

LEHI CITY CORPORATION

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



LEHI CITY

PREPARED BY:

FINANCE DEPARTMENT

LEHI CITY CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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LEHI CITY CORPORATION

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INTRODUCTORY SECTION

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153 North 100 East
Lehi, Utah 84043-1895
801-768-7100

December 5, 2019

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, 2019.

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, 2019, 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 unmodified opinion that the City's financial statements, for the fiscal year June 30, 2019, 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, and 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 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.



Local Economy and Financial Information

The City has a great mix of traditional western feel and modern technology industries. The historic downtown maintains a western feel with many of the 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, which is one of the oldest rodeos in the state. Alternatively, Lehi is located in the heart of *Silicon Slopes*. The City is home to numerous technology companies such as: Micron, Adobe, Microsoft, Lending Club, Canopy Tax, Ancestry.com, Xactware, WeWork, and Podium. This mixture provides residents with strong community ties as well as positive economic potential.

Spurred by an expanding technology sector, the City continues to experience rapid growth. The population has increased from 49,646 to 66,037 over the past 10 years. With 45% of the City's land still available for development, build-out population, which is estimated to be reached in 2060, is projected at 133,800.

Lehi is continuing to experience rapid growth in both commercial and residential construction. This growth is reflected in both the City's revenues and expenditures. Governmental fund revenues increased from \$47,392,920 to \$69,139,881 from 2015 to 2019, and expenditures decreased from \$69,803,178 to \$60,820,488. Expenditures in 2015 were higher due to infrastructure-related expenditures in the redevelopment fund. Operating revenues in enterprise funds grew from \$44,460,972 to \$59,257,027 over the same time frame, while operating expenses rose from \$43,304,985 to \$58,328,330.

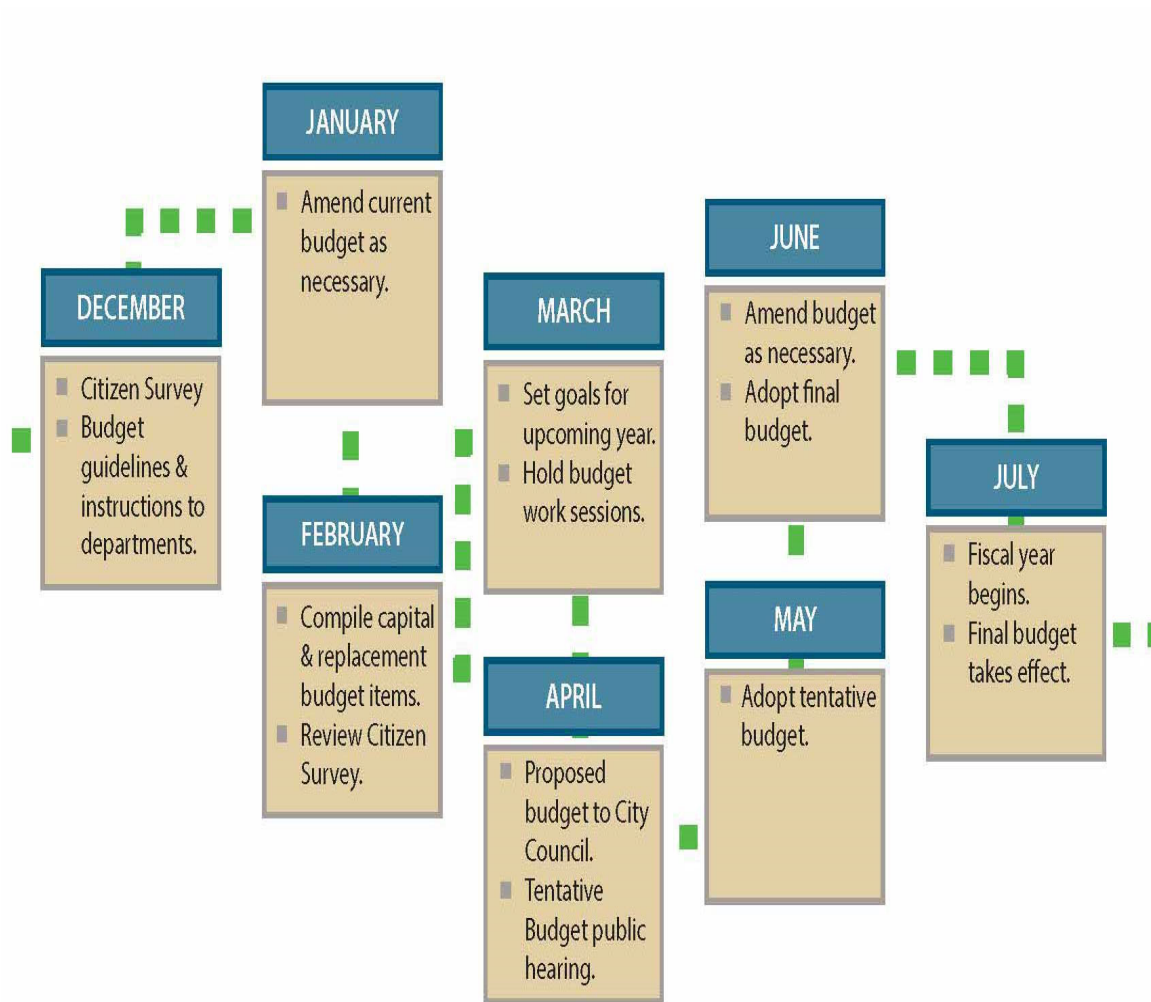
Growth in commercial office and technology continues. Lehi currently has approximately 5,000,000 square feet of class A office space with 885,000 square feet under construction and an additional 3,500,000 planned. Other projects, including car dealerships, hotels and retail establishments are also moving forward. The City has some of the best undeveloped commercial frontage along the Wasatch Front.

Brigham Young University, Utah Valley University (the largest University in the State) 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 2.7%, Compared to a statewide rate of 3.2%.



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 30 and goes into effect July 1. By Utah State law, the City is required to adopt a tentative budget on or before the first council meeting in the month of May. This is a working document which can be amended until the final adoption. State law requires the City to adopt a final budget on or before June 22. A public hearing is required prior to final adoption and the budget must be available for public inspection for 10 days prior to the public hearing. This year, the tentative budget was adopted on April 9 and the final budget was adopted on May 28.

The creation of the budget follows the time line shown below:



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 projects fund this comparison is presented on page 99.

Long-term Financial Planning

The City's long term goals are intended to meet tomorrow's needs with good financial decisions and by focusing on operational capital needs. The City recently completed capital facility plans and impact fee studies for Parks, Culinary Water, Pressurized Irrigation, Sewer, and Power. Other impact fee studies for streets, police, and fire were completed three years ago. Impact fees help the City add the capital improvements that are needed to accommodate new growth.

The implementation of long-term planning has permitted the City to construct some of the finest park systems in our region. The City is home to more than fourteen major facilities. The community's park system has been transformed to produce 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.

During the year, the City issued bonds to turn the Dry Creek debris basin into a storage facility for the City's pressurized irrigation water. Additionally, the reservoir created will provide recreational amenities and opportunities to the public. Construction is scheduled to begin early in calendar year 2020.

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. During the year, the City issued bonds which will be used to construct a new public safety building. Construction began July 2019 and is scheduled to be completed late in calendar year 2020.

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, 2018. This was the twentieth 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, 2018. 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, 2018. 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 departments 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,

A handwritten signature in blue ink, appearing to read "J. Walker", with a stylized flourish at the end.

Jason Walker
City Administrator

A handwritten signature in blue ink, appearing to read "Dean Lundell", with a stylized flourish at the end.

Dean Lundell
Director of Finance



Government Finance Officers Association

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

Presented to

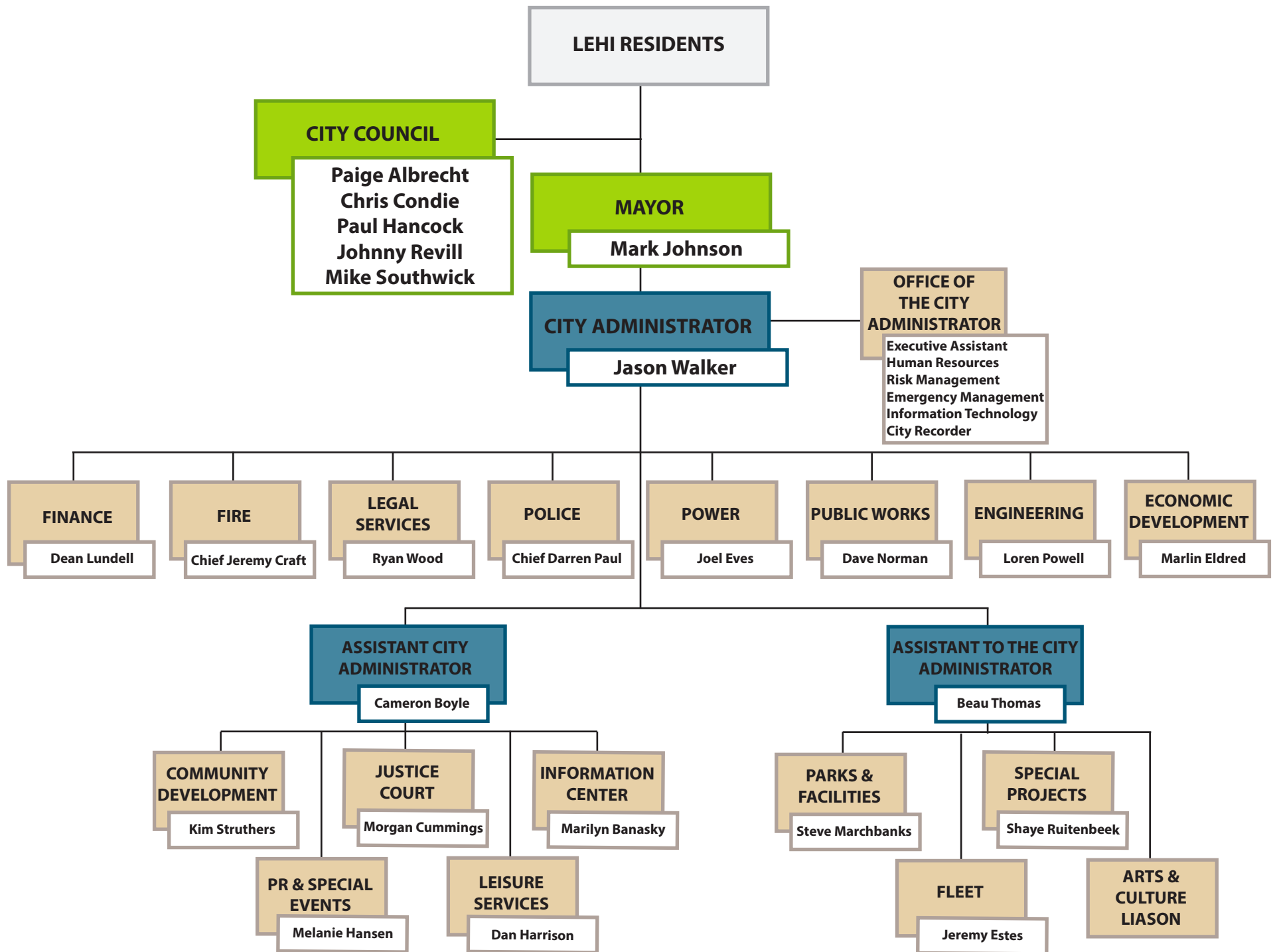
**Lehi City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO





Principal Officials

For the Year Ended
June 30, 2019

Mark Johnson
Mayor

Term Ends: December 2021



Paige Albrecht
City Council

Term Ends: December 2019



Chris Condie
City Council

Term Ends: December 2021



Paul Hancock
City Council

Term Ends: December 2021



Johnny Revill
City Council

Term Ends: December 2019



Michael Southwick
City Council

Term Ends: December 2019



Jason Walker
City Administrator
Appointed May 2015

FINANCIAL SECTION

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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 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, 2019, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lehi City Corporation as of June 30, 2019, 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 accordance 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 and the Required Supplementary Information – Pensions on pages 90 through 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

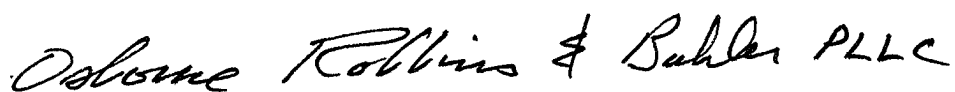
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



November 22, 2019

LEHI CITY CORPORATION

Management's Discussion and Analysis

For the Year Ended June 30, 2019

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, 2019. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$603,410,085 (*net position*). This is an increase of 12.9% over the previous year. A large portion of this increase is related to capital grants and developer contributions of infrastructure.
- The City's governmental funds reported combined fund balances of \$45,145,424 which is an increase of \$27,109,983 in fund balance reported for 2018 of \$18,035,441. A large portion of that increase is due to \$18.4 million in revenue bonds issued just prior to the end of the fiscal year. The proceeds from the bonds will be used for the construction of a new police station. Additionally, the City realized revenues in excess of budget and actual expenditures that were less than budgeted amounts. These excess funds will be used to add to and replace City infrastructure assets.
- Growth in the City continues at a rapid pace with general fund tax revenues increasing 5.3% over the previous year and utility revenues increasing by 8.2%. No tax rates were increased during the year. Rates for both culinary water and pressurized irrigation were increased.
- The City's total debt increased by a net of \$38,061,551 during the current fiscal year.
 - Decreases to debt were due to regularly scheduled principal payments.
 - Revenue bonds totaling \$38,115,881, including premium, were issued during the year.
 - In accordance with generally accepted accounting principles (GAAP), the City reported a net pension liability totaling \$11,523,545 as of June 30, 2019. This is an increase of \$5,456,450 over the previous year.

Overview of the Financial Statements

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

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

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

- The *statement of net position* presents information on all the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them 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 one blended component unit. The Lehi Redevelopment Agency (The Agency) is legally separate from the City. However, since the Agency's board of trustees is composed of the Lehi Mayor and City Council and City staff maintain operational responsibility for the Agency, it is presented as a special revenue fund of the City. The Redevelopment Agency Fund contains the financial balances and activities of the Agency.

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, 2019

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 four *internal service funds* to account for its fleet maintenance, risk management activities, building and grounds maintenance, 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 43-88 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 90-93 of this report.

Individual fund schedules and combining statements and schedules can be found on pages 95-103 of this report.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 \$603,410,085 at the close of the most recent year.

The statement of net position shows the City's 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 separate from remaining net position. 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.

In governmental activities, the investment in capital assets is larger than total net position resulting in a deficit in unrestricted net position for governmental activities. This is in large part a result of potential tax abatement obligations included as part of long-term liabilities in governmental activities. These obligations can only be paid from tax increment revenues and not from general tax revenues. Of the City's \$603,410,085 in net position, \$4,009,146 is subject to external restrictions on how those resources may be used.

LEHI CITY CORPORATION
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 74,794,464	\$ 47,479,745	\$ 75,380,733	\$ 50,429,325	\$ 150,175,197	\$ 97,909,070
Capital assets	320,306,544	306,281,432	347,410,557	313,784,117	667,717,101	620,065,549
Total assets	\$ 395,101,008	\$ 353,761,177	\$ 422,791,290	\$ 364,213,442	\$ 817,892,298	\$ 717,974,619
Deferred outflows of resources	\$ 5,227,717	\$ 4,692,761	\$ 7,951,670	\$ 8,159,359	\$ 13,179,387	\$ 12,852,120
Long-term liabilities	\$ 144,426,934	\$ 125,754,697	\$ 43,723,299	\$ 24,333,985	\$ 188,150,233	\$ 150,088,682
Other liabilities	9,295,115	8,562,576	9,672,193	12,698,790	18,967,308	21,261,366
Interfund balances	639,117	905,807	(639,117)	(905,807)	-	-
Total liabilities	\$ 154,361,166	\$ 135,223,080	\$ 52,756,375	\$ 36,126,968	\$ 207,117,541	\$ 171,350,048
Deferred inflows of resources	\$ 20,486,335	\$ 24,004,407	\$ 57,724	\$ 1,056,589	\$ 20,544,059	\$ 25,060,996
Net position						
Net investment in capital assets	\$ 302,586,651	\$ 288,966,135	\$ 325,775,552	\$ 299,404,845	\$ 628,362,203	\$ 588,370,980
Restricted	1,480,415	349,363	2,528,731	547,651	4,009,146	897,014
Unrestricted	(78,585,842)	(90,089,047)	49,624,578	35,236,748	(28,961,264)	(54,852,299)
Total net position	\$ 225,481,224	\$ 199,226,451	\$ 377,928,861	\$ 335,189,244	\$ 603,410,085	\$ 534,415,695

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

LEHI CITY CORPORATION
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 13,736,669	\$ 13,756,482	\$ 58,617,853	\$ 54,266,494	\$ 72,354,522	\$ 68,022,976
Operating grants and contributions	2,734,035	2,687,038	5,250,596	7,294,687	7,984,631	9,981,725
Capital grants and contributions	28,364,171	28,063,535	41,980,410	35,292,708	70,344,581	63,356,243
General revenues:						
Property taxes	20,483,605	21,124,631	-	-	20,483,605	21,124,631
Sales and other taxes	18,667,058	17,510,974	-	-	18,667,058	17,510,974
Other	1,631,931	1,517,425	2,037,704	1,096,112	3,669,635	2,613,537
Total revenues	<u>85,617,469</u>	<u>84,660,085</u>	<u>107,886,563</u>	<u>97,950,001</u>	<u>193,504,032</u>	<u>182,610,086</u>
Expenses:						
General government	8,961,845	8,274,466	-	-	8,961,845	8,274,466
Public safety	15,513,181	13,656,195	-	-	15,513,181	13,656,195
Community development	4,836,058	4,928,368	-	-	4,836,058	4,928,368
Highways/streets	13,522,976	12,764,811	-	-	13,522,976	12,764,811
Parks, recreation, and culture	11,220,816	10,486,576	-	-	11,220,816	10,486,576
Cemetery	430,339	414,906	-	-	430,339	414,906
Interest on long-term debt	4,877,481	4,906,081	-	-	4,877,481	4,906,081
Culinary Water	-	-	10,336,143	12,102,087	10,336,143	12,102,087
Sewer	-	-	11,111,407	9,865,657	11,111,407	9,865,657
Pressurized Irrigation	-	-	5,425,243	3,637,826	5,425,243	3,637,826
Electric	-	-	33,073,473	30,707,792	33,073,473	30,707,792
Drainage	-	-	2,551,414	2,228,474	2,551,414	2,228,474
Garbage	-	-	2,649,266	2,448,938	2,649,266	2,448,938
Total expenses	<u>59,362,696</u>	<u>55,431,403</u>	<u>65,146,946</u>	<u>60,990,774</u>	<u>124,509,642</u>	<u>116,422,177</u>
Increase (decrease) in net position before transfers	26,254,773	29,228,682	42,739,617	36,959,227	68,994,390	66,187,909
Transfers	-	-	-	-	-	-
Increase in net position	26,254,773	29,228,682	42,739,617	36,959,227	68,994,390	66,187,909
Net position, beginning	<u>199,226,451</u>	<u>169,997,769</u>	<u>335,189,244</u>	<u>298,230,017</u>	<u>534,415,695</u>	<u>468,227,786</u>
Net position, ending	<u>\$ 225,481,224</u>	<u>\$ 199,226,451</u>	<u>\$ 377,928,861</u>	<u>\$ 335,189,244</u>	<u>\$ 603,410,085</u>	<u>\$ 534,415,695</u>

As of June 30, 2019, the net position of the City's governmental activities totaled \$225,481,224 compared to \$199,226,451 in 2018. The governmental activities reported an increase in net position of \$26,254,773. Capital grants and contributions, including contributions of infrastructure totaled \$28,364,171.

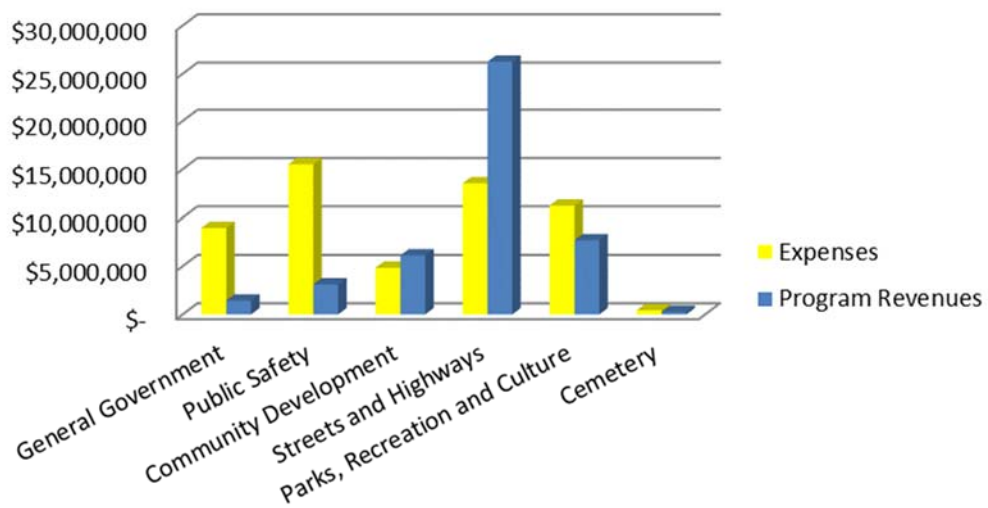
As of June 30, 2019, the net position of the City's business-type activities totaled \$377,928,861 compared to \$335,189,244 in 2018. The business-type activities reported an increase in net position of \$42,739,617. \$41,980,410 of this increase in net position can be attributed to capital grants and contributions, including contributions of infrastructure.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Governmental activities. During 2019 governmental activities increased the City's net position by \$26,524,773. Some specific factors making up the change in net position during 2019 include:

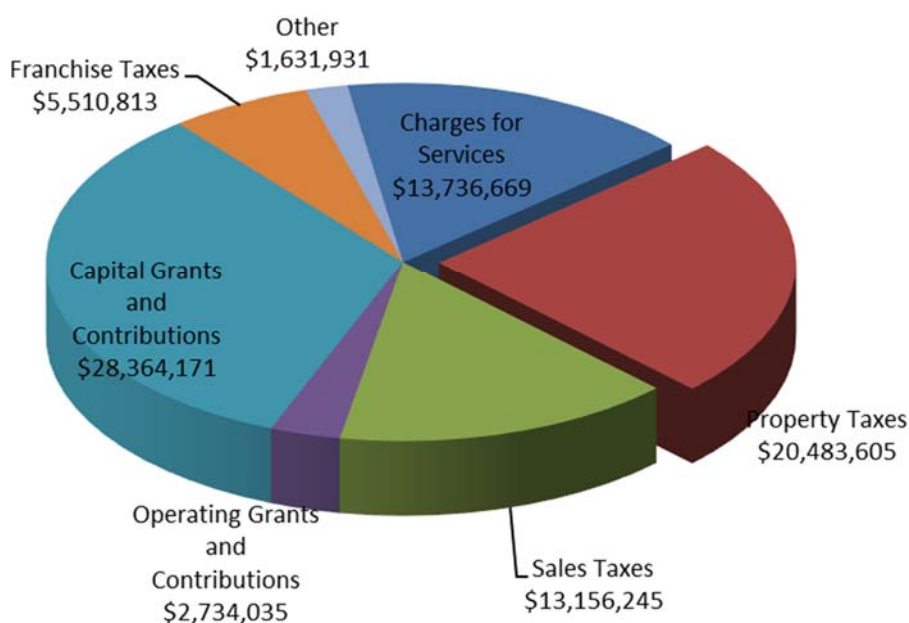
- Charges for services decreased slightly in 2019 over the prior year by approximately \$20,000. These revenues include fees for development, such as building permits and plan reviews. Although lower than last year, these revenue levels are still indicative of a fast-growing city.
- Capital grants and contributions were higher than in 2018 by approximately \$300,000. In 2019 the City recognized over \$25 million in capital grant revenues related to infrastructure installed by developers during the year as well as developer impact fees. Another \$2.7 million was received in federal, state and county grants for infrastructure improvements.
- Expenses of the governmental activities increased from 2018 to 2019 by \$3,931,293 with the largest increases a result of public safety operating expenses. Depreciation in governmental activities increased \$1,193,831 from 2018 to 2019.

Expenses and Program Revenues - Governmental Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Revenues by Source - Governmental Activities

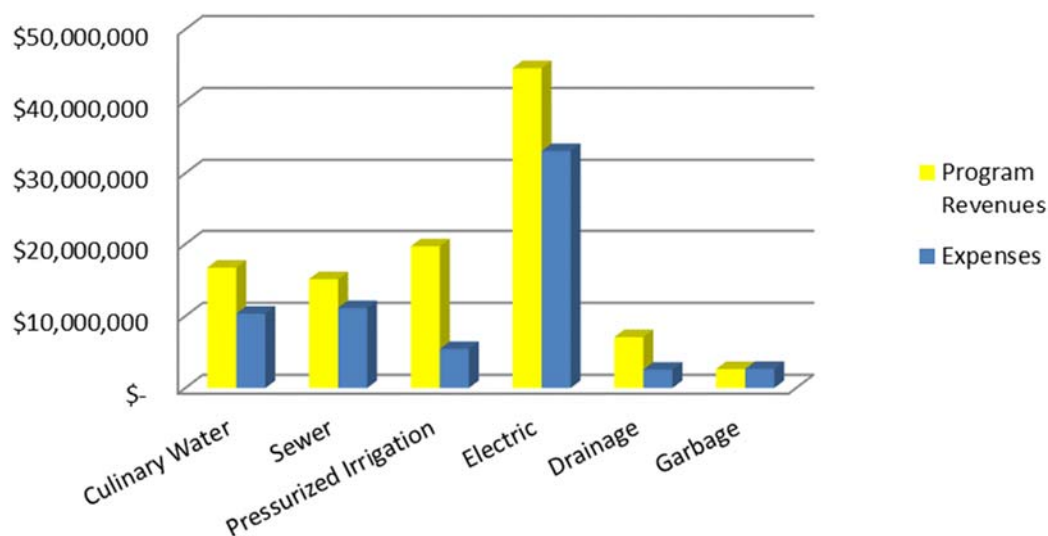


Business-type activities. Business-type activities increased the City's net position by \$42,739,617. At the end of the current fiscal year, all of the City's major business-type activities reported positive net position. Key elements of the increase in net position are as follows:

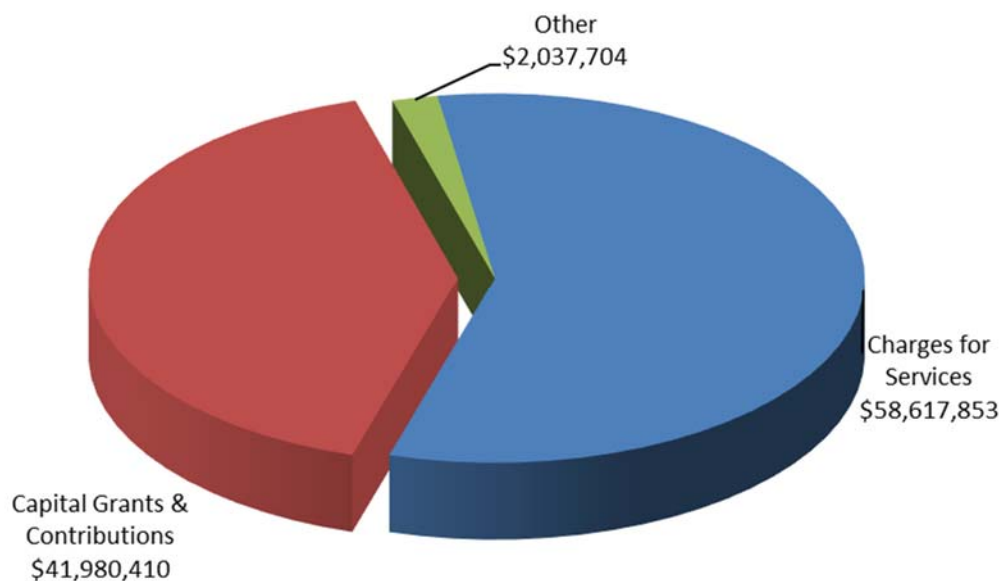
- Charges for services in the business-type activities increased over 2018 by \$4,351,359 (8.02%). Most of the enterprise funds experienced an increase in charges for services over 2018, a result of growth in the number of customers served as well as increase to the culinary water and pressurized irrigation rates.
- Capital grants and contributions for the business-type activities added \$41,980,410 to the net position of the City. This amount was slightly higher than in 2018, which indicates continued high levels of development.
- Expenses of the business-type activities increased by \$4,156,172 from the prior year. The increase is primarily due to increases in system maintenance costs and purchased power costs. Depreciation in business-type activities increased by \$1,196,043 from 2018 to 2019. Because the City's customer base has been expanding, the cost of providing services has also increased.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 \$45,145,424. \$10,684,725 of this total amount (23.7%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending because it 1) is not in a spendable form, 2) has constraints imposed either externally or by law, 3) has constraints imposed by formal resolution of the city council, or 4) is or intended by the city council and the city manager to be used for specific purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,684,725, while total fund balance reached \$12,169,541. 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 27.9% of total general fund expenditures, while total fund balance represents 31.8% of that same amount. The fund balance of the City's general fund increased by \$249,254 during the current fiscal year, due largely to higher than anticipated tax revenues, planning and inspection fees, and intergovernmental revenues.

The special revenue Redevelopment Agency Fund has an assigned fund balance of \$2,185,257. 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, the West Timpanogos Project Area and the Traverse Mountain Community Development Area. Overall, the fund experienced an increase in fund balance of \$834,941.

The capital projects fund had an increase in fund balance in the amount of \$26,025,788, which resulted in a fund balance of \$30,790,626. The large increase in fund balance was the result of sales tax bonds issued of \$18,402,528 and a transfer from the general fund of \$8,330,210.

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 \$48,985,461. Individually, the electric fund's unrestricted net position totaled \$30,196,769, the drainage unrestricted net position totaled \$2,776,243, the sewer unrestricted net position totaled \$6,783,461, the water unrestricted net position totaled \$8,660,705 and the pressurized irrigation unrestricted net position totaled \$181,334. The non-major enterprise fund reported a positive unrestricted net position amount of \$386,949. 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, 2019

General Fund Budgetary Highlights

During the fiscal year, the general fund's budget was amended from budgeted expenditures totaling \$41,177,453 to a final budget of \$41,569,543, an increase of \$392,090, which is an increase of less than 1%. Increased budget allocations were made to various departments based on changing conditions. These adjustments were funded primarily by appropriating fund balance. Significant variances between the final budget and actual results are shown below:

- Tax revenues recognized in 2019 were \$2,149,899 more than budgeted. Property taxes, sales taxes and franchise taxes were all higher than originally budgeted.
- Charges for services, particularly planning and inspection fees, ambulance fees and recreation fees, were higher than budgeted by a total of \$1,356,656.
- Total expenditures were less than the final budgeted amounts by \$3,315,958.

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, 2019 amounts to \$667,717,101 (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:

- 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 \$16,381,978 and \$33,411,665, respectively.
- \$4.6 million was spent towards the construction of Ashton Boulevard and 1200 West. Both of these projects are primarily funded by grants from UDOT and Utah County.
- The City broke ground on a new police station during July 2019. Costs were incurred during the 2019 fiscal year for programming, architecture, and engineering in the amount of \$1,116,054.
- Intangible assets in the pressurized irrigation fund increased by \$9,225,377. The increase was due to the contribution of water shares by developers as required by the City's development code.
- In the pressurized irrigation fund, \$2.2 million was spent to add facilities and expand capacity to facilities serving the Western side of the City.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 145,988,077	\$137,779,596	\$ 3,146,725	\$ 3,146,725	\$ 149,134,802	\$140,926,321
Intangibles	-	-	58,744,205	49,518,828	58,744,205	49,518,828
Construction in progress	11,095,840	4,415,434	17,740,730	32,548,564	28,836,570	36,963,998
Buildings and structures	18,626,258	19,824,703	11,478,615	1,672,456	30,104,873	21,497,159
Improvements, including infrastructure	138,183,209	136,603,509	254,027,480	224,678,959	392,210,689	361,282,468
Machinery, equipment, and vehicles	6,346,440	7,578,013	2,255,360	2,198,370	8,601,800	9,776,383
Office furniture and equipment	66,720	80,177	17,442	20,215	84,162	100,392
Total	<u>\$ 320,306,544</u>	<u>\$306,281,432</u>	<u>\$347,410,557</u>	<u>\$ 313,784,117</u>	<u>\$ 667,717,101</u>	<u>\$620,065,549</u>

Additional information on the City's capital assets can be found in note F on pages 59-60 of this report.

Long-term liabilities. At the end of the current fiscal year the City had total bonded debt outstanding of \$74,836,567, 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	
	2019	2018	2019	2018	2019	2018
Tax increment notes payable to developers	\$ 95,969,054	\$ 99,046,278	\$ -	\$ -	\$ 95,969,054	\$ 99,046,278
Other notes payable	751,629	1,138,824	1,226,142	1,291,636	1,977,771	2,430,460
Revenue bonds	35,736,583	18,243,588	39,099,984	20,964,467	74,836,567	39,208,055
Other liabilities	11,969,668	7,326,007	3,397,173	2,077,882	15,366,841	9,403,889
Total	<u>\$ 144,426,934</u>	<u>\$125,754,697</u>	<u>\$ 43,723,299</u>	<u>\$ 24,333,985</u>	<u>\$ 188,150,233</u>	<u>\$150,088,682</u>

The City's debt increased by \$38,061,551 in fiscal year 2019. Major long-term debt activity included the following:

- The City issued \$18,402,528 in sales tax revenue bonds to finance the construction of the City's new police station.
- The City issued \$19,713,353 in water revenue bonds to finance the construction several significant water storage and transmission projects.
- The City reported, in accordance with the requirements of GAAP, net pension liability totaling \$11,523,545.

The 2019 Sales Tax Revenue Bonds were assigned a municipal bond rating of AA- by Standard and Poor's. The 2019 Water Revenue Bonds were assigned a municipal bond rating of AA by Fitch and Aa3 by Moody's.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 \$359,009,736 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 debt limitation for business-type projects is \$718,019,472, 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 61-70 of this report.

Economic Factors and Next Year's Budgets and Rates

- Lehi continues to grow rapidly. During the year, property values increased by 13.08% to an estimated market value of \$8,975,243,406.
- The City is in the second year of a five-year rate study for culinary water and pressurized irrigation rates. The rates recommended by the study were adopted by the city council. Rates for both utilities are 3.0% higher in the 2020 fiscal year than the 2019 fiscal year. The City recently entered into a new contract with Waste Management for hauling solid waste. These rates have increased and will necessitate an increase to the city-charged garbage and recycling rates charged to customers. Storm drain rates are also being evaluated to keep up with inspections and maintenance required by federal regulations.
- The City began construction of a new police station in July 2019. The building will be 80,000 square feet and will include a community room available to the public and will house the city's Emergency Operations Center. Estimated completion date is November 2020.
- Utah's economy continues to grow at a brisk pace. The state reported a 3.3 percent growth in jobs year over year and a 2.5 percent unemployment rate. Utah County reports an unemployment rate of 2.0%. Home values as reported by the US Census Bureau increased 11.7% in Utah County. Lehi's population estimate grew from 62,712 to 66,037 during the year.

The above factors were considered in preparing the City's budget for the 2020 fiscal year. The 2020 budget is balanced without a property tax rate increase. Budgeted revenues and expenditures for the upcoming year total \$179,114,970. This is an increase from the 2019 fiscal year opening budget of \$175,422,527. Expenditure increases are a result of a growing in population and infrastructure.

The City continues to expand with new residential and commercial development, with 871 residential and 172 commercial building permits issued. Several new companies have located or expanded office space in Lehi during the year, including: Lending Club, Kiln, WeWorks, and Podium. Young Living moved into their new headquarters and Adobe anticipates the completion of phase II of their project by Spring 2020. Lehi currently has approximately 5,000,000 square feet of class A office space with 885,000 currently under construction and an additional 3,500,000 planned. A new development has recently begun that will bring a Land Rover/Jaguar dealership and potentially three other car dealerships to Lehi. This development will also include a hotel and several hundred thousand feet of professional office space. This level of growth is not anticipated to slow during the upcoming year.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2019

New growth brings additional revenue, but it also brings increased costs. Infrastructure needs in roads, parks, and utilities will continue to consume additional City resources. Detailed focus must be maintained on capital planning and revenue to keep pace with the current pace of growth.

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.

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BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 25,148,949	\$ 22,132,879	\$ 47,281,828
INVESTMENTS	-	18,240,677	18,240,677
RECEIVABLES (NET)			
ACCOUNTS	-	5,363,011	5,363,011
UNBILLED	-	748,798	748,798
TAXES	22,799,156	-	22,799,156
INTERGOVERNMENTAL	3,960,620	-	3,960,620
OTHER	822,508	-	822,508
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	901,438	901,438
INVENTORY	54,948	4,662,250	4,717,198
RESTRICTED CASH AND CASH EQUIVALENTS	22,008,283	23,331,680	45,339,963
NON-DEPRECIABLE CAPITAL ASSETS	157,083,917	79,631,660	236,715,577
DEPRECIABLE CAPITAL ASSETS, NET	163,222,627	267,778,897	431,001,524
TOTAL ASSETS	\$ 395,101,008	\$ 422,791,290	\$ 817,892,298
DEFERRED OUTFLOWS OF RESOURCES			
ADVANCE FUNDING OF UAMPS PROJECT	\$ -	\$ 6,583,264	\$ 6,583,264
DEFERRED OUTFLOWS RELATED TO PENSIONS	5,227,717	1,368,406	6,596,123
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 5,227,717	\$ 7,951,670	\$ 13,179,387
LIABILITIES			
INTERFUND BALANCES	\$ 639,117	\$ (639,117)	\$ -
ACCOUNTS PAYABLE	1,540,470	6,974,497	8,514,967
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
ACCOUNTS PAYABLE	2,134,307	2,111,829	4,246,136
ACCRUED INTEREST	125,954	-	125,954
WAGES PAYABLE	592,918	132,929	725,847
ACCRUED LIABILITIES	3,038,127	-	3,038,127
ACCRUED INTEREST PAYABLE	1,863,339	413,483	2,276,822
CUSTOMER DEPOSITS	-	39,455	39,455
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR	1,969,635	1,966,235	3,935,870
DUE IN MORE THAN ONE YEAR:			
COMPENSATED ABSENCES	1,620,914	521,453	2,142,367
NET PENSION LIABILITY	9,008,202	2,515,343	11,523,545
LANDFILL POSTCLOSURE COSTS	250,917	-	250,917
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	95,969,054	-	95,969,054
OTHER NOTES PAYABLE	751,629	1,185,284	1,936,913
BONDS PAYABLE	34,856,583	37,534,984	72,391,567
TOTAL LIABILITIES	\$ 154,361,166	\$ 52,756,375	\$ 207,117,541
DEFERRED INFLOWS OF RESOURCES			
PROPERTY TAXES	\$ 19,965,276	\$ -	\$ 19,965,276
DEFERRED INFLOWS RELATED TO PENSIONS	521,059	57,724	578,783
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 20,486,335	\$ 57,724	\$ 20,544,059
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	\$ 302,586,651	\$ 325,775,552	\$ 628,362,203
RESTRICTED FOR			
CAPITAL IMPROVEMENTS	931,653	2,528,731	3,460,384
DEBT SERVICE	326,307	-	326,307
OTHER PURPOSES	222,455	-	222,455
UNRESTRICTED (DEFICIT)	(78,585,842)	49,624,578	(28,961,264)
TOTAL NET POSITION	\$ 225,481,224	\$ 377,928,861	\$ 603,410,085

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

					NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
		PROGRAM REVENUES					
		OPERATING	CAPITAL				
		CHARGES FOR	GRANTS AND	GRANTS AND	GOVERNMENTAL	BUSINESS-TYPE	
FUNCTIONS/PROGRAMS		SERVICES	CONTRIBUTIONS	CONTRIBUTIONS	ACTIVITIES	ACTIVITIES	TOTAL
EXPENSES							
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 8,961,845	\$ 1,431,761	\$ -	\$ -	\$ (7,530,084)	\$ -	\$ (7,530,084)
PUBLIC SAFETY	15,513,181	1,897,103	184,850	1,025,704	(12,405,524)	-	(12,405,524)
COMMUNITY DEVELOPMENT	4,836,058	6,115,690	-	-	1,279,632	-	1,279,632
STREETS AND HIGHWAYS	13,522,976	-	2,511,008	23,731,618	12,719,650	-	12,719,650
PARKS, RECREATION AND CULTURE	11,220,816	4,035,165	38,177	3,606,849	(3,540,625)	-	(3,540,625)
CEMETERY	430,339	256,950	-	-	(173,389)	-	(173,389)
INTEREST ON LONG-TERM DEBT	4,877,481	-	-	-	(4,877,481)	-	(4,877,481)
TOTAL GOVERNMENTAL ACTIVITIES	59,362,696	13,736,669	2,734,035	28,364,171	(14,527,821)	-	(14,527,821)
BUSINESS-TYPE ACTIVITIES							
CULINARY WATER	10,336,143	6,324,393	5,250,596	5,151,289	-	6,390,135	6,390,135
SEWER	11,111,407	9,213,563	-	5,915,478	-	4,017,634	4,017,634
PRESSURIZED IRRIGATION	5,425,243	3,716,615	-	15,983,037	-	14,274,409	14,274,409
ELECTRIC	33,073,473	35,473,772	-	9,125,441	-	11,525,740	11,525,740
DRAINAGE	2,551,414	1,263,529	-	5,805,165	-	4,517,280	4,517,280
GARBAGE	2,649,266	2,625,981	-	-	-	(23,285)	(23,285)
TOTAL BUSINESS-TYPE ACTIVITIES	65,146,946	58,617,853	5,250,596	41,980,410	-	40,701,913	40,701,913
TOTAL PRIMARY GOVERNMENT	\$ 124,509,642	\$ 72,354,522	\$ 7,984,631	\$ 70,344,581	(14,527,821)	40,701,913	26,174,092
GENERAL REVENUES:							
PROPERTY TAXES					20,483,605	-	20,483,605
SALES TAXES					13,156,245	-	13,156,245
FRANCHISE TAXES					5,510,813	-	5,510,813
INVESTMENT EARNINGS					756,650	1,357,423	2,114,073
GAIN ON DISPOSAL OF CAPITAL ASSETS					-	41,107	41,107
OTHER					875,281	639,174	1,514,455
TOTAL GENERAL REVENUES					40,782,594	2,037,704	42,820,298
TRANSFERS					-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					40,782,594	2,037,704	42,820,298
CHANGE IN NET POSITION					26,254,773	42,739,617	68,994,390
NET POSITION AT BEGINNING OF YEAR					199,226,451	335,189,244	534,415,695
NET POSITION AT END OF YEAR					\$ 225,481,224	\$ 377,928,861	\$ 603,410,085

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 11,941,627	\$ 2,005,845	\$ 8,639,672	\$ 22,587,144
RECEIVABLES				
TAXES	12,282,866	10,516,290	-	22,799,156
INTERGOVERNMENTAL	544,953	-	3,415,667	3,960,620
OTHER	616,001	179,412	-	795,413
RESTRICTED CASH AND CASH EQUIVALENTS	1,421,502	-	20,586,781	22,008,283
TOTAL ASSETS	<u>\$ 26,806,949</u>	<u>\$ 12,701,547</u>	<u>\$ 32,642,120</u>	<u>\$ 72,150,616</u>
LIABILITIES				
ACCOUNTS PAYABLE	\$ 1,062,826	\$ -	\$ 245,178	\$ 1,308,004
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	527,991	-	1,606,316	2,134,307
WAGES PAYABLE	559,478	-	-	559,478
ACCRUED LIABILITIES	3,038,127	-	-	3,038,127
TOTAL LIABILITIES	<u>5,188,422</u>	<u>-</u>	<u>1,851,494</u>	<u>7,039,916</u>
DEFERRED INFLOWS OF RESOURCES				
TAXES	9,448,986	10,516,290	-	19,965,276
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,448,986</u>	<u>10,516,290</u>	<u>-</u>	<u>19,965,276</u>
FUND BALANCES				
RESTRICTED	893,511	-	18,980,465	19,873,976
COMMITTED	568,378	-	-	568,378
ASSIGNED	22,927	2,185,257	11,810,161	14,018,345
UNASSIGNED	10,684,725	-	-	10,684,725
TOTAL FUND BALANCE	<u>12,169,541</u>	<u>2,185,257</u>	<u>30,790,626</u>	<u>45,145,424</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 26,806,949</u>	<u>\$ 12,701,547</u>	<u>\$ 32,642,120</u>	<u>\$ 72,150,616</u>

**LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 45,145,424
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	320,306,544
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(144,426,934)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(1,989,293)
THE CURRENT ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	2,377,942
DEFERRED OUTFLOWS AND INFLOWS RELATED TO PENSIONS AND THE NET PENSION ASSET WILL NEITHER REQUIRE THE USE OF NOR PROVIDE CURRENT PERIOD FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	4,706,658
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	(639,117)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 225,481,224</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL	SPECIAL REVENUE REDEVELOPMENT AGENCY	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 27,338,399	\$ 10,958,895	\$ 853,369	\$ 39,150,663
LICENSES, FEES AND PERMITS	3,545,540	-	6,067,820	9,613,360
INTERGOVERNMENTAL	2,752,471	-	5,895,937	8,648,408
CHARGES FOR SERVICES	8,739,191	-	-	8,739,191
FINES AND FORFEITURES	844,289	-	-	844,289
MISCELLANEOUS	1,451,781	-	-	1,451,781
INTEREST ON INVESTMENTS	531,022	33,470	127,697	692,189
TOTAL REVENUES	45,202,693	10,992,365	12,944,823	69,139,881
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT	7,112,048	-	-	7,112,048
PUBLIC SAFETY	13,821,781	-	-	13,821,781
COMMUNITY DEVELOPMENT	2,897,067	1,658,971	-	4,556,038
STREETS AND HIGHWAYS	3,455,349	-	-	3,455,349
PARKS, RECREATION AND CULTURE	9,750,314	-	-	9,750,314
CEMETERY	403,066	-	-	403,066
OTHER	-	-	8,250	8,250
CAPITAL OUTLAY	-	-	12,490,153	12,490,153
DEBT SERVICE				
PRINCIPAL	710,000	3,077,224	532,195	4,319,419
INTEREST AND FISCAL CHARGES	103,960	4,178,935	621,175	4,904,070
TOTAL EXPENDITURES	38,253,585	8,915,130	13,651,773	60,820,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,949,108	2,077,235	(706,950)	8,319,393
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,242,294	-	8,330,210	9,572,504
TRANSFERS OUT	(8,330,210)	(1,242,294)	-	(9,572,504)
SALE OF CAPITAL ASSETS	388,062	-	-	388,062
ISSUANCE OF NOTES AND BONDS	-	-	18,402,528	18,402,528
TOTAL OTHER FINANCING SOURCES (USES)	(6,699,854)	(1,242,294)	26,732,738	18,790,590
NET CHANGE IN FUND BALANCE	249,254	834,941	26,025,788	27,109,983
FUND BALANCE AT BEGINNING OF YEAR	11,920,287	1,350,316	4,764,838	18,035,441
FUND BALANCE AT END OF YEAR	\$ 12,169,541	\$ 2,185,257	\$ 30,790,626	\$ 45,145,424

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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 27,109,983
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	13,018,055 (14,310,319)
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	(1,013,348)
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION	4,319,419
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	(671,881) 266,690
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	(18,402,528)
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	(443,276)
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	16,381,978
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 26,254,773

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, 2019

	GENERAL FUND				REDEVELOPMENT AGENCY			
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL		ORIGINAL	FINAL	ACTUAL	
REVENUES								
TAXES	\$ 25,175,000	\$ 25,188,500	\$ 27,338,399	\$ 2,149,899	\$ 13,830,000	\$ 13,830,000	\$ 10,958,895	\$ (2,871,105)
LICENSES, FEES AND PERMITS	2,615,000	2,675,000	3,545,540	870,540	-	-	-	-
INTERGOVERNMENTAL REVENUE	2,548,000	2,578,000	2,752,471	174,471	-	-	-	-
CHARGES FOR SERVICE	7,382,535	7,382,535	8,739,191	1,356,656	-	-	-	-
FINES AND FORFEITURES	655,000	655,000	844,289	189,289	-	-	-	-
MISCELLANEOUS REVENUE	1,204,000	1,204,000	1,451,781	247,781	-	-	-	-
INTEREST ON INVESTMENTS	61,000	61,000	531,022	470,022	7,500	7,500	33,470	25,970
TOTAL REVENUES	39,640,535	39,744,035	45,202,693	5,458,658	13,837,500	13,837,500	10,992,365	(2,845,135)
EXPENDITURES								
GENERAL GOVERNMENT	7,713,207	7,814,007	7,112,048	701,959	-	-	-	-
PUBLIC SAFETY	15,068,650	15,106,650	13,821,781	1,284,869	-	-	-	-
COMMUNITY DEVELOPMENT	3,073,572	3,133,572	2,897,067	236,505	11,558,900	11,558,900	1,658,971	9,899,929
STREETS AND HIGHWAYS	3,718,313	3,718,313	3,455,349	262,964	-	-	-	-
PARKS, RECREATIONS AND CULTURE	10,328,242	10,516,632	9,750,314	766,318	-	-	-	-
CEMETERY	459,637	464,537	403,066	61,471	-	-	-	-
DEBT SERVICE	815,832	815,832	813,960	1,872	9,750,228	9,750,228	7,256,159	2,494,069
TOTAL EXPENDITURES	41,177,453	41,569,543	38,253,585	3,315,958	21,309,128	21,309,128	8,915,130	12,393,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,536,918)	(1,825,508)	6,949,108	8,774,616	(7,471,628)	(7,471,628)	2,077,235	9,548,863
OTHER FINANCING SOURCES (USES)								
ISSUANCE OF NOTES	-	-	-	-	9,000,000	9,000,000	-	(9,000,000)
TRANSFERS IN	1,500,000	1,500,000	1,242,294	(257,706)	-	-	-	-
TRANSFERS OUT	(1,130,210)	(9,330,210)	(8,330,210)	1,000,000	(1,528,372)	(1,528,372)	(1,242,294)	286,078
SALE OF CAPITAL ASSETS	10,000	22,900	388,062	365,162	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	379,790	(7,807,310)	(6,699,854)	1,107,456	7,471,628	7,471,628	(1,242,294)	(8,713,922)
NET CHANGE IN FUND BALANCE	(1,157,128)	(9,632,818)	249,254	9,882,072	-	-	834,941	834,941
FUND BALANCE AT BEGINNING OF YEAR	11,920,287	11,920,287	11,920,287	-	1,350,316	1,350,316	1,350,316	-
FUND BALANCE AT END OF YEAR	\$ 10,763,159	\$ 2,287,469	\$ 12,169,541	\$ 9,882,072	\$ 1,350,316	\$ 1,350,316	\$ 2,185,257	\$ 834,941

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTAL BUSINESS- TYPE FUNDS	ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS								
CURRENT ASSETS								
CASH AND CASH EQUIVALENTS	\$ 5,153,470	4,266,834	\$ 253,317	\$ 10,569,074	\$ 1,574,723	\$ 315,461	\$ 22,132,879	\$ 2,561,805
INVESTMENTS, CURRENT PORTION	1,419,829	1,175,553	69,791	2,911,879	433,851	-	6,010,903	-
RECEIVABLE (NET):								
ACCOUNTS	583,887	844,748	312,014	3,219,283	126,119	276,960	5,363,011	27,095
UNBILLED	90,245	118,010	55,334	422,660	13,055	49,494	748,798	-
REFUND DUE FROM DEPOSIT								
WITH POWER SUPPLIER	-	-	-	901,438	-	-	901,438	-
INVENTORY	77,804	10,062	27,121	4,544,674	2,589	-	4,662,250	54,948
TOTAL CURRENT ASSETS	<u>7,325,235</u>	<u>6,415,207</u>	<u>717,577</u>	<u>22,569,008</u>	<u>2,150,337</u>	<u>641,915</u>	<u>39,819,279</u>	<u>2,643,848</u>
NON-CURRENT ASSETS								
RESTRICTED CASH AND CASH EQUIVALENTS	3,512,040	927,072	16,170,700	2,569,476	152,392	-	23,331,680	-
INVESTMENTS, LONG TERM PORTION	2,888,782	2,391,778	141,996	5,924,505	882,713	-	12,229,774	-
NONDEPRECIABLE CAPITAL ASSETS	26,543,060	81,995	43,291,573	9,222,227	492,805	-	79,631,660	22,277
DEPRECIABLE CAPITAL ASSETS, NET	40,157,374	48,522,509	50,498,970	81,254,819	47,345,225	-	267,778,897	2,440,493
TOTAL NON-CURRENT ASSETS	<u>73,101,256</u>	<u>51,923,354</u>	<u>110,103,239</u>	<u>98,971,027</u>	<u>48,873,135</u>	<u>-</u>	<u>382,972,011</u>	<u>2,462,770</u>
TOTAL ASSETS	<u>\$ 80,426,491</u>	<u>\$ 58,338,561</u>	<u>\$ 110,820,816</u>	<u>\$ 121,540,035</u>	<u>\$ 51,023,472</u>	<u>\$ 641,915</u>	<u>\$ 422,791,290</u>	<u>\$ 5,106,618</u>
DEFERRED OUTFLOWS OF RESOURCES								
ADVANCE FUNDING OF UAMPS PROJECT	\$ -	\$ -	\$ -	\$ 6,583,264	\$ -	\$ -	\$ 6,583,264	\$ -
DEFERRED OUTFLOWS RELATED TO PENSIONS	246,495	151,525	79,174	779,577	111,635	-	1,368,406	308,931
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 246,495</u>	<u>\$ 151,525</u>	<u>\$ 79,174</u>	<u>\$ 7,362,841</u>	<u>\$ 111,635</u>	<u>\$ -</u>	<u>\$ 7,951,670</u>	<u>\$ 308,931</u>

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
JUNE 30, 2019

	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	\$ 1,013,700	\$ 1,801,944	\$ 286,757	\$ 3,522,689	\$ 94,441	\$ 254,966	\$ 6,974,497	\$ 232,466
WAGES PAYABLE	26,480	15,264	7,299	76,317	7,569	-	132,929	33,440
ACCRUED INTEREST PAYABLE	71,453	-	278,956	61,448	1,626	-	413,483	-
PAYABLE FROM RESTRICTED ASSETS:								
ACCOUNTS PAYABLE	214,539	1,680	1,632,793	262,817	-	-	2,111,829	-
CUSTOMER DEPOSITS	31,000	-	-	8,455	-	-	39,455	-
CURRENT PORTION COMPENSATED ABSENCES	65,334	38,725	16,975	218,060	21,283	-	360,377	68,455
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	42,279	-	113,579	1,280,000	170,000	-	1,605,858	-
TOTAL CURRENT LIABILITIES	1,464,785	1,857,613	2,336,359	5,429,786	294,919	254,966	11,638,428	334,361
NON-CURRENT LIABILITIES								
COMPENSATED ABSENCES	128,346	34,198	18,551	306,747	33,611	-	521,453	66,434
NET PENSION LIABILITY	453,095	278,526	145,535	1,432,984	205,203	-	2,515,343	567,864
NOTES PAYABLE	592,642	-	592,642	-	-	-	1,185,284	-
BONDS PAYABLE, LESS CURRENT MATURITIES	3,716,316	-	15,843,242	17,015,426	960,000	-	37,534,984	-
TOTAL NON-CURRENT LIABILITIES	4,890,399	312,724	16,599,970	18,755,157	1,198,814	-	41,757,064	634,298
TOTAL LIABILITIES	\$ 6,355,184	\$ 2,170,337	\$ 18,936,329	\$ 24,184,943	\$ 1,493,733	\$ 254,966	\$ 53,395,492	\$ 968,659
DEFERRED INFLOWS OF RESOURCES								
DEFERRED INFLOWS RELATED TO PENSIONS	\$ 10,398	\$ 6,392	\$ 3,340	\$ 32,885	\$ 4,709	\$ -	\$ 57,724	\$ 13,033
NET POSITION								
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED FOR CAPITAL PROJECTS	\$ 65,646,699	\$ 48,604,504	\$ 91,778,987	\$ 73,037,332	\$ 46,708,030	\$ -	\$ 325,775,552	\$ 2,440,493
UNRESTRICTED	-	925,392	-	1,450,947	152,392	-	2,528,731	-
	8,660,705	6,783,461	181,334	30,196,769	2,776,243	386,949	48,985,461	1,993,364
TOTAL NET POSITION	\$ 74,307,404	\$ 56,313,357	\$ 91,960,321	\$ 104,685,048	\$ 49,636,665	\$ 386,949	377,289,744	\$ 4,433,857
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS								
CURRENT YEAR ADJUSTMENT							(266,690)	
CUMULATIVE ADJUSTMENT FROM PRIOR YEARS							905,807	
NET POSITION OF BUSINESS-TYPE ACTIVITIES							\$ 377,928,861	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL
	CULINARY		PRESSURIZED			NONMAJOR		ACTIVITIES
	WATER	SEWER	IRRIGATION	ELECTRIC	DRAINAGE	ENTERPRISE	FUND	INTERNAL
						(GARBAGE)	TOTALS	SERVICE
								FUNDS
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)								
CHARGES FOR SERVICES	\$ 5,750,068	\$ 9,213,563	\$ 3,286,278	\$ 34,997,860	\$ 1,263,529	\$ 2,625,981	\$ 57,137,279	\$ 4,689,539
HOOK-UP AND SERVICING FEES	574,325	-	430,337	475,912	-	-	1,480,574	-
MISCELLANEOUS REVENUES	230,686	32,976	2,010	352,722	-	20,780	639,174	-
TOTAL OPERATING REVENUES	6,555,079	9,246,539	3,718,625	35,826,494	1,263,529	2,646,761	59,257,027	4,689,539
OPERATING EXPENSES								
PERSONNEL	1,121,584	827,255	413,187	2,965,905	544,652	-	5,872,583	1,879,120
GENERAL ADMINISTRATION	184,835	110,811	45,749	482,720	77,996	12,116	914,227	-
OPERATING AND MAINTENANCE	1,658,112	8,110,107	2,862,273	24,730,429	204,765	2,637,150	40,202,836	2,784,388
INTERFUND CHARGES	208,412	183,792	75,000	786,753	47,238	-	1,301,195	-
DEPRECIATION	1,636,020	1,879,442	1,779,468	3,117,432	1,625,127	-	10,037,489	798,290
TOTAL OPERATING EXPENSES	4,808,963	11,111,407	5,175,677	32,083,239	2,499,778	2,649,266	58,328,330	5,461,798
OPERATING INCOME (LOSS)	1,746,116	(1,864,868)	(1,457,052)	3,743,255	(1,236,249)	(2,505)	928,697	(772,259)
NON-OPERATING REVENUES (EXPENSES)								
IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	1,418,167	1,199,951	1,262,411	4,299,416	388,800	-	8,568,745	-
DEVELOPER FEES	5,250,596	-	-	-	-	-	5,250,596	-
WATER ACCESS RIGHTS	(5,446,322)	-	-	-	-	-	(5,446,322)	-
INTEREST INCOME	234,086	205,375	188,979	633,473	87,344	8,166	1,357,423	64,461
INTEREST EXPENSE	(80,858)	-	(249,566)	(723,544)	(51,636)	-	(1,105,604)	-
MISCELLANEOUS REVENUES	-	-	-	-	-	-	-	30,997
GAIN ON SALE OF CAPITAL ASSETS	-	-	9,450	31,657	-	-	41,107	4,920
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,375,669	1,405,326	1,211,274	4,241,002	424,508	8,166	8,665,945	100,378
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,121,785	(459,542)	(245,778)	7,984,257	(811,741)	5,661	9,594,642	(671,881)
CAPITAL CONTRIBUTIONS	3,733,122	4,715,527	14,720,626	4,826,025	5,416,365	-	33,411,665	-
CHANGE IN NET POSITION	6,854,907	4,255,985	14,474,848	12,810,282	4,604,624	5,661	43,006,307	(671,881)
NET POSITION AT BEGINNING OF YEAR,	67,452,497	52,057,372	77,485,473	91,874,766	45,032,041	381,288		5,105,738
NET POSITION AT END OF YEAR	\$ 74,307,404	\$ 56,313,357	\$ 91,960,321	\$ 104,685,048	\$ 49,636,665	\$ 386,949		\$ 4,433,857
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							(266,690)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (page 33)							\$ 42,739,617	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES								
CASH RECEIVED FROM CUSTOMERS	\$ 6,284,223	\$ 9,085,093	\$ 3,575,172	\$ 35,214,628	\$ 1,238,442	\$ 2,560,350	\$ 57,957,908	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	-	4,664,070
CASH PAID TO SUPPLIERS	(1,820,381)	(7,250,897)	(1,042,500)	(33,323,971)	(347,645)	(2,622,276)	(46,407,670)	(2,070,842)
CASH PAID TO EMPLOYEES	(1,064,925)	(815,470)	(406,843)	(2,833,800)	(597,800)	-	(5,718,838)	(2,416,968)
CASH PAID FOR INTERFUND SERVICES	(208,412)	(183,792)	(75,000)	(786,753)	(47,238)	-	(1,301,195)	-
OTHER RECEIPTS	230,686	32,976	2,010	352,722	-	20,780	639,174	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,421,191	867,910	2,052,839	(1,377,174)	245,759	(41,146)	5,169,379	176,260
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
OTHER RECEIPTS (PAYMENTS)	(195,726)	-	-	-	-	-	(195,726)	30,997
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	(195,726)	-	-	-	-	-	(195,726)	30,997
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,229,093)	(592,082)	(4,575,778)	(7,107,344)	(312,638)	-	(13,816,935)	(176,964)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	-	9,450	31,657	-	-	41,107	4,920
CONTRIBUTIONS FROM DEVELOPERS	297,000	-	-	3,192,085	75,586	-	3,564,671	-
PRINCIPAL PAID ON BONDS	-	-	-	(1,250,000)	(165,000)	-	(1,415,000)	-
INTEREST PAID	(24,549)	-	(24,549)	(819,648)	(51,873)	-	(920,619)	-
PROCEEDS FROM ISSUANCE OF BONDS	3,738,166	-	15,975,187	-	-	-	19,713,353	-
PRINCIPAL PAID ON NOTES PAYABLE	(32,747)	-	(32,747)	-	-	-	(65,494)	-
IMPACT FEES COLLECTED	1,431,065	1,199,951	1,262,411	4,299,416	388,800	-	8,581,643	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	4,179,842	607,869	12,613,974	(1,653,834)	(65,125)	-	15,682,726	(172,044)
CASH FLOWS FROM INVESTING ACTIVITIES								
PURCHASE OF INVESTMENTS	(1,795,458)	(1,498,643)	(100,977)	(3,711,857)	(556,229)	-	(7,663,164)	-
PROCEEDS FROM SALE OF INVESTMENTS	832,853	1,379,236	766,915	3,397,883	688,057	-	7,064,944	-
INTEREST INCOME COLLECTED	234,086	205,375	188,979	633,473	87,344	8,166	1,357,423	64,461
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(728,519)	85,968	854,917	319,499	219,172	8,166	759,203	64,461

CONTINUED

**PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	PRESSURIZED IRRIGATION	ELECTRIC	DRAINAGE	NONMAJOR ENTERPRISE FUND (GARBAGE)	TOTALS	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,676,788	1,561,747	15,521,730	(2,711,509)	399,806	(32,980)	21,415,582	99,674
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,988,722	3,632,159	902,287	15,850,059	1,327,309	348,441	24,048,977	2,462,131
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,665,510</u>	<u>\$ 5,193,906</u>	<u>\$ 16,424,017</u>	<u>\$ 13,138,550</u>	<u>\$ 1,727,115</u>	<u>\$ 315,461</u>	<u>\$ 45,464,559</u>	<u>\$ 2,561,805</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:								
UNRESTRICTED CASH	\$ 5,153,470	\$ 4,266,834	\$ 253,317	\$ 10,569,074	\$ 1,574,723	\$ 315,461	\$ 22,132,879	\$ 2,561,805
RESTRICTED CASH	3,512,040	927,072	16,170,700	2,569,476	152,392	-	23,331,680	-
	<u>\$ 8,665,510</u>	<u>\$ 5,193,906</u>	<u>\$ 16,424,017</u>	<u>\$ 13,138,550</u>	<u>\$ 1,727,115</u>	<u>\$ 315,461</u>	<u>\$ 45,464,559</u>	<u>\$ 2,561,805</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 3,436,122	\$ 4,715,527	\$ 14,720,626	\$ 1,633,940	\$ 5,340,779	\$ -	\$ 29,846,994	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:								
OPERATING INCOME (LOSS)	\$ 1,746,116	\$ (1,864,868)	\$ (1,457,052)	\$ 3,743,255	\$ (1,236,249)	\$ (2,505)	\$ 928,697	\$ (772,259)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES								
DEPRECIATION	1,636,020	1,879,442	1,779,468	3,117,432	1,625,127	-	10,037,489	798,290
CHANGES IN ASSETS AND LIABILITIES								
ACCOUNTS RECEIVABLE	(27,312)	(131,029)	(136,126)	(283,654)	(24,790)	(65,291)	(668,202)	1,626
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	(2,008)	2,559	(5,317)	24,885	(297)	(340)	19,482	-
ADVANCE BILLING ON DEPOSIT								
WITH POWER SUPPLIER	-	-	-	(336,862)	-	-	(336,862)	-
INVENTORY	28,559	(3,058)	3,281	(1,993,704)	-	-	(1,964,922)	(10,928)
ACCOUNTS PAYABLE	(5,993)	973,079	1,862,241	(6,024,081)	(64,884)	26,990	(3,232,648)	23,972
WAGES PAYABLE	2,427	(3,536)	(413)	(14,623)	(3,791)	-	(19,936)	2,174
COMPENSATED ABSENCES	21,384	4,868	5,733	80,526	8,878	-	121,389	36,693
AMORTIZATION OF ADVANCE FUNDING OF UAMPS PROJECT	-	-	-	243,825	-	-	243,825	-
CHANGES IN NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS								
RELATED TO PENSIONS	32,848	10,453	1,024	66,202	(58,235)	-	52,292	96,692
CUSTOMER DEPOSITS	(10,850)	-	-	(375)	-	-	(11,225)	-
	<u>\$ 3,421,191</u>	<u>\$ 867,910</u>	<u>\$ 2,052,839</u>	<u>\$ (1,377,174)</u>	<u>\$ 245,759</u>	<u>\$ (41,146)</u>	<u>\$ 5,169,379</u>	<u>\$ 176,260</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 Fox Hollow Golf Course – The Fox Hollow 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 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, 2019

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 regard 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, 2019

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, 2019

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. GAAP 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, 2019

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.

Investments

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. 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. Investments for the City are reported at fair value determined on quoted market prices. Changes in the fair value of investments are recognized as a component of investment income.

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 and prepaid items

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 cost on a weighted average basis. Supplies inventories, consisting principally of office supplies, are valued at cost on a first-in, first-out basis. Transformers are valued at cost on a specific identification basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Intangible Assets

The City records donated intangible assets meeting the criteria under GAAP at fair value. The City records purchased intangible assets as capital assets. Water rights are the City's primary intangible asset.

Deferred outflows/inflows of resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on these assets is computed using the straight-line method over their estimated useful lives as follows:

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

Revenues – Exchange and Non-exchange Transactions

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

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

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 \$748,798 at June 30, 2019. The accounts receivable are reported net of the allowance for doubtful accounts of \$364,943 at June 30, 2019.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

Accumulated sick leave is earned at a rate of one day per month. Employees may accumulate unlimited sick leave. Upon retirement, employees may 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. The City had no nonspendable fund balance as of June 30, 2019.

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgets and budgetary control

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

Utah State law prohibits the appropriation of 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 the book value of cash on deposit was \$3,135,058 and the bank balance was \$3,143,684 (\$2,643,684 of which was exposed to custodial credit risk as uninsured and uncollateralized) with the difference being outstanding checks and deposits.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank 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 and the Utah State Public Treasurer's Investment Fund. (See Note C for additional information about the Utah State Public Treasurer's Investment Fund).

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B – DEPOSITS AND INVESTMENTS - CONTINUED

- *Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit; and,
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2019, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurement Classification</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Utah Public Treasurer's Investment Fund	\$ 89,296,447	\$ -	\$ 89,296,447	\$ -
U.S. Agencies	5,843,408	5,843,408	-	-
Corporate Debt Securities	12,239,536	-	12,239,536	-
Money Market Funds	348,019	348,019	-	-
	<u>\$ 107,727,410</u>	<u>\$ 6,191,427</u>	<u>\$101,535,983</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. The City receives market prices for these securities from a variety of industry standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, the City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;

Debt securities classified in Level 2 are valued using the following approaches

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices;
- Bond Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to Lehi City’s average daily balance in the Fund; and,
- Donated Real Estate: recent appraisals of the real estate’s value.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

Interest Rate Risk – Investments

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

The following table shows the maturities of the City's investments as of June 30, 2019:

<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>
Debt Securities					
U.S. Agencies	\$ 5,843,408	\$ -	\$ 5,843,408	\$ -	\$ -
Corporate Debt Securities	12,239,536	5,853,169	6,386,367	-	-
Money Market Funds	348,019	348,019	-	-	-
	18,430,963	<u>\$ 6,201,188</u>	<u>\$12,229,775</u>	<u>\$ -</u>	<u>\$ -</u>
Other Investments					
Utah Public Treasurer's Investment Fund	89,296,447				
	\$107,727,410				

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B – DEPOSITS AND INVESTMENTS-CONTINUED

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The quality ratings for the City's investments are presented below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>				
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A-</u>	<u>Unrated</u>
Utah Public Treasurer's Investment Fund	\$ 89,296,447	\$ -	\$ -	\$ -	\$ -	\$89,296,447
U.S. Agencies	5,843,408	5,843,408	-	-	-	-
Corporate Debt Securities	12,239,536	-	3,233,910	8,924,608	81,018	-
Money Market Funds	348,019	-	-	-	-	348,019
	<u>\$107,727,410</u>	<u>\$ 5,843,408</u>	<u>\$ 3,233,910</u>	<u>\$8,924,608</u>	<u>\$ 81,018</u>	<u>\$89,644,466</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. All investments other than bank deposits or funds invested in the PTIF are to be held by a third party with securities delivered on a delivery vs. purchase basis.

As of June 30, 2019, the City kept all investments either in the PTIF or with custodian counterparty Moreton Asset Management and all investments which were held by the counterparty's trust department or agent are registered in the City's name. The City does not have a formal policy for custodial credit risk.

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, 2019, 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C – EXTERNAL INVESTMENT POOL

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

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

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security’s fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2019) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2019, the City had \$89,296,447 invested in the PTIF which had a fair value of \$89,665,043 for an unrealized gain of \$368,596. 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	94.06%
Certificates of deposit	0.13%
Money market accounts	3.35%
Commercial paper and other	2.46%
	<u>100.00%</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Reserves for future debt service	\$ 452,261	\$ 2,221	\$ 454,482
Unexpended bond proceeds	18,016,690	20,538,452	38,555,142
Unexpended B & C Road funds	948,130	-	948,130
Unexpended CDBG funds	69,068	-	69,068
Funds restricted for landfill post-closure costs	303,292	-	303,292
Fund restricted for library	170,080	-	170,080
Unexpended impact fees	2,048,762	2,791,007	4,839,769
	<u>\$ 22,008,283</u>	<u>\$ 23,331,680</u>	<u>\$ 45,339,963</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE E – FUND BALANCES

Fund balances are presented on the governmental fund balance sheet in compliance with the requirements of GAAP. The detail of the fund balance categories is presented below:

	Major Governmental Funds			
		Special Revenue	Capital Projects	Total
	General	Redevelopment Agency		
Restricted:				
Externally imposed by creditors				
Unexpended bond proceeds	\$ -	\$ -	\$ 18,016,690	\$ 18,016,690
Debt reserves	-	-	452,261	452,261
Externally imposed by grantors	170,080		69,068	239,148
Imposed by law or legislation				
C road funds	948,130	-	-	948,130
Less liabilities payable from C road funds	(527,991)	-	-	(527,991)
Landfill post-closure costs	303,292	-	-	303,292
Impact fees	-	-	2,048,762	2,048,762
Less liabilities payable from impact fees or bond proceeds	-	-	-	-
Total restricted	893,511	-	18,980,465	19,873,976
Committed:				
Library Fund	568,378	-	-	568,378
Total committed	568,378	-	-	568,378
Assigned:				
Hutchings Museum	22,927	-	-	22,927
Redevelopment	-	2,185,257	-	2,185,257
Capital Projects	-	-	11,810,161	11,810,161
Total assigned	22,927	2,185,257	11,810,161	14,018,345
Unassigned:	10,684,725	-	-	10,684,725
Total fund balance	<u>\$ 12,169,541</u>	<u>\$ 2,185,257</u>	<u>\$ 30,790,626</u>	<u>\$ 45,145,424</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	July 1, 2018	Increases	Decreases	June 30, 2019
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 137,779,596	\$ 8,208,481	\$ -	\$ 145,988,077
Construction in progress	4,415,434	7,729,782	1,049,376	11,095,840
Total nondepreciable capital assets	<u>\$ 142,195,030</u>	<u>\$ 15,938,263</u>	<u>\$ 1,049,376</u>	<u>\$ 157,083,917</u>
Depreciable capital assets:				
Buildings	\$ 31,732,598	\$ 70,582	\$ -	\$ 31,803,180
Improvements, including infrastructure	241,792,544	13,892,433	-	255,684,977
Machinery, equipment and vehicles	21,928,883	716,724	748,598	21,897,009
Office furniture and equipment	1,659,251	7,510	-	1,666,761
Total depreciable capital assets at historical cost	<u>297,113,276</u>	<u>14,687,249</u>	<u>748,598</u>	<u>311,051,927</u>
Less accumulated depreciation:				
Buildings	11,907,895	1,269,027	-	13,176,922
Improvements, including infrastructure	105,189,035	12,312,733	-	117,501,768
Machinery, equipment and vehicles	14,350,870	1,505,882	306,183	15,550,569
Office furniture and equipment	1,579,074	20,967	-	1,600,041
Total accumulated depreciation	<u>133,026,874</u>	<u>15,108,609</u>	<u>306,183</u>	<u>147,829,300</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 164,086,402</u>	<u>\$ (421,360)</u>	<u>\$ 442,415</u>	<u>\$ 163,222,627</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 1,713,752
Public safety	1,267,498
Community development	89,318
Streets and highways, including infrastructure	10,365,739
Parks, recreation and culture	1,632,917
Cemetery	39,385
	<u>\$ 15,108,609</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE F – CAPITAL ASSETS – CONTINUED

	July 1, 2018	Increases	Decreases	June 30, 2019
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 3,146,725	\$ -	\$ -	\$ 3,146,725
Construction in progress	32,548,564	4,991,587	19,799,421	17,740,730
Intangibles	49,518,828	9,225,377	-	58,744,205
Total nondepreciable capital assets	<u>\$ 85,214,117</u>	<u>\$ 14,216,964</u>	<u>\$ 19,799,421</u>	<u>\$ 79,631,660</u>
Depreciable capital assets:				
Buildings	\$ 3,152,841	\$ 10,255,457	\$ -	\$ 13,408,298
Improvements, including infrastructure	308,338,126	38,569,341	-	346,907,467
Machinery, equipment and vehicles	6,654,788	421,588	130,705	6,945,671
Office furniture and equipment	207,160	-	-	207,160
Total depreciable capital assets at historical cost	<u>318,352,915</u>	<u>49,246,386</u>	<u>130,705</u>	<u>367,468,596</u>
Less accumulated depreciation:				
Buildings	1,480,385	449,298	-	1,929,683
Improvements, including infrastructure	83,659,167	9,220,820	-	92,879,987
Machinery, equipment and vehicles	4,456,418	364,598	130,705	4,690,311
Office furniture and equipment	186,945	2,773	-	189,718
Total accumulated depreciation	<u>89,782,915</u>	<u>10,037,489</u>	<u>130,705</u>	<u>99,689,699</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 228,570,000</u>	<u>\$ 39,208,897</u>	<u>\$ -</u>	<u>\$ 267,778,897</u>
Depreciation was charged to functions as follows:				
Business-type activities:				
Culinary water			\$ 1,636,020	
Sewer			1,879,442	
Electric			3,117,432	
Pressurized irrigation			1,779,468	
Drainage			1,625,127	
			<u>\$ 10,037,489</u>	

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G – CUSTOMER DEPOSITS

Business-type activity deposits consist of 1) enterprise fund customer deposits the City requires from renters or businesses before they receive utility connections and 2) deposits from developers for the use of a water meter on a hydrant while a project is in process. The utility deposits are returnable when the residence is vacated by the renter, or the business has established a history of meeting its obligations to the City promptly. The developers are refunded their deposits upon completion of the project.

NOTE H – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2019:

Governmental activities

2019 Sales tax revenue bonds

\$16,470,000 sales tax revenue term bonds due
serially through June 1, 2039 with interest from
2.41% to 5.00%, premium paid on issue of \$1,932,528 \$ 18,386,424

2018 Sales tax revenue bonds

\$5,000,000 sales tax revenue term bonds due
serially through June 1, 2038 with interest from
4.00% to 5.25%, premium paid on issue of \$768,588 5,585,159

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% 3,810,000

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% 51,884,055

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H – LONG-TERM DEBT - CONTINUED

Governmental activities - continued

Tax increment note payable to developer	
Due in annual installments equal to 97% of the tax increment received by the RDA from the West Timpanogos Community Development Project area	18,545,562
Tax increment note payable to developer	
Noninterest bearing note payable to developer, payable in annual installments equal to 95% of the tax increment received by the RDA from the Thanksgiving Park Economic Development Project area	1,149,750
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	10,451,021
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	13,938,666
Note payable to developer	
Noninterest bearing note payable to developer, payable in annual installments equal to 25% of the sales and use taxes that are generated from sales on the site of the development	751,629
Compensated absences	2,710,549
Net pension liability	9,008,202
Landfill closure and postclosure care liability	250,917
Total Governmental activities long-term debt	<u>\$ 144,426,934</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H – LONG-TERM DEBT – CONTINUED

Business-type activities

2018 Electric revenue bonds	
\$15,640,000 electric revenue bonds due serially through 2038	
with interest rates ranging from 4% to 5%, premium paid	
on issue of \$2,469,467	\$ 17,510,426
2019 Water revenue bonds	
\$17,205,000 water revenue bonds due serially through 2044	
with interest rates ranging from 4% to 5%, premium paid	
on issue of \$2,508,353	19,674,558
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%	785,000
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%	1,130,000
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	391,522
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%	834,620
Compensated absences	881,830
Net pension liability	<u>2,515,343</u>
Total Business-type activities long-term debt	<u><u>\$ 43,723,299</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Current Amounts Due
Governmental activities					
Direct Placements					
2014 Sales tax revenue and refunding bonds	\$ 4,520,000	\$ -	\$ 710,000	\$ 3,810,000	\$ 725,000
2004 Subordinated sales tax revenue bonds	7,955,000	-	-	7,955,000	-
Other bonds and notes payable					
2019 Sales tax revenue bonds	-	16,470,000	-	16,470,000	-
Unamortized premium	-	1,932,528	16,104	1,916,424	-
2018 Sales tax revenue bonds	5,000,000	-	145,000	4,855,000	155,000
Unamortized premium	768,588	-	-	730,159	-
Tax increment notes payable to developers	99,046,278	-	3,077,224	95,969,054	-
Other notes payable	1,138,824	-	387,195	751,629	-
Total bonds and notes payable	118,428,690	18,402,528	4,335,523	132,457,266	880,000
Other liabilities:					
Compensated absences	2,325,436	1,219,747	834,634	2,710,549	1,089,635
Net pension liability	4,749,654	4,258,548	-	9,008,202	-
Landfill closure and post- closure care liability	250,917	-	-	250,917	-
	7,326,007	5,478,295	834,634	11,969,668	1,089,635
Governmental activities long-term debt	<u>\$ 125,754,697</u>	<u>\$ 23,880,823</u>	<u>\$ 5,170,157</u>	<u>\$ 144,426,934</u>	<u>\$ 1,969,635</u>

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - LONG-TERM DEBT - CONTINUED

As of June 30, 2019 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Other		Direct Placement	
	Sales Tax		Sales Tax	
	Revenue Bonds		Revenue Bonds	
	Principal	Interest		
2020	\$ 155,000	\$ 243,312	\$ 725,000	\$ 87,630
2021	160,000	891,477	745,000	70,955
2022	170,000	881,913	765,000	53,820
2023	180,000	873,912	780,000	36,225
2024	190,000	865,413	795,000	18,285
2025-2029	5,550,000	4,006,813	-	-
2030-2034	6,820,000	2,855,462	-	-
2035-2039	8,100,000	1,355,211	-	-
	<u>21,325,000</u>	<u>11,973,513</u>	<u>\$ 3,810,000</u>	<u>\$ 266,915</u>
Unamortized				
Premium	<u>2,646,583</u>	<u>(2,646,583)</u>		
	<u>\$ 23,971,583</u>	<u>\$ 9,326,930</u>		

The amortization of compensated absences, net pension liability, 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.

The amortization of the other notes payable of \$751,629 is unknown due to the uncertainty of the timing of the payments.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Current Amounts Due
Business-type activities					
Direct Placements					
2014 Electric refunding bonds	\$ 1,560,000	\$ -	\$ 775,000	\$ 785,000	\$ 785,000
2010 Drainage refunding bonds	1,295,000	-	165,000	1,130,000	170,000
Other bonds and notes payable					
2019 Water revenue bonds	-	17,205,000	-	17,205,000	115,000
Unamortized premium	-	2,508,353	38,795	2,469,558	-
2018 Electric revenue bonds	15,640,000	-	475,000	15,165,000	495,000
Unamortized premium	2,469,467	-	124,041	2,345,426	-
Note payable to Provo Reservoir Water Users Company	405,516	-	13,994	391,522	14,491
Note payable to Provo River Water Users Association	886,120	-	51,500	834,620	26,367
Total bonds and notes payable	22,256,103	19,713,353	1,643,330	40,326,126	1,605,858
Compensated absences	760,441	396,824	275,435	881,830	360,377
Net pension liability	1,317,441	1,197,902	-	2,515,343	-
	2,077,882	1,594,726	275,435	3,397,173	360,377
Business-type activities long-term debt	\$ 24,333,985	\$ 21,308,079	\$ 1,918,765	\$ 43,723,299	\$ 1,966,235

As of June 30, 2019, annual debt service requirements of business-type activities to maturity are as follows:

Year ending June 30,	Direct Placements			
	Electric		Drainage	
	Revenue bonds		Revenue bonds	
	Principal	Interest	Principal	Interest
2020	\$ 785,000	\$ 17,270	\$ 170,000	\$ 39,663
2021	-	-	180,000	33,696
2022	-	-	185,000	27,378
2023	-	-	190,000	20,885
2024	-	-	200,000	14,215
2025-2029	-	-	205,000	7,196
	\$ 785,000	\$ 17,270	\$ 1,130,000	\$ 143,033

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H – LONG-TERM DEBT – CONTINUED

Other Bonds and Notes				
Year ending June 30,	Water Revenue Bonds		Electric Revenue and Refunding Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 115,000	\$ 1,120,679	\$ 495,000	\$ 758,250
2021	390,000	846,550	520,000	733,500
2022	405,000	830,950	545,000	707,500
2023	425,000	814,750	575,000	680,250
2024	445,000	793,500	605,000	651,500
2025-2029	2,575,000	3,611,250	3,505,000	2,772,750
2030-2034	3,290,000	2,899,750	4,470,000	1,804,750
2035-2039	4,200,000	1,990,500	4,450,000	570,000
2040-2044	5,360,000	830,000	-	-
	<u>17,205,000</u>	<u>13,737,929</u>	<u>15,165,000</u>	<u>8,678,500</u>
Unamortized Premium	<u>2,469,558</u>	<u>(2,469,558)</u>	<u>2,345,426</u>	<u>(2,345,426)</u>
	<u>\$ 19,674,558</u>	<u>\$ 11,268,371</u>	<u>\$ 17,510,426</u>	<u>\$ 6,333,074</u>

Year ending June 30,	Note Payable to Provo River Water Users Association		Note Payable to Provo Reservoir Water Users Co.	
	Principal	Interest	Principal	Interest
2020	\$ 26,367	\$ 33,384	\$ 14,491	\$ 14,191
2021	37,041	32,330	15,023	13,666
2022	38,529	30,848	20,302	13,122
2023	40,054	29,307	21,034	12,385
2024	41,653	27,705	21,800	11,623
2025-2029	234,632	112,160	121,485	45,672
2030-2034	285,506	61,320	145,122	22,002
2035-2036	130,838	7,900	32,265	1,169
	<u>\$ 834,620</u>	<u>\$ 334,954</u>	<u>\$ 391,522</u>	<u>\$ 133,830</u>

The amortization of compensated absences and the net pension liability 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, 2019

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	Drainage Revenue Bonds	Water Revenue Bonds
Net revenues			
Operating revenues	\$ 35,826,494	\$ 1,263,529	\$ 10,273,704
Operating expenses (excluding depreciation)	(28,965,807)	(874,651)	(6,569,152)
Impact fee revenues	4,299,416	388,800	2,680,578
Interest income	633,473	87,344	423,065
Net revenues	<u>\$ 11,793,576</u>	<u>\$ 865,022</u>	<u>\$ 6,808,195</u>
Aggregate debt service for 2020	<u>\$ 1,253,250</u>	<u>\$ 209,663</u>	<u>\$ 1,235,679</u>
Ratio of net revenues to aggregate debt service	9.41	4.13	5.51
Minimum ratio	1.25	1.25	1.25

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, 2019 the following bonds are considered defeased:

	Bond Series	Defeased Balance
Governmental Activities:	2000 Lease Revenue Bonds	\$2,525,000

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H – LONG-TERM DEBT – CONTINUED

Pledged Revenues

The City has pledged sales tax revenues in the amount of \$45,330,428 to fund debt service payments on the sales tax revenue bonds. The 2014 bonds were used to finance infrastructure improvements within the City, the 2018 bonds were used primarily to finance the construction of a new fire station within the City, and the 2019 bonds are being used primarily to finance the construction of a new police station within the City. Sales tax revenue has been pledged for debt service payments through the year 2039. Total sales tax collections through 2039 have not been estimated. Sales tax revenue in the current year was \$13,381,416 and debt service for the sales tax bonds was \$1,667,330.

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 \$51,884,055. 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 \$8,961,922. 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 \$1,149,750. 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 \$256,343. If tax increment revenues over the life of the note are insufficient to pay the note, the City will not be required to pay the remaining balance.

The City has pledged property and sales tax increment revenues to fund debt service payments on a tax increment note payable to developer of the Traverse Mountain Project Area in the amount of \$10,451,021. 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 \$587,850. 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 \$13,938,666. 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 \$482,669. 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, 2019

NOTE H – LONG-TERM DEBT – CONTINUED

The City has pledged property tax increment revenues to fund debt service payments on a tax increment note payable to developer of the West Timpanogos Community Development Project Area in the amount of \$18,545,562. 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 2035. Tax increment revenue available for debt service in the current year was \$297,745. 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 electric revenues in the amount of \$24,645,770 to fund debt service payments on the electric revenue 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 2038. Electric revenues are projected to produce 500 percent of the debt service requirements over the life of the bonds. In the current year, net electric revenues were \$11,793,576 and electric revenue bond debt service payments were \$2,059,245.

The City has pledged drainage revenues in the amount of \$1,273,033 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 \$865,022 and drainage revenue bond debt service payments were \$210,454.

The City has pledged water and pressurized irrigation revenues in the amount of \$30,942,929 to fund debt service payments on the water revenue bonds. The bonds were issued to fund water and pressurized irrigation system improvements within the City. Water and pressurized irrigation revenues have been pledged to fund debt service payments through the year 2044. Water and pressurized irrigation revenues are expected to produce approximately 400 percent of the debt service requirements over the life of the bonds. In the current year, net water and pressurized irrigation revenues were \$6,808,195. No debt service payments were required during the current year.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employees, retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (URS) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the URS under the direction of the Board, whose members are appointed by the Governor. The URS are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

Benefits provided: URS provides retirement, disability, and death benefits.
Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory system	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions applied

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI), increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS - CONTINUED

Contribution Rate Summary

As a condition of participation in the URS, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Governmental Division Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
23 - Other Division A with 2.5% COLA	12.29%	22.79%	N/A
122 - Other Division A Contributory Tier 2	N/A	23.09%	74.00%
Noncontributory			
43 - Other Division A with 2.5% COLA	N/A	34.04%	N/A
Firefighters System			
31 - Other Division A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	11.83%	12.00%
232 - Firefighters	N/A	0.08%	12.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory	\$ 1,438,487	N/A
Public Safety	653,299	27,051
Firefighters	75,547	246,634
Tier 2 Public Employees	526,354	-
Tier 2 Public Safety and Firefighter	420,325	-
Tier 2 DC Only	52,248	N/A
Tier 2 DC Public Safety and Firefighter	110	N/A
Total Contributions	<u>\$ 3,166,370</u>	<u>\$ 273,685</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS - CONTINUED

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported no net pension asset and a net pension liability of \$11,523,545.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.9518516%	\$ -	\$ 7,009,172
Public Safety System	1.4282679%	-	3,674,341
Firefighters System	5.2830772%	-	685,993
Tier 2 Public Employees System	0.2619050%	-	112,168
Tier 2 Public Safety and Firefighter System	1.6711253%	-	41,871
Total Net Pension Asset/Liability		\$ -	\$ 11,523,545

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, the City recognized pension expense of \$4,084,775.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 255,162	\$ 452,525
Changes in assumptions	1,794,126	83,185
Net difference between projected and actual earnings on pension plan investments	2,516,090	-
Changes in proportion and differences between contributions and proportionate share of contributions	453,298	43,073
Contributions subsequent to the measurement date	1,577,447	-
Total	\$ 6,596,123	\$ 578,783

\$1,577,447 reported as deferred outflows of resources was related to contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 1,873,519
2021	735,467
2022	425,106
2023	1,285,893
2024	52,317
Thereafter	67,591

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of \$2,071,780.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,148	\$ 130,730
Changes in assumptions	938,959	-
Net difference between projected and actual earnings on pension plan investments	1,458,530	-
Changes in proportion and differences between contributions and proportionate share of contributions	278,306	-
Contributions subsequent to the measurement date	706,746	-
Total	<u>\$ 3,472,689</u>	<u>\$ 130,730</u>

\$706,746 reported as deferred outflows of resources was related to contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 1,175,563
2021	539,710
2022	228,884
2023	691,056
2024	-
Thereafter	-

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of \$1,222,016.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 174,863
Changes in assumptions	422,352	-
Net difference between projected and actual earnings on pension plan investments	634,065	-
Changes in proportion and differences between contributions and proportionate share of contributions	128,602	33,647
Contributions subsequent to the measurement date	319,374	-
Total	<u>\$ 1,504,393</u>	<u>\$ 208,510</u>

\$319,374 reported as deferred outflows of resources was related to contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 494,610
2021	102,811
2022	78,106
2023	300,982
2024	-
Thereafter	-

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of \$258,403.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,987	\$ 123,696
Changes in assumptions	364,865	79,634
Net difference between projected and actual earnings on pension plan investments	357,457	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,485	7,499
Contributions subsequent to the measurement date	37,219	-
Total	<u>\$ 915,013</u>	<u>\$ 210,829</u>

\$37,219 reported as deferred outflows of resources was related to contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 179,848
2021	75,193
2022	98,815
2023	260,867
2024	45,443
Thereafter	6,799

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of \$289,951.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 787	\$ 23,183
Changes in assumptions	28,114	2,015
Net difference between projected and actual earnings on pension plan investments	36,527	-
Changes in proportion and differences between contributions and proportionate share of contributions	35,777	-
Contributions subsequent to the measurement date	300,283	-
Total	<u>\$ 401,488</u>	<u>\$ 25,198</u>

\$300,283 reported as deferred outflows of resources was related to contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 12,740
2021	9,291
2022	10,172
2023	17,909
2024	3,396
Thereafter	22,499

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of \$242,625.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,240	\$ 55
Changes in assumptions	39,836	1,536
Net difference between projected and actual earnings on pension plan investments	29,511	-
Changes in proportion and differences between contributions and proportionate share of contributions	129	1,925
Contributions subsequent to the measurement date	213,824	-
Total	<u>\$ 302,540</u>	<u>\$ 3,516</u>

\$213,824 reported as deferred outflows of resources was related to contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 10,756
2021	8,462
2022	9,129
2023	15,080
2024	3,479
Thereafter	38,294

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	13%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	18%	2.85%	0.46%
Cash and cash equivalents	-	-	-
Totals	<u>100%</u>		<u>4.75%</u>
			<u>2.50%</u>
			<u>7.25%</u>

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date. The discount rate remained unchanged from the prior measurement period at 6.95%.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - RETIREMENT PLANS – CONTINUED

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
System			
Noncontributory	\$ 14,365,019	\$ 7,009,172	\$ 883,694
Public Safety	7,202,356	3,674,341	810,368
Firefighters	2,559,890	685,993	(831,360)
Tier 2 Public Employees	449,368	112,168	(148,065)
Tier 2 Public Safety and Firefighter	315,816	41,871	(167,766)
Total	<u>\$ 24,892,449</u>	<u>\$ 11,523,545</u>	<u>\$ 546,871</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

NOTE J – DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by either URS 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, 2019, was approximately \$23,000,000. Employees with proof of other health insurance may choose to opt out of the City's health insurance plan and in lieu of those benefits, receive a contribution to a deferred compensation plan. During the year ended June 30, 2019, contributions totaling \$241,526 were made to the plan by employees and \$447,303 by the City.

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, had an outstanding balance of \$155,515,000, of which the City's portion was \$17,059,271. During the year ended June 30, 2019, the City purchased power totaling \$23,029,765.

Effective April 1, 2018, the City entered into a Power Sales Contract with UAMPS. UAMPS is in the process of constructing a nuclear generating facility plant known as the Carbon Free Power Project (the Project). Under the contract, the City will purchase from UAMPS an Entitlement Share of up to 10,000 KW of capacity generated by the Project. UAMPS has prepared a budget for the project reflecting total costs of approximately \$4.2 billion. Each participant will fund its pro rata share of the project with either an initial capital contribution, or by funding its pro rata share of debt service on any bonds that UAMPS will issue to finance the project. At this time, the City is anticipating it will be responsible for 3.4957% of the project, or approximately \$147 million. Construction is expected to begin on the project in July 2023. Until that time there are several milestones at which point the City could exercise the option to withdraw from the agreement. If the City chooses to discontinue participation in the project, the resulting cost to the City would be approximately \$100,000.

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.

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. Through June 30, 2019, the City had paid \$13,788,319 of the total development fee, leaving a remaining balance of \$836,681. This fee must be paid by June 30, 2020. Subsequent to year end, the City entered into another similar agreement with the District wherein the City will be required to pay another development fee of 150 acre feet of water at \$10,870 per acre foot for a total of \$1,630,500. This fee must be paid by June 30, 2022.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE K – COMMITMENTS AND CONTIGENCIES - CONTINUED

The City has entered into a contract for the construction of a new police station. The total of the contract is approximately \$14,100,000, \$45,362 of which had been completed as of June 30, 2019. The City has also entered into a contract for the construction of a reservoir, a sediment basin and a pump station as part of the pressurized irrigation system. The total of the contracts for those projects is approximately \$5,800,000, \$2,455,780 of which had been completed as of June 30, 2019.

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 self-insures for claim under \$100,000 and carries commercial insurance for risks in excess of that amount, except for risks associated with natural disasters. There were no decreases in coverage during 2019. 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>2019</u>	<u>2018</u>
Claims liability, July 1	\$ 268,576	\$ 92,657
Claims incurred during the year and changes in estimates	64,801	356,740
Payments on claims during the year		
Payments made by insurance	211,961	10,609
Coinsurance and deductible insurance payments made by the City	<u>64,801</u>	<u>170,212</u>
Claims liability, June 30	<u>\$ 56,615</u>	<u>\$ 268,576</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE M - INTERFUND TRANSFERS

The City has transfers from the Redevelopment Agency to the general fund pursuant to the City's participation in various redevelopment projects. 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	\$ -	\$ 8,330,210	\$ 8,330,210
Redevelopment Agency	1,242,294	-	1,242,294
	<u>\$ 1,242,294</u>	<u>\$ 8,330,210</u>	<u>\$ 9,572,504</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, 2019

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.

In August 2014, the Redevelopment Agency passed a resolution adopting an economic development project area known as the West Timpanogos 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 \$19,557,363, with the Agency distributing 97% of the tax increment from the project area to the developer and keeping the remaining 3% for administrative services.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

For the year ended June 30, 2019 the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Millpond Project Area	\$ 372,366
Alpine Highway Project Area	8,961,922
Alpine Highway West Project Area	482,669
West Timpanogos Project Area	297,745
Traverse Mountain Project Area	587,850
Thanksgiving Park Project Area	256,343
	<u>\$ 10,958,895</u>
Outstanding loans to finance RDA projects	<u>\$ 95,969,054</u>
Expenditures:	
Tax increments paid to other taxing agencies	\$ 1,645,471
Principal	3,077,224
Interest	4,178,935
Redevelopment costs	13,500
	<u>\$ 8,915,130</u>

NOTE P – TAX ABATEMENTS

The City negotiates property and sales tax abatement agreements with local businesses through its RDA and under the state Limited Purpose Local Government Entities Act. Under the Act, localities may grant property and sales tax abatements for the purpose of promoting economic growth.

For the fiscal year ended June 30, 2019, the City abated the following taxes:

	Property Taxes	Sales Taxes
<u>RDA Project Area tax abatements</u>		
Millpond Project Area	\$ 42,495	\$ -
Alpine Highway Project Area	1,188,351	-
Alpine Highway West Project Area	83,626	-
West Timpanogos Project Area	102,754	-
Traverse Mountain Project Area	96,390	442,604
Thanksgiving Park Project Area	53,992	-
	<u>1,567,608</u>	<u>442,604</u>
Other relocation incentive projects	-	87,194
	<u>\$ 1,567,608</u>	<u>\$ 529,798</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expenditure in the General fund in each period based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability is evaluated every three years and as of June 30, 2019, 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, 2019	<u>77%</u>
Cumulative closure and postclosure care liability, as revised during 2019	250,917
Amounts previously recognized	<u>250,917</u>
Amount to be recognized as of June 30, 2019	-
Amount reported as a long-term liability in the governmental activities statement of net position	<u><u>\$ 250,917</u></u>

The total estimated closure and postclosure care costs are based on estimates of what it would cost to perform all closure and postclosure care in 2019. The City has a capacity of 230,000 cubic yards. The landfill is only used for City purposes. The City anticipates the landfill not reaching full capacity until at least 2035. 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.

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

LEHI CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
UTAH RETIREMENT SYSTEMS
For the fiscal Year Ended June 30, 2019
With a Measurement Date of December 31, 2018
Last Ten Fiscal Years*

Noncontributory System for the Fiscal Years Ended June 30,

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.9518516%	0.9004162%	0.8609147%	0.8368340%	0.8252402%
Proportionate share of the net pension liability (asset)	\$ 7,009,172	\$ 3,944,993	\$ 5,528,126	\$ 4,735,214	\$ 3,583,385
Covered payroll	\$ 7,802,584	\$ 7,400,491	\$ 7,264,143	\$ 7,048,506	\$ 6,956,642
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.8%	53.3%	76.1%	67.2%	51.5%
Plan fiduciary net position as a percentage of the total pension liability	87.0%	91.9%	87.3%	87.8%	90.2%

Public Safety System for the Fiscal Years Ended June 30,

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	1.4826790%	1.3389936%	1.3909834%	1.3094092%	1.2531910%
Proportionate share of the net pension liability (asset)	\$ 3,674,341	\$ 2,100,423	\$ 2,822,689	\$ 2,345,629	\$ 1,575,992
Covered payroll	\$ 1,922,593	\$ 1,857,970	\$ 2,050,939	\$ 1,983,624	\$ 2,112,919
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	191.1%	113.0%	137.6%	118.2%	74.6%
Plan fiduciary net position as a percentage of the total pension liability	84.7%	90.2%	86.5%	87.1%	90.5%

Firefighters Retirement System for the Fiscal Years Ended June 30,

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	5.2830772%	5.4021529%	5.6106342%	5.4181698%	5.2918057%
Proportionate share of the net pension liability (asset)	\$ 685,993	\$ (337,393)	\$ (44,231)	\$ (98,134)	\$ (301,971)
Covered payroll	\$ 1,716,828	\$ 1,698,209	\$ 1,704,194	\$ 1,573,859	\$ 1,523,975
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.0%	-19.9%	-2.6%	-6.2%	-19.8%
Plan fiduciary net position as a percentage of the total pension liability	94.3%	103.0%	100.4%	101.0%	103.5%

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
UTAH RETIREMENT SYSTEMS - CONTINUED
For the fiscal Year Ended June 30, 2019
With a Measurement Date of December 31, 2018
Last Ten Fiscal Years*

Tier 2 Public Employees System for the Fiscal Years ended June 30,

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.2619050%	0.2458871%	0.2829680%	0.1455133%	0.1454933%
Proportionate share of the net pension liability (asset)	\$ 112,168	\$ 21,679	\$ 23,236	\$ (318)	\$ (4,409)
Covered payroll	\$ 3,057,042	\$ 2,404,504	\$ 1,708,206	\$ 940,334	\$ 713,760
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	3.7%	0.9%	1.4%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	90.8%	97.4%	95.1%	100.2%	103.5%

Tier 2 Public Safety and Firefighters Retirement System for the Fiscal Years Ended June 30,

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	1.6711253%	1.3301614%	1.1522095%	0.1455133%	0.1454933%
Proportionate share of the net pension liability (asset)	\$ 41,871	\$ (15,391)	\$ (10,003)	\$ (318)	\$ (4,409)
Covered payroll	\$ 2,236,149	\$ 1,403,195	\$ 951,984	\$ 940,334	\$ 713,760
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.9%	-1.1%	-1.1%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	95.6%	103.0%	103.6%	100.2%	103.5%

*In accordance with GAAP, the City will need to disclose a 10 year history of its proportionate share of the net pension liability (asset) in its RSI. The City will continue to present information for available years until a full 10 year trend is compiled.

LEHI CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS
June 30, 2019
Last Ten Fiscal Years**

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll**
Noncontributory System	2014	\$ 1,165,022	\$ 1,165,022	\$ -	\$6,864,580	16.97%
	2015	1,282,664	1,282,664	-	7,052,771	18.19%
	2016	1,268,549	1,268,549	-	6,981,779	18.17%
	2017	1,309,056	1,309,056	-	7,475,118	17.51%
	2018	1,424,802	1,424,802	-	8,093,782	17.60%
	2019	1,438,487	1,438,487	-	7,923,875	18.15%
Public Safety System	2014	559,089	559,089	-	2,134,344	26.19%
	2015	625,298	625,298	-	2,036,078	30.71%
	2016	629,374	629,374	-	1,983,967	31.72%
	2017	620,098	620,098	-	2,025,956	30.61%
	2018	611,262	611,262	-	1,948,987	31.36%
	2019	653,299	653,299	-	1,991,955	32.80%
Firefighters System	2014	41,630	41,630	-	1,559,356	2.67%
	2015	54,021	54,021	-	1,527,355	3.54%
	2016	58,367	58,367	-	1,581,637	3.69%
	2017	62,382	62,382	-	1,795,409	3.47%
	2018	64,687	64,687	-	1,795,471	3.60%
	2019	75,547	75,547	-	1,737,870	4.35%
Tier 2 Public Employees System*	2014	102,833	102,833	-	735,043	13.99%
	2015	113,924	113,924	-	762,543	14.94%
	2016	191,737	191,737	-	1,285,962	14.91%
	2017	302,455	302,455	-	2,107,941	14.35%
	2018	426,116	426,116	-	2,918,623	14.60%
	2019	526,354	526,354	-	3,387,092	15.54%
Tier 2 Public Safety and Firefighter System*	2014	48,582	48,582	-	275,951	17.61%
	2015	73,202	73,202	-	393,710	18.59%
	2016	139,579	139,579	-	745,270	18.73%
	2017	205,341	205,341	-	1,119,520	18.34%
	2018	340,795	340,795	-	2,021,465	16.86%
	2019	420,325	420,325	-	2,391,478	17.58%
Tier 2 Public Employees DC Only System*	2014	17,563	17,563	-	303,986	5.78%
	2015	33,416	33,416	-	506,307	6.60%
	2016	33,262	33,262	-	497,195	6.69%
	2017	34,392	34,392	-	530,379	6.48%
	2018	39,190	39,190	-	609,291	6.43%
	2019	52,248	52,248	-	780,986	6.69%
Tier 2 Public Safety and Firefighter DC Only System*	2014	-	-	-	-	0.00%
	2015	55	55	-	38,946	0.14%
	2016	36	36	-	45,001	0.08%
	2017	39	39	-	50,870	0.08%
	2018	63	63	-	82,150	0.08%
	2019	110	110	-	137,353	0.08%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

**In accordance with GAAP, the City will need to disclose a 10 year history of its proportionate share of the net pension liability (asset) in its RSI. The City will continue to present information for available years until a full 10 year trend is compiled.

LEHI CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH A MEASUREMENT DATE OF DECEMBER 31, 2018

Changes in assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

**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, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES				
PROPERTY TAXES	\$ 9,000,000	\$ 9,000,000	\$ 9,967,314	\$ 967,314
GENERAL SALES TAX	11,300,000	11,313,500	12,085,443	771,943
911 TAX	325,000	325,000	-	(325,000)
FRANCHISE TAX	4,550,000	4,550,000	5,285,642	735,642
TOTAL	25,175,000	25,188,500	27,338,399	2,149,899
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	115,000	115,000	95,508	(19,492)
BUILDING PERMITS	2,500,000	2,560,000	3,450,032	890,032
TOTAL	2,615,000	2,675,000	3,545,540	870,540
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	2,150,000	2,150,000	2,511,008	361,008
FIRE DEPARTMENT GRANT	80,000	110,000	43,541	(66,459)
POLICE SALARY REIMBURSEMENT	68,000	68,000	68,000	-
STATE LIQUOR FUNDS ALLOTMENT	60,000	60,000	58,807	(1,193)
COUNTY FIRE ALLOCATION	15,000	15,000	8,002	(6,998)
STATE GRANTS	75,000	75,000	38,177	(36,823)
OTHER GRANTS	100,000	100,000	24,936	(75,064)
TOTAL	2,548,000	2,578,000	2,752,471	174,471
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	2,295,000	2,295,000	2,570,150	275,150
AMBULANCE FEES	1,200,000	1,200,000	1,419,829	219,829
FIRE FEES	195,600	195,600	367,189	171,589
CEMETERY FEES	186,500	186,500	256,950	70,450
RECREATION FEES	3,345,435	3,345,435	3,894,811	549,376
LIBRARY FEES	95,000	95,000	74,690	(20,310)
OTHER SERVICE REVENUE	65,000	65,000	155,572	90,572
TOTAL	7,382,535	7,382,535	8,739,191	1,356,656
FINES AND FORFEITURES				
COURT'S FINES AND FORFEITURES	655,000	655,000	844,289	189,289
MISCELLANEOUS	1,204,000	1,204,000	1,451,781	247,781
INTEREST ON INVESTMENTS	61,000	61,000	531,022	470,022
TOTAL REVENUES	39,640,535	39,744,035	45,202,693	5,458,658
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	437,042	437,042	415,280	21,762
OPERATIONS AND MAINTENANCE	142,660	142,660	131,145	11,515
CAPITAL	-	-	-	-
TOTAL	579,702	579,702	546,425	33,277
ADMINISTRATIVE				
PERSONNEL	856,762	909,062	910,504	(1,442)
OPERATIONS AND MAINTENANCE	216,100	216,100	200,903	15,197
TOTAL	1,072,862	1,125,162	1,111,407	13,755
TREASURY				
PERSONNEL	472,741	486,241	408,407	77,834
OPERATIONS AND MAINTENANCE	37,700	37,700	53,674	(15,974)
TOTAL	510,441	523,941	462,081	61,860

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2019

		BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL	ACTUAL	
FINANCE					
PERSONNEL		483,530	483,530	542,768	(59,238)
OPERATIONS AND MAINTENANCE		86,796	86,796	74,065	12,731
	TOTAL	570,326	570,326	616,833	(46,507)
HUMAN RESOURCES					
PERSONNEL		239,886	239,886	214,562	25,324
OPERATIONS AND MAINTENANCE		39,800	39,800	38,153	1,647
	TOTAL	279,686	279,686	252,715	26,971
CITY RECORDER					
PERSONNEL		119,612	119,612	117,721	1,891
OPERATIONS AND MAINTENANCE		57,650	57,650	32,955	24,695
CAPITAL		-	-	-	-
	TOTAL	177,262	177,262	150,676	26,586
LEGAL SERVICES					
PERSONNEL		502,250	502,250	488,765	13,485
OPERATIONS AND MAINTENANCE		100,000	100,000	61,916	38,084
	TOTAL	602,250	602,250	550,681	51,569
LEGISLATIVE					
PERSONNEL		242,541	242,541	229,249	13,292
OPERATIONS AND MAINTENANCE		107,000	107,000	69,553	37,447
	TOTAL	349,541	349,541	298,802	50,739
NONDEPARTMENTAL					
OPERATIONS AND MAINTENANCE		3,229,887	3,229,887	2,764,498	465,389
CAPITAL		275,000	275,000	241,807	33,193
	TOTAL	3,504,887	3,504,887	3,006,305	498,582
EMERGENCY MANAGEMENT					
PERSONNEL		20,000	20,000	16,870	3,130
OPERATIONS AND MAINTENANCE		46,250	46,250	45,424	826
CAPITAL		-	-	-	-
	TOTAL	66,250	66,250	62,294	3,956
INFORMATION CENTER					
PERSONNEL		-	35,000	53,234	(18,234)
OPERATIONS AND MAINTENANCE		-	-	595	(595)
	TOTAL	-	35,000	53,829	(18,829)
TOTAL GENERAL GOVERNMENT		7,713,207	7,814,007	7,112,048	701,959
PUBLIC SAFETY					
POLICE					
PERSONNEL		6,770,532	6,770,532	6,605,853	164,679
OPERATIONS AND MAINTENANCE		936,836	936,836	865,910	70,926
	TOTAL	7,707,368	7,707,368	7,471,763	235,605
CODE ENFORCEMENT					
PERSONNEL		114,014	114,014	123,960	(9,946)
OPERATIONS AND MAINTENANCE		22,294	22,294	16,992	5,302
	TOTAL	136,308	136,308	140,952	(4,644)
FIRE					
PERSONNEL		6,234,023	6,234,023	5,299,648	934,375
OPERATIONS AND MAINTENANCE		793,354	823,354	717,222	106,132
CAPITAL		10,600	10,600	-	10,600
	TOTAL	7,037,977	7,067,977	6,016,870	1,051,107
ANIMAL CONTROL					
PERSONNEL		98,897	98,897	98,519	378
OPERATIONS AND MAINTENANCE		88,100	96,100	93,677	2,423
	TOTAL	186,997	194,997	192,196	2,801
TOTAL PUBLIC SAFETY		15,068,650	15,106,650	13,821,781	1,284,869

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2019

				VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		
		ORIGINAL	FINAL	ACTUAL
COMMUNITY DEVELOPMENT				
PUBLIC WORKS ADMINISTRATION				
PERSONNEL		239,346	239,346	141,292
OPERATIONS AND MAINTENANCE		20,100	20,100	14,633
TOTAL		259,446	259,446	155,925
ENGINEERING				
PERSONNEL		675,447	675,447	668,142
OPERATIONS AND MAINTENANCE		66,500	66,500	60,470
CAPITAL		5,600	5,600	4,849
TOTAL		747,547	747,547	733,461
PLANNING AND ZONING				
PERSONNEL		612,818	612,818	580,502
OPERATIONS AND MAINTENANCE		187,865	187,865	146,077
CAPITAL		10,105	10,105	10,105
TOTAL		810,788	810,788	736,684
INSPECTIONS				
PERSONNEL		930,764	990,764	954,813
OPERATIONS AND MAINTENANCE		102,560	102,560	112,565
CAPITAL		31,517	31,517	30,788
TOTAL		1,064,841	1,124,841	1,098,166
ECONOMIC DEVELOPMENT				
PERSONNEL		154,175	154,175	153,507
OPERATIONS AND MAINTENANCE		36,775	36,775	19,324
TOTAL		190,950	190,950	172,831
TOTAL COMMUNITY DEVELOPMENT		3,073,572	3,133,572	2,897,067
STREETS AND HIGHWAYS				
STREETS AND PUBLIC IMPROVEMENTS				
PERSONNEL		1,386,097	1,386,097	1,355,520
OPERATIONS AND MAINTENANCE		182,216	182,216	212,155
TOTAL		1,568,313	1,568,313	1,567,675
C ROAD				
OPERATIONS AND MAINTENANCE		1,980,000	1,980,000	1,758,321
CAPITAL		170,000	170,000	129,353
TOTAL		2,150,000	2,150,000	1,887,674
TOTAL STREETS AND HIGHWAYS		3,718,313	3,718,313	3,455,349
PARKS, RECREATION AND CULTURE				
PARKS				
PERSONNEL		1,720,091	1,720,091	1,436,423
OPERATIONS AND MAINTENANCE		643,380	675,380	766,826
CAPITAL		55,000	171,390	180,013
TOTAL		2,418,471	2,566,861	2,383,262
COMMUNITY ARTS AND EVENTS				
OPERATIONS AND MAINTENANCE		475,700	475,700	385,016
TOTAL		475,700	475,700	385,016
SENIOR CITIZENS				
PERSONNEL		211,122	211,122	171,931
OPERATIONS AND MAINTENANCE		99,800	99,800	60,580
CAPITAL		-	-	8,880
TOTAL		310,922	310,922	241,391

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
RECREATION				
PERSONNEL	3,139,924	3,139,924	2,965,107	174,817
OPERATIONS AND MAINTENANCE	1,844,317	1,844,317	1,676,765	167,552
CAPITAL	163,659	163,659	147,740	15,919
TOTAL	5,147,900	5,147,900	4,789,612	358,288
MUSEUM				
PERSONNEL	-	-	-	-
OPERATIONS AND MAINTENANCE	299,750	299,750	285,231	14,519
CAPITAL	-	-	-	-
TOTAL	299,750	299,750	285,231	14,519
LITERACY CENTER				
PERSONNEL	310,972	310,972	288,679	22,293
OPERATIONS AND MAINTENANCE	28,250	28,250	46,428	(18,178)
TOTAL	339,222	339,222	335,107	4,115
LIBRARY				
PERSONNEL	951,380	951,380	906,147	45,233
OPERATIONS AND MAINTENANCE	384,897	424,897	424,548	349
CAPITAL	-	-	-	-
TOTAL	1,336,277	1,376,277	1,330,695	45,582
TOTAL PARKS, RECREATION AND CULTURE	10,328,242	10,516,632	9,750,314	766,318
CEMETERY				
PERSONNEL	372,280	372,280	312,784	59,496
OPERATIONS AND MAINTENANCE	87,357	79,757	85,371	(5,614)
CAPITAL	-	12,500	4,911	7,589
TOTAL	459,637	464,537	403,066	61,471
DEBT SERVICE				
PRINCIPAL	711,872	711,872	710,000	1,872
INTEREST	103,960	103,960	103,960	-
TOTAL	815,832	815,832	813,960	1,872
TOTAL EXPENDITURES	41,177,453	41,569,543	38,253,585	3,315,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,536,918)	(1,825,508)	6,949,108	8,774,616
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,500,000	1,500,000	1,242,294	(257,706)
TRANSFERS OUT	(1,130,210)	(9,330,210)	(8,330,210)	1,000,000
SALE OF CAPITAL ASSETS	10,000	22,900	388,062	365,162
TOTAL OTHER FINANCING SOURCES	379,790	(7,807,310)	(6,699,854)	1,107,456
NET CHANGE IN FUND BALANCE	(1,157,128)	(9,632,818)	249,254	9,882,072
FUND BALANCE AT BEGINNING OF YEAR	11,920,287	11,920,287	11,920,287	-
FUND BALANCE AT END OF YEAR	\$ 10,763,159	\$ 2,287,469	\$ 12,169,541	\$ 9,882,072

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
IMPACT FEE REVENUE	\$ 4,700,000	\$ 4,700,000	\$ 6,067,820	\$ 1,367,820
SALES TAX REVENUE	820,812	820,812	853,369	32,557
INTERGOVERNMENTAL REVENUES	22,845,000	23,925,000	5,895,937	(18,029,063)
INTEREST ON INVESTMENTS	32,000	32,000	127,697	95,697
TOTAL REVENUES	28,397,812	29,477,812	12,944,823	(16,532,989)
EXPENDITURES				
CURRENT				
OTHER	5,000	5,000	8,250	(3,250)
CAPITAL OUTLAY	29,902,410	32,531,410	12,490,153	20,041,257
DEBT SERVICE				
PRINCIPAL	388,312	388,312	532,195	(143,883)
INTEREST AND FISCAL CHARGES	427,500	427,500	621,175	(193,675)
TOTAL EXPENDITURES	30,723,222	33,352,222	13,651,773	19,700,449
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,325,410)	(3,874,410)	(706,950)	3,167,460
OTHER FINANCING SOURCES				
TRANSFERS IN	1,130,210	9,330,210	8,330,210	(1,000,000)
ISSUANCE OF NOTES AND BONDS	-	-	18,402,528	(18,402,528)
TOTAL OTHER FINANCING SOURCES	1,130,210	9,330,210	26,732,738	(19,402,528)
NET CHANGE IN FUND BALANCE	(1,195,200)	5,455,800	26,025,788	(16,235,068)
FUND BALANCE AT BEGINNING OF YEAR	4,764,838	4,764,838	4,764,838	-
FUND BALANCE AT END OF YEAR	\$ 3,569,638	\$ 10,220,638	\$ 30,790,626	\$ (16,235,068)

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, 2019

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
ASSETS					
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	\$ 805,803	\$ 659,892	\$ 497,263	\$ 598,847	\$ 2,561,805
ACCOUNTS RECEIVABLE	-	-	27,095	-	27,095
INVENTORY	-	54,948	-	-	54,948
TOTAL CURRENT ASSETS	805,803	714,840	524,358	598,847	2,643,848
NON-CURRENT ASSETS					
NONDEPRECIABLE CAPITAL ASSETS	-	-	-	22,277	22,277
DEPRECIABLE CAPITAL ASSETS, NET	256,403	2,013,681	-	170,409	2,440,493
TOTAL NON-CURRENT ASSETS	256,403	2,013,681	-	192,686	2,462,770
TOTAL ASSETS	\$ 1,062,206	\$ 2,728,521	\$ 524,358	\$ 791,533	\$ 5,106,618
DEFERRED OUTFLOWS OF RESOURCES					
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	\$ 85,617	\$ 69,955	\$ 27,820	\$ 125,539	\$ 308,931
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	\$ 40,231	\$ 145,034	\$ 7,847	\$ 39,354	\$ 232,466
WAGES PAYABLE	6,090	7,020	2,502	17,828	33,440
CURRENT PORTION COMPENSATED ABSENCES	10,787	16,036	9,023	32,609	68,455
TOTAL CURRENT LIABILITIES	57,108	168,090	19,372	89,791	334,361
NON-CURRENT LIABILITIES					
COMPENSATED ABSENCES	6,862	21,114	20,227	18,231	66,434
NET PENSION LIABILITY	157,378	128,588	51,137	230,761	567,864
TOTAL NON-CURRENT LIABILITIES	164,240	149,702	71,364	248,992	634,298
TOTAL LIABILITIES	\$ 221,348	\$ 317,792	\$ 90,736	\$ 338,783	\$ 968,659
DEFERRED INFLOWS OF RESOURCES					
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	\$ 3,612	\$ 2,951	\$ 1,174	\$ 5,296	\$ 13,033
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	256,403	2,013,681	-	170,409	2,440,493
UNRESTRICTED	666,460	464,052	460,268	402,584	1,993,364
TOTAL NET POSITION	\$ 922,863	\$ 2,477,733	\$ 460,268	\$ 572,993	\$ 4,433,857

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2019

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
OPERATING REVENUES					
CHARGES FOR SERVICES - INTERNAL	\$ 829,667	\$ 1,669,224	\$ 650,016	\$ 1,540,632	\$ 4,689,539
TOTAL OPERATING REVENUES	<u>829,667</u>	<u>1,669,224</u>	<u>650,016</u>	<u>1,540,632</u>	<u>4,689,539</u>
OPERATING EXPENSES					
PERSONNEL	322,550	356,761	131,195	1,068,614	1,879,120
OPERATING AND MAINTENANCE	444,227	1,108,218	785,577	446,366	2,784,388
DEPRECIATION	63,014	690,858	-	44,418	798,290
TOTAL OPERATING EXPENSES	<u>829,791</u>	<u>2,155,837</u>	<u>916,772</u>	<u>1,559,398</u>	<u>5,461,798</u>
OPERATING INCOME (LOSS)	<u>(124)</u>	<u>(486,613)</u>	<u>(266,756)</u>	<u>(18,766)</u>	<u>(772,259)</u>
NON-OPERATING REVENUES (EXPENSES)					
GAIN ON DISPOSAL OF CAPITAL ASSETS	-	4,920	-	-	4,920
MISCELLANEOUS REVENUES	1,832	-	29,165	-	30,997
INTEREST INCOME	21,711	15,121	12,618	15,011	64,461
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>23,543</u>	<u>20,041</u>	<u>41,783</u>	<u>15,011</u>	<u>100,378</u>
CHANGE IN NET POSTION	23,419	(466,572)	(224,973)	(3,755)	(671,881)
NET POSITION AT BEGINNING OF YEAR	<u>899,444</u>	<u>2,944,305</u>	<u>685,241</u>	<u>576,748</u>	<u>5,105,738</u>
NET POSTION AT END OF YEAR	<u>\$ 922,863</u>	<u>\$ 2,477,733</u>	<u>\$ 460,268</u>	<u>\$ 572,993</u>	<u>\$ 4,433,857</u>

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2019

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	\$ 829,667	\$ 1,670,850	\$ 622,921	\$ 1,540,632	\$ 4,664,070
CASH PAID TO SUPPLIERS	(413,348)	(1,095,350)	(130,610)	(431,534)	(2,070,842)
CASH PAID TO EMPLOYEES	(312,019)	(346,055)	(804,017)	(954,877)	(2,416,968)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	104,300	229,445	(311,706)	154,221	176,260
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
MISCELLANEOUS RECEIPTS	1,832	-	29,165	-	30,997
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	1,832	-	29,165	-	30,997
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	4,920	-	-	4,920
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(40,825)	(93,626)	-	(42,513)	(176,964)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(40,825)	(88,706)	-	(42,513)	(172,044)
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST INCOME COLLECTED	21,711	15,121	12,618	15,011	64,461
NET CASH PROVIDED BY INVESTING ACTIVITIES	21,711	15,121	12,618	15,011	64,461
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	87,018	155,860	(269,923)	126,719	99,674
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	718,785	504,032	767,186	472,128	2,462,131
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 805,803	\$ 659,892	\$ 497,263	\$ 598,847	\$ 2,561,805
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:					
UNRESTRICTED CASH	\$ 805,803	\$ 659,892	\$ 497,263	\$ 598,847	\$ 2,561,805
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ (124)	\$ (486,613)	\$ (266,756)	\$ (18,766)	\$ (772,259)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
DEPRECIATION	63,014	690,858	-	44,418	798,290
CHANGES IN ASSETS AND LIABILITIES					
ACCOUNTS RECEIVABLE	-	1,626	-	-	1,626
INVENTORY	-	16,167	(27,095)	-	(10,928)
PREPAID EXPENSES	-	-	-	-	-
ACCOUNTS PAYABLE	30,879	(3,299)	(18,440)	14,832	23,972
WAGES PAYABLE	(2,537)	(2,740)	(672)	8,123	2,174
CHANGES IN NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS	9,791	10,046	(880)	77,735	96,692
COMPENSATED ABSENCES	3,277	3,400	2,137	27,879	36,693
	\$ 104,300	\$ 229,445	\$ (311,706)	\$ 154,221	\$ 176,260

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

This part of the Lehi City Corporation 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.

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FINANCIAL TRENDS	106 - 114
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	115 - 118
These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	
DEBT CAPACITY	119 - 127
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	128 - 129
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	130 - 132
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				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$ 229,907,904	\$ 242,558,256	\$ 270,733,436	\$ 288,966,135	\$ 302,586,651
Restricted	6,565,677	4,262,799	590,207	349,363	1,480,415
Unrestricted	(108,048,049)	(101,045,130)	(101,325,874)	(90,089,047)	(78,585,842)
Total governmental activities net position	128,425,532	145,775,925	169,997,769	199,226,451	225,481,224
Business-type activities					
Net investment in capital assets	224,324,128	238,650,352	267,462,097	299,404,845	325,775,552
Restricted	4,293,339	4,555,304	126,965	547,651	2,528,731
Unrestricted	19,502,118	24,970,618	30,640,955	35,236,748	49,624,578
Total business-type activities net position	248,119,585	268,176,274	298,230,017	335,189,244	377,928,861
Primary government					
Net investment in capital assets	454,232,032	481,208,608	538,195,533	588,370,980	628,362,203
Restricted	10,859,016	8,818,103	717,172	897,014	4,009,146
Unrestricted	(88,545,931)	(76,074,512)	(70,684,919)	(54,852,299)	(28,961,264)
Total primary government net position	\$ 376,545,117	\$ 413,952,199	\$ 468,227,786	\$ 534,415,695	\$ 603,410,085

	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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities					
General government	\$ 7,536,526	\$ 6,904,634	\$ 9,041,919	\$ 8,274,466	\$ 8,961,845
Public Safety	10,178,031	11,170,823	12,096,387	13,656,195	15,513,181
Community Development	23,302,007	4,079,029	5,796,634	4,928,368	4,836,058
Streets and Highways	9,676,339	10,632,298	11,727,234	12,764,811	13,522,976
Parks, recreation, and culture	8,503,024	9,251,152	9,856,045	10,486,576	11,220,816
Cemetery	386,084	443,058	406,824	414,906	430,339
Interest on long-term debt	4,437,878	4,832,597	4,834,457	4,906,081	4,877,481
Total governmental activities	64,019,889	47,313,591	53,759,500	55,431,403	59,362,696
Business-type activities					
Culinary Water	3,935,066	4,110,256	6,233,288	12,102,087	10,336,143
Sewer	7,415,879	8,188,182	9,525,964	9,865,657	11,111,407
Pressurized Irrigation	2,811,392	2,933,070	3,412,437	3,637,826	5,425,243
Electric	25,550,168	26,793,013	28,132,875	30,707,792	33,073,473
Drainage	1,377,942	1,610,648	1,968,846	2,228,474	2,551,414
Garbage	2,354,165	2,123,488	2,310,261	2,448,938	2,649,266
Total business-type activities	43,444,612	45,758,657	51,583,671	60,990,774	65,146,946
Total primary government expenses	\$ 107,464,501	\$ 93,072,248	\$ 105,343,171	\$ 116,422,177	\$ 124,509,642
Program Revenues					
Governmental activities					
Charges for services					
General government	\$ 922,395	\$ 1,225,124	\$ 1,035,384	\$ 1,270,675	\$ 1,431,761
Public Safety	713,288	772,926	1,515,823	1,510,422	1,897,103
Community Development	3,996,282	4,122,688	4,539,888	6,753,793	6,115,690
Parks, recreation, and culture	3,538,275	3,669,216	3,701,396	3,989,072	4,035,165
Cemetery	235,200	240,285	219,065	232,520	256,950
Operating grants and contributions	1,879,304	1,921,433	3,449,482	2,687,038	2,734,035
Capital grants and contributions	15,157,512	17,731,567	24,434,520	28,063,535	28,364,171
Total governmental activities	26,442,256	29,683,239	38,895,558	44,507,055	44,834,875
Business-type activities					
Charges for services					
Culinary Water	3,606,036	4,282,274	6,623,580	5,671,068	6,324,393
Sewer	8,561,592	8,632,614	8,515,717	8,560,318	9,213,563
Pressurized Irrigation	2,678,561	2,697,436	2,649,309	3,002,057	3,716,615
Electric	26,168,996	28,967,401	31,303,180	33,458,042	35,473,772
Drainage	958,281	1,018,434	1,098,866	1,162,357	1,263,529
Garbage	2,075,810	2,196,940	2,300,452	2,412,652	2,625,981
Operating grants and contributions	-	-	-	7,294,687	5,250,596
Capital grants and contributions	20,541,414	17,914,832	28,411,382	35,292,708	41,980,410
Total business-type activities	64,590,690	65,709,931	80,902,486	96,853,889	105,848,859
Total primary government program revenues	\$ 91,032,946	\$ 95,393,170	\$ 119,798,044	\$ 141,360,944	\$ 150,683,734

CONTINUED

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Net (Expense)/Revenue					
Governmental activities	\$ (42,542,388)	\$ (22,076,340)	\$ (18,242,733)	\$ (15,349,057)	\$ (14,527,821)
Business-type activities	13,906,694	14,853,433	23,987,587	25,912,376	40,701,913
Total primary government net (expense)/revenue	<u>\$ (28,635,694)</u>	<u>\$ (7,222,907)</u>	<u>\$ 5,744,854</u>	<u>\$ 10,563,319</u>	<u>\$ 26,174,092</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 17,134,391	\$ 18,943,311	\$ 21,435,929	\$ 21,124,631	\$ 20,483,605
Sales taxes	9,060,843	9,830,594	11,034,838	12,222,987	13,156,245
Franchise taxes	4,626,674	5,221,608	4,886,832	5,287,987	5,510,813
Earnings on investments	81,658	153,854	193,325	337,123	756,650
Gain on disposal of capital assets	-	-	-	256,152	-
Other	75,314	100,458	1,534,862	924,150	875,281
Transfers	485,920	730,920	-	-	-
Total governmental activities	<u>31,464,800</u>	<u>34,980,745</u>	<u>39,085,786</u>	<u>40,153,030</u>	<u>40,782,594</u>
Business-type activities					
Earnings on investments	114,557	151,462	304,489	560,760	1,357,423
Gain on disposal of capital assets	6,164	67,014	38,613	29,501	41,107
Other	411,696	617,859	391,826	505,851	639,174
Transfers	(485,920)	(730,920)	-	-	-
Total business-type activities	<u>46,497</u>	<u>105,415</u>	<u>734,928</u>	<u>1,096,112</u>	<u>2,037,704</u>
Total primary government	<u>\$ 31,511,297</u>	<u>\$ 35,086,160</u>	<u>\$ 39,820,714</u>	<u>\$ 41,249,142</u>	<u>\$ 42,820,298</u>
Change in Net Position					
Governmental activities	\$ (6,112,833)	\$ 17,350,393	\$ 24,221,844	\$ 29,228,682	\$ 26,254,773
Business-type activities	21,192,575	20,056,689	30,053,743	36,959,227	42,739,617
Total primary government	<u>\$ 15,079,742</u>	<u>\$ 37,407,082</u>	<u>\$ 54,275,587</u>	<u>\$ 66,187,909</u>	<u>\$ 68,994,390</u>

CONTINUED

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

Expenses	Fiscal Year				
	2010	2011	2012	2013	2014
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	8,696,026	9,473,624
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	53,549,995	60,267,194
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	\$ 92,541,146	\$ 100,730,004
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 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	\$ 14,221,477	\$ 15,216,011	\$ 14,967,910	\$ 14,564,416	\$ 16,373,300
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
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 asset:	55,297	28,511	-	57,750	-
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>34,310,620</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 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>\$ 41,904,179</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>

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	\$ 24,000	\$ 103,000	\$ 197,599	\$ -	\$ -
Restricted	799,082	574,992	306,630	458,007	893,511
Committed	496,802	624,936	542,731	552,705	568,378
Assigned	191,324	192,026	194,253	22,295	22,927
Unassigned	6,758,479	6,918,012	5,052,340	10,887,280	10,684,725
Total general fund	8,269,687	8,412,966	6,293,553	11,920,287	12,169,541
All Other Governmental Funds					
Nonspendable	24,877	-	-	-	-
Restricted	6,245,868	4,738,086	711,561	1,017,852	18,980,465
Assigned	2,536,176	5,043,913	1,403,153	5,097,302	13,995,418
Total all other governmental funds	8,806,921	9,781,999	2,114,714	6,115,154	32,975,883
Total governmental funds	<u>\$ 17,076,608</u>	<u>\$ 18,194,965</u>	<u>\$ 8,408,267</u>	<u>\$ 18,035,441</u>	<u>\$ 45,145,424</u>

	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>

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 30,821,908	\$ 33,995,513	\$ 37,357,599	\$ 38,635,605	\$ 39,150,663
Licenses, fees and permits	7,372,672	6,533,438	6,866,680	8,000,076	9,613,360
Intergovernmental	2,056,379	3,539,749	3,316,413	6,253,575	8,648,408
Charges for services	6,081,697	6,519,088	7,502,520	8,636,679	8,739,191
Fines and forfeitures	554,622	668,151	629,104	799,079	844,289
Miscellaneous	433,344	649,434	1,252,405	1,818,819	1,451,781
Interest on investments	72,298	145,662	181,076	300,658	692,189
Total revenues	47,392,920	52,051,035	57,105,797	64,444,491	69,139,881
Expenditures					
General government	7,432,107	6,804,485	8,390,690	6,856,047	7,112,048
Public Safety	9,745,736	10,602,138	11,934,981	12,622,099	13,821,781
Community development	23,120,657	3,820,164	6,179,501	5,121,202	4,556,038
Streets and highways	2,790,957	3,114,886	4,096,908	3,372,051	3,455,349
Parks, recreation and culture	7,656,136	8,279,958	8,628,939	9,675,126	9,750,314
Cemetery	358,145	415,615	385,537	390,147	403,066
Other	12,476	3,600	3,600	63,900	8,250
Capital outlay	10,087,085	9,752,734	20,976,507	9,962,532	12,490,153
Debt Service					
Principal	4,353,681	4,764,670	5,201,440	7,683,967	4,319,419
Interest and fiscal charges	4,246,198	4,732,577	5,277,161	4,890,766	4,904,070
Total expenditures	69,803,178	52,290,827	71,075,264	60,637,837	60,820,488
Excess (deficiency) of revenues over (under) expenditures	(22,410,258)	(239,792)	(13,969,467)	3,806,654	8,319,393
Other Financing Sources (Uses)					
Transfers in	3,917,960	5,818,343	6,791,536	4,098,769	9,572,504
Transfers out	(3,432,040)	(5,087,423)	(6,791,536)	(4,098,769)	(9,572,504)
Sale of capital assets	190,380	627,229	13,577	51,932	388,062
Bond and note proceeds	19,557,363	-	4,169,192	5,768,588	18,402,528
Total other financing sources (uses)	20,233,663	1,358,149	4,182,769	5,820,520	18,790,590
Net change in fund balances	\$ (2,176,595)	\$ 1,118,357	\$ (9,786,698)	\$ 9,627,174	\$ 27,109,983
Debt service as a percentage of noncapital expenditures	14.59%	22.41%	21.93%	25.12%	16.17%

CONTINUED

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	34,448,877	43,831,912	42,034,739	41,086,074	43,886,479
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	34,341,631	40,436,767	42,888,601	51,566,129	67,333,094
Excess (deficiency) of revenues over (under) expenditures	107,246	3,395,145	(853,862)	(10,480,055)	(23,446,615)
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)	1,149,482	1,738,530	1,398,095	14,900,733	25,946,902
Net change in fund balances	\$ 1,256,728	\$ 5,133,675	\$ 544,233	\$ 4,420,678	\$ 2,500,287
Debt service as a percentage of noncapital expenditures	25.13%	22.90%	20.55%	16.62%	24.34%

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
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
2015	16,576,423	9,060,843	4,626,674	557,968	30,821,908
2016	18,985,237	9,377,782	5,067,062	581,027	34,011,108
2017	21,295,398	10,757,971	4,698,705	605,525	37,357,599
2018	20,843,539	12,062,139	5,073,080	656,847	38,635,605
2019	19,787,689	13,381,416	5,285,642	695,916	39,150,663
Growth 2010-2019	42.4%	133.1%	69.0%	116.7%	69.6%

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
2010	\$ 2,678,798,948	\$ 827,519,256	\$ 3,506,318,204	0.002370	\$ 4,763,264,294	73.6%
2011	2,512,537,899	716,232,799	3,228,770,698	0.002519	4,449,089,196	72.6%
2012	2,413,402,390	595,908,946	3,009,311,336	0.002585	4,177,983,527	72.0%
2013	2,471,989,979	552,044,117	3,024,034,096	0.002432	4,207,485,475	71.9%
2014	2,781,443,616	636,160,403	3,417,604,019	0.002172	4,740,895,420	72.1%
2015	3,260,372,368	679,951,110	3,940,323,478	0.002090	5,515,472,867	71.4%
2016	3,659,970,869	841,344,071	4,501,314,940	0.002005	6,273,725,606	71.7%
2017	4,179,645,929	1,001,269,708	5,180,915,637	0.001830	7,122,345,588	72.7%
2018	4,694,115,192	1,049,063,478	5,743,178,670	0.001678	7,936,815,060	72.4%
2019	5,435,544,143	999,783,768	6,435,327,911	0.001538	8,975,243,406	71.7%

(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	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 5,235,678	\$ 4,605,762	87.97%	\$ 629,747	\$ 5,235,509	100.00%
2011	5,676,477	5,203,186	91.66%	472,879	5,676,065	99.99%
2012	5,822,681	5,293,437	90.91%	520,694	5,814,131	99.85%
2013	6,149,530	5,660,924	92.05%	455,422	6,116,346	99.46%
2014	6,343,087	6,020,853	94.92%	218,213	6,239,066	98.36%
2015	8,631,183	8,222,670	95.27%	303,443	8,526,113	98.78%
2016	9,388,153	8,960,710	95.45%	349,731	9,310,441	99.17%
2017	10,467,968	10,028,134	95.80%	370,879	10,399,013	99.34%
2018	10,682,184	10,215,281	95.63%	448,752	10,664,033	99.83%
2019	10,934,267	10,244,566	93.69%	-	10,244,566	93.69%

Source: Utah County Treasurer

LEHI CITY CORPORATION
SCHEDULE 8
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(LAST TEN FISCAL YEARS)

Fiscal Year	Lehi City Direct Rates			Overlapping Rates					Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	North Utah County Water Conservancy District	Lehi Metropolitan Water District	
2010	0.002370	-	0.002370	0.008220	0.001091	0.000310	0.000026	0.000008	0.012025
2011	0.002519	-	0.002519	0.008812	0.001091	0.000500	0.000028	0.000008	0.012958
2012	0.002585	-	0.002585	0.008828	0.001342	0.000500	0.000029	0.000013	0.013297
2013	0.002432	-	0.002432	0.008699	0.001342	0.000500	0.000028	0.000013	0.013014
2014	0.002172	-	0.002172	0.008096	0.001259	0.000446	0.000025	0.000012	0.012010
2015	0.002090	-	0.002090	0.008177	0.001149	0.000422	0.000024	0.000011	0.011873
2016	0.002005	-	0.002005	0.007718	0.001098	0.000405	0.000023	0.000011	0.011260
2017	0.001830	-	0.001830	0.007167	0.000969	0.000400	0.000021	0.000010	0.010397
2018	0.001678	-	0.001678	0.007033	0.000911	0.000400	0.000019	0.000009	0.010050
2019	0.001538	-	0.001538	0.006699	0.000839	0.000400	0.000017	0.000008	0.009501

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, Utah County Treasurer

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

Taxpayer	2019			2010		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
IM Flash Technologies LLC	\$ 322,204,700	1	5.01%	\$ 503,665,466	1	14.36%
TPark Five and Six LLC	68,448,100	2	1.06%			
Young Living Warm Springs LLC	63,908,300	3	0.99%			
Adobe Systems Inc.	62,364,400	4	0.97%			
Outlets at Traverse Mountain LLC	57,588,700	5	0.89%			
MPT of Lehi-Steward LLC	50,907,900	6	0.79%			
Geneva Rock Products Inc.	50,245,763	7	0.78%			
TMCV #2 LLC	43,298,100	8	0.67%			
TMCV #1 LLC	42,586,200	9	0.66%			
Thanksgiving Station One and Five LLC	36,968,600	10	0.57%			
Thanksgiving Point LC				35,548,495	2	1.01%
Cabellas				27,945,550	3	0.80%
Fox Ridge Investments LLC				20,575,883	4	0.59%
Thai Properties LLC				16,568,329	5	0.47%
Whistle Stop Development Corp				7,686,450	6	0.22%
Point Development LC				7,052,567	7	0.20%
Smiths				698,566	8	0.02%
Qwest Corp				6,958,003	9	0.20%
Museum of Ancient History				5,879,554	10	0.17%
Total	<u>\$ 798,520,763</u>		<u>12.41%</u>	<u>\$ 632,578,863</u>		<u>18.04%</u>

Source: Utah County Treasurer's Office

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

Fiscal Year	Governmental Activities				Business-Type Activities							
	Sales Tax	Excise Tax			Water	Electric	Drainage	Special Assessment:		Total	Percentage	Per Capita (1)
	Revenue	Road	Capital	Notes	Revenue	Revenue	Revenue	Capital	Bonds/Other	Primary	of Personal	
	Bonds	Bonds	Leases	Payable	Bonds	Bonds	Bonds	Leases	Notes Payable	Government	Income (1)	
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
2015	14,515,000	-	-	111,625,886	-	3,820,000	1,760,000	-	1,561,666	133,282,552	9.92%	2,368
2016	13,855,000	-	-	107,521,217	-	3,075,000	1,610,000	-	1,521,786	127,583,003	8.78%	2,238
2017	13,175,000	-	-	107,169,069	-	2,320,000	1,455,000	-	1,480,286	125,599,355	8.09%	2,055
2018	18,243,588	-	-	100,185,102	-	19,669,467	1,295,000	-	1,291,636	140,684,793	8.20%	2,243
2019	35,736,583	-	-	96,720,683	19,674,558	18,295,426	1,130,000	-	1,226,142	172,783,392	8.91%	2,616

1) See Schedule 19 for personal income and population data

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2010	\$ -	\$ -	\$ -	- %	- %
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-

(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, 2019)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Lehi (1)</u>	<u>Estimated Amount Applicable to Lehi</u>
Overlapping Debt:			
Central Utah Water Conservancy District	\$ 203,128,826	14.02%	\$ 28,483,500
Utah County	251,586,020	14.02%	35,278,353
Alpine School District	<u>696,956,699</u>	21.85%	<u>152,295,611</u>
Subtotal, overlapping debt	1,151,671,545		216,057,464
Direct Debt:			
Lehi City	<u>132,457,266</u>	100.00%	<u>132,457,266</u>
Total direct and overlapping debt	<u><u>\$ 1,284,128,811</u></u>		<u><u>\$ 348,514,730</u></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 City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden born by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

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

LEHI CITY CORPORATION
SCHEDULE 13
LEGAL DEBT MARGIN INFORMATION
(LAST TEN FISCAL YEARS)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total debt applicable to limit</u>	<u>Legal debt margin</u>
2010	\$ 190,530,572	\$ -	\$ 190,530,572
2011	177,963,568	-	177,963,568
2012	167,119,341	-	167,119,341
2013	168,299,419	-	168,299,419
2014	189,635,817	-	189,635,817
2015	220,618,915	-	220,618,915
2016	250,949,024	-	250,949,024
2017	284,893,824	-	284,893,824
2018	317,472,602	-	317,472,602
2019	359,009,736	-	359,009,736

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

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated market value	\$ 8,975,243,406
Debt limit (4% of market value)	359,009,736
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 359,009,736</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	
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
2015	9,113,818	4,447,560	4,666,258	140,000	6,860	146,860	31.77
2016	8,561,431	4,448,967	4,112,464	-	-	-	-
2017	11,583,625	6,744,977	4,838,648	-	-	-	-
2018	13,029,446	5,207,971	7,821,475	-	-	-	-
2019 (4)	13,377,347	6,569,152	6,808,195	-	-	-	-

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) for culinary water and secondary water combined. Amounts are exclusive of any developer fees that are passed through to the Central Valley Water Conservancy District.
- (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 combined.
- (4) The City issued \$17,205,000 in water revenue bonds in fiscal year 2019 to finance improvements to the culinary water distribution system and pressurized irrigation system. No debt service payments were required during the current year.

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	
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
2015		9,060,843	650,000	165,824	815,824	11.11
2016		9,377,782	660,000	150,880	810,880	11.56
2017		10,757,971	680,000	135,700	815,700	13.19
2018	(1)	12,062,139	700,000	196,433	896,433	13.46
2019	(2)	13,381,416	855,000	725,135	1,580,135	8.47

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

(1) The City issued \$5,768,588 in sales tax revenue bonds in fiscal year 2018 to finance the construction of the new fire station.

(2) The City issued \$18,402,528 in sales tax revenue bonds in fiscal year 2019 to finance the construction of the new public safety building.

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	
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	-	-	-	-
2015	1,592,893	-	-	-	-
2016	1,785,860	-	-	-	-
2017	2,169,616	-	-	-	-
2018	2,229,760	-	-	-	-
2019	2,511,008	-	-	-	-

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	
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
2015	29,919,796	23,489,726	6,430,070	740,000	64,703	804,703	7.99
2016	32,413,055	24,643,464	7,769,591	745,000	58,782	803,782	9.67
2017	34,068,518	26,050,071	8,018,447	755,000	52,078	807,078	9.94
2018 (3)	38,653,790	27,683,496	10,970,294	760,000	287,365	1,047,365	10.47
2019	40,759,383	28,965,807	11,793,576	1,250,000	819,648	2,069,648	5.70

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 and amortization.

(3) The City issued \$18,109,467 in electric revenue bonds in fiscal year 2018 to finance the construction of a new power plant.

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	
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
2015	1,394,965	368,077	1,026,888	160,000	67,393	227,393	4.52
2016	1,427,089	457,652	969,437	150,000	61,776	211,776	4.58
2017	1,491,237	696,897	794,340	155,000	56,511	211,511	3.76
2018	1,711,571	734,418	977,153	160,000	51,986	211,986	4.61
2019	1,739,673	874,651	865,022	165,000	51,873	216,873	3.99

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.

(3) The 2000 drainage bond was refunded and an additional \$1,500,000 was added to the debt to complete the 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</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
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%
2015	56,275	1,343,453,075	23,873	3.4%
2016	57,000	1,453,767,554	25,504	3.4%
2017	61,130	1,552,978,545	25,405	3.3%
2018	62,712	1,715,886,931	27,361	3.1%
2019	66,037	1,939,815,006	29,375	2.7%

(1) Per capita personal income amounts shown are for the tax calendar year that ended during the specified fiscal year.

(2) Unemployment rates are for Utah County, Utah.

Sources: Population information provided by the Lehi Planning Department.

Personal income information found at <http://www.tax.utah.gov/econstats/income> (Federal AGI).

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	2019	2010	
	Range of Employees	Estimated Employees	Rank
Adobe	1000-1999		
IM Flash	1000-1999	1,668	1
Vivint Solar	1000-1999		
Young Living Essential Oils	1000-1999	123	9
Alpine School District	1000-1999		
Ancestry.com	500-999		
Entrata	500-999		
Hadco	500-999	274	5
Solutionreach	500-999		
Workfront	500-999		
Xactware	500-999		
Younique	500-999		
Digicert	250-499		
Mountain Point Medical Center	250-499		
Weave Communications	250-499		
Thanksgiving Point	250-499	375	4
Costco	250-499	213	7
Smiths	250-499	178	8
Cabela's	100-249	413	3
Lowes	100-249	123	10
Xango	-	710	2
Jack B Parson Co.	-	250	6

Source: Utah Department of Workforce Services

Note: The State of Utah only tracks employees by range of employees. The City does not collect employee information as part of the business license or any other process.

LEHI CITY CORPORATION
SCHEDULE 21
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Court	6	6	6	6	6	6	6	6	6	6
Administrative	4.5	4.5	4.5	6.5	9.5	11.5	11.5	11.5	15	15
Treasury	6	6	6	6	5	5	6	6	6	6.5
Finance	5	5	5	5	7	7	7	7	4	4
Legal	-	-	-	4.5	4.5	5.3	5.3	5.3	5	5
Legislative (1)	6	6	6	6	6	6	6	6	6	6
Public Safety										
Police	41.5	41.5	44.5	45	48	51	54	59	59	59
Fire	39	39	40	40	42	43	46	50	66	66
Animal Control	1.5	1.5	1.5	2	2	2	2	2	1	1
Community Development										
Public Works Administration	5	5	5	5	5	5	5	5	5	7
Planning and Zoning	6.5	6.5	6	6	6	6	6	6	6	6
Inspections	8	8	8	8	9	9	9	9	9	9
Streets and Highways										
Streets and Public Improvements	9	9	12	12	12	14	15	15	15	16
Parks, Recreation and Culture										
Parks	19	19	21	22	27	27	29	29	29	31
Senior Citizens	3	3	3	3	2	2	2	2.5	3	4
Recreation	115.5	115.5	73.5	75.5	84.5	84.5	87.5	82	91	84
Library	13	13	18	20	20	20	21	21	21	21
Literacy Center	-	-	5.5	5.5	6.5	6.5	6.5	6	6	6
Cemetery	2.5	2.5	2.5	3	3.5	3.5	4	4	6	6
Culinary Water	8	8	8	8	9	9	10	10	12	12
Sewer	3	3	3	3	3	3	4	8	8	8
Power	19	19	24.5	24.5	23.5	25.5	27.5	29	32	33
Secondary Water	3.5	3.5	3.5	3.5	6.5	5.5	6.5	6.5	5	5
Storm Drain	3	3	3	3	3	3.65	4.65	5.65	5	7

Source: City records

(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.

LEHI CITY CORPORATION
SCHEDULE 22
OPERATING INDICATORS BY FUNCTION/PROGRAM
(LAST TEN FISCAL YEARS)

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community development										
Residential building permits issued	243	286	590	569	340	464	548	489	781	871
Commercial building permits issued	28	28	38	25	26	165	195	195	183	172
Court										
Traffic and Misdemeanor cases handled	7,997	8,333	7,102	5,896	5,845	4,705	6,387	5,547	7,321	7,349
Police										
Calls for service	14,326	14,062	15,278	15,575	27,087	32,130	32,534	28,602	29,832	22,770
Arrests	1,902	1,950	1,235	1,089	1,261	1,188	1,179	1,436	1,414	1,443
Fire										
Fire/Medical responses	2,322	2,050	2,136	2,232	2,200	2,480	2,708	2,946	3,162	3,717
Recreation										
Recreation programs	72	75	72	71	70	69	72	80	74	78
Participants in recreation programs	22,992	22,500	23,690	24,555	25,983	27,445	28,396	27,999	28,549	28,324
Library										
Books in collection	82,606	95,611	108,669	121,168	125,220	114,442	150,158	115,022	122,055	129,002
Books circulated	342,819	451,362	509,764	511,130	529,218	532,094	597,433	474,778	486,687	502,167
Cemetery										
Acres maintained	53	55	55	55	55	55	55	55	55	55
Total gravesites	23,953	24,791	25,659	26,428	26,485	27,645	27,955	27,966	29,528	29,543
Culinary Water										
Residential accounts serviced	10,826	12,568	13,121	13,152	14,419	14,987	15,691	16,043	16,562	17,872
Average daily consumption (thousands of gallons)	176	357	350	263	274	321	349	421	384	449
Sewer										
Sewer lines miles inspected	65	80	78	78	78	47	47	58	62	54
Power										
Accounts serviced	11,212	14,817	15,010	16,279	16,764	17,873	18,879	19,656	20,693	22,193
Energy sold (megawatts in thousands)	177	223	220	259	270	286	315	342	364	383
Secondary Water										
Accounts serviced	10,580	11,426	11,632	12,574	13,019	13,247	15,584	14,119	14,799	15669

Source: City records

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Streets and Highways										
Street lights	1,803	2,355	2,412	2,446	2,506	2,600	2,689	2,910	3,027	3,359
Street miles	210	202	204	206	221	224	233	244	246	256
Police										
Vehicles	36	43	46	51	57	59	60	65	63	63
Fire										
Fire vehicles	7	12	12	12	12	15	16	17	17	17
Ambulances	3	3	3	3	4	5	4	5	5	5
Public works										
Incorporated area in square miles	32	32	32	32	32	28	28	29	29	29
City buildings in square feet	235,000	235,000	235,000	235,000	235,000	235,000	235,000	321,600	321,600	321,600
Parks and recreation										
Park acreage	216	333	333	333	333	339	339	522	522	531
Baseball/softball diamonds	9	9	9	8	8	8	8	8	8	8
Soccer fields	4	4	4	9	9	9	9	9	9	9
Culinary water										
Water main line miles	206	243	263	256	271	281	297	310	322	339
Storage capacity (thousands of gallons)	10,000	9,800	9,800	9,800	8,400	10,400	10,400	10,400	10,400	12,600
Sewer										
Sewer line miles	144	205	210	212	223	226	241	253	262	271
Secondary water										
Secondary water main line miles	189	243	249	258	272	282	298	312	325	343
Power										
Power main feeder line miles	217	219	231	240	248	258	275	515	680	756
Overhead line miles	48	52	64	64	64	67	65	147	117	117

Source: City records