

**LEHI CITY CORPORATION
STATE OF UTAH**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prepared by:
Department of Finance**

LEHI



Pioneering Utah's Future

LEHI CITY CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

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LEHI CITY CORPORATION

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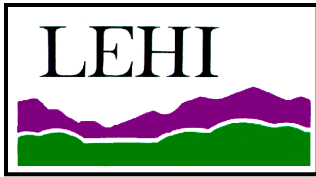
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INTRODUCTORY SECTION

LEHI



Pioneering Utah's Future



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

November 15, 2013

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, 2013.

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

The City's basic financial statements have been audited by Osborne, Robbins and Buhler PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, 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, 2013, 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 provides 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 auditor.

Profile of the Government

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

The City has had a traditional Mayor Council form of government since 1852. Policy making and legislative authority are vested in a governing council consisting of the mayor and five city council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's administrator, recorder, and treasurer. The City's administrator is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing department 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.



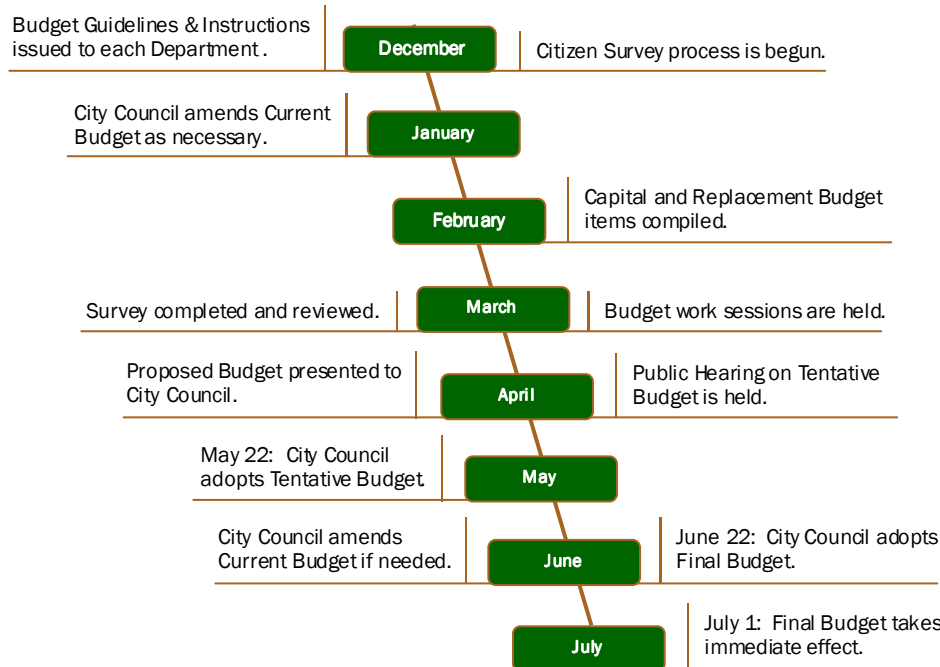
The City is a beautiful place to live. Just to the south is Utah Lake used for boating, fishing and hunting. The river that drains Utah Lake is the Jordan River, which runs through the City. To the east of the City are the beautiful Wasatch Mountains and to the west are the White Mountains and Oquirrh 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, including a stock parade, a public parade, and a professional rodeo. The Lehi Roundup Rodeo is one of the oldest rodeos in the state. Recently, the City has also started a tradition on the Twenty Fourth of July with its annual foam day when the City Fire Department sprays foam onto a grassy area and the public is allowed to play in the foam for a couple of hours. Booths, stage shows, and a watermelon giveaway are also part of this annual event. This year's event was cancelled due to a shortage of water resources and the City felt like the small amount of water used in this event was not a good example of water usage. The City is implementing plans and resources to negate the effect of shortages in the future.



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 facilities, a swimming and recreation facility and emergency medical services.

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



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

Within the existing budget, the level of the City’s budgetary control (that is, the level at which the City’s expenditures cannot legally exceed appropriated amounts) is established by activity and purpose within each individual fund. Department heads may make transfers of appropriations within their activity. Transfers of appropriations between activities, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the Redevelopment Agency, a major special revenue fund, the comparison is presented on page 36. For capital project funds this comparison is presented on page 80.

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 enjoyed strong residential growth for the period of 2000 to 2008; however, the economy for the period from 2008 to 2011 declined due to difficult economic times. The projections for the next couple of years show that growth is starting to increase again. On the Adobe campus, a major development has been completed with a secondary phase in the planning stages. An outlet mall first phase, which includes 70 medium sized retail outlets, was completed in December 2012 and the second phase, 50 more retail outlet stores is also in the planning stages and the major anchor has been signed. Xactware and Blender bottle, two major commercial buildings are also currently being constructed. Small strip malls along with quite a few new fast food restaurants have opened in the Thanksgiving Park Area. There are several restaurants such as Chuck A Rama that are planned to open in 2014 as well as a large hotel. A large developer is planning to add a

large mall at the north end of the City. The 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. Also, the Utah Department of Transportation granted Lehi ownership of its Main Street road in June of 2012. In addition to the Main Street road, which is approximately three miles long, the Utah Department of Transportation contributed 5.7 million dollars to Lehi for the purpose of revitalizing Main Street and the downtown area. This revitalization project was completed at the end of October 2012.



The Brigham Young University, Utah Valley State College and the University of Utah campuses are 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 4.9%, which is slightly lower than the State of Utah, which is at 5.3%.

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 updating the capital facilities plans related to impact fees. Impact fees help the City add the capital improvements that are needed to accommodate new growth. Existing impact fees, which include fire, police, parks, streets, culinary water, secondary water, sewer and power, are expected to remain at the current fee levels.

The Mayor, City Council and administration met and developed a City wide business plan in the spring of 2013. The first Phase of the plan is shown below. Another retreat is being scheduled in early 2014 to develop goals, action plans, and tasks to implement the business plan.



Shaping Lehi's future through our enterprising spirit while preserving a vibrant family-oriented and business-friendly community.

- Encourage Economic Development**
Implement the General Plan • Update the Economic Strategic Plan • Create standardized & competitive development fees & incentive structure • Create a marketing & branding strategy plan & materials • Continue to encourage a qualified labor force
- Provide Quality City Services**
Maintain our valuable facilities • Provide quality leisure services • Continue to build well-planned & reliable infrastructure • Update & implement Parks & Recreation Master Plan • Continue to provide excellent public safety services
- Promote Community Involvement**
Focus on communication & transparency through community relations, social media, etc. • Hold awesome & diverse public events • Provide meaningful service opportunities & celebrate volunteer efforts • Encourage a sense of ownership in community gathering places • Inspire pride in neighborhoods, businesses, & other private properties
- Maintain a Sustainable Budget**
Ensure the responsible use of resources • Continue to encourage varied revenue streams • Enhance capital facility & replacement planning • Encourage a highly-motivated & well-trained municipal workforce
- Ensure Proactive Regional Leadership**
Encourage membership & leadership in professional organizations • Maintain involvement in state & federal government affairs • Encourage & facilitate regional transportation solutions • Promote intergovernmental relations

Lehi City Business Plan

LEHI

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

In our utilities department, the City has developed long term goals, including maintaining a high level of service, and advanced planning that will provide sufficient capacity to meet current and future 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 storage, and transmission of water resources that will 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. The long term strategic plan has allowed the City to anticipate power infrastructure needs in a timely manner, and allowed for growth without interruption of service.

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

Finally, our commitment to public safety cannot be overstated. In August 2006, the City started 24/7 EMS service. The roll out of this much needed service was a culmination of years of planning. This is only one step in a continuing effort to improve public safety. Additional fire personnel have been added to make the service adequate.

A long term goal of the City is to maintain the current sense of safety so that citizens are able to enjoy the wide array of programs and activities provided in the community. Lehi's strategic plan has identified the need for a total of 6 fire stations, three on the north and three on the south at the city's build out. We expect to build one of the six fire stations, in the next five to ten years.

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, 2012. This was the fifteenth 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.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including its purpose as a policy document, a financial plan, an operations guide, and a communications device.

In addition, the City also received the GFOA's Popular Annual Financial Report (herein referred to as PAFR Award) for year ended June 30, 2012. In order to qualify for the PAFR Award, the government must obtain the CAFR award. The PAFR document provides summary information from the CAFR to citizens and is judged by a panel of GFOA professionals.

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 and for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Derek Todd
City Administrator



David Sanderson
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lehi City Corporation
Utah**

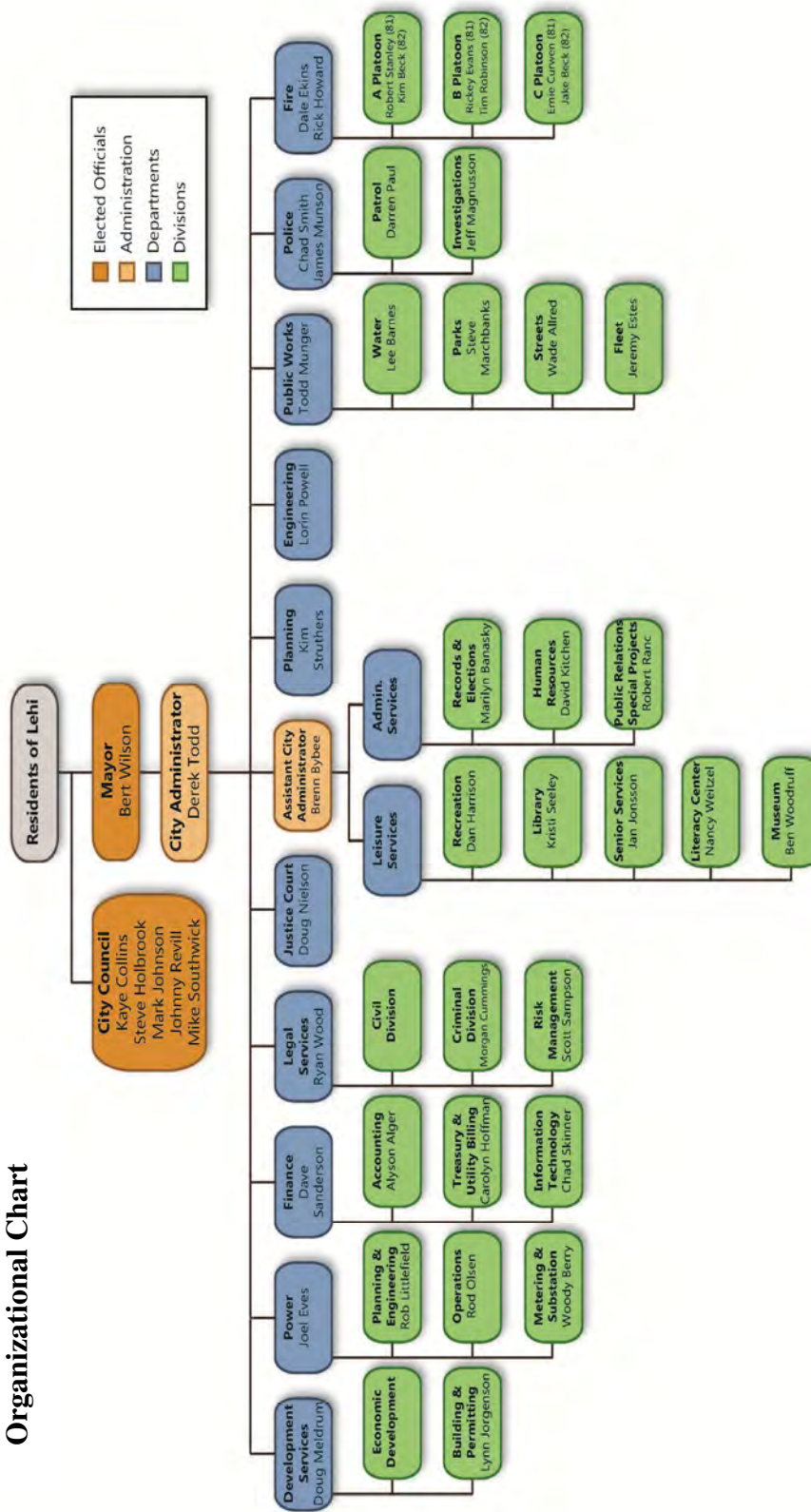
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

Lehi, Utah Organizational Chart





Principal Officials
For the Year Ended
June 30, 2013

Bert Wilson
Mayor

Kaye Collins
Councilperson

Mark Johnson
Councilperson

Stephen Holbrook
Councilperson

Johnny Revill
Councilperson

Michael Southwick
Councilperson

Derek Todd
City Administrator

FINANCIAL SECTION

LEHI



Pioneering Utah's Future

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

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

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying basic 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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 as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 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* in considering the City's internal control over financial reporting and compliance.



November 15, 2013

LEHI CITY CORPORATION

Management's Discussion and Analysis

For the Year Ended June 30, 2013

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. 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 3-9 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$354,116,029 (*net position*).
- The total net position of \$354,116,029 is comprised of \$399,456,771 in net investment in capital assets, \$15,016,161 restricted, and (\$60,356,903) unrestricted.
- The City's governmental funds reported combined fund balances of \$16,636,072 which is an increase of \$5,324,003 from fund balance reported in 2012 of \$11,312,069. \$903,325 of this increase was due to a prior period adjustment related to the recognition of impact fee revenues that had been deferred in the prior year.
- The City's total debt increased by a net of \$10,058,789 during the current fiscal year.
 - There was an increase in the tax increment notes payable to a developer of \$14,087,053, \$475,000 of which was related to the cost of further development within the Thanksgiving Point Economic Development Area and the remaining \$13,612,053 for development within the Traverse Mountain Community Development Project area. The City made a principal payment of \$1,940,063 on the notes payable to developers connected with the various economic development projects. Consequently, the outstanding balance on the notes payable to developer increased by \$12,146,990 from prior year. It is important to note that, if tax increment collections from the Alpine Highway Economic Development Area are insufficient to fully repay the tax increment note payable, the remaining balance will not be repaid to the developer.
 - Other decreases to debt were from regularly scheduled principal payments.

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 are comprised of 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 position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of 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.

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

The government-wide financial statements can be found on pages 32-33 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three 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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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 34-36 of this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 38-42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-73 of this report.

Other information. Combining and individual fund statements and schedules can be found on pages 76-87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position was \$354,116,029 at the close of the most recent year.

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

An additional portion of the City's net position (\$15,016,161) represents resources that are subject to external restrictions on how they may be used.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

As of June 30, 2013, the net position of the City's business-type activities totaled \$206,980,811 compared to \$187,230,897 in 2012. The business-type activities reported an increase in net position of \$19,749,914. \$5,301,709 of this increase was due to a prior period adjustment that was made to recognize impact fees that had been previously been reported as deferred. Another \$9,991,274 of this increase in net position can be attributed to capital grants and contributions, including contributions of infrastructure.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 40,522,802	\$ 32,957,005	\$ 27,788,980	\$ 20,599,576	\$ 68,311,782	\$ 53,556,581
Capital assets	230,107,806	232,002,037	195,565,188	188,252,591	425,672,994	420,254,628
Total assets	<u>\$ 270,630,608</u>	<u>\$ 264,959,042</u>	<u>\$ 223,354,168</u>	<u>\$ 208,852,167</u>	<u>\$ 493,984,776</u>	<u>\$ 473,811,209</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,254</u>	<u>\$ 184,381</u>	<u>\$ 155,254</u>	<u>\$ 184,381</u>
Long-term liabilities	98,909,259	87,828,425	11,473,686	12,680,112	110,382,945	100,508,537
Other liabilities	5,555,302	5,826,777	5,731,614	9,799,105	11,286,916	15,625,882
Interfund balances	676,689	673,566	(676,689)	(673,566)	-	-
Total liabilities	<u>\$ 105,141,250</u>	<u>\$ 94,328,768</u>	<u>\$ 16,528,611</u>	<u>\$ 21,805,651</u>	<u>\$ 121,669,861</u>	<u>\$ 116,134,419</u>
Deferred inflows of resources	<u>\$ 18,354,140</u>	<u>\$ 15,426,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,354,140</u>	<u>\$ 15,426,111</u>
Net position						
Net investment in capital assets	214,537,806	215,235,149	184,918,965	176,523,733	399,456,771	391,758,882
Restricted	6,470,224	6,905,380	8,545,937	5,681,780	15,016,161	12,587,160
Unrestricted	(73,872,812)	(66,936,366)	13,515,909	5,025,384	(60,356,903)	(61,910,982)
Total net position	<u>\$ 147,135,218</u>	<u>\$ 155,204,163</u>	<u>\$ 206,980,811</u>	<u>\$ 187,230,897</u>	<u>\$ 354,116,029</u>	<u>\$ 342,435,060</u>

Governmental activities. During 2013 governmental activities decreased the City's net position by \$8,068,945 (net of a prior period adjustment that increased net position by \$903,325) compared to an increase in net position in 2012 of \$5,358,658. Some specific factors making up the change in net position during 2013 include:

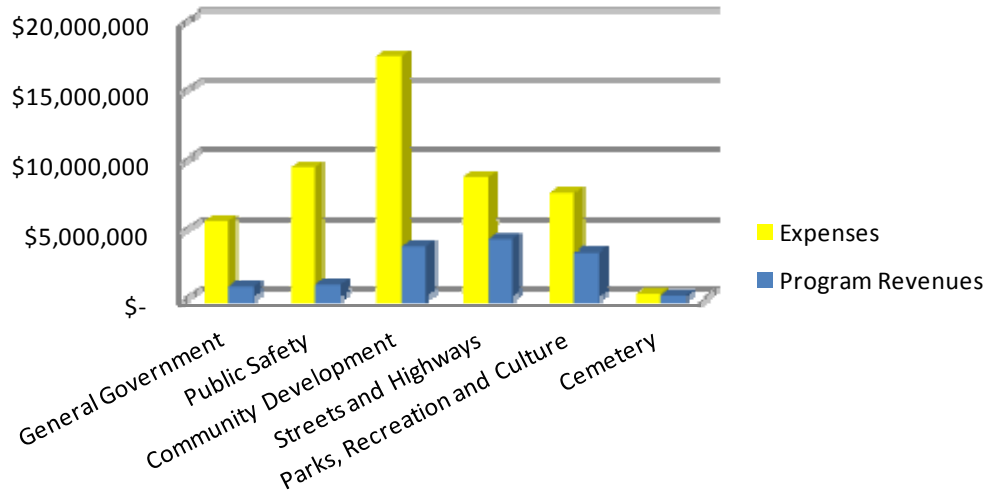
- Expenses of the governmental activities increased from 2012 to 2013 by \$12,166,615 with the largest increase having to do with community development expenses associated with the Travers Mountain economic development project.
- Impact fee revenues increased by \$2,008,118 from 2012, a direct result of renewed growth in the area.
- Capital grants and contributions were lower than in 2012 by approximately \$7.7 million. In 2012 the City recognized over \$4.5 million in capital grant revenues related to certain, unique projects that were not repeated in 2013.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

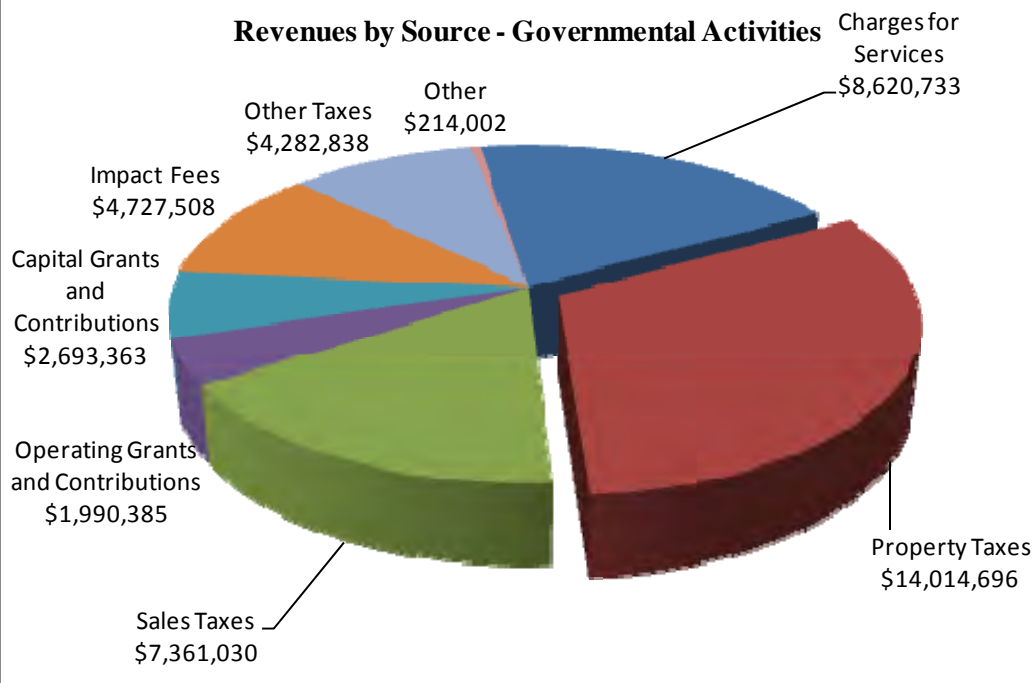
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 8,620,733	\$ 6,976,183	\$ 39,518,055	\$ 36,055,812	\$ 48,138,788	\$ 43,031,995
Operating grants and contributions	1,990,385	704,300	-	-	1,990,385	704,300
Capital grants and contributions	2,693,363	10,395,663	9,991,274	5,631,871	12,684,637	16,027,534
General revenues:					-	-
Property taxes	14,014,696	14,430,126	-	-	14,014,696	14,430,126
Sales and other taxes	11,643,868	10,730,142	-	-	11,643,868	10,730,142
Impact fees	4,727,508	2,719,390	4,273,216	3,127,551	9,000,724	5,846,941
Other	214,002	113,064	387,731	457,160	601,733	570,224
Total revenues	<u>43,904,555</u>	<u>46,068,868</u>	<u>54,170,276</u>	<u>45,272,394</u>	<u>98,074,831</u>	<u>91,341,262</u>
Expenses:						
General government	5,602,138	5,664,766	-	-	5,602,138	5,664,766
Public safety	9,487,082	8,759,020	-	-	9,487,082	8,759,020
Community development	17,364,548	3,826,912	-	-	17,364,548	3,826,912
Highways/streets	8,753,776	11,731,075	-	-	8,753,776	11,731,075
Parks, recreation, and culture	7,585,566	6,740,823	-	-	7,585,566	6,740,823
Cemetery	315,796	261,054	-	-	315,796	261,054
Interest on long-term debt	4,498,839	4,457,480	-	-	4,498,839	4,457,480
Culinary Water	-	-	2,848,555	2,562,929	2,848,555	2,562,929
Sewer	-	-	6,218,600	6,372,255	6,218,600	6,372,255
Pressurized Irrigation	-	-	2,604,120	2,277,980	2,604,120	2,277,980
Electric	-	-	23,776,549	19,951,247	23,776,549	19,951,247
Drainage	-	-	1,299,785	1,161,325	1,299,785	1,161,325
Garbage	-	-	2,243,542	2,120,558	2,243,542	2,120,558
Total expenses	<u>53,607,745</u>	<u>41,441,130</u>	<u>38,991,151</u>	<u>34,446,294</u>	<u>92,598,896</u>	<u>75,887,424</u>
Increase (decrease) in net position before transfers	(9,703,190)	4,627,738	15,179,125	10,826,100	5,475,935	15,453,838
Transfers	<u>730,920</u>	<u>730,920</u>	<u>(730,920)</u>	<u>(730,920)</u>	<u>-</u>	<u>-</u>
Increase in net position	(8,972,270)	5,358,658	14,448,205	10,095,180	5,475,935	15,453,838
Net position, beginning, as previously reported	155,204,163	149,845,505	187,230,897	177,135,717	342,435,060	326,981,222
Prior period adjustment	<u>903,325</u>	<u>-</u>	<u>5,301,709</u>	<u>-</u>	<u>6,205,034</u>	<u>-</u>
Net position, beginning, as restated	<u>156,107,488</u>	<u>149,845,505</u>	<u>192,532,606</u>	<u>177,135,717</u>	<u>348,640,094</u>	<u>326,981,222</u>
Net position, ending	<u>\$ 147,135,218</u>	<u>\$ 155,204,163</u>	<u>\$ 206,980,811</u>	<u>\$ 187,230,897</u>	<u>\$ 354,116,029</u>	<u>\$ 342,435,060</u>

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

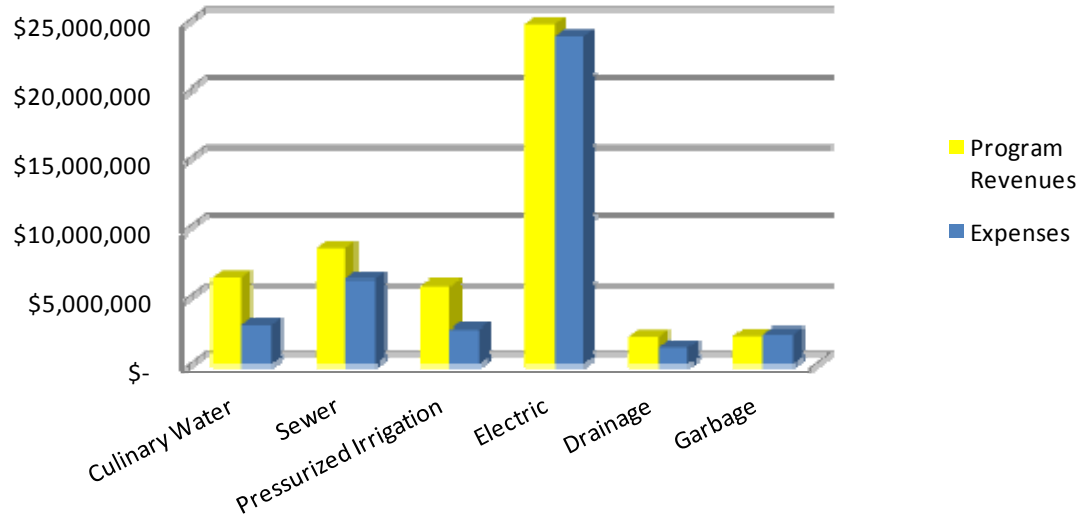
For the most part, increases in expenses closely followed growth in demand for services. As mentioned above, total expenses of the governmental activities increased by \$12,166,615 over 2012. The large community development expenses already mentioned, were offset by a decrease in streets and highways expenses of \$2,977,299 from 2012. In 2012 the City recognized expenses related to its involvement with the construction of some improvements related to the Frontrunner train project. The City participated with Utah Transit Authority, the State of Utah, and Utah County to complete the joint project. That project was mostly completed in 2012 and so 2013 expenses in that area were lower. General government expenses remained fairly flat compared to 2012.

Business-type activities. Business-type activities increased the City's net position by \$19,740,406, \$5,301,709 being the result of a prior period adjustment made to recognize impact fee revenue for impact fee certificates issued in prior years. At the end of the current fiscal year, all of the City's major business-type activities reported positive net position. Key elements of the increase in net position are as follows:

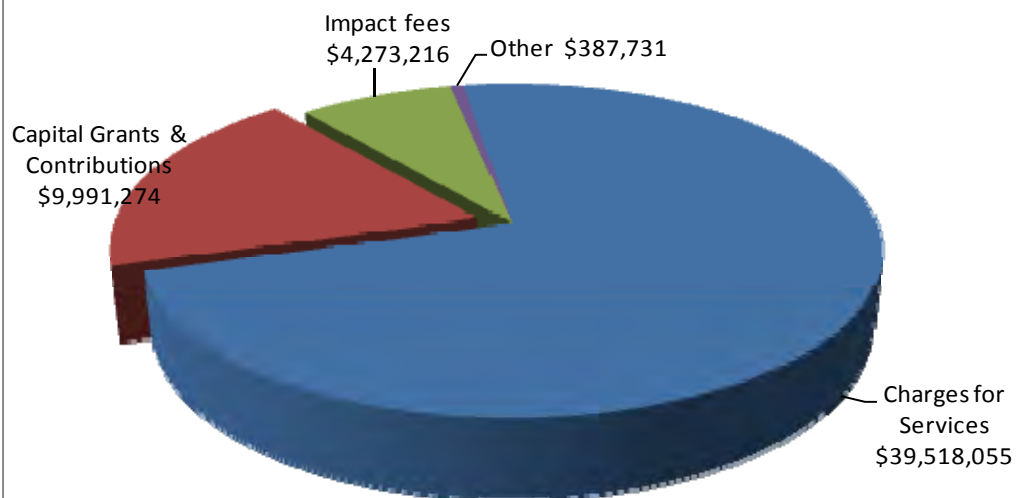
- Charges for services in the business-type activities increased over 2012 by \$3,462,243 (9.6%). Most of the enterprise funds experienced an increase in charges for services over 2012. The increase was the result of approved increases in the monthly service fees charged to customers. Services fees have increased slightly over the last few years to ensure that user fees are adequate to fund operating expenses.
- Capital grants and contributions for the business-type activities added \$9,991,274 to the net position of the City. This amount was an increase of \$4,359,403 from the previous year. The increase was a result of an upturn in contributions from developers for infrastructure related to new residential and commercial development.
- Impact fees increased by approximately 37% also as a result of the upturn in development.
- Expenses of the business-type activities increased by \$4,554,365 from the prior year. The increase is primarily due to increases in system maintenance costs and purchased power costs.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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, *unassigned 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 \$16,636,072. \$6,439,616 of this total amount (38.7%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending because it 1) is not in a spendable form, 2) has constraints imposed either externally or by law, 3) has constraints imposed by formal resolution of the city council, or 4) is or intended by the city council and the city manager to be used for specific purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,439,616, while total fund balance reached \$7,750,174. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.1% of total general fund expenditures, while total fund balance represents 29.0% of that same amount. The fund balance of the City's general fund increased by \$2,597,440 during the current fiscal year. Of this increase \$903,325 was due to a prior period adjustment which was made to recognize certain impact fee revenues that had previously been classified as deferred revenue. Another part of the increase in fund balance was due to transfers from other funds, including the Redevelopment Agency Fund.

The special revenue Redevelopment Agency Fund has an assigned fund balance of \$1,045,787. The project areas that received tax increment revenues in the current year were the Mill Pond Project, the Alpine Highway Project, Thanksgiving Park Economic Development Project Area and the Traverse Mountain Community Development Area. Overall, the fund experienced a decrease in fund balance of \$31,862.

The capital projects fund had an increase in fund balance in the amount of \$2,758,425, which resulted in a fund balance of \$7,840,111, \$6,195,047 representing restricted fund balance, with an assigned fund balance of \$1,645,064.

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 position of the proprietary funds at the end of the year totaled \$12,839,220. Individually, the electric fund's unrestricted net position totaled \$5,897,330, the drainage unrestricted net position totaled \$2,369,040. The culinary water fund, the sewer fund, pressurized irrigation all reported deficits in unrestricted net position at the end of the previous year, but, as of June 30, 2013, all were in a positive unrestricted net position. The non-major enterprise fund reported a positive unrestricted net position amount of \$754,389. Other factors concerning the finances of these proprietary funds can be found earlier in this section under business-type activities.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

General Fund Budgetary Highlights

During the fiscal year, the General Fund's budget was amended from budgeted expenditures totaling \$27,008,813 to a final budget of \$27,618,813, an increase of \$610,000. This increase was related primarily to increased police, fire, and streets and highways personnel costs. It was funded primarily from an increase in building permit revenues.

- Tax revenues recognized in 2013 were \$1,277,434 more than budgeted. The majority of this was related to higher than anticipated sales tax revenues.
- Licenses, fees and permit revenues were \$1,208,642 less than budgeted due to lower than anticipated building permit and related revenues.
- Total expenditures were less than the final budgeted amounts by \$914,376 with no department exceeding its budget.

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, 2013 amounts to \$425,672,994 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements including infrastructure and distribution systems, machinery and equipment, vehicles, and office furniture and equipment.

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

- In the governmental activities, the largest increase to capital assets was related to the Main Street Renovation which had begun in the prior year with costs of \$4,022,513 included in work in process at June 30, 2012. Total costs incurred in 2013 on that project were \$1,755,930, for a total final cost of \$5,778,443.
- The Water and Pressurized Irrigations funds recorded approximately \$5,000,000 in water shares dedicated to the City pursuant to an agreement with a developer in an economic development project.
- Infrastructure, land, and water rights was donated to the City by developers. The estimated fair value of the infrastructure, land and water rights donated in the governmental and business-type activities was \$2,670,867 and \$9,991,274, respectively.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 87,343,805	\$ 86,287,917	\$ 2,336,469	\$ 2,336,469	\$ 89,680,274	\$ 88,624,386
Intangibles	-	-	40,287,658	35,290,142	40,287,658	35,290,142
Construction in progress	4,271,659	8,109,505	2,126,525	601,649	6,398,184	8,711,154
Buildings and structures	14,035,433	14,705,744	1,822,280	1,911,166	15,857,713	16,616,910
Improvements, including infrastructure	120,268,610	118,594,341	147,762,661	146,909,300	268,031,271	265,503,641
Machinery, equipment, and vehicles	4,006,411	4,076,926	1,204,642	1,174,087	5,211,053	5,251,013
Office furniture and equipment	181,888	227,604	24,953	29,778	206,841	257,382
Total	<u>\$ 230,107,806</u>	<u>\$ 232,002,037</u>	<u>\$ 195,565,188</u>	<u>\$ 188,252,591</u>	<u>\$ 425,672,994</u>	<u>\$ 420,254,628</u>

Additional information on the City's capital assets can be found in note F on pages 56-58 of this report.

Long-term liabilities. At the end of the current fiscal year the City had total bonded debt outstanding of \$24,579,319, all of represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

LEHI CITY CORPORATION
LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital lease obligations	\$ -	\$ 81,888	\$ -	\$ -	\$ -	\$ 81,888
Excise tax bonds	-	575,000	-	-	-	575,000
Tax increment notes payable to developers	80,926,594	68,779,604	-	-	80,926,594	68,779,604
Other notes payable	-	-	1,636,904	1,672,366	1,636,904	1,672,366
Revenue bonds	15,570,000	16,110,000	9,009,319	10,056,492	24,579,319	26,166,492
Other liabilities	2,412,665	2,281,933	827,463	766,873	3,240,128	3,048,806
Total	<u>\$ 98,909,259</u>	<u>\$ 87,828,425</u>	<u>\$ 11,473,686</u>	<u>\$ 12,495,731</u>	<u>\$ 110,382,945</u>	<u>\$ 100,324,156</u>

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

The City increased its total debt by \$10,058,789 in fiscal year 2013. Major long-term debt activity included the following:

- As mentioned, during 2013, the City issued notes payable to developers in two economic development project areas totaling \$14,087,053.
- \$1,940,063 in principal payments were made on two of the notes payable to developers.
- Other reductions in debt were attributable to regular principal reductions.

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 \$124,622,730 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 \$249,245,460, 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 H on pages 58-67 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The City’s percentage increase in sales tax is amongst the leaders of the State of Utah.
- The current unemployment rate for Utah County is 4.9% (unemployment data is not available for the City). The City is experiencing strong commercial and residential growth. Several large businesses have located in the City including a new outdoor outlet mall.
- The City administration will continue to examine utility rates and update them as needed. At this time, it is anticipated that a change in fees will not be necessary during the upcoming year.

The above factors were considered in preparing the City’s budget for the 2014 fiscal year. The 2014 budget is balanced without a property tax rate increase. The City administration will be examining the utility service rates it charges its customers in fiscal 2014. The City plans to perform this review on an annual basis.

There are several new commercial office buildings that are presently under construction and will be opened during 2014. Xactware, a commercial software developer, and Blender Bottle, a manufacturer and retailer are expected to open in the spring of 2014. Another hotel, along with a handful of small restaurants, recently opened in the Thanksgiving Park area.

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 are an 800,000 square foot class A office park project, a new children’s museum, an upscale factory outlet mall and a new 18 screen theatre complex.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2013

The Adobe Corporation located one of their new corporate campuses in Lehi City. Construction began in the summer of 2011 on a three story building complex on a 20 acre site. Construction was completed in the fall of 2012 and the facility was opened for business.

Thanksgiving Park completed construction on the third building in the development and is presently constructing the fourth building of five per the master plan. This brings over 680,000 square feet of office space to the area.

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 additional stations. The City is in negotiations to purchase land for a new fire station located along SR 92, a major thoroughfare. Other services such as parks, police and library services will be improved with revenue increases.

Request for Information

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

LEHI



Pioneering Utah's Future

BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2013

	PRIMARY GOVERNMENT			COMPONENT UNIT HUTCHINGS MUSEUM
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 12,048,018	\$ 11,106,948	\$ 23,154,966	\$ 122,636
RECEIVABLES (NET)				
ACCOUNTS	-	4,265,736	4,265,736	-
UNBILLED	-	627,311	627,311	-
TAXES	19,957,329	-	19,957,329	-
INTERGOVERNMENTAL	339,909	-	339,909	-
OTHER	394,836	-	394,836	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	152,055	152,055	-
PREPAID EXPENSES	67,220	104,875	172,095	-
INVENTORY	50,069	2,812,177	2,862,246	-
RESTRICTED CASH AND CASH EQUIVALENTS	7,665,421	8,719,878	16,385,299	-
NON-DEPRECIABLE CAPITAL ASSETS	91,615,464	44,750,652	136,366,116	5,000
DEPRECIABLE CAPITAL ASSETS, NET	138,492,342	150,814,536	289,306,878	319,358
TOTAL ASSETS	<u>\$ 270,630,608</u>	<u>\$ 223,354,168</u>	<u>\$ 493,984,776</u>	<u>\$ 446,994</u>
DEFERRED OUTFLOWS OF RESOURCES				
DEFERRED CHARGE ON REFUNDING	<u>\$ -</u>	<u>\$ 155,254</u>	<u>\$ 155,254</u>	<u>\$ -</u>
LIABILITIES				
INTERFUND BALANCES	\$ 676,689	\$ (676,689)	\$ -	\$ -
ACCOUNTS PAYABLE	834,711	5,015,009	5,849,720	4,178
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
ACCOUNTS PAYABLE	818,326	173,899	992,225	-
ACCRUED INTEREST	125,954	-	125,954	-
WAGES PAYABLE	265,790	66,934	332,724	1,614
ACCRUED LIABILITIES	1,424,203	-	1,424,203	-
ACCRUED INTEREST PAYABLE	2,086,318	30,315	2,116,633	-
CUSTOMER DEPOSITS	-	445,457	445,457	-
NON-CURRENT LIABILITIES				
DUE WITHIN ONE YEAR	1,215,913	1,494,327	2,710,240	3,303
DUE IN MORE THAN ONE YEAR:				
COMPENSATED ABSENCES	1,505,835	620,488	2,126,323	5,212
LANDFILL POSTCLOSURE COSTS	250,917	-	250,917	-
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	80,926,594	-	80,926,594	-
OTHER NOTES PAYABLE	-	1,599,552	1,599,552	-
BONDS PAYABLE	15,010,000	7,759,319	22,769,319	-
TOTAL LIABILITIES	<u>\$ 105,141,250</u>	<u>\$ 16,528,611</u>	<u>\$ 121,669,861</u>	<u>\$ 14,307</u>
DEFERRED INFLOWS OF RESOURCES				
PROPERTY TAXES	<u>\$ 18,354,140</u>	<u>\$ -</u>	<u>\$ 18,354,140</u>	<u>\$ -</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	214,537,806	184,918,965	399,456,771	324,358
RESTRICTED FOR				
CAPITAL IMPROVEMENTS	6,407,010	8,523,182	14,930,192	-
DEBT SERVICE	63,214	22,755	85,969	-
UNRESTRICTED (DEFICIT)	(73,872,812)	13,515,909	(60,356,903)	108,329
TOTAL NET POSITION	<u>\$ 147,135,218</u>	<u>\$ 206,980,811</u>	<u>\$ 354,116,029</u>	<u>\$ 432,687</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

					NET REVENUE (EXPENSE) AND			
					CHANGES IN NET POSITION			COMPONENT
					PRIMARY GOVERNMENT			UNIT
		PROGRAM REVENUES						
		OPERATING	CAPITAL					
		GRANTS AND	GRANTS AND					
		CONTRIBUTIONS	CONTRIBUTIONS					

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 6,765,420	\$ 1,351,615	\$ 1,729,679	\$ 9,846,714
RECEIVABLES				
TAXES	7,280,113	12,677,216	-	19,957,329
INTERGOVERNMENTAL	339,909	-	-	339,909
OTHER	394,836	-	-	394,836
DUE FROM OTHER FUNDS	26,304	-	-	26,304
PREPAID ITEMS	25,858	-	-	25,858
RESTRICTED CASH AND CASH EQUIVALENTS	863,803	-	6,801,618	7,665,421
TOTAL ASSETS	\$ 15,696,243	\$ 14,028,831	\$ 8,531,297	\$ 38,256,371
LIABILITIES				
ACCOUNTS PAYABLE	\$ 376,700	\$ 279,524	\$ 84,615	\$ 740,839
DUE TO OTHER FUNDS	-	26,304	-	26,304
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	211,755	-	606,571	818,326
WAGES PAYABLE	256,487	-	-	256,487
ACCRUED LIABILITIES	1,424,203	-	-	1,424,203
TOTAL LIABILITIES	2,269,145	305,828	691,186	3,266,159
DEFERRED INFLOWS OF RESOURCES				
TAXES	5,676,924	12,677,216	-	18,354,140
NONSPENDABLE	25,858	-	-	25,858
RESTRICTED	652,048	-	6,195,047	6,847,095
COMMITTED	448,237	-	-	448,237
ASSIGNED	184,415	1,045,787	1,645,064	2,875,266
UNASSIGNED	6,439,616	-	-	6,439,616
TOTAL FUND BALANCE	7,750,174	1,045,787	7,840,111	16,636,072
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 15,696,243	\$ 14,028,831	\$ 8,531,297	\$ 38,256,371

**LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 16,636,072
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	230,107,806
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(98,909,259)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(2,212,272)
THE CURRENT ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	2,189,559
SOME OF THE INTERNAL SERVICE NET INCOME IS ALLOCABLE TO BUSINESS-TYPE ACTIVITIES. BALANCES IN THE STATEMENT OF NET POSITION	(676,688)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 147,135,218

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 17,074,434	\$ 8,154,625	\$ 429,505	\$ 25,658,564
LICENSES, FEES AND PERMITS	2,043,397	-	4,652,508	6,695,905
INTERGOVERNMENTAL	2,015,152	-	-	2,015,152
CHARGES FOR SERVICES	5,668,980	-	-	5,668,980
FINES AND FORFEITURES	593,424	-	-	593,424
MISCELLANEOUS	357,656	-	-	357,656
INTEREST ON INVESTMENTS	53,802	5,106	37,485	96,393
TOTAL REVENUES	27,806,845	8,159,731	5,119,498	41,086,074
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT	4,756,942	-	-	4,756,942
PUBLIC SAFETY	9,108,300	-	-	9,108,300
COMMUNITY DEVELOPMENT	2,071,084	15,312,266	-	17,383,350
STREETS AND HIGHWAYS	2,094,633	-	-	2,094,633
PARKS, RECREATION AND CULTURE	6,805,808	-	-	6,805,808
CEMETERY	291,914	-	-	291,914
OTHER	-	-	13,780	13,780
CAPITAL OUTLAY	-	-	3,569,430	3,569,430
DEBT SERVICE				
PRINCIPAL	1,115,000	1,940,063	-	3,055,063
INTEREST AND FISCAL CHARGES	376,434	3,648,290	377,863	4,402,587
CAPITAL LEASE PAYMENTS-PRINCIPAL	81,888	-	-	81,888
CAPITAL LEASE PAYMENTS-INTEREST	2,434	-	-	2,434
TOTAL EXPENDITURES	26,704,437	20,900,619	3,961,073	51,566,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,102,408	(12,740,888)	1,158,425	(10,480,055)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	2,108,947	-	1,600,000	3,708,947
TRANSFERS OUT	(1,600,000)	(1,378,027)	-	(2,978,027)
SALE OF CAPITAL ASSETS	82,760	-	-	82,760
ISSUANCE OF NOTES	-	14,087,053	-	14,087,053
TOTAL OTHER FINANCING SOURCES (USES)	591,707	12,709,026	1,600,000	14,900,733
NET CHANGE IN FUND BALANCE	1,694,115	(31,862)	2,758,425	4,420,678
FUND BALANCE AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,152,734	1,077,649	5,081,686	11,312,069
PRIOR PERIOD ADJUSTMENT	903,325	-	-	903,325
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	6,056,059	1,077,649	5,081,686	12,215,394
FUND BALANCE AT END OF YEAR	\$ 7,750,174	\$ 1,045,787	\$ 7,840,111	\$ 16,636,072

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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,420,678
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES WHILE GOVERNMENTAL ACTIVITIES REPORT DEPRECIATION EXPENSE TO ALLOCATE THOSE EXPENDITURES OVER THE LIFE OF THE ASSETS CAPITAL ASSET PURCHASES CAPITALIZED DEPRECIATION EXPENSE	4,066,214 (8,767,627)
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES, SUCH AS COMPENSATED ABSENCES, ACCRUED INTEREST, LANDFILL POST-CLOSURE COSTS DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS	(410,871)
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 POSITION	(14,087,053)
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION	3,136,951
THE NET REVENUE OF INTERNAL SERVICES FUNDS IS ALLOCATED BETWEEN GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES. INTERNAL SERVICE FUND NET INCOME LESS AMOUNT ALLOCATED TO BUSINESS-TYPE ACTIVITIES	29,974 (3,123)
GOVERNMENTAL FUNDS REPORT THE DISPOSAL OF ASSETS TO THE EXTENT PROCEEDS ARE RECEIVED, IN THE STATEMENT OF NET POSITION, A GAIN OR LOSS IS REPORTED FOR EACH DISPOSAL	(28,280)
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	2,670,867
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (8,972,270)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FUND					REDEVELOPMENT AGENCY			
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)		BUDGETED AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL	ACTUAL			ORIGINAL	FINAL	ACTUAL	
REVENUES									
TAXES	\$ 15,787,000	\$ 15,797,000	\$ 17,074,434	\$ 1,277,434		\$ 10,109,000	\$ 10,109,000	\$ 8,154,625	\$ (1,954,375)
LICENSES, FEES AND PERMITS	1,327,039	3,252,039	2,043,397	(1,208,642)		-	-	-	-
INTERGOVERNMENTAL REVENUE	1,710,047	1,710,047	2,015,152	305,105		-	-	-	-
CHARGES FOR SERVICE	4,639,066	4,814,066	5,668,980	854,914		-	-	-	-
FINES AND FORFEITURES	901,500	901,500	593,424	(308,076)		-	-	-	-
MISCELLANEOUS REVENUE	722,119	722,119	357,656	(364,463)		552,000	552,000	-	(552,000)
INTEREST ON INVESTMENTS	38,500	38,500	53,802	15,302		3,000	3,000	5,106	2,106
TOTAL REVENUES	25,125,271	27,235,271	27,806,845	571,574		10,664,000	10,664,000	8,159,731	(2,504,269)
EXPENDITURES									
GENERAL GOVERNMENT	5,108,078	5,108,078	4,756,942	351,136		-	-	-	-
PUBLIC SAFETY	8,884,992	9,284,992	9,108,300	176,692		-	-	-	-
COMMUNITY DEVELOPMENT	2,022,284	2,147,284	2,071,084	76,200		11,453,293	11,453,293	15,312,266	(3,858,973)
STREETS AND HIGHWAYS	2,101,371	2,126,371	2,094,633	31,738		-	-	-	-
PARKS, RECREATIONS AND CULTURE	7,023,428	7,073,428	6,805,808	267,620		-	-	-	-
CEMETERY	291,940	291,940	291,914	26		-	-	-	-
DEBT SERVICE	1,576,720	1,586,720	1,575,756	10,964		6,300,000	6,300,000	5,588,353	711,647
TOTAL EXPENDITURES	27,008,813	27,618,813	26,704,437	914,376		17,753,293	17,753,293	20,900,619	(3,147,326)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,883,542)	(383,542)	1,102,408	1,485,950		(7,089,293)	(7,089,293)	(12,740,888)	(5,651,595)
OTHER FINANCING SOURCES (USES)									
ISSUANCE OF NOTES	-	-	-	-		9,000,000	9,000,000	14,087,053	5,087,053
TRANSFERS IN	2,163,542	2,163,542	2,108,947	(54,595)		7,500	7,500	-	(7,500)
TRANSFERS OUT	(300,000)	(1,800,000)	(1,600,000)	200,000		(1,918,207)	(1,918,207)	(1,378,027)	540,180
SALE OF CAPITAL ASSETS	20,000	20,000	82,760	62,760		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,883,542	383,542	591,707	208,165		7,089,293	7,089,293	12,709,026	5,619,733
NET CHANGE IN FUND BALANCE	-	-	1,694,115	1,694,115		-	-	(31,862)	(31,862)
FUND BALANCE AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,152,734	5,152,734	5,152,734	-		1,077,649	1,077,649	1,077,649	-
PRIOR PERIOD ADJUSTMENT	903,325	903,325	903,325	-		-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	6,056,059	6,056,059	6,056,059	-		1,077,649	1,077,649	1,077,649	-
FUND BALANCE AT END OF YEAR	\$ 6,056,059	\$ 6,056,059	\$ 7,750,174	\$ 1,694,115		\$ 1,077,649	\$ 1,077,649	\$ 1,045,787	\$ (31,862)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI



Pioneering Utah's Future

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL
	CULINARY		PRESSURIZED			NONMAJOR	TOTAL	ACTIVITIES
	WATER	SEWER	IRRIGATION	ELECTRIC	DRAINAGE	ENTERPRISE	BUSINESS-	INTERNAL
						FUND	TYPE	SERVICE
						(GARBAGE)	FUNDS	FUNDS
ASSETS								
CURRENT ASSETS								
CASH AND CASH EQUIVALENTS	\$ 719,936	\$ 1,212,550	\$ 1,585,330	\$ 4,463,681	\$ 2,294,787	\$ 830,664	\$ 11,106,948	\$ 2,201,303
RECEIVABLE (NET):								
ACCOUNTS	346,054	801,804	200,481	2,563,111	110,648	243,638	4,265,736	-
UNBILLED	49,740	99,116	34,628	393,956	12,558	37,313	627,311	-
REFUND DUE FROM DEPOSIT								
WITH POWER SUPPLIER	-	-	-	152,055	-	-	152,055	-
PREPAID INTEREST AND OTHER EXPENSES	-	27,370	-	77,505	-	-	104,875	41,362
INVENTORY	62,084	11,547	62,161	2,673,293	3,092	-	2,812,177	50,069
TOTAL CURRENT ASSETS	1,177,814	2,152,387	1,882,600	10,323,601	2,421,085	1,111,615	19,069,102	2,292,734
NON-CURRENT ASSETS								
RESTRICTED CASH AND CASH EQUIVALENTS	1,216,065	1,641,092	818,094	5,044,585	42	-	8,719,878	-
NONDEPRECIABLE CAPITAL ASSETS	22,215,288	944,671	20,489,400	957,328	143,965	-	44,750,652	-
DEPRECIABLE CAPITAL ASSETS, NET	25,921,963	28,890,835	30,746,181	37,797,341	27,458,216	-	150,814,536	1,177,148
TOTAL NON-CURRENT ASSETS	49,353,316	31,476,598	52,053,675	43,799,254	27,602,223	-	204,285,066	1,177,148
TOTAL ASSETS	\$ 50,531,130	\$ 33,628,985	\$ 53,936,275	\$ 54,122,855	\$ 30,023,308	\$ 1,111,615	\$ 223,354,168	\$ 3,469,882
DEFERRED OUTFLOWS OF RESOURCES								
DEFERRED CHARGE ON REFUNDING	\$ -	\$ -	\$ -	\$ 145,500	\$ 9,754	\$ -	\$ 155,254	\$ -

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL
	CULINARY		PRESSURIZED			NONMAJOR		ACTIVITIES
	WATER	SEWER	IRRIGATION	ELECTRIC	DRAINAGE	ENTERPRISE		INTERNAL
						FUND	TOTALS	SERVICE
						(GARBAGE)		FUNDS
LIABILITIES								
CURRENT LIABILITIES								
ACCOUNTS PAYABLE	\$ 65,900	\$ 803,398	\$ 182,809	\$ 3,580,446	\$ 25,230	\$ 357,226	\$ 5,015,009	\$ 93,872
WAGES PAYABLE	9,305	3,738	5,843	44,625	3,423	-	66,934	9,303
ACCRUED INTEREST PAYABLE	15,051	-	12,315	1,544	1,405	-	30,315	-
PAYABLE FROM RESTRICTED ASSETS:								-
ACCOUNTS PAYABLE	116,622	11,414	44,501	1,362	-	-	173,899	-
CUSTOMER DEPOSITS	-	-	-	445,457	-	-	445,457	-
CURRENT PORTION COMPENSATED ABSENCES	42,280	13,050	15,929	124,740	10,976	-	206,975	28,191
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	238,676	-	198,676	700,000	150,000	-	1,287,352	-
TOTAL CURRENT LIABILITIES	487,834	831,600	460,073	4,898,174	191,034	357,226	7,225,941	131,366
NON-CURRENT LIABILITIES								
COMPENSATED ABSENCES	147,301	12,938	64,483	374,959	20,807	-	620,488	41,997
NOTES PAYABLE	799,776	-	799,776	-	-	-	1,599,552	-
BONDS PAYABLE, LESS CURRENT MATURITIES	736,622	-	602,697	4,500,000	1,920,000	-	7,759,319	-
TOTAL NON-CURRENT LIABILITIES	1,683,699	12,938	1,466,956	4,874,959	1,940,807	-	9,979,359	41,997
TOTAL LIABILITIES	\$ 2,171,533	\$ 844,538	\$ 1,927,029	\$ 9,773,133	\$ 2,131,841	\$ 357,226	\$ 17,205,300	\$ 173,363
NET POSITION								
NET INVESTMENT IN CAPITAL ASSETS	46,362,177	29,835,506	49,634,432	33,554,669	25,532,181	-	184,918,965	1,177,148
RESTRICTED FOR								
CAPITAL PROJECTS	1,099,332	1,629,678	773,503	5,020,669	-	-	8,523,182	-
DEBT SERVICE	111	-	90	22,554	-	-	22,755	-
UNRESTRICTED	897,977	1,319,263	1,601,221	5,897,330	2,369,040	754,389	12,839,220	2,119,371
TOTAL NET POSITION	\$ 48,359,597	\$ 32,784,447	\$ 52,009,246	\$ 44,495,222	\$ 27,901,221	\$ 754,389	206,304,122	\$ 3,296,519
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS								
CURRENT YEAR ADJUSTMENT							3,123	
CUMULATIVE ADJUSTMENT FROM PRIOR YEARS							673,566	
NET POSITION OF BUSINESS-TYPE ACTIVITIES							\$ 206,980,811	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL
	CULINARY	SEWER	PRESSURIZED	ELECTRIC	DRAINAGE	NONMAJOR	TOTALS	ACTIVITIES
	WATER		IRRIGATION			ENTERPRISE		INTERNAL
						FUND		SERVICE
						(GARBAGE)		FUNDS
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)								
CHARGES FOR SERVICES	\$ 3,020,267	\$ 7,329,197	\$ 2,047,065	\$ 23,231,926	\$ 1,023,980	\$ 2,155,728	\$ 38,808,163	\$ 3,019,068
HOOK-UP AND SERVICING FEES	333,465	686	113,899	261,842	-	-	709,892	-
MISCELLANEOUS REVENUES	45,692	29,797	-	203,546	184	6,790	286,009	-
TOTAL OPERATING REVENUES	3,399,424	7,359,680	2,160,964	23,697,314	1,024,164	2,162,518	39,804,064	3,019,068
OPERATING EXPENSES								
PERSONNEL	684,824	247,723	400,031	2,426,240	233,160	-	3,991,978	644,291
GENERAL ADMINISTRATION	81,372	37,799	27,363	279,752	15,796	18,060	460,142	-
OPERATING AND MAINTENANCE	711,860	4,765,653	1,031,910	18,510,789	130,948	2,225,482	27,376,642	2,080,369
INTERFUND CHARGES	203,240	131,000	75,000	570,000	15,000	-	994,240	-
DEPRECIATION	1,091,043	1,036,425	1,001,374	1,873,642	822,367	-	5,824,851	285,564
TOTAL OPERATING EXPENSES	2,772,339	6,218,600	2,535,678	23,660,423	1,217,271	2,243,542	38,647,853	3,010,224
OPERATING INCOME (LOSS)	627,085	1,141,080	(374,714)	36,891	(193,107)	(81,024)	1,156,211	8,844
NON-OPERATING REVENUES (EXPENSES)								
IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	692,577	493,360	682,906	2,110,865	293,508	-	4,273,216	-
INTEREST INCOME	7,255	9,670	11,882	49,738	17,275	4,102	99,922	12,203
INTEREST EXPENSE	(76,216)	-	(68,442)	(119,249)	(82,514)	-	(346,421)	-
GAIN ON SALE OF CAPITAL ASSETS	1,800	-	-	-	-	-	1,800	3,271
TOTAL NON-OPERATING REVENUES (EXPENSES)	625,416	503,030	626,346	2,041,354	228,269	4,102	4,028,517	21,130
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,252,501	1,644,110	251,632	2,078,245	35,162	(76,922)	5,184,728	29,974
CAPITAL CONTRIBUTIONS	2,931,644	1,182,383	3,604,471	1,199,182	1,073,594	-	9,991,274	-
TRANSFERS TO OTHER FUNDS	(174,500)	(150,000)	(64,890)	(265,920)	(65,610)	(10,000)	(730,920)	-
CHANGE IN NET POSITION	4,009,645	2,676,493	3,791,213	3,011,507	1,043,146	(86,922)	14,445,082	29,974
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	41,952,928	29,749,074	45,989,913	41,166,030	26,858,075	841,311		3,266,545
PRIOR PERIOD ADJUSTMENT	2,397,024	358,880	2,228,120	317,685	-	-		-
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	44,349,952	30,107,954	48,218,033	41,483,715	26,858,075	841,311		3,266,545
NET POSITION AT END OF YEAR	\$ 48,359,597	\$ 32,784,447	\$ 52,009,246	\$ 44,495,222	\$ 27,901,221	\$ 754,389		\$ 3,296,519
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							3,123	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (page 33)							\$ 14,448,205	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES								
CASH RECEIVED FROM CUSTOMERS	\$ 3,280,955	\$ 7,149,043	\$ 2,173,399	\$ 23,653,727	\$ 1,033,510	\$ 2,163,538	\$ 39,454,172	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	-	3,019,068
CASH PAID TO SUPPLIERS	(660,162)	(4,699,311)	(951,950)	(18,218,506)	(139,527)	(2,074,185)	(26,743,641)	(1,835,385)
CASH PAID TO EMPLOYEES	(631,893)	(244,098)	(395,600)	(2,413,624)	(228,557)	-	(3,913,772)	(1,114,487)
CASH PAID FOR INTERFUND SERVICES	(203,240)	(131,000)	(75,000)	(570,000)	(15,000)	-	(994,240)	-
OTHER RECEIPTS	45,692	29,797	-	203,546	184	6,790	286,009	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,831,352	2,104,431	750,849	2,655,143	650,610	96,143	8,088,528	69,196
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
TRANSFERS OUT	(174,500)	(150,000)	(64,890)	(265,920)	(65,610)	(10,000)	(730,920)	-
PAYMENTS MADE ON INTERFUND BALANCES	(622,041)	(714,841)	-	1,336,882	-	-	-	-
NET CASH USED IN (PROVIDED BY) NON-CAPITAL FINANCING ACTIVITIES	(796,541)	(864,841)	(64,890)	1,070,962	(65,610)	(10,000)	(730,920)	5,656
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(596,567)	(444,254)	(583,884)	(2,206,554)	(262,099)	-	(4,093,358)	(452,638)
PROCEEDS FROM SALE OF CAPITAL ASSETS	4,600	-	-	-	-	-	4,600	5,749
CONTRIBUTIONS FROM DEVELOPERS	-	-	-	769,891	185,316	-	955,207	-
PRINCIPAL PAID ON BONDS	(223,871)	-	(185,371)	(700,000)	(145,000)	-	(1,254,242)	-
INTEREST PAID ON BONDS	(77,999)	-	(69,899)	(94,627)	(77,746)	-	(320,271)	-
PRINCIPAL PAID ON NOTES PAYABLE	(5,610)	-	(5,610)	-	-	-	(11,220)	-
IMPACT FEES COLLECTED	692,577	493,360	682,906	2,110,865	293,508	-	4,273,216	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(206,870)	49,106	(161,858)	(120,425)	(6,021)	-	(446,068)	(446,889)
CASH FLOWS FROM INVESTING ACTIVITIES								
INTEREST INCOME COLLECTED	7,255	9,670	11,882	49,738	17,275	4,102	99,922	12,203
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,255	9,670	11,882	49,738	17,275	4,102	99,922	12,203

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL
	CULINARY	SEWER	PRESSURIZED	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	ACTIVITIES INTERNAL SERVICE FUNDS
	WATER		IRRIGATION			TOTALS	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	835,196	1,298,366	535,983	3,655,418	596,254	90,245	(359,834)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,100,805	1,555,276	1,867,441	5,852,848	1,698,575	740,419	2,561,137
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,936,001</u>	<u>\$ 2,853,642</u>	<u>\$ 2,403,424</u>	<u>\$ 9,508,266</u>	<u>\$ 2,294,829</u>	<u>\$ 830,664</u>	<u>\$ 2,201,303</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:							
UNRESTRICTED CASH	\$ 719,936	\$ 1,212,550	\$ 1,585,330	\$ 4,463,681	\$ 2,294,787	\$ 830,664	\$ 2,201,303
RESTRICTED CASH	1,216,065	1,641,092	818,094	5,044,585	42	-	-
	<u>\$ 1,936,001</u>	<u>\$ 2,853,642</u>	<u>\$ 2,403,424</u>	<u>\$ 9,508,266</u>	<u>\$ 2,294,829</u>	<u>\$ 830,664</u>	<u>\$ 2,201,303</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
NOTES PAYABLE ISSUED TO ACQUIRE CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	2,931,644	1,182,383	3,604,471	429,291	888,278	-	-
	<u>\$ 2,931,644</u>	<u>\$ 1,182,383</u>	<u>\$ 3,604,471</u>	<u>\$ 429,291</u>	<u>\$ 888,278</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ 627,085	\$ 1,141,080	\$ (374,714)	\$ 36,891	\$ (193,107)	\$ (81,024)	\$ 8,844
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
DEPRECIATION	1,091,043	1,036,425	1,001,374	1,873,642	822,367	-	285,564
CHANGES IN ASSETS AND LIABILITIES							
ACCOUNTS RECEIVABLE	(73,253)	(181,617)	11,664	54,304	9,210	7,052	-
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	476	777	771	3,908	320	758	-
ADVANCE BILLING ON DEPOSIT							-
WITH POWER SUPPLIER	-	-	-	18,043	-	-	-
PREPAID ITEMS	-	(27,370)	-	7,140	-	-	(41,362)
INVENTORY	(2,020)	(120)	(5,090)	(184,010)	(1,844)	-	(11,479)
ACCOUNTS PAYABLE	135,090	131,631	112,413	730,862	9,061	169,357	(177,727)
WAGES PAYABLE	1,634	951	1,115	13,206	710	-	1,148
COMPENSATED ABSENCES	51,297	2,674	3,316	(590)	3,893	-	4,208
CUSTOMER DEPOSITS	-	-	-	101,747	-	-	-
	<u>\$ 1,831,352</u>	<u>\$ 2,104,431</u>	<u>\$ 750,849</u>	<u>\$ 2,655,143</u>	<u>\$ 650,610</u>	<u>\$ 96,143</u>	<u>\$ 69,196</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

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

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

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

The Hutchings Museum - The Hutchings Museum is a separate non-profit entity under its own articles of incorporation. The Lehi City Mayor and Council appoint and approve the Museum Board of Directors. The City has financial responsibility for the operations of the Museum. The assets and inventories of the Hutchings Museum are controlled and maintained by the Board. Separate financial statements are not issued for the Hutchings Museum.

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basic Financial Statements – Government-Wide Statements

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

In the government-wide Statement of Net Position, 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 position is reported in three parts – net investment in capital assets, restricted and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

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

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

The City does not allocate indirect expenses.

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

The government-wide statements focus more on the sustainability of the City in its entirety and the change in the City's net position resulting from the current year's activities.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basic Financial Statements – Fund Financial Statements

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

Governmental Funds

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

- **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounting for in another fund.
- **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type proprietary funds). The City has only one capital projects fund and it is used to account for major road, sidewalk, parks and land improvements.

The City has three major governmental funds – the General Fund, the Capital Projects Fund, and the Special Revenue Redevelopment Agency Fund which is used to account for revenues generated by development projects overseen by the Redevelopment Agency of the City of Lehi.

Proprietary Funds

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

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

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

- The purpose of the Culinary Water Fund is to assure an adequate supply of potable water. It also maintains the culinary water distribution lines, wells and storage tanks, and culinary water facilities.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Basis of Accounting

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

Accrual

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

Modified Accrual

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and cash equivalents

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

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

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

Restricted cash and cash equivalents

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

Inventories

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

Capital assets

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

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Intangible Assets

The City records donated intangible assets meeting the criteria outlined in GASB Statement No. 51 at fair value. The City records purchased intangible assets as capital assets. Water rights are the City's primary intangible asset.

Revenues – Exchange and Non-exchange Transactions

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

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

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

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

The City bills utility customers once monthly when the meters are read. The City is divided into two billing districts. Unbilled accounts receivable were \$627,311 at June 30, 2013. The accounts receivable are reported net of the allowance for doubtful accounts of \$402,226 at June 30, 2013.

Compensated Absences

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Interfund Activity

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

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the city council – the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed, as established by the city council and the city manager. Also includes all remaining amounts that are reported in governmental funds other than the general fund that are not classified as nonspendable, restricted, nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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.

Budgets and budgetary control

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Utah State law prohibits the appropriation of unassigned General Fund balance until it exceeds 5% of the General Fund revenues. Until unassigned 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 unassigned fund balance is greater than 25% 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.

Subsequent events

Management has evaluated subsequent events through November 15, 2013, the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. At June 30, 2013 the book value of cash on deposit was \$2,983,807 and the bank balance was \$3,558,160 (\$3,159,128 of which was exposed to custodial credit risk as uninsured and uncollateralized) with the difference being outstanding checks and deposits.

Investments

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

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, 2013 are presented below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Utah Public Treasurer's					
Investment Fund	\$ 36,489,870	\$36,489,870	\$ -	\$ -	\$ -
Money Market Funds	189,023	189,023	-	-	-
U.S. Treasuries	201	201	-	-	-
	<u>\$ 36,679,094</u>	<u>\$36,679,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – Investments

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

Credit Risk of Debt Securities

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Utah Public Treasurer's Investment Fund	\$ 36,489,870	\$ -	\$ -	\$ -	\$36,489,870
Money Market Funds	189,023	-	189,023	-	-
U.S. Treasuries	201	201	-	-	-
	<u>\$ 36,679,094</u>	<u>\$ 201</u>	<u>\$189,023</u>	<u>\$ -</u>	<u>\$36,489,870</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, 2013 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, 2013, 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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE C – EXTERNAL INVESTMENT POOL - CONTINUED

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, 2013) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2013, the City had \$36,489,870 invested in the PTIF which had a fair value of \$36,673,112 for an unrealized gain of \$183,242. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	74.99%
Certificates of deposit	1.89%
Money market accounts and	
Commercial paper	4.75%
Commercial paper	18.37%
	<u>100.00%</u>

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS

The balance of the City's restricted cash and cash equivalents accounts are as follows:

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Reserves for future debt service	\$ 189,168	\$ 22,797	\$ 211,965
Unexpended B & C Road funds	582,505	-	582,505
Funds restricted for landfill			
post-closure costs	281,298	-	281,298
Unexpended impact fees	6,612,450	8,697,081	15,309,531
	<u>\$ 7,665,421</u>	<u>\$ 8,719,878</u>	<u>\$ 16,385,299</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE E – FUND BALANCES

Fund balances are presented on the governmental fund balance sheet in compliance with Governmental Accounts Standards Board, Statement No. 54. The detail of the fund balance categories is presented below:

		Major Governmental Funds			
		Special Revenue		Capital Projects	Total
		General	Redevelopment Agency		
<hr/>					
Nonspendable:					
Prepaid items	\$	25,858	\$ -	\$ -	\$ 25,858
Total nonspendable		25,858	-	-	25,858
<hr/>					
Restricted:					
Externally imposed by creditors					
Debt reserves		-	-	189,168	189,168
Imposed by law or legislation					
C road funds		582,505	-	-	582,505
Landfill post-closure costs		281,298	-	-	281,298
Impact fees		-	-	6,612,450	6,612,450
Less liabilities payable from impact fees		-	-	-	-
		(211,755)	-	(606,571)	(818,326)
Total restricted		652,048	-	6,195,047	6,847,095
<hr/>					
Committed:					
Library Fund		448,237	-	-	448,237
Total committed		448,237	-	-	448,237
<hr/>					
Assigned:					
Hutchings Museum		184,415	-	-	184,415
Redevelopment		-	1,045,787	-	1,045,787
Capital Projects		-	-	1,645,064	1,645,064
Total assigned		184,415	1,045,787	1,645,064	2,875,266
<hr/>					
Unassigned:		6,439,616	-	-	6,439,616
Total fund balance	\$	7,750,174	\$ 1,045,787	\$ 7,840,111	\$ 16,636,072

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 86,287,917	\$ 1,055,888	\$ -	\$ 87,343,805
Construction in progress	8,109,505	353,163	4,191,009	4,271,659
Total nondepreciable capital assets	<u>\$ 94,397,422</u>	<u>\$ 1,409,051</u>	<u>\$ 4,191,009</u>	<u>\$ 91,615,464</u>
Depreciable capital assets:				
Buildings	\$ 21,191,464	\$ 62,299	\$ -	\$ 21,253,763
Improvements, including infrastructure	168,284,575	9,124,751	-	177,409,326
Machinery, equipment and vehicles	13,651,596	749,443	369,112	14,031,927
Office furniture and equipment	<u>1,442,484</u>	<u>35,184</u>	<u>-</u>	<u>1,477,668</u>
Total depreciable capital assets at historical cost	<u>204,570,119</u>	<u>9,971,677</u>	<u>369,112</u>	<u>214,172,684</u>
Less accumulated depreciation:				
Buildings	6,485,720	732,610	-	7,218,330
Improvements, including infrastructure	49,690,234	7,450,482	-	57,140,716
Machinery, equipment and vehicles	9,574,670	789,199	338,353	10,025,516
Office furniture and equipment	<u>1,214,880</u>	<u>80,900</u>	<u>-</u>	<u>1,295,780</u>
Total accumulated depreciation	<u>66,965,504</u>	<u>9,053,191</u>	<u>338,353</u>	<u>75,680,342</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 137,604,615</u>	<u>\$ 918,486</u>	<u>\$ 30,759</u>	<u>\$ 138,492,342</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 1,096,435
Public safety	525,074
Community development	36,071
Streets and highways, including infrastructure	6,523,626
Parks, recreation and culture	841,662
Cemetery	30,323
	<u>\$ 9,053,191</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE F – CAPITAL ASSETS – CONTINUED

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 2,336,469	\$ -	\$ -	\$ 2,336,469
Construction in progress	601,649	1,539,876	15,000	2,126,525
Intangibles	35,290,142	4,997,516	-	40,287,658
Total nondepreciable capital assets	<u>\$ 38,228,260</u>	<u>\$ 6,537,392</u>	<u>\$ 15,000</u>	<u>\$ 44,750,652</u>
Depreciable capital assets:				
Buildings	\$ 2,808,699	\$ -	\$ -	\$ 2,808,699
Improvements, including infrastructure	191,032,291	6,301,345	-	197,333,636
Machinery, equipment and vehicles	4,920,214	316,514	26,473	5,210,255
Office furniture and equipment	195,611	-	-	195,611
Total depreciable capital assets at historical cost	<u>198,956,815</u>	<u>6,617,859</u>	<u>26,473</u>	<u>205,548,201</u>
Less accumulated depreciation:				
Buildings	897,533	88,886	-	986,419
Improvements, including infrastructure	44,122,991	5,447,984	-	49,570,975
Machinery, equipment and vehicles	3,746,127	283,156	23,670	4,005,613
Office furniture and equipment	165,833	4,825	-	170,658
Total accumulated depreciation	<u>48,932,484</u>	<u>5,824,851</u>	<u>23,670</u>	<u>54,733,665</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 150,024,331</u>	<u>\$ 793,008</u>	<u>\$ 2,803</u>	<u>\$ 150,814,536</u>

Depreciation was charged to functions as follows:

Business-type activities:	
Culinary water	\$ 1,091,043
Sewer	1,036,425
Electric	1,873,642
Pressurized irrigation	1,001,374
Drainage	822,367
	<u>\$ 5,824,851</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE F – CAPITAL ASSETS – CONTINUED

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Discretely Present Component Unit:				
Nondepreciable capital assets:				
Land	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
Depreciable capital assets:				
Buildings	\$ 236,808	\$ -	\$ -	\$ 236,808
Improvements, including infrastructure	310,382	-	-	310,382
Office furniture and equipment	72,194	-	-	72,194
Total depreciable capital assets at historical cost	<u>619,384</u>	<u>-</u>	<u>-</u>	<u>619,384</u>
Less accumulated depreciation:				
Buildings	111,273	17,306	-	128,579
Improvements, including infrastructure	120,220	12,616	-	132,836
Office furniture and equipment	52,609	(13,998)	-	38,611
Total accumulated depreciation	<u>284,102</u>	<u>15,924</u>	<u>-</u>	<u>300,026</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 335,282</u>	<u>\$ (15,924)</u>	<u>\$ -</u>	<u>\$ 319,358</u>

NOTE G – 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 H – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2013:

Governmental activities

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%

\$ 3,640,000

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – LONG-TERM DEBT - CONTINUED

Governmental activities - continued

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%	3,975,000
2004 Subordinated sales tax revenue bonds	
\$9,000,000 sales tax revenue bonds with interest at 4.75% payable from 87.5% of the local sales and use tax and 100% of the transient room tax collected from the Cabela's Retail Store Project area, due in 2024	7,955,000
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%	65,729,580
Tax increment note payable to developer	
Noninterest bearing note payable to developer, payable in annual installments equal to 95% of the tax increment received by the RDA from the Thanksgiving Park Economic Development Project area	1,862,370
Tax increment note payable to developer	
Noninterest bearing note payable to developer, payable in annual installments equal to 100% of the property tax increment received by the RDA from the Traverse Mountain Community Development Project area, as well as varying levels of the sales tax collected from business within the project area, over the ten year tax increment period	13,334,644
Compensated absences	2,161,748
Landfill closure and postclosure care liability	250,917
Total Governmental activities long-term debt	<u>\$ 98,909,259</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – LONG-TERM DEBT - CONTINUED

Business-type activities

2009 Electric refunding and revenue bonds

\$7,700,000 electric refunding and revenue bonds due serially through 2020. The bonds are variable rate debt and are remarketed weekly. The interest rate is based on the market conditions the day the bonds are remarketed

\$ 5,200,000

2003 Water refunding bonds

\$3,980,000 water revenue bonds due serially through 2020 with interest rates ranging from 2.5% to 3.9%

1,454,319

1999 Water refunding bonds

\$1,740,000 water refunding bonds due serially through 2015 with interest at 3.25% to 4.9%

285,000

2010 Storm Drain revenue and refunding bonds

\$2,500,000 in drainage revenue and refunding bonds due serially through 2025 with interest rates ranging at 3.51%

2,070,000

Note payable to Provo Reservoir Water Users Company

payable in annual installments through 2035. Payments include interest at 4% and range from \$34,813 to \$33,439

460,086

Note payable to Provo River Water Users Association

payable in annual installments through 2035. Approximately 81 percent of the total obligation bears interest at 4%. The balance of the obligation will mirror a line of credit issued by a bank to the Provo River Water Users Association. The line of credit will have a variable interest rate which is estimated to average 4.5%

1,176,818

Compensated absences

827,463

Total Business-type activities long-term debt

\$ 11,473,686

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – LONG-TERM DEBT - CONTINUED

The following is a summary of the changes in governmental-type activities long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Current Amounts Due
Governmental activities					
Bonds, note and leases payable					
2003 Excise tax bonds	\$ 575,000	\$ -	\$ 575,000	\$ -	\$ -
2003 Sales tax revenue bonds	3,900,000	-	260,000	3,640,000	270,000
2004 Sales tax revenue and refunding bonds	4,255,000	-	280,000	3,975,000	290,000
Capital lease obligations	81,888	-	81,888	-	-
2004 Subordinated sales tax revenue bonds	7,955,000	-	-	7,955,000	-
Tax increment notes payable to developers	68,779,604	14,087,053	1,940,063	80,926,594	-
Total bonds, notes and leases payable	85,546,492	14,087,053	3,136,951	96,496,594	560,000
Other liabilities:					
Compensated absences	2,031,016	972,787	842,055	2,161,748	655,913
Landfill closure and post- closure care liability	250,917	-	-	250,917	-
	2,281,933	972,787	842,055	2,412,665	655,913
Governmental activities long-term debt	\$ 87,828,425	\$ 15,059,840	\$ 3,979,006	\$ 98,909,259	\$ 1,215,913

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H - LONG-TERM DEBT - CONTINUED

As of June 30, 2013 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Sales Tax Revenue Bonds	
	Principal	Interest
2014	\$ 560,000	\$ 337,473
2015	585,000	315,884
2016	605,000	293,042
2017	625,000	269,921
2018	655,000	244,621
2019-2023	3,730,000	755,540
2024	855,000	41,231
	<u>\$7,615,000</u>	<u>\$ 2,257,712</u>

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

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H - 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, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Current Amounts Due
Business-type activities					
Bonds, notes and leases payable					
2009 Electric refunding bonds	\$ 5,730,250	\$ -	\$ 530,250	\$ 5,200,000	\$ 700,000
2003 Water refunding bonds	1,700,873	-	246,554	1,454,319	255,000
1999 Water refunding bonds	425,000	-	140,000	285,000	145,000
2010 Drainage refunding bonds	2,200,369	-	130,369	2,070,000	150,000
Note payable to Provo Reservoir					
Water Users Company	471,298	-	11,212	460,086	12,116
Note payable to Provo River					
Water Users Association	1,201,068	-	24,250	1,176,818	25,236
Total bonds, notes and leases payable	11,728,858	-	1,082,635	10,646,223	1,287,352
Compensated absences	766,873	372,358	311,768	827,463	206,975
Business-type activities long-term debt	<u>\$ 12,495,731</u>	<u>\$ 372,358</u>	<u>\$ 1,394,403</u>	<u>\$ 11,473,686</u>	<u>\$ 1,494,327</u>

As of June 30, 2013, 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
2014	\$ 700,000	\$ 173,789	\$ 400,000	\$ 66,428
2015	700,000	149,205	385,000	50,980
2016	700,000	124,739	175,000	35,790
2017	700,000	99,942	180,000	29,490
2018	800,000	74,192	190,000	23,010
2019-2020	1,600,000	64,121	400,000	23,595
	<u>\$5,200,000</u>	<u>\$ 685,988</u>	<u>1,730,000</u>	<u>229,293</u>
Unamortized premium			9,319	(9,319)
			<u>\$ 1,739,319</u>	<u>\$ 219,974</u>

*Estimated

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – LONG-TERM DEBT – CONTINUED

Year ending June 30,	Drainage Revenue bonds		Note Payable to Provo Reservoir Water Users Co.	
	Principal	Interest	Principal	Interest
2014	\$ 150,000	\$ 77,747	\$ 12,116	\$ 18,420
2015	160,000	72,657	12,120	17,955
2016	150,000	67,392	12,617	17,470
2017	155,000	61,776	13,115	16,964
2018	160,000	56,511	13,637	16,442
2019-2023	890,000	197,262	83,655	73,436
2024-2028	405,000	42,296	113,094	54,050
2029-2033	-	-	137,575	29,554
2034-2035	-	-	62,157	3,804
	<u>\$2,070,000</u>	<u>\$ 575,641</u>	<u>\$ 460,086</u>	<u>\$ 248,095</u>

Year ending June 30,	Note Payable to Provo River Water Users Association	
	Principal	Interest
2014	\$ 25,236	\$ 47,073
2015	26,226	46,063
2016	27,260	45,014
2017	28,385	43,924
2018	29,509	42,789
2019-2023	202,428	193,856
2024-2028	272,872	146,581
2029-2033	332,070	87,455
2034-2036	232,832	18,869
	<u>\$ 1,176,818</u>	<u>\$ 671,624</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
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – 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 Revenues Bonds	Water Revenue Bonds*	Drainage Revenue Bonds
Net revenues			
Operating revenues	\$ 23,697,314	\$ 5,560,388	\$1,024,164
Operating expenses (excluding depreciation)	(21,786,781)	(3,215,600)	(394,904)
Impact fee revenues	2,110,865	1,375,483	293,508
Interest income	49,738	19,137	17,275
Net revenues	<u>\$ 4,071,136</u>	<u>\$ 3,739,408</u>	<u>\$ 940,043</u>
Aggregate debt service for 2013	<u>\$ 873,789</u>	<u>\$ 466,428</u>	<u>\$ 227,747</u>
Ratio of net revenues to aggregate debt service	<u>4.66</u>	<u>8.02</u>	<u>4.13</u>
Minimum ratio	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>

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

Prior Years Defeasance of Debt

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

At June 30, 2013 the following bonds are considered defeased:

	Bond Series	Defeased Balance
Governmental Activities:	2000 Lease Revenue Bonds	\$4,305,000
Business-type Activities:		
Electric fund	1994 Electric Revenue	150,000
Culinary Water and Pressurized Irrigation Funds	1989 Water Revenue – Series C	169,000

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – LONG-TERM DEBT – CONTINUED

Pledged Revenues

The City has pledged sales tax revenues in the amount of \$17,827,712 to fund debt service payments on the sales tax revenue bonds. These bonds were used to finance infrastructure improvements within the City. Sales tax revenue has been pledged for debt service payments through the year 2024. Total sales tax collections through 2024 have not been estimated. Sales tax revenue in the current year was \$7,361,030 and debt service for the sales tax bonds was \$1,275,897.

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 \$65,729,580. 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 \$7,476,959. As explained previously, if tax increment revenues over the life of the note are insufficient to pay the note, the City will not be required to pay the remaining balance.

The City has pledged tax increment revenues to fund debt service payments on a tax increment note payable to developer in the amount of \$1,862,370. The note is noninterest bearing. Timing of the payments on the note is contingent upon tax increment revenues collected in the area. The note was issued to reimburse the developer for costs incurred in the project area. Tax increment revenues have been pledged for debt service payments through the year 2024. Tax increment revenue available for debt service in the current year was \$81,129. If tax increment revenues over the life of the note are insufficient to pay the note, the City will not be required to pay the remaining balance.

The City has pledged property and sales tax increment revenues to fund debt service payments on a tax increment note payable to developer in the amount of \$13,334,644. The note is noninterest bearing. Timing of the payments on the note is contingent upon tax increment revenues collected in the area. The note was issued to reimburse the developer for costs incurred in the project area. Tax increment revenues have been pledged for debt service payments through the year 2024. Tax increment revenue available for debt service in the current year was \$277,409. If tax increment revenues over the life of the note are insufficient to pay the note, the City will not be required to pay the remaining balance.

The City has pledged water revenues in the amount of \$1,959,293 to fund debt service payments on the water revenue refunding bonds. The bonds were issued to fund water system improvements within the City. Water revenues have been pledged for debt service payments through the year 2020. Water revenues are expected to produce 500 percent of the debt service requirements over the life of the bonds. Net water revenues for the year were \$3,739,408 and debt service payments on the water revenue bonds were \$465,988.

The City has pledged electric revenues in the amount of \$5,885,988 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 \$4,071,136 and electric revenue bond debt service payments were \$841,779.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE H – LONG-TERM DEBT – CONTINUED

The City has pledged drainage revenues in the amount of \$2,645,641 to fund debt service payments on the drainage revenue bonds. The bonds were issued to refund the Series 2000 drainage revenue bonds and to fund drainage system improvements within the City. Drainage revenues have been pledged to fund debt service payments through the year 2025. Drainage revenues are expected to produce approximately 400 percent of the debt service requirements over the life of the bonds. In the current year, net drainage revenues were \$940,043 and drainage revenue bond debt service payments were \$222,661.

NOTE I - RETIREMENT PLANS

Plan Description - The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Contributory Retirement System, Firefighters Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Government Noncontributory Retirement System, the Public Safety Contributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy – In the Local Governmental Contributory Retirement System, the City is required to contribute 12.74% of plan members' annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 16.04% of plan members' annual covered salary. In the Public Safety Contributory Tier 1 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 19.08% of members' annual salary. In the Public Safety Contributory Tier 2 Retirement System, the City is required to pay 19.25% of members' annual salary. In the Public Safety Noncontributory Retirement System the City is required to contribute 30.45% of the members' annual covered salary. In the Firefighters Retirement System, members are required to contribute 15.05% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 2.66% of members' annual salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE I – RETIREMENT PLANS – CONTINUED

The City's contributions to the Local Governmental Contributory Retirement System for June 30, 2013, 2012 were \$37,696 and \$6,097, respectively. 2012 was the first year the City contributed to that specific System. The City contributions to the Local Governmental Noncontributory Retirement System for June 30, 2013, 2012, and 2011 were \$1,120,784, \$906,416, and \$840,041, respectively; and for the Public Safety Contributory Retirement System, Tiers 1 and 2, the contributions for the years ended June 30, 2013, 2012, and 2011, were \$232,427, \$199,950, and \$202,997, respectively; and for the Public Safety Noncontributory Retirement System, the contributions for the years ended June 30, 2013, 2012, and 2011 were \$392,685, \$328,843, and \$306,322, respectively. For the Firefighters Retirement System, the contributions for the years ended June 30, 2013, 2012, and 2011 were \$242,822, \$202,236, and \$210,514, 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, 2013, was approximately \$14,700,000. 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, 2013, contributions totaling \$149,689 were made to the plan by employees and \$198,962 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, had an outstanding balance of \$223,531,513, of which the City's portion was \$27,215,391. During the year ended June 30, 2013, the City purchased power totaling \$17,460,875.

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

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

NOTE L – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all of these risks of loss except natural disasters. There were no decreases in coverage during 2013. 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:

	2013	2012
Claims liability, July 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	14,418	59,484
Payments on claims during the year		
Payments made by insurance	14,418	59,484
Coinsurance and deductible insurance payments made by the City	-	-
Claims liability, June 30	<u>\$ -</u>	<u>\$ -</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2013, are as follows:

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Amount</u>
Special Revenue Fund	General Fund	\$ 26,304

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

NOTE N - INTERFUND TRANSFERS

The City has transfers to distribute administrative costs expended in the general fund to the enterprise funds. The City has transfers from the Redevelopment Agency to the general fund to reimburse that fund for capital improvements made in prior years. The costs of these capital improvements are reimbursed to the general fund by the Redevelopment Agency pursuant to the Alpine Highway Economic Development Plan. The transfer to the Capital Projects fund from the General fund is to fund projects identified by the Council. These projects will be completed in the coming fiscal year.

A summary of interfund transfers by fund is as follows:

	<u>Transfers in to:</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Transfers out from:</u>			
General Fund	\$ -	\$ 1,600,000	\$ 1,600,000
Redevelopment Agency	1,378,027	-	1,378,027
Culinary Water Fund	174,500	-	174,500
Sewer Fund	150,000	-	150,000
Pressurized Irrigation Fund	64,890	-	64,890
Electric Fund	265,920	-	265,920
Drainage Fund	65,610	-	65,610
Nonmajor Enterprise Fund	10,000	-	10,000
	<u>\$ 2,108,947</u>	<u>\$ 1,600,000</u>	<u>\$ 3,708,947</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE O – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

NOTE P - REDEVELOPMENT AGENCY OF THE CITY OF LEHI

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

In 1994, Micron Technologies, Inc. (IM Flash), a computer chip manufacturer, approached the City for tax incentives to construct a manufacturing facility in Utah. This project, which became a component of the Redevelopment Agency of the City, is known as the Alpine Highway Project Area. Infrastructure improvements on and off site have been made over the life of the project area. In 1998, the tax increment related to this project was triggered and received by the Redevelopment Agency and was used for debt service. In 2008 the Alpine Highway Project Area was extended for an additional twenty years. Consequently, payments will be made to IM Flash through 2028. The majority of the infrastructure improvements associated with this project were contributed to the City's business-type activities therefore the note payable to IM Flash related to this project has not been included in the calculation of net investment in capital assets for the City's governmental activities.

During 2010, the Redevelopment Agency approved another economic development project called the Thanksgiving Park Economic Development Project Area. The project involves the construction of several office buildings within the project area, with the Redevelopment Agency obligated to pay the developer a portion of the tax increment generated by the project. The office buildings must be developed according to a specific schedule and if the schedule is not met, the developer would forfeit some of the tax increment funds.

In August 2010, the Redevelopment Agency passed an ordinance adopting an economic development project area known as the Alpine Highway West Economic Development Project Area. The project will be funded with tax increment financing for a period not to exceed twenty years and up to a maximum of \$18,726,485, with the Agency electing to receive 75% of the tax increment from the project area. No tax increment revenues were collected from this project in 2013.

During 2012, the Redevelopment Agency approved a community development project area known as the Traverse Mountain Community Development Project Area. The project will be funded with tax increment financing for a period not to exceed twenty years and up to a maximum of \$7,895,934 of property tax increment and \$5,716,119 of sales tax increment. The Agency will receive 100% of the property tax and sales tax increment from the project area.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

For the year ended June 30, 2013 the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Millpond Project Area	\$ 319,128
Alpine Highway Project Area	7,476,959
Traverse Mountain Project Area	277,409
Thanksgiving Point Project Area	81,129
	<u>\$ 8,154,625</u>
 Outstanding loans to finance RDA projects	 <u>\$ 80,926,594</u>
 Expenditures:	
Tax increments paid to other taxing agencies	\$ 1,215,324
Principal	1,940,063
Interest	3,648,290
Redevelopment costs	14,087,053
Administrative costs	9,889
	<u>\$ 20,900,619</u>

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expenditure in the General fund in each period based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability is evaluated every three years and as of June 30, 2013, the balance of the liability is as follows based on the cumulative use of 77% of the estimated capacity of the landfill:

Total estimated closure and postclosure care costs	\$ 325,866
Capacity used as of June 30, 2013	<u>77%</u>
Cumulative closure and postclosure care liability, as revised during 2012	250,917
Amounts previously recognized	<u>250,917</u>
Amount to be recognized as of June 30, 2013	<u>\$ -</u>
Amount reported as a long-term liability in the governmental activities statement of net position	<u>\$250,917</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE CARE COST - 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 2013. The City expects the landfill to close in the year 2031 after reaching its total estimated capacity of 230,000 cubic yards. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE R – EXPENDITURES EXCEEDING APPROPRIATIONS

During the year ended June 30, 2013, the City incurred expenditures in excess of appropriations in community development expenditures of the Redevelopment Special Revenue Fund by \$3,858,973.

NOTE S – IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting the financial statement elements of *deferred outflows of resources* and *deferred inflows of resources*. The City also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources, deferred inflows of resources, or current-period outflows and inflows.

There was no material effect on the City's financial statements from the implementation of these pronouncements.

NOTE T – PRIOR PERIOD ADJUSTMENT

The City issues impact fee certificates to developers in exchange for the installation of infrastructure. The impact fee certificates can then be redeemed with the City when a building permit is purchased and serves as satisfaction for the City's impact fee requirement. In prior years, when impact fee certificates were issued, revenue recognition was incorrectly deferred until the certificates were redeemed with the City. During 2013 the City found that the impact fee revenue associated with the dedication of infrastructure should be recognized as revenue when the assets are received by the City as opposed to the later date when the related impact fee certificates are redeemed. To properly reflect the revenue related to infrastructure received by the City and deferred in prior years, a prior period adjustment was made in the amount of \$903,325 in the General Fund (which resulted in a corresponding adjustment in the Governmental Activities). Prior period adjustments were also made for the same reason in the Culinary Water Fund for \$2,397,024, the Sewer Fund for \$358,880, the Pressurized Irrigation Fund for \$2,228,120 and the Electric Fund for \$317,685.

LEHI



Pioneering Utah's Future

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

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES				
PROPERTY TAXES	\$ 5,847,000	\$ 5,847,000	\$ 6,137,480	\$ 290,480
IN LIEU OF	475,000	475,000	549,720	74,720
GENERAL SALES TAX	6,015,000	6,025,000	6,730,831	705,831
FRANCHISE TAX	3,450,000	3,450,000	3,656,403	206,403
TOTAL	15,787,000	15,797,000	17,074,434	1,277,434
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	75,000	75,000	88,381	13,381
BUILDING PERMITS	1,252,039	3,177,039	1,955,016	(1,222,023)
TOTAL	1,327,039	3,252,039	2,043,397	(1,208,642)
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	1,307,500	1,307,500	1,586,980	279,480
FIRE DEPARTMENT GRANT	156,240	156,240	269,338	113,098
POLICE SALARY REIMBURSEMENT	50,000	50,000	34,000	(16,000)
STATE LIQUOR FUNDS ALLOTMENT	46,000	46,000	40,361	(5,639)
COUNTY FIRE ALLOCATION	15,000	15,000	12,877	(2,123)
STATE GRANT	108,492	108,492	43,423	(65,069)
OTHER GRANTS	26,815	26,815	28,173	1,358
TOTAL	1,710,047	1,710,047	2,015,152	305,105
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	750,000	750,000	1,653,621	903,621
AMBULANCE FEES	420,000	420,000	520,440	100,440
FIRE FEES	5,000	180,000	86,400	(93,600)
CEMETERY FEES	137,800	137,800	170,515	32,715
RECREATION FEES	3,185,266	3,185,266	3,121,505	(63,761)
LIBRARY FEES	100,000	100,000	86,237	(13,763)
OTHER SERVICE REVENUE	41,000	41,000	30,262	(10,738)
TOTAL	4,639,066	4,814,066	5,668,980	854,914
FINES AND FORFEITURES				
COURTS FINES AND FORFEITURES	901,500	901,500	593,424	(308,076)
MISCELLANEOUS				
	722,119	722,119	357,656	(364,463)
INTEREST ON INVESTMENTS				
	38,500	38,500	53,802	15,302
TOTAL REVENUES	25,125,271	27,235,271	27,806,845	571,574
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	395,953	395,953	385,038	10,915
OPERATIONS AND MAINTENANCE	118,900	118,900	135,385	(16,485)
CAPITAL	47,750	47,750	41,460	6,290
TOTAL	562,603	562,603	561,883	720
ADMINISTRATIVE				
PERSONNEL	571,125	571,125	480,657	90,468
OPERATIONS AND MAINTENANCE	68,500	68,500	67,992	508
CAPITAL	-	-	-	-
TOTAL	639,625	639,625	548,649	90,976
TREASURY				
PERSONNEL	341,565	341,565	311,711	29,854
OPERATIONS AND MAINTENANCE	37,700	37,700	42,620	(4,920)
TOTAL	379,265	379,265	354,331	24,934

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2013

		BUDGETED AMOUNTS			FINAL BUDGET
		ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
FINANCE					
PERSONNEL		396,460	396,460	370,287	26,173
OPERATIONS AND MAINTENANCE		83,246	83,246	76,637	6,609
	TOTAL	479,706	479,706	446,924	32,782
CITY RECORDER					
PERSONNEL		93,253	93,253	94,255	(1,002)
OPERATIONS AND MAINTENANCE		43,050	43,050	9,488	33,562
	TOTAL	136,303	136,303	103,743	32,560
LEGAL SERVICES					
PERSONNEL		325,956	325,956	314,597	11,359
OPERATIONS AND MAINTENANCE		92,000	92,000	103,146	(11,146)
	TOTAL	417,956	417,956	417,743	213
LEGISLATIVE					
PERSONNEL		169,396	169,396	153,730	15,666
OPERATIONS AND MAINTENANCE		81,000	81,000	54,062	26,938
	TOTAL	250,396	250,396	207,792	42,604
NONDEPARTMENTAL					
OPERATIONS AND MAINTENANCE		1,514,359	1,514,359	1,333,655	180,704
CAPITAL		225,000	225,000	311,669	(86,669)
	TOTAL	1,739,359	1,739,359	1,645,324	94,035
EMERGENCY MANAGEMENT					
OPERATIONS AND MAINTENANCE		15,000	15,000	12,305	2,695
CAPITAL		-	-	-	-
	TOTAL	15,000	15,000	12,305	2,695
FACILITIES MAINTENANCE					
PERSONNEL		302,465	302,465	267,258	35,207
OPERATIONS AND MAINTENANCE		170,400	170,400	177,624	(7,224)
CAPITAL		15,000	15,000	13,366	1,634
	TOTAL	487,865	487,865	458,248	29,617
TOTAL GENERAL GOVERNMENT		5,108,078	5,108,078	4,756,942	351,136
PUBLIC SAFETY					
POLICE					
PERSONNEL		4,167,469	4,342,469	4,436,275	(93,806)
OPERATIONS AND MAINTENANCE		755,966	805,966	707,472	98,494
CAPITAL		72,246	72,246	42,276	29,970
	TOTAL	4,995,681	5,220,681	5,186,023	34,658
CODE ENFORCEMENT					
PERSONNEL		86,389	86,389	91,537	(5,148)
OPERATIONS AND MAINTENANCE		22,294	22,294	17,139	5,155
	TOTAL	108,683	108,683	108,676	7
FIRE					
PERSONNEL		3,002,903	3,177,903	2,980,596	197,307
OPERATIONS AND MAINTENANCE		507,395	507,395	525,384	(17,989)
CAPITAL		109,804	109,804	147,400	(37,596)
	TOTAL	3,620,102	3,795,102	3,653,380	141,722
ANIMAL CONTROL					
PERSONNEL		76,617	76,617	69,411	7,206
OPERATIONS AND MAINTENANCE		58,100	58,100	63,576	(5,476)
CAPITAL		25,809	25,809	27,234	(1,425)
	TOTAL	160,526	160,526	160,221	305
TOTAL PUBLIC SAFETY		8,884,992	9,284,992	9,108,300	176,692

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2013

		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
COMMUNITY DEVELOPMENT					
PUBLIC WORKS ADMINISTRATION					
PERSONNEL		208,160	308,160	233,917	74,243
OPERATIONS AND MAINTENANCE		17,850	17,850	44,342	(26,492)
CAPITAL		-	-	46,680	(46,680)
TOTAL		226,010	326,010	324,939	1,071
ENGINEERING					
PERSONNEL		367,616	367,616	364,434	3,182
OPERATIONS AND MAINTENANCE		48,800	48,800	56,399	(7,599)
CAPITAL		13,500	13,500	9,018	4,482
TOTAL		429,916	429,916	429,851	65
PLANNING AND ZONING					
PERSONNEL		486,360	486,360	462,487	23,873
OPERATIONS AND MAINTENANCE		82,800	82,800	62,326	20,474
CAPITAL		-	-	-	-
TOTAL		569,160	569,160	524,813	44,347
INSPECTIONS					
PERSONNEL		563,260	563,260	564,731	(1,471)
OPERATIONS AND MAINTENANCE		73,810	98,810	82,112	16,698
CAPITAL		10,000	10,000	10,000	-
TOTAL		647,070	672,070	656,843	15,227
ECONOMIC DEVELOPMENT					
PERSONNEL		105,643	105,643	118,421	(12,778)
OPERATIONS AND MAINTENANCE		41,985	41,985	16,217	25,768
CAPITAL		2,500	2,500	-	2,500
TOTAL		150,128	150,128	134,638	15,490
TOTAL COMMUNITY DEVELOPMENT		2,022,284	2,147,284	2,071,084	76,200
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL		913,415	938,415	886,901	51,514
OPERATIONS AND MAINTENANCE		129,056	129,056	150,127	(21,071)
CAPITAL		-	-	-	-
TOTAL		1,042,471	1,067,471	1,037,028	30,443
C ROAD					
OPERATIONS AND MAINTENANCE		337,900	337,900	77,238	260,662
CAPITAL		721,000	721,000	980,367	(259,367)
TOTAL		1,058,900	1,058,900	1,057,605	1,295
TOTAL STREETS AND HIGHWAYS		2,101,371	2,126,371	2,094,633	31,738
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL		1,101,685	1,101,685	1,133,443	(31,758)
OPERATIONS AND MAINTENANCE		233,530	283,530	263,769	19,761
CAPITAL		124,000	124,000	111,938	12,062
TOTAL		1,459,215	1,509,215	1,509,150	65
COMMUNITY ARTS AND EVENTS					
OPERATIONS AND MAINTENANCE		453,575	453,575	441,793	11,782
TOTAL		453,575	453,575	441,793	11,782
SENIOR CITIZENS					
PERSONNEL		110,636	110,636	104,248	6,388
OPERATIONS AND MAINTENANCE		40,650	40,650	22,722	17,928
TOTAL		151,286	151,286	126,970	24,316
RECREATION					
PERSONNEL		1,780,868	1,780,868	1,981,780	(200,912)
OPERATIONS AND MAINTENANCE		1,409,093	1,409,093	1,415,266	(6,173)
CAPITAL		586,730	586,730	223,916	362,814
TOTAL		3,776,691	3,776,691	3,620,962	155,729

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
LITERACY CENTER				
PERSONNEL	155,990	155,990	138,933	17,057
OPERATIONS AND MAINTENANCE	10,250	10,250	10,931	(681)
CAPITAL	2,000	2,000	-	2,000
TOTAL	168,240	168,240	149,864	18,376
LIBRARY				
PERSONNEL	644,268	644,268	648,715	(4,447)
OPERATIONS AND MAINTENANCE	343,000	343,000	276,317	66,683
CAPITAL	27,153	27,153	32,037	(4,884)
TOTAL	1,014,421	1,014,421	957,069	57,352
TOTAL PARKS, RECREATION AND CULTURE	7,023,428	7,073,428	6,805,808	267,620
CEMETERY				
PERSONNEL	179,383	179,383	185,720	(6,337)
OPERATIONS AND MAINTENANCE	67,557	67,557	65,926	1,631
CAPITAL	45,000	45,000	40,268	4,732
TOTAL	291,940	291,940	291,914	26
DEBT SERVICE				
PRINCIPAL	1,075,832	1,085,832	1,115,000	(29,168)
INTEREST	416,000	416,000	376,434	39,566
CAPITAL LEASE PAYMENT-PRINCIPAL	81,288	81,288	81,888	(600)
CAPITAL LEASE PAYMENT-INTEREST	3,600	3,600	2,434	1,166
TOTAL	1,576,720	1,586,720	1,575,756	10,964
TOTAL EXPENDITURES	27,008,813	27,618,813	26,704,437	914,376
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,883,542)	(383,542)	1,102,408	1,485,950
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	2,163,542	2,163,542	2,108,947	(54,595)
TRANSFERS OUT	(300,000)	(1,800,000)	(1,600,000)	200,000
SALE OF CAPITAL ASSETS	20,000	20,000	82,760	62,760
TOTAL OTHER FINANCING SOURCES	1,883,542	383,542	591,707	208,165
NET CHANGE IN FUND BALANCE	-	-	1,694,115	1,694,115
FUND BALANCE AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	5,152,734	5,152,734	5,152,734	-
PRIOR PERIOD ADJUSTMENT	903,325	903,325	903,325	-
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	6,056,059	6,056,059	6,056,059	-
FUND BALANCE AT END OF YEAR	\$ 6,056,059	\$ 6,056,059	\$ 7,750,174	\$ 1,694,115

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
IMPACT FEE REVENUE	\$ 1,723,500	\$ 1,723,500	\$ 4,652,508	\$ 2,929,008
SALES TAX REVENUE	429,500	429,500	429,505	5
INTEREST ON INVESTMENTS	32,000	32,000	37,485	5,485
TOTAL REVENUES	<u>2,185,000</u>	<u>2,185,000</u>	<u>5,119,498</u>	<u>2,934,498</u>
EXPENDITURES				
CURRENT				
OTHER	156,500	156,500	13,780	142,720
CAPITAL OUTLAY	2,405,000	3,905,000	3,569,430	335,570
DEBT SERVICE				
INTEREST AND FISCAL CHARGES	427,500	427,500	377,863	49,637
TOTAL EXPENDITURES	<u>2,989,000</u>	<u>4,489,000</u>	<u>3,961,073</u>	<u>527,927</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(804,000)</u>	<u>(2,304,000)</u>	<u>1,158,425</u>	<u>3,462,425</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	300,000	1,800,000	1,600,000	(200,000)
TOTAL OTHER FINANCING SOURCES	<u>300,000</u>	<u>1,800,000</u>	<u>1,600,000</u>	<u>(200,000)</u>
NET CHANGE IN FUND BALANCE	(504,000)	(504,000)	2,758,425	3,262,425
FUND BALANCE AT BEGINNING OF YEAR	<u>5,081,686</u>	<u>5,081,686</u>	<u>5,081,686</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,577,686</u>	<u>\$ 4,577,686</u>	<u>\$ 7,840,111</u>	<u>\$ 3,262,425</u>

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

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

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

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

Risk Management-This fund is used to account for the costs of general liability insurance premiums, property damage, and claims for which the City is responsibility. The City employs a risk manager paid whose salary and benefits are recorded in this fund.

Building and Grounds – This fund is used to account for the costs of maintaining the buildings and grounds of the City's physical facilities. A service fee is charged to the relevant departments of the City on a monthly basis.

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

INTERNAL SERVICE FUNDS					
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
ASSETS					
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	\$ 276,385	\$ 983,447	\$ 933,712	\$ 7,759	\$ 2,201,303
INVENTORY	-	50,069	-	-	50,069
PREPAID EXPENSES	41,362	-	-	-	41,362
TOTAL CURRENT ASSETS	<u>317,747</u>	<u>1,033,516</u>	<u>933,712</u>	<u>7,759</u>	<u>2,292,734</u>
NON-CURRENT ASSETS					
DEPRECIABLE CAPITAL ASSETS, NET	191,967	963,154	477	21,550	1,177,148
TOTAL NON-CURRENT ASSETS	<u>191,967</u>	<u>963,154</u>	<u>477</u>	<u>21,550</u>	<u>1,177,148</u>
TOTAL ASSETS	<u>\$ 509,714</u>	<u>\$ 1,996,670</u>	<u>\$ 934,189</u>	<u>\$ 29,309</u>	<u>\$ 3,469,882</u>
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	\$ 1,609	\$ 67,507	\$ 616	\$ 24,140	\$ 93,872
WAGES PAYABLE	5,000	1,901	1,401	1,001	9,303
CURRENT PORTION COMPENSATED ABSENCES	13,248	9,110	5,833	-	28,191
TOTAL CURRENT LIABILITIES	<u>19,857</u>	<u>78,518</u>	<u>7,850</u>	<u>25,141</u>	<u>131,366</u>
NON-CURRENT LIABILITIES					
COMPENSATED ABSENCES	14,933	10,770	16,294	-	41,997
TOTAL NON-CURRENT LIABILITIES	<u>14,933</u>	<u>10,770</u>	<u>16,294</u>	<u>-</u>	<u>41,997</u>
TOTAL LIABILITIES	<u>\$ 34,790</u>	<u>\$ 89,288</u>	<u>\$ 24,144</u>	<u>\$ 25,141</u>	<u>\$ 173,363</u>
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	191,967	963,154	477	21,550	1,177,148
UNRESTRICTED	<u>282,957</u>	<u>944,228</u>	<u>909,568</u>	<u>(17,382)</u>	<u>2,119,371</u>
TOTAL NET POSITION	<u>\$ 474,924</u>	<u>\$ 1,907,382</u>	<u>\$ 910,045</u>	<u>\$ 4,168</u>	<u>\$ 3,296,519</u>

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2013

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
OPERATING REVENUES					
CHARGES FOR SERVICES - INTERNAL	\$ 668,999	\$ 1,459,240	\$ 550,991	\$ 339,838	\$ 3,019,068
TOTAL OPERATING REVENUES	668,999	1,459,240	550,991	339,838	3,019,068
OPERATING EXPENSES					
PERSONNEL	311,919	189,348	103,014	40,010	644,291
OPERATING AND MAINTENANCE	342,065	875,744	569,974	292,586	2,080,369
DEPRECIATION	52,504	226,505	3,481	3,074	285,564
TOTAL OPERATING EXPENSES	706,488	1,291,597	676,469	335,670	3,010,224
OPERATING INCOME (LOSS)	(37,489)	167,643	(125,478)	4,168	8,844
NON-OPERATING REVENUES (EXPENSES)					
GAIN ON DISPOSAL OF CAPITAL ASSETS	3,271	-	-	-	3,271
MISCELLANEOUS REVENUES	-	5,656	-	-	5,656
INTEREST INCOME	1,778	5,275	5,150	-	12,203
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,049	10,931	5,150	-	21,130
CHANGE IN NET POSTION	(32,440)	178,574	(120,328)	4,168	29,974
NET POSITION AT BEGINNING OF YEAR	507,364	1,728,808	1,030,373	-	3,266,545
NET POSTION AT END OF YEAR	\$ 474,924	\$ 1,907,382	\$ 910,045	\$ 4,168	\$ 3,296,519

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2013

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	\$ 668,999	\$ 1,459,240	\$ 550,991	\$ 339,838	\$ 3,019,068
CASH PAID TO SUPPLIERS	(412,057)	(1,053,776)	(101,106)	(268,446)	(1,835,385)
CASH PAID TO EMPLOYEES	(319,953)	(178,867)	(576,658)	(39,009)	(1,114,487)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(63,011)	226,597	(126,773)	32,383	69,196
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
MISCELLANEOUS RECEIPTS	-	5,656	-	-	5,656
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	-	5,656	-	-	5,656
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
PROCEEDS FROM SALE OF CAPITAL ASSETS	5,749	-	-	-	5,749
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	-	(428,014)	-	(24,624)	(452,638)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	5,749	(428,014)	-	(24,624)	(446,889)
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST INCOME COLLECTED	1,778	5,275	5,150	-	12,203
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,778	5,275	5,150	-	12,203
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,484)	(190,486)	(121,623)	7,759	(359,834)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	331,869	1,173,933	1,055,335	-	2,561,137
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 276,385	\$ 983,447	\$ 933,712	\$ 7,759	\$ 2,201,303
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:					
UNRESTRICTED CASH	\$ 276,385	\$ 983,447	\$ 933,712	\$ 7,759	\$ 2,201,303
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
OPERATING INCOME	\$ (37,489)	\$ 167,643	\$ (125,478)	\$ 4,168	\$ 8,844
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
DEPRECIATION	52,504	226,505	3,481	3,074	285,564
CHANGES IN ASSETS AND LIABILITIES					
INVENTORY	-	(11,479)	-	-	(11,479)
PREPAID EXPENSES	(41,362)	-	-	-	(41,362)
ACCOUNTS PAYABLE	(28,630)	(166,553)	(6,684)	24,140	(177,727)
WAGES PAYABLE	781	297	70	-	1,148
COMPENSATED ABSENCES	(8,815)	10,184	1,838	1,001	4,208
	\$ (63,011)	\$ 226,597	\$ (126,773)	\$ 32,383	\$ 69,196

COMPONENT UNIT FINANCIAL STATEMENTS

LEHI CITY CORPORATION
 COMPONENT UNIT – HUTCHINGS MUSEUM
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES	
ADMISSIONS	\$ 39,519
TOTAL OPERATING REVENUES	<u>39,519</u>
OPERATING EXPENSES	
PERSONNEL	117,190
OPERATING AND MAINTENANCE	90,396
DEPRECIATION	15,922
TOTAL OPERATING EXPENSES	<u>223,508</u>
OPERATING LOSS	<u>(183,989)</u>
NON-OPERATING REVENUES (EXPENSES)	
CONTRIBUTIONS FROM PRIMARY GOVERNMENT	186,875
INTEREST INCOME	899
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>187,774</u>
CHANGE IN NET POSITION	3,785
NET POSITION AT BEGINNING OF YEAR	<u>428,902</u>
NET POSITION AT END OF YEAR	<u><u>\$ 432,687</u></u>

LEHI CITY CORPORATION
COMPONENT UNIT – HUTCHINGS MUSEUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
CASH RECEIVED FROM CUSTOMERS	\$ 39,519
CASH PAID TO SUPPLIERS	(99,867)
CASH PAID TO EMPLOYEES	<u>(114,915)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(175,263)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
CONTRIBUTIONS FROM PRIMARY GOVERNMENT	<u>186,875</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
INTEREST INCOME COLLECTED	<u>899</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	12,511
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>110,125</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 122,636</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
OPERATING LOSS	\$ (183,989)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
DEPRECIATION	15,922
CHANGES IN ASSETS AND LIABILITIES	
ACCOUNTS PAYABLE	(9,471)
WAGES PAYABLE	(38)
COMPENSATED ABSENCES	2,313
	<u><u>\$ (175,263)</u></u>

LEHI



Pioneering Utah's Future

**LEHI CITY CORPORATION
STATISTICAL SECTION
TABLE OF CONTENTS**

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

	<u>Page</u>
FINANCIAL TRENDS	90 - 98
These schedules provide trend information to help the reader understand how the City's financial performance and economic conditions have changed over time.	
REVENUE CAPACITY	99 - 105
These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	
DEBT CAPACITY	106 - 114
These schedules provide information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	115 - 116
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
OPERATING INFORMATION	117 - 120
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.	

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

LEHI CITY CORPORATION
SCHEDULE 1
NET POSITION BY COMPONENT (LAST TEN FISCAL YEARS)
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 213,579,310	\$ 211,805,645	\$ 211,722,660	\$ 215,235,149	\$ 214,537,806
Restricted	2,488,688	3,500,816	9,514,316	6,905,380	6,470,224
Unrestricted	(74,678,852)	(72,015,133)	(71,391,471)	(66,936,366)	(73,872,812)
Total governmental activities net position	<u>141,389,146</u>	<u>143,291,328</u>	<u>149,845,505</u>	<u>155,204,163</u>	<u>147,135,218</u>
Business-type activities					
Net investment in capital assets	137,407,148	172,095,833	171,920,314	176,523,733	184,918,965
Restricted	5,622,428	5,638,545	5,166,369	5,681,780	8,545,937
Unrestricted	(1,728,272)	(2,125,977)	49,034	5,025,384	13,515,909
Total business-type activities net position	<u>141,301,304</u>	<u>175,608,401</u>	<u>177,135,717</u>	<u>187,230,897</u>	<u>206,980,811</u>
Primary government					
Net investment in capital assets	350,986,458	383,901,478	383,642,974	391,758,882	399,456,771
Restricted	8,111,116	9,139,361	14,680,685	12,587,160	15,016,161
Unrestricted	(76,407,124)	(74,141,110)	(71,342,437)	(61,910,982)	(60,356,903)
Total primary government net position	<u>\$ 282,690,450</u>	<u>\$ 318,899,729</u>	<u>\$ 326,981,222</u>	<u>\$ 342,435,060</u>	<u>\$ 354,116,029</u>

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital assets	\$ (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 position	<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					
Net investment in capital assets	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 position	<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					
Net investment in capital assets	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 position	<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>

Beginning in FY 2013 the City adopted GASB Statement NO. 63 and began using the title of Net Position in lieu of Net Assets to describe the City's net equity.

LEHI CITY CORPORATION
SCHEDULE 2
CHANGES IN NET POSITION (LAST TEN FISCAL YEARS)
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities					
General government	\$ 4,790,376	\$ 4,429,526	\$ 5,307,139	\$ 5,664,766	\$ 5,602,138
Public Safety	6,917,410	8,294,302	8,781,592	8,759,020	9,487,082
Community Development	7,845,367	3,915,440	4,264,439	3,826,912	17,364,548
Streets and Highways	6,833,204	7,533,656	10,227,496	11,731,075	8,753,776
Parks, recreation, and culture	6,154,035	6,181,189	6,369,274	6,740,823	7,585,566
Cemetery	179,180	343,280	269,700	261,054	315,796
Interest on long-term debt	4,818,132	4,677,116	4,545,032	4,457,480	4,498,839
Total governmental activities	37,537,704	35,374,509	39,764,672	41,441,130	53,607,745
Business-type activities					
Culinary Water	2,738,379	2,502,822	2,544,131	2,562,929	2,848,555
Sewer	4,427,260	4,867,521	6,102,340	6,372,255	6,218,600
Pressurized Irrigation	1,867,549	1,882,960	2,676,304	2,277,980	2,604,120
Electric	20,728,252	20,554,351	20,787,596	19,951,247	23,776,549
Drainage	906,252	1,006,380	1,225,380	1,161,325	1,299,785
Garbage	1,934,512	2,021,030	1,816,865	2,120,558	2,243,542
Total business-type activities	32,602,204	32,835,064	35,152,616	34,446,294	38,991,151
Total primary government expenses	\$ 70,139,908	\$ 68,209,573	\$ 74,917,288	\$ 75,887,424	\$ 92,598,896
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,704,170	\$ 1,145,665	\$ 1,021,657	\$ 901,786	\$ 852,069
Public Safety	492,808	591,731	505,979	491,458	639,389
Community Development	1,023,732	1,363,643	1,487,215	2,331,513	3,697,018
Streets and Highways	-	-	-	-	-
Parks, recreation, and culture	2,874,871	2,987,914	2,949,442	3,103,973	3,261,742
Cemetery	136,252	70,780	161,502	147,453	170,515
Operating grants and contributions	823,303	1,545,098	2,153,477	3,443,139	1,990,385
Capital grants and contributions	13,239,384	5,596,760	12,581,519	7,656,824	2,693,363
Total governmental activities	20,294,520	13,301,591	20,860,791	18,076,146	13,304,481
Business-type activities					
Charges for services					
Culinary Water	1,984,451	2,597,686	2,634,733	2,843,567	3,353,732
Sewer	3,682,833	3,959,930	4,886,485	6,292,827	7,329,883
Pressurized Irrigation	1,630,416	1,850,135	2,200,146	2,296,606	2,160,964
Electric	19,110,795	18,975,668	19,856,320	21,222,943	23,493,768
Drainage	866,809	933,646	1,070,910	1,107,979	1,023,980
Garbage	2,011,309	2,125,792	2,193,629	2,291,890	2,155,728
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	8,470,064	5,034,797	4,245,278	5,631,871	9,991,274
Total business-type activities	37,756,677	35,477,654	37,087,501	41,687,683	49,509,329
Total primary government program revenues	\$ 58,051,197	\$ 48,779,245	\$ 57,948,292	\$ 59,763,829	\$ 62,813,810

CONTINUED

LEHI CITY CORPORATION
SCHEDULE 2
CHANGES IN NET POSITION (LAST TEN FISCAL YEARS)
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Net (Expense)/Revenue					
Governmental activities	\$ (22,072,918)	\$ (22,072,918)	\$ (18,903,881)	\$ (23,364,984)	\$ (40,303,264)
Business-type activities	2,642,590	2,642,590	1,934,885	7,241,389	10,518,178
Total primary government net (expense)/revenue	<u>\$ (19,430,328)</u>	<u>\$ (19,430,328)</u>	<u>\$ (16,968,996)</u>	<u>\$ (16,123,595)</u>	<u>\$ (29,785,086)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 13,900,358	\$ 13,900,358	\$ 14,704,702	\$ 14,430,126	\$ 14,014,696
Sales taxes	5,741,667	5,741,667	5,985,133	6,818,129	7,361,030
Franchise taxes	3,127,311	3,127,311	3,418,306	3,374,229	3,733,118
Motor vehicle fees in lieu	321,119	321,119	511,309	537,784	549,720
Impact fees	-	-	-	2,719,390	4,727,508
Earnings on investments	98,348	98,348	74,775	95,889	108,596
Gain (Loss) on disposal of assets	55,297	55,297	28,511	-	57,750
Other	-	-	4,402	17,175	47,656
Transfers	731,000	731,000	730,920	730,920	730,920
Total governmental activities	<u>23,975,100</u>	<u>23,975,100</u>	<u>25,458,058</u>	<u>28,723,642</u>	<u>31,330,994</u>
Business-type activities					
Earnings on investments	49,956	49,956	48,967	159,686	99,922
Impact fees	-	-	-	3,127,551	4,273,216
Gain (Loss) on disposal of assets	(115,728)	(115,728)	-	33,221	1,800
Other	169,979	169,979	274,384	264,253	286,009
Transfers	(731,000)	(731,000)	(730,920)	(730,920)	(730,920)
Total business-type activities	<u>(626,793)</u>	<u>(626,793)</u>	<u>(407,569)</u>	<u>2,853,791</u>	<u>3,930,027</u>
Total primary government	<u>\$ 23,348,307</u>	<u>\$ 23,348,307</u>	<u>\$ 25,050,489</u>	<u>\$ 31,577,433</u>	<u>\$ 35,261,021</u>
Change in Net Position					
Governmental activities	\$ 2,015,906	\$ 11,999,713	\$ 1,902,182	\$ 6,554,177	\$ (8,972,270)
Business-type activities	12,918,296	3,401,105	2,015,797	1,527,316	14,448,205
Total primary government	<u>\$ 14,934,202</u>	<u>\$ 15,400,818</u>	<u>\$ 3,917,979</u>	<u>\$ 8,081,493</u>	<u>\$ 5,475,935</u>

LEHI CITY CORPORATION
SCHEDULE 2
CHANGES IN NET POSITION (LAST TEN FISCAL YEARS)
(accrual basis of accounting)

Expenses	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
General government	\$ 2,157,885	\$ 2,481,312	\$ 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
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	81,895	-	-	-
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	32,370,016	50,769,641	47,172,430	42,342,702
Total primary government revenues	\$ 38,483,330	\$ 54,144,873	\$ 85,145,443	\$ 92,694,470	\$ 78,566,435

CONTINUED

LEHI CITY CORPORATION
SCHEDULE 2
CHANGES IN NET POSITION (LAST TEN 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	\$(14,989,154)	\$ (17,243,184)
Business-type activities	4,633,925	9,527,791	9,527,791	12,868,547	5,154,473
Total primary government net (expense)/revenue	<u>\$ (378,043)</u>	<u>\$ 11,182,159</u>	<u>\$ 19,839,552</u>	<u>\$ (2,120,607)</u>	<u>\$ (12,088,711)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 3,302,183	\$ 6,087,979	\$ 7,078,262	\$ 6,581,220	\$ 17,539,314
Sales taxes	2,356,721	1,758,008	2,462,970	5,670,821	5,727,822
Franchise taxes	1,608,100	1,864,640	2,186,651	3,059,267	3,191,822
Motor vehicle fees in lieu	340,504	333,893	503,721	427,577	533,111
Earnings on investments	142,183	542,371	698,566	503,871	177,236
Gain (Loss) on disposal of assets	-	-	-	-	(159,412)
Other	445,803	160,689	41,239	31,304	-
Transfers	313,700	326,900	1,165,905	731,000	2,231,004
Total governmental activities	<u>8,509,194</u>	<u>11,074,480</u>	<u>14,137,314</u>	<u>17,005,060</u>	<u>29,240,897</u>
Business-type activities					
Earnings on investments	53,429	230,544	328,593	505,827	280,778
Gain on disposal of assets	-	396,716	-	-	-
Other	246,185	-	928,944	274,922	196,858
Transfers	(313,700)	(326,900)	(1,165,905)	(731,000)	(2,231,004)
Total business-type activities	<u>(14,086)</u>	<u>300,360</u>	<u>91,632</u>	<u>49,749</u>	<u>(1,753,368)</u>
Total primary government	<u>\$ 8,495,108</u>	<u>\$ 11,374,840</u>	<u>\$ 14,228,946</u>	<u>\$ 17,054,809</u>	<u>\$ 27,487,529</u>
Change in Net Position					
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	9,619,423	34,837,591	12,918,296
Total primary government	<u>\$ 8,117,065</u>	<u>\$ 22,556,999</u>	<u>\$ 34,068,498</u>	<u>\$ 54,599,845</u>	<u>\$ 14,934,202</u>

LEHI CITY CORPORATION
SCHEDULE 3
FUND BALANCES: GOVERNMENTAL FUNDS (LAST TEN FISCAL YEARS)
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ 34,398	\$ -	\$ 2,637	\$ -	\$ 25,858
Restricted	1,963,731	2,226,954	1,079,347	1,160,885	652,048
Committed	319,499	321,627	355,345	398,166	448,237
Assigned	179,765	180,961	181,923	183,210	184,415
Unassigned	526,590	913,681	1,590,564	3,410,473	6,439,616
Total general fund	3,023,983	3,643,223	3,209,816	5,152,734	7,750,174
All Other Governmental Funds					
Restricted	1,055,460	1,509,304	8,566,451	6,121,394	6,195,047
Assigned	-	-	(2,250,397)	1,077,649	2,690,851
Unassigned	297,990	481,634	1,241,966	(1,039,708)	-
Total all other governmental funds	1,353,450	1,990,938	7,558,020	6,159,335	8,885,898
Total governmental funds	\$ 4,377,433	\$ 5,634,161	\$ 10,767,836	\$ 11,312,069	\$ 16,636,072

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 1,934,133	\$ 2,389,930	\$ 4,626,796	\$ 3,026,635	\$ 2,390,790
Unreserved	3,488,074	3,657,739	4,515,495	3,945,221	3,031,997
Total general fund	5,422,207	6,047,669	9,142,291	6,971,856	5,422,787
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	57,690	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	9,194,371	3,799,038	2,802,361	2,237,650	2,788,618
Total governmental funds	\$ 14,616,578	\$ 9,846,707	\$ 11,944,652	\$ 9,209,506	\$ 8,211,405

Lehi City has implemented GASB 54 for the fiscal year ended June 30, 2011. The fund balances from prior fiscal years (2007 – 2010) were restated for comparison purposes. The restatement of (2004-2007) was not practical and not a good comparison so it was left as originally reported.

LEHI CITY CORPORATION**SCHEDULE 4****CHANGES IN FUND BALANCES: GOVERNMENTAL FUNDS (LAST TEN FISCAL YEARS)**
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 26,992,069	\$ 23,090,455	\$ 24,619,450	\$ 25,160,268	\$ 25,658,564
Licenses, fees and permits	1,753,077	3,295,183	3,070,742	4,187,195	6,695,905
Intergovernmental	1,604,255	2,589,244	10,694,110	7,031,764	2,015,152
Charges for services	3,951,453	4,111,773	4,209,859	4,554,976	5,668,980
Fines and forfeitures	1,133,215	828,467	835,010	651,848	593,424
Developers contribution	1,271,000	-	-	-	-
Miscellaneous	570,955	441,419	335,460	365,682	357,656
Interest on investments	179,236	92,336	67,281	83,006	96,393
Total revenues	37,455,260	34,448,877	43,831,912	42,034,739	41,086,074
Expenditures					
General government	4,390,714	4,431,166	4,928,570	4,926,429	4,756,942
Public Safety	7,897,722	8,071,323	8,453,897	8,430,152	9,108,300
Community development	7,667,029	3,707,335	4,388,643	3,775,472	17,383,350
Streets and highways	1,834,279	1,689,097	1,770,865	1,873,444	2,094,633
Parks recreation and culture	5,542,788	5,793,779	6,058,330	6,927,077	6,805,808
Cemetery	297,062	289,208	223,569	244,481	291,914
Other	32,623	33,225	798,307	312,483	13,780
Capital outlay	8,617,325	1,695,944	5,362,725	8,858,638	3,569,430
Debt Service					
Principal	7,937,343	4,062,549	3,848,822	3,508,069	3,136,951
Interest and fiscal charges	3,774,216	4,568,005	4,603,039	4,032,356	4,405,021
Total expenditures	47,991,101	34,341,631	40,436,767	42,888,601	51,566,129
Excess (deficiency) of revenues over (under) expenditures	(10,535,841)	107,246	3,395,145	(853,862)	(10,480,055)
Other Financing Sources (Uses)					
Transfers in	8,224,855	2,100,180	5,254,970	2,522,057	3,708,947
Transfers out	(5,993,851)	(1,369,180)	(4,524,050)	(1,791,137)	(2,978,027)
Sale of capital assets	-	56,297	49,110	17,175	82,760
Bond and note proceeds	4,470,865	362,185	958,500	650,000	14,087,053
Total other financing sources (uses)	6,701,869	1,149,482	1,738,530	1,398,095	14,900,733
Net change in fund balances	\$ (3,833,972)	\$ 1,256,728	\$ 5,133,675	\$ 544,233	\$ 4,420,678
Debt service as a percentage of noncapital expenditures	30.65%	25.13%	22.90%	20.55%	16.62%

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

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LEHI CITY CORPORATION**SCHEDULE 4****CHANGES IN FUND BALANCES: GOVERNMENTAL FUNDS (LAST TEN 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	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	-	-	-	-	22,801,077
Streets and highways	1,964,867	2,518,285	2,949,997	4,134,069	1,551,653
Parks recreation and culture	3,432,867	4,562,906	5,639,584	4,611,346	5,674,251
Cemetery	267,909	329,604	480,627	8,360,057	345,922
Redevelopment	-	-	-	446,884	-
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	24,725,532	28,917,358	26,927,247	37,947,201	54,553,077
Excess (deficiency) of revenues over (under) expenditures	(7,062,803)	(8,202,797)	709,587	(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)
Transfer to component unit	-	(100,000)	-	-	-
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	5,626,385	3,851,691	3,232,983	22,606,905
Net change in fund balances	\$ 5,642,778	\$ (2,576,412)	\$ 4,561,278	\$ (1,200,441)	\$ (998,101)
Debt service as a percentage of noncapital expenditures	91.95%	31.40%	20.39%	30.01%	14.28%

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

LEHI CITY CORPORATION
SCHEDULE 5
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
2004	\$ 4,471,736	\$ 2,356,721	\$ 1,608,100	\$ 340,504	\$ 8,777,061
2005	4,557,879	2,688,208	1,864,640	333,893	9,444,620
2006	5,594,262	3,946,940	2,186,651	503,721	12,231,574
2007	6,310,568	4,897,855	2,543,247	544,711	14,296,381
2008	6,581,220	5,670,821	3,059,267	427,577	15,738,885
2009	17,539,314	5,727,822	3,191,822	533,111	26,992,069
2010	13,900,358	5,741,667	3,127,311	321,119	23,090,455
2011	14,704,702	5,985,133	3,418,306	511,309	24,619,450
2012	14,430,126	6,818,129	3,374,229	537,784	25,160,268
2013	14,014,696	7,361,030	3,733,118	549,720	25,658,564
Growth 2004-2013	213.4%	212.3%	132.1%	61.4%	192.3%

LEHI CITY CORPORATION
SCHEDULE 6
DIRECT TAXABLE SALES BY CATEGORY
(LAST TEN CALENDAR YEARS)

Calendar Year	Category					City Direct Sales Tax Rate	
	Retail	Services	Business Equipment & Utilities	Other	Total		
2004	\$ 73,780,406	\$ 17,804,639	\$ 45,816,443	\$ 38,537,300	\$ 175,938,788	1.00	%
2005	81,312,086	19,627,480	49,472,357	16,675,432	167,087,355	1.00	
2006	118,687,003	27,774,877	71,333,454	33,988,557	251,783,891	1.00	
2007	126,788,004	29,887,594	75,667,454	38,555,443	270,898,495	1.00	
2008	134,866,005	31,867,594	76,068,432	39,555,412	282,357,443	1.00	
2009	132,245,016	29,863,447	73,066,431	38,568,479	273,743,373	1.00	
2010	131,655,216	29,254,658	72,096,599	38,467,499	271,473,972	1.00	
2011	131,957,303	29,485,632	71,931,244	37,979,479	271,353,658	1.00	
2012	137,656,202	30,011,151	72,585,667	38,456,512	278,709,532	1.00	
2013	138,533,653	31,069,252	73,584,635	38,893,357	282,080,897	1.00	

Source: Utah State Tax Commission

LEHI CITY CORPORATION**SCHEDULE 7****ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(LAST TEN CALENDAR YEARS)**

Fiscal Year (1)	Real Property	Personal Property (2)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value (4)
2004	\$ 991,557,156	\$ 136,414,329	\$ 1,127,971,485	0.002462	\$ 1,108,806,737	101.7 %
2005	1,251,245,764	114,687,563	1,365,933,327	0.002663	1,150,131,724	118.8
2006	1,607,674,187	103,146,908	1,710,821,095	0.002604	1,492,493,909	114.6
2007	2,583,383,250	132,363,326	2,715,746,576	0.001834	2,353,579,350	115.4
2008	2,734,202,238	1,190,652,674	3,924,854,912	0.001901	2,479,270,209	158.3
2009	2,750,785,781	1,197,287,261	3,948,073,042	0.001789	2,761,251,394	143.0
2010	2,553,929,456	799,448,514	3,353,377,970	0.002370	2,150,922,532	155.9
2011	2,450,084,564	687,057,038	3,137,141,602	0.002519	2,122,369,236	147.8
2012	2,493,038,233	565,567,659	3,058,605,892	0.002585	2,052,476,126	149.0
2013	2,800,676,108	521,633,438	3,322,309,546	0.002432	2,177,800,879	152.6

(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 personal property values in 2004 was due to a reassessment of several large properties in Lehi.

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

LEHI CITY CORPORATION
SCHEDULE 8
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
2004	\$ 2,763,289	\$ 2,137,696	% 77.36	\$ 625,593	\$ 2,763,289	100.00 %
2005	2,350,221	2,482,760	105.64	(132,539)	2,350,221	100.00
2006	3,167,943	2,962,266	93.51	205,677	3,167,943	100.00
2007	4,037,756	3,705,842	91.78	331,914	4,037,756	100.00
2008	4,408,606	3,883,399	88.09	525,207	4,408,606	100.00
2009	4,834,566	4,387,425	90.75	446,803	4,834,228	99.99
2010	5,235,678	4,605,762	87.97	620,504	5,226,266	99.82
2011	5,676,477	5,203,186	91.66	451,842	5,655,028	99.62
2012	5,822,681	5,293,437	90.91	477,985	5,771,422	99.12
2013	6,149,530	5,660,924	92.05	325,659	5,986,583	97.35

Source: Utah County Treasurer

LEHI CITY CORPORATION
SCHEDULE 9
DIRECT AND OVERLAPPING SALES TAX RATES
(LAST TEN FISCAL YEARS)

Fiscal Year	City Direct Rate (1)	Overlapping Rates			Total
		State of Utah	Utah County	Mass Transit	
2004	1.00	4.75	0.25	0.25	6.25
2005	1.00	4.75	0.25	0.25	6.25
2006	1.00	4.75	0.25	0.25	6.25
2007	1.00	4.75	0.25	0.25	6.25
2008	1.00	4.75	0.25	0.25	6.25
2009	1.00	4.75	0.25	0.25	6.25
2010	1.00	4.75	0.25	0.25	6.25
2011	1.00	4.75	0.25	0.25	6.25
2012	1.00	4.75	0.25	0.25	6.25
2013	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

LEHI CITY CORPORATION
SCHEDULE 10
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							
2004	0.002462	-	0.002462	0.008119	0.001065	0.000353	0.000035	0.000010	0.003600	0.015644
2005	0.002663	-	0.002663	0.008082	0.001040	0.000400	0.000033	0.000011	0.003510	0.015739
2006	0.002604	-	0.002604	0.006883	0.001079	0.000360	0.000028	0.000011	0.005040	0.016005
2007	0.001834	-	0.001834	0.008150	0.001090	0.000320	0.000022	0.000008	0.005200	0.016624
2008	0.001901	-	0.001901	0.008153	0.001092	0.000310	0.000022	0.000008	0.005200	0.016686
2009	0.001789	-	0.001789	0.008152	0.001091	0.000310	0.000021	0.000008	0.005200	0.016571
2010	0.002370	-	0.002370	0.008152	0.001091	0.000500	0.000021	0.000008	0.005200	0.017342
2011	0.002519	-	0.002519	0.008120	0.001342	0.000500	0.000028	0.000013	0.004310	0.016832
2012	0.002585	-	0.002585	0.008120	0.001342	0.000500	0.000028	0.000013	0.004310	0.016898
2013	0.002432	-	0.002432	0.008699	0.001259	0.000446	0.000028	0.000012	0.004310	0.017186

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

(1) The City's certified property taxrate 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

LEHI CITY CORPORATION
SCHEDULE 11
PRINCIPAL SALES TAX PAYERS
(CURRENT YEAR AND TEN YEARS AGO)

Taxpayer	2013			2004		
	Sales	Rank	Percentage of	Sales	Rank	Percentage of
	Tax (1)		Total Sales Tax (1)	Tax (1)		Total Sales Tax (1)
Costco	N/A	1	19.56 %	N/A	-	- %
Cabelas	N/A	2	12.98	N/A	-	-
Smiths	N/A	3	11.33	N/A	-	-
Jack P Parson	N/A	4	3.45	N/A	3	4.25
Maceys	N/A	5	3.41	N/A	2	6.25
Lone Peak Trailers	N/A	6	3.33	N/A	1	7.85
Questar Gas Co.	N/A	7	2.58	N/A	5	2.55
Kohlers Inc.	N/A	8	2.02	N/A	4	5.02
Truck World	N/A	9	1.98	N/A	-	-
Lowes	N/A	10	1.88	N/A	6	2.15
Vinyl Industries	N/A	-	-	N/A	7	2.40
Thanksgiving Point	N/A	-	-	N/A	8	1.91
Standard Plummers	N/A	-	-	N/A	9	1.63
Total	<u>\$ 7,361,030</u>		<u>62.52 %</u>	<u>\$ 2,212,632</u>		<u>34.01 %</u>

(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

LEHI CITY CORPORATION
SCHEDULE 12
PRINCIPAL PROPERTY TAX PAYERS
(CURRENT YEAR AND TEN YEARS AGO)

Taxpayer	2013			2004		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Micron Technology, Inc.	\$ 531,355,544	1	6.73 %	\$389,997,511	2	0.58 %
Thanksgiving Point L.C.	68,578,465	2	1.75	-	-	-
Cabelas	28,913,350	3	1.74	1,203,075	6	0.18
Fox Ridge Investments LLC	23,545,315	4	1.18	-	-	-
Thai Properties, LLC	17,576,575	5	1.05	-	-	-
Point Development L.C.	11,235,567	6	0.48	-	-	-
Whistle Stop Development Co	7,258,987	7	0.42	-	-	-
Smiths	7,011,554	8	0.41	-	-	-
Century Link	6,759,501	9	0.42	6,837,890	1	1.04
Museum of Ancient History	5,879,554	10	0.36	-	-	-
Mountain Fuel Supply Co.	-	-	-	1,606,090	3	0.24
Lehi Lodging L.C.	-	-	-	1,579,465	4	0.24
Thomas J Peck & Sons Inc.	-	-	-	1,400,941	5	0.21
Metro West Ready-Mix Inc.	-	-	-	1,168,200	7	0.18
Union Pacific Railroad Co.	-	-	-	1,048,230	8	0.16
Devere Fowler LTD	-	-	-	989,157	9	0.15
Kohler's Market	-	-	-	793,374	10	0.12
Total	<u>\$ 708,114,412</u>		<u>14.54 %</u>	<u>\$406,623,933</u>		<u>3.10 %</u>

Source: Utah County Assessor

LEHI CITY CORPORATION
SCHEDULE 13
RATIO OF OUTSTANDING DEBT BY TYPE
(LAST TEN FISCAL YEARS)

Fiscal Year	Governmental Activities							Business-Type Activities								Percentage of Personal Income (1)	Per Capita (1)
	Sales Tax	Lease	Sewer	Excise Tax	Special	Capital	Note	Water	Sewer	Electric	Dainage	Special Assessment		Total			
	Revenue	Revenue	Revenue	Road	Assessment			Revenue	Revenue	Revenue	Revenue	Capital	Bonds/Other	Primary			
	Bonds	Bonds	Bonds	Bonds	Bonds			Leases	Payable	Bonds	Bonds	Bonds	Bonds	Leases	Notes Payable		
2004	\$ 12,245,000	\$ -	\$ 958,850	\$ 4,555,000	\$ 4,612,888	\$ 547,623	\$ 39,006,764	\$ 5,214,858	\$ 566,848	\$ 3,491,648	\$ 1,780,000	\$ 237,696	\$ 3,177,111	76,394,286	14.85	%	\$ 2,546
2005	17,036,200	-	860,425	4,115,000	3,780,987	292,194	39,127,461	4,838,304	508,311	3,269,798	1,655,000	154,809	2,604,125	78,242,614	12.76		2,272
2006	19,155,292	-	755,650	3,660,000	3,461,254	679,356	39,276,305	4,451,752	446,124	8,892,948	1,525,000	420,591	2,383,954	85,108,226	11.70		2,266
2007	19,805,000	-	644,525	3,185,000	-	518,084	53,911,763	4,050,196	380,288	8,552,948	1,390,000	296,063	-	92,733,867	12.72		2,343
2008	19,052,455	-	530,225	2,695,000	-	431,927	75,752,118	3,632,088	312,625	8,046,098	1,245,000	209,457	-	111,906,993	15.35		2,827
2009	18,401,997	-	-	2,190,000	-	305,665	74,097,585	3,200,536	-	7,457,501	1,095,000	118,935	-	106,867,219	14.65		2,375
2010	17,610,000	-	-	1,665,000	-	234,551	71,785,332	2,853,981	-	6,881,750	935,000	24,317	-	101,989,931	13.99		2,081
2011	16,670,000	-	-	1,125,000	-	160,014	72,133,133	2,497,427	-	6,306,000	2,335,492	-	1,686,586	102,913,652	14.11		2,100
2012	16,110,000	-	-	575,000	-	81,888	68,779,604	2,125,873	-	5,730,250	2,200,369	-	1,672,366	97,275,350	13.34		1,985
2013	15,570,000	-	-	-	-	-	80,926,594	1,739,319	-	5,200,000	2,070,000	-	1,636,904	107,142,817	14.69		2,187

1) See Schedule 22 for personal income and population data

LEHI CITY CORPORATION
SCHEDULE 14
RATIO OF GENERAL BONDED DEBT OUTSTANDING
(LAST TEN FISCAL YEARS)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2004	\$ -	\$ -	\$ -	- %	- %
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2013	-	-	-	-	-
2013	-	-	-	-	-

(1) See Schedule 7 for property value data.

(2) See Schedule 22 for population data.

(3) Lehi City has no general obligation debt outstanding and any other bonds that would commit property taxes for payment.

LEHI CITY CORPORATION
SCHEDULE 15
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(AS OF JUNE 30, 2013)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Lehi (1)</u>	<u>Estimated Amount Applicable to Lehi</u>
State of Utah	\$ 3,660,100,000	7.00 %	\$ 145,632,560
Utah County	241,010,000	7.00	296,589
Alpine School District	368,458,412	12.70	45,449,549
Central Utah Water Conservancy District	636,385,487	1.60	9,567,293
Subtotal, overlapping debt	4,905,953,899		200,945,991
Lehi City direct debt	110,382,945		110,382,945
Total direct and overlapping debt	<u>\$ 5,016,336,844</u>		<u>\$ 311,328,936</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; State of Utah; Alpine School District; Utah County Auditor's Office; Central Utah Water Conservancy District

LEHI CITY CORPORATION
SCHEDULE 16
LEGAL DEBT MARGIN INFORMATION
(LAST TEN FISCAL YEARS)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total debt applicable to limit</u>	<u>Legal debt margin</u>
2004	\$ 67,010,228	-	\$ 67,010,228
2005	67,136,936	-	67,136,936
2006	94,814,247	-	94,814,247
2007	96,213,344	-	96,213,344
2008	105,076,084	-	105,076,084
2009	155,043,152	-	155,043,152
2010	134,135,119	-	134,135,119
2011	125,485,664	-	125,485,664
2012	122,344,236	-	122,344,236
2013	124,622,730	-	124,622,730

Total debt applicable to the
limit as a percentage of
debt limit 0.0%

Legal Debt Margin Calculation for Fiscal Year 2013

Estimated market value	\$ 3,115,568,240
Debt limit (4% of market value)	124,622,730
Debt applicable to limit	-
Legal debt margin	<u>\$ 124,622,730</u>

LEHI CITY CORPORATION
SCHEDULE 17
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	
2004	\$ 4,314,572	\$ 1,517,999	\$ 2,796,573	\$ 215,000	\$ 178,461	\$ 393,461	7.11
2005	5,745,050	1,885,130	3,859,920	375,000	181,287	556,287	6.94
2006	7,097,064	1,921,382	5,175,682	385,000	170,345	555,345	9.32
2007	5,639,918	2,550,237	3,089,681	400,000	159,019	559,019	5.53
2008	5,732,489	2,744,802	2,987,687	415,000	147,235	562,235	5.31
2009	5,200,893	2,668,401	2,532,492	430,000	133,951	563,951	4.49
2010	5,722,876	2,375,972	3,346,904	345,000	119,327	464,327	7.21
2011	5,901,420	3,195,015	2,706,405	355,000	107,178	462,178	5.86
2012	6,611,424	2,708,050	3,903,374	370,000	94,383	464,383	8.41
2013	6,956,808	3,215,600	3,741,208	385,000	73,148	458,148	8.17

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

(1) Total revenue (including , gain (loss) on capital assets, 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.

LEHI CITY CORPORATION
SCHEDULE 18
PLEDGED-REVENUE COVERAGE
SALES TAX REVENUE BONDS (LAST TEN FISCAL YEARS)

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$ 2,212,632	\$ -	\$ 305,112	\$ 305,112	7
2005	2,356,721	460,000	464,929	924,929	2.55
2006	3,946,970	480,000	432,750	912,750	4.32
2007	4,897,855	500,000	458,950	958,950	5.11
2008	5,670,821	500,000	439,450	939,450	6.04
2009	5,727,822	515,000	427,576	942,576	6.08
2010	5,741,667	525,000	414,058	939,058	6.11
2011	5,985,133	550,000	389,371	939,371	6.37
2012	6,818,129	560,000	380,434	940,434	7.25
2013	7,361,030	540,000	358,034	898,034	8.20

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

LEHI CITY CORPORATION
SCHEDULE 19
PLEDGED-REVENUE COVERAGE
EXCISE TAX ROAD BONDS (LAST TEN FISCAL YEARS)

Fiscal Year	Excise Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$ 963,466	\$ 425,000	\$ 163,526	\$ 588,526	1.64
2005	791,544	440,000	149,467	589,467	1.34
2006	1,019,426	455,000	134,420	589,420	1.73
2007	1,237,982	475,000	118,819	593,819	2.08
2008	1,399,065	490,000	102,821	592,821	2.36
2009	1,298,469	505,000	84,070	589,070	2.20
2010	1,446,611	525,000	64,525	589,525	2.45
2011	1,534,646	540,000	51,100	591,100	2.60
2012	1,520,746	550,000	34,900	584,900	2.60
2013	1,520,746	575,000	18,400	593,400	2.56

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

LEHI CITY CORPORATION
SCHEDULE 20
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	
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	20,623,100	14,822,497	5,800,603	230,000	148,680	378,680	15.32
2007	19,328,569	14,093,103	5,235,466	495,000	268,685	763,685	6.86
2008	20,721,770	17,229,303	3,492,467	506,850	323,186	830,036	4.21
2009	20,144,969	18,942,731	1,202,238	540,000	296,110	836,110	1.44
2010	20,228,879	18,942,921	1,285,958	600,000	143,957	743,957	1.73
2011	20,907,913	19,138,670	1,769,243	600,000	128,398	728,398	2.43
2012	22,771,390	18,216,123	4,555,267	600,000	117,490	717,490	6.35
2013	25,857,917	21,786,781	4,071,136	630,000	119,249	749,249	5.43

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.

LEHI CITY CORPORATION
SCHEDULE 21
PLEDGED-REVENUE COVERAGE
DRAINAGE REVENUE BONDS (LAST TEN FISCAL YEARS)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 430,649	\$ 7,012	\$ 423,637	\$ 120,000	\$ 102,087	\$ 222,087	1.91
2005	399,467	33,387	366,080	125,000	96,087	221,087	1.66
2006	668,249	21,712	646,537	130,000	89,837	219,837	2.94
2007	893,418	13,208	880,210	135,000	83,207	218,207	4.03
2008	732,353	10,294	722,059	145,000	76,255	221,255	3.26
2009	984,694	242,283	742,411	150,000	68,715	218,715	3.39
2010	1,083,110	273,040	810,070	160,000	60,840	220,840	3.67
2011 (3)	1,225,501	457,221	768,280	145,000	62,156	207,156	3.71
2012	1,332,332	358,815	973,517	140,000	82,661	222,661	4.37
2013	1,334,947	394,904	940,043	145,000	77,747	222,747	4.22

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.
- (3) The 2000 drainage bond was refunded and an additional \$1,500,000 was added to the debt to complete Murdock Canal when the City issued the 2010 drainage bonds.

LEHI CITY CORPORATION
SCHEDULE 22
DEMOGRAPHIC AND ECONOMIC STATISTICS
(LAST TEN FISCAL YEARS)

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>	
2004	30,000	\$ 586,530,000	\$ 19,551	4	%
2005	34,433	703,776,087	20,439	3.8	
2006	37,558	793,224,960	21,120	3.6	
2007	39,587	862,204,860	21,780	2.5	
2008	43,566	917,344,440	21,056	2.3	
2009	46,802	1,015,041,776	21,688	4.9	
2010	49,646	1,167,376,044	23,514	7.2	
2011	49,753	1,169,892,042	23,514	7.6	
2012	49,857	1,172,337,498	23,514	6.5	
2013	51,173	1,203,281,922	23,514	4.9	

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

(2) Per capita personal income amounts are for Utah County. The amounts shown are for the calendar year that ended during the specified fiscal year, e.g., amounts for calendar year 2009 are shown in fiscal year 2011. Amounts for calendar year 2010 are estimated at 2 percent greater than calendar year 2009 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 2010 are shown in fiscal year 2011.

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.

LEHI CITY CORPORATION
SCHEDULE 23
PRINCIPAL EMPLOYERS
(CURRENT YEAR AND TEN YEARS AGO)

Employer	2013(1)			2004(1)			%
	Estimated Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
IM Flash	2,476	1	N/A	N/A	1	N/A	
Xango	630	2	N/A	N/A	2	N/A	
Cabela's	425	3	N/A	N/A	3	N/A	
Thanksgiving Point	420	4	N/A	N/A	4	N/A	
Hadco	235	5	N/A	N/A	5	N/A	
Jack B Parson Co.	215	6	N/A	N/A	6	N/A	
Costco	211	7	N/A	N/A	N/A	N/A	
Smiths	165	8	N/A	N/A	N/A	N/A	
Young Living	123	9	N/A	N/A	9	N/A	
Lowe's	120	10	N/A	N/A	7	N/A	
Macys	95	-	N/A	N/A	N/A	N/A	

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

N/A = Not Available

LEHI CITY CORPORATION**SCHEDULE 24****FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)**

Function/Program	2009	2010	2011	2012	2013
General government					
Court	6	6	6	6	6
Administrative	4.5	4.5	4.5	4.5	6.5
Treasury	6	6	6	6	6
Finance	5	5	5	5	5
Legislative (1)	6	6	6	6	6
Public safety					
Police	41.5	41.5	41.5	41.5	43.5
Fire	39	39	39	39	39
Animal Control	1.5	1.5	1.5	1.5	2
Community development					
Public Works Administration	5	5	5	5	5
Planning and Zoning	7.5	6.5	6.5	6.5	6.5
Inspections	9	8	8	8	8
Streets and Highways					
Streets and Public Improvements	10	9	9	9	9
Park, recreation and culture					
Parks	18	19	19	21	22
Senior Citizens	3	3	3	3	3
Recreation	115.5	115.5	115.5	117.5	119.5
Library	13	13	13	14	14
Cemetery	3.5	2.5	2.5	2.5	3
Culinary Water	8	8	8	8	8
Sewer	3	3	3	3	3
Power	19	19	19	19	19
Garbage (2)	-	-	-	-	-
Secondary Water	3.5	3.5	3.5	3.5	3.5
Drainage (3)	-	-	-	-	-

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.

CONTINUED

LEHI CITY CORPORATION**SCHEDULE 24****FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)**

Function/Program	2004	2005	2006	2007	2008
General government					
Court	3.5	5	6	6	6
Administrative	5.5	6.5	7.5	5	4.5
Treasury	4	4.5	5.5	5	6
Finance	4	4.5	4.5	4.5	5
Legislative (1)	6	6	6	6	6
Public safety					
Police	32	35.5	37.5	39.5	40.5
Fire	22	22	27	27	27
Animal Control	1	1	1	1	1.5
Community development					
Public Works Administration	4.5	5	5	5	5
Planning and Zoning	6	7.5	7.5	7.5	7.5
Inspections	7.5	9	10	10	9
Streets and Highways					
Streets and Public Improvements	10	9.5	11	11	11
Park, recreation and culture					
Parks	5.5	12.5	17.5	18	19
Senior Citizens	3	3	3	3	3
Recreation	109.5	109.5	113.5	115.5	115.5
Library	13	13	13	13	13
Cemetery	3.5	3.5	3.5	3.5	3.5
Culinary Water	8.5	8.5	8.5	9	9
Sewer	3	3	3	3	3
Power	16	16	17	18	19
Garbage (2)	-	-	-	-	-
Secondary Water	2.5	2.5	3.5	3.5	3.5
Drainage (3)	-	-	-	-	-

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.

LEHI CITY CORPORATION
SCHEDULE 25
OPERATING INDICATORS BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community development										
Residential building permits issued	307	817	1,188	1,452	1,734	298	243	286	590	569
Commercial building permits issued	16	47	29	34	48	35	28	28	38	25
Court										
Traffic and Misdemeanor cases handled	4,120	8,706	9,482	12,776	13,585	14,354	15,351	15,950	15,309	15,212
Police										
Calls for service	8,240	15,000	11,453	12,252	13,575	14,041	14,326	14,062	15,278	15,575
Arrests	675	712	760	816	831	1,876	1,902	1,950	1,235	1,089
Violations cited	7,545	11,095	12,264	13,712	14,012	17,734	18,809	19,200	17,906	18,634
Fire										
Fire/Medical responses	1,398	1,576	1,690	2,213	2,415	2,201	2,322	2,050	2,136	2,232
Recreation										
Recreation programs	53	55	60	62	69	70	72	75	72	71
Participants in recreation programs	14,513	18,911	19,057	21,278	24,326	22,868	22,992	22,500	23,690	24,555
Library										
Books in collection	62,484	65,782	71,565	74,238	77,582	81,603	82,606	95,611	108,669	121,168
Books circulated	246,899	273,811	304,798	268,383	271,666	340,629	342,819	451,362	509,764	511,130
Cemetery										
Acres maintained	30	35	35	35	50	52	53	55	55	55
Total gravesites	21,528	21,648	21,768	21,888	40,852	42,853	42,965	42,965	43,010	43,155
Culinary Water										
Residential accounts serviced	6,271	6,985	8,548	9,605	10,023	10,555	10,826	12,568	13,121	13,152
Average daily consumption (thousands of gallons)	1,490	1,770	1,847	1,729	1,749	1,765	1,767	357	350	263
Sewer										
Sewer lines miles inspected	57	66	63	58	53	54	65	80	78	78
Power										
Accounts serviced	7,082	7,887	9,381	10,123	10,225	10,953	11,212	14,817	15,010	16,279
Megawatt hours sold	268	159	171	172	174	176	177	223	220	259
Secondary Water										
Accounts serviced	6,271	6,958	8,548	9,607	9,679	9,859	10,580	11,426	11,632	13,574

Source: City records

LEHI CITY CORPORATION
SCHEDULE 26
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Streets and Highways										
Street lights	1,217	1,297	1,436	1,776	1,792	1,801	1,803	2,355	2,412	2,446
Street miles	144	169	195	203	206	209	210	202	204	206
Police										
Vehicles	25	27	30	32	34	35	36	43	46	51
Fire										
Fire stations	1	1	1	1	1	1	1	2	2	2
Fire vehicles	7	7	7	7	7	7	7	12	12	12
Ambulances	3	3	3	3	3	3	3	3	3	3
Public works										
Incorporated area in square miles	32	32	32	32	32	32	32	32	32	32
City building in square feet	N/A	212,000	220,000	220,000	220,000	221,000	235,000	235,000	235,000	235,000
Parks and recreation										
Park acreage	168	181	195	195	195	196	216	333	333	333
Baseball/softball diamonds	8	8	8	8	8	9	9	9	9	8
Soccer fields	4	4	4	4	4	4	4	4	4	9
Culinary water										
Water main line miles	163	178	201	202	202	204	206	243	263	256
Storage capacity (thousands of gallons)	5,000	7,000	10,000	10,000	10,000	10,000	10,000	9,800	9,800	9,800
Sewer										
Sewer line miles	132	134	141	142	142	142	144	205	210	212
Secondary water										
Secondary water main line miles	147	163	186	188	188	188	189	243	249	258
Power										
Power main feeder line miles	187	189	205	211	213	214	217	219	231	240
Overhead line miles	31	33	35	38	42	44	48	52	64	64

N/A = Not available
Source: City records

END OF REPORT

LEHI



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