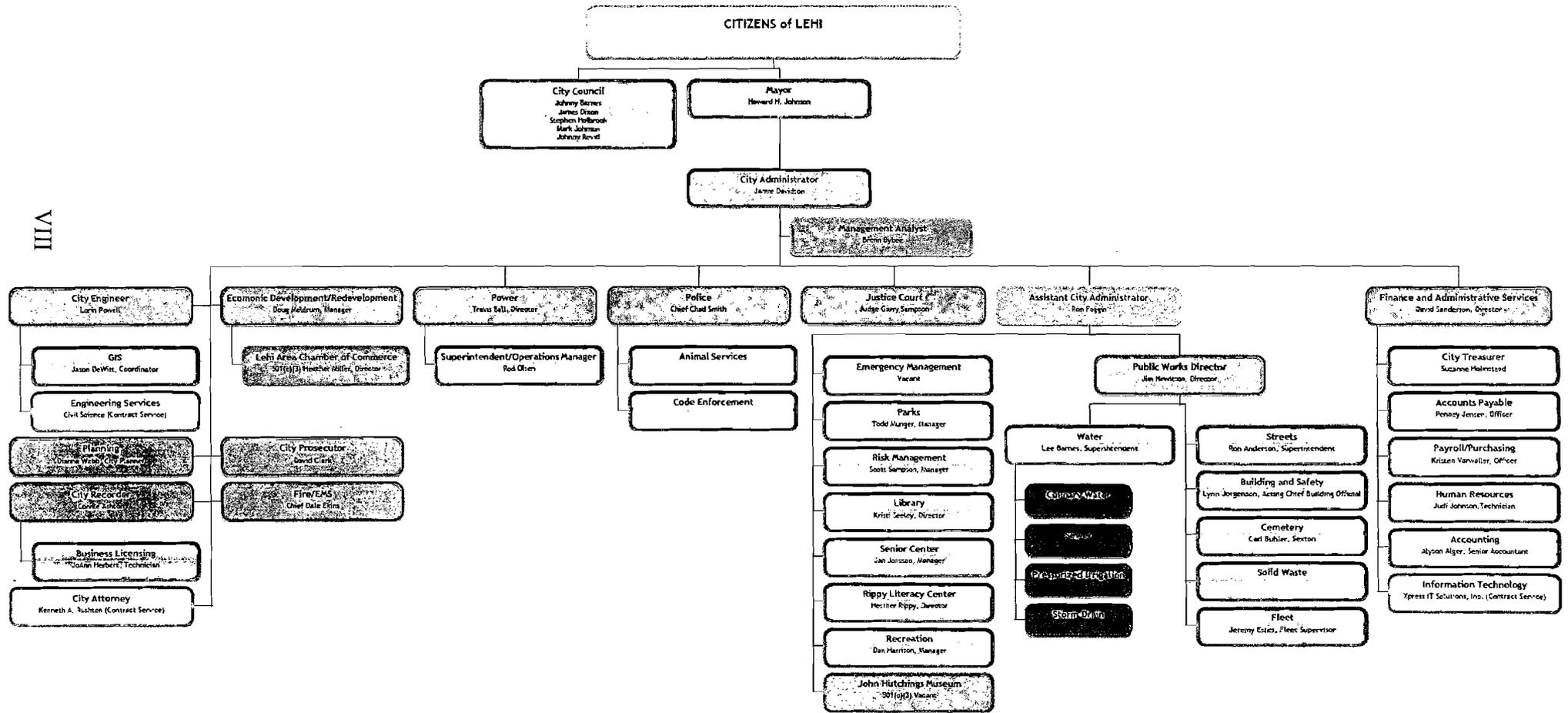
Executive Director



Lehi City Organizational Chart

September 2008

VIII





Principal Officials
For the Fiscal Year
July 1, 2007 through June 30, 2008

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, 2008, 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, 2008, and the respective changes in financial position, and, cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Redevelopment Agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, 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 Rollins & Bakler PLLC

December 15, 2008

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

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, 2008. 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 \$267,289,632 (*net assets*).
- The total net assets of \$267,289,632 are comprised of \$325,762,878 in capital assets net of related debt, \$10,446,754 restricted, and \$(68,920,000) unrestricted.
- The City's governmental funds reported combined fund balances of \$8,021,092 which is a decrease of \$1,188,414 from 2007 fund balance of \$9,209,506.
- The City's total debt increased by a net of \$19,903,255 during the current fiscal year. The key factor in this increase was the increase in the tax increment note payable to developer of \$21,840,355.

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).

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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate 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 16-18 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 spend-able resources*, as well as on *balances of spend-able 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 six 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.

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 19-21 of this report.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Proprietary funds. The City maintains one type 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 basic proprietary fund financial statements can be found on pages 22-26 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 27-55 of this report.

Other information. Combining and individual fund statements and schedules can be found on pages 56-66 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 \$267,289,632 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 that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (3.9%) represents resources that are subject to external restrictions on how they may be used.

The governmental activities column reflects an increase in net assets of \$2,015,906. The increase is due to an increase in capital assets. Much of the capital assets come from contributions from developers as they add infrastructure.

The net assets of the City's business-type activities decreased by 9.6% to \$137,900,199 compared to \$151,091,988 in 2007, which is attributable primarily to a prior period adjustment of \$26,110,085 for developer contributed assets to the City which through some legal research were not transferred as originally intended.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

LEHI CITY CORPORATION NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 30,425,559	\$ 17,649,374	\$ 21,261,192	\$ 26,104,441	\$ 51,686,751	\$ 43,753,815
Capital assets	221,758,938	198,015,239	141,837,449	157,080,655	363,596,387	355,095,894
Total Assets	252,184,497	215,664,613	163,098,641	183,185,096	415,283,138	398,849,709
Long-term liabilities	100,481,469	79,511,915	14,081,970	15,148,269	114,563,439	94,660,184
Other liabilities	23,856,952	14,517,544	9,573,115	11,186,466	33,430,067	25,704,010
Inter-fund balances	(1,543,357)	(5,758,373)	1,543,357	5,758,373	-	-
Total Liabilities	122,795,064	88,271,086	25,198,442	32,093,108	147,993,506	120,364,194
Net assets:						
Invested in capital assets, net of related debt	197,369,179	118,676,685	128,393,699	138,778,193	325,762,878	257,454,878
Restricted	2,195,875	3,168,606	8,250,879	7,081,023	10,446,754	10,249,629
Unrestricted	(70,175,621)	5,528,236	1,255,621	5,232,772	(68,920,000)	10,761,008
Total Net Assets	\$ 129,389,433	\$ 127,373,527	\$ 137,900,199	\$ 151,091,988	\$ 267,289,632	\$ 278,465,515

Governmental activities. Governmental activities increased the City's net assets by \$2,015,906 while Business-type net assets decreased the City's net assets by \$13,191,789. Overall, a net decrease of \$11,175,883 in the City's net assets. The recognition of a prior period adjustment decreased beginning net assets in the Business-type net assets by \$26,110,085. Otherwise the City would have seen an increase in net assets by \$14,934,202. Key elements of this increase as a result of current year operations are as follows:

- 2008 property taxes increased by 4.3% over 2007. This increase was primarily related to continued increases in commercial growth offset by a decrease in residential growth.
- Sales taxes are up by \$772,966 (15.8%). The increase is due in part of a full fiscal year of sales of Costco and Lowes. The City's population numbers were also updated to a larger number, due to a census challenge, which helps in the collection amount because population is part of the sales tax distribution calculation.
- Charges for services experienced a decrease of \$2,443,425 in 2008. The decrease of 24% is mainly attributable to the slow down in the economy and the residential construction. Lehi commercial growth is continues to be moderately strong especially in the economic conditions that exist.

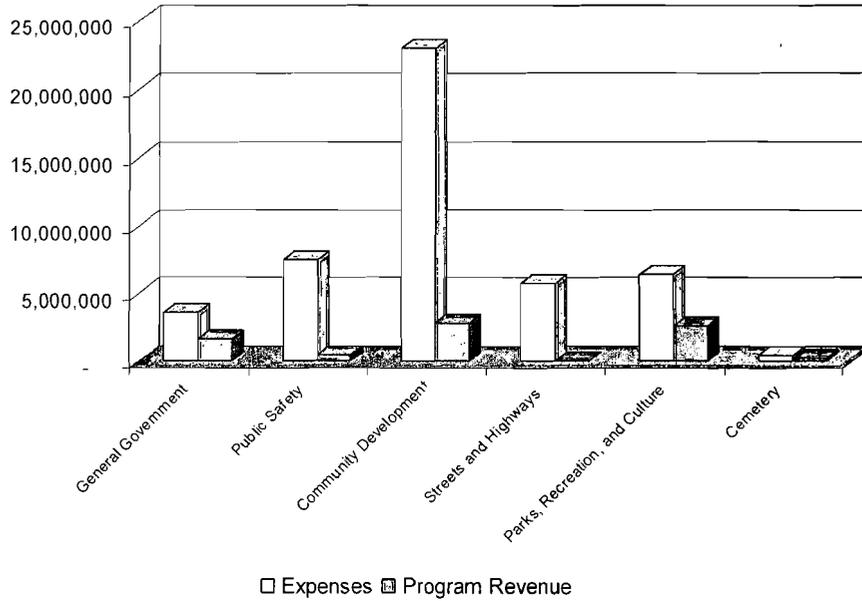
LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

LEHI CITY CORPORATION CHANGES IN NET ASSETS

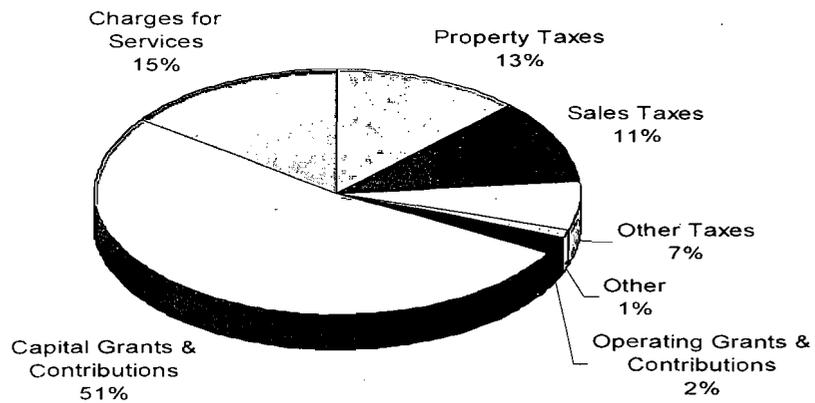
	Governmental		Business-type		Total	
	activities		activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 7,889,740	\$ 10,333,165	\$ 28,221,271	\$ 24,428,839	\$ 36,111,011	\$ 34,762,004
Operating grants and contributions	1,229,542	829,731	-	-	1,229,542	829,731
Capital grants and contributions	27,104,451	34,359,144	14,121,431	22,743,591	41,225,882	57,102,735
General revenues:						
Property taxes	6,581,220	6,855,279	-	-	6,581,220	6,855,279
Other taxes	9,157,665	7,441,102	-	-	9,157,665	7,441,102
Other	535,175	1,329,216	780,749	919,721	1,315,924	2,248,937
Total revenues	52,497,793	61,147,637	43,123,451	48,092,151	95,621,244	109,239,788
Expenses:						
General government	3,628,674	3,278,956	-	-	3,628,674	3,278,956
Public safety	7,519,925	6,602,301	-	-	7,519,925	6,602,301
Community development	23,047,285	4,117,333	-	-	23,047,285	4,117,333
Highways/streets	5,810,559	4,927,772	-	-	5,810,559	4,927,772
Parks, recreation, and culture	6,392,168	6,017,809	-	-	6,392,168	6,017,809
Cemetery	448,945	409,954	-	-	448,945	409,954
Other	-	-	-	-	-	-
Interest on long-term debt	4,365,331	3,407,163	-	-	4,365,331	3,407,163
Culinary Water	-	-	2,656,616	2,182,072	2,656,616	2,182,072
Sewer	-	-	3,763,563	3,377,096	3,763,563	3,377,096
Pressurized Irrigation	-	-	1,827,990	1,926,428	1,827,990	1,926,428
Electric	-	-	18,944,544	16,223,414	18,944,544	16,223,414
Drainage	-	-	607,976	508,081	607,976	508,081
Garbage	-	-	1,673,466	1,661,546	1,673,466	1,661,546
Total expenses	51,212,887	28,761,288	29,474,155	25,878,637	80,687,042	54,639,925
Increase in net assets before transfers	1,284,906	32,386,349	13,649,296	22,213,496	14,934,202	54,599,863
Transfers	731,000	(12,624,095)	(731,000)	12,624,095	-	-
Increase in net assets	2,015,906	19,762,254	12,918,296	34,837,591	14,934,202	54,599,845
Net assets, beginning	127,373,527	114,919,978	151,091,988	120,554,078	278,465,515	235,474,056
Prior period adjustment	-	(7,305,705)	(26,110,085)	(4,299,681)	(26,110,085)	-
Net assets at beginning of year, as restated	127,373,527	107,611,273	124,981,903	116,254,397	252,355,430	235,474,056
Net assets at end of year	\$ 129,389,433	\$ 127,373,527	\$ 137,900,199	\$ 151,091,988	\$ 267,289,632	\$ 278,465,515

LEHI CITY CORPORATION
 Management's Discussion and Analysis
 For the Year Ended June 30, 2008

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

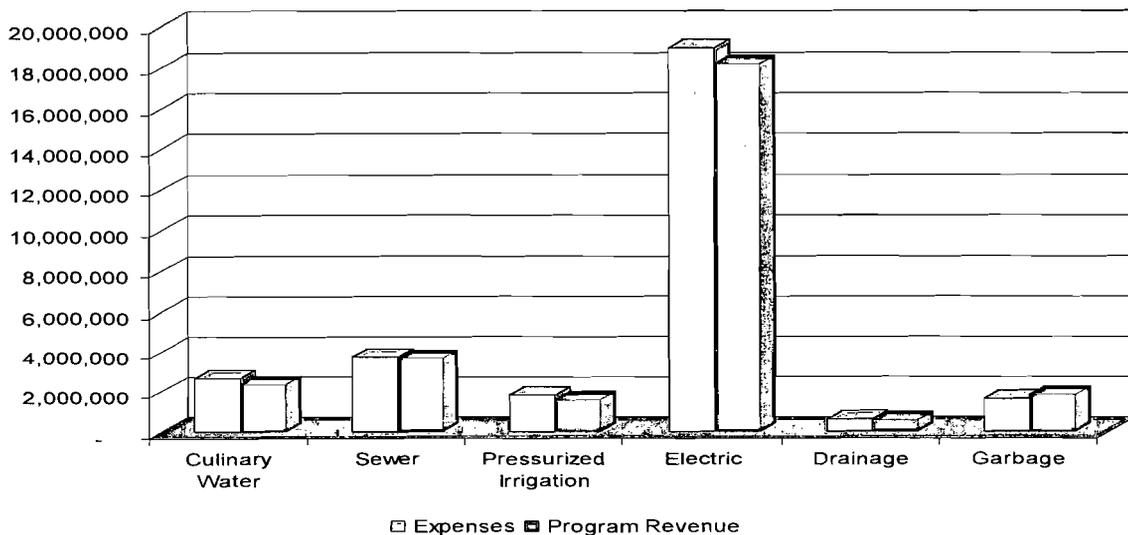


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services except for in the community development area where the slow down in residential growth was noted previously along with increased expenditures in roads and the Micron IM flash EDA project area. The City's general government function increased spending on capital outlay and several professional studies were implemented. Public safety experienced an increase in expenses of \$917,624 (14 percent) over 2007. The City added more full time firefighters to improve its 24/7 fire/EMS service. The Police Department also added several new patrol officers to keep pace with all the growth. It is worth noting that community development expenses increased from 2007 by \$18,929,952. This increase is largely due to capital improvements made by Micron IM Flash in the EDA area.

Business-type activities. Business-type activities decreased the City's net assets by \$13,191,789 after the prior period adjustment. The prior period adjustment in the amount of \$26,110,085 netted with current year increases of \$12,918,296 resulted in the decrease in net assets. At the end of the current fiscal year, all of the City's major business-type funds reported positive net assets. Key elements of the increase in net assets are as follows after the prior period adjustment is as follows;

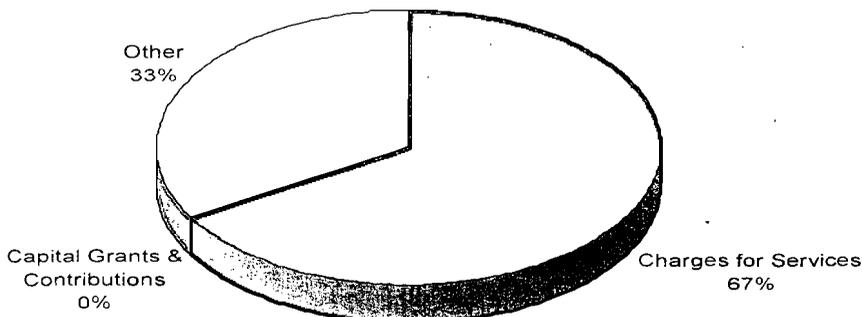
- Charges for services for business-type activities increased by \$3,792,432 (15.5%). The Electric Fund account for the majority of increase with an increase of \$2,272,568 in revenue collected from the previous year. This amounted to a 14.2 percent increase from power customers.
- Capital grants and contributions for the business-type activities added \$14,121,431. This amount was a decrease of \$8,622,160 from the previous year. The decrease was attributed to the residential growth downturn and the impact fees usually collected from residential and commercial growth.

Expenses and Program Revenues - Business-type Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

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 \$8,021,091. \$4,472,506 of this total amount (55.7%) 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 liquidate contracts and purchase orders of the prior period, 2) to pay debt service, 3) to pay capital improvements commitments, 4) 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 \$3,334,967, while total fund balance reached \$5,422,787. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.5 percent of total general fund expenditures, while total fund balance represents 10.5% of that same amount. The fund balance of the City's general fund decreased by \$1,188,414 during the current fiscal year as a result of operations, this decrease was planned with a large transfer to the capital projects fund.

The capital projects fund had an increase in fund balance of \$523,944, which left a fund balance of \$1,324,639. The increase was primarily due to a transfer from the general fund for the construction of an addition to the administration building and a new fire station.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

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 \$1,255,621. Individually, the electric fund's unrestricted net assets totaled \$10,756,179 and drainage unrestricted net assets totaled \$851,358. The culinary water fund had a deficit in unrestricted net asset of \$4,752,620, the sewer, a deficit of \$1,426,440, pressurized irrigation, a deficit of \$4,027,999, and the non-major enterprise fund a deficit of \$144,857. Other factors concerning the finances of these proprietary funds can be found earlier in this section under business-type activities. The City recognizes the need to evaluate charges for services in the funds with deficit unrestricted net assets and plans to do so in fiscal year 2009

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was not amended from the original budget expenditure total of \$24,885,300. Normally a mid year budget increase is warranted because of previous years fast paced and growing community. However, unlike previous years, the City growing community came to a standstill, therefore the budget was not amended during the year.

- A \$272,943 shortfall in building permits revenues during the year along with a decrease in impact fees of \$1,473,384.
- A \$3,500,000 developer contribution as part of the EDA area to pay for roads along and within the EDA.
- Streets and Highways exceeded their budget for the major construction of roads along EDA area.

General fund revenues were sufficient to meet all expenditures with taxes, licenses, fees and permits, charges for services, and fines and forfeitures surpassing the original budgeted amounts. The developer contribution made up for the decreases in building permits and impact fees.

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, 2008 amounts to \$363,596,417 (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 events during the current fiscal year include the following:

- In the governmental activities park property purchases and park improvements were made.
- 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.
- The Economic Development Area (EDA) added capital assets, which included improvements to power infrastructure, water rights purchase and culinary water well upgrades.
- Capital contributions from development also added to capital assets to the business-type activities.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

LEHI CITY CORPORATION CAPITAL ASSETS
(net of depreciaton)

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 75,076,277	\$ 59,589,440	\$ 1,689,827	\$ 1,806,482	\$ 76,766,104	\$ 61,395,922
Construction in progress	4,711,066	7,083,542	2,724,766	16,469,550	7,435,832	23,553,092
Buildings	11,892,863	12,355,543	2,268,265	1,407,325	14,161,128	13,762,868
Improvements & infrastructure	126,111,244	117,421,532	133,391,548	135,519,331	259,502,792	252,940,863
Machinery, equipment & vehicles	3,644,093	1,217,086	1,729,385	1,826,096	5,373,478	3,043,182
Office furniture and equipment	323,425	348,096	33,658	51,871	357,083	399,967
Total	\$ 221,758,968	\$ 198,015,239	\$ 141,837,449	\$ 157,080,655	\$ 363,596,417	\$ 355,095,894

Additional information on the City's capital assets can be found in note E on pages 39-41 of this report.

Long-term debt. At the end of the current fiscal year the City had total bonded debt outstanding of \$35,766,036. Of this amount \$2,695,000 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 OUTSTANDING DEBT

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Capital lease obligations	\$ 431,927	\$ 518,084	\$ 209,457	\$ 296,063	\$ 641,384	\$ 814,147
Excise tax bonds	2,695,000	3,185,000	-	-	2,695,000	3,185,000
Tax increment Note Payable to Developer	75,752,118	53,911,763	-	-	75,752,118	53,911,763
Revenue bonds	19,835,225	20,449,525	13,235,811	14,373,432	33,071,036	34,822,957
Other Liabilities	1,767,199	1,447,543	636,702	478,774	2,403,901	1,926,317
Total	\$ 100,481,469	\$ 79,511,915	\$ 14,081,970	\$ 15,148,269	\$ 114,563,439	\$ 94,660,184

The City increased its total debt by \$19,903,255 in fiscal year 2008. The key factor for this increase was an increase in the tax increment note payable to developer of \$21,840,355. The tax increment note payable to developer is part of an Economic Development Area (EDA) and the proceeds upgraded various infrastructures in and around the EDA area. During the fiscal year 2008 the City made its principal payments on its outstanding debt which reduced the City overall debt exclusive of the EDA, in the amount of \$1,937,100.

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 \$105,076,084 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 \$210,152,168, 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 41-48 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Utah County is currently 3.3% (unemployment data is not available for the City). This compares to the state unemployment rate of 4.2% and a national rate of 4.8%.
- The City's residential growth had decreased rapidly with the economic times we are presently in. Very few residential permits are being pulled, however, commercial growth is increasing slightly and continues to grow
- 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 2009 fiscal year. The 2009 budget is balanced without the need of a property tax rate increase, or any large transfers from any of the proprietary funds. The City administration will be examining rates in fiscal 2009. 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.

Cabela's opened a new 160,000 square feet 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.

Costco and Lowes opened in August 2006 and are the main reason for the large increase in the sales tax revenue during 2007. Fiscal year 2008 will be the first year of full operation for both stores and they are expected to generate \$200,000,000 in taxable sales. There are also several new restaurants and a hotel scheduled for construction during the 2008 fiscal year. In the fall of 2008 a Smiths Marketplace, which sells grocery and other retail items, is scheduled to open 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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2008

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, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT HUTCHINGS MUSEUM
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,596,120	\$ 882,743	\$ 5,478,863	\$ 162,288
RECEIVABLES (NET)				
ACCOUNTS	-	3,248,407	3,248,407	-
TAXES	18,192,015	-	18,192,015	-
INTERGOVERNMENTAL	461,156	-	461,156	-
OTHER	3,711,462	-	3,711,462	-
DEPOSIT WITH VENDOR	861,893	-	861,893	-
DUE FROM COMPONENT UNIT	160,714	-	160,714	-
INVENTORY	-	4,214,091	4,214,091	-
INVESTMENT IN WATER STOCKS AND RIGHTS, AT COST	-	1,182,680	1,182,680	-
BOND ISSUE COSTS (NET)	246,324	342,326	588,650	-
RESTRICTED CASH AND CASH EQUIVALENTS	2,195,875	11,390,945	13,586,820	-
NON-DEPRECIABLE CAPITAL ASSETS	79,787,313	4,414,593	84,201,906	5,000
DEPRECIABLE CAPITAL ASSETS, NET	141,971,625	137,422,856	279,394,481	370,732
TOTAL ASSETS	<u>252,184,497</u>	<u>163,098,641</u>	<u>415,283,138</u>	<u>538,020</u>
LIABILITIES				
INTERFUND BALANCES	(1,543,357)	1,543,357	-	-
ACCOUNTS PAYABLE	2,144,895	2,850,584	4,995,479	3,039
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
ACCOUNTS PAYABLE	736,737	-	736,737	-
ACCRUED INTEREST	47,013	28,971	75,984	-
DUE TO PRIMARY GOVERNMENT	-	-	-	160,714
WAGES PAYABLE	369,192	86,660	455,852	5,874
ACCRUED LIABILITIES	1,941,085	-	1,941,085	-
ACCRUED INTEREST PAYABLE	551,297	24,474	575,771	-
UNEARNED REVENUE:				
PROPERTY TAXES	16,913,093	-	16,913,093	-
IMPACT FEES	1,406,185	6,359,876	7,766,061	-
CUSTOMER DEPOSITS	-	222,550	222,550	-
NON-CURRENT LIABILITIES				
DUE WITHIN ONE YEAR	2,688,738	1,481,656	4,170,394	3,425
DUE IN MORE THAN ONE YEAR:				
COMPENSATED ABSENCES	275,261	434,919	710,180	5,193
LANDFILL POSTCLOSURE COSTS	88,779	-	88,779	-
CAPITAL LEASES PAYABLE	286,998	118,934	405,932	-
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	75,752,118	-	75,752,118	-
BONDS PAYABLE	21,137,030	12,046,461	33,183,491	-
TOTAL LIABILITIES	<u>122,795,064</u>	<u>25,198,442</u>	<u>147,993,506</u>	<u>178,245</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	199,579,556	131,058,326	330,637,882	375,732
RESTRICTED FOR				
CAPITAL IMPROVEMENTS	1,351,083	7,139,544	8,490,627	-
DEBT SERVICE	61,042	466,985	528,027	-
UNRESTRICTED (DEFICIT)	(71,602,248)	(764,656)	(72,366,904)	(15,957)
TOTAL NET ASSETS	<u>\$ 129,389,433</u>	<u>\$ 137,900,199</u>	<u>\$ 267,289,632</u>	<u>\$ 359,775</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HUTCHINGS MUSEUM
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
GENERAL GOVERNMENT	\$ 3,628,674	\$ 1,695,954	\$ -	\$ -	\$ (1,932,720)	\$ -	\$ (1,932,720)	\$ -
PUBLIC SAFETY	7,519,925	428,763	400,746	16,633	(6,673,783)	-	(6,673,783)	-
COMMUNITY DEVELOPMENT	23,047,285	2,887,683	-	-	(20,159,602)	-	(20,159,602)	-
STREETS AND HIGHWAYS	5,810,559	-	806,898	26,426,262	21,422,601	-	21,422,601	-
PARKS, RECREATION AND CULTURE	6,392,168	2,605,373	21,898	661,556	(3,103,341)	-	(3,103,341)	-
CEMETERY	448,945	271,967	-	-	(176,978)	-	(176,978)	-
INTEREST ON LONG-TERM DEBT	4,365,331	-	-	-	(4,365,331)	-	(4,365,331)	-
TOTAL GOVERNMENTAL ACTIVITIES	51,212,887	7,889,740	1,229,542	27,104,451	(14,989,154)	-	(14,989,154)	-
BUSINESS-TYPE ACTIVITIES								
CULINARY WATER	2,656,616	2,346,398	-	1,938,274	-	1,628,056	1,628,056	-
SEWER	3,763,563	3,696,025	-	2,515,974	-	2,448,436	2,448,436	-
PRESSURIZED IRRIGATION	1,827,990	1,606,059	-	2,672,619	-	2,450,688	2,450,688	-
ELECTRIC	18,944,544	18,198,914	-	4,740,075	-	3,994,445	3,994,445	-
DRAINAGE	607,976	540,080	-	2,254,489	-	2,186,593	2,186,593	-
GARBAGE	1,673,466	1,833,795	-	-	-	160,329	160,329	-
TOTAL BUSINESS-TYPE ACTIVITIES	29,474,155	28,221,271	-	14,121,431	-	12,868,547	12,868,547	-
TOTAL PRIMARY GOVERNMENT	\$ 80,687,042	\$ 36,111,011	\$ 1,229,542	\$ 41,225,882	(14,989,154)	12,868,547	(2,120,607)	-
COMPONENT UNIT								
HUTCHINGS MUSEUM	\$ 274,600	\$ 57,241	\$ 173,785	\$ -				(43,574)
GENERAL REVENUES:								
PROPERTY TAXES					6,581,220	-	6,581,220	-
SALES TAXES					5,670,821	-	5,670,821	-
FRANCHISE TAXES					3,059,267	-	3,059,267	-
MOTOR VEHICLE FEES IN LIEU					427,577	-	427,577	-
INVESTMENT EARNINGS					503,871	505,827	1,009,698	1,152
GAIN ON SALE OF CAPITAL ASSETS					31,304	-	31,304	-
OTHER					-	274,922	274,922	-
TOTAL GENERAL REVENUES					16,274,060	780,749	17,054,809	1,152
TRANSFERS					731,000	(731,000)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					17,005,060	49,749	17,054,809	1,152
CHANGE IN NET ASSETS					2,015,906	12,918,296	14,934,202	(42,422)
NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY STATED					127,373,527	151,091,988	278,465,515	402,197
PRIOR PERIOD ADJUSTMENTS					-	(26,110,085)	(26,110,085)	-
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED					127,373,527	124,981,903	252,355,430	402,197
NET ASSETS AT END OF YEAR					\$ 129,389,433	\$ 137,900,199	\$ 267,289,632	\$ 359,775

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2008

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 1,036,008	\$ 1,475,304	\$ 2,084,808	\$ 4,596,120
RECEIVABLES				
TAXES	5,992,015	12,200,000	-	18,192,015
INTERGOVERNMENTAL	461,156	-	-	461,156
OTHER	3,711,462	-	-	3,711,462
DEPOSIT WITH VENDOR	861,893	-	-	861,893
DUE FROM OTHER FUNDS	1,876,856	-	-	1,876,856
RESTRICTED CASH AND CASH EQUIVALENTS	2,087,820	-	108,055	2,195,875
DUE FROM COMPONENT UNIT	160,714	-	-	160,714
TOTAL ASSETS	\$ 16,187,924	\$ 13,675,304	\$ 2,192,863	\$ 32,056,091
LIABILITIES				
ACCOUNTS PAYABLE	\$ 1,851,390	\$ 4,266	\$ 289,239	\$ 2,144,895
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	736,737	-	-	736,737
WAGES PAYABLE	369,192	-	-	369,192
ACCRUED LIABILITIES	1,688,540	-	252,545	1,941,085
DEFERRED REVENUE	6,119,278	12,200,000	-	18,319,278
DUE TO OTHER FUNDS	-	333,499	-	333,499
TOTAL LIABILITIES	10,765,137	12,537,765	541,784	23,844,686
FUND BALANCES				
RESERVED FOR CAPITAL IMPROVEMENTS	1,351,083	-	-	1,351,083
RESERVED FOR DEBT SERVICE	-	-	108,055	108,055
UNRESERVED	4,071,704	1,137,539	-	5,209,243
UNRESERVED, REPORTED IN NONMAJOR:				
SPECIAL REVENUE FUNDS	-	-	103,575	103,575
CAPITAL PROJECTS FUNDS	-	-	1,439,449	1,439,449
TOTAL FUND BALANCE	5,422,787	1,137,539	1,651,079	8,211,405
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,187,924	\$ 13,675,304	\$ 2,192,863	\$ 32,056,091

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET LIABILITIES OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2008

TOTAL GOVERNMENTAL FUND BALANCES	\$ 8,211,405
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.	
	221,758,938
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD OBLIGATIONS DOES NOT REQUIRE CURRENT EXPENDITURES AND THEREFORE ARE DEFERRED IN THE FUNDS.	
	246,324
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.	
	(100,228,924)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS.	
	(598,310)
NET ASSETS OF GOVERNMENT ACTIVITIES	\$ 129,389,433

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 12,737,266	\$ 2,451,599	\$ 550,020	\$ 15,738,885
LICENSES, FEES AND PERMITS	2,720,478	-	-	2,720,478
INTERGOVERNMENTAL	1,888,959	-	-	1,888,959
CHARGES FOR SERVICES	4,899,924	-	-	4,899,924
FINES AND FORFEITURES	1,252,981	-	-	1,252,981
DEVELOPER CONTRIBUTIONS	3,500,000	-	-	3,500,000
MISCELLANEOUS	429,336	-	13,637	442,973
INTEREST ON INVESTMENTS	364,958	84,670	54,243	503,871
TOTAL REVENUES	27,793,902	2,536,269	617,900	30,948,071
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT	3,366,094	-	-	3,366,094
PUBLIC SAFETY	7,177,574	-	-	7,177,574
COMMUNITY DEVELOPMENT	2,680,168	20,199,324	-	22,879,492
STREETS AND HIGHWAYS	6,648,063	-	-	6,648,063
PARKS, RECREATION AND CULTURE	6,765,061	-	-	6,765,061
CEMETERY	473,389	-	-	473,389
OTHER	-	-	180,719	180,719
CAPITAL OUTLAY	-	-	1,252,837	1,252,837
DEBT SERVICE				
PRINCIPAL	490,000	114,300	752,545	1,356,845
INTEREST AND FISCAL CHARGES	102,165	3,377,232	866,953	4,346,350
CAPITAL LEASE PAYMENTS-PRINCIPAL	86,157	-	-	86,157
CAPITAL LEASE PAYMENTS-INTEREST	20,496	-	-	20,496
TOTAL EXPENDITURES	27,809,167	23,690,856	3,053,054	54,553,077
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,265)	(21,154,587)	(2,435,154)	(23,605,006)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,330,646	-	3,164,174	4,494,820
TRANSFERS OUT	(2,900,000)	(464,174)	(399,646)	(3,763,820)
ISSUANCE OF BONDS AND NOTES	-	21,840,355	-	21,840,355
SALE OF CAPITAL ASSETS	35,550	-	-	35,550
TOTAL OTHER FINANCING SOURCES (USES)	(1,533,804)	21,376,181	2,764,528	22,606,905
NET CHANGE IN FUND BALANCE	(1,549,069)	221,594	329,374	(998,101)
FUND BALANCE AT BEGINNING OF YEAR	6,971,856	915,945	1,321,705	9,209,506
FUND BALANCE AT END OF YEAR	\$ 5,422,787	\$ 1,137,539	\$ 1,651,079	\$ 8,211,405

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (998,101)
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	8,046,417
DEPRECIATION EXPENSE	(5,816,890)
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES, SUCH AS COMPENSATED ABSENCES, AND INTEREST, DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERN- MENTAL FUNDS	(318,140)
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.	(21,840,355)
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.	1,443,002
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 EXTEND PROCEEDS ARE RECEIVED FROM THE SALE. IN THE STATEMENT OF ACTIVITIES, A GAIN OR LOSS IS REPORTED FOR EACH DISPOSAL	(4,246)
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	21,518,418
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 2,015,906

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	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	\$ 12,620,000	\$ 12,620,000	\$ 12,737,266	\$ 117,266	\$ 3,000,000	\$ 3,000,000	\$ 2,451,599	\$ (548,401)
LICENSES, FEES AND PERMITS	4,455,000	4,455,000	2,720,478	(1,734,522)	-	-	-	-
INTERGOVERNMENTAL REVENUE	1,543,000	1,543,000	1,888,959	345,959	-	-	-	-
CHARGES FOR SERVICE	4,229,500	4,229,500	4,899,924	670,424	-	-	-	-
FINES AND FORFEITURES	1,183,500	1,183,500	1,252,981	69,481	-	-	-	-
DEVELOPER CONTRIBUTIONS	-	-	3,500,000	3,500,000	-	-	-	-
MISCELLANEOUS REVENUE	854,300	854,300	794,294	(60,006)	50,000	50,000	84,670	34,670
TOTAL REVENUES	24,885,300	24,885,300	27,793,902	2,908,602	3,050,000	3,050,000	2,536,269	(513,731)
EXPENDITURES								
GENERAL GOVERNMENT	3,549,800	3,549,800	3,366,094	183,706	-	-	-	-
PUBLIC SAFETY	7,431,400	7,431,400	7,177,574	253,826	-	-	-	-
COMMUNITY DEVELOPMENT	2,906,000	2,906,000	2,680,168	225,832	10,835,000	10,835,000	20,199,324	(9,364,324)
STREETS AND HIGHWAYS	3,356,000	3,356,000	6,648,063	(3,292,063)	-	-	-	-
PARKS, RECREATIONS AND CULTURE	6,767,300	6,767,300	6,765,061	2,239	-	-	-	-
CEMETERY	437,800	437,800	473,389	(35,589)	-	-	-	-
DEBT SERVICE	1,723,000	1,723,000	698,818	1,024,182	2,700,000	2,700,000	3,491,532	(791,532)
TOTAL EXPENDITURES	26,171,300	26,171,300	27,809,167	(1,637,867)	13,535,000	13,535,000	23,690,856	(10,155,856)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,286,000)	(1,286,000)	(15,265)	1,270,735	(10,485,000)	(10,485,000)	(21,154,587)	(10,669,587)
OTHER FINANCING SOURCES (USES)								
ISSUANCE OF NOTES	-	-	-	-	10,500,000	10,500,000	21,840,355	11,340,355
PROCEEDS FROM CAPITAL LEASES	380,000	380,000	-	(380,000)	-	-	-	-
TRANSFERS IN	731,000	731,000	1,330,646	599,646	-	-	-	-
TRANSFERS OUT	(2,900,000)	(2,900,000)	(2,900,000)	-	(615,000)	(615,000)	(464,174)	150,826
SALE OF CAPITAL ASSETS	50,000	50,000	35,550	(14,450)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,739,000)	(1,739,000)	(1,533,804)	205,196	9,885,000	9,885,000	21,376,181	11,491,181
NET CHANGE IN FUND BALANCE	(3,025,000)	(3,025,000)	(1,549,069)	1,475,931	(600,000)	(600,000)	221,594	821,594
FUND BALANCE AT BEGINNING OF YEAR	6,971,856	6,971,856	6,971,856	-	915,945	915,945	915,945	-
FUND BALANCE AT END OF YEAR	\$ 3,946,856	\$ 3,946,856	\$ 5,422,787	\$ 1,475,931	\$ 315,945	\$ 315,945	\$ 1,137,539	\$ 821,594

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

LEHI CITY CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

		BUSINESS-TYPE ACTIVITIES						
		CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS
ASSETS								
CURRENT ASSETS								
	CASH AND CASH EQUIVALENTS	\$ -	\$ -	\$ -	\$ 260,914	\$ 621,829	\$ -	\$ 882,743
	ACCOUNTS RECEIVABLE (NET)	243,606	429,797	193,474	2,052,315	68,059	261,156	3,248,407
	DUE FROM OTHER FUNDS	-	-	-	4,489,752	-	-	4,489,752
	INVENTORY	144,890	8,619	63,019	3,997,563	-	-	4,214,091
	TOTAL CURRENT ASSETS	<u>388,496</u>	<u>438,416</u>	<u>256,493</u>	<u>10,800,544</u>	<u>689,888</u>	<u>261,156</u>	<u>12,834,993</u>
NON-CURRENT ASSETS								
	INVESTMENT IN WATER STOCK AND RIGHTS, AT COST	1,181,162	-	1,518	-	-	-	1,182,680
	BOND ISSUE COSTS (NET)	43,139	18,506	35,290	211,250	34,141	-	342,326
	RESTRICTED CASH AND CASH EQUIVALENTS	2,193,930	1,680,889	2,119,464	5,176,346	220,316	-	11,390,945
	NONDEPRECIABLE CAPITAL ASSETS	1,179,185	65,015	713,575	2,343,188	113,630	-	4,414,593
	DEPRECIABLE CAPITAL ASSETS, NET	24,376,415	29,709,372	27,454,283	32,677,920	23,204,866	-	137,422,856
	TOTAL NON-CURRENT ASSETS	<u>28,973,831</u>	<u>31,473,782</u>	<u>30,324,130</u>	<u>40,408,704</u>	<u>23,572,953</u>	<u>-</u>	<u>154,753,400</u>
	TOTAL ASSETS	<u>\$ 29,362,327</u>	<u>\$ 31,912,198</u>	<u>\$ 30,580,623</u>	<u>\$ 51,209,248</u>	<u>\$ 24,262,841</u>	<u>\$ 261,156</u>	<u>\$ 167,588,393</u>

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CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

BUSINESS-TYPE ACTIVITIES

LIABILITIES	BUSINESS-TYPE ACTIVITIES						TOTALS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	
CURRENT LIABILITIES							
DUE TO OTHER FUNDS	\$ 3,223,705	\$ 1,266,047	\$ 1,300,082	\$ -	\$ -	\$ 243,275	\$ 6,033,109
ACCOUNTS PAYABLE	99,894	422,583	162,609	1,912,636	90,124	162,738	2,850,584
WAGES PAYABLE	20,328	6,965	6,485	52,882	-	-	86,660
ACCRUED INTEREST PAYABLE	-	-	-	24,474	-	-	24,474
ACCRUED INTEREST PAYABLE FROM RESTRICTED ASSETS	12,279	3,783	10,046	-	2,863	-	28,971
DEFERRED REVENUE-IMPACT FEES	2,864,693	381,323	2,795,480	318,380	-	-	6,359,876
CUSTOMER DEPOSITS	-	-	-	222,550	-	-	222,550
CURRENT PORTION COMPENSATED ABSENCES	45,109	21,545	17,097	118,032	-	-	201,783
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	236,500	117,138	193,500	582,735	150,000	-	1,279,873
TOTAL CURRENT LIABILITIES	6,502,508	2,219,384	4,485,299	3,231,689	242,987	406,013	17,087,880
NON-CURRENT LIABILITIES							
COMPENSATED ABSENCES	99,409	16,693	46,011	272,806	-	-	434,919
CAPITAL LEASES PAYABLE, LESS CURRENT MATURITIES	-	62,786	-	56,148	-	-	118,934
BONDS PAYABLE, LESS CURRENT MATURITIES	1,761,147	243,275	1,440,941	7,506,098	1,095,000	-	12,046,461
TOTAL NON-CURRENT LIABILITIES	1,860,556	322,754	1,486,952	7,835,052	1,095,000	-	12,600,314
TOTAL LIABILITIES	8,363,064	2,542,138	5,972,251	11,066,741	1,337,987	406,013	29,688,194
NET ASSETS							
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT RESTRICTED FOR CAPITAL PROJECTS	23,557,953	29,351,188	26,533,417	29,542,272	22,073,496	-	131,058,326
DEBT SERVICE	1,632,975	1,445,312	1,551,056	2,510,201	-	-	7,139,544
UNRESTRICTED (DEFICIT)	9,756	231,794	7,982	-	217,453	-	466,985
	(4,201,421)	(1,658,234)	(3,484,083)	8,090,034	633,905	(144,857)	(764,656)
TOTAL NET ASSETS	20,999,263	29,370,060	24,608,372	40,142,507	22,924,854	(144,857)	137,900,199
TOTAL LIABILITIES AND NET ASSETS	\$ 29,362,327	\$ 31,912,198	\$ 30,580,623	\$ 51,209,248	\$ 24,262,841	\$ 261,156	\$ 167,588,393

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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES						NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE			
OPERATING REVENUES (PLEGGED AS SECURITY FOR REVENUE BONDS)								
CHARGES FOR SERVICES	\$ 1,912,470	\$ 3,696,025	\$ 1,549,235	\$ 18,059,700	\$ 540,080	\$ 1,833,795	\$ 27,591,305	
HOOK-UP AND SERVICING FEES	433,928	-	56,824	139,214	-	-	629,966	
MISCELLANEOUS REVENUES	56,460	45,673	5,238	73,814	93,737	-	274,922	
TOTAL OPERATING REVENUES	<u>2,402,858</u>	<u>3,741,698</u>	<u>1,611,297</u>	<u>18,272,728</u>	<u>633,817</u>	<u>1,833,795</u>	<u>28,496,193</u>	
OPERATING EXPENSES								
PERSONNEL	824,902	329,699	223,043	2,084,157	-	-	3,461,801	
GENERAL ADMINISTRATION	131,256	13,587	34,800	198,090	18,116	16,748	412,597	
OPERATING AND MAINTENANCE	717,580	2,514,325	813,221	14,947,056	3,596	1,656,718	20,652,496	
DEPRECIATION	844,406	869,822	687,727	1,362,655	505,169	-	4,269,779	
TOTAL OPERATING EXPENSES	<u>2,518,144</u>	<u>3,727,433</u>	<u>1,758,791</u>	<u>18,591,958</u>	<u>526,881</u>	<u>1,673,466</u>	<u>28,796,673</u>	
OPERATING INCOME (LOSS)	<u>(115,286)</u>	<u>14,265</u>	<u>(147,494)</u>	<u>(319,230)</u>	<u>106,936</u>	<u>160,329</u>	<u>(300,480)</u>	
NON-OPERATING REVENUES (EXPENSES)								
IMPACT FEE REVENUE (PLEGGED AS SECURITY FOR REVENUE BONDS)	884,095	412,312	794,499	2,033,079	-	-	4,123,985	
INTEREST INCOME	5,936	15,692	33,804	415,963	34,432	-	505,827	
INTEREST EXPENSE	(133,247)	(33,085)	(63,861)	(326,959)	(76,217)	-	(633,369)	
AMORTIZATION OF BOND ISSUE COSTS	(5,225)	(3,045)	(5,338)	(25,627)	(4,878)	-	(44,113)	
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>751,559</u>	<u>391,874</u>	<u>759,104</u>	<u>2,096,456</u>	<u>(46,663)</u>	<u>-</u>	<u>3,952,330</u>	
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	636,273	406,139	611,610	1,777,226	60,273	160,329	3,651,850	
CAPITAL CONTRIBUTIONS	1,054,179	2,103,662	1,878,120	2,706,996	2,254,489	-	9,997,446	
TRANSFERS TO OTHER FUNDS	(174,500)	(148,500)	(142,000)	(266,000)	-	-	(731,000)	
CHANGE IN NET ASSETS	<u>1,515,952</u>	<u>2,361,301</u>	<u>2,347,730</u>	<u>4,218,222</u>	<u>2,314,762</u>	<u>160,329</u>	<u>12,918,296</u>	
NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	22,197,863	27,008,759	22,260,642	59,319,818	20,610,092	(305,186)	151,091,988	
PRIOR PERIOD ADJUSTMENT	(2,714,552)	-	-	(23,395,533)	-	-	(26,110,085)	
NET ASSETS AT BEGINNING OF YEAR, AS RESTATE	<u>19,483,311</u>	<u>27,008,759</u>	<u>22,260,642</u>	<u>35,924,285</u>	<u>20,610,092</u>	<u>(305,186)</u>	<u>124,981,903</u>	
NET ASSETS AT END 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>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES						NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE			
CASH FLOWS FROM OPERATING ACTIVITIES								
CASH RECEIVED FROM CUSTOMERS	\$ 2,293,366	\$ 3,640,827	\$ 1,562,796	\$ 18,268,993	\$ 532,004	\$ 1,772,239	\$ 28,070,225	
CASH PAID TO SUPPLIERS	(797,896)	(2,636,746)	(745,131)	(16,230,742)	(480,873)	(1,760,644)	(22,652,032)	
CASH PAID TO EMPLOYEES	(776,086)	(311,036)	(204,244)	(1,925,847)	-	-	(3,217,213)	
RECEIPTS (PAYMENTS) FROM OTHER FUNDS	-	-	-	-	-	-	-	
OTHER RECEIPTS (PAYMENTS)	56,460	45,673	5,238	73,814	93,737	-	274,922	
NET CASH PROVIDED BY OPERATING ACTIVITIES	775,844	738,718	618,659	186,218	144,868	11,595	2,475,902	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
TRANSFERS OUT	(174,500)	(148,500)	(142,000)	(266,000)	-	-	(731,000)	
INTERFUND ADVANCE	136,752	(510,609)	596,782	(4,489,752)	-	(11,595)	(4,278,422)	
NET CASH USED (PROVIDED BY) IN NON-CAPITAL FINANCING ACTIVITIES	(37,748)	(659,109)	454,782	(4,755,752)	-	(11,595)	(5,009,422)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,130,543)	(313,821)	(1,286,718)	(3,702,105)	(371,363)	-	(6,804,550)	
CONTRIBUTIONS FROM DEVELOPERS	-	-	-	1,665,339	-	-	1,665,339	
PRINCIPAL PAID ON BONDS	(228,250)	(65,700)	(186,750)	(515,000)	(145,000)	-	(1,140,700)	
INTEREST PAID ON BONDS	(80,979)	(18,232)	(66,257)	(315,045)	(76,255)	-	(556,768)	
PRINCIPAL PAID ON CAPITAL LEASES	-	(45,720)	-	(40,886)	-	-	(86,606)	
INTEREST PAID ON CAPITAL LEASES	-	(6,199)	-	(5,544)	-	-	(11,743)	
IMPACT FEES COLLECTED	574,835	250,120	460,419	2,026,129	-	-	3,311,503	
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(864,937)	(199,552)	(1,079,306)	(887,112)	(592,618)	-	(3,623,525)	
CASH FLOWS FROM INVESTING ACTIVITIES								
INTEREST INCOME COLLECTED	5,936	15,692	33,804	415,963	34,432	-	505,827	
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,936	15,692	33,804	415,963	34,432	-	505,827	

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

BUSINESS-TYPE ACTIVITIES

	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(120,905)	(104,251)	27,939	(5,040,683)	(413,318)	-	(5,651,218)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,314,835	1,785,140	2,091,525	10,477,943	1,255,463	-	17,924,906
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,193,930</u>	<u>\$ 1,680,889</u>	<u>\$ 2,119,464</u>	<u>\$ 5,437,260</u>	<u>\$ 842,145</u>	<u>\$ -</u>	<u>\$ 12,273,688</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:							
UNRESTRICTED CASH	\$ -	\$ -	\$ -	\$ 260,914	\$ 621,829	\$ -	\$ 882,743
RESTRICTED CASH	2,193,930	1,680,889	2,119,464	5,176,346	220,316	-	11,390,945
	<u>\$ 2,193,930</u>	<u>\$ 1,680,889</u>	<u>\$ 2,119,464</u>	<u>\$ 5,437,260</u>	<u>\$ 842,145</u>	<u>\$ -</u>	<u>\$ 12,273,688</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 1,054,179	\$ 2,103,662	\$ 1,878,120	\$ 1,041,655	\$ 2,254,489	\$ -	\$ 8,332,105
	<u>\$ 1,054,179</u>	<u>\$ 2,103,662</u>	<u>\$ 1,878,120</u>	<u>\$ 1,041,655</u>	<u>\$ 2,254,489</u>	<u>\$ -</u>	<u>\$ 8,332,105</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (115,286)	\$ 14,265	\$ (147,494)	\$ (319,230)	\$ 106,936	\$ 160,329	\$ (300,480)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
DEPRECIATION	844,406	869,822	687,727	1,362,655	505,169	-	4,269,779
CHANGES IN ASSETS AND LIABILITIES							
ACCOUNTS RECEIVABLE	(53,032)	(55,198)	(43,263)	27,546	(8,077)	(61,556)	(193,580)
INVENTORY	(24,122)	(1,969)	(8,440)	(625,927)	-	-	(660,458)
ACCOUNTS PAYABLE	75,062	(106,865)	111,330	(459,669)	(459,160)	(87,178)	(926,480)
WAGES PAYABLE	20,328	6,965	6,485	52,882	-	-	86,660
COMPENSATED ABSENCES	28,488	11,698	12,314	105,428	-	-	157,928
CUSTOMER DEPOSITS	-	-	-	42,533	-	-	42,533
	<u>\$ 775,844</u>	<u>\$ 738,718</u>	<u>\$ 618,659</u>	<u>\$ 186,218</u>	<u>\$ 144,868</u>	<u>\$ 11,595</u>	<u>\$ 2,475,902</u>

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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO 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 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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

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.
- **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

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 records utility revenues billed to its customers when meters are read at the end of each month. There are no unbilled accounts receivable at June 30, 2008. The accounts receivable for these revenues are reported net of the allowance for doubtful accounts (\$256,831 at June 30, 2008.)

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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

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, Debt Service 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. 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.

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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE B – DEPOSITS AND INVESTMENTS - CONTINUED

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. The deposits for the City at June 30, 2008 were \$2,961,090, \$2,561,090 of which was exposed to custodial credit risk as uninsured and uncollateralized.

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, 2008 are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Utah Public Treasurer’s Investment Fund	\$15,956,475	\$15,956,475	\$ -	\$ -	\$ -
U.S. Treasuries	148,118	148,118	-	-	-
Total	\$16,104,593	\$16,104,593	\$ -	\$ -	\$ -

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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

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 Debt Investments</u>	Fair Value	<u>Quality Ratings</u>			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer’s Investment Fund	\$15,956,475	\$ -	\$ -	\$ -	\$15,956,475
U.S. Treasuries	148,118	148,118	-	-	-
Total	<u>\$16,104,593</u>	<u>\$148,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$15,956,475</u>

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

The City’s investments at June 30, 2008 were predominantly with the Utah Public Treasurer’s Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer’s Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government’s investment in a single issuer.

The City’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

At June 30, 2008, 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, 2008) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2008, the City had \$16,117,010 invested in the PTIF which had a fair value of \$16,067,885 for an unrealized loss of \$49,125. Due to the insignificance of this amount in relation to the funds affected by the unrealized loss, 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	86.73%
Money markets and commercial paper	7.43%
Certificates of deposit	3.46%
U.S. Government securities	2.38%
	<u>100.00%</u>

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE D – RESTRICTED ASSETS

The balances of the City’s restricted asset accounts are as follows:

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Sales tax bonds and other future debt service	\$ 108,055	\$ -	\$ 108,055
Unexpended B & C Road funds	177,946	-	177,946
Unexpended impact fees	1,909,874	7,139,544	9,049,418
Prepaid impact fees (unearned revenue)	-	1,089,300	1,089,300
Revenue bond construction account	-	2,666,145	2,666,145
Revenue bond current debt service Accounts	-	495,956	495,956
	\$2,195,875	\$11,390,945	\$13,586,820

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 is as follows:

	July 1, 2007	Increases	Decreases	June 30, 2008
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$59,589,440	\$15,486,837	\$ -	\$75,076,277
Construction in progress	7,083,542	1,400,504	3,773,010	4,711,036
Total nondepreciable capital assets	<u>\$66,672,982</u>	<u>\$16,887,341</u>	<u>\$ 3,773,010</u>	<u>\$79,787,313</u>
Depreciable capital assets:				
Buildings	\$15,670,135	\$42,239	\$ -	\$15,712,374
Improvements, including infrastructure	135,395,123	15,632,556	-	151,027,679
Machinery, equipment and vehicles	9,625,247	714,047	91,375	10,247,919
Office furniture and equipment	1,152,193	61,662	-	1,213,855
Total depreciable capital assets at historical cost	<u>161,842,698</u>	<u>16,450,504</u>	<u>91,375</u>	<u>178,201,827</u>
Less accumulated depreciation:				
Buildings	3,314,592	504,919	-	3,819,511
Improvements, including infrastructure	20,521,122	4,395,313	-	24,916,435
Machinery, equipment and vehicles	5,860,630	830,325	87,129	6,603,826
Office furniture and equipment	804,097	86,333	-	890,430
Total accumulated depreciation	<u>30,500,441</u>	<u>5,816,890</u>	<u>87,129</u>	<u>36,230,202</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$131,342,257</u>	<u>\$10,633,614</u>	<u>\$ 4,246</u>	<u>\$141,971,625</u>

Depreciation charged in governmental activities:

General government	\$ 179,403
Public safety	501,554
Community development	66,171
Streets and highways	4,258,906
Parks, recreation and culture	707,833
Cemetery	103,023
	<u>\$ 5,816,890</u>

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE E – CAPITAL ASSETS – CONTINUED

	July 1, 2007	Increases	Decreases	June 30, 2008
Business-type Activities				
Nondepreciable capital assets:				
Land	\$1,689,827	\$ -	\$ -	\$1,689,827
Construction in progress	16,586,205	1,197,742	15,059,181	2,724,766
Total nondepreciable capital assets	\$18,276,032	\$ 1,197,742	\$ 15,059,181	\$4,414,593
Depreciable capital assets:				
Buildings	\$ 2,740,832	\$ 67,867	\$ -	\$ 2,808,699
Improvements, including infrastructure	158,610,746	15,288,330	15,469,519	158,429,557
Machinery, equipment and vehicles	4,058,528	352,304	-	4,410,832
Office furniture and equipment	177,109	-	-	177,109
Total depreciable capital assets at historical cost	165,587,215	15,708,501	15,469,519	165,826,197
Less accumulated depreciation:				
Buildings	452,918	87,516	-	540,434
Improvements, including infrastructure	23,802,679	3,884,360	2,649,030	25,038,009
Machinery, equipment and vehicles	2,388,875	292,572	-	2,681,447
Office furniture and equipment	138,120	5,331	-	143,451
Total accumulated depreciation	26,782,592	4,269,779	2,649,030	28,403,341
Depreciable capital assets, net of accumulated depreciation	\$138,804,623	\$ 11,438,722	\$ 12,820,489	\$137,422,856

Depreciation charged in business-type activities:

Culinary water	\$ 844,406
Sewer	869,822
Electric	1,362,655
Pressurized irrigation	687,728
Drainage	505,168
	\$ 4,269,779

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE E – CAPITAL ASSETS – CONTINUED

	July 1, 2007	Increases	Decreases	June 30, 2008
Discretely Presented Component Unit:				
Nondepreciable capital assets:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Depreciable capital assets:				
Buildings	\$208,496	\$ -	\$ -	\$208,496
Improvements	310,382	-	-	310,382
Office furniture and equipment	72,194	-	-	72,194
Total depreciable capital assets at historical cost	591,072	-	-	591,072
Less accumulated depreciation:				
Buildings	70,580	4,312	-	74,892
Improvements	86,014	7,332	-	93,346
Office furniture and equipment	49,369	2,733	-	52,102
Total accumulated depreciation	205,963	14,377	-	220,340
Depreciable capital assets, net of accumulated depreciation	\$385,109	\$14,377	\$ -	\$370,732

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, 2008:

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%	\$ 585,000
2003 Excise tax bonds	
\$3,130,000 excise tax term bonds due June 1, 2013 with interest at 2.5% to 3.2%	2,110,000
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%	6,405,000

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE G – LONG-TERM DEBT – CONTINUED

Governmental activities – continued

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	8,747,455
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	431,927
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%	75,752,118
1996 Sewer revenue bonds	
63.5% of \$2,400,000 in sewer revenue bonds due serially through 2011 with interest rates ranging from 3.7% to 5.7%	530,225
Compensated absences	1,678,420
Landfill closure and postclosure care liability	88,779
Total governmental activities long-term debt	<u>\$100,228,924</u>

Business-type activities

1998 Electric refunding and revenue bonds	
\$4,785,000 electric refunding and revenue bonds due serially through 2018 with interest rates ranging from 3.0% to 4.5%	\$ 2,561,098
2005 Electric variable rate demand notes	
\$6,000,000 variable rate revenue bonds due serially through 2020 with interest rates estimated at 3.23%	\$ 5,485,000
2003 Water refunding bonds	
\$3,980,000 water revenue bonds due serially through 2020 with interest rates ranging from 2.5% to 3.9%	2,707,088
1999 Water refunding bonds	
\$1,740,000 water refunding bonds due serially through 2015 with interest at 3.25% to 4.9%	925,000
1996 Sewer revenue bonds	
36.5% of \$2,400,000 in sewer revenue bonds due serially through 2011 with interest rates ranging from 3.7% to 5.7%	312,625

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE G – LONG-TERM DEBT – CONTINUED

Business-type activities - continued

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%

1,245,000

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

209,457

Compensated absences

636,702

Total business-type activities long-term debt

\$14,081,970

The following is a summary of the changes in governmental activities long-term debt for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts due in 2009
Governmental activities					
Bonds, notes and leases payable					
1999 Excise tax bonds	\$ 860,000	\$ -	\$ 275,000	\$ 585,000	\$ 285,000
2003 Excise tax bonds	2,325,000	-	215,000	2,110,000	220,000
2003 Sales tax revenue bonds	3,900,000	-	-	3,900,000	-
2004 Sales tax revenue and refunding bonds	6,905,000	-	500,000	6,405,000	515,000
Capital lease obligations	518,084	-	86,157	431,927	144,929
2004 Subordinated sales tax revenue bonds	9,000,000	-	252,545	8,747,455	-
Tax increment note payable to developer	53,911,763	21,840,355	-	75,752,118	-
1996 Sewer revenue bonds*	644,525	-	114,300	530,225	120,650
Total bonds, notes and leases payable	<u>78,064,372</u>	<u>21,840,355</u>	<u>1,443,002</u>	<u>98,461,725</u>	<u>1,285,579</u>
Other liabilities:					
Compensated absences	1,358,764	319,656	-	1,678,420	1,403,159
Landfill closure and post- closure care liability	88,779	-	-	88,779	-
Total other liabilities	<u>1,447,543</u>	<u>319,656</u>	<u>-</u>	<u>1,767,199</u>	<u>1,403,159</u>
Governmental activities long-term debt	<u>\$79,511,915</u>	<u>\$22,160,011</u>	<u>\$ 1,443,002</u>	<u>\$ 100,228,924</u>	<u>\$ 2,688,738</u>

*63.5% of the 1996 Sewer Revenue bonds will be repaid by the RDA, with the remaining 36.5% payable by the Sewer Fund. Therefore, the bonds are segregated between governmental activities and business-type activities.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE G – LONG-TERM DEBT - CONTINUED

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.

As of June 30, 2008 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Excise Tax Bonds		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 505,000	\$ 85,038	\$120,650	\$25,375
2010	525,000	65,009	130,175	18,602
2011	540,000	51,100	136,525	11,401
2012	550,000	34,900	142,875	3,858
2013	575,000	18,400	-	-
	<u>\$2,695,000</u>	<u>\$254,447</u>	<u>\$530,225</u>	<u>\$59,236</u>

Year ending June 30,	Sales Tax Revenue Bonds	
	Principal	Interest
2009	\$ 515,000	\$ 420,819
2010	525,000	406,185
2011	550,000	389,372
2012	560,000	369,234
2013	540,000	347,753
2014-2018	3,030,000	1,401,096
2019-2023	3,730,000	667,260
2024	855,000	20,616
	<u>\$10,305,000</u>	<u>\$4,022,335</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. In the current year, the Alpine Highway Economic Development Area was extended to 2028. Consequently, 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

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts due in 2009
Business-type activities					
Bonds, notes and leases payable					
1998 Electric refunding bonds	\$ 2,802,948	\$ -	\$ 241,850	\$ 2,561,098	\$ 270,000
2005 Electric revenue bonds	5,750,000	-	265,000	5,485,000	270,000
2003 Water refunding bonds	3,015,196	-	308,108	2,707,088	315,000
1999 Water refunding bonds	1,035,000	-	110,000	925,000	115,000
1996 Sewer revenue bonds*	380,288	-	67,663	312,625	69,350
2000 Drainage revenue bonds	1,390,000	-	145,000	1,245,000	150,000
Capital lease obligations	296,063	-	86,606	209,457	90,523
Total bonds, notes and leases payable	<u>14,669,495</u>	<u>-</u>	<u>1,224,227</u>	<u>13,445,268</u>	<u>1,279,873</u>
Compensated absences	478,774	157,928	-	636,702	201,783
Business-type activities long-term debt	<u>\$15,148,269</u>	<u>\$ 157,928</u>	<u>\$ 1,224,227</u>	<u>\$14,081,970</u>	<u>\$ 1,481,656</u>

As of June 30, 2008, 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
2009	\$ 270,000	\$ 118,945	\$ 430,000	\$ 133,952
2010	280,000	107,605	345,000	119,327
2011	290,000	95,565	355,000	107,178
2012	300,000	82,950	370,000	94,382
2013	330,000	69,600	385,000	80,988
2014-2018	1,150,000	156,000	1,330,000	205,698
2019-2020	-	-	400,000	23,595
	<u>2,610,000</u>	<u>630,665</u>	<u>4,030,000</u>	<u>765,120</u>
Plus unamortized premium (less unamortized loss on defeasance)	<u>(48,902)</u>	<u>48,902</u>	<u>17,088</u>	<u>(17,088)</u>
	<u>\$2,561,098</u>	<u>\$679,567</u>	<u>\$3,632,088</u>	<u>\$748,032</u>

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE G – LONG-TERM DEBT – CONTINUED

Year ending June 30,	Sewer Revenue Bonds		Drainage Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 69,350	\$14,585	\$ 150,000	\$ 68,715
2010	74,825	10,693	160,000	60,840
2011	78,475	6,554	170,000	52,360
2012	82,125	2,217	175,000	42,840
2013	-	-	185,000	33,040
2014-2015	-	-	405,000	34,440
	<u>304,775</u>	<u>34,049</u>	<u>1,245,000</u>	<u>292,235</u>
Plus unamortized premium	<u>7,850</u>	<u>(7,850)</u>	<u>-</u>	<u>-</u>
	<u><u>\$312,625</u></u>	<u><u>\$26,199</u></u>	<u><u>\$1,245,000</u></u>	<u><u>\$292,235</u></u>

Year ending June 30,	Electric Revenue Bonds	
	Principal	Interest
2009	\$ 270,000	\$ 177,166
2010	280,000	168,444
2011	300,000	159,400
2012	310,000	149,710
2013	310,000	139,698
2014-2018	2,390,000	509,692
2019-2020	<u>1,625,000</u>	<u>79,136</u>
	<u><u>\$5,485,000</u></u>	<u><u>\$1,383,246</u></u>

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

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE G – LONG-TERM DEBT – CONTINUED

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	Sewer Revenue Bonds
Net revenues				
Operating revenues	\$18,272,728	\$ 4,014,155	\$633,817	\$3,741,698
Operating expenses (excluding depreciation)	(17,229,303)	(2,744,802)	(21,712)	(2,857,611)
Impact fee revenues	2,033,079	1,678,594	-	412,312
Interest income	415,963	39,740	34,432	15,692
	3,492,467	2,987,687	646,537	1,312,091
Debt service funded in 2008 by the RDA on the sewer revenue bonds	-	-	-	114,300
Net revenues	\$ 3,492,467	\$ 2,987,687	\$646,537	\$ 1,426,391
Aggregate debt service for 2009	\$ 836,111	\$ 562,235	\$218,715	\$ 229,960
Ratio of net revenues to aggregate debt service	4.18	5.31	2.96	6.20
Minimum ratio	1.25	1.25	1.25	1.25

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

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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE G – LONG-TERM DEBT – CONTINUED

At June 30, 2008 the following bonds are considered defeased:

	Bond Series	Defeased Balance
Governmental Activities:	2000 Lease Revenue Bonds	\$5,430,000
Business-type Activities:		
Electric fund	1994 Electric Revenue	795,000
Culinary Water and	1989 Water Revenue – Series B	111,830
Pressurized Irrigation	1989 Water Revenue – Series C	559,000
Funds		

Pledged Revenues

The City has pledged excise tax revenue in the amount of \$2,949,447 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 \$1,399,065 and debt service for the excise tax bonds was \$592,821.

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. These bonds were used to finance infrastructure improvements within the City. Sales tax revenue has been pledged for debt service payments through the year 2024. Total sales tax collections through 2024 have not estimated. Sales tax revenue in the current year was \$5,670,821 and debt service for the sales tax bonds was \$1,619,498.

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 \$75,752,118. The interest associated with the note is uncertain because of the timing of payments on the note are contingent upon tax increment revenues collected in the area. The proceeds from the note were used to fund redevelopment expenditures. Tax increment has been pledged for debt service payments through the year 2028. Total tax increment collections through 2028 are not estimable. Tax increment revenue available for debt service in the current year was \$1,587,405. This amount was not sufficient to pay the interest accrued for the year. Unpaid interest of \$1,741,866 was added to the note. 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 pledge water revenues in the amount of \$4,795,120 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 pledge 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 \$2,987,687 and debt service payments on the water revenue bonds were \$562,235.

NOTE G – LONG-TERM DEBT – CONTINUED

The City has pledged electric revenues in the amount of \$10,108,911 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 \$3,492,467 and electric revenue bond debt service payments were \$830,036.

The City has pledged sewer revenues in the amount of \$928,285 to fund debt service payments on the sewer revenue bonds. The bonds were issued to fund sewer system improvements within the City. Sewer revenues have been pledged to fund debt service payments through the year 2012. Sewer revenues are expected to produce 620 percent of the debt service requirements over the life of the bonds. In the current year, net sewer revenues were \$1,426,391 and sewer revenue bond debt service payments were \$229,950.

The City has pledged drainage revenues in the amount of \$1,537,235 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 \$646,537 and drainage revenue bond debt service payments were \$221,255.

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
2009	\$144,929	\$ 98,347
2010	84,323	98,347
2011	84,323	24,587
2012	84,323	-
Thereafter	84,322	-
	482,220	221,281
Less amount representing interest	(50,293)	(11,824)
Present value of future minimum lease payments	<u>\$431,927</u>	<u>\$209,457</u>

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

	Governmental Activities	Business-type Activities
Cost of capital assets	\$771,709	\$438,698
Accumulated depreciation	149,693	109,614

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - 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 12.76% 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, 2008, 2007, and 2006 were \$714,802, \$674,021, and \$528,991 respectively; and for the Public Safety Contributory Retirement System, the contributions for the years ended June 30, 2008, 2007, and 2006, were \$227,822, \$292,685, and \$279,704 respectively; and for the Public Safety Noncontributory Retirement System, the contributions for the years ended June 30, 2008, 2007, and 2006 were \$200,520, \$141,673, and \$94,102 respectively. For the Firefighters Retirement System, the contributions for the years ended June 30, 2008, 2007, and 2006 were \$92,244, \$59,388, and \$17,956 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, 2008, was approximately \$11,157,012. Of that amount, approximately \$8,925,609 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, 2008, contributions totaling \$172,154 were made to the plan by employees and \$279,158 by the City.

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

NOTE K – COMMITMENTS AND CONTIGENCIES

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

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable, however, at a minimum, in connection with these power supply agreements, the City will be required to fund debt service on the UAMPS bonds which, at June 30, 2008, had an outstanding balance of \$169,356,000, of which the City's portion was \$25,688,989. During the year ended June 30, 2007, the City purchased power totaling approximately \$13.7 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.

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

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:

	2008	2007
Claims liability, July 1	\$ -	\$ 23,547
Claims incurred during the year and changes		
In estimates	49,638	54,817
Payments on claims during the year		
Payments made by insurance	-	77,364
Coinsurance and deductible insurance payments made by the City	29,484	1,000
Claims liability, June 30,	\$ 20,154	\$ -

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2008, are as follows:

Due To Other Funds	Due From Other Funds	Amount
Major enterprise funds:		
Culinary Water Fund	Electric Fund	\$3,223,705
Sewer Fund	Electric Fund	1,266,047
Irrigation Fund	General Fund	1,300,082
Nonmajor enterprise funds	General Fund	243,275
Major governmental fund:		
Special Revenue		
Redevelopment Agency	General Fund	333,499
		\$6,366,608

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:

	<u>In</u>	<u>Out</u>
Major Funds:		
General Fund	\$ 1,330,646	\$ 2,900,000
Redevelopment Agency	-	464,174
Culinary Water Fund	-	174,500
Sewer Fund	-	148,500
Pressurized Irrigation Fund	-	142,000
Electric Fund	-	266,000
Non-Major Funds:		
General Debt Service Fund	-	399,646
Capital Projects Fund	3,164,174	-
	<u>\$4,494,820</u>	<u>\$4,494,820</u>

NOTE O – DEFICIT NET ASSETS

The Garbage Fund (a nonmajor enterprise fund) continues to operate in a deficit situation. The Garbage Fund had a net asset deficit of \$144,857 at June 30, 2008.

NOTE P – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

NOTE Q - 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

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE Q – REDEVELOPMENT AGENCY OF THE CITY OF LEHI-CONTINUED

For the year ended June 30, 2008 the following activity occurred in the City’s Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Millpond Project Area	\$ 158,708
Alpine Highway Project Area	<u>2,292,891</u>
	<u>\$ 2,451,599</u>
 Outstanding loans to finance RDA projects	 <u>\$ 75,752,118</u>
Tax increments paid to other taxing agencies	\$ 480,316
Principal	114,300
Interest	3,377,232
Amounts expended for administrative costs	<u>216,396</u>
	<u>\$ 4,188,244</u>
 Reimbursements to developer	 <u>\$19,966,786</u>

NOTE R – 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, 2008, and the expenditure recognized for the year then ended were calculated as follows based on the cumulative use of 71% of the estimated capacity of the landfill:

Total estimated closure and postclosure care costs	\$227,680
Capacity used as of June 30, 2008	<u>72%</u>
Cumulative closure and postclosure care liability	163,930
Amounts previously recognized	<u>161,653</u>
Amount to be recognized as of June 30, 2008	<u>\$ 2,277</u>
Amount recorded as an expenditure in the General Fund for the year ended June 30, 2008	<u>\$ 2,277</u>
Amount recorded as an accrued liability in the General Fund as of June 30, 2008	\$ 75,151
Amount reported as a long-term liability in the governmental activities statement of net assets	<u>88,779</u>
	<u>\$163,930</u>

LEHI CITY CORPORATION

JUNE 30, 2008

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE R-LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS-CONTINUED

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 2008. 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 S- PRIOR PERIOD ADJUSTMENTS

In prior years, various improvements funded by the developer in the Alpine Highway Redevelopment Area have been recorded as capital assets in the City's financial statements. Although the cost of these improvements is reimbursable to the developer pursuant to an economic development agreement with the City, the developer has contributed some of these infrastructure improvements to other utility providers. Additionally, ownership of some of the improvements has been retained by the developer. Such assets are not owned or maintained by the City and were erroneously reported by the City as capital assets and an adjustment has been made to remove these assets from the City's financial statements. Capital assets and net assets of the funds in which the improvements were originally recorded have been reduced as follows:

Asset	Water Fund	Electric Fund
Water tank	\$ 1,245,490	\$ -
Culinary water tank (previously reported as construction in progress)	1,469,062	-
Temporary power	-	229,916
Power transmission lines	-	11,345,084
Power substation (previously reported as construction in progress)	-	11,820,533
Prior period adjustment	<u>\$ 2,714,552</u>	<u>\$ 23,395,533</u>

NOTE T – EXPENDITURES EXCEEDING APPROPRIATIONS

Streets and highways expenditures in the General Fund exceeded appropriations by \$3,292,063, cemetery expenditures in the General Fund exceeded appropriations by \$35,589. Community development expenditures in the Redevelopment Agency Fund exceeded appropriations by \$9,364,324 and debt service in the Redevelopment Agency Fund exceeded appropriations by \$791,532. Debt service expenditures in the Capital Projects Fund exceeds appropriations by \$1,069,498, other expenditures in the Capital Projects Fund exceed appropriations by \$33,556. The City will monitor expenditures closely in the future to ensure compliance with budgetary appropriations.

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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 funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Capital Projects MBA Fund – This fund is used to account for the construction of various facilities including the City’s recreation center and library.

Debt Service Fund

The debt service fund has been used to account for long-term principal and interest obligations of the General and Special Revenue Funds.

**LEHI CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>CAPITAL PROJECTS</u>	<u>GENERAL DEBT SERVICE</u>	<u>CAPITAL PROJECTS MBA</u>	<u>LEHI COMMUNITY FOUNDATION</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 1,948,681	\$ -	\$ 32,552	\$ 103,575	\$ 2,084,808
RESTRICTED CASH AND CASH EQUIVALENTS	108,055	-	-	-	108,055
TOTAL ASSETS	<u>\$ 2,056,736</u>	<u>\$ -</u>	<u>\$ 32,552</u>	<u>\$ 103,575</u>	<u>\$ 2,192,863</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	289,239	-	-	-	289,239
ACCRUED LIABILITIES	252,545	-	-	-	252,545
TOTAL LIABILITIES	<u>541,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>541,784</u>
FUND BALANCE					
RESERVED FOR DEBT SERVICE	108,055	-	-	-	108,055
UNRESERVED	1,406,897	-	32,552	103,575	1,543,024
TOTAL FUND BALANCE	<u>1,514,952</u>	<u>-</u>	<u>32,552</u>	<u>103,575</u>	<u>1,651,079</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,056,736</u>	<u>\$ -</u>	<u>\$ 32,552</u>	<u>\$ 103,575</u>	<u>\$ 2,192,863</u>

**LEHI CITY CORPORATION
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>CAPITAL PROJECTS</u>	<u>GENERAL DEBT SERVICE</u>	<u>CAPITAL PROJECTS MBA</u>	<u>SPECIAL REVENUE LEHI COMMUNITY FOUNDATION</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES					
TAXES	\$ 550,020	\$ -	\$ -	\$ -	\$ 550,020
INTERGOVERNMENTAL REVENUE	-	-	-	-	-
MISCELLANEOUS	-	-	-	13,637	13,637
INTEREST	53,117	-	1,126	-	54,243
TOTAL REVENUES	<u>603,137</u>	<u>-</u>	<u>1,126</u>	<u>13,637</u>	<u>617,900</u>
EXPENDITURES					
CURRENT					
OTHER	180,719	-	-	-	180,719
CAPITAL OUTLAY	1,252,837	-	-	-	1,252,837
DEBT SERVICE					
PRINCIPAL	752,545	-	-	-	752,545
INTEREST AND FISCAL CHARGES	866,953	-	-	-	866,953
TOTAL EXPENDITURES	<u>3,053,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053,054</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,449,917)</u>	<u>-</u>	<u>1,126</u>	<u>13,637</u>	<u>(2,435,154)</u>
OTHER FINANCING SOURCES					
TRANSFERS IN	3,164,174	-	-	-	3,164,174
TRANSFERS OUT	-	(399,646)	-	-	(399,646)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,164,174</u>	<u>(399,646)</u>	<u>-</u>	<u>-</u>	<u>2,764,528</u>
NET CHANGE IN FUND BALANCE	714,257	(399,646)	1,126	13,637	329,374
FUND BALANCE AT BEGINNING OF YEAR	<u>800,695</u>	<u>399,646</u>	<u>31,426</u>	<u>89,938</u>	<u>1,321,705</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,514,952</u>	<u>\$ -</u>	<u>\$ 32,552</u>	<u>\$ 103,575</u>	<u>\$ 1,651,079</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, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES				
PROPERTY TAXES	\$ 4,810,000	\$ 4,810,000	\$ 4,129,621	\$ (680,379)
IN LIEU OF	550,000	550,000	427,577	(122,423)
GENERAL SALES TAX	4,900,000	4,900,000	5,120,801	220,801
FRANCHISE TAX	2,360,000	2,360,000	3,059,267	699,267
TOTALS	<u>12,620,000</u>	<u>12,620,000</u>	<u>12,737,266</u>	<u>117,266</u>
LICENSES, FEES AND PERMITS				
BUSINESS AND ANIMAL LICENSES	55,000	55,000	66,805	11,805
BUILDING PERMITS	1,500,000	1,500,000	1,227,057	(272,943)
IMPACT FEES	2,900,000	2,900,000	1,426,616	(1,473,384)
TOTALS	<u>4,455,000</u>	<u>4,455,000</u>	<u>2,720,478</u>	<u>(1,734,522)</u>
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	1,200,000	1,200,000	1,399,065	199,065
FIRE DEPARTMENT GRANT	200,000	200,000	215,184	15,184
POLICE SALARY REIMBURSEMENT	21,000	21,000	50,363	29,363
STATE LIQUOR FUNDS ALLOTMENT	30,000	30,000	37,101	7,101
COUNTY FIRE ALLOCATION	40,000	40,000	19,583	(20,417)
STATE GRANT	32,000	32,000	147,574	115,574
OTHER GRANTS	20,000	20,000	20,089	89
TOTALS	<u>1,543,000</u>	<u>1,543,000</u>	<u>1,888,959</u>	<u>345,959</u>
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	1,300,000	1,300,000	1,593,821	293,821
AMBULANCE FEES	400,000	400,000	420,669	20,669
FIRE FEES	5,000	5,000	8,094	3,094
CEMETERY FEES	112,000	112,000	271,967	159,967
RECREATION FEES	2,310,000	2,310,000	2,480,819	170,819
LIBRARY FEES	68,500	68,500	89,443	20,943
OTHER SERVICE REVENUE	34,000	34,000	35,111	1,111
TOTALS	<u>4,229,500</u>	<u>4,229,500</u>	<u>4,899,924</u>	<u>670,424</u>
FINES AND FORFEITURES				
COURTS FINES AND FORFEITURES	1,183,500	1,183,500	1,252,981	69,481
DEVELOPER CONTRIBUTIONS				
	-	-	3,500,000	3,500,000
MISCELLANEOUS REVENUE				
INTEREST ON INVESTMENTS	450,000	450,000	364,958	(85,042)
MISCELLANEOUS	404,300	404,300	429,336	25,036
TOTALS	<u>854,300</u>	<u>854,300</u>	<u>794,294</u>	<u>(60,006)</u>
TOTAL REVENUES	<u>24,885,300</u>	<u>24,885,300</u>	<u>27,793,902</u>	<u>2,908,602</u>
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	348,000	348,000	335,718	12,282
OPERATIONS AND MAINTENANCE	479,700	480,200	508,985	(28,785)
CAPITAL	52,500	52,000	35,466	16,534
TOTAL	<u>880,200</u>	<u>880,200</u>	<u>880,169</u>	<u>31</u>
ADMINISTRATIVE				
PERSONNEL	508,000	508,000	661,110	(153,110)
OPERATIONS AND MAINTENANCE	443,500	443,500	374,140	69,360
CAPITAL	115,600	115,600	30,751	84,849
TOTAL	<u>1,067,100</u>	<u>1,067,100</u>	<u>1,066,001</u>	<u>1,099</u>
TREASURY				
PERSONNEL	328,000	328,000	296,324	31,676
OPERATIONS AND MAINTENANCE	121,800	121,800	93,134	28,666
CAPITAL	18,000	18,000	-	18,000
TOTAL	<u>467,800</u>	<u>467,800</u>	<u>389,458</u>	<u>78,342</u>

CONTINUED

LEHIGH CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FINANCE				
PERSONNEL	366,500	366,500	345,517	20,983
OPERATIONS AND MAINTENANCE	128,600	128,600	144,481	(15,881)
CAPITAL	58,000	58,000	-	58,000
TOTAL	553,100	553,100	489,998	63,102
LEGISLATIVE				
PERSONNEL	112,000	112,000	142,463	(30,463)
OPERATIONS AND MAINTENANCE	159,500	159,500	121,040	38,460
TOTAL	271,500	271,500	263,503	7,997
FACILITIES MAINTENANCE				
PERSONNEL	135,000	135,000	156,336	(21,336)
OPERATIONS AND MAINTENANCE	75,600	75,600	106,080	(30,480)
CAPITAL	99,500	99,500	14,549	84,951
TOTAL	310,100	310,100	276,965	33,135
TOTAL GENERAL GOVERNMENT	3,549,800	3,549,800	3,366,094	183,706
PUBLIC SAFETY				
POLICE				
PERSONNEL	3,621,000	3,621,000	3,870,499	(249,499)
OPERATIONS AND MAINTENANCE	748,500	748,500	1,009,934	(261,434)
CAPITAL	472,500	472,500	245,742	226,758
TOTAL	4,842,000	4,842,000	5,126,175	(284,175)
FIRE				
PERSONNEL	1,338,000	1,338,000	1,508,986	(170,986)
OPERATIONS AND MAINTENANCE	399,500	399,500	368,832	30,668
CAPITAL	669,900	669,900	73,289	596,611
TOTAL	2,407,400	2,407,400	1,951,107	456,293
ANIMAL CONTROL				
PERSONNEL	92,000	92,000	94,668	(2,668)
OPERATIONS AND MAINTENANCE	68,500	68,500	5,624	62,876
CAPITAL	21,500	21,500	-	21,500
TOTAL	182,000	182,000	100,292	81,708
TOTAL PUBLIC SAFETY	7,431,400	7,431,400	7,177,574	253,826
COMMUNITY DEVELOPMENT				
PUBLIC WORKS ADMINISTRATION				
PERSONNEL	754,000	754,000	662,096	91,904
OPERATIONS AND MAINTENANCE	57,500	57,500	58,457	(957)
CAPITAL	56,600	56,600	42,062	14,538
TOTAL	868,100	868,100	762,615	105,485
PLANNING AND ZONING				
PERSONNEL	447,000	447,000	425,738	21,262
OPERATIONS AND MAINTENANCE	266,400	266,400	132,333	134,067
CAPITAL	36,500	36,500	10,799	25,701
TOTAL	749,900	749,900	568,870	181,030
INSPECTIONS				
PERSONNEL	795,000	795,000	713,743	81,257
OPERATIONS AND MAINTENANCE	423,000	423,000	608,965	(185,965)
CAPITAL	70,000	70,000	25,975	44,025
TOTAL	1,288,000	1,288,000	1,348,683	(60,683)
TOTAL COMMUNITY DEVELOPMENT	2,906,000	2,906,000	2,680,168	225,832

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
STREETS AND HIGHWAYS				
STREETS AND PUBLIC IMPROVEMENTS				
PERSONNEL	855,000	855,000	846,774	8,226
OPERATIONS AND MAINTENANCE	790,000	790,000	524,308	265,692
CAPITAL	1,711,000	1,711,000	5,276,981	(3,565,981)
TOTAL	3,356,000	3,356,000	6,648,063	(3,292,063)
PARKS, RECREATION AND CULTURE				
PARKS				
PERSONNEL	500,000	500,000	635,206	(135,206)
OPERATIONS AND MAINTENANCE	158,500	158,500	323,645	(165,145)
CAPITAL	1,611,700	1,611,700	934,721	676,979
TOTAL	2,270,200	2,270,200	1,893,572	376,628
COMMUNITY ARTS AND EVENTS				
OPERATIONS AND MAINTENANCE	308,000	308,000	401,206	(93,206)
TOTAL	308,000	308,000	401,206	(93,206)
SENIOR CITIZENS				
PERSONNEL	106,000	106,000	98,182	7,818
OPERATIONS AND MAINTENANCE	58,300	58,300	49,784	8,516
TOTAL	164,300	164,300	147,966	16,334
RECREATION				
PERSONNEL	1,527,000	1,527,000	1,326,437	200,563
OPERATIONS AND MAINTENANCE	1,223,000	1,223,000	1,845,829	(622,829)
CAPITAL	336,000	336,000	52,084	283,916
TOTAL	3,086,000	3,086,000	3,224,350	(138,350)
LIBRARY				
PERSONNEL	431,000	431,000	592,266	(161,266)
OPERATIONS AND MAINTENANCE	400,000	400,000	470,110	(70,110)
CAPITAL	107,800	107,800	35,591	72,209
TOTAL	938,800	938,800	1,097,967	(159,167)
TOTAL PARKS, RECREATION AND CULTURE	6,767,300	6,767,300	6,765,061	2,239
CEMETERY				
PERSONNEL	246,000	246,000	271,006	(25,006)
OPERATIONS AND MAINTENANCE	113,300	113,300	156,683	(43,383)
CAPITAL	78,500	78,500	45,700	32,800
TOTAL	437,800	437,800	473,389	(35,589)
DEBT SERVICE				
PRINCIPAL	990,000	990,000	490,000	500,000
INTEREST	542,000	542,000	102,165	439,835
CAPITAL LEASE PAYMENT-PRINCIPAL	170,500	170,500	86,157	84,343
CAPITAL LEASE PAYMENT-INTEREST	20,500	20,500	20,496	4
TOTAL	1,723,000	1,723,000	698,818	1,024,182
TOTAL EXPENDITURES	26,171,300	26,171,300	27,809,167	(1,637,867)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,286,000)	(1,286,000)	(15,265)	1,270,735
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	731,000	731,000	1,330,646	599,646
TRANSFERS OUT	(2,900,000)	(2,900,000)	(2,900,000)	-
PROCEEDS FROM CAPITAL LEASE	380,000	380,000	-	(380,000)
SALE OF CAPITAL ASSETS	50,000	50,000	35,550	(14,450)
TOTAL OTHER FINANCING SOURCES	(1,739,000)	(1,739,000)	(1,533,804)	205,196
NET CHANGE IN FUND BALANCE	(3,025,000)	(3,025,000)	(1,549,069)	1,475,931
FUND BALANCE AT BEGINNING OF YEAR	6,971,856	6,971,856	6,971,856	-
FUND BALANCE AT END OF YEAR	\$ 3,946,856	\$ 3,946,856	\$ 5,422,787	\$ 1,475,931

LEHIGH CITY CORPORATION
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
SALES TAX REVENUE	\$ 550,000	\$ 550,000	\$ 550,020	\$ 20
MISCELLANEOUS REVENUE				
INTEREST ON INVESTMENTS	-	-	53,117	53,117
TOTAL REVENUES	<u>550,000</u>	<u>550,000</u>	<u>603,137</u>	<u>53,137</u>
EXPENDITURES				
CURRENT				
OTHER	-	147,163	180,719	(33,556)
CAPITAL OUTLAY	1,252,837	1,252,837	1,252,837	-
DEBT SERVICE				
PRINCIPAL	-	-	752,545	(752,545)
INTEREST AND FISCAL CHARGES	550,000	550,000	866,953	(316,953)
TOTAL EXPENDITURES	<u>1,802,837</u>	<u>1,950,000</u>	<u>3,053,054</u>	<u>(1,103,054)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,252,837)</u>	<u>(1,400,000)</u>	<u>(2,449,917)</u>	<u>(1,049,917)</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,164,174</u>	<u>(335,826)</u>
TOTAL OTHER FINANCING SOURCES	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,164,174</u>	<u>(335,826)</u>
NET CHANGE IN FUND BALANCE	2,247,163	2,100,000	714,257	(1,385,743)
FUND BALANCE AT BEGINNING OF YEAR	<u>800,695</u>	<u>800,695</u>	<u>800,695</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,047,858</u>	<u>\$ 2,900,695</u>	<u>\$ 1,514,952</u>	<u>\$ (1,385,743)</u>

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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, non disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules provide trend information to help the reader understand how the City's financial performance and economic conditions have changed over time.	64 - 69
Revenue Capacity These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	70 - 76
Debt Capacity 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.	77 - 86
Demographic and Economic Information These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	87 - 88
Operating Information 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.	89 - 92

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 44 in 2005; new information required by GASB 44 is shown perceptively except in those cases in which prior information was not readily available.

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ (35,683,910)	\$ 76,480,271	\$ 95,663,909	\$ 118,676,685	\$ 199,579,556
Restricted	1,934,133	2,464,432	5,069,239	3,168,606	1,412,125
Unrestricted	20,634,004	11,523,200	14,183,830	5,528,236	(71,602,248)
Total governmental activities net assets	<u>(13,115,773)</u>	<u>90,467,903</u>	<u>114,916,978</u>	<u>127,373,527</u>	<u>129,389,433</u>
Business-type activities					
Invested in capital assets, net of related debt	78,483,565	88,606,990	111,727,736	138,778,193	131,058,326
Restricted	1,022,388	2,278,824	3,964,822	7,081,023	7,606,529
Unrestricted	4,439,713	2,888,003	4,861,520	5,232,772	(764,656)
Total business-type activities net assets	<u>83,945,666</u>	<u>93,773,817</u>	<u>120,554,078</u>	<u>151,091,988</u>	<u>137,900,199</u>
Primary government					
Invested in capital assets, net of related debt	42,799,655	165,087,261	207,391,645	257,454,878	330,637,882
Restricted	2,956,521	4,743,256	9,034,061	10,249,629	9,018,654
Unrestricted	25,073,717	14,411,203	19,045,350	10,761,008	(72,366,904)
Total primary government net assets	<u>\$ 70,829,893</u>	<u>\$ 184,241,720</u>	<u>\$235,471,056</u>	<u>\$ 278,465,515</u>	<u>\$ 267,289,632</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities					
General government	\$ 2,148,621	\$ 2,473,715	\$ 3,061,330	\$ 3,278,956	\$ 3,628,674
Public Safety	3,641,392	4,058,050	5,591,343	6,602,301	7,519,925
Community Development	1,893,666	2,094,404	2,430,340	4,117,333	23,047,285
Streets and Highways	2,134,311	4,075,003	4,832,769	4,927,772	5,810,559
Parks, recreation, and culture	1,847,707	4,880,066	5,224,571	6,017,809	6,392,168
Cemetery	298,869	303,608	350,002	409,954	448,945
Other	9,264	7,597	-	-	-
Interest on long-term debt	3,095,006	2,228,046	2,573,686	3,407,163	4,365,331
Total governmental activities	15,068,836	20,120,489	24,064,041	28,761,288	51,212,887
Business-type activities					
Culinary Water	1,586,672	1,806,484	1,883,564	2,182,072	2,656,616
Sewer	2,163,724	2,529,956	2,885,779	3,377,096	3,763,563
Pressurized Irrigation	1,144,007	1,368,222	1,396,885	1,926,428	1,827,990
Electric	16,775,273	14,829,348	16,087,303	16,223,414	18,944,544
Drainage	390,367	434,486	440,973	508,081	607,976
Swimming Pool	304,497	235,355	-	-	-
Ambulance	386,564	381,408	-	-	-
Garbage	1,041,433	1,257,056	1,386,508	1,661,564	1,673,466
Total business-type activities	23,792,537	22,842,315	24,081,012	25,878,655	29,474,155
Total primary government expenses	\$ 38,861,373	\$ 42,962,804	\$ 48,145,053	\$ 54,639,943	\$ 80,687,042
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 976,371	\$ 1,300,040	\$ 1,671,982	\$ 1,594,333	\$ 1,695,954
Public Safety	87,388	86,129	389,767	389,865	428,763
Community Development	2,659,701	2,781,526	4,738,740	5,355,658	2,887,683
Streets and Highways	20,600	19,475	314,829	-	-
Parks, recreation, and culture	910,245	1,579,155	2,496,624	2,862,975	2,605,373
Cemetery	80,850	77,836	113,897	130,334	271,967
Operating grants and contributions	566,948	299,681	652,893	829,731	1,229,542
Capital grants and contributions	4,754,765	15,631,015	23,997,070	34,359,144	27,104,451
Total governmental activities	10,056,868	21,774,857	34,375,802	45,522,040	36,223,733
Business-type activities					
Charges for services					
Culinary Water	1,444,078	1,589,361	1,986,927	2,110,706	2,346,398
Sewer	1,629,146	1,802,658	2,071,764	2,806,305	3,696,025
Pressurized Irrigation	1,000,270	1,134,314	1,325,319	1,497,451	1,606,059
Electric	17,109,495	14,735,942	16,880,143	15,926,346	18,198,914
Drainage	421,334	381,558	426,361	492,993	540,080
Swimming pool	220,119	81,985	-	-	-
Ambulance	236,663	254,131	-	-	-
Garbage	961,685	1,200,183	1,405,976	1,595,038	1,833,795
Operating grants and contributions	11,690	11,308	-	-	-
Capital grants and contributions	5,391,982	11,178,666	26,673,151	22,743,591	14,121,431
Total business-type activities	28,426,462	32,370,106	50,769,641	47,172,430	42,342,702
Total primary government program revenues	\$ 38,483,330	\$ 54,144,963	\$ 85,145,443	\$ 92,694,470	\$ 78,566,435

Continued

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Governmental activities	\$ (5,011,968)	\$ 1,654,368	\$ 10,311,761	\$ 16,760,752	\$ (14,989,154)
Business-type activities	4,633,925	9,527,791	26,688,629	21,293,775	12,868,547
Total primary government net (expense)/revenue	<u>\$ (378,043)</u>	<u>\$ 11,182,159</u>	<u>\$ 37,000,390</u>	<u>\$ 38,054,527</u>	<u>\$ (2,120,607)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes					
Property taxes	\$ 3,302,183	\$ 6,087,979	\$ 7,078,262	\$ 6,310,568	\$ 6,581,220
Sales taxes	2,356,721	1,758,008	2,462,970	4,897,855	5,670,821
Franchise taxes	1,608,100	1,864,640	2,186,651	2,543,247	3,059,267
Motor vehicle fees in lieu	340,504	333,893	503,721	544,711	427,577
Earnings on investments	142,183	542,371	698,566	1,283,194	503,871
Other	445,803	160,689	41,239	46,022	31,304
Transfers	313,700	326,900	1,165,905	(12,624,095)	731,000
Total governmental activities	<u>8,509,194</u>	<u>11,074,480</u>	<u>14,137,314</u>	<u>3,001,502</u>	<u>17,005,060</u>
Business-type activities					
Earnings on investments	53,429	230,544	328,593	362,946	505,827
Other	246,185	396,716	928,944	556,775	274,922
Transfers	(313,700)	(326,900)	(1,165,905)	12,624,095	(731,000)
Total business-type activities	<u>(14,086)</u>	<u>300,360</u>	<u>91,632</u>	<u>13,543,816</u>	<u>49,749</u>
Total primary government	<u>\$ 8,495,108</u>	<u>\$ 11,374,840</u>	<u>\$ 14,228,946</u>	<u>\$ 16,545,318</u>	<u>\$ 17,054,809</u>
Change in Net Assets					
Governmental activities	\$ 3,497,226	\$ 12,728,848	\$ 24,449,075	\$ 19,762,254	\$ 2,015,906
Business-type activities	4,619,839	9,828,151	26,780,261	34,837,591	12,918,296
Total primary government	<u>\$ 8,117,065</u>	<u>\$ 22,556,999</u>	<u>\$ 51,229,336</u>	<u>\$ 54,599,845</u>	<u>\$ 14,934,202</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 1,934,133	\$ 2,389,930	\$ 4,626,796	\$ 3,026,635	\$ 1,351,083
Unreserved	3,488,074	3,657,739	4,515,495	3,945,221	4,071,704
Total general fund	<u>5,422,207</u>	<u>6,047,669</u>	<u>9,142,291</u>	<u>6,971,856</u>	<u>5,422,787</u>
All Other Governmental Funds					
Reserved	7,377,815	2,810,393	812,311	141,971	108,055
Unreserved, reported in:					
Debt service funds	87,250	87,690	398,620	399,646	-
Special revenue funds	995,839	899,461	1,018,681	1,005,883	1,241,114
Capital projects funds	733,467	31,494	572,749	690,150	1,439,449
Total all other governmental funds	<u>9,194,371</u>	<u>3,829,038</u>	<u>2,802,361</u>	<u>2,237,650</u>	<u>2,788,618</u>
Total governmental funds	<u>\$ 14,616,578</u>	<u>\$ 9,876,707</u>	<u>\$ 11,944,652</u>	<u>\$ 9,209,506</u>	<u>\$ 8,211,405</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 8,777,061	\$ 9,444,620	\$ 11,590,739	\$ 14,296,381	\$ 15,738,885
Licenses, fees and permits	3,340,344	4,283,213	6,903,211	5,869,656	2,720,478
Intergovernmental	1,420,442	1,062,031	1,338,970	1,569,424	1,888,959
Charges for services	1,967,509	2,702,550	4,587,955	6,025,454	4,899,924
Fines and forfeitures	976,371	1,300,040	1,219,282	1,129,472	1,252,981
Special assessment revenue	-	831,970	451,914	2,875,335	-
Developers contribution	-	-	-	-	3,500,000
Miscellaneous	1,038,819	547,766	978,350	464,861	442,973
Interest on investments	142,183	542,371	566,413	1,283,194	503,871
Total revenues	17,662,729	20,714,561	27,636,834	33,513,777	30,948,071
Expenditures					
General government	2,157,039	2,351,371	3,826,086	3,074,401	3,285,328
Public Safety	3,651,906	3,982,637	5,424,736	6,572,995	6,858,543
Community development	1,882,558	2,163,457	2,493,333	4,134,069	22,801,077
Streets and highways	1,964,867	2,518,285	2,949,997	4,611,346	1,551,653
Parks recreation and culture	3,432,867	4,662,906	5,639,584	8,360,057	5,674,251
Cemetery	267,909	329,604	480,627	446,884	345,922
Other	9,264	87,616	8,598	5,571	180,038
Capital outlay	2,681,809	10,741,229	4,859,533	2,577,544	8,046,417
Debt Service					
Principal	7,478,960	2,113,343	1,555,506	4,708,651	1,443,002
Interest and fiscal charges	3,080,911	2,230,367	2,182,580	3,455,683	4,366,846
Total expenditures	26,608,090	31,180,815	29,420,580	37,947,201	54,553,077
Excess (deficiency) of revenues over (under) expenditures	(8,945,361)	(10,466,254)	(1,783,746)	(4,433,424)	(23,605,006)
Other Financing Sources (Uses)					
Transfers in	8,496,273	3,571,403	3,526,085	1,799,157	4,494,820
Transfers out	(8,182,573)	(3,244,503)	(2,963,569)	(14,423,252)	(3,763,820)
Proceeds from capital lease	-	-	500,000	-	-
Sale of capital assets	-	-	41,239	71,920	35,550
Bond and note proceeds	12,391,881	5,399,485	2,747,936	15,785,158	21,840,355
Total other financing sources (uses)	12,705,581	5,726,385	3,851,691	3,232,983	22,606,905
Net change in fund balances	\$ 3,760,220	\$ (4,739,869)	\$ 2,067,945	\$ (1,200,441)	\$ (998,101)
Debt service as a percentage of noncapital expenditures	44.1%	21.3%	15.2%	23.1%	12.5%

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

Schedule 5
Lehi City
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
1999	\$ 771,483	\$ 1,603,597	\$ 521,700	\$ 200,775	\$ 3,097,555
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
Growth					
1998-2008	753.1%	253.6%	486.4%	113.0%	408.1%

Note: Prior to implementation of GASB 34 in 2003 property tax revenue information is provided for general fund only.

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

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

Source: Utah State Tax Commission
 Information for years prior to 2001 is not readily available for presentation.

Schedule 7
 Lehi City
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal 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
1999	\$ 393,074,962	\$ 40,716,942	\$ 433,791,904	0.001861	\$ 707,651,390	61.3
2000	419,241,616	47,281,026	466,522,642	0.002486	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	1,645,213,120	127,650,213	1,772,863,333	0.002618	2,626,902,107	67.5

(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.

Schedule 8
Lehi City
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
1999	\$ 1,010,691	-	-	-	\$ 934,457	92.46
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

Note: Years preceding 2004 reflect total collections, including delinquent collections, relative to the tax levy.
Year 2004 begins tracking collections by levy year as specified by GASB 44.

Source: Utah County Treasurer

Schedule 9
 Lehi City
 Direct and Overlapping Sales Tax Rates
 Last Nine 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

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
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							
1999	1.861	-	1.861	6.962	1.197	0.396	0.040	0.014	0.414	10.884
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

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

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

Source: Utah State Tax Commission

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

Taxpayer	2008			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	-	-
Jack B Parson Co.	N/A	3	10.57	N/A	1	10.84%
Lehi City	N/A	4	3.71	N/A	4	4.66
Lone Peak Trailer Sales	N/A	5	3.68	N/A	3	5.70
Albertsons	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	-	-
Metalmart Co.	N/A	10	1.83	N/A	7	2.50
Lehi Block	N/A	-	-	N/A	-	-
Vinyl Industries	N/A	-	-	N/A	8	2.39
Thanksgiving Point	N/A	-	-	N/A	9	2.08
Standard Plumbers	N/A	-	-	N/A	10	1.45
Total	\$ 1,567,688		58.93%	\$ 754,333		44.43%

Notes: Sales tax information for nine years ago is not available. The City implemented GASB 44 in 2005; new information required by GASB 44 is shown prospectively from 2005.

(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
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Micron Technology, Inc.	\$ 499,689,222	1	6.73%	\$ 381,997,352	1	58.10%
Thanksgiving Point L.C.	33,568,143	2	1.75			
Cabellas	30,045,568	3	1.74	1,203,075	6	0.18
Fox Ridge Investments LLC	22,141,150	4	1.18			
Thai Properties, LLC	18,234,567	5	1.05			
Whistle Stop Development Corp.	8,253,456	6	0.48			
Point Development L.C.	7,351,124	7	0.42			
Qwest Corp	7,235,551	8	0.42	6,837,890	2	1.04
Museum of Ancient History	6,150,012	9	0.36			
Costco Wholesale Corp.	6,013,575	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	\$ 638,682,368		14.48%	\$ 398,623,774		60.62%

Source: Utah County Assessor

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

Fiscal Year	Governmental Activities							Business-Type Activities							Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Sales Tax Revenue Bonds	Lease Revenue Bonds	Sewer* Revenue Bonds	Excise Tax Road Bonds	Special Assessment Bonds	Capital Leases	Note Payable	Water Revenue Bonds	Sewer* Revenue Bonds	Electric Revenue Bonds	Damage Revenue Bonds	Capital Leases	Special Assessment Bonds				
2001	\$ -	\$ 6,315,000	\$ 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	\$ 76,594,286	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	

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
 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)
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-

(1) See Schedule 7 for property value data.

(2) See Schedule 23 for population data.

Schedule 15
 Lehi City
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to Lehi (1)	Estimated Amount Applicable to Lehi
Lehi City	\$ 100,228,924	100.00 %	\$ 100,228,924
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>\$ 161,405,452</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
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 28,306,056	\$ 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
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 28,306,056</u>	<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>
Total debt applicable to the limit as a percentage of debt limit										

Legal Debt Margin Calculation for Fiscal Year 2008

Estimated market value	\$ 2,626,902,107
Debt limit (4% of market value)	105,076,084
Debt applicable to limit	-
Legal debt margin	<u>\$ 105,076,084</u>

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

Schedule 17
 Lehi City
 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	
1999	\$ 2,705,317	\$ 940,009	\$ 1,765,308	\$ 173,565	\$ 156,855	\$ 330,420	5.34
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	2,166,314	4,930,750	385,000	170,345	555,345	8.88
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

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

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

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

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1999	\$ 1,342,511	\$ -	\$ -	\$ -	\$ -
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

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

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

Fiscal Year	Excise Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1998	\$ 529,763	\$ -	\$ -	\$ -	-
1999	554,521	-	-	-	-
2000	643,476	-	102,757	102,757	6.26
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

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

Schedule 20
 Lehi City
 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	
1999	\$ 1,633,279	\$ 1,012,492	\$ 620,787	\$ 115,000	\$ 114,923	\$ 229,923	2.70
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	4,284,002	2,857,611	1,426,391	180,000	49,950	229,950	6.20

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
 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	
1999	\$ 4,858,313	\$ 3,232,725	\$ 1,625,588	\$ 205,000	\$ 136,857	\$ 341,857	4.76
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	17,050,761	14,237,620	2,813,141	230,000	148,680	378,680	7.43
2007	15,999,464	14,093,103	1,906,361	495,000	268,685	763,685	2.50
2008	20,721,770	17,229,303	3,492,467	506,850	323,186	830,036	4.21

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

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

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

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 291,329	\$ 8,431	\$ 282,898	\$ -	\$ -	\$ -	-
2001	452,545	2,434	450,111	75,000	-	75,000	6.00
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	732,353	10,294	722,059	130,000	89,837	219,837	3.28
2007	893,418	13,208	880,210	135,000	83,207	218,207	4.03
2008	668,249	21,712	646,537	145,000	76,255	221,255	2.92

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
Demographic and Economic Statics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (2)	Unemployment Rate (3)
1999	18,325 \$	N/A \$	N/A	3.1 %
2000	19,028	N/A	N/A	3.1
2001	20,930	N/A	N/A	3.2
2002	24,122	N/A	N/A	4.9
2003	26,314	510,017,948	19,382	4.0
2004	30,000	586,530,000	19,551	3.8
2005	34,433	703,776,087	20,439	3.6
2006	37,558	793,224,960	21,120	2.5
2007	39,587	862,204,860	21,780	2.3
2008	41,688	917,344,440	22,005	3.2

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

(2) Per capita personal income amounts are for Utah County. The amounts shown are for the calendar year that ended during the specified fiscal year, e.g., amounts for calendar year 2007 are shown in fiscal year 2008. Amounts for calendar year 2007 are estimated at 2 percent greater than calendar year 2006 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 2007 are shown in fiscal year 2008.

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
 Principal Employers
 Current Year and Ten Years Ago

Employer	2008 (1)			1998 (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
Full-time Equivalent City Government Employees by Function/Program
Last Four Fiscal Years

Function/Program	2005	2006	2007	2008
General government				
Court	5	6	6	6
Administrative	6.5	7.5	8	9
Treasury	4.5	5.5	5	6
Finance	4.5	4.5	4.5	5
Legislative (1)	6	6	6	6
Public safety				
Police	35.5	37.5	39.5	40.5
Fire	22	27	27	27
Animal Control	1	1	1	1.5
Community development				
Public Works Administration	5	5	5	5
Planning and Zoning	7.5	7.5	7.5	7.5
Inspections	9	10	10	9
Streets and Highways				
Streets and Public Improvements	9.5	11	11	11
Park, recreation and culture				
Parks	12.5	17.5	18	19
Senior Citizens	3	3	3	3
Recreation	109.5	113.5	115.5	115.5
Library	13	13	13	13
Cemetery	3.5	3.5	3.5	3.5
Culinary Water	8.5	8.5	9	9
Sewer	3	3	3	3
Power	16	17	18	19
Garbage (2)	-	-	-	-
Secondary Water	2.5	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
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Community development										
Residential building permits issued	548	442	437	637	307	817	1,188	1,452	1,734	298
Commercial building permits issued	18	62	50	53	16	47	29	34	48	35
Court										
Traffic and Misdemeanor cases handled	3,356	3,532	3,718	3,914	4,120	8,706	9,482	12,776	13,585	14,354
Police										
Calls for service	6,170	6,633	7,130	7,665	8,240	15,000	11,453	12,252	13,575	14,041
Arrests	497	537	579	625	675	712	760	816	831	1,876
Violations cited	5,405	5,875	6,386	6,941	7,545	11,095	12,264	13,712	14,012	17,734
Fire										
Fire/Medical responses	1,078	1,053	1,158	1,272	1,398	1,576	1,690	2,213	2,415	2,201
Recreation										
Recreation programs	46	48	50	51	53	55	60	62	69	70
Participants in recreation programs	4,232	4,965	9,245	11,600	14,513	18,911	19,057	21,278	24,326	22,868
Library										
Books in collection	46,777	51,454	55,129	59,666	62,484	65,782	71,565	74,238	77,582	81,603
Books circulated	141,448	162,584	186,878	214,802	246,899	273,811	304,798	268,383	271,666	340,629
Cemetery										
Acres maintained	28	30	30	30	30	35	35	35	50	52
Total gravesites	21,048	21,168	21,288	21,408	21,528	21,648	21,768	21,888	40,852	42,853
Culinary Water										
Residential accounts serviced	4,349	4,525	5,108	5,769	6,271	6,985	8,548	9,605	10,023	10,555
Average daily consumption (thousands of gallons)	1,068	1,161	1,261	1,371	1,490	1,770	1,847	1,729	1,749	1,765
Sewer										
Sewer lines miles inspected	46	49	51	54	57	66	63	58	53	54
Power										
Accounts serviced	4,475	6,142	6,411	6,515	7,082	7,887	9,381	10,123	10,225	10,953
Megawatt hours sold	192	209	227	247	268	159	171	172	174	176
Secondary Water										
Accounts serviced	4,349	4,525	5,108	5,769	6,271	6,958	8,548	9,607	9,679	9,859

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Streets and Highways										
Street lights	754	778	818	1,032	1,105	1,217	1,297	1,436	1,776	1,792
Street miles	88	90	92	110	123	144	169	195	203	206
Police										
Vehicles	17	18	19	21	23	25	27	30	32	34
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	6	7	7	7	7	7	7	7	7	7
Ambulances	2	2	3	3	3	3	3	3	3	3
Public works										
Incorporated area in square miles	20	21	22	26	28	32	32	32	32	32
City building in square feet	N/A	N/A	N/A	N/A	N/A	N/A	212,000	220,000	220,000	220,000
Parks and recreation										
Park acreage	110	118	118	160	160	168	181	195	195	195
Baseball/softball diamonds	5	5	5	5	8	8	8	8	8	8
Soccer fields	2	3	3	3	4	4	4	4	4	4
Culinary water										
Water main line miles	120	127	136	148	151	163	178	201	202	202
Storage capacity (thousands of gallons)	3,500	4,300	4,300	4,300	5,000	5,000	7,000	10,000	10,000	10,000
Sewer										
Sewer line miles	90	92	108	108	114	132	134	141	142	142
Secondary water										
Secondary water main line miles	110	113	121	129	138	147	163	186	188	188
Power										
Power main feeder line miles	114	131	148	165	183	187	189	205	211	213

N/A = Not available

Schedule 28
Lehi City
Impact Fees Schedule

	Culinary Water	Pressurized Irrigation	Wastewater Collections	Electric Power	Roads	Parks
Impact Fees Unexpended @ 6/30/07	\$ 2,149,134	\$ 2,019,854	\$ 1,404,559	\$ 1,507,477	\$ 954,607	\$ 2,072,028
Current Impact Fee Collections	574,835	486,339	259,780	2,027,424	754,549	641,468
Interest Earned	70,757	68,051	45,491	64,208	15,489	66,457
Current Impact Fees to be used	<u>\$ 2,794,726</u>	<u>\$ 2,574,244</u>	<u>\$ 1,709,830</u>	<u>\$ 3,599,109</u>	<u>\$ 1,724,644</u>	<u>\$ 2,779,953</u>
Projects Incurred						
Airport Well	87,324					
Low Hills Tank	180,418					
Subdivision Upsizing	306,832					
2008 Culinary Projects	14,912					
Spring Creek Well	33,345					
2008 P I Projects		130,920				
Spring Creek Reservoir		111,500				
Subdivision Upsizing		230,388				
Subdivision Upsizing			81,865			
2008 Sewer Projects			182,654			
Main Feeder Upsizing				166,754		
Ashton Substation				16,331		
Traverse Mountain Substation				905,823		
2008 Road Project					692,898	
Cedar Hollow Road					88,921	
2100 North Road Project					198,275	
2300 West Road Project					257,398	
Street Widening Projects					1,546,452	
12th East					286,669	
Peck Property						329,443
Sports Park						397,199
Traverse Mountain Park						122,437
Nuttall Hollow Park						21,000
Total Uses	<u>\$ 622,831</u>	<u>\$ 472,808</u>	<u>\$ 264,518</u>	<u>\$ 1,088,908</u>	<u>\$ 3,070,613</u>	<u>\$ 870,079</u>
Ending Balance @6/30/2008	<u>\$ 2,171,895</u>	<u>\$ 2,101,436</u>	<u>\$ 1,445,312</u>	<u>\$ 2,510,201</u>	<u>\$ (1,345,969)</u>	<u>\$ 1,909,874</u>
Estimated revenues fiscal year 2009	600,000	1,500,000	150,000	700,875	675,000	1,500,000
Budgeted expenditures for capital projects in fiscal year 2008, for which impact fees will be used:	(600,000)	(1,500,000)	(920,000)	(3,200,000)	(650,000)	(1,550,000)
Estimated unspent impact fees 06/30/2009	<u>\$ 2,171,895</u>	<u>\$ 2,101,436</u>	<u>\$ 675,312</u>	<u>\$ 11,076</u>	<u>\$ (1,320,969)</u>	<u>\$ 1,859,874</u>

Lehi City will budget to use all impact fee funds within fiscal years 2009, 2010 and 2011.

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