

LEHI CITY CORPORATION

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



PREPARED BY:

FINANCE DEPARTMENT



LEHI CITY

PIONEERING UTAH'S FUTURE

LEHI CITY CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	3-9
GFOA Certificate of Achievement	10
Organizational Chart	11
List of Principal Officials	12
FINANCIAL SECTION	
Report of Independent Certified Public Accountants	15-16
Management's Discussion and Analysis	17-29
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	32
Statement of Activities	33
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	34
Statement of Revenues, Expenditures and Changes in Fund Balances	35
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Redevelopment Agency	36
Proprietary Funds:	
Statement of Net Position	38-39
Statement of Revenues, Expenses and Changes in Net Position	40
Statement of Cash Flows	41-42
Notes to the Basic Financial Statements	43-74
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
General Fund	77-80
Capital Projects Fund	81
Combining Financial Statements-Internal Service Funds	
Combining Statement of Net Position-Internal Service Funds	83
Combining Statement of Revenues, Expenses and Changes in Net Position-Internal Service funds	84
Combining Statement of Cash Flows-Internal Service Funds	85

For the Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION	
Financial Trends:	
Schedule 1 - Net Position by Component	88
Schedule 2 - Changes in Net Position	89-92
Schedule 3 - Fund Balances, Governmental Funds	93
Schedule 4 - Changes in Fund Balances, Governmental Funds	94-95
Schedule 5 - Tax Revenues by Source, Governmental Funds	96
Revenue Capacity:	
Schedule 6 - Assessed Value and Estimated Actual Value of Taxable Property	97
Schedule 7 - Property Tax Levies and Collections	98
Schedule 8 - Direct and Overlapping Property Tax Rates	99
Schedule 9 - Principal Property Tax Payers	100
Debt Capacity:	
Schedule 10 - Ratios of Outstanding Debt by Type	101
Schedule 11 - Ratios of General Bonded Debt Outstanding	102
Schedule 12 - Direct and Overlapping Governmental Activities Debt	103
Schedule 13 - Legal Debt Margin Information	104
Schedule 14 - Pledged Revenue Coverage Water Revenue Bonds	105
Schedule 15 - Pledged Revenue Coverage Sales Tax Revenue Bonds	106
Schedule 16 - Pledged Revenue Coverage Excise Tax Road Bonds	107
Schedule 17 - Pledged Revenue Coverage Electric Revenue Bonds	108
Schedule 18 - Pledged Revenue Coverage Drainage Revenue Bonds	109
Demographic and Economic Information:	
Schedule 19 - Demographic and Economic Statistics	110
Schedule 20 - Principal Employers	111
Operating Information	
Schedule 21 - Full-time Equivalent City Government Employees by Function / Program	112
Schedule 22 - Operating Indicators by Function / Program	113
Schedule 23 - Capital Asset Statistics by Function / Program	114

INTRODUCTORY SECTION



LEHI CITY

PIONEERING UTAH'S FUTURE



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

December 3, 2014

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, 2014.

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, 2014, 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, 2014, 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 Six Member 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.



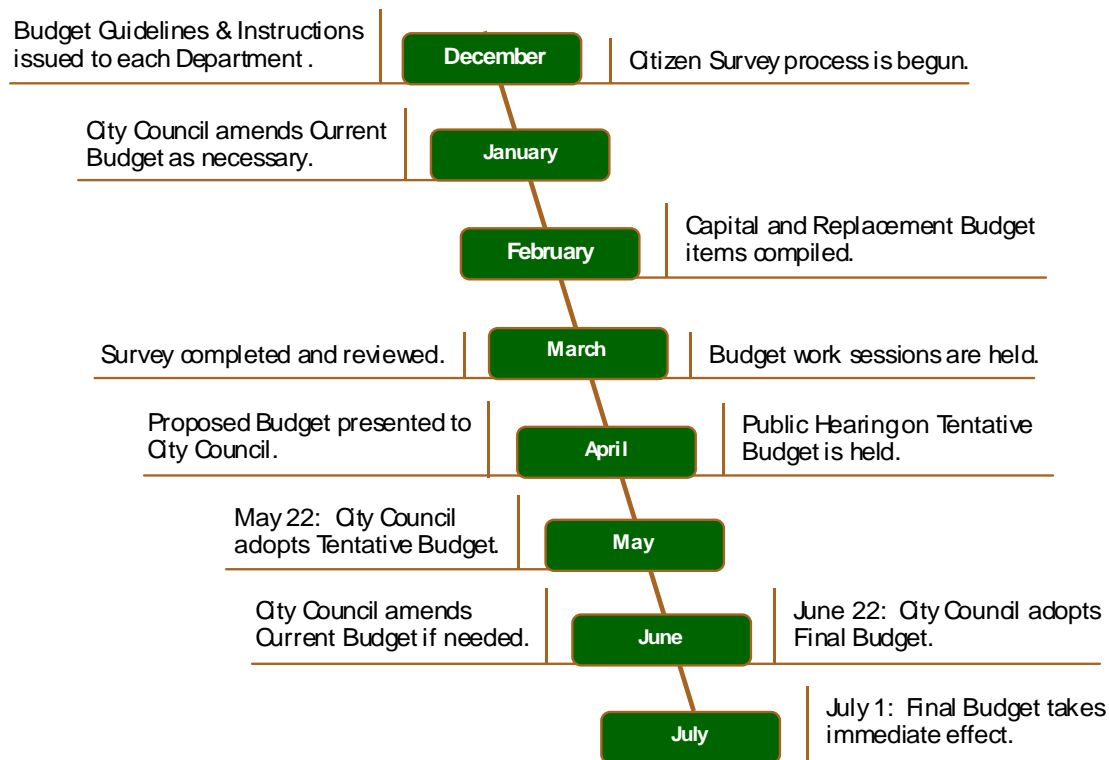
The City is a beautiful place to live. Just to the south is Utah Lake used for boating, fishing and hunting. The river that drains Utah Lake is the Jordan River, which runs through the City. To the east of the City are the beautiful Wasatch Mountains and to the west are the White Mountains and Oquirrh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



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 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 Redevelopment Agency, a major special revenue fund, the comparisons are presented on page 36. For the capital project funds this comparison is presented on page 81.

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 years 2012-2014 have marked an economic recovery for Lehi City and 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 is nearing completion with 50 more retail outlet stores. Xactware and Blender bottle, two major

commercial buildings were completed in fiscal year 2014. 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 opened in 2014. A new hospital is also being constructed in Lehi City. 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.



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 3.5%, which is similar to the statewide rate.

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 in line with 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.

Promote and Support Economic Development

- Strategically plan for growth
- Retain and expand existing business
- Maintain fair and competitive development fees and incentives
- Create and implement a marketing and branding strategy plan

Provide Quality City Services

- Maintain our valuable facilities
- Build a well-planned and reliable infrastructure
- Provide quality leisure services
- Update and implement Parks and Recreation Master Plan
- Provide excellent public safety services

Promote Community Involvement

- Focus on communication and transparency
- Hold diverse public events
- Provide meaningful service opportunities and celebrate volunteer efforts
- Inspire pride and ownership in neighborhoods, businesses, and gathering places

Maintain a Sustainable Budget

- Encourage varied revenue streams
- Ensure the responsible use of resources
- Enhance capital facility and replacement planning
- Encourage a highly motivated and well-trained municipal workforce

Ensure Proactive Regional Leadership

- Encourage membership and leadership in professional organizations
- Maintain relations and involvement in local, state, and federal government affairs
- Encourage and facilitate regional infrastructure solutions

Revised February 2014



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. The City plans to purchase property for the purpose of developing a new regional sports park.

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.

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, 2013. This was the sixteenth 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.

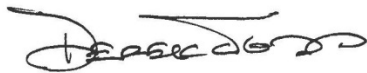
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2014. 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, 2013. 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**

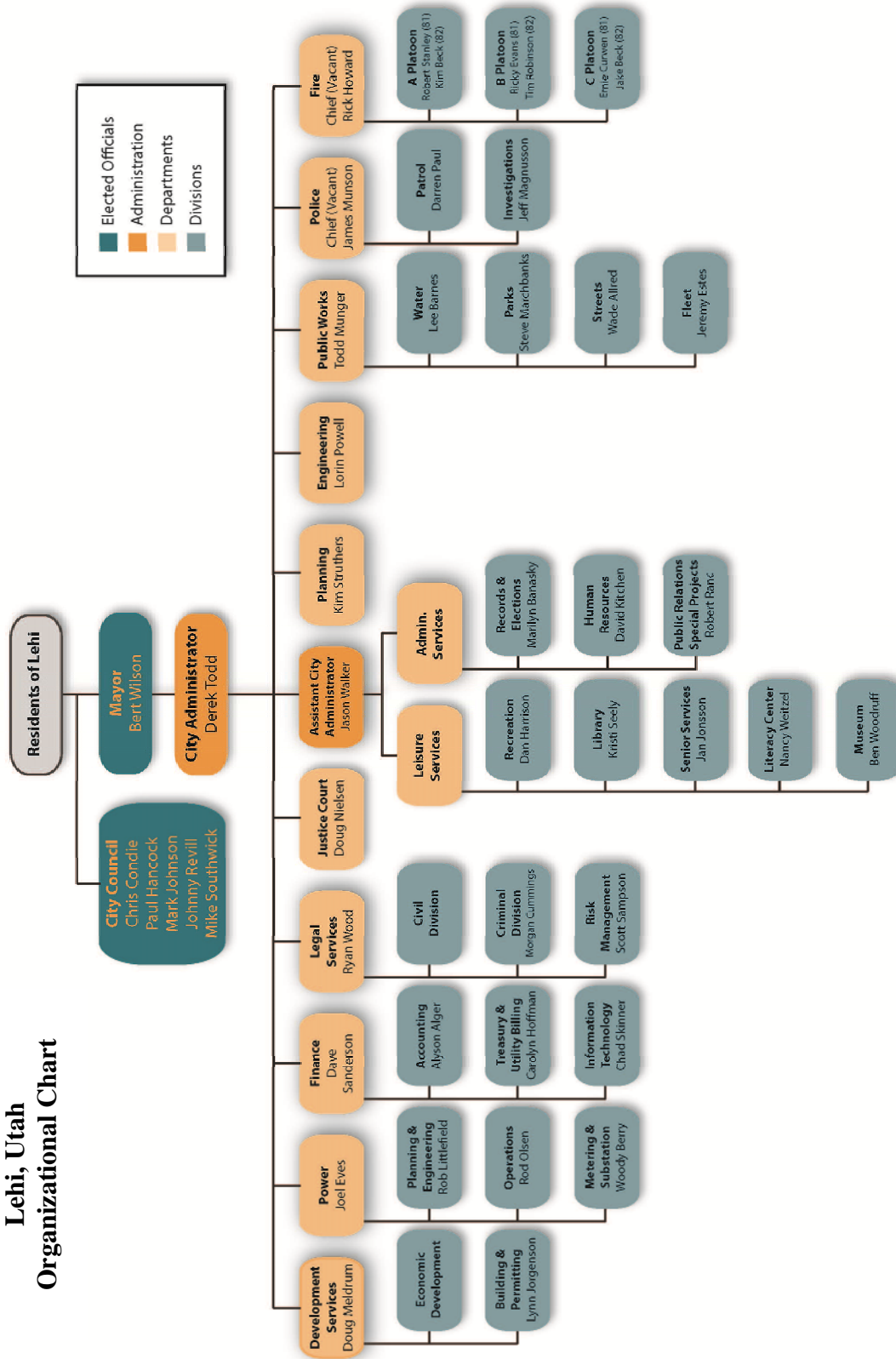
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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, 2014

Bert Wilson
Mayor

Chris Condie
Councilperson

Mark Johnson
Councilperson

Paul Hancock
Councilperson

Johnny Revill
Councilperson

Michael Southwick
Councilperson

Derek Todd
City Administrator

FINANCIAL SECTION



LEHI CITY

PIONEERING UTAH'S FUTURE

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, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 opinions.

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, each major fund, and the aggregate remaining fund information of Lehi City Corporation as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Redevelopment Agency for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 December 3, 2014 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.

Osborne Robbins & Buhler PLLC

December 3, 2014

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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, 2014. 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 \$367,088,632 (*net position*).
- The total net position of \$367,088,632 is comprised of \$421,750,877 in net investment in capital assets, \$17,623,096 restricted, and (\$72,285,341) unrestricted.
- The City's governmental funds reported combined fund balances of \$19,253,203 which is an increase of \$2,617,131 from fund balance reported in 2013 of \$16,636,072. \$116,844 of this increase was due to a prior period adjustment related to the reclassification of the Hutchings Museum from being a discretely presented component unit in prior years, to being a department of the general fund of the City beginning in 2014.
- The City's total debt increased by a net of \$12,043,421 during the current fiscal year.
 - There was an increase in the tax increment notes payable to a developer of \$17,953,052, \$475,000 of which was related to the cost of further development within the Thanksgiving Point Economic Development Area and the remaining \$17,478,052 for development within the Alpine Highway West Economic Development Project area. The City made a principal payment of \$3,107,440 on the notes payable to developers connected with the various economic development projects. 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.
 - The City issued \$7,210,000 in 2014 Sales Tax Revenue and Refunding bonds, the proceeds of which were used to refund \$7,055,000 remaining outstanding amounts from the City's 2003 Sales Tax Revenue bonds and 2004 Sales Tax Revenue and Refunding bonds.
 - The City also issued \$4,560,000 in 2014 Electric Revenue and Refunding bonds, the proceeds of which were used to refund \$4,500,000 outstanding from the City's 2009 Electric Refunding bonds.
 - The City paid \$1,199,319 on the 2003 Water Refunding bonds in advance of the required debt service requirements, paying the bonds in full during 2014.
 - 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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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 state of the City is improving or deteriorating.
- 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 entity has been included as a department within the general fund. 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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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.

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 43-74 of this report.

Other information. Individual fund schedules and combining statements and schedules can be found on pages 76-85 of this report.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial state. In the case of the City, net position was \$367,088,632 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 is 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 (\$17,623,096) represents resources that are subject to external restrictions on how they may be used.

As of June 30, 2014, the net position of the City's business-type activities totaled \$228,114,296 compared to \$206,980,811 in 2013. The business-type activities reported an increase in net position of \$21,133,485. \$12,910,629 of this increase in net position can be attributed to capital grants and contributions, including contributions of infrastructure.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 39,755,923	\$ 40,522,802	\$ 32,221,921	\$ 27,788,980	\$ 71,977,844	\$ 68,311,782
Capital assets	234,294,389	230,107,806	210,689,699	195,565,188	444,984,088	425,672,994
Total assets	<u>\$ 274,050,312</u>	<u>\$ 270,630,608</u>	<u>\$ 242,911,620</u>	<u>\$ 223,354,168</u>	<u>\$ 516,961,932</u>	<u>\$ 493,984,776</u>
Deferred outflows of resources	\$ -	\$ -	\$ 151,799	\$ 155,254	\$ 151,799	\$ 155,254
Long-term liabilities	113,357,774	98,909,259	9,068,592	11,473,686	122,426,366	110,382,945
Other liabilities	5,158,607	5,555,302	6,591,696	5,731,614	11,750,303	11,286,916
Interfund balances	711,165	676,689	(711,165)	(676,689)	-	-
Total liabilities	<u>\$ 119,227,546</u>	<u>\$ 105,141,250</u>	<u>\$ 14,949,123</u>	<u>\$ 16,528,611</u>	<u>\$ 134,176,669</u>	<u>\$ 121,669,861</u>
Deferred inflows of resources	\$ 15,848,430	\$ 18,354,140	\$ -	\$ -	\$ 15,848,430	\$ 18,354,140
Net position						
Net investment in capital assets	219,129,389	214,537,806	202,621,488	184,918,965	421,750,877	399,456,771
Restricted	8,560,047	6,470,224	9,063,049	8,545,937	17,623,096	15,016,161
Unrestricted	(88,715,100)	(73,872,812)	16,429,759	13,515,909	(72,285,341)	(60,356,903)
Total net position	<u>\$ 138,974,336</u>	<u>\$ 147,135,218</u>	<u>\$ 228,114,296</u>	<u>\$ 206,980,811</u>	<u>\$ 367,088,632</u>	<u>\$ 354,116,029</u>

Governmental activities. During 2014 governmental activities decreased the City's net position by \$8,160,882 (net of a prior period adjustment that increased net position by \$432,687) compared to an increase in net position in 2013 of \$8,068,945. Some specific factors making up the change in net position during 2013 include:

- Expenses of the governmental activities increased from 2013 to 2014 by \$6,682,749 with the largest increase having to do with community development expenses associated with the Alpine Highway West Economic Development Project.

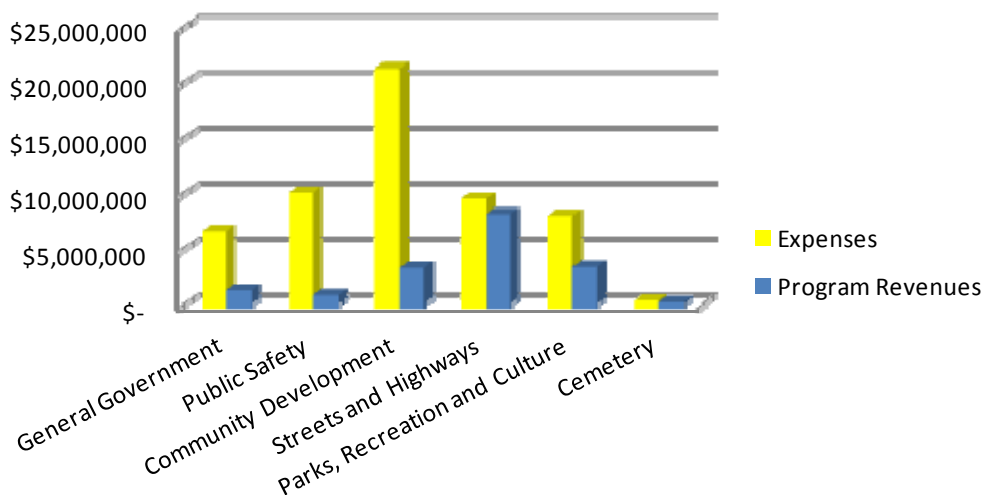
LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

- Capital grants and contributions were higher than in 2013 by approximately \$4.0 million. In 2014 the City recognized over \$6.6 million in capital grant revenues related to infrastructure installed by developers during the year.

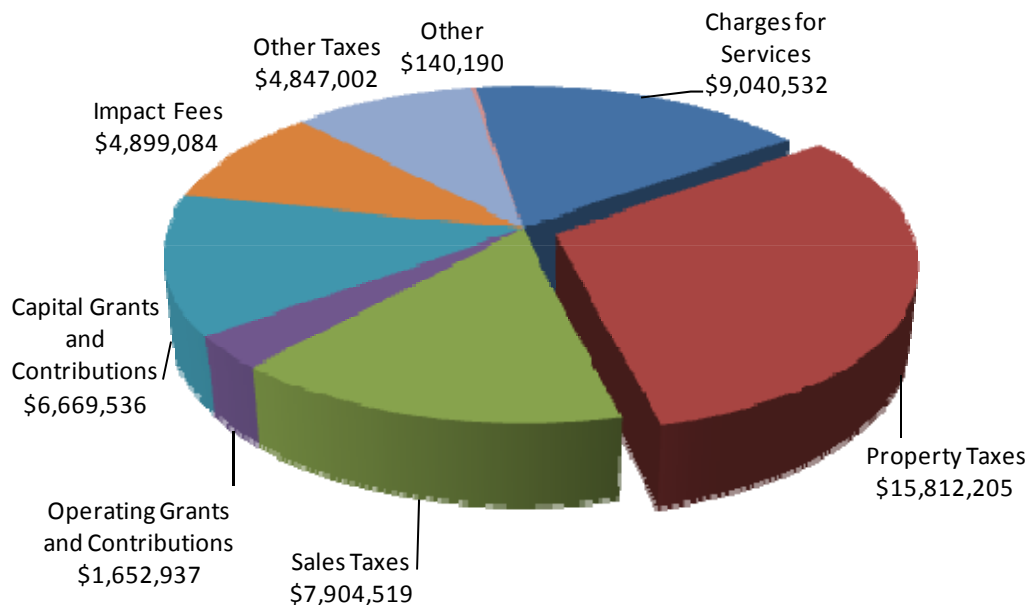
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 9,040,532	\$ 8,620,733	\$ 40,971,107	\$ 39,518,055	\$ 50,011,639	\$ 48,138,788
Operating grants and contributions	1,652,937	1,990,385	-	-	1,652,937	1,990,385
Capital grants and contributions	6,669,536	2,693,363	13,031,629	9,991,274	19,701,165	12,684,637
General revenues:						
Property taxes	15,812,205	14,014,696	-	-	15,812,205	14,014,696
Sales and other taxes	12,751,521	11,643,868	-	-	12,751,521	11,643,868
Impact fees	4,899,084	4,727,508	7,617,749	4,273,216	12,516,833	9,000,724
Other	140,190	214,002	706,730	387,731	846,920	601,733
Total revenues	<u>50,966,005</u>	<u>43,904,555</u>	<u>62,327,215</u>	<u>54,170,276</u>	<u>113,293,220</u>	<u>98,074,831</u>
Expenses:						
General government	6,608,885	5,602,138	-	-	6,608,885	5,602,138
Public safety	10,046,876	9,487,082	-	-	10,046,876	9,487,082
Community development	21,231,389	17,364,548	-	-	21,231,389	17,364,548
Highways/streets	9,496,924	8,753,776	-	-	9,496,924	8,753,776
Parks, recreation, and culture	8,023,291	7,585,566	-	-	8,023,291	7,585,566
Cemetery	362,172	315,796	-	-	362,172	315,796
Interest on long-term debt	4,520,957	4,498,839	-	-	4,520,957	4,498,839
Culinary Water	-	-	3,409,071	2,848,555	3,409,071	2,848,555
Sewer	-	-	6,248,401	6,218,600	6,248,401	6,218,600
Pressurized Irrigation	-	-	2,747,577	2,604,120	2,747,577	2,604,120
Electric	-	-	24,328,858	23,776,549	24,328,858	23,776,549
Drainage	-	-	1,301,784	1,299,785	1,301,784	1,299,785
Garbage	-	-	2,427,119	2,243,542	2,427,119	2,243,542
Total expenses	<u>60,290,494</u>	<u>53,607,745</u>	<u>40,462,810</u>	<u>38,991,151</u>	<u>100,753,304</u>	<u>92,598,896</u>
Increase (decrease) in net position before transfers	(9,324,489)	(9,703,190)	21,864,405	15,179,125	12,539,916	5,475,935
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	(8,593,569)	(8,972,270)	21,133,485	14,448,205	12,539,916	5,475,935
Net position, beginning, as previously reported	147,135,218	155,204,163	206,980,811	187,230,897	354,116,029	342,435,060
Prior period adjustment	<u>432,687</u>	<u>903,325</u>	<u>-</u>	<u>5,301,709</u>	<u>432,687</u>	<u>6,205,034</u>
Net position, beginning, as restated	<u>147,567,905</u>	<u>156,107,488</u>	<u>206,980,811</u>	<u>192,532,606</u>	<u>354,548,716</u>	<u>348,640,094</u>
Net position, ending	<u>\$ 138,974,336</u>	<u>\$ 147,135,218</u>	<u>\$ 228,114,296</u>	<u>\$ 206,980,811</u>	<u>\$ 367,088,632</u>	<u>\$ 354,116,029</u>

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



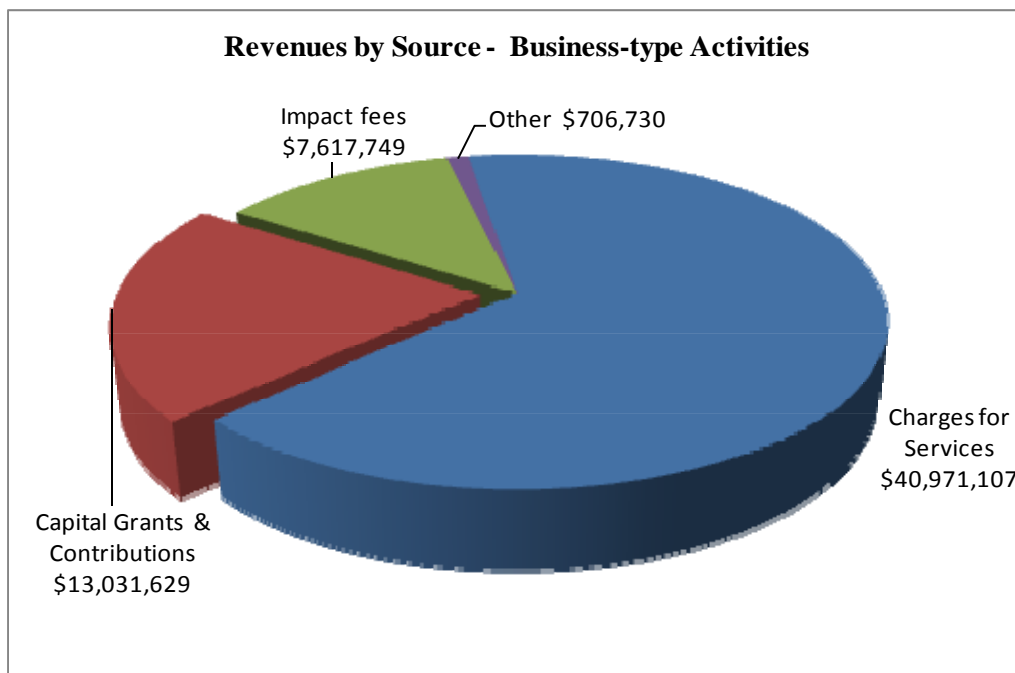
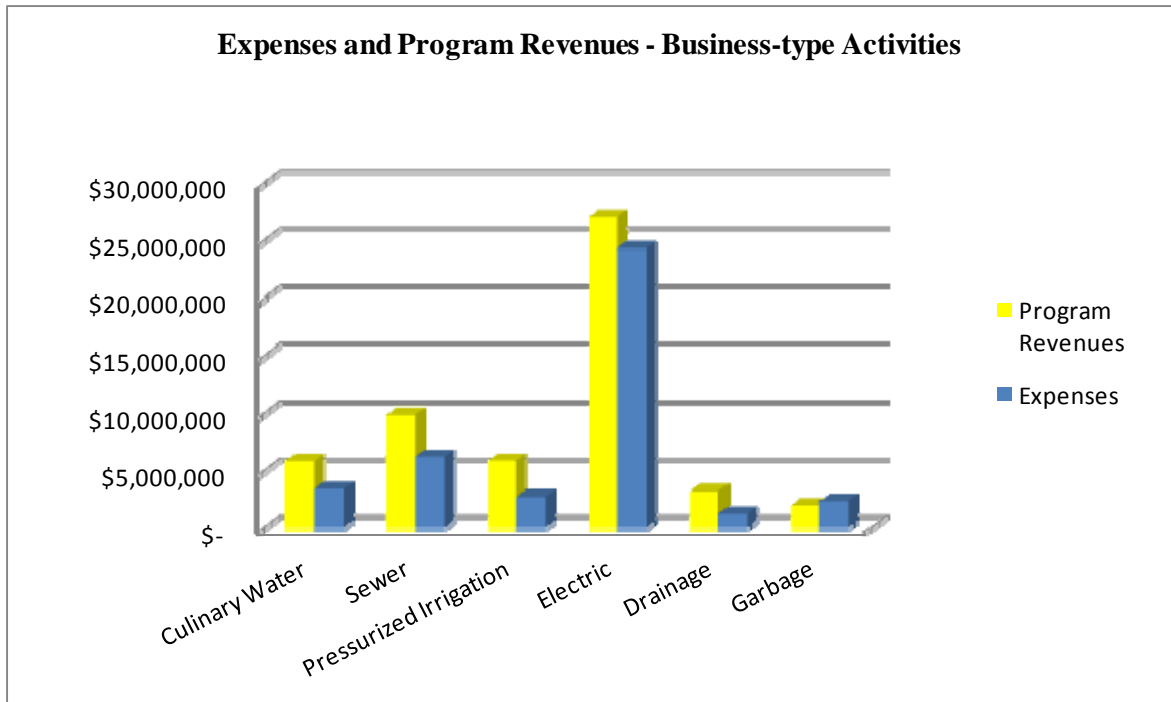
LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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 \$6,682,749 over 2013. In addition to the community development expenses previously mentioned, the City experienced increases in all other governmental activities during 2014 due primarily to cost of living increases provided to City personnel as well as increases in health insurance premiums.

Business-type activities. Business-type activities increased the City's net position by \$21,133,485. 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 2013 by \$1,453,052 (3.7%). Most of the enterprise funds experienced an increase in charges for services over 2013. The increase was the result of growth in the area. Fees were not increased during 2014. Prior to 2014, the City had gradually increased services fees slightly over the prior few years to ensure that user fees are adequate to fund operating expenses.
- Capital grants and contributions for the business-type activities added \$13,031,629 to the net position of the City. This amount was an increase of \$3,040,355 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 78% also as a result of the upturn in development.
- Expenses of the business-type activities increased by \$1,471,659 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, 2014



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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 \$19,253,203. \$6,645,733 of this total amount (34.5%) 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 \$6,645,733, while total fund balance reached \$8,360,653. 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 22.7% of total general fund expenditures, while total fund balance represents 28.5% of that same amount. The fund balance of the City's general fund increased by \$493,635 during the current fiscal year. 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 \$757,500. The project areas that received tax increment revenues in the current year were the Mill Pond Project, the Alpine Highway Project, the Alpine Highway West Project Area, the Thanksgiving Park Economic Development Project Area and the Traverse Mountain Community Development Area. Overall, the fund experienced a decrease in fund balance of \$288,287.

The capital projects fund had an increase in fund balance in the amount of \$2,294,939, which resulted in a fund balance of \$10,135,050, \$8,274,991 representing restricted fund balance, with an assigned fund balance of \$1,860,059.

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 \$15,718,594. Individually, the electric fund's unrestricted net position totaled \$6,856,523, the drainage unrestricted net position totaled \$3,038,270. Until 2013, the culinary water fund, the sewer fund, pressurized irrigation had all reported deficits in unrestricted but, again, as of June 30, 2014, all were in a positive unrestricted net position. The non-major enterprise fund reported a positive unrestricted net position amount of \$353,283. 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, 2014

General Fund Budgetary Highlights

During the fiscal year, the General Fund's budget was amended from budgeted expenditures totaling \$29,177,893 to a final budget of \$30,135,893, an increase of \$958,000. This increase was related primarily to increased non-department (general government), police, streets and highways, parks and recreation operating costs, including personnel costs and capital expenditures. Budgeted transfers to other funds were also amended by \$1,500,000 to a final budget of \$1,800,000. These adjustments were funded primarily by appropriating fund balance.

- Tax revenues recognized in 2014 were \$1,030,649 more than budgeted. The majority of this was related to higher than anticipated sales tax revenues.
- Charges for services, particularly ambulance fees and recreation fees were higher than budgeted by a total of \$505,112.
- Total expenditures were less than the final budgeted amounts by \$838,364 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, 2014 amounts to \$444,984,088 (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, there was an increase to capital assets related to the remodel of the City's outdoor pool building. Total costs incurred on that project were \$1,106,252.
- In the Pressurized Irrigation fund, the largest increase to capital assets, other than donated infrastructure, was related to the construction of the Sandpit Reservoir. Total costs incurred on that project through June 30, 2014 were \$1,481,713.
- Infrastructure, land, and water rights were 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 \$6,669,536 and \$13,031,629, respectively.
- Intangible assets in the business-type activities increased by \$2,691,600. The increase was due to the contribution of water shares by developers as required by the City's development code. Water shares are allocated between the Water and Pressurized Irrigation funds.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 90,724,147	\$ 87,343,805	\$ 2,336,469	\$ 2,336,469	\$ 93,060,616	\$ 89,680,274
Intangibles	-	-	42,979,258	40,287,658	42,979,258	40,287,658
Construction in progress	3,851,232	4,271,659	4,987,111	2,126,525	8,838,343	6,398,184
Buildings and structures	14,686,128	14,035,433	1,733,512	1,822,280	16,419,640	15,857,713
Improvements, including infrastructure	119,652,760	120,268,610	157,692,812	147,762,661	277,345,572	268,031,271
Machinery, equipment, and vehicles	5,131,606	4,006,411	940,408	1,204,642	6,072,014	5,211,053
Office furniture and equipment	248,516	181,888	20,129	24,953	268,645	206,841
Total	<u>\$ 234,294,389</u>	<u>\$ 230,107,806</u>	<u>\$ 210,689,699</u>	<u>\$ 195,565,188</u>	<u>\$ 444,984,088</u>	<u>\$ 425,672,994</u>

Additional information on the City's capital assets can be found in note F on pages 56-57 of this report.

Long-term liabilities. At the end of the current fiscal year the City had total bonded debt outstanding of \$21,785,000, all of which represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

LEHI CITY CORPORATION
LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Tax increment notes payable to developers	\$ 95,772,209	\$ 80,926,594	\$ -	\$ -	\$ 95,772,209	\$ 80,926,594
Other notes payable	-	-	1,600,010	1,782,404	1,600,010	1,782,404
Revenue bonds	15,165,000	15,570,000	6,620,000	8,863,819	21,785,000	24,433,819
Other liabilities	2,420,565	2,412,665	848,582	827,463	3,269,147	3,240,128
Total	<u>\$ 113,357,774</u>	<u>\$ 98,909,259</u>	<u>\$ 9,068,592</u>	<u>\$ 11,473,686</u>	<u>\$ 122,426,366</u>	<u>\$ 110,382,945</u>

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The City increased its total debt by \$12,043,421 in fiscal year 2014. Major long-term debt activity included the following:

- As mentioned, during 2014, the City issued notes payable to developers in two economic development project areas totaling \$17,953,052.
- \$3,107,440 in principal payments were made on four of the notes payable to developers.
- The City's 2003 and 2004 Sales Tax Revenue bonds were refunded with the issuance of 2014 Sales Tax Revenue and Refunding bonds.
- The City's 2009 Electric Refunding bonds were refunded with the issuance of 2014 Electric Revenue and Refunding bonds.
- The City paid off the 2003 Water Refunding bonds ahead of the required debt service schedule.
- Other reductions in debt were attributable to regular principal reductions.

The refunding bonds issued in 2014 were negotiated private placements. As a result, the City did not obtain a credit rating from the rating agencies.

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 \$128,215,577 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 \$256,431,110, 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 among the leaders of the State of Utah.
- The current unemployment rate for Utah County is 3.4% (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. For the fiscal year 2015 the City increased the base sewer fee \$3 per month to meet the increasing fee requirements of the sewer plant in which the City participates.

The above factors were considered in preparing the City's budget for the 2015 fiscal year. The 2015 budget is balanced without a property tax rate increase. The City increased the based sewer fee in response to a rate increase at the sewer treatment facility utilized by the City.

New residential construction continues in the City. In addition to residential construction, a new IASIS hospital, located east of the I-15 corridor, is currently under construction. A Porsche Audi dealership is also planned for the City and will be located along State Route 92. Thanksgiving Park will be the home of yet another new office building which is currently under construction.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The Alpine School District is the process of building a second high school within the City. The school is located at 3200 North and Center Street, just south of State Route 92 and will be opened for the 2015-2016 school year.

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. Services such as parks, police and library services will be improved with revenue increases. During the 2015 fiscal year, the City hopes to purchase new property that will accommodate a sports park.

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 CITY

PIONEERING UTAH'S FUTURE

BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 11,459,130	\$ 13,996,830	\$ 25,455,960
RECEIVABLES (NET)			
ACCOUNTS	-	4,127,050	4,127,050
UNBILLED	-	601,571	601,571
TAXES	17,613,593	-	17,613,593
INTERGOVERNMENTAL	280,205	-	280,205
OTHER	571,414	-	571,414
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	229,175	229,175
PREPAID EXPENSES	52,856	44,027	96,883
INVENTORY	46,848	2,660,229	2,707,077
RESTRICTED CASH AND CASH EQUIVALENTS	9,366,786	9,264,711	18,631,497
RESTRICTED IMPACT FEES RECEIVABLE	365,091	1,298,328	1,663,419
NON-DEPRECIABLE CAPITAL ASSETS	94,575,379	50,302,838	144,878,217
DEPRECIABLE CAPITAL ASSETS, NET	139,719,010	160,386,861	300,105,871
TOTAL ASSETS	\$ 274,050,312	\$ 242,911,620	\$ 516,961,932
DEFERRED OUTFLOWS OF RESOURCES			
DEFERRED CHARGE ON REFUNDING	\$ -	\$ 151,799	\$ 151,799
LIABILITIES			
INTERFUND BALANCES	\$ 711,165	\$ (711,165)	\$ -
ACCOUNTS PAYABLE	1,027,014	4,433,619	5,460,633
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
ACCOUNTS PAYABLE	429,868	1,499,990	1,929,858
ACCRUED INTEREST	125,954	-	125,954
WAGES PAYABLE	291,779	71,680	363,459
ACCRUED LIABILITIES	1,312,808	-	1,312,808
ACCRUED INTEREST PAYABLE	1,971,184	22,722	1,993,906
CUSTOMER DEPOSITS	-	563,685	563,685
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR	1,308,549	1,307,263	2,615,812
DUE IN MORE THAN ONE YEAR:			
COMPENSATED ABSENCES	1,511,099	619,665	2,130,764
LANDFILL POSTCLOSURE COSTS	250,917	-	250,917
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	95,772,209	-	95,772,209
OTHER NOTES PAYABLE	-	1,561,664	1,561,664
BONDS PAYABLE	14,515,000	5,580,000	20,095,000
TOTAL LIABILITIES	\$ 119,227,546	\$ 14,949,123	\$ 134,176,669
DEFERRED INFLOWS OF RESOURCES			
PROPERTY TAXES	\$ 15,848,430	\$ -	\$ 15,848,430
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	219,129,389	202,621,488	421,750,877
RESTRICTED FOR			
CAPITAL IMPROVEMENTS	8,089,020	9,054,134	17,143,154
DEBT SERVICE	471,027	8,915	479,942
UNRESTRICTED (DEFICIT)	(88,715,100)	16,429,759	(72,285,341)
TOTAL NET POSITION	\$ 138,974,336	\$ 228,114,296	\$ 367,088,632

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

					NET REVENUE (EXPENSE) AND		
					CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
		PROGRAM REVENUES					
			OPERATING	CAPITAL			
		CHARGES FOR	GRANTS AND	GRANTS AND			
		SERVICES	CONTRIBUTIONS	CONTRIBUTIONS	GOVERNMENTAL	BUSINESS-TYPE	
FUNCTIONS/PROGRAMS	EXPENSES				ACTIVITIES	ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 6,608,885	\$ 1,280,770	\$ -	\$ -	\$ (5,328,115)	\$ -	\$ (5,328,115)
PUBLIC SAFETY	10,046,876	735,826	110,988	-	(9,200,062)	-	(9,200,062)
COMMUNITY DEVELOPMENT	21,231,389	3,380,948	-	-	(17,850,441)	-	(17,850,441)
STREETS AND HIGHWAYS	9,496,924	-	1,513,953	6,662,812	(1,320,159)	-	(1,320,159)
PARKS, RECREATION AND CULTURE	8,023,291	3,442,123	27,996	6,724	(4,546,448)	-	(4,546,448)
CEMETERY	362,172	200,865	-	-	(161,307)	-	(161,307)
INTEREST ON LONG-TERM DEBT	4,520,957	-	-	-	(4,520,957)	-	(4,520,957)
TOTAL GOVERNMENTAL ACTIVITIES	60,290,494	9,040,532	1,652,937	6,669,536	(42,927,489)	-	(42,927,489)
BUSINESS-TYPE ACTIVITIES							
CULINARY WATER	3,409,071	3,387,526	-	2,470,646	-	2,449,101	2,449,101
SEWER	6,248,401	7,518,893	-	2,356,065	-	3,626,557	3,626,557
PRESSURIZED IRRIGATION	2,747,577	2,236,370	-	3,670,865	-	3,159,658	3,159,658
ELECTRIC	24,328,858	24,730,251	-	2,377,636	-	2,779,029	2,779,029
DRAINAGE	1,301,784	1,072,401	-	2,156,417	-	1,927,034	1,927,034
GARBAGE	2,427,119	2,025,666	-	-	-	(401,453)	(401,453)
TOTAL BUSINESS-TYPE ACTIVITIES	40,462,810	40,971,107	-	13,031,629	-	13,539,926	13,539,926
TOTAL PRIMARY GOVERNMENT	\$ 100,753,304	\$ 50,011,639	\$ 1,652,937	\$ 19,701,165	(42,927,489)	13,539,926	(29,387,563)

33

GENERAL REVENUES:		
PROPERTY TAXES	15,812,205	15,812,205
SALES TAXES	7,904,519	7,904,519
FRANCHISE TAXES	4,285,907	4,285,907
MOTOR VEHICLE FEES IN LIEU	561,095	561,095
IMPACT FEES	4,899,084	12,516,833
INVESTMENT EARNINGS	98,028	204,864
GAIN ON DISPOSAL OF CAPITAL ASSETS	23,300	91,990
OTHER	18,862	550,066
TOTAL GENERAL REVENUES	33,603,000	41,927,479
TRANSFERS	730,920	-
TOTAL GENERAL REVENUES AND TRANSFERS	34,333,920	41,927,479
CHANGE IN NET POSITION	(8,593,569)	12,539,916
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	147,135,218	354,116,029
PRIOR PERIOD ADJUSTMENT	432,687	432,687
NET POSITION AT BEGINNING OF YEAR , AS RESTATED	147,567,905	354,548,716
NET POSITION AT END OF YEAR	\$ 138,974,336	\$ 367,088,632

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 7,140,278	\$ 888,946	\$ 1,916,083	\$ 9,945,307
RECEIVABLES				
TAXES	7,836,804	9,793,000	-	17,629,804
INTERGOVERNMENTAL	280,205	-	-	280,205
OTHER	332,075	-	-	332,075
PREPAID ITEMS	29,902	-	-	29,902
RESTRICTED CASH AND CASH EQUIVALENTS	1,013,374	-	8,353,412	9,366,786
RESTRICTED IMPACT FEES RECEIVABLE	223,128	-	365,091	588,219
TOTAL ASSETS	\$ 16,855,766	\$ 10,681,946	\$ 10,634,586	\$ 38,172,298
LIABILITIES				
ACCOUNTS PAYABLE	\$ 637,663	\$ 131,446	\$ 56,024	\$ 825,133
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	134,462	-	295,406	429,868
WAGES PAYABLE	280,795	-	-	280,795
ACCRUED LIABILITIES	1,312,808	-	-	1,312,808
TOTAL LIABILITIES	2,365,728	131,446	351,430	2,848,604
DEFERRED INFLOWS OF RESOURCES				
TAXES	6,055,430	9,793,000	-	15,848,430
IMPACT FEES	73,955	-	148,106	222,061
TOTAL DEFERRED INFLOWS OF RESOURCES	6,129,385	9,793,000	148,106	16,070,491
FUND BALANCES				
NONSPENDABLE	29,902	-	-	29,902
RESTRICTED	1,028,085	-	8,274,991	9,303,076
COMMITTED	466,584	-	-	466,584
ASSIGNED	190,349	757,500	1,860,059	2,807,908
UNASSIGNED	6,645,733	-	-	6,645,733
TOTAL FUND BALANCE	8,360,653	757,500	10,135,050	19,253,203
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,855,766	\$ 10,681,946	\$ 10,634,586	\$ 38,172,298

**LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 19,253,203
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	234,294,389
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(113,357,774)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(2,097,138)
THE CURRENT ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	1,370,759
DEFERRED INFLOWS OF RESOURCES RELATED TO IMPACT FEES RECEIVABLE IN FUTURE PERIODS SHOULD BE RECOGNIZED AS REVENUES IN THE STATEMENT OF NET POSITION	222,061
SOME OF THE INTERNAL SERVICE NET INCOME IS ALLOCABLE TO BUSINESS-TYPE ACTIVITIES. THESE AMOUNTS ARE SHOWN IN THE INTERNAL BALANCES IN THE STATEMENT OF NET POSITION	(711,164)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 138,974,336

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

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 18,261,649	\$ 9,872,577	\$ 429,500	\$ 28,563,726
LICENSES, FEES AND PERMITS	1,833,482	-	4,611,238	6,444,720
INTERGOVERNMENTAL	1,671,598	-	-	1,671,598
CHARGES FOR SERVICES	5,762,720	-	-	5,762,720
FINES AND FORFEITURES	547,825	-	-	547,825
MISCELLANEOUS	806,898	-	-	806,898
INTEREST ON INVESTMENTS	45,400	4,403	39,189	88,992
TOTAL REVENUES	28,929,572	9,876,980	5,079,927	43,886,479
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT	5,512,993	-	-	5,512,993
PUBLIC SAFETY	9,830,309	-	-	9,830,309
COMMUNITY DEVELOPMENT	1,964,111	19,251,537	-	21,215,648
STREETS AND HIGHWAYS	2,462,221	-	-	2,462,221
PARKS, RECREATION AND CULTURE	8,295,691	-	-	8,295,691
CEMETERY	334,730	-	-	334,730
OTHER	-	-	77,920	77,920
CAPITAL OUTLAY	-	-	4,245,051	4,245,051
DEBT SERVICE				
PRINCIPAL	560,000	3,107,440	7,055,000	10,722,440
INTEREST AND FISCAL CHARGES	337,474	3,881,600	417,017	4,636,091
TOTAL EXPENDITURES	29,297,529	26,240,577	11,794,988	67,333,094
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(367,957)	(16,363,597)	(6,715,061)	(23,446,615)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	2,608,662	-	1,800,000	4,408,662
TRANSFERS OUT	(1,800,000)	(1,877,742)	-	(3,677,742)
SALE OF CAPITAL ASSETS	52,930	-	-	52,930
ISSUANCE OF NOTES AND BONDS	-	17,953,052	7,210,000	25,163,052
TOTAL OTHER FINANCING SOURCES (USES)	861,592	16,075,310	9,010,000	25,946,902
NET CHANGE IN FUND BALANCE	493,635	(288,287)	2,294,939	2,500,287
FUND BALANCE AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	7,750,174	1,045,787	7,840,111	16,636,072
PRIOR PERIOD ADJUSTMENT	116,844	-	-	116,844
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	7,867,018	1,045,787	7,840,111	16,752,916
FUND BALANCE AT END OF YEAR	\$ 8,360,653	\$ 757,500	\$ 10,135,050	\$ 19,253,203

**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, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,500,287
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	5,692,409 (9,406,832)
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	112,072
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	(25,163,052)
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION	10,722,440
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	134,832 (34,476)
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	(36,122)
DEFERRED INFLOWS OF RESOURCES RELATED TO IMPACT FEES ARE DEFERRED IN THE GOVERNMENTAL FUNDS BUT RECOGNIZED AS REVENUES IN THE STATEMENT OF ACTIVITIES	222,061
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	6,662,812
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (8,593,569)

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, 2014

	GENERAL FUND				REDEVELOPMENT AGENCY			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
TAXES	\$ 17,231,000	\$ 17,231,000	\$ 18,261,649	\$ 1,030,649	\$ 8,940,000	\$ 8,940,000	\$ 9,872,577	\$ 932,577
LICENSES, FEES AND PERMITS	1,750,000	1,750,000	1,833,482	83,482	-	-	-	-
INTERGOVERNMENTAL REVENUE	1,508,000	1,508,000	1,671,598	163,598	-	-	-	-
CHARGES FOR SERVICE	5,257,608	5,257,608	5,762,720	505,112	-	-	-	-
FINES AND FORFEITURES	807,500	807,500	547,825	(259,675)	-	-	-	-
MISCELLANEOUS REVENUE	286,950	286,950	806,898	519,948	492,500	492,500	-	(492,500)
INTEREST ON INVESTMENTS	64,500	64,500	45,400	(19,100)	7,500	7,500	4,403	(3,097)
TOTAL REVENUES	26,905,558	26,905,558	28,929,572	2,024,014	9,440,000	9,440,000	9,876,980	436,980
EXPENDITURES								
GENERAL GOVERNMENT	5,516,573	5,726,573	5,512,993	213,580	-	-	-	-
PUBLIC SAFETY	9,610,105	9,855,105	9,830,309	24,796	-	-	-	-
COMMUNITY DEVELOPMENT	2,266,457	2,266,457	1,964,111	302,346	10,277,880	10,277,880	19,251,537	(8,973,657)
STREETS AND HIGHWAYS	2,360,131	2,465,131	2,462,221	2,910	-	-	-	-
PARKS, RECREATIONS AND CULTURE	8,107,069	8,505,069	8,295,691	209,378	-	-	-	-
CEMETERY	335,197	335,197	334,730	467	-	-	-	-
DEBT SERVICE	982,361	982,361	897,474	84,887	6,326,750	6,326,750	6,989,040	(662,290)
TOTAL EXPENDITURES	29,177,893	30,135,893	29,297,529	838,364	16,604,630	16,604,630	26,240,577	(9,635,947)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,272,335)	(3,230,335)	(367,957)	2,862,378	(7,164,630)	(7,164,630)	(16,363,597)	(9,198,967)
OTHER FINANCING SOURCES (USES)								
ISSUANCE OF NOTES	-	-	-	-	9,000,000	9,000,000	17,953,052	8,953,052
TRANSFERS IN	2,567,335	2,567,335	2,608,662	41,327	-	-	-	-
TRANSFERS OUT	(300,000)	(1,800,000)	(1,800,000)	-	(1,835,370)	(1,835,370)	(1,877,742)	(42,372)
SALE OF CAPITAL ASSETS	5,000	5,000	52,930	47,930	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,272,335	772,335	861,592	89,257	7,164,630	7,164,630	16,075,310	8,910,680
NET CHANGE IN FUND BALANCE	-	(2,458,000)	493,635	2,951,635	-	-	(288,287)	(288,287)
FUND BALANCE AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	7,750,174	7,750,174	7,750,174	-	1,045,787	1,045,787	1,045,787	-
PRIOR PERIOD ADJUSTMENT	116,844	116,844	116,844	-	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	7,867,018	7,867,018	7,867,018	-	1,045,787	1,045,787	1,045,787	-
FUND BALANCE AT END OF YEAR	<u>\$ 7,867,018</u>	<u>\$ 5,409,018</u>	<u>\$ 8,360,653</u>	<u>\$ 2,951,635</u>	<u>\$ 1,045,787</u>	<u>\$ 1,045,787</u>	<u>\$ 757,500</u>	<u>\$ (288,287)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



LEHI CITY

PIONEERING UTAH'S FUTURE

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES						TOTAL BUSINESS- TYPE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)		
ASSETS								
CURRENT ASSETS								
CASH AND CASH EQUIVALENTS	\$ 690,994	\$ 3,044,367	\$ 1,148,954	\$ 5,829,052	\$ 2,980,808	\$ 302,655	\$ 13,996,830	\$ 1,513,822
RECEIVABLE (NET):								
ACCOUNTS	338,014	760,426	199,316	2,497,831	112,696	218,767	4,127,050	-
UNBILLED	51,323	111,298	35,262	354,607	10,235	38,846	601,571	-
REFUND DUE FROM DEPOSIT								
WITH POWER SUPPLIER	-	-	-	229,175	-	-	229,175	-
PREPAID INTEREST AND OTHER EXPENSES	-	44,027	-	-	-	-	44,027	22,954
INVENTORY	97,719	5,960	67,339	2,487,737	1,474	-	2,660,229	46,848
TOTAL CURRENT ASSETS	<u>1,178,050</u>	<u>3,966,078</u>	<u>1,450,871</u>	<u>11,398,402</u>	<u>3,105,213</u>	<u>560,268</u>	<u>21,658,882</u>	<u>1,583,624</u>
NON-CURRENT ASSETS								
RESTRICTED CASH AND CASH EQUIVALENTS	1,457,222	773,447	473,786	6,560,256	-	-	9,264,711	-
RESTRICTED IMPACT FEE RECEIVABLE	33,090	19,500	155,889	1,024,572	65,277	-	1,298,328	-
NONDEPRECIABLE CAPITAL ASSETS	24,168,220	578,931	23,730,699	1,663,664	161,324	-	50,302,838	-
DEPRECIABLE CAPITAL ASSETS, NET	26,962,240	32,677,690	32,367,791	39,558,628	28,820,512	-	160,386,861	2,127,106
TOTAL NON-CURRENT ASSETS	<u>52,620,772</u>	<u>34,049,568</u>	<u>56,728,165</u>	<u>48,807,120</u>	<u>29,047,113</u>	<u>-</u>	<u>221,252,738</u>	<u>2,127,106</u>
TOTAL ASSETS	<u>\$ 53,798,822</u>	<u>\$ 38,015,646</u>	<u>\$ 58,179,036</u>	<u>\$ 60,205,522</u>	<u>\$ 32,152,326</u>	<u>\$ 560,268</u>	<u>\$ 242,911,620</u>	<u>\$ 3,710,730</u>
DEFERRED OUTFLOWS OF RESOURCES								
DEFERRED CHARGE ON REFUNDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,922</u>	<u>\$ 4,877</u>	<u>\$ -</u>	<u>\$ 151,799</u>	<u>\$ -</u>

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	
LIABILITIES								
CURRENT LIABILITIES								
ACCOUNTS PAYABLE	\$ 147,272	\$ 469,300	\$ 173,346	\$ 3,406,539	\$ 30,177	\$ 206,985	\$ 4,433,619	\$ 201,881
WAGES PAYABLE	11,338	3,790	5,054	47,511	3,987	-	71,680	10,984
ACCRUED INTEREST PAYABLE	11,789	-	9,645	-	1,288	-	22,722	-
PAYABLE FROM RESTRICTED ASSETS:								-
ACCOUNTS PAYABLE	133,764	701,415	629,675	35,136	-	-	1,499,990	-
CUSTOMER DEPOSITS	-	-	-	563,685	-	-	563,685	-
CURRENT PORTION COMPENSATED ABSENCES	46,647	14,183	13,012	143,266	11,809	-	228,917	28,965
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	96,173	-	82,173	740,000	160,000	-	1,078,346	-
TOTAL CURRENT LIABILITIES	446,983	1,188,688	912,905	4,936,137	207,261	206,985	7,898,959	241,830
NON-CURRENT LIABILITIES								
COMPENSATED ABSENCES	153,901	14,439	50,765	380,878	19,682	-	619,665	37,549
NOTES PAYABLE	780,832	-	780,832	-	-	-	1,561,664	-
BONDS PAYABLE, LESS CURRENT MATURITIES	-	-	-	3,820,000	1,760,000	-	5,580,000	-
TOTAL NON-CURRENT LIABILITIES	934,733	14,439	831,597	4,200,878	1,779,682	-	7,761,329	37,549
TOTAL LIABILITIES	\$ 1,381,716	\$ 1,203,127	\$ 1,744,502	\$ 9,137,015	\$ 1,986,943	\$ 206,985	\$ 15,660,288	\$ 279,379
NET POSITION								
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED FOR	50,253,455	33,256,621	55,235,485	36,809,214	27,066,713	-	202,621,488	2,127,106
CAPITAL PROJECTS	1,356,548	91,532	-	7,540,777	65,277	-	9,054,134	-
DEBT SERVICE	-	-	-	8,915	-	-	8,915	-
UNRESTRICTED	807,103	3,464,366	1,199,049	6,856,523	3,038,270	353,283	15,718,594	1,304,245
TOTAL NET POSITION	\$ 52,417,106	\$ 36,812,519	\$ 56,434,534	\$ 51,215,429	\$ 30,170,260	\$ 353,283	227,403,131	\$ 3,431,351
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS								
CURRENT YEAR ADJUSTMENT							34,476	
CUMULATIVE ADJUSTMENT FROM PRIOR YEARS							676,689	
NET POSITION OF BUSINESS-TYPE ACTIVITIES							\$ 228,114,296	

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, 2014

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES	
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	INTERNAL SERVICE FUNDS
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)								
CHARGES FOR SERVICES	\$ 3,114,429	\$ 7,518,893	\$ 2,159,581	\$ 24,505,352	\$ 1,072,401	\$ 2,025,666	\$ 40,396,322	\$ 3,193,592
HOOK-UP AND SERVICING FEES	273,097	-	76,789	224,899	-	-	574,785	-
MISCELLANEOUS REVENUES	84,220	41,287	122,746	268,471	6,500	7,980	531,204	-
TOTAL OPERATING REVENUES	3,471,746	7,560,180	2,359,116	24,998,722	1,078,901	2,033,646	41,502,311	3,193,592
OPERATING EXPENSES								
PERSONNEL	733,316	255,506	357,165	2,018,958	232,811	-	3,597,756	634,407
GENERAL ADMINISTRATION	150,916	78,855	73,460	455,781	21,148	35,375	815,535	-
OPERATING AND MAINTENANCE	1,180,473	4,717,213	1,153,088	19,273,534	94,312	2,391,744	28,810,364	2,042,972
INTERFUND CHARGES	203,240	131,000	75,000	576,092	15,000	-	1,000,332	-
DEPRECIATION	1,094,264	1,065,827	1,046,209	1,947,903	861,096	-	6,015,299	414,603
TOTAL OPERATING EXPENSES	3,362,209	6,248,401	2,704,922	24,272,268	1,224,367	2,427,119	40,239,286	3,091,982
OPERATING INCOME (LOSS)	109,537	1,311,779	(345,806)	726,454	(145,466)	(393,473)	1,263,025	101,610
NON-OPERATING REVENUES (EXPENSES)								
IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	1,679,003	493,608	1,162,188	3,897,634	385,316	-	7,617,749	-
GOVERNMENTAL GRANTS	-	-	121,000	-	-	-	121,000	-
INTEREST INCOME	10,585	16,620	9,419	52,046	15,799	2,367	106,836	26,730
INTEREST EXPENSE	(46,862)	-	(42,655)	(91,066)	(77,417)	-	(258,000)	-
GAIN ON SALE OF CAPITAL ASSETS	9,100	-	36,167	23,423	-	-	68,690	6,492
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,651,826	510,228	1,286,119	3,882,037	323,698	2,367	7,656,275	33,222
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,761,363	1,822,007	940,313	4,608,491	178,232	(391,106)	8,919,300	134,832
CAPITAL CONTRIBUTIONS	2,470,646	2,356,065	3,549,865	2,377,636	2,156,417	-	12,910,629	-
TRANSFERS TO OTHER FUNDS	(174,500)	(150,000)	(64,890)	(265,920)	(65,610)	(10,000)	(730,920)	-
CHANGE IN NET POSITION	4,057,509	4,028,072	4,425,288	6,720,207	2,269,039	(401,106)	21,099,009	134,832
NET POSITION AT BEGINNING OF YEAR	48,359,597	32,784,447	52,009,246	44,495,222	27,901,221	754,389		3,292,351
NET POSITION AT END OF YEAR	\$ 52,417,106	\$ 36,812,519	\$ 56,434,534	\$ 51,215,429	\$ 30,170,260	\$ 353,283		\$ 3,427,183
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							34,476	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (page 33)							\$ 21,133,485	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 3,393,983	\$ 7,548,089	\$ 2,236,901	\$ 24,953,108	\$ 1,072,676	\$ 2,049,004	\$ 41,253,761	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	-	3,193,592
CASH PAID TO SUPPLIERS	(1,268,510)	(4,451,235)	(656,015)	(19,683,507)	(116,830)	(2,577,360)	(28,753,457)	(1,409,786)
CASH PAID TO EMPLOYEES	(720,316)	(252,820)	(374,589)	(1,991,627)	(232,539)	-	(3,571,891)	(1,139,948)
CASH PAID FOR INTERFUND SERVICES	(203,240)	(131,000)	(75,000)	(576,092)	(15,000)	-	(1,000,332)	-
OTHER RECEIPTS	84,220	41,287	122,746	268,471	6,500	7,980	531,204	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,286,137	2,754,321	1,254,043	2,970,353	714,807	(520,376)	8,459,285	643,858
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	-	-	-	-	-	-	-	-
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	(174,500)	(150,000)	(64,890)	(265,920)	(65,610)	(10,000)	(730,920)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,616,827)	(2,130,877)	(2,359,253)	(3,878,775)	(194,678)	-	(10,180,410)	(1,382,242)
PROCEEDS FROM SALE OF CAPITAL ASSETS	9,100	-	36,167	24,840	-	-	70,107	24,173
CONTRIBUTIONS FROM DEVELOPERS	-	-	-	1,839,468	118,279	-	1,957,747	-
GOVERNMENTAL GRANTS RECEIVED	-	-	121,000	-	-	-	121,000	-
PRINCIPAL PAID ON BONDS	(879,622)	-	(718,998)	(5,200,000)	(150,000)	-	(6,948,620)	-
INTEREST PAID ON BONDS	(50,124)	-	(46,024)	(94,032)	(72,657)	-	(262,837)	-
PROCEEDS FROM ISSUANCE OF BONDS	-	-	-	4,560,000	-	-	4,560,000	-
PRINCIPAL PAID ON NOTES PAYABLE	(18,447)	-	(18,447)	-	-	-	(36,894)	-
IMPACT FEES COLLECTED	1,645,913	474,108	1,006,299	2,873,062	320,039	-	6,319,421	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(910,007)	(1,656,769)	(1,979,256)	124,563	20,983	-	(4,400,486)	(1,358,069)
CASH FLOWS FROM INVESTING ACTIVITIES								
INTEREST INCOME COLLECTED	10,585	16,620	9,419	52,046	15,799	2,367	106,836	26,730
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,585	16,620	9,419	52,046	15,799	2,367	106,836	26,730

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	ACTIVITIES INTERNAL SERVICE FUNDS
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,215	964,172	(780,684)	2,881,042	685,979	(528,009)	3,434,715	(687,481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,936,001	2,853,642	2,403,424	9,508,266	2,294,829	830,664	19,826,826	2,201,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,148,216</u>	<u>\$ 3,817,814</u>	<u>\$ 1,622,740</u>	<u>\$ 12,389,308</u>	<u>\$ 2,980,808</u>	<u>\$ 302,655</u>	<u>\$ 23,261,541</u>	<u>\$ 1,513,822</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:								
UNRESTRICTED CASH	\$ 690,994	\$ 3,044,367	\$ 1,148,954	\$ 5,829,052	\$ 2,980,808	\$ 302,655	\$ 13,996,830	\$ 1,513,822
RESTRICTED CASH	<u>1,457,222</u>	<u>773,447</u>	<u>473,786</u>	<u>6,560,256</u>	<u>-</u>	<u>-</u>	<u>9,264,711</u>	<u>-</u>
	<u>\$ 2,148,216</u>	<u>\$ 3,817,814</u>	<u>\$ 1,622,740</u>	<u>\$ 12,389,308</u>	<u>\$ 2,980,808</u>	<u>\$ 302,655</u>	<u>\$ 23,261,541</u>	<u>\$ 1,513,822</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
NOTES PAYABLE ISSUED TO ACQUIRE CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 2,470,646	\$ 2,356,065	\$ 3,549,865	\$ 538,168	\$ 2,038,138	\$ -	\$ 10,952,882	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
OPERATING INCOME (LOSS)	\$ 109,537	\$ 1,311,779	\$ (345,806)	\$ 726,454	\$ (145,466)	\$ (393,473)	\$ 1,263,025	\$ 101,610
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
DEPRECIATION	1,094,264	1,065,827	1,046,209	1,947,903	861,096	-	6,015,299	414,603
CHANGES IN ASSETS AND LIABILITIES								
ACCOUNTS RECEIVABLE	10,219	38,174	(1,323)	100,811	(690)	19,840	167,031	-
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	(3,762)	(8,978)	1,854	3,818	965	3,498	(2,605)	-
ADVANCE BILLING ON DEPOSIT								-
WITH POWER SUPPLIER	-	-	-	(77,120)	-	-	(77,120)	-
PREPAID ITEMS	-	(16,657)	-	77,505	-	-	60,848	18,408
INVENTORY	(35,635)	5,587	(5,178)	185,556	1,618	-	151,948	3,221
ACCOUNTS PAYABLE	98,514	355,903	575,711	(140,133)	(2,988)	(150,241)	736,766	108,009
WAGES PAYABLE	2,033	52	(789)	2,886	564	-	4,746	693
COMPENSATED ABSENCES	10,967	2,634	(16,635)	24,445	(292)	-	21,119	(2,686)
CUSTOMER DEPOSITS	-	-	-	118,228	-	-	118,228	-
	<u>\$ 1,286,137</u>	<u>\$ 2,754,321</u>	<u>\$ 1,254,043</u>	<u>\$ 2,970,353</u>	<u>\$ 714,807</u>	<u>\$ (520,376)</u>	<u>\$ 8,459,285</u>	<u>\$ 643,858</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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. Entities that were evaluated by the City for presentation in the City's financial statements consist of the following:

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. Additionally, City staff manage the activities of the RDA in essentially the same manner as it manages the activities of the City. 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 Hutchings Museum- In prior fiscal years the Hutchings Museum was treated as a discretely presented component unit based on several factors, including that it operated as a separate non-profit entity under its own articles of incorporation and its Board of Directors had controlled and directed the Museum's activities. During 2014, the Museum's Board of Directors was transitioned to a committee whose charge is limited to technical advice and support; while the City administration, in concert with the City Council direct the Museum activities. The City continues to be financially responsible for the Museum's operations and the City Council approves the Museum's budget and approves the Museum's programs and directives. With the changes that took place during 2014, the Museum is reported in the financial statements as a department within the City's General Fund.

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, 2014

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, 2014

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 the determination of 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 property taxes levied on properties within each RDA or EDA project area.
- **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, 2014

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 adequate working water pressure for the City Fire Department.
 - The Sewer Fund's mission is to ensure the proper and healthy collection and transmission of the City's sewage 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, 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. This includes 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, 2014

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 buildings 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, 2014

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 \$601,571 at June 30, 2014. The accounts receivable are reported net of the allowance for doubtful accounts of \$404,831 at June 30, 2014.

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, 2014

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 a Retirement Health Savings Account in their name, which is administered by a third party. 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 used to impose 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 with the recommendation of the city administrator. It also includes all remaining amounts that are reported in governmental funds other than the general fund that are not classified as nonspendable, restricted, or 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, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

When both restricted and non-restricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then non-restricted 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 non-restricted 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, 2014

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 December 3, 2014, the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS

The City's deposits and investments 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, 2014 the book value of cash on deposit was \$2,615,911 and the bank balance was \$3,626,719 (\$3,255,905 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, 2014

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, 2014 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	\$ 40,874,565	\$40,874,565	\$ -	\$ -	\$ -
Money Market Funds	596,981	596,981	-	-	-
	<u>\$ 41,471,546</u>	<u>\$41,471,546</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, 2014

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	\$ 40,874,565	\$ -	\$ -	\$ -	\$40,874,565
Money Market Funds	596,981	-	596,981	-	-
	<u>\$ 41,471,546</u>	<u>\$ -</u>	<u>\$596,981</u>	<u>\$ -</u>	<u>\$40,874,565</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, 2014 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, 2014, 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, 2014

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, 2014) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2014, the City had \$40,874,565 invested in the PTIF which had a fair value of \$41,099,629 for an unrealized gain of \$225,064. 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	83.12%
Certificates of deposit	4.11%
Money market accounts	5.25%
Commercial paper	7.52%
	<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	\$ 596,981	\$ 8,915	\$ 605,896
Unexpended B & C Road funds	730,604	-	730,604
Funds restricted for landfill post-closure costs	282,770	-	282,770
Unexpended impact fees	7,756,431	9,255,796	17,012,227
	<u>\$ 9,366,786</u>	<u>\$ 9,264,711</u>	<u>\$ 18,631,497</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE E – FUND BALANCES

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

	Major Governmental Funds			
	General	Special Revenue Redevelopment Agency	Capital Projects	Total
Nonspendable:				
Prepaid items	\$ 29,902	\$ -	\$ -	\$ 29,902
Total nonspendable	29,902	-	-	29,902
Restricted:				
Externally imposed by creditors				
Debt reserves	-	-	596,981	596,981
Imposed by law or legislation				
C road funds	730,604	-	-	730,604
Less liabilities payable from C road funds	(134,462)	-	-	(134,462)
Landfill post-closure costs	282,770	-	-	282,770
Impact fees	223,128	-	8,121,522	8,344,650
Less liabilities payable from impact fees	-	-	-	-
Less deferred inflows of resources - impact fees	(73,955)	-	(148,106)	(222,061)
Total restricted	1,028,085	-	8,274,991	9,303,076
Committed:				
Library Fund	466,584	-	-	466,584
Total committed	466,584	-	-	466,584
Assigned:				
Hutchings Museum	190,349	-	-	190,349
Redevelopment	-	757,500	-	757,500
Capital Projects	-	-	1,860,059	1,860,059
Total assigned	190,349	757,500	1,860,059	2,807,908
Unassigned:	6,645,733	-	-	6,645,733
Total fund balance	\$ 8,360,653	\$ 757,500	\$ 10,135,050	\$ 19,253,203

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	<u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 87,343,805	\$ 3,380,342	\$ -	\$ 90,724,147
Construction in progress	4,271,659	513,261	933,688	3,851,232
Total nondepreciable capital assets	<u>\$ 91,615,464</u>	<u>\$ 3,893,603</u>	<u>\$ 933,688</u>	<u>\$ 94,575,379</u>
Depreciable capital assets:				
Buildings	\$ 21,253,763	\$ 1,684,077	\$ -	\$ 22,937,840
Improvements, including infrastructure	177,409,326	7,517,724	-	184,927,050
Machinery, equipment and vehicles	14,031,927	2,071,430	392,599	15,710,758
Office furniture and equipment	<u>1,477,668</u>	<u>128,701</u>	<u>-</u>	<u>1,606,369</u>
Total depreciable capital assets at historical cost	<u>214,172,684</u>	<u>11,401,932</u>	<u>392,599</u>	<u>225,182,017</u>
Less accumulated depreciation:				
Buildings	7,218,330	1,033,382	-	8,251,712
Improvements, including infrastructure	57,140,716	8,133,574	-	65,274,290
Machinery, equipment and vehicles	10,025,516	892,432	338,796	10,579,152
Office furniture and equipment	<u>1,295,780</u>	<u>62,073</u>	<u>-</u>	<u>1,357,853</u>
Total accumulated depreciation	<u>75,680,342</u>	<u>10,121,461</u>	<u>338,796</u>	<u>85,463,007</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 138,492,342</u>	<u>\$ 1,280,471</u>	<u>\$ 53,803</u>	<u>\$ 139,719,010</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 1,367,042
Public safety	559,426
Community development	27,193
Streets and highways, including infrastructure	6,973,884
Parks, recreation and culture	866,448
Cemetery	27,442
	<u>\$ 9,821,435</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE F – CAPITAL ASSETS – CONTINUED

	July 1, 2013	Increases	Decreases	June 30, 2014
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 2,336,469	\$ -	\$ -	\$ 2,336,469
Construction in progress	2,126,525	4,296,414	1,435,828	4,987,111
Intangibles	40,287,658	2,691,600	-	42,979,258
Total nondepreciable capital assets	<u>\$ 44,750,652</u>	<u>\$ 6,988,014</u>	<u>\$ 1,435,828</u>	<u>\$ 50,302,838</u>
Depreciable capital assets:				
Buildings	\$ 2,808,699	\$ -	\$ -	\$ 2,808,699
Improvements, including infrastructure	197,333,636	15,589,041	-	212,922,677
Machinery, equipment and vehicles	5,210,255	-	156,629	5,053,626
Office furniture and equipment	195,611	-	-	195,611
Total depreciable capital assets at historical cost	<u>205,548,201</u>	<u>15,589,041</u>	<u>156,629</u>	<u>220,980,613</u>
Less accumulated depreciation:				
Buildings	986,419	88,768	-	1,075,187
Improvements, including infrastructure	49,570,975	5,658,890	-	55,229,865
Machinery, equipment and vehicles	4,005,613	262,817	155,212	4,113,218
Office furniture and equipment	170,658	4,824	-	175,482
Total accumulated depreciation	<u>54,733,665</u>	<u>6,015,299</u>	<u>155,212</u>	<u>60,593,752</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 150,814,536</u>	<u>\$ 9,573,742</u>	<u>\$ 1,417</u>	<u>\$ 160,386,861</u>

Depreciation was charged to functions as follows:

Business-type activities:	
Culinary water	\$ 1,094,264
Sewer	1,065,827
Electric	1,947,903
Pressurized irrigation	1,046,209
Drainage	861,096
	<u>\$ 6,015,299</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE G – CUSTOMER DEPOSITS

Business-type activity deposits are enterprise fund customer deposits the City requires from renters or businesses before they receive utility connections. 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, 2014:

Governmental activities

2014 Sales tax revenue and refunding bonds

\$7,210,000 sales tax revenue and refunding term bonds due
serially through June 1, 2024 with interest at 2.30% \$ 7,210,000

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% 64,020,325

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE H – LONG-TERM DEBT - CONTINUED

Governmental activities - continued

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	2,211,624
 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	12,768,681
 Tax increment note payable to developer	
Noninterest bearing note payable to developer, payable in annual installments equal to 93.33% of the tax increment received by the RDA from the Alpine Highway West Economic Development Project area	16,771,579
 Compensated absences	2,169,648
 Landfill closure and postclosure care liability	<u>250,917</u>
Total Governmental activities long-term debt	<u><u>\$ 113,357,774</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE H – LONG-TERM DEBT - CONTINUED

Business-type activities

2014 Electric refunding and revenue bonds	
\$4,560,000 electric refunding bonds due serially through 2020	
with interest rates ranging from .8% to 2.2%	\$ 4,560,000
1999 Water refunding bonds	
\$1,740,000 water refunding bonds due serially through 2015	
with interest rates ranging from 3.25% to 4.9%	140,000
2010 Storm Drain revenue and refunding bonds	
\$2,500,000 in drainage revenue and refunding bonds	
due serially through 2025 with interest rates	
at 3.51%	1,920,000
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	448,926
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%	1,151,084
Compensated absences	<u>848,582</u>
Total Business-type activities long-term debt	<u><u>\$ 9,068,592</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Current Amounts Due
Governmental activities					
Bonds, note and leases payable					
2003 Sales tax revenue bonds	\$ 3,640,000	\$ -	\$ 3,640,000	\$ -	\$ -
2004 Sales tax revenue and refunding bonds	3,975,000	-	3,975,000	-	-
2014 Sales tax revenue and refunding bonds	-	7,210,000	-	7,210,000	\$ 650,000
2004 Subordinated sales tax revenue bonds	7,955,000	-	-	7,955,000	-
Tax increment notes payable to developers	80,926,594	17,953,052	3,107,440	95,772,209	-
Total bonds, notes and leases payable	96,496,594	25,163,052	10,722,440	110,937,209	650,000
Other liabilities:					
Compensated absences	2,161,748	976,342	968,442	2,169,648	658,549
Landfill closure and post- closure care liability	250,917	-	-	250,917	-
	2,412,665	976,342	968,442	2,420,565	658,549
Governmental activities long-term debt	<u>\$ 98,909,259</u>	<u>\$ 26,139,394</u>	<u>\$ 11,690,882</u>	<u>\$ 113,357,774</u>	<u>\$ 1,308,549</u>

For the governmental activities, sales tax revenue bonds and compensated absences are generally liquidated by the general fund. Capital project funds provide debt service for the subordinated sales tax revenue bonds. The debt service for the notes payable to developer is provided by the RDA.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE H - LONG-TERM DEBT - CONTINUED

As of June 30, 2014 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Sales Tax Revenue Bonds	
	Principal	Interest
2015	\$ 650,000	\$ 165,830
2016	660,000	150,880
2017	680,000	135,700
2018	700,000	120,060
2019	710,000	103,960
2020-2024	3,810,000	266,915
	<u>\$7,210,000</u>	<u>\$ 943,345</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, 2014

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, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Current Amounts Due
Business-type activities					
Bonds, notes and leases payable					
2009 Electric refunding bonds	\$ 5,200,000	\$ -	\$ 5,200,000	\$ -	\$ -
2014 Electric refunding bonds	-	4,560,000	-	4,560,000	740,000
2003 Water refunding bonds	1,454,319	-	1,454,319	-	-
1999 Water refunding bonds	285,000	-	145,000	140,000	140,000
2010 Drainage refunding bonds	2,070,000	-	150,000	1,920,000	160,000
Note payable to Provo Reservoir					
Water Users Company	460,086	-	11,160	448,926	12,120
Note payable to Provo River					
Water Users Association	1,176,818	-	25,734	1,151,084	26,226
Total bonds, notes and leases payable	10,646,223	4,560,000	6,986,213	8,220,010	1,078,346
Compensated absences	827,463	381,862	360,743	848,582	228,917
Business-type activities long-term debt	<u>\$ 11,473,686</u>	<u>\$ 4,941,862</u>	<u>\$ 7,346,956</u>	<u>\$ 9,068,592</u>	<u>\$ 1,307,263</u>

As of June 30, 2014, 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
2015	\$ 740,000	\$ 64,702	\$ 140,000	\$ 6,860
2016	745,000	58,782	-	-
2014	755,000	52,078	-	-
2018	760,000	43,395	-	-
2019	775,000	31,995	-	-
2020	785,000	17,270	-	-
	<u>\$4,560,000</u>	<u>\$ 268,222</u>	<u>\$ 140,000</u>	<u>\$ 6,860</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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
2015	\$ 160,000	\$ 67,392	\$ 12,120	\$ 18,420
2016	150,000	61,776	12,617	17,955
2017	155,000	56,511	13,115	17,470
2018	160,000	51,071	13,637	16,964
2019	165,000	45,454	14,191	16,442
2020-2024	925,000	135,837	90,339	73,436
2025-2029	205,000	7,196	117,625	54,050
2030-2034	-	-	143,068	29,554
2035	-	-	32,214	3,804
	<u>\$1,920,000</u>	<u>\$ 425,237</u>	<u>\$ 448,926</u>	<u>\$ 248,095</u>

Year ending June 30,	Note Payable to Provo River Water Users Association	
	Principal	Interest
2015	\$ 26,226	\$ 46,063
2016	27,260	45,014
2017	28,385	43,924
2018	29,509	42,789
2019	30,679	41,608
2020-2024	222,131	185,759
2025-2029	283,803	135,666
2030-2034	345,340	74,172
2035-2036	157,751	9,556
	<u>\$ 1,151,084</u>	<u>\$ 624,551</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, 2014

NOTE H – LONG-TERM DEBT – CONTINUED

All outstanding revenue bonds in the City's enterprise funds 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 upcoming 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	\$ 24,998,722	\$ 5,830,862	\$1,078,901
Operating expenses (excluding depreciation)	(22,324,365)	(3,926,658)	(363,271)
Impact fee revenues	3,897,634	2,841,191	385,316
Interest income	52,046	20,004	15,799
Net revenues	<u>\$ 6,624,037</u>	<u>\$ 4,765,399</u>	<u>\$1,116,745</u>
Aggregate debt service for 2015	<u>\$ 804,702</u>	<u>\$ 146,860</u>	<u>\$ 227,392</u>
Ratio of net revenues to aggregate debt service	<u>8.23</u>	<u>32.45</u>	<u>4.91</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.

Current Refundings

During 2014, the City issued \$4,560,000 in Electric Revenue Refunding Bonds with interest rates ranging from 0.80% to 2.20%. The proceeds were used to advance refund \$4,500,000 of outstanding 2009 Electric Refunding and Revenue Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$146,922. This amount is reported as a deferred charge on refunding and will be amortized over the life of the new bonds. The City refunded the 2009 Electric Refunding and Revenue Bonds to take advantage of lower interest rates and replace the 2009 Bonds' variable interest rate with fixed interest rate debt. Because the 2009 Electric Refunding and Revenue Bonds were remarketed weekly, with an interest rate based on the current market conditions, the present value of the debt service payments related to these refunded bonds was not determinable. As a result, Lehi City has not calculated an economic gain (difference between the present value of the debt service payments on the old and new debt) associated with the refunding.

The City also issued \$7,210,000 in Sales Tax Revenue Refunding Bonds with an interest rate of 2.30%. The bond proceeds were used to refund \$7,055,000 in outstanding 2003 and 2004 Sales Tax Revenue and Refunding Bonds. The bonds were refunded to reduce total debt service payments by \$863,916 and resulted in an economic gain of \$845,916.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE H – LONG-TERM DEBT – CONTINUED

Prior Years Defeasance of Debt

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

At June 30, 2014 the following bonds are considered defeased:

	<u>Bond Series</u>	<u>Defeased Balance</u>
Governmental Activities:	2000 Lease Revenue Bonds	\$4,055,000
Business-type Activities:		
Culinary Water and Pressurized Irrigation Funds	1989 Water Revenue – Series C	79,000

Pledged Revenues

The City has pledged sales tax revenues in the amount of \$16,108,345 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 \$7,904,519 and debt service for the sales tax bonds was \$1,325,691.

The City has pledged tax increment revenues to fund debt service payments on the tax increment note payable to developer in the Alpine Highway Project Area. The principal portion of the note is \$64,020,325. 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 \$7,986,936. 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 of the Thanksgiving Park Project Area in the amount of \$2,211,624. 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 \$132,366. 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE H – LONG-TERM DEBT – CONTINUED

The City has pledged property and sales tax increment revenues to fund debt service payments on a tax increment note payable to developer of the Traverse Mountain Project Area in the amount of \$12,768,681. 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 \$565,964. 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 tax increment revenues to fund debt service payments on a tax increment note payable to developer of the Alpine Highway West Project Area in the amount of \$16,771,579. 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 2034. Tax increment revenue available for debt service in the current year was \$756,962. 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 \$146,860 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 2015. 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 \$4,765,399 and debt service payments on the water revenue bonds were \$466,428.

The City has pledged electric revenues in the amount of \$4,828,222 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 600 percent of the debt service requirements over the life of the bonds. In the current year, net electric revenues were \$6,624,037 and electric revenue bond debt service payments were \$794,032.

The City has pledged drainage revenues in the amount of \$2,345,237 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 \$1,116,745 and drainage revenue bond debt service payments were \$227,651.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 13.99% of plan members' annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 17.29% of plan members' annual covered salary. In the Public Safety Contributory Tier 1 Retirement System, members are required to contribute 12.29% of their annual covered salary (all of which was paid by the City for the employee) and the City is required to contribute 20.83%. For members in the Public Safety Contributory Division Tier 2 System, the City is required to contribute 20.85% of the plan members' annual covered salary. For members in the Public Safety Noncontributory Division Tier 1 System, the City is required to contribute 32.14% of the plan members' annual covered salary. Members in the Firefighters System Division Tier 1 are required to pay 15.05% of the annual covered salary (all of which is paid by the City for the employee) and the City is required to pay 2.96% of the annual covered salary. For members in the Firefighters System Division Tier 2, the City is required to contribute 11.02% of the members' annual covered salary.

The City's contributions to the Local Governmental Contributory Retirement System for June 30, 2014, 2013 and 2012 were \$59,967, \$37,696 and \$6,097, respectively. The City contributions to the Local Governmental Noncontributory Retirement System for June 30, 2014, 2013, and 2012 were \$1,122,948, \$1,120,784, and \$906,416, respectively; and for the Public Safety Contributory Retirement System, Tiers 1 and 2, the contributions for the years ended June 30, 2014, 2013, and 2012, were \$262,697, \$232,427, and \$199,950, respectively; and for the Public Safety Noncontributory Retirement System, the contributions for the years ended June 30, 2014, 2013, and 2012 were \$425,735, \$392,685, and \$328,843, respectively. For the Firefighters Retirement System, the contributions for the years ended June 30, 2014, 2013, and 2012 were \$253,326, \$242,822, and \$202,236, respectively. The contributions were equal to the required contributions for each year.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, was approximately \$16,000,000. 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, 2014, contributions totaling \$156,030 were made to the plan by employees and \$187,930 by the City.

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

NOTE K – COMMITMENTS AND CONTIGENCIES

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

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable, however, at a minimum, in connection with these power supply agreements, the City will be required to fund debt service on the UAMPS bonds which, at June 30, 2014, had an outstanding balance of \$223,531,513, of which the City's portion was \$25,059,875. During the year ended June 30, 2014, the City purchased power totaling \$18,729,502.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE K – COMMITMENTS AND CONTIGENCIES – CONTINUED

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

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

The City has entered into an agreement with Central Utah Water Conservancy District (the District) for the purchase of water. Under the agreement, the City will be required to pay a one-time development fee of \$5,850 per acre foot of water for the City's commitment to purchase 2,500 acre feet of water, or \$14,625,000. This fee is due in the year ending June 30, 2020.

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 2014. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

	<u>2014</u>	<u>2013</u>
Claims liability, July 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	-	14,418
Payments on claims during the year		
Payments made by insurance	-	14,418
Coinsurance and deductible insurance payments made by the City	-	-
Claims liability, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE M - 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:

	Transfers in to:		
	General	Capital Projects	Total
<u>Transfers out from:</u>			
General Fund	\$ -	\$ 1,800,000	\$ 1,800,000
Redevelopment Agency	1,877,742	-	1,877,742
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>\$ 2,608,662</u>	<u>\$ 1,800,000</u>	<u>\$ 4,408,662</u>

NOTE N – 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE O - 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 \$17,953,052, with the Agency electing to receive 93.33% of the tax increment from the project area.

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, 2014

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

For the year ended June 30, 2014 the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Millpond Project Area	\$ 430,349
Alpine Highway Project Area	7,986,936
Alpine Highway West Project Area	756,962
Traverse Mountain Project Area	565,964
Thanksgiving Park Project Area	132,366
	<u>\$ 9,872,577</u>
 Outstanding loans to finance RDA projects	 <u>\$ 95,772,209</u>
 Expenditures:	
Tax increments paid to other taxing agencies	\$ 1,293,884
Principal	3,107,440
Interest	3,881,600
Redevelopment costs	17,953,052
Administrative costs	4,601
	<u>\$ 26,240,577</u>

NOTE P – 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, 2014, 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, 2014	<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, 2014	-
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, 2014

NOTE P – 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 2014. 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 Q – EXPENDITURES EXCEEDING APPROPRIATIONS

During the year ended June 30, 2014, the City incurred expenditures in excess of appropriations in community development expenditures of the Redevelopment Agency Special Revenue Fund as follows:

Community Development	\$ 8,973,657
Debt Service	662,290
Transfers Out	42,372

NOTE R – PRIOR PERIOD ADJUSTMENT

As mentioned in Note A, in prior fiscal years, the Hutchings Museum (the Museum) was treated as a discretely presented component unit in the City's financial statements. Effective July 1, 2013, as a result of factors mentioned in Note A, the City determined that the Museum should be included in the City's financial statements as a department of the General Fund. A prior period adjustment was made to the General Fund in the amount of \$116,844 to incorporate the net of the Museum's cash and accounts payable items into the General Fund. A prior period adjustment was made to the Governmental Activities in the amount of \$432,687 to incorporate all of the net assets of the Museum, including capital assets and non-current liabilities, into the Governmental Activities.

NOTE S – SUBSEQUENT EVENT

As detailed in Note K, the City is a member of the Utah Associated Municipal Power system (UAMPS) and has entered into power supply agreements with respect to various UAMPS projects. In April 2014, the City entered into a power sales contract with UAMPS to purchase a 25% share in the output of the Veyo Heat Recovery Project for \$7,875,000. To fund the purchase, the City paid UAMPS \$7,875,000 in December 2014.



LEHI CITY

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, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES				
PROPERTY TAXES	\$ 6,400,000	\$ 6,400,000	\$ 6,401,245	\$ 1,245
IN LIEU OF	580,000	580,000	561,095	(18,905)
GENERAL SALES TAX	6,291,000	6,291,000	7,099,370	808,370
911 TAX	-	-	308,340	308,340
FRANCHISE TAX	3,960,000	3,960,000	3,891,599	(68,401)
TOTAL	17,231,000	17,231,000	18,261,649	1,030,649
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	80,000	80,000	92,358	12,358
BUILDING PERMITS	1,670,000	1,670,000	1,741,124	71,124
TOTAL	1,750,000	1,750,000	1,833,482	83,482
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	1,307,500	1,307,500	1,513,953	206,453
FIRE DEPARTMENT GRANT	-	-	20,174	20,174
POLICE SALARY REIMBURSEMENT	34,000	34,000	34,000	-
STATE LIQUOR FUNDS ALLOTMENT	41,000	41,000	43,616	2,616
COUNTY FIRE ALLOCATION	15,000	15,000	8,794	(6,206)
STATE GRANT	75,000	75,000	24,092	(50,908)
OTHER GRANTS	35,500	35,500	26,969	(8,531)
TOTAL	1,508,000	1,508,000	1,671,598	163,598
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	1,405,000	1,405,000	1,473,511	68,511
AMBULANCE FEES	490,665	490,665	614,948	124,283
FIRE FEES	60,000	60,000	90,771	30,771
CEMETERY FEES	137,800	137,800	200,865	63,065
RECREATION FEES	3,020,143	3,020,143	3,263,537	243,394
LIBRARY FEES	103,000	103,000	86,204	(16,796)
OTHER SERVICE REVENUE	41,000	41,000	32,884	(8,116)
TOTAL	5,257,608	5,257,608	5,762,720	505,112
FINES AND FORFEITURES				
COURTS FINES AND FORFEITURES	807,500	807,500	547,825	(259,675)
MISCELLANEOUS				
	286,950	286,950	806,898	519,948
INTEREST ON INVESTMENTS				
	64,500	64,500	45,400	(19,100)
TOTAL REVENUES	26,905,558	26,905,558	28,929,572	2,024,014
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	439,800	439,800	417,596	22,204
OPERATIONS AND MAINTENANCE	118,900	118,900	139,179	(20,279)
CAPITAL	-	-	-	-
TOTAL	558,700	558,700	556,775	1,925
ADMINISTRATIVE				
PERSONNEL	787,250	787,250	792,343	(5,093)
OPERATIONS AND MAINTENANCE	108,500	108,500	73,048	35,452
CAPITAL	-	-	-	-
TOTAL	895,750	895,750	865,391	30,359
TREASURY				
PERSONNEL	370,252	370,252	341,134	29,118
OPERATIONS AND MAINTENANCE	37,700	37,700	33,948	3,752
TOTAL	407,952	407,952	375,082	32,870

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2014

			BUDGETED AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
			ORIGINAL	FINAL	
FINANCE					
PERSONNEL			353,401	353,401	(12,835)
OPERATIONS AND MAINTENANCE			85,746	85,746	12,864
	TOTAL		439,147	439,147	29
CITY RECORDER					
PERSONNEL			138,125	138,125	39,637
OPERATIONS AND MAINTENANCE			78,050	78,050	37,702
	TOTAL		216,175	216,175	77,339
LEGAL SERVICES					
PERSONNEL			378,248	378,248	1,421
OPERATIONS AND MAINTENANCE			105,000	105,000	16,041
	TOTAL		483,248	483,248	17,462
LEGISLATIVE					
PERSONNEL			167,365	167,365	1,521
OPERATIONS AND MAINTENANCE			81,000	81,000	44,449
	TOTAL		248,365	248,365	45,970
NONDEPARTMENTAL					
OPERATIONS AND MAINTENANCE			1,613,543	1,613,543	(9,391)
CAPITAL			240,000	300,000	14,451
	TOTAL		1,853,543	1,913,543	5,060
EMERGENCY MANAGEMENT					
OPERATIONS AND MAINTENANCE			15,000	15,000	2,181
CAPITAL			-	-	-
	TOTAL		15,000	15,000	2,181
FACILITIES MAINTENANCE					
PERSONNEL			228,293	228,293	(64,785)
OPERATIONS AND MAINTENANCE			170,400	320,400	65,170
CAPITAL			-	-	-
	TOTAL		398,693	548,693	385
TOTAL GENERAL GOVERNMENT			5,516,573	5,726,573	213,580
PUBLIC SAFETY					
POLICE					
PERSONNEL			4,596,818	4,746,818	56,301
OPERATIONS AND MAINTENANCE			755,966	805,966	(257,535)
CAPITAL			100,000	145,000	4,278
	TOTAL		5,452,784	5,697,784	(196,956)
CODE ENFORCEMENT					
PERSONNEL			89,469	89,469	(5,006)
OPERATIONS AND MAINTENANCE			22,294	22,294	5,558
	TOTAL		111,763	111,763	552
FIRE					
PERSONNEL			3,361,016	3,361,016	259,429
OPERATIONS AND MAINTENANCE			507,395	507,395	(22,578)
CAPITAL			28,450	28,450	(17,488)
	TOTAL		3,896,861	3,896,861	219,363
ANIMAL CONTROL					
PERSONNEL			80,597	80,597	2,594
OPERATIONS AND MAINTENANCE			68,100	68,100	(757)
CAPITAL			-	-	-
	TOTAL		148,697	148,697	1,837
TOTAL PUBLIC SAFETY			9,610,105	9,855,105	24,796

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2014

				VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		
		ORIGINAL	FINAL	ACTUAL
COMMUNITY DEVELOPMENT				
PUBLIC WORKS ADMINISTRATION				
		213,511	213,511	161,446
		19,100	19,100	16,992
		-	-	-
	TOTAL	232,611	232,611	178,438
ENGINEERING				
		505,099	505,099	384,278
		42,800	42,800	66,783
		3,850	3,850	3,354
	TOTAL	551,749	551,749	454,415
PLANNING AND ZONING				
		560,083	560,083	503,585
		82,800	82,800	68,228
		-	-	-
	TOTAL	642,883	642,883	571,813
INSPECTIONS				
		585,911	585,911	538,657
		74,110	74,110	76,090
		12,270	12,270	-
	TOTAL	672,291	672,291	614,747
ECONOMIC DEVELOPMENT				
		124,938	124,938	124,844
		41,985	41,985	19,854
		-	-	-
	TOTAL	166,923	166,923	144,698
TOTAL COMMUNITY DEVELOPMENT		2,266,457	2,266,457	1,964,111
STREETS AND HIGHWAYS				
STREETS AND PUBLIC IMPROVEMENTS				
		917,575	1,022,575	976,974
		126,556	126,556	134,868
		-	-	-
	TOTAL	1,044,131	1,149,131	1,111,842
C ROAD				
		187,900	187,900	154,569
		1,128,100	1,128,100	1,195,810
	TOTAL	1,316,000	1,316,000	1,350,379
TOTAL STREETS AND HIGHWAYS		2,360,131	2,465,131	2,462,221
PARKS, RECREATION AND CULTURE				
PARKS				
		1,217,899	1,217,899	1,187,609
		283,530	378,530	403,673
		-	-	6,622
	TOTAL	1,501,429	1,596,429	1,597,904
COMMUNITY ARTS AND EVENTS				
		296,800	296,800	289,095
	TOTAL	296,800	296,800	289,095
SENIOR CITIZENS				
		119,712	119,712	109,715
		38,150	38,150	24,663
		-	-	2,352
	TOTAL	157,862	157,862	136,730
RECREATION				
		2,106,626	2,106,626	2,145,938
		1,519,293	1,519,293	1,518,592
		979,100	1,279,100	1,161,855
	TOTAL	4,605,019	4,905,019	4,826,385

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
MUSEUM				
PERSONNEL	135,603	135,603	121,675	13,928
OPERATIONS AND MAINTENANCE	81,050	81,050	91,174	(10,124)
TOTAL	216,653	216,653	212,849	3,804
LITERACY CENTER				
PERSONNEL	229,161	229,161	184,792	44,369
OPERATIONS AND MAINTENANCE	10,250	10,250	17,456	(7,206)
CAPITAL	-	-	-	-
TOTAL	239,411	239,411	202,248	37,163
LIBRARY				
PERSONNEL	746,895	746,895	701,282	45,613
OPERATIONS AND MAINTENANCE	343,000	346,000	329,198	16,802
CAPITAL	-	-	-	-
TOTAL	1,089,895	1,092,895	1,030,480	62,415
TOTAL PARKS, RECREATION AND CULTURE	8,107,069	8,505,069	8,295,691	209,378
CEMETERY				
PERSONNEL	267,640	267,640	262,789	4,851
OPERATIONS AND MAINTENANCE	67,557	67,557	71,941	(4,384)
CAPITAL	-	-	-	-
TOTAL	335,197	335,197	334,730	467
DEBT SERVICE				
PRINCIPAL	481,473	481,473	560,000	(78,527)
INTEREST	416,000	416,000	337,474	78,526
CAPITAL LEASE PAYMENT-PRINCIPAL	81,288	81,288	-	81,288
CAPITAL LEASE PAYMENT-INTEREST	3,600	3,600	-	3,600
TOTAL	982,361	982,361	897,474	84,887
TOTAL EXPENDITURES	29,177,893	30,135,893	29,297,529	838,364
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,272,335)	(3,230,335)	(367,957)	2,862,378
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	2,567,335	2,567,335	2,608,662	41,327
TRANSFERS OUT	(300,000)	(1,800,000)	(1,800,000)	-
SALE OF CAPITAL ASSETS	5,000	5,000	52,930	47,930
TOTAL OTHER FINANCING SOURCES	2,272,335	772,335	861,592	89,257
NET CHANGE IN FUND BALANCE	-	(2,458,000)	493,635	2,951,635
FUND BALANCE AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	7,750,174	7,750,174	7,750,174	-
PRIOR PERIOD ADJUSTMENT	116,844	116,844	116,844	-
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	7,867,018	7,867,018	7,867,018	-
FUND BALANCE AT END OF YEAR	\$ 7,867,018	\$ 5,409,018	\$ 8,360,653	\$ 2,951,635

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
IMPACT FEE REVENUE	\$ 4,550,000	\$ 4,550,000	\$ 4,611,238	\$ 61,238
SALES TAX REVENUE	429,500	429,500	429,500	-
INTEREST ON INVESTMENTS	32,000	32,000	39,189	7,189
TOTAL REVENUES	<u>5,011,500</u>	<u>5,011,500</u>	<u>5,079,927</u>	<u>68,427</u>
EXPENDITURES				
CURRENT				
OTHER	73,000	1,573,000	77,920	1,495,080
CAPITAL OUTLAY	5,668,409	6,814,439	4,245,051	2,569,388
DEBT SERVICE				
PRINCIPAL	-	7,210,000	7,055,000	155,000
INTEREST AND FISCAL CHARGES	427,500	427,500	417,017	10,483
TOTAL EXPENDITURES	<u>6,168,909</u>	<u>16,024,939</u>	<u>11,794,988</u>	<u>4,229,951</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,157,409)</u>	<u>(11,013,439)</u>	<u>(6,715,061)</u>	<u>4,298,378</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	300,000	1,800,000	1,800,000	-
ISSUANCE OF BONDS	-	7,210,000	7,210,000	14,420,000
TOTAL OTHER FINANCING SOURCES	<u>300,000</u>	<u>9,010,000</u>	<u>9,010,000</u>	<u>14,420,000</u>
NET CHANGE IN FUND BALANCE	(857,409)	(2,003,439)	2,294,939	18,718,378
FUND BALANCE AT BEGINNING OF YEAR	<u>7,840,111</u>	<u>7,840,111</u>	<u>7,840,111</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,982,702</u>	<u>\$ 5,836,672</u>	<u>\$ 10,135,050</u>	<u>\$ 18,718,378</u>

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

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

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

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

Risk Management-This fund is used to account for the costs of general liability insurance premiums, property damage, and claims for which the City is responsibility. The City employs a risk manager whose 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, 2014

INTERNAL SERVICE FUNDS					
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
ASSETS					
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	\$ 430,824	\$ 257,220	\$ 788,996	\$ 36,782	\$ 1,513,822
INVENTORY	-	46,848	-	-	46,848
PREPAID EXPENSES	22,954	-	-	-	22,954
TOTAL CURRENT ASSETS	453,778	304,068	788,996	36,782	1,583,624
NON-CURRENT ASSETS					
DEPRECIABLE CAPITAL ASSETS, NET	195,764	1,881,051	-	50,291	2,127,106
TOTAL NON-CURRENT ASSETS	195,764	1,881,051	-	50,291	2,127,106
TOTAL ASSETS	\$ 649,542	\$ 2,185,119	\$ 788,996	\$ 87,073	\$ 3,710,730
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	\$ 4,558	\$ 126,747	\$ 33,258	\$ 37,318	\$ 201,881
WAGES PAYABLE	5,154	1,961	1,880	1,989	10,984
CURRENT PORTION COMPENSATED ABSENCES	13,310	9,720	5,935	-	28,965
TOTAL CURRENT LIABILITIES	23,022	138,428	41,073	39,307	241,830
NON-CURRENT LIABILITIES					
COMPENSATED ABSENCES	8,417	11,192	17,940	-	37,549
TOTAL NON-CURRENT LIABILITIES	8,417	11,192	17,940	-	37,549
TOTAL LIABILITIES	\$ 31,439	\$ 149,620	\$ 59,013	\$ 39,307	\$ 279,379
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	195,764	1,881,051	-	50,291	2,127,106
UNRESTRICTED	422,339	154,448	729,983	(2,525)	1,304,245
TOTAL NET POSITION	\$ 618,103	\$ 2,035,499	\$ 729,983	\$ 47,766	\$ 3,431,351

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2014

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
OPERATING REVENUES					
CHARGES FOR SERVICES - INTERNAL	\$ 668,999	\$ 1,594,240	\$ 550,991	\$ 379,362	\$ 3,193,592
TOTAL OPERATING REVENUES	668,999	1,594,240	550,991	379,362	3,193,592
OPERATING EXPENSES					
PERSONNEL	280,794	174,961	109,544	69,108	634,407
OPERATING AND MAINTENANCE	199,188	943,606	643,507	256,671	2,042,972
DEPRECIATION	47,624	356,517	477	9,985	414,603
TOTAL OPERATING EXPENSES	527,606	1,475,084	753,528	335,764	3,091,982
OPERATING INCOME (LOSS)	141,393	119,156	(202,537)	43,598	101,610
NON-OPERATING REVENUES (EXPENSES)					
GAIN ON DISPOSAL OF CAPITAL ASSETS	-	6,492	-	-	6,492
INTEREST INCOME	1,786	2,469	22,475	-	26,730
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,786	8,961	22,475	-	33,222
CHANGE IN NET POSTION	143,179	128,117	(180,062)	43,598	134,832
NET POSITION AT BEGINNING OF YEAR	474,924	1,907,382	910,045	4,168	3,296,519
NET POSTION AT END OF YEAR	\$ 618,103	\$ 2,035,499	\$ 729,983	\$ 47,766	\$ 3,431,351

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2014

	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	\$ 1,594,240	\$ 550,991	\$ 379,362	\$ 3,193,592
CASH PAID TO SUPPLIERS	(177,831)	(881,145)	(107,317)	(243,493)	(1,409,786)
CASH PAID TO EMPLOYEES	(287,094)	(173,869)	(610,865)	(68,120)	(1,139,948)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	204,074	539,226	(167,191)	67,749	643,858
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
MISCELLANEOUS RECEIPTS	-	-	-	-	-
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	24,173	-	-	24,173
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(51,421)	(1,292,095)	-	(38,726)	(1,382,242)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(51,421)	(1,267,922)	-	(38,726)	(1,358,069)
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST INCOME COLLECTED	1,786	2,469	22,475	-	26,730
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,786	2,469	22,475	-	26,730
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,439	(726,227)	(144,716)	29,023	(687,481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	276,385	983,447	933,712	7,759	2,201,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 430,824</u>	<u>\$ 257,220</u>	<u>\$ 788,996</u>	<u>\$ 36,782</u>	<u>\$ 1,513,822</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:					
UNRESTRICTED CASH	\$ 430,824	\$ 257,220	\$ 788,996	\$ 36,782	\$ 1,513,822
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 141,393	\$ 119,156	\$ (202,537)	\$ 43,598	\$ 101,610
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
DEPRECIATION	47,624	356,517	477	9,985	414,603
CHANGES IN ASSETS AND LIABILITIES					
INVENTORY	-	3,221	-	-	3,221
PREPAID EXPENSES	18,408	-	-	-	18,408
ACCOUNTS PAYABLE	2,949	59,240	32,642	13,178	108,009
WAGES PAYABLE	154	60	479	-	693
COMPENSATED ABSENCES	(6,454)	1,032	1,748	988	(2,686)
	<u>\$ 204,074</u>	<u>\$ 539,226</u>	<u>\$ (167,191)</u>	<u>\$ 67,749</u>	<u>\$ 643,858</u>



LEHI CITY

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	88 - 96
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	97 - 100
These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	
DEBT CAPACITY	101 - 109
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	110 - 111
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	112 - 114
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				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 211,805,645	\$ 211,722,660	\$ 215,235,149	\$ 214,537,806	\$ 219,129,389
Restricted	3,500,816	9,514,316	6,905,380	6,470,224	8,560,047
Unrestricted	(72,015,133)	(71,391,471)	(66,936,366)	(73,872,812)	(88,715,100)
Total governmental activities net position	143,291,328	149,845,505	155,204,163	147,135,218	138,974,336
Business-type activities					
Net investment in capital assets	172,095,833	171,920,314	176,523,733	184,918,965	202,621,488
Restricted	5,638,545	5,166,369	5,681,780	8,545,937	9,063,049
Unrestricted	(2,125,977)	49,034	5,025,384	13,515,909	16,429,759
Total business-type activities net position	175,608,401	177,135,717	187,230,897	206,980,811	228,114,296
Primary government					
Net investment in capital assets	383,901,478	383,642,974	391,758,882	399,456,771	421,750,877
Restricted	9,139,361	14,680,685	12,587,160	15,016,161	17,623,096
Unrestricted	(74,141,110)	(71,342,437)	(61,910,982)	(60,356,903)	(72,285,341)
Total primary government net position	\$ 318,899,729	\$ 326,981,222	\$ 342,435,060	\$ 354,116,029	\$ 367,088,632

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

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				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities					
General government	\$ 4,429,526	\$ 5,307,139	\$ 5,664,766	\$ 5,602,138	\$ 6,608,885
Public Safety	8,294,302	8,781,592	8,759,020	9,487,082	10,046,876
Community Development	3,915,440	4,264,439	3,826,912	17,364,548	21,231,389
Streets and Highways	7,533,656	10,227,496	11,731,075	8,753,776	9,496,924
Parks, recreation, and culture	6,181,189	6,369,274	6,740,823	7,585,566	8,023,291
Cemetery	343,280	269,700	261,054	315,796	362,172
Interest on long-term debt	4,677,116	4,545,032	4,457,480	4,498,839	4,520,957
Total governmental activities	35,374,509	39,764,672	41,441,130	53,607,745	60,290,494
Business-type activities					
Culinary Water	2,502,822	2,544,131	2,562,929	2,848,555	3,409,071
Sewer	4,867,521	6,102,340	6,372,255	6,218,600	6,248,401
Pressurized Irrigation	1,882,960	2,676,304	2,277,980	2,604,120	2,747,577
Electric	20,554,351	20,787,596	19,951,247	23,776,549	24,328,858
Drainage	1,006,380	1,225,380	1,161,325	1,299,785	1,301,784
Garbage	2,021,030	1,816,865	2,120,558	2,243,542	2,427,119
Total business-type activities	32,835,064	35,152,616	34,446,294	38,991,151	40,462,810
Total primary government expenses	\$ 68,209,573	\$ 74,917,288	\$ 75,887,424	\$ 92,598,896	\$ 100,753,304
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,145,665	\$ 1,021,657	\$ 901,786	\$ 852,069	\$ 1,280,770
Public Safety	591,731	505,979	491,458	639,389	735,826
Community Development	1,363,643	1,487,215	2,331,513	3,697,018	3,380,948
Parks, recreation, and culture	2,987,914	2,949,442	3,103,973	3,261,742	3,442,123
Cemetery	70,780	161,502	147,453	170,515	200,865
Operating grants and contributions	1,545,098	2,153,477	3,443,139	1,990,385	1,652,937
Capital grants and contributions	5,596,760	12,581,519	7,656,824	2,693,363	6,669,536
Total governmental activities	13,301,591	20,860,791	18,076,146	13,304,481	17,363,005
Business-type activities					
Charges for services					
Culinary Water	2,597,686	2,634,733	2,843,567	3,353,732	3,387,526
Sewer	3,959,930	4,886,485	6,292,827	7,329,883	7,518,893
Pressurized Irrigation	1,850,135	2,200,146	2,296,606	2,160,964	2,236,370
Electric	18,975,668	19,856,320	21,222,943	23,493,768	24,730,251
Drainage	933,646	1,070,910	1,107,979	1,023,980	1,072,401
Garbage	2,125,792	2,193,629	2,291,890	2,155,728	2,025,666
Capital grants and contributions	5,034,797	4,245,278	5,631,871	9,991,274	13,031,629
Total business-type activities	35,477,654	37,087,501	41,687,683	49,509,329	54,002,736
Total primary government program revenues	\$ 48,779,245	\$ 57,948,292	\$ 59,763,829	\$ 62,813,810	\$ 71,365,741

CONTINUED

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Net (Expense)/Revenue					
Governmental activities	\$ (22,072,918)	\$ (18,903,881)	\$ (23,364,984)	\$ (40,303,264)	\$ (42,927,489)
Business-type activities	2,642,590	1,934,885	7,241,389	10,518,178	13,539,926
Total primary government net (expense)/revenue	<u>\$ (19,430,328)</u>	<u>\$ (16,968,996)</u>	<u>\$ (16,123,595)</u>	<u>\$ (29,785,086)</u>	<u>\$ (29,387,563)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 13,900,358	\$ 14,704,702	\$ 14,430,126	\$ 14,014,696	\$ 15,812,205
Sales taxes	5,741,667	5,985,133	6,818,129	7,361,030	7,904,519
Franchise taxes	3,127,311	3,418,306	3,374,229	3,733,118	4,285,907
Motor vehicle fees in lieu	321,119	511,309	537,784	549,720	561,095
Impact fees	-	-	2,719,390	4,727,508	4,899,084
Earnings on investments	98,348	74,775	95,889	108,596	98,028
Gain (Loss) on disposal of assets	55,297	28,511	-	57,750	23,300
Other	-	4,402	17,175	47,656	18,862
Transfers	731,000	730,920	730,920	730,920	730,920
Total governmental activities	<u>23,975,100</u>	<u>25,458,058</u>	<u>28,723,642</u>	<u>31,330,994</u>	<u>34,333,920</u>
Business-type activities					
Earnings on investments	49,956	48,967	159,686	99,922	106,836
Impact fees	-	-	3,127,551	4,273,216	7,617,749
Gain (Loss) on disposal of assets	(115,728)	-	33,221	1,800	68,690
Other	169,979	274,384	264,253	286,009	531,204
Transfers	(731,000)	(730,920)	(730,920)	(730,920)	(730,920)
Total business-type activities	<u>(626,793)</u>	<u>(407,569)</u>	<u>2,853,791</u>	<u>3,930,027</u>	<u>7,593,559</u>
Total primary government	<u>\$ 23,348,307</u>	<u>\$ 25,050,489</u>	<u>\$ 31,577,433</u>	<u>\$ 35,261,021</u>	<u>\$ 41,927,479</u>
Change in Net Position					
Governmental activities	\$ 11,999,713	\$ 1,902,182	\$ 6,554,177	\$ (8,972,270)	\$ (8,593,569)
Business-type activities	3,401,105	2,015,797	1,527,316	14,448,205	21,133,485
Total primary government	<u>\$ 15,400,818</u>	<u>\$ 3,917,979</u>	<u>\$ 8,081,493</u>	<u>\$ 5,475,935</u>	<u>\$ 12,539,916</u>

CONTINUED

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

	Fiscal Year				
Expenses	2005	2006	2007	2008	2009
Governmental activities					
General government	\$ 2,481,312	\$ 3,061,330	\$ 3,278,956	\$ 3,628,674	\$ 4,790,376
Public Safety	4,058,050	5,591,343	6,602,301	7,519,925	6,917,410
Community Development	2,094,404	2,430,340	4,117,333	23,047,285	7,845,367
Streets and Highways	4,075,003	4,832,769	4,927,772	5,810,559	6,833,204
Parks, recreation, and culture	4,880,066	5,224,571	6,017,809	6,392,168	6,154,035
Cemetery	303,608	350,002	409,954	448,945	179,180
Interest on long-term debt	2,228,046	2,573,686	3,407,163	4,365,331	4,818,132
Total governmental activities	20,120,489	24,064,041	28,761,288	51,212,887	37,537,704
Business-type activities					
Culinary Water	1,806,484	1,883,564	2,182,072	2,656,616	2,738,379
Sewer	2,529,956	2,885,779	3,377,096	3,763,563	4,427,260
Pressurized Irrigation	1,368,222	1,396,885	1,926,428	1,827,990	1,867,549
Electric	14,829,348	16,087,303	16,223,414	18,944,544	20,728,252
Drainage	434,486	440,973	508,081	607,976	906,252
Swimming pool	235,355	-	-	-	-
Ambulance	381,408	-	-	-	-
Garbage	1,257,056	1,386,508	1,661,564	1,673,466	1,934,512
Total business-type activities	22,842,315	24,081,012	25,878,655	29,474,155	32,602,204
Total primary government expenses	<u>\$ 42,962,804</u>	<u>\$ 48,145,053</u>	<u>\$ 54,639,943</u>	<u>\$ 80,687,042</u>	<u>\$ 70,139,908</u>
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,300,040	\$ 1,671,982	\$ 1,594,333	\$ 1,695,954	\$ 1,704,170
Public Safety	86,129	389,767	389,865	428,763	492,808
Community Development	2,781,526	4,738,740	5,355,658	2,887,683	1,023,732
Streets and Highways	19,475	314,829	-	-	-
Parks, recreation, and culture	1,579,155	2,496,624	2,862,975	2,605,373	2,874,871
Cemetery	77,836	113,897	130,334	271,967	136,252
Operating grants and contributions	299,681	652,893	829,731	1,229,542	823,303
Capital grants and contributions	15,631,015	23,997,070	34,359,144	27,104,451	13,239,384
Total governmental activities	21,774,857	34,375,802	45,522,040	36,223,733	20,294,520
Business-type activities					
Charges for services					
Culinary Water	1,589,361	1,986,927	2,110,706	2,346,398	1,984,451
Sewer	1,802,658	2,071,764	2,806,305	3,696,025	3,682,833
Pressurized Irrigation	1,134,314	1,325,319	1,497,451	1,606,059	1,630,416
Electric	14,735,942	16,880,143	15,926,346	18,198,914	19,110,795
Drainage	381,558	426,361	492,993	540,080	866,809
Swimming pool	81,895	-	-	-	-
Ambulance	254,131	-	-	-	-
Garbage	1,200,183	1,405,976	1,595,038	1,833,795	2,011,309
Operating grants and contributions	11,308	-	-	-	-
Capital grants and contributions	11,178,666	26,673,151	22,743,591	14,121,431	8,470,064
Total business-type activities	32,370,016	50,769,641	47,172,430	42,342,702	37,756,677
Total primary government revenues	<u>\$ 54,144,873</u>	<u>\$ 85,145,443</u>	<u>\$ 92,694,470</u>	<u>\$ 78,566,435</u>	<u>\$ 58,051,197</u>

CONTINUED

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental activities	\$ 1,654,368	\$ 10,311,761	\$ (14,989,154)	\$ (17,243,184)	\$ (22,072,918)
Business-type activities	9,527,791	9,527,791	12,868,547	5,154,473	2,642,590
Total primary government net (expense)/revenue	<u>\$ 11,182,159</u>	<u>\$ 19,839,552</u>	<u>\$ (2,120,607)</u>	<u>\$ (12,088,711)</u>	<u>\$ (19,430,328)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 6,087,979	\$ 7,078,262	\$ 6,581,220	\$ 17,539,314	\$ 13,900,358
Sales taxes	1,758,008	2,462,970	5,670,821	5,727,822	5,741,667
Franchise taxes	1,864,640	2,186,651	3,059,267	3,191,822	3,127,311
Motor vehicle fees in lieu	333,893	503,721	427,577	533,111	321,119
Earnings on investments	542,371	698,566	503,871	177,236	98,348
Gain (Loss) on disposal of assets	-	-	-	(159,412)	55,297
Other	160,689	41,239	31,304	-	-
Transfers	326,900	1,165,905	731,000	2,231,004	731,000
Total governmental activities	<u>11,074,480</u>	<u>14,137,314</u>	<u>17,005,060</u>	<u>29,240,897</u>	<u>23,975,100</u>
Business-type activities					
Earnings on investments	230,544	328,593	505,827	280,778	49,956
Gain on disposal of assets	396,716	-	-	-	(115,728)
Other	-	928,944	274,922	196,858	169,979
Transfers	(326,900)	(1,165,905)	(731,000)	(2,231,004)	(731,000)
Total business-type activities	<u>300,360</u>	<u>91,632</u>	<u>49,749</u>	<u>(1,753,368)</u>	<u>(626,793)</u>
Total primary government	<u>\$ 11,374,840</u>	<u>\$ 14,228,946</u>	<u>\$ 17,054,809</u>	<u>\$ 27,487,529</u>	<u>\$ 23,348,307</u>
Change in Net Position					
Governmental activities	\$ 12,728,848	\$ 24,449,075	\$ 19,762,254	\$ 2,015,906	\$ 11,999,713
Business-type activities	9,828,151	9,619,423	34,837,591	12,918,296	3,401,105
Total primary government	<u>\$ 22,556,999</u>	<u>\$ 34,068,498</u>	<u>\$ 54,599,845</u>	<u>\$ 14,934,202</u>	<u>\$ 15,400,818</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Nonspendable	\$ -	\$ 2,637	\$ -	\$ 25,858	\$ 29,902
Restricted	2,226,954	1,079,347	1,160,885	652,048	1,028,085
Committed	321,627	355,345	398,166	448,237	466,584
Assigned	180,961	181,923	183,210	184,415	190,349
Unassigned	913,681	1,590,564	3,410,473	6,439,616	6,645,733
Total general fund	3,643,223	3,209,816	5,152,734	7,750,174	8,360,653
All Other Governmental Funds					
Restricted	1,509,304	8,566,451	6,121,394	6,195,047	8,274,991
Assigned	481,634	(1,008,431)	37,941	2,690,851	2,617,559
Total all other governmental funds	1,990,938	7,558,020	6,159,335	8,885,898	10,892,550
Total governmental funds	<u>\$ 5,634,161</u>	<u>\$ 10,767,836</u>	<u>\$ 11,312,069</u>	<u>\$ 16,636,072</u>	<u>\$ 19,253,203</u>

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 34,398
Restricted	3,986,548	4,626,796	3,026,635	2,087,820	1,963,731
Committed	-	-	144,549	199,396	319,499
Assigned	-	-	89,938	103,574	179,765
Unassigned	2,061,121	4,515,495	3,710,734	3,031,997	526,590
Total general fund	6,047,669	9,142,291	6,971,856	5,422,787	3,023,983
All Other Governmental Funds					
Restricted	651,415	812,311	141,971	108,055	1,055,460
Assigned	3,177,623	1,990,050	2,095,679	2,680,563	297,990
Total all other governmental funds	3,829,038	2,802,361	2,237,650	2,788,618	1,353,450
Total governmental funds	<u>\$ 9,876,707</u>	<u>\$ 11,944,652</u>	<u>\$ 9,209,506</u>	<u>\$ 8,211,405</u>	<u>\$ 4,377,433</u>

Lehi City has implemented GASB 54 for the fiscal year ended June 30, 2011. The fund balances from prior fiscal years (2005 – 2010) were restated for comparison purposes.

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 23,090,455	\$ 24,619,450	\$ 25,160,268	\$ 25,658,564	\$ 28,563,726
Licenses, fees and permits	3,295,183	3,070,742	4,187,195	6,695,905	6,444,720
Intergovernmental	2,589,244	10,694,110	7,031,764	2,015,152	1,671,598
Charges for services	4,111,773	4,209,859	4,554,976	5,668,980	5,762,720
Fines and forfeitures	828,467	835,010	651,848	593,424	547,825
Miscellaneous	441,419	335,460	365,682	357,656	806,898
Interest on investments	92,336	67,281	83,006	96,393	88,992
Total revenues	<u>34,448,877</u>	<u>43,831,912</u>	<u>42,034,739</u>	<u>41,086,074</u>	<u>43,886,479</u>
Expenditures					
General government	4,431,166	4,928,570	4,926,429	4,756,942	5,512,993
Public Safety	8,071,323	8,453,897	8,430,152	9,108,300	9,830,309
Community development	3,707,335	4,388,643	3,775,472	17,383,350	21,215,648
Streets and highways	1,689,097	1,770,865	1,873,444	2,094,633	2,462,221
Parks recreation and culture	5,793,779	6,058,330	6,927,077	6,805,808	8,295,691
Cemetery	289,208	223,569	244,481	291,914	334,730
Other	33,225	798,307	312,483	13,780	77,920
Capital outlay	1,695,944	5,362,725	8,858,638	3,569,430	4,245,051
Debt Service					
Principal	4,062,549	3,848,822	3,508,069	3,136,951	10,722,440
Interest and fiscal charges	4,568,005	4,603,039	4,032,356	4,405,021	4,636,091
Total expenditures	<u>34,341,631</u>	<u>40,436,767</u>	<u>42,888,601</u>	<u>51,566,129</u>	<u>67,333,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,246</u>	<u>3,395,145</u>	<u>(853,862)</u>	<u>(10,480,055)</u>	<u>(23,446,615)</u>
Other Financing Sources (Uses)					
Transfers in	2,100,180	5,254,970	2,522,057	3,708,947	4,408,662
Transfers out	(1,369,180)	(4,524,050)	(1,791,137)	(2,978,027)	(3,677,742)
Sale of capital assets	56,297	49,110	17,175	82,760	52,930
Bond and note proceeds	362,185	958,500	650,000	14,087,053	25,163,052
Total other financing sources (uses)	<u>1,149,482</u>	<u>1,738,530</u>	<u>1,398,095</u>	<u>14,900,733</u>	<u>25,946,902</u>
Net change in fund balances	<u>\$ 1,256,728</u>	<u>\$ 5,133,675</u>	<u>\$ 544,233</u>	<u>\$ 4,420,678</u>	<u>\$ 2,500,287</u>
Debt service as a percentage of noncapital expenditures	25.13%	22.90%	20.55%	16.62%	33.18%

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

CONTINUED

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 9,444,620	\$ 11,590,739	\$ 14,296,381	\$ 15,738,885	\$ 26,992,069
Licenses, fees and permits	4,283,213	6,903,211	5,869,656	2,720,478	1,753,077
Intergovernmental	1,062,031	1,338,970	1,569,424	1,888,959	1,604,255
Charges for services	2,702,550	4,587,955	6,025,454	4,899,924	3,951,453
Fines and forfeitures	1,300,040	1,219,282	1,129,472	1,252,981	1,133,215
Special assessment revenue	831,970	451,914	2,875,335	3,500,000	1,271,000
Miscellaneous	547,766	978,350	464,861	442,973	570,955
Interest on investments	542,371	566,413	1,283,194	503,871	179,236
Total revenues	20,714,561	27,636,834	33,513,777	30,948,071	37,455,260
Expenditures					
General government	2,351,371	3,826,086	3,074,401	3,285,328	4,390,714
Public Safety	3,982,637	5,424,736	6,572,995	6,858,543	7,897,722
Community development	-	-	-	22,801,077	7,667,029
Streets and highways	2,518,285	2,949,997	4,134,069	1,551,653	1,834,279
Parks recreation and culture	4,562,906	5,639,584	4,611,346	5,674,251	5,542,788
Cemetery	329,604	480,627	8,360,057	345,922	297,062
Redevelopment	-	-	446,884	-	-
Other	87,616	8,598	5,571	180,038	32,623
Capital outlay	10,741,229	4,859,533	2,577,544	8,046,417	8,617,325
Debt Service					
Principal	2,113,343	1,555,506	4,708,651	1,443,002	7,937,343
Interest and fiscal charges	2,230,367	2,182,580	3,455,683	4,366,846	3,774,216
Total expenditures	28,917,358	26,927,247	37,947,201	54,553,077	47,991,101
Excess (deficiency) of revenues over (under) expenditures	(8,202,797)	709,587	(4,433,424)	(23,605,006)	(10,535,841)
Other Financing Sources (Uses)					
Transfers in	3,571,403	3,526,085	1,799,157	4,494,820	8,224,855
Transfers out	(3,244,503)	(2,963,569)	(14,423,252)	(3,763,820)	(5,993,851)
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	5,399,485	2,747,936	15,785,158	21,840,355	4,470,865
Total other financing sources (uses)	5,626,385	3,851,691	3,232,983	22,606,905	6,701,869
Net change in fund balances	\$ (2,576,412)	\$ 4,561,278	\$ (1,200,441)	\$ (998,101)	\$ (3,833,972)
Debt service as a percentage of noncapital expenditures	31.40%	20.39%	30.01%	14.28%	30.65%

Note: Noncapital expenditures are total expenditures less capital outlay and expenditures for capitalized assets included within the functional expenditures 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
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
2014	15,812,205	7,904,519	4,285,907	561,095	28,563,726
Growth 2005-2014	246.9%	194.0%	129.9%	68.0%	202.4%

LEHI CITY CORPORATION**SCHEDULE 6****ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(LAST TEN CALENDAR YEARS)**

Fiscal Year	Real Property	Personal Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2005	\$ 912,402,842	\$ 42,195,354	\$ 954,598,196	0.002462	\$ 1,150,131,724	83.0%
2006	1,146,420,573	43,193,930	1,189,614,503	0.002663	1,492,493,909	79.7%
2007	1,508,651,703	41,945,858	1,550,597,561	0.002604	2,353,579,350	65.9%
2008	2,343,043,319	60,776,677	2,403,819,996	0.001834	2,479,270,209	97.0%
2009	2,532,240,755	73,015,449	2,605,256,204	0.001901	2,761,251,394	94.4%
2010	2,473,231,195	82,005,953	2,555,237,148	0.001789	3,126,588,174	81.7%
2011	2,320,436,311	74,701,702	2,395,138,013	0.002370	2,906,739,493	82.4%
2012	2,228,436,729	83,068,215	2,311,504,944	0.002519	2,899,782,952	79.7%
2013	2,285,322,712	93,605,726	2,378,928,438	0.002585	2,981,986,797	79.8%
2014	2,516,467,362	86,281,568	2,602,748,930	0.002432	3,205,389,417	81.2%

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

Values obtained from the Utah County auditor and do not include RDA values

LEHI CITY CORPORATION
SCHEDULE 7
PROPERTY TAX LEVIES AND COLLECTIONS
(LAST TEN CALENDAR 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
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%
2014	6,343,087	6,020,853	94.92%	-	6,020,853	94.92%

Source: Utah County Treasurer

LEHI CITY CORPORATION
SCHEDULE 8
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	Total
	General Fund	Debt Service Fund	Total						
2005	0.002462	-	0.002462	0.008119	0.001065	0.000353	0.000035	0.000010	0.012044
2006	0.002663	-	0.002663	0.008082	0.001040	0.000400	0.000033	0.000011	0.012229
2007	0.002604	-	0.002604	0.006883	0.001079	0.000360	0.000028	0.000011	0.010965
2008	0.001834	-	0.001834	0.008150	0.001090	0.000320	0.000022	0.000008	0.011424
2009	0.001901	-	0.001901	0.008153	0.001092	0.000310	0.000022	0.000008	0.011486
2010	0.001789	-	0.001789	0.008152	0.001091	0.000310	0.000021	0.000008	0.011371
2011	0.002370	-	0.002370	0.008152	0.001091	0.000500	0.000021	0.000008	0.012142
2012	0.002519	-	0.002519	0.008120	0.001342	0.000500	0.000028	0.000013	0.012522
2013	0.002585	-	0.002585	0.008120	0.001342	0.000500	0.000028	0.000013	0.012588
2014	0.002432	-	0.002432	0.008699	0.001259	0.000446	0.000028	0.000012	0.012876

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

Source: Utah State Tax Commission

LEHI CITY CORPORATION
SCHEDULE 9
PRINCIPAL PROPERTY TAX PAYERS
(CURRENT YEAR AND TEN YEARS AGO)

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Micron Technology, Inc.	\$ 236,364,200	1	6.73 %	\$ 114,694,100	1	9.93 %
Adobe Systems Inc.	72,754,400	2	-	-	-	-
Outlets at Traverse Mountain	42,881,700	3	-	-	-	-
TMCV #1 LLC	36,104,600	4	-	-	-	-
Thanksgiving Point L.C.	68,578,465	2	1.75	31,743,892	2	2.75
Cabelas	28,913,350	3	1.74	-	-	-
Fox Ridge Investments LLC	23,545,315	4	1.18	-	-	-
Thai Properties, LLC	17,576,575	5	1.05	7,409,427	4	0.64
Point Development L.C.	11,235,567	6	0.48	-	-	-
Whistle Stop Development C	7,258,987	7	0.42	-	-	-
Smiths	7,011,554	8	0.41	-	-	-
Century Link	6,759,501	9	0.42	8,349,665	3	0.72
Museum of Ancient History	5,879,554	10	0.36	-	-	-
Albertsons Inc.	-	-	-	5,363,600	5	0.46
Mayflower Harbot Apartmen	-	-	-	5,192,199	6	0.45
Open Court	-	-	-	4,353,270	7	0.38
Questar Gas	-	-	-	4,289,522	8	0.37
Cabelas Retail	-	-	-	4,000,000	9	0.32
Oldcastle	-	-	-	3,235,215	10	0.28
Total	<u>\$ 564,863,768</u>		<u>14.54 %</u>	<u>\$ 188,630,890</u>		<u>16.30 %</u>

Source: Utah County Assessor

LEHI CITY CORPORATION
SCHEDULE 10
RATIO OF OUTSTANDING DEBT BY TYPE
(LAST TEN FISCAL YEARS)

Fiscal Year	Governmental Activities							Business-Type Activities								Total Government	Percentage of Personal Income (1)	Per Capita (1)
	Sales Tax	Lease	Sewer	Excise Tax	Special			Water	Sewer	Electric	Dainage	Special Assessment						
	Revenue	Revenue	Revenue	Road	Assessment	Capital	Note	Revenue	Revenue	Revenue	Revenue	Capital	Bonds/Other	Primary				
	Bonds	Bonds	Bonds	Bonds	Bonds	Leases	Payable	Bonds	Bonds	Bonds	Bonds	Leases	Notes Payable					
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	11.12%	\$ 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	10.73%	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	10.76%	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	12.20%	2,569		
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	10.53%	2,283		
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	8.74%	2,054		
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	8.80%	2,068		
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	8.30%	1,951		
2013	15,570,000	-	-	-	-	-	80,926,594	1,739,319	-	5,200,000	2,070,000	-	1,636,904	107,142,817	8.90%	2,094		
2014	15,165,000	-	-	-	-	-	95,772,209	140,000	-	4,560,000	1,920,000	-	1,600,010	119,157,219	9.19%	2,191		

1) See Schedule 19 for personal income and population data

LEHI CITY CORPORATION
SCHEDULE 11
RATIO OF GENERAL BONDED DEBT OUTSTANDING
(LAAST TEN FISCAL YEARS)

Fiscal Year	General Obligation Bonds	Other Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2005	\$ -	\$ -	\$ -	- %	- %
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-

(1) See Schedule 6 for property value data.

(2) See Schedule 19 for population data.

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

LEHI CITY CORPORATION
SCHEDULE 12
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(AS OF JUNE 30, 2014)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Lehi (1)</u>	<u>Estimated Amount Applicable to Lehi</u>
Utah County	\$ 234,865,000	12.87%	\$ 30,221,870
Alpine School District	396,562,710	22.28%	45,449,549
Subtotal, overlapping debt	631,427,710		75,671,419
Lehi City direct debt	110,937,209	100.00%	110,937,209
Total direct and overlapping debt	<u>\$ 742,364,919</u>		<u>\$ 186,608,628</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 13
LEGAL DEBT MARGIN INFORMATION
(LAST TEN FISCAL YEARS)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total debt</u>	<u>Legal debt margin</u>
2005	\$ 46,005,269	\$ -	\$ 46,005,269
2006	59,699,756	-	59,699,756
2007	94,143,174	-	94,143,174
2008	99,170,808	-	99,170,808
2009	110,450,056	-	110,450,056
2010	125,063,527	-	125,063,527
2011	116,269,580	-	116,269,580
2012	115,991,318	-	115,991,318
2013	119,279,472	-	119,279,472
2014	128,215,577	-	128,215,577

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

Legal Debt Margin Calculation for Fiscal Year 2014

Estimated market value	\$ 3,205,389,417
Debt limit (4% of market value)	128,215,577
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 128,215,577</u></u>

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

LEHI CITY CORPORATION
SCHEDULE 14
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	
2005	\$ 5,745,050	\$ 1,885,130	\$ 3,859,920	\$ 375,000	\$ 181,287	\$ 556,287	6.94
2006	6,178,631	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
2014	8,692,057	3,926,658	4,765,399	400,000	66,428	466,428	10.22

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

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

LEHI CITY CORPORATION
SCHEDULE 15
PLEDGED-REVENUE COVERAGE
SALES TAX REVENUE BONDS (LAST TEN FISCAL YEARS)

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2014	7,904,519	560,000	337,473	897,473	8.81

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

LEHI CITY CORPORATION
SCHEDULE 16
PLEDGED-REVENUE COVERAGE
EXCISE TAX ROAD BONDS (LAST TEN FISCAL YEARS)

Fiscal Year	Excise Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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	1,586,980	575,000	18,400	593,400	2.56
2014	1,513,953	-	-	-	-

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

LEHI CITY CORPORATION
SCHEDULE 17
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	
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
2014	28,948,402	22,324,365	6,624,037	700,000	94,032	794,032	8.34

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 18
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	
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
2014	1,480,016	363,271	1,116,745	150,000	72,657	222,657	5.02

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 19
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>	
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	
2014	54,382	1,296,640,685	23,843	3.5	

(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 20
PRINCIPAL EMPLOYERS
(CURRENT YEAR AND TEN YEARS AGO)

Employer	2014(1)			2005(1)			%
	Estimated Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
IM Flash	1,700	1	N/A	N/A	1	N/A	
Adobe	900	2	N/A	N/A	N/A	N/A	
Xactware	650	3	N/A	N/A	N/A	N/A	
Xango	630	4	N/A	N/A	2	N/A	
Cabela's	425	5	N/A	N/A	3	N/A	
Thanksgiving Point	420	6	N/A	N/A	4	N/A	
Hadco	235	7	N/A	N/A	5	N/A	
Jack B Parson Co.	215	8	N/A	N/A	6	N/A	
Costco	211	9	N/A	N/A	N/A	N/A	
Smiths	165	10	N/A	N/A	N/A	N/A	
Young Living	N/A	N/A	N/A	N/A	9	N/A	
Lowe's	N/A	N/A	N/A	N/A	7	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 21****FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Court	5	6	6	6	6	6	6	6	6	6
Administrative	6.5	7.5	5	4.5	4.5	4.5	4.5	4.5	6.5	9.5
Treasury	4.5	5.5	5	6	6	6	6	6	6	5
Finance	4.5	4.5	4.5	5	5	5	5	5	5	7
Legal Services	-	-	-	-	-	-	-	-	4.5	4.5
Legislative (1)	6	6	6	6	6	6	6	6	6	6
Public safety										
Police	35.5	37.5	39.5	40.5	41.5	41.5	41.5	44.5	45	48
Fire	22	27	27	27	39	39	39	40	40	42
Animal Control	1	1	1	1.5	1.5	1.5	1.5	1.5	2	2
Community development										
Public Works Administration	5	5	5	5	5	5	5	5	5	5
Planning and Zoning	7.5	7.5	7.5	7.5	7.5	6.5	6.5	6	6	6
Inspections	9	10	10	9	9	8	8	8	8	9
Streets and Highways										
Streets and Public Improvements	9.5	11	11	11	10	9	9	12	12	12
Park, recreation and culture										
Parks	12.5	17.5	18	19	18	19	19	21	22	27
Senior Citizens	3	3	3	3	3	3	3	3	3	2
Recreation	109.5	113.5	115.5	115.5	115.5	115.5	115.5	73.5	75.5	84.5
Library	13	13	13	13	13	13	13	18	20	20
Literacy Center	-	-	-	-	-	-	-	5.5	5.5	6.5
Cemetery	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	3	3.5
Culinary Water	8.5	8.5	9	9	8	8	8	8	8	9
Sewer	3	3	3	3	3	3	3	3	3	3
Power	16	17	18	19	19	19	19	24.5	24.5	23.5
Secondary Water	2.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	6.5

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 22
OPERATING INDICATORS BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community development										
Residential building permits issued	817	1,188	1,452	1,734	298	243	286	590	569	340
Commercial building permits issued	47	29	34	48	35	28	28	38	25	26
Court										
Traffic and Misdemeanor cases handled	8,706	9,482	12,776	13,585	14,354	15,351	15,950	15,309	15,212	15,789
Police										
Calls for service	15,000	11,453	12,252	13,575	14,041	14,326	14,062	15,278	15,575	27,087
Arrests	712	760	816	831	1,876	1,902	1,950	1,235	1,089	1,261
Fire										
Fire/Medical responses	1,576	1,690	2,213	2,415	2,201	2,322	2,050	2,136	2,232	2,200
Recreation										
Recreation programs	55	60	62	69	70	72	75	72	71	70
Participants in recreation programs	18,911	19,057	21,278	24,326	22,868	22,992	22,500	23,690	24,555	25,983
Library										
Books in collection	65,782	71,565	74,238	77,582	81,603	82,606	95,611	108,669	121,168	125,220
Books circulated	273,811	304,798	268,383	271,666	340,629	342,819	451,362	509,764	511,130	529,218
Cemetery										
Acres maintained	35	35	35	50	52	53	55	55	55	55
Total gravesites	21,648	21,768	21,888	40,852	42,853	42,965	42,965	43,010	43,155	43,212
Culinary Water										
Residential accounts serviced	6,985	8,548	9,605	10,023	10,555	10,826	12,568	13,121	13,152	11,419
Average daily consumption (thousands of gallons)	1,770	1,847	1,729	1,749	1,765	1,767	357	350	263	274
Sewer										
Sewer lines miles inspected	66	63	58	53	54	65	80	78	78	78
Power										
Accounts serviced	7,887	9,381	10,123	10,225	10,953	11,212	14,817	15,010	16,279	16,764
Megawatt hours sold	159	171	172	174	176	177	223	220	259	270
Secondary Water										
Accounts serviced	6,958	8,548	9,607	9,679	9,859	10,580	11,426	11,632	13,574	14,419

Source: City records

LEHI CITY CORPORATION
SCHEDULE 23
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Streets and Highways										
Street lights	1,297	1,436	1,776	1,792	1,801	1,803	2,355	2,412	2,446	2,506
Street miles	169	195	203	206	209	210	202	204	206	221
Police										
Vehicles	27	30	32	34	35	36	43	46	51	57
Fire										
Fire stations	1	1	1	1	1	1	2	2	2	2
Fire vehicles	7	7	7	7	7	7	12	12	12	12
Ambulances	3	3	3	3	3	3	3	3	3	4
Public works										
Incorporated area in square miles	32	32	32	32	32	32	32	32	32	32
City building in square feet	212,000	220,000	220,000	220,000	221,000	235,000	235,000	235,000	235,000	235,000
Parks and recreation										
Park acreage	181	195	195	195	196	216	333	333	333	333
Baseball/softball diamonds	8	8	8	8	9	9	9	9	8	8
Soccer fields	4	4	4	4	4	4	4	4	9	9
Culinary water										
Water main line miles	178	201	202	202	204	206	243	263	256	271
Storage capacity (thousands of gallons)	7,000	10,000	10,000	10,000	10,000	10,000	9,800	9,800	9,800	8,400
Sewer										
Sewer line miles	134	141	142	142	142	144	205	210	212	223
Secondary water										
Secondary water main line miles	163	186	188	188	188	189	243	249	258	272
Power										
Power main feeder line miles	189	205	211	213	214	217	219	231	240	248
Overhead line miles	33	35	38	42	44	48	52	64	64	64

N/A = Not available

Source: City records

END OF REPORT

