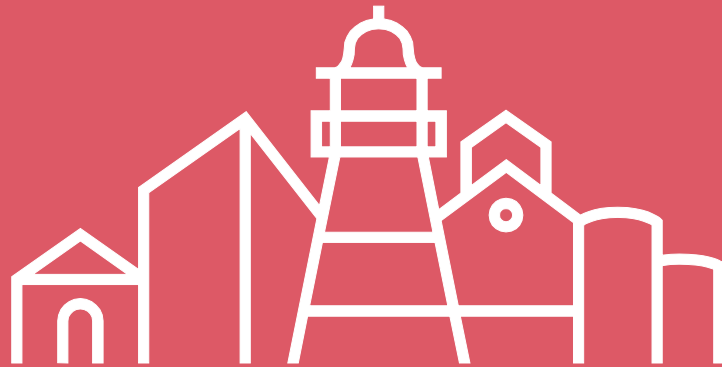


LEHI CITY CORPORATION

STATE OF UTAH

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



LEHI CITY

PREPARED BY:

FINANCE DEPARTMENT

LEHI CITY CORPORATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2023

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LEHI CITY CORPORATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION

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

December 07, 2023

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 annual comprehensive financial report of Lehi City (the City) for the fiscal year ended June 30, 2023.

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, 2023, 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, 2023, 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, a swimming and recreation facility and emergency medical services. Solid waste collection is contracted through Waste Management. The City also began construction of a fiber-to-the-home network in September 2022. The first customers are began services during the Spring of 2023, with full buildout expected in Spring of 2025.



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: Adobe, Microsoft, Weave, Ancestry, Xactware, WeWork, Lumio, Young Living Essential Oils, and Podium.

On Nov 2, 2023 Texas Instruments broke ground on an \$11 billion expansion of its semiconductor wafer fabrication plant. Utah Gov. Spencer Cox called the plant “the greatest single economic investment in the history of our state”, creating 800 high-paying jobs and thousands of indirect jobs. Additionally Texas Instruments invested \$9 million in Alpine School District’s STEM programs.

Spurred by an expanding technology sector, the City continues to experience rapid growth. The population has increased from 54,382 to 84,373 over the past 10 years. With 50% of the City's land still available for development, build-out population, which is estimated to be reached in 2060, is projected at 155,000.

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 \$64,444,491 to \$82,863,466 from 2018 to 2023, and expenditures increased from \$60,637,837 to \$74,323,091. Operating revenues in enterprise funds grew from \$54,772,345 to \$78,813,410 over the same time frame, while operating expenses rose from \$53,068,839 to \$102,456,965. Due to difficult conditions in both power and natural gas markets, the Power fund experienced an operating loss of just over \$19 million for the year. As a result, the City has increased rates and secured long-term energy contracts to regain profitability and rebuild reserves.

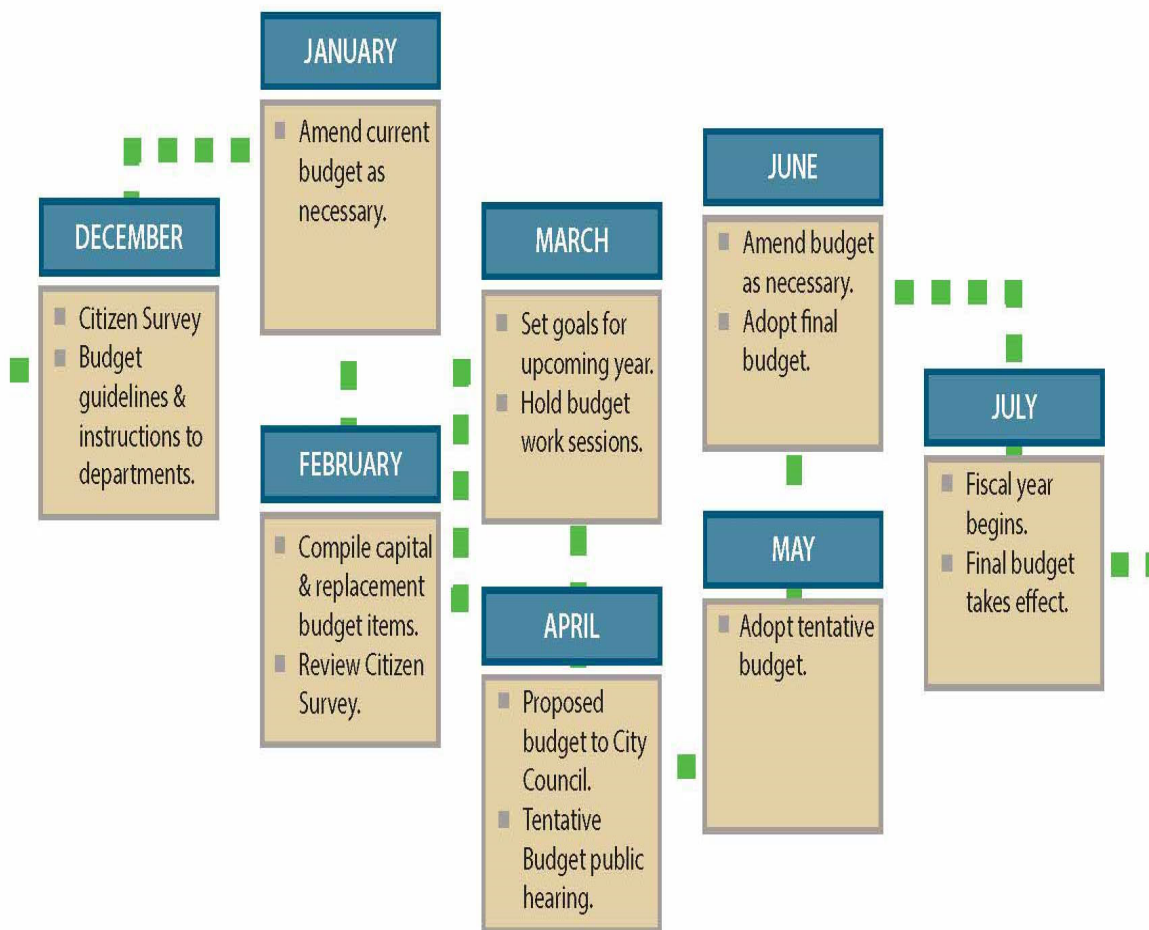
Brigham Young University, Utah Valley University (the largest University in the State) and the University of Utah campuses are within 25 minutes of the City center. These higher education facilities employ more than 3,000 people. These universities provide a strong educated work force for a large number 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 2.6%, Compared to a statewide rate of 2.5%.



The annual budget serves as the foundation for the City's financial planning and control. Annual budgets are adopted for the General fund, Redevelopment Agency Special Revenue fund, Local

Building Authority fund, Capital Projects fund, and Debt Service fund. 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 30, unless the City is proposing a property tax increase. 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. If a property tax increase is proposed, a separate public hearing must be held, and the final budget must be approved by the end of August. For the fiscal 2023-24, the tentative budget was adopted on April 12 and the final budget was adopted on August 16.

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, Redevelopment Agency fund and Local Building Authority fund, the comparisons are presented on page 36. For capital projects and debt service funds, those comparisons are presented on pages 112 and 113.

Long-term Financial Planning

Lehi City continues to maintain rapid growth in commercial, retail, and residential development. This growth can put a strain on the City's infrastructure resources. In an effort to look towards the future, the City maintains five-year and ten-year capital plans. Rate studies, which include future capital expenditures have been completed for utility funds. The purpose of these studies is to charge rates sufficient to maintain current infrastructure and plan for future needs.

In 2021, the City completed a needs analysis and long-term plan for future city campus facilities. Their analysis provides a roadmap for facilities at the downtown city campus. These facilities include: City Hall, Justice Court, Recreation Center, and Fire Station. Options are included to phase in the construction of these facilities depending upon needs and available funding. This campus master plan will be a valuable tool as city growth spurs future needs.

In December 2022, the City issued bonds to begin construction on the first phase of the updated City campus. Phase 1 will include the demolition of the old City Library building. In its place a new building housing the library and City hall will be constructed. This facility is anticipated to be completed by November 2024. The City will also begin construction on its fourth fire station. The new station is anticipated to be completed in the Summer of 2024.

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.



Currently under construction is a regional park located in the Northeast section of the City to be known as Family Park. Phase 1 is planned at an estimated cost of \$17 million. The park will feature a state-of-the-art all abilities playground along with other amenities geared toward family leisure and recreation. A new City parks building is also under construction to house the City's growing emphasis on parks and family recreation.

Construction and maintenance of City infrastructure assets is critical to the City's long-term financial health. The City's new fiber network will provide the opportunity for all city residents to access high-speed fiber internet. Lehi City will own the infrastructure, with internet access via third-party providers. Other projects replacing and expanding water infrastructure are also planned to provide and improve service to a continually expanding area.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the twenty-second 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 ACFR. 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 ACFR 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, 2022. 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, 2022. In order to qualify for the PAFR Award, the government must obtain the ACFR award. The PAFR document provides summary information from the ACFR 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,



Jason Walker
City Administrator



Dean Lundell
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

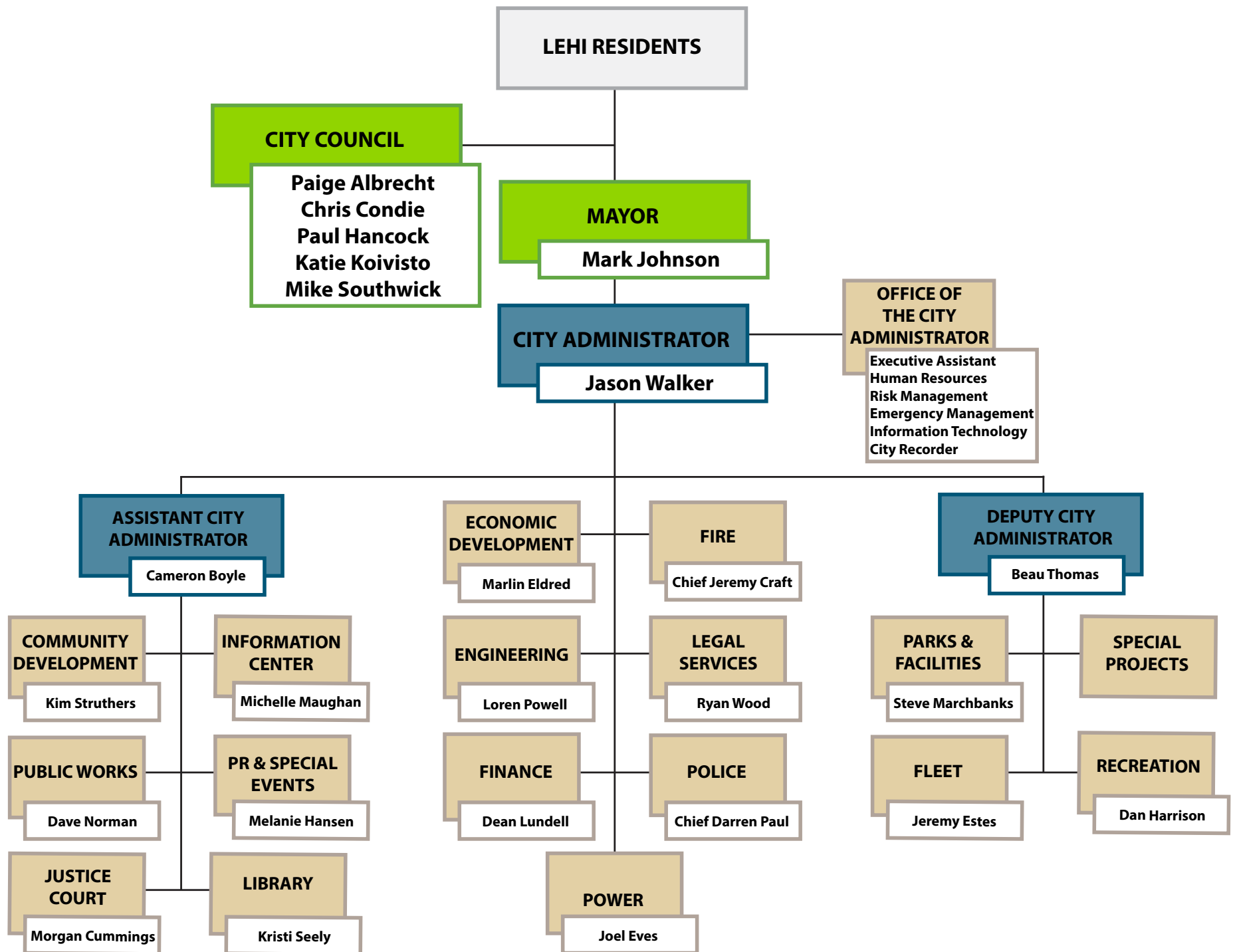
**Lehi City Corporation
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO





Elected Officials

For the Year Ended
June 30, 2023



Mayor
Mark Johnson



Councilperson
Paige Albrecht



Councilperson
Chris Condie



Councilperson
Paul Hancock



Councilperson
Katie Koivisto



Councilperson
Mike Southwick

APPOINTED OFFICIALS

City Administrator.....Jason Walker
City Treasurer.....Alyson Alger
City Recorder.....Teisha Wilson

FINANCIAL SECTION

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Audit of the Financial Statements

Opinions

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 the Lehi City Corporation, Utah (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 30 and the Required Supplementary Information - Pensions on pages 105 through 110 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules 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. The 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, 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 City's internal control over financial reporting and compliance.

Osborne Robbins & Bahler PLLC

December 7, 2023

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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, 2023. 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 \$870,313,400 (*net position*). This is an increase of 7.5% over the previous year. The majority of the City's net position consists of infrastructure assets. A significant portion of these infrastructure assets have been received as a result of required developer contributions.
- The City's governmental funds reported combined fund balances of \$117,563,778 which is an increase of \$39,791,099 in fund balance reported for 2022 of \$77,772,679. Proceeds from the issuance of bonds contributed to the increase in fund balance, along with an increase in tax revenues and interest on investments.
- General fund tax revenues increased by 15.4% over the previous year and utility charges for services revenues increased by 12.4%. During the year, the City enacted an increase to property tax rates of 3.38%, which resulted in just under \$400,000 in additional property tax revenue. Recent rate studies have resulted in moderate increases in rates for the water and storm drain funds. The electric fund also increased rates in 2023 to address increased costs.
- New development slowed somewhat in 2023 due to high interest rates and inflation. This resulted in a decrease in impact fee revenues, building permit and inspection fee revenues, and similar charges for services.
- The City's total long-term obligations decreased by a net of approximately \$6.3 million during the current fiscal year.
 - Decreases to long-term debt were due primarily to regularly scheduled principal payments and to the extinguishment of a note payable to a developer with a balance of approximately \$43 million.
 - During 2023, the City issued \$29 million in lease revenue bonds.
 - The City reported a net pension liability of approximately \$4.3 million as of June 30, 2023, up from no net pension liability as of June 30, 2022. The City also recognized a net pension asset of \$1,208,035 as of June 30, 2023, down from \$10,211,768 at June 30, 2022.

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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

- The *statement of net position* presents information on all the City's assets and 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 water, sewer, electric, drainage, garbage and fiber-optic service.

The government-wide financial statements include not only the City itself (known as the *primary government*), but two blended component units.

- The Lehi Redevelopment Agency (Agency) is legally separate from the City. The Agency was established to account for the collection and distribution of revenues associated with the City's economic development areas. 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 Lehi City Local Building Authority (Authority) is legally separate from the City. The Authority was established to construct city facilities and service the associated debt. Similar to the Lehi Redevelopment Agency, the Authority's board of trustees is composed of the Lehi Mayor and City Council and City staff maintain operational responsibility for the Authority. Thus, it is presented as a special revenue fund of the City. The Local Building Authority Fund contains the financial balances and activities of the Authority.

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.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, the redevelopment agency special revenue fund, and the local building authority special revenue fund, which are considered to be major funds. The debt service fund is the only non-major governmental fund.

The City adopts annual appropriated budgets for its general fund, its special revenue redevelopment agency fund and its special revenue local building authority fund. A budgetary comparison statement has been provided for the general fund, the redevelopment agency fund, and the local building authority fund to demonstrate compliance with these budgets.

The basic governmental fund financial statement can be found on pages 34-38 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 water, sewer, electric, fiber, 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 water, sewer, electric, and fiber funds, which are considered to be major funds of the City. The City's nonmajor proprietary funds consist of the drainage and garbage funds.

The City 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 40-44 of this report.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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 45-103 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 105-110 this report.

Individual fund schedules and combining statements and schedules can be found on pages 112-127 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial state. In the case of the City, net position was \$870,313,400 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 \$870,313,400 in net position, \$75,057,062 is subject to external restrictions on how those resources may be used.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

LEHI CITY CORPORATION
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 151,725,943	\$ 121,067,821	\$ 151,600,389	\$ 158,381,503	\$ 303,326,332	\$ 279,449,324
Capital assets	384,426,252	381,171,290	437,174,727	420,172,369	821,600,979	801,343,659
Total assets	<u>\$ 536,152,195</u>	<u>\$ 502,239,111</u>	<u>\$ 588,775,116</u>	<u>\$ 578,553,872</u>	<u>\$ 1,124,927,311</u>	<u>\$ 1,080,792,983</u>
Deferred outflows of resources	\$ 5,096,919	\$ 3,459,754	\$ 7,583,109	\$ 7,671,670	\$ 12,680,028	\$ 11,131,424
Long-term liabilities	\$ 113,421,073	\$ 122,328,136	\$ 102,594,007	\$ 99,969,825	\$ 216,015,080	\$ 222,297,961
Other liabilities	7,892,386	8,679,053	13,194,658	11,795,316	21,087,044	20,474,369
Interfund balances	(2,384,774)	916,378	2,384,774	(916,378)	-	-
Total liabilities	<u>\$ 118,928,685</u>	<u>\$ 131,923,567</u>	<u>\$ 118,173,439</u>	<u>\$ 110,848,763</u>	<u>\$ 237,102,124</u>	<u>\$ 242,772,330</u>
Deferred inflows of resources	<u>\$ 26,195,412</u>	<u>\$ 36,536,133</u>	<u>\$ 3,996,403</u>	<u>\$ 3,035,306</u>	<u>\$ 30,191,815</u>	<u>\$ 39,571,439</u>
Net position						
Net investment in capital assets	\$ 358,211,413	\$ 348,094,139	\$ 395,362,323	\$ 391,916,527	\$ 753,573,736	\$ 740,010,666
Restricted	57,343,991	14,058,585	17,713,071	12,617,730	75,057,062	26,676,315
Unrestricted	(19,430,387)	(24,913,559)	61,112,989	67,807,216	41,682,602	42,893,657
Total net position	<u>\$ 396,125,017</u>	<u>\$ 337,239,165</u>	<u>\$ 474,188,383</u>	<u>\$ 472,341,473</u>	<u>\$ 870,313,400</u>	<u>\$ 809,580,638</u>

As of June 30, 2023, the net position of the City's governmental activities totaled \$396,125,017 compared to \$337,239,165 in 2022. The governmental activities reported an increase in net position of \$58,885,852. Capital grants and contributions, including contributions of infrastructure totaled \$16,212,028. The City also received \$52,942,619 in property, sales, and other taxes. The City's governmental activities also recognized other income of \$48,212,486, which includes a gain on extinguishment of debt totaling \$43,040,344.

As of June 30, 2023, the net position of the City's business-type activities totaled \$474,188,383 compared to \$472,341,473 in 2022. The business-type activities reported an increase in net position of \$1,846,910. 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, 2023

LEHI CITY CORPORATION
CHANGES IN NET POSITION

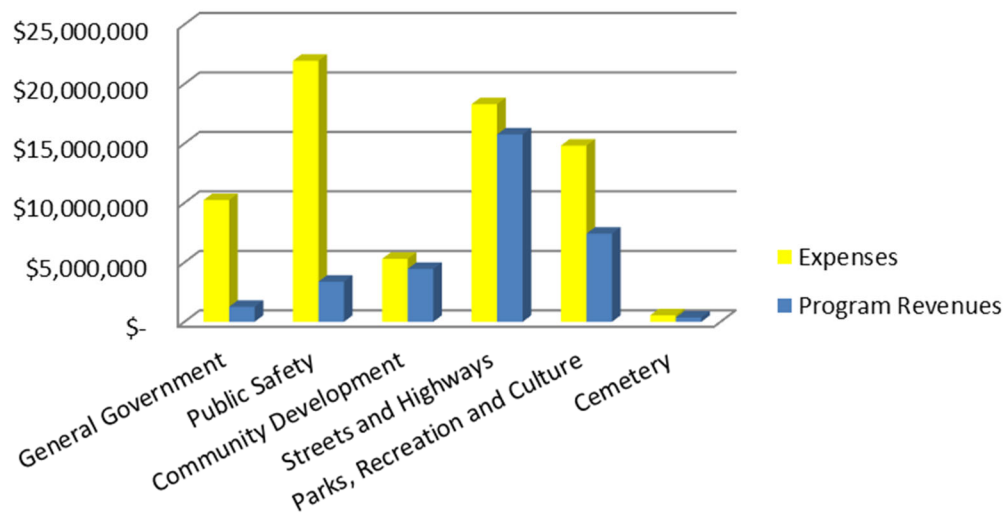
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 12,530,026	\$ 15,000,162	\$ 78,193,734	\$ 69,596,712	\$ 90,723,760	\$ 84,596,874
Operating grants and contributions	3,887,912	8,214,996	3,018,272	2,867,704	6,906,184	11,082,700
Capital grants and contributions	16,212,028	37,883,897	24,593,758	48,217,884	40,805,786	86,101,781
General revenues:					-	-
Property taxes	20,725,161	22,350,797	-	-	20,725,161	22,350,797
Sales and other taxes	32,217,458	27,779,419	-	-	32,217,458	27,779,419
Other	48,212,486	1,617,200	4,982,613	1,313,778	53,195,099	2,930,978
Total revenues	133,785,071	112,846,471	110,788,377	121,996,078	244,573,448	234,842,549
Expenses:						
General government	10,240,351	8,020,887	-	-	10,240,351	8,020,887
Public safety	21,948,439	17,507,791	-	-	21,948,439	17,507,791
Community development	5,302,806	5,729,311	-	-	5,302,806	5,729,311
Highways/streets	18,299,870	16,289,645	-	-	18,299,870	16,289,645
Parks, recreation, and culture	14,817,336	12,943,241	-	-	14,817,336	12,943,241
Cemetery	552,761	497,978	-	-	552,761	497,978
Interest on long-term debt	3,737,656	5,399,835	-	-	3,737,656	5,399,835
Water	-	-	18,508,084	16,352,621	18,508,084	16,352,621
Sewer	-	-	12,573,204	11,460,744	12,573,204	11,460,744
Electric	-	-	67,530,830	42,720,326	67,530,830	42,720,326
Fiber	-	-	2,310,916	1,978,842	2,310,916	1,978,842
Nonmajor activities	-	-	8,018,433	7,106,308	8,018,433	7,106,308
Total expenses	74,899,219	66,388,688	108,941,467	79,618,841	183,840,686	146,007,529
Increase in net position before transfers	58,885,852	46,457,783	1,846,910	42,377,237	60,732,762	88,835,020
Transfers	-	-	-	-	-	-
Increase in net position	58,885,852	46,457,783	1,846,910	42,377,237	60,732,762	88,835,020
Net position, beginning	337,239,165	290,781,382	472,341,473	429,964,236	809,580,638	720,745,618
Net position, ending	\$ 396,125,017	\$ 337,239,165	\$ 474,188,383	\$ 472,341,473	\$ 870,313,400	\$ 809,580,638

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Governmental activities. During 2023 governmental activities increased the City's net position by \$58,885,852. Some specific factors making up the change in net position during 2023 include:

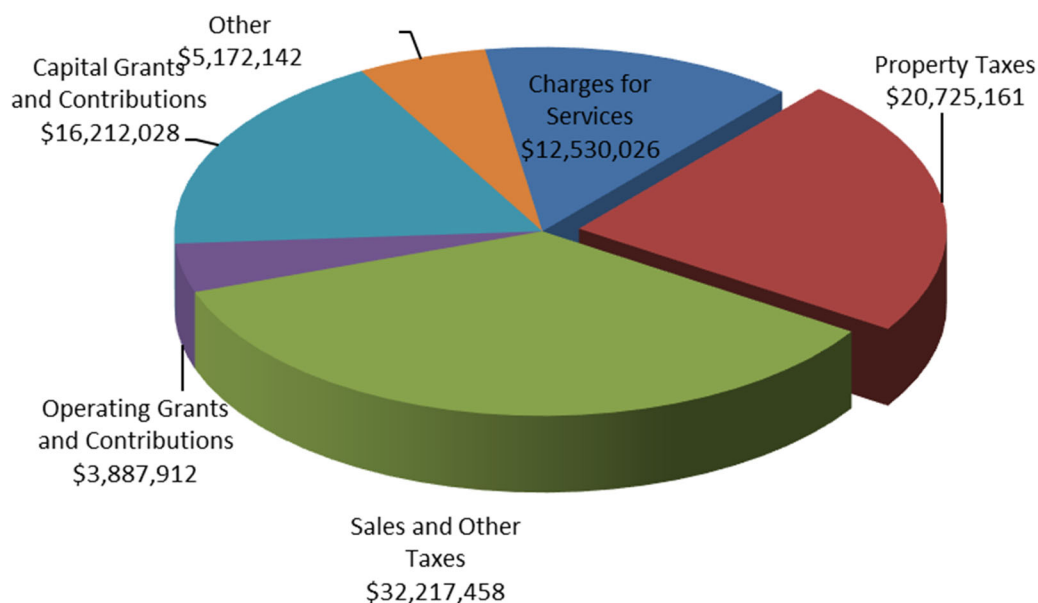
- As previously mentioned, the City reported a gain on extinguishment of debt in the amount of \$43,040,344.
- Charges for services decreased in 2023 from the prior year by approximately \$2.5 million. These revenues include fees for development, such as building permits and plan reviews. Development fees declined as interest rates began to rise.
- Capital grants and contributions were also lower than in 2022 by approximately \$21.7 million. The decline in revenue was also related to a slow down in development, resulting in a decrease of developer-installed infrastructure. Developer-installed road infrastructure was \$14.0 million lower in 2023 than 2022. Intergovernmental capital grants were \$3.8 million lower in 2023 than 2022.
- Expenses of the governmental activities increased from 2022 to 2023 by \$8,510,531 with the largest increases occurring in public safety expenditures. Depreciation in governmental activities increased \$2,691,426 from 2022 to 2023.

Expenses and Program Revenues - Governmental Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Revenues by Source - Governmental Activities

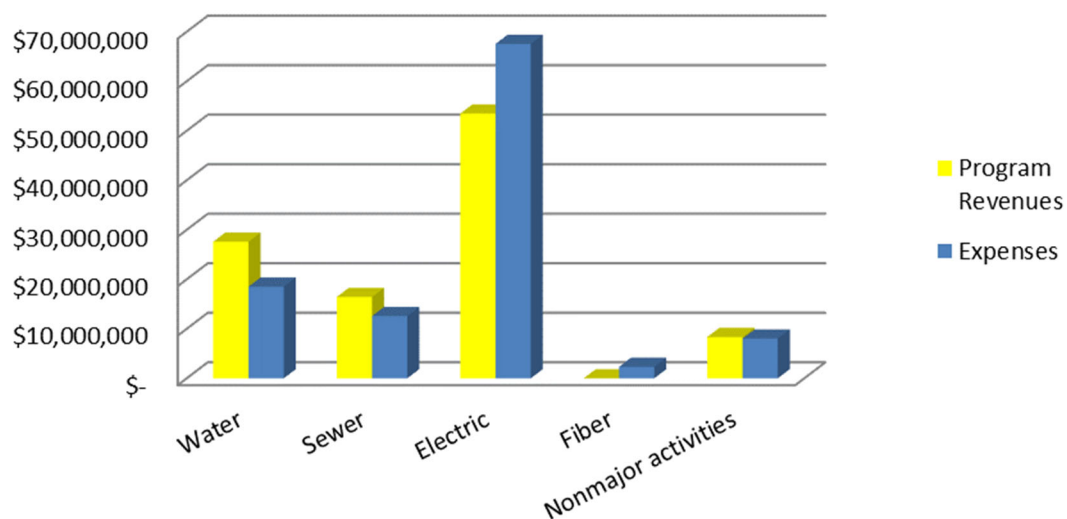


Business-type activities. Business-type activities increased the City's net position by \$1,846,910. At the end of the current fiscal year, all of the City's major business-type activities other than the fiber fund reported positive net position. The fiber fund was established in 2021 and will experience a deficit net position for the first few years until the fiber-optic network is installed and the City can begin to collect revenues generated from that system. Key elements of the increase in net position are as follows:

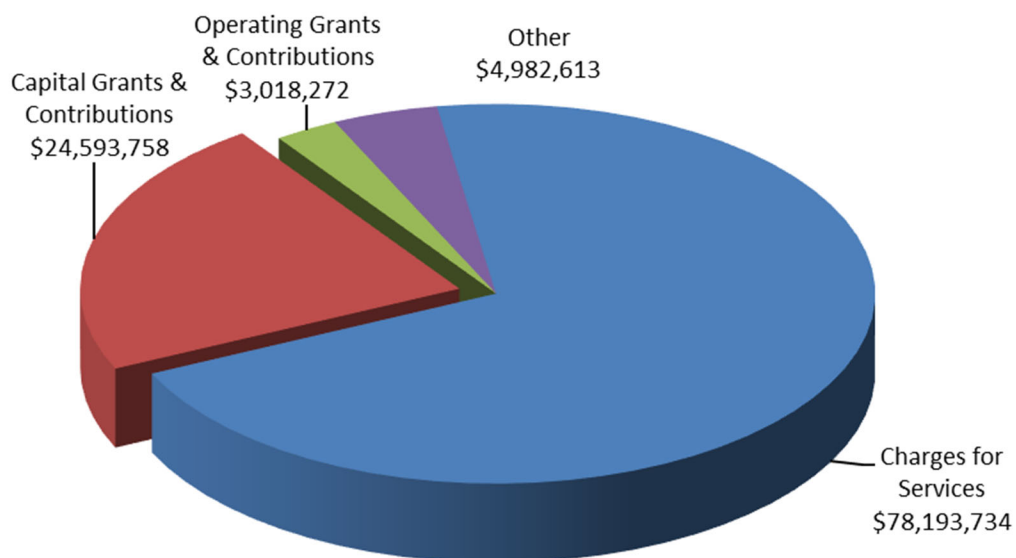
- Charges for services in the business-type activities increased over 2022 by \$8,597,022 (12.35%). Most of the enterprise funds experienced an increase in charges for services over 2022, a result of growth in the number of customers served as well as increase to the water, electric, and storm drainage rates.
- Capital grants and contributions for the business-type activities added \$24,593,758 to the total revenues of the City. This amount was lower than in 2022 by \$23,624,126 resulting from the aforementioned slow down in development in 2023.
- Expenses of the business-type activities increased by \$29,322,626 from the prior year. This is primarily due to an increase of approximately \$21.5 million in the cost of wholesale power. There were also increases in system maintenance costs. Depreciation in business-type activities increased by \$1,333,769 from 2022 to 2023. 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, 2023

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, 2023

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 \$117,563,778. \$20,183,077 of this total amount (17.2%) 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 \$20,183,077, while total fund balance reached \$28,069,795. 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 36.8% of total general fund expenditures, while total fund balance represents 51.2% of that same amount. The fund balance of the City's general fund increased by \$1,595,406 during the current fiscal year, due largely to higher than anticipated tax revenues and also increased interest on investments.

The special revenue Redevelopment Agency fund has an assigned fund balance of \$4,352,790. The project areas that received tax increment revenues in the current year were the Alpine Highway Project, the Alpine Highway West Project Area, the Thanksgiving Park Economic Development Project Area, the West Timpanogos Project Area, the Traverse Mountain Community Development Area and the Meadow Point Project Area. Overall, the fund experienced an increase in fund balance of \$453,885.

The special revenue Local Building Authority fund, which was established in 2023 to account for the financial resources to be used for the design and construction of capital assets as well as to pay the associated debt service, has an assigned fund balance of \$31,388,374, primarily the result of the issuance of lease revenue bonds.

The capital projects fund had an increase in fund balance in the amount of \$6,323,349, which resulted in a fund balance of \$53,701,915. During the year, \$8 million was transferred from the general fund to the capital projects fund to pay for future projects. The City also recognized approximately \$1.9 million in governmental grants used to construct infrastructure.

The City established the debt service fund to account for the debt service on its outstanding 2019, 2018 and 2014 sales tax revenue bonds. Sources of funds for the debt service fund come from transfers from the general fund. The debt service fund has an assigned fund balance of \$50,904.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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 \$62,997,738. Individually, the electric fund's unrestricted net position totaled \$26,637,387, the water unrestricted net position totaled \$23,130,231, the sewer unrestricted net position totaled \$7,716,712 and the non-major enterprise funds reported a positive unrestricted net position of \$6,069,440. The fiber fund reported a deficit net position of \$3,141,157. Other factors concerning the finances of these proprietary funds can be found earlier in this section under business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the general fund's budget was amended from budgeted expenditures totaling \$54,931,720 to a final budget of \$57,061,087, an increase of \$2,129,367, or 3.9%. Increased budget allocations were made to various departments based on changing conditions and emergency situations. These adjustments were funded primarily by a combination of increased revenue estimates and appropriating fund balance. Significant variances between the final budget and actual results are shown below:

- Tax revenues recognized in 2023 were \$1,577,436 more than budgeted. Property taxes and franchise taxes were higher than originally budgeted, while actual sales tax revenues came in lower than the final budget.
- Interest on investments was higher than budgeted by approximately \$1.2 million, due to increased rates available during the year.
- Total expenditures were less than the final budgeted amounts by \$2,257,071.

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, 2023 amounts to \$821,600,979 (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 \$7,588,677 and \$13,991,656, respectively.
- The City's new public safety building was completed and put into use during 2023. It had been under construction and was finalized in 2023 for a total cost of approximately \$19 million.
- A new building for the parks department was under construction with total costs incurred through June 30, 2023 of approximately \$2 million.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

- During 2023, the City incurred expenditures of approximately \$2.4 million in improvements to its parks. The largest expenditure was just under \$1.0 million for Family Park, the City's largest regional park.
- Construction of the City's fiber network began in 2023 with total costs incurred through June 30, 2023 of approximately \$4.0 million.
- In the water fund, the City completed the construction of a water tank with a cost of approximately \$3.3 million and began construction on two reservoirs for its pressurized irrigation system with costs totaling approximately \$1.2 million.
- In the electric fund, approximately \$3.3 million was spent on subdivision construction projects.

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 173,861,103	\$ 169,778,933	\$ 4,321,964	\$ 3,962,304	\$ 178,183,067	\$ 173,741,237
Intangibles	-	-	61,360,305	61,120,555	61,360,305	61,120,555
Construction in progress	8,475,331	22,583,443	19,692,541	12,053,535	28,167,872	34,636,978
Buildings and structures	31,661,393	14,853,174	9,682,676	10,131,435	41,344,069	24,984,609
Improvements, including infrastructure	161,006,387	165,689,292	340,803,534	331,645,579	501,809,921	497,334,871
Machinery, equipment, and vehicles	9,398,540	8,236,703	1,307,359	1,249,840	10,705,899	9,486,543
Office furniture and equipment	23,498	29,745	6,348	9,121	29,846	38,866
Total	\$ 384,426,252	\$ 381,171,290	\$ 437,174,727	\$ 420,172,369	\$ 821,600,979	\$ 801,343,659

Additional information on the City's capital assets can be found in note H on pages 62-63 of this report.

Long-term obligations. At the end of the current fiscal year the City had total bonded debt outstanding of \$162,852,334, with the majority of the debt secured solely by specified revenue sources (i.e. revenue bonds). \$29 million of the bonded debt outstanding was issued by the Local Building Authority of Lehi and is secured by the capital assets constructed with the proceeds of the bonds.

LEHI CITY CORPORATION
LONG-TERM OBLIGATIONS

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Tax increment notes payable to developers	\$ 37,912,094	\$ 82,563,476	\$ -	\$ -	\$ 37,912,094	\$ 82,563,476
Other notes payable	3,830,109	2,703,620	969,663	1,042,658	4,799,772	3,746,278
Revenue bonds	63,177,140	32,611,418	99,675,194	97,810,695	162,852,334	130,422,113
Lease liabilities	36,438	46,330	-	-	36,438	46,330
Other liabilities	8,465,292	4,403,292	1,949,150	1,116,472	10,414,442	5,519,764
Total	\$ 113,421,073	\$ 122,328,136	\$ 102,594,007	\$ 99,969,825	\$ 216,015,080	\$ 222,297,961

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

The City's long-term obligations decreased during 2023 by a net of \$6,282,881. In addition to regularly scheduled debt service payments, this change was the result of several factors:

- The City issued lease revenue bonds in the amount of \$29,000,000 at a premium of \$2,763,115.
- The City also issued a water revenue bond with the State of Utah in the amount of \$3,643,000.
- A note payable to a developer in the amount of \$43,040,344 was extinguished in connection with amendments made to the development agreement with the City.
- At June 30, 2023 the City reported, in accordance with the requirements of GAAP, a net pension liability totaling \$4,331,229, whereas at June 30, 2022, the City reported no net pension liability and instead reported a net pension asset of approximately \$10 million.

The 2021 Franchise and Sales Tax Revenue Bonds were assigned an underlying rating of A+, with an Assured Guaranty insured rating of AA. The 2019 Sales Tax Revenue Bonds were assigned a municipal bond rating of AA- by Standard and Poor's, while the rating for the City's 2019 Water Revenue Bonds was upgraded to AA+ by Fitch and maintained a Aa3 rating from Moody's. Power Revenue Bonds are rated A+ by Standard and Poor's. The City's Local Building Authority bonds, which were issued during the year, are rated AA- by Standard and Poor's and AA+ by Fitch.

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 \$684,697,973 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 \$1,369,395,946, which significantly exceeds the outstanding business-type debt the City currently has.

Additional information on the City's long-term obligations can be found in note J on pages 64-82 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City continues to grow rapidly. During the year, property values increased by 31.6% to an estimated market value of \$17,117,449,316.
- As part of the budget process, utility rates are reviewed annually. Rates are adjusted based on direct costs as well as capital needs. For the 2024 fiscal year, pressurized irrigation rates were increased by 5%, while culinary rates were not changed. Storm drain rates increased at the same time from \$5.25 to \$5.50 per month. The electricity rate study implemented a power purchase adjustment clause (PPAC), which adjusts rates automatically based on the wholesale cost of power. Due to dramatic increases in the market price of wholesale power and natural gas, a PPAC of \$0.017 per kWh was implemented February 2023. This PPAC will be evaluated and adjusted annually.
- Consistent with conditions throughout the State of Utah, the City's economic conditions continue to trend positively. Sales tax revenues increased 10.6% from fiscal year 2022 to fiscal year 2023. As of August 2023, the State of Utah reports an unemployment rate of 2.5% with a rate of 2.6% in Utah County. The City's population increased from 79,978 to 84,373.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2023

- In December 2022, bonds with a par amount \$29 million were issued. The proceeds will be used for the construction of the City's fourth fire station, with an estimated completion date of November 2024; and a city hall/library, with an estimated completion date of November 2025.
- Construction continues on the City's fiber network. Currently, 10% of the households in the City have access to the network. It is anticipated all Lehi households will have access to the network by May 2025. The first customers went live during Spring 2023.

The above factors were considered in preparing the City's budget for the 2024 fiscal year. Budgeted revenues and expenditures for the upcoming year total \$307,018,940. This is an increase from the 2023 fiscal year opening budget of \$280,700,620. Much of the increase in expenditures is related to one-time, capital expenditures such as construction of a new city hall and a large regional park. Increases to operating expenditures are the result of a growing population.

The City continues to expand with new residential and commercial development, during the year 779 residential and 155 commercial building permits issued. This is fewer permits than the City has issued in the previous five years. As a result, revenue from building permits, inspection fees, and impact fees is lower than anticipated.

In the previous fiscal year, Texas Instruments purchased the facility formerly occupied by Micron Technologies. This semiconductor facility manufactures highly technical computer chips. On November 2, 2023, Texas Instruments broke ground on an \$11 billion expansion of the semiconductor plant. Texas Instruments' investment will have a significant impact on jobs in the City and provide future tax revenue for the City.

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.

BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 37,669,956	\$ 42,829,772	\$ 80,499,728
INVESTMENTS	19,016,195	-	19,016,195
RECEIVABLES (NET)			
ACCOUNTS	-	7,175,746	7,175,746
UNBILLED	-	1,042,785	1,042,785
TAXES	29,136,881	10,170,792	39,307,673
INTERGOVERNMENTAL	1,867,205	-	1,867,205
LEASES	1,180,683	-	1,180,683
OTHER	1,398,271	-	1,398,271
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	821,098	821,098
INVENTORY	39,602	20,356,143	20,395,745
RESTRICTED CASH AND CASH EQUIVALENTS	58,604,346	69,204,053	127,808,399
RESTRICTED RECEIVABLES	1,582,081	-	1,582,081
NET PENSION ASSET	1,208,035	-	1,208,035
RIGHT TO USE LEASED ASSETS, NET OF AMORTIZATION	22,688	-	22,688
NON-DEPRECIABLE CAPITAL ASSETS	182,336,434	85,374,810	267,711,244
DEPRECIABLE CAPITAL ASSETS, NET	202,089,818	351,799,917	553,889,735
TOTAL ASSETS	\$ 536,152,195	\$ 588,775,116	\$ 1,124,927,311
DEFERRED OUTFLOWS OF RESOURCES			
ADVANCE FUNDING OF UAMPS PROJECT	\$ -	\$ 5,607,964	\$ 5,607,964
PREPAID BOND INSURANCE	-	592,784	592,784
DEFERRED OUTFLOWS RELATED TO PENSIONS	5,096,919	1,382,361	6,479,280
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 5,096,919	\$ 7,583,109	\$ 12,680,028
LIABILITIES			
INTERFUND BALANCES	\$ (2,384,774)	\$ 2,384,774	\$ -
ACCOUNTS PAYABLE	2,019,708	8,776,428	10,796,136
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
ACCOUNTS PAYABLE	1,245,295	3,224,502	4,469,797
ACCRUED INTEREST	-	909,703	909,703
WAGES PAYABLE	406,567	107,718	514,285
ACCRUED LIABILITIES	3,663,161	-	3,663,161
ACCRUED INTEREST PAYABLE	557,655	125,407	683,062
CUSTOMER DEPOSITS	-	50,900	50,900
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR	3,552,828	2,749,759	6,302,587
DUE IN MORE THAN ONE YEAR:			
COMPENSATED ABSENCES	2,487,091	665,446	3,152,537
NET PENSION LIABILITY	3,598,150	733,079	4,331,229
LANDFILL POSTCLOSURE COSTS	591,012	-	591,012
LEASE LIABILITIES	13,641	-	13,641
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	37,912,094	-	37,912,094
OTHER NOTES PAYABLE	3,174,117	895,529	4,069,646
BONDS PAYABLE	62,092,140	97,550,194	159,642,334
TOTAL LIABILITIES	\$ 118,928,685	\$ 118,173,439	\$ 237,102,124
DEFERRED INFLOWS OF RESOURCES			
PROPERTY TAXES	\$ 23,911,016	\$ -	\$ 23,911,016
LEASES	1,180,683	-	1,180,683
UNEARNED GRANT REVENUE	1,000,000	3,981,833	4,981,833
DEFERRED INFLOWS RELATED TO PENSIONS	103,713	14,570	118,283
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 26,195,412	\$ 3,996,403	\$ 30,191,815
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	\$ 358,211,413	\$ 395,362,323	\$ 753,573,736
RESTRICTED FOR			
CAPITAL IMPROVEMENTS	55,711,119	17,713,071	73,424,190
DEBT SERVICE	30,876	-	30,876
OTHER PURPOSES	1,601,996	-	1,601,996
UNRESTRICTED (DEFICIT)	(19,430,387)	61,112,989	41,682,602
TOTAL NET POSITION	\$ 396,125,017	\$ 474,188,383	\$ 870,313,400

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES							
GENERAL GOVERNMENT	\$ 10,240,351	\$ 1,263,448	\$ -	\$ -	\$ (8,976,903)	\$ -	\$ (8,976,903)
PUBLIC SAFETY	21,948,439	2,676,610	380,838	319,327	(18,571,664)	-	(18,571,664)
COMMUNITY DEVELOPMENT	5,302,806	4,062,359	-	389,654	(850,793)	-	(850,793)
STREETS AND HIGHWAYS	18,299,870	-	3,383,696	12,375,171	(2,541,003)	-	(2,541,003)
PARKS, RECREATION AND CULTURE	14,817,336	4,166,109	123,378	3,127,876	(7,399,973)	-	(7,399,973)
CEMETERY	552,761	361,500	-	-	(191,261)	-	(191,261)
INTEREST ON LONG-TERM DEBT	3,737,656	-	-	-	(3,737,656)	-	(3,737,656)
TOTAL GOVERNMENTAL ACTIVITIES	74,899,219	12,530,026	3,887,912	16,212,028	(42,269,253)	-	(42,269,253)
BUSINESS-TYPE ACTIVITIES							
WATER	18,508,084	13,126,269	3,018,272	11,442,344	-	9,078,801	9,078,801
SEWER	12,573,204	10,543,073	-	5,879,186	-	3,849,055	3,849,055
ELECTRIC	67,530,830	47,350,786	-	6,106,755	-	(14,073,289)	(14,073,289)
FIBER	2,310,916	1,280	-	-	-	(2,309,636)	(2,309,636)
NONMAJOR ACTIVITIES	8,018,433	7,172,326	-	1,165,473	-	319,366	319,366
TOTAL BUSINESS-TYPE ACTIVITIES	108,941,467	78,193,734	3,018,272	24,593,758	-	(3,135,703)	(3,135,703)
TOTAL PRIMARY GOVERNMENT	\$ 183,840,686	\$ 90,723,760	\$ 6,906,184	\$ 40,805,786	(42,269,253)	(3,135,703)	(45,404,956)
GENERAL REVENUES:							
PROPERTY TAXES					20,725,161	-	20,725,161
SALES TAXES					23,062,718	-	23,062,718
FRANCHISE AND OTHER TAXES					9,154,740	-	9,154,740
INVESTMENT EARNINGS					3,704,651	4,292,314	7,996,965
GAIN ON DISPOSAL OF CAPITAL ASSETS					199,010	70,623	269,633
GAIN ON EXTINGUISHMENT OF DEBT					43,040,344	-	43,040,344
OTHER					1,268,481	619,676	1,888,157
TOTAL GENERAL REVENUES					101,155,105	4,982,613	106,137,718
TRANSFERS					-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					101,155,105	4,982,613	106,137,718
CHANGE IN NET POSITION					58,885,852	1,846,910	60,732,762
NET POSITION AT BEGINNING OF YEAR					337,239,165	472,341,473	809,580,638
NET POSITION AT END OF YEAR					\$ 396,125,017	\$ 474,188,383	\$ 870,313,400

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

		SPECIAL REVENUE FUNDS				
	GENERAL	REDEVELOPMENT AGENCY	LOCAL BUILDING AUTHORITY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS						
CASH AND CASH EQUIVALENTS	\$ 13,159,680	\$ 2,729,234	\$ -	\$ 20,507,463	\$ 52,654	\$ 36,449,031
INVESTMENTS	6,192,729	1,447,004	-	11,376,462	-	19,016,195
RECEIVABLES						
TAXES	17,939,074	11,197,807	-	-	-	29,136,881
INTERGOVERNMENTAL	-	-	-	1,857,205	-	1,857,205
LEASES	1,180,683	-	-	-	-	1,180,683
OTHER	1,218,859	179,412	-	-	-	1,398,271
DUE FROM OTHER FUNDS	-	-	-	10,921,686	-	10,921,686
RESTRICTED ASSETS						
CASH AND CASH EQUIVALENTS	6,330,211	-	39,229,335	11,481,725	-	57,041,271
RECEIVABLES	1,532,081	-	-	50,000	-	1,582,081
TOTAL ASSETS	<u>\$ 47,553,317</u>	<u>\$ 15,553,457</u>	<u>\$ 39,229,335</u>	<u>\$ 56,194,541</u>	<u>\$ 52,654</u>	<u>\$ 158,583,304</u>
LIABILITIES						
ACCOUNTS PAYABLE	\$ 871,832	\$ 2,860	\$ 4,425	\$ 923,754	\$ 1,750	\$ 1,804,621
DUE TO OTHER FUNDS	-	-	7,836,536	-	-	7,836,536
LIABILITIES PAYABLE FROM						
RESTRICTED ASSETS	671,998	-	-	568,872	-	1,240,870
WAGES PAYABLE	382,639	-	-	-	-	382,639
ACCRUED LIABILITIES	3,663,161	-	-	-	-	3,663,161
TOTAL LIABILITIES	<u>5,589,630</u>	<u>2,860</u>	<u>7,840,961</u>	<u>1,492,626</u>	<u>1,750</u>	<u>14,927,827</u>
DEFERRED INFLOWS OF RESOURCES						
TAXES	12,662,561	11,197,807	-	-	-	23,860,368
LEASES	1,231,331	-	-	-	-	1,231,331
ADVANCE RECEIPT OF GRANT REVENUE	-	-	-	1,000,000	-	1,000,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>13,893,892</u>	<u>11,197,807</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>26,091,699</u>
FUND BALANCES						
RESTRICTED	7,190,294	-	-	10,962,853	-	18,153,147
COMMITTED	671,873	-	-	-	-	671,873
ASSIGNED	24,551	4,352,790	31,388,374	42,739,062	50,904	78,555,681
UNASSIGNED	20,183,077	-	-	-	-	20,183,077
TOTAL FUND BALANCE	<u>28,069,795</u>	<u>4,352,790</u>	<u>31,388,374</u>	<u>53,701,915</u>	<u>50,904</u>	<u>117,563,778</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 47,553,317</u>	<u>\$ 15,553,457</u>	<u>\$ 39,229,335</u>	<u>\$ 56,194,541</u>	<u>\$ 52,654</u>	<u>\$ 158,583,304</u>

LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
TOTAL GOVERNMENTAL FUND BALANCES	\$ 117,563,778
CAPITAL AND RIGHT TO USE ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	384,448,940
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(113,421,073)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(557,655)
THE CURRENT ASSETS, RESTRICTED CASH AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	2,590,162
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	6,201,241
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	(700,376)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 396,125,017</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, 2023

	SPECIAL REVENUE FUNDS						
	GENERAL	REDEVELOPMENT AGENCY	LOCAL BUILDING AUTHORITY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS	
REVENUES							
TAXES	\$ 45,262,893	\$ 7,311,686	\$ -	\$ 368,040	\$ -	\$ 52,942,619	
LICENSES, FEES AND PERMITS	2,322,023	-	-	4,580,154	-	6,902,177	
INTERGOVERNMENTAL	5,938,093	-	-	1,993,016	-	7,931,109	
CHARGES FOR SERVICES	8,988,690	-	-	-	-	8,988,690	
FINES AND FORFEITURES	831,962	-	-	-	-	831,962	
MISCELLANEOUS	1,655,832	-	-	-	-	1,655,832	
INTEREST ON INVESTMENTS	1,213,621	75,059	865,219	1,431,499	25,679	3,611,077	
TOTAL REVENUES	66,213,114	7,386,745	865,219	8,372,709	25,679	82,863,466	
EXPENDITURES							
CURRENT							
GENERAL GOVERNMENT	8,832,969	-	-	-	-	8,832,969	
PUBLIC SAFETY	20,720,538	-	-	-	-	20,720,538	
COMMUNITY DEVELOPMENT	3,832,172	945,131	-	-	-	4,777,303	
STREETS AND HIGHWAYS	7,513,717	-	-	-	-	7,513,717	
PARKS, RECREATION AND CULTURE	13,329,375	-	-	-	-	13,329,375	
CEMETERY	551,145	-	-	-	-	551,145	
OTHER	-	-	399,000	74,401	5,600	479,001	
CAPITAL OUTLAY	-	-	842,606	9,006,911	-	9,849,517	
DEBT SERVICE							
PRINCIPAL	9,892	1,611,038	-	179,109	960,000	2,760,039	
INTEREST AND FISCAL CHARGES	14,208	3,609,156	798,354	188,931	898,838	5,509,487	
TOTAL EXPENDITURES	54,804,016	6,165,325	2,039,960	9,449,352	1,864,438	74,323,091	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,409,098	1,221,420	(1,174,741)	(1,076,643)	(1,838,759)	8,540,375	
OTHER FINANCING SOURCES (USES)							
TRANSFERS IN	767,535	-	800,000	8,300,496	1,868,844	11,736,875	
TRANSFERS OUT	(10,718,840)	(767,535)	-	(900,504)	-	(12,386,879)	
PROCEEDS FROM ISSUANCE OF BONDS	-	-	31,763,115	-	-	31,763,115	
SALE OF CAPITAL ASSETS	137,613	-	-	-	-	137,613	
TOTAL OTHER FINANCING SOURCES (USES)	(9,813,692)	(767,535)	32,563,115	7,399,992	1,868,844	31,250,724	
NET CHANGE IN FUND BALANCE	1,595,406	453,885	31,388,374	6,323,349	30,085	39,791,099	
FUND BALANCE AT BEGINNING OF YEAR	26,474,389	3,898,905	-	47,378,566	20,819	77,772,679	
FUND BALANCE AT END OF YEAR	\$ 28,069,795	\$ 4,352,790	\$ 31,388,374	\$ 53,701,915	\$ 50,904	\$ 117,563,778	

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, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 39,791,099
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	13,570,050
DEPRECIATION EXPENSE	(19,481,864)
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	
	3,156,227
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION	
	2,760,039
THE NET REVENUE OF INTERNAL SERVICES FUNDS IS ALLOCATED BETWEEN GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	
INTERNAL SERVICE FUND NET INCOME LESS AMOUNT ALLOCATED TO BUSINESS-TYPE ACTIVITIES	(628,352) 216,002
GOVERNMENTAL FUNDS REPORT THE DISPOSAL OF ASSETS TO THE EXTEND PROCEEDS ARE RECEIVED, IN THE STATEMENT OF ACTIVITIES A GAIN OR LOSS IS REPORTED FOR EACH DISPOSAL	
	(13,259)
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	
	(31,763,115)
GAIN ON EXTINGUISHMENT OF DEBT IS OTHER INCOME IN THE STATEMENT OF ACTIVITIES	
	43,040,344
TRANSFER TO INTERNAL SERVICE FUND NETS TO ZERO IN THE STATEMENT OF ACTIVITIES	
	650,004
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	
	7,588,677
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 58,885,852

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES	\$ 37,685,457	\$ 43,685,457	\$ 45,262,893	\$ 1,577,436
LICENSES, FEES AND PERMITS	3,344,000	3,344,000	2,322,023	(1,021,977)
INTERGOVERNMENTAL REVENUE	5,023,568	5,258,731	5,938,093	679,362
CHARGES FOR SERVICE	7,910,568	8,075,568	8,988,690	913,122
FINES AND FORFEITURES	737,500	737,500	831,962	94,462
MISCELLANEOUS REVENUE	1,604,500	1,606,500	1,655,832	49,332
INTEREST ON INVESTMENTS	101,000	101,000	1,213,621	1,112,621
TOTAL REVENUES	56,406,593	62,808,756	66,213,114	3,404,358
EXPENDITURES				
GENERAL GOVERNMENT	9,386,699	9,615,588	8,832,969	782,619
PUBLIC SAFETY	20,549,809	21,199,986	20,720,538	479,448
COMMUNITY DEVELOPMENT	4,128,884	4,214,713	3,832,172	382,541
STREETS AND HIGHWAYS	6,478,702	7,114,746	7,513,717	(398,971)
PARKS, RECREATIONS AND CULTURE	13,794,531	14,251,004	13,329,375	921,629
CEMETERY	593,095	640,950	551,145	89,805
DEBT SERVICE	-	24,100	24,100	-
TOTAL EXPENDITURES	54,931,720	57,061,087	54,804,016	2,257,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,474,873	5,747,669	11,409,098	5,661,429
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,600,000	1,600,000	767,535	(832,465)
TRANSFERS OUT	(3,918,840)	(10,718,840)	(10,718,840)	-
PROCEEDS FROM LEASE LIABILITY	-	-	-	-
SALE OF CAPITAL ASSETS	10,000	10,000	137,613	127,613
TOTAL OTHER FINANCING SOURCES (USES)	(2,308,840)	(9,108,840)	(9,813,692)	(704,852)
NET CHANGE IN FUND BALANCE	(833,967)	(3,361,171)	1,595,406	4,956,577
FUND BALANCE AT BEGINNING OF YEAR	26,474,389	26,474,389	26,474,389	-
FUND BALANCE AT END OF YEAR	\$ 25,640,422	\$ 23,113,218	\$ 28,069,795	\$ 4,956,577

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - REDEVELOPMENT AGENCY
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES	\$ 15,495,000	\$ 15,495,000	\$ 7,311,686	\$ (8,183,314)
INTEREST ON INVESTMENTS	7,500	7,500	75,059	67,559
TOTAL REVENUES	15,502,500	15,502,500	7,386,745	(8,115,755)
EXPENDITURES				
CURRENT				
COMMUNITY DEVELOPMENT	4,551,200	4,551,200	945,131	3,606,069
DEBT SERVICE	11,150,228	11,150,228	5,220,194	5,930,034
TOTAL EXPENDITURES	15,701,428	15,701,428	6,165,325	9,536,103
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(198,928)	(198,928)	1,221,420	1,420,348
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(1,793,572)	(1,793,572)	(767,535)	1,026,037
TOTAL OTHER FINANCING SOURCES (USES)	(1,793,572)	(1,793,572)	(767,535)	1,026,037
NET CHANGE IN FUND BALANCE	(1,992,500)	(1,992,500)	453,885	2,446,385
FUND BALANCE AT BEGINNING OF YEAR	3,898,905	3,898,905	3,898,905	-
FUND BALANCE AT END OF YEAR	\$ 1,906,405	\$ 1,906,405	\$ 4,352,790	\$ 2,446,385

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LOCAL BUILDING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
INTEREST ON INVESTMENTS	\$ -	\$ -	\$ 865,219	\$ 865,219
TOTAL REVENUES	-	-	865,219	865,219
EXPENDITURES				
CURRENT				
OTHER	400,000	400,000	399,000	1,000
CAPITAL OUTLAY	38,663,115	38,663,115	842,606	37,820,509
DEBT SERVICE	800,000	800,000	798,354	1,646
TOTAL EXPENDITURES	39,863,115	39,863,115	2,039,960	37,823,155
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,863,115)	(39,863,115)	(1,174,741)	38,688,374
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	800,000	800,000	800,000	-
PROCEEDS FROM ISSUANCE OF BONDS	31,763,115	31,763,115	31,763,115	-
TOTAL OTHER FINANCING SOURCES (USES)	32,563,115	32,563,115	32,563,115	-
NET CHANGE IN FUND BALANCE	(7,300,000)	(7,300,000)	31,388,374	38,688,374
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ (7,300,000)</u>	<u>\$ (7,300,000)</u>	<u>\$ 31,388,374</u>	<u>\$ 38,688,374</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	SEWER	ELECTRIC	FIBER	NONMAJOR PROPRIETARY FUNDS	TOTAL BUSINESS- TYPE FUNDS	
ASSETS							
CURRENT ASSETS							
CASH AND CASH EQUIVALENTS	\$ 17,261,115	7,703,125	\$ 9,786,909	\$ 2,309,186	\$ 5,769,437	\$ 42,829,772	\$ 1,220,925
RECEIVABLES (NET):							
ACCOUNTS	1,168,932	957,601	4,353,829	1,280	694,104	7,175,746	10,000
UNBILLED	182,863	136,295	623,332	-	100,295	1,042,785	-
INTERGOVERNMENTAL	10,170,792	-	-	-	-	10,170,792	-
REFUND DUE FROM DEPOSIT WITH POWER SUPPLIER	-	-	821,098	-	-	821,098	-
INVENTORY	5,597,283	18,602	9,099,060	5,629,468	11,730	20,356,143	39,602
TOTAL CURRENT ASSETS	<u>34,380,985</u>	<u>8,815,623</u>	<u>24,684,228</u>	<u>7,939,934</u>	<u>6,575,566</u>	<u>82,396,336</u>	<u>1,270,527</u>
NON-CURRENT ASSETS							
RESTRICTED CASH AND CASH EQUIVALENTS	4,561,181	4,558,168	5,388,412	54,335,787	360,505	69,204,053	1,563,075
NONDEPRECIABLE CAPITAL ASSETS	71,714,696	235,520	8,421,702	3,985,274	1,017,618	85,374,810	148,402
DEPRECIABLE CAPITAL ASSETS, NET	137,647,936	61,898,595	100,653,462	-	51,599,924	351,799,917	7,558,095
TOTAL NON-CURRENT ASSETS	<u>213,923,813</u>	<u>66,692,283</u>	<u>114,463,576</u>	<u>58,321,061</u>	<u>52,978,047</u>	<u>506,378,780</u>	<u>9,269,572</u>
TOTAL ASSETS	<u>\$ 248,304,798</u>	<u>\$ 75,507,906</u>	<u>\$ 139,147,804</u>	<u>\$ 66,260,995</u>	<u>\$ 59,553,613</u>	<u>\$ 588,775,116</u>	<u>\$ 10,540,099</u>
DEFERRED OUTFLOWS OF RESOURCES							
ADVANCE FUNDING OF UAMPS PROJECT	\$ -	\$ -	\$ 5,607,964	\$ -	\$ -	\$ 5,607,964	\$ -
PREPAID BOND INSURANCE	-	-	-	592,784	-	592,784	-
DEFERRED OUTFLOWS RELATED TO PENSIONS	<u>342,644</u>	<u>109,010</u>	<u>768,719</u>	<u>-</u>	<u>161,988</u>	<u>1,382,361</u>	<u>303,806</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 342,644</u>	<u>\$ 109,010</u>	<u>\$ 6,376,683</u>	<u>\$ 592,784</u>	<u>\$ 161,988</u>	<u>\$ 7,583,109</u>	<u>\$ 303,806</u>

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	SEWER	ELECTRIC	FIBER	NONMAJOR PROPRIETARY FUNDS	TOTALS	
LIABILITIES							
CURRENT LIABILITIES							
ACCOUNTS PAYABLE	\$ 4,052,412	\$ 1,087,287	\$ 3,161,225	\$ -	\$ 475,504	\$ 8,776,428	\$ 219,512
WAGES PAYABLE	26,133	7,298	60,009	4,308	9,970	107,718	23,928
ACCRUED INTEREST PAYABLE	73,202	-	51,622	-	583	125,407	-
DUE TO OTHER FUNDS	-	-	-	3,085,150	-	3,085,150	-
PAYABLE FROM RESTRICTED ASSETS:							
ACCOUNTS PAYABLE	37,954	16,329	14,511	3,146,783	8,925	3,224,502	-
ACCRUED INTEREST	-	-	-	909,703	-	909,703	69,304
CUSTOMER DEPOSITS	46,500	-	4,400	-	-	50,900	-
CURRENT PORTION COMPENSATED ABSENCES	140,125	31,806	320,665	13,109	44,920	550,625	117,540
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	519,134	-	605,000	875,000	200,000	2,199,134	655,992
TOTAL CURRENT LIABILITIES	4,895,460	1,142,720	4,217,432	8,034,053	739,902	19,029,567	1,086,276
NON-CURRENT LIABILITIES							
COMPENSATED ABSENCES	163,414	22,572	411,750	18,156	49,554	665,446	106,088
NET PENSION LIABILITY	181,708	57,809	407,658	-	85,904	733,079	161,111
NOTES PAYABLE	895,529	-	-	-	-	895,529	-
NOTES PAYABLE, LESS CURRENT MATURITIES	-	-	-	-	-	-	2,934,571
BONDS PAYABLE, LESS CURRENT MATURITIES	21,136,223	-	14,266,244	61,942,727	205,000	97,550,194	-
TOTAL NON-CURRENT LIABILITIES	22,376,874	80,381	15,085,652	61,960,883	340,458	99,844,248	3,201,770
TOTAL LIABILITIES	\$ 27,272,334	\$ 1,223,101	\$ 19,303,084	\$ 69,994,936	\$ 1,080,360	\$ 118,873,815	\$ 4,288,046
DEFERRED INFLOWS OF RESOURCES							
UNEARNED GRANT REVENUES	\$ 3,981,833	\$ -	\$ -	\$ -	\$ -	\$ 3,981,833	\$ -
DEFERRED INFLOWS RELATED TO PENSIONS	3,612	1,149	8,102	-	1,707	14,570	3,202
DEFERRED INFLOWS RELATED TO PENSIONS	\$ 3,985,445	\$ 1,149	\$ 8,102	\$ -	\$ 1,707	\$ 3,996,403	\$ 3,202
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED FOR	\$ 186,811,746	\$ 62,134,115	\$ 94,203,920	\$ -	\$ 52,212,542	\$ 395,362,323	\$ 3,967,532
CAPITAL PROJECTS	7,447,686	4,541,839	5,371,994	-	351,552	17,713,071	-
UNRESTRICTED (DEFICIT)	23,130,231	7,716,712	26,637,387	(3,141,157)	6,069,440	60,412,613	2,585,125
TOTAL NET POSITION (DEFICIT)	\$ 217,389,663	\$ 74,392,666	\$ 126,213,301	\$ (3,141,157)	\$ 58,633,534	473,488,007	\$ 6,552,657
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							
CURRENT YEAR ADJUSTMENT						(216,002)	
CUMULATIVE ADJUSTMENT FROM PRIOR YEARS						916,378	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						\$ 474,188,383	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL
					NONMAJOR		ACTIVITIES
	WATER	SEWER	ELECTRIC	FIBER	PROPRIETARY	TOTALS	INTERNAL
					FUNDS		SERVICE
							FUNDS
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)							
CHARGES FOR SERVICES	\$ 12,642,858	\$ 10,543,073	\$ 46,887,368	\$ 1,280	\$ 7,172,326	\$ 77,246,905	\$ 7,620,660
HOOK-UP AND SERVICING FEES	483,411	-	463,418	-	-	946,829	-
MISCELLANEOUS REVENUES	189,911	20,102	375,063	-	34,600	619,676	151,619
TOTAL OPERATING REVENUES	13,316,180	10,563,175	47,725,849	1,280	7,206,926	78,813,410	7,772,279
OPERATING EXPENSES							
PERSONNEL	2,529,813	580,589	4,722,845	347,763	846,643	9,027,653	2,359,229
GENERAL ADMINISTRATION	350,741	186,197	698,973	28,614	72,265	1,336,790	-
OPERATING AND MAINTENANCE	5,765,616	8,955,808	55,778,862	65,974	4,710,630	75,276,890	4,763,468
INTERFUND CHARGES	447,072	246,420	883,608	-	212,904	1,790,004	-
DEPRECIATION	5,593,968	2,604,190	4,678,614	-	2,148,856	15,025,628	1,372,561
TOTAL OPERATING EXPENSES	14,687,210	12,573,204	66,762,902	442,351	7,991,298	102,456,965	8,495,258
OPERATING INCOME (LOSS)	(1,371,030)	(2,010,029)	(19,037,053)	(441,071)	(784,372)	(23,643,555)	(722,979)
NON-OPERATING REVENUES (EXPENSES)							
DEVELOPER FEES	3,018,272	-	-	-	-	3,018,272	-
WATER ACCESS RIGHTS	(3,018,272)	-	-	-	-	(3,018,272)	-
GOVERNMENT GRANTS	6,018,167	-	-	-	-	6,018,167	-
INTEREST INCOME	857,022	384,622	876,626	1,975,255	198,789	4,292,314	93,574
INTEREST EXPENSE	(802,602)	-	(551,926)	(1,868,565)	(27,135)	(3,250,228)	(73,603)
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS	47,429	5,042	44,650	-	(26,498)	70,623	74,656
TOTAL NON-OPERATING REVENUES (EXPENSES)	6,120,016	389,664	369,350	106,690	145,156	7,130,876	94,627
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,748,986	(1,620,365)	(18,667,703)	(334,381)	(639,216)	(16,512,679)	(628,352)
CAPITAL CONTRIBUTIONS, IMPACT FEES AND OTHER IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	1,026,309	678,510	2,748,357	-	130,759	4,583,935	-
CAPITAL CONTRIBUTIONS	4,397,868	5,200,676	3,358,398	-	1,034,714	13,991,656	-
INCOME (LOSS) BEFORE TRANSFERS	10,173,163	4,258,821	(12,560,948)	(334,381)	526,257	2,062,912	(628,352)
TRANSFERS IN	-	-	-	-	-	-	650,004
CHANGE IN NET POSITION	10,173,163	4,258,821	(12,560,948)	(334,381)	526,257	2,062,912	21,652
NET POSITION AT BEGINNING OF YEAR	207,216,500	70,133,845	138,774,249	(2,806,776)	58,107,277		6,531,005
NET POSITION (DEFICIT) AT END OF YEAR	\$ 217,389,663	\$ 74,392,666	\$ 126,213,301	\$ (3,141,157)	\$ 58,633,534		\$ 6,552,657
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS						(216,002)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (page 35)						\$ 1,846,910	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	SEWER	ELECTRIC	FIBER	NONMAJOR PROPRIETARY FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES							
CASH RECEIVED FROM CUSTOMERS	\$ 13,041,828	\$ 10,541,744	\$ 46,635,718	\$ -	\$ 7,105,350	\$ 77,324,640	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	7,620,660
CASH PAID TO SUPPLIERS	(10,266,323)	(8,348,703)	(60,922,772)	(2,699,865)	(4,724,057)	(86,961,720)	(3,421,452)
CASH PAID TO EMPLOYEES	(2,610,091)	(604,378)	(4,727,061)	(312,190)	(965,259)	(9,218,979)	(3,906,472)
CASH PAID FOR INTERFUND SERVICES	(447,072)	(246,420)	(883,608)	-	(212,904)	(1,790,004)	-
OTHER RECEIPTS	189,911	20,102	375,063	-	34,600	619,676	141,619
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(91,747)	1,362,345	(19,522,660)	(3,012,055)	1,237,730	(20,026,387)	434,355
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
INTEREST PAID ON INTERFUND BORROWING	-	-	-	-	-	-	(3,999)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	-	-	-	-	-	-	(3,999)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(7,719,920)	(148,951)	(8,758,657)	(3,985,274)	(669,427)	(21,282,229)	(2,954,753)
PROCEEDS FROM SALE OF CAPITAL ASSETS	47,429	5,042	44,650	-	25,175	122,296	88,178
PROCEEDS FROM INTERFUND BORROWINGS	-	-	-	3,085,150	-	3,085,150	-
CONTRIBUTIONS FROM DEVELOPERS	3,362,785	-	2,823,499	-	26,214	6,212,498	-
PROCEEDS FROM GOVERNMENT GRANTS	2,547,208	-	-	-	-	2,547,208	-
PAYMENTS MADE FOR WATER ACCESS RIGHTS	(2,862,044)	-	-	-	-	(2,862,044)	-
PROCEEDS FROM ISSUANCE OF BONDS AND NOTES	925,000	-	-	-	-	925,000	1,725,000
PRINCIPAL PAID ON BONDS	(425,000)	-	(575,000)	-	(190,000)	(1,190,000)	-
INTEREST PAID	(899,661)	-	(680,249)	(2,230,688)	(27,408)	(3,838,006)	-
TRANSFERS IN	-	-	-	-	-	-	650,004
PRINCIPAL PAID ON NOTES PAYABLE	(72,994)	-	-	-	-	(72,994)	(455,574)
IMPACT FEES COLLECTED	1,026,309	678,510	2,748,357	-	130,759	4,583,935	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(4,070,888)	534,601	(4,397,400)	(3,130,812)	(704,687)	(11,769,186)	(947,145)
CASH FLOWS FROM INVESTING ACTIVITIES							
INTEREST INCOME COLLECTED	857,022	384,622	876,626	1,975,255	198,789	4,292,314	93,574
NET CASH PROVIDED BY INVESTING ACTIVITIES	857,022	384,622	876,626	1,975,255	198,789	4,292,314	93,574

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	CULINARY WATER	SEWER	ELECTRIC	FIBER	NONMAJOR PROPRIETARY FUNDS	TOTALS	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,305,613)	2,281,568	(23,043,434)	(4,167,612)	731,832	(27,503,259)	(423,215)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,127,909	9,979,725	38,218,755	60,812,585	5,398,110	139,537,084	3,207,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 21,822,296</u>	<u>\$ 12,261,293</u>	<u>\$ 15,175,321</u>	<u>\$ 56,644,973</u>	<u>\$ 6,129,942</u>	<u>\$ 112,033,825</u>	<u>\$ 2,784,000</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:							
UNRESTRICTED CASH	\$ 17,261,115	\$ 7,703,125	\$ 9,786,909	\$ 2,309,186	\$ 5,769,437	\$ 42,829,772	\$ 1,220,925
RESTRICTED CASH	4,561,181	4,558,168	5,388,412	54,335,787	360,505	69,204,053	1,563,075
	<u>\$ 21,822,296</u>	<u>\$ 12,261,293</u>	<u>\$ 15,175,321</u>	<u>\$ 56,644,973</u>	<u>\$ 6,129,942</u>	<u>\$ 112,033,825</u>	<u>\$ 2,784,000</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 4,053,355	\$ 5,200,676	\$ 534,899	\$ -	\$ 1,008,500	\$ 10,797,430	\$ -
BOND PROCEEDS HELD IN ESCROW	\$ 2,718,000	\$ -	\$ -	\$ -	\$ -	\$ 2,718,000	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (1,371,030)	\$ (2,010,029)	\$ (19,037,053)	\$ (441,071)	\$ (784,372)	\$ (23,643,555)	\$ (722,979)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
DEPRECIATION	5,593,968	2,604,190	4,678,614	-	2,148,856	15,025,628	1,372,561
CHANGES IN ASSETS AND LIABILITIES							
ACCOUNTS RECEIVABLE	(130,756)	(6,262)	(706,618)	(1,280)	(66,171)	(911,087)	(10,000)
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	26,165	4,933	(6,630)	-	(805)	23,663	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	-	(268,860)	-	-	(268,860)	-
INVENTORY	(5,384,589)	(2,028)	(528,323)	(5,629,468)	(7,832)	(11,552,240)	(87)
ACCOUNTS PAYABLE	1,234,623	795,330	(3,891,579)	3,000,159	66,670	1,205,203	(183,892)
WAGES PAYABLE	1,902	2,015	9,334	4,308	1,298	18,857	1,943
COMPENSATED ABSENCES	(3,999)	(1,118)	71,093	31,265	2,358	99,599	45,646
AMORTIZATION OF ADVANCE FUNDING OF UAMPS PROJECT	-	-	243,825	-	-	243,825	-
CHANGE IN PREPAID BOND INSURANCE	-	-	-	24,032	-	24,032	-
CHANGES IN NET PENSION ASSET, LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS							
RELATED TO PENSIONS	(78,181)	(24,686)	(84,643)	-	(122,272)	(309,782)	(68,837)
CUSTOMER DEPOSITS	20,150	-	(1,820)	-	-	18,330	-
	<u>\$ (91,747)</u>	<u>\$ 1,362,345</u>	<u>\$ (19,522,660)</u>	<u>\$ (3,012,055)</u>	<u>\$ 1,237,730</u>	<u>\$ (20,026,387)</u>	<u>\$ 434,355</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 as well as a fiber-optic network.

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 Lehi City Local Building Authority - The Lehi City Local Building Authority (LBA) constructs and services debt on certain facilities. These facilities are used by the City, which leases the facilities from the LBA, to provide services to its citizens. The LBA is governed by a board comprised of the City Council. The City staff manage the activities of the LBA 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 LBA have been included in the financial reporting entity as a special revenue fund. Separate financial statements are not issued for the LBA.

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, 2023

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 water, sewer, electric, fiber, 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, 2023

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 City reports the following major governmental funds:

- **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.
- **The Redevelopment Agency special revenue fund** is used to account for the property taxes levied on properties within each RDA or EDA project area. This fund is a blended component unit.
- **The Local Building Authority special revenue fund** is used to account for the financial resources to be used for the design and construction of capital assets and to make debt payments. This fund is a blended component unit.
- **Capital projects fund** is 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 also has one nonmajor governmental fund:

- **Debt service funds** are used to account for the debt service associated with the City's outstanding sales tax revenue bonds. .

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The City's major enterprise funds are the Water Fund, the Sewer Fund, the Electric Fund, and the Fiber Fund.

- The purpose of the 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. The purpose of this fund is also 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 Fiber Fund will be used to account for the acquisition, construction and installation of a fiber-optic network and related facilities and improvements.

In addition to the major enterprise funds, the City also operates two nonmajor enterprise funds. The nonmajor enterprise funds are the Drainage Fund and the Garbage Fund.

- 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 flooding.
 - The Garbage Fund provides refuse collection and recycling services for residences and businesses within the City.
- **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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

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

Modified Accrual

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

Cash and cash equivalents

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

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Lease receivables

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

Deferred inflows of resources are recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the terms of the leases.

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 assets 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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Right to use assets

The City has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 \$1,042,785 at June 30, 2023. The accounts receivable are reported net of the allowance for doubtful accounts of \$463,621 at June 30, 2023.

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Interfund activity

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

Fund equity

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, 2023.

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

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

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

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

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pensions

For purposes of measuring the net pension asset or 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 and 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.

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 30 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, the Capital Projects Fund and the Debt Service 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 35% 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 Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund, the Redevelopment Agency, and the Local Building Authority 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, 2023

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, 2023 the book value of cash on deposit was \$893,235 and the bank balance was \$3,937,603 (\$3,604,494 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, 2023

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, 2023, the City had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurement Classification		
		Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund	\$ 205,850,129	\$ -	\$ 205,850,129	\$ -
Corporate Debt Securities	4,456,774	-	4,456,774	-
Certificates of Deposit	12,645,854	-	12,645,854	-
U.S. Government Securities	1,183,548	1,183,548	-	-
Federal Agency Bonds	401,385	401,385	-	-
Money Market Funds	1,893,397	1,893,397	-	-
	<u>\$ 226,431,087</u>	<u>\$ 3,478,330</u>	<u>\$ 222,952,757</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, 2023 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, 2023

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, 2023:

Investment Type	Fair Value	Investment Maturities (in years)				
		Less Than 1	1-5	6-10	More Than 10	
Debt Securities						
Corporate Debt Securities	\$ 4,456,774	\$ 495,189	\$ 3,961,585	\$ -	\$ -	
Certificates of Deposit	12,645,854	2,055,261	10,590,593	-	-	
U.S Government Securities	1,183,548	-	1,183,548	-	-	
Federal Agency Bonds	401,385	401,385	-	-	-	
Money Market Funds	1,893,397	1,893,397	-	-	-	
	20,580,958	<u>\$ 4,845,232</u>	<u>\$ 15,735,726</u>	<u>\$ -</u>	<u>\$ -</u>	
Other Investments						
Utah Public Treasurer's Investment Fund	205,850,129					
	\$ 226,431,087					

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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:

Investment Type	Fair Value	Quality Ratings				
		AAA	AA	A	BBB	Unrated
Utah Public Treasurer's Investment Fund	\$ 205,850,129	\$ -	\$ -	\$ -	\$ -	\$ 205,850,129
Corporate Debt Securities	4,456,774	-	1,244,214	3,212,560	-	-
Certificates of Deposit	12,645,854	-	1,630,525	1,354,739	213,027	9,447,563
U.S Government Securities	1,183,548	1,183,548	-	-	-	-
Federal Agency Bonds	401,385	401,385	-	-	-	-
Money Market Funds	1,893,397	1,893,397	-	-	-	-
	<u>\$ 226,431,087</u>	<u>\$ 3,478,330</u>	<u>\$ 2,874,739</u>	<u>\$ 4,567,299</u>	<u>\$ 213,027</u>	<u>\$ 215,297,692</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, 2023, 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, 2023, 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, 2023

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, 2023) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2023, the City had \$205,850,129 invested in the PTIF which had a fair value of \$205,865,601 for an unrealized gain of \$15,472. Due to the insignificance of this amount in relation to the funds affected by the unrealized loss, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	28.04%
Federal agency bonds	44.77%
Commercial paper	3.00%
Money market accounts	3.10%
U.S Treasury bills	21.09%
	<u>100.00%</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D – RESTRICTED ASSETS

The City's restricted assets consist of the following:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Restricted cash and cash equivalents			
Reserves for future debt service	\$ 37,005	\$ 158,484	\$ 195,489
Unexpended bond and note proceeds	40,792,410	54,321,419	95,113,829
Unexpended B & C Road funds	4,659,228	-	4,659,228
Unexpended State Grant funds	950,000	-	950,000
Unexpended Parc Tax funds	880,369	-	880,369
Unexpended CDBG funds	192,657	-	192,657
Funds restricted for landfill post-closure costs	538,974	-	538,974
Asset forfeiture account funds	60,056	-	60,056
Fund restricted for library	191,584	-	191,584
Unexpended impact fees	10,302,063	14,724,150	25,026,213
Total restricted cash and cash equivalents	58,604,346	69,204,053	127,808,399
Restricted taxes and intergovernmental receivables	1,582,081	-	1,582,081
Total restricted assets	<u>\$ 60,186,427</u>	<u>\$ 69,204,053</u>	<u>\$ 129,390,480</u>

NOTE E – LEASE RECEIVABLES

The City has entered into agreements for the lease of cell phone towers with four cellular service providers as summarized below:

Receivable Balance June 30, 2023	Lease Term Expires	Payment terms
\$ 592,316	2040	Monthly payments currently at \$2,600 and increasing annually to \$5,267 in the final year.
294,365	2033	Annual payments currently at \$24,933, increasing annually to \$38,382 in the final year.
254,792	2032	Annual payments currently at \$25,929, increasing annually to \$38,382 in the final year.
39,210	2032	Monthly payments of \$415 through the end of the lease term.
<u>\$ 1,180,683</u>		

In 2023, the City recognized \$50,978 of lease revenue and \$39,168 of interest revenue under the leases.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F – 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				Other Governmental Fund	Total
	General	Special Revenue Redevelopment Agency	Special Revenue Local Building Authority	Capital Projects		
Restricted:						
Externally imposed by creditors						
Debt reserves	\$ -	\$ -	\$ -	\$ 37,005	\$ -	\$ 37,005
Externally imposed by grantors	191,584	-	-	1,192,657	-	1,384,241
Imposed by law or legislation						
C road funds	5,851,920	-	-	-	-	5,851,920
Less liabilities payable from C road funds	(611,942)	-	-	-	-	(611,942)
Parc tax funds	1,219,758	-	-	-	-	1,219,758
Landfill post-closure costs	538,974	-	-	-	-	538,974
Impact fees	-	-	-	10,302,063	-	10,302,063
Less liabilities payable from impact fees or bond proceeds	-	-	-	(568,872)	-	(568,872)
Total restricted	7,190,294	-	-	10,962,853	-	18,153,147
Committed:						
Library Fund	671,873	-	-	-	-	671,873
Total committed	671,873	-	-	-	-	671,873
Assigned:						
Hutchings Museum	24,551	-	-	-	-	24,551
Redevelopment	-	4,352,790	-	-	-	4,352,790
Capital Projects	-	-	31,388,374	42,739,062	-	74,127,436
Debt Service	-	-	-	-	50,904	50,904
Total assigned	24,551	4,352,790	31,388,374	42,739,062	50,904	78,555,681
Unassigned:	20,183,077	-	-	-	-	20,183,077
Total fund balance	<u>\$ 28,069,795</u>	<u>\$ 4,352,790</u>	<u>\$ 31,388,374</u>	<u>\$ 53,701,915</u>	<u>\$ 50,904</u>	<u>\$ 117,563,778</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE G – RIGHT TO USE LEASED ASSETS

The City has recorded right to use leased assets in connection with leases for certain pieces of equipment. The related leases are discussed in the Leases subsection of the Long-term Obligations note below. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

During the year ended June 30, 2022, the City adopted the provisions of GASB Statement No. 87 and recorded these assets as right to use leased assets. There was no impact on the City's net assets as a result of adopting GASB Statement No. 87.

Right to use asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Right to use assets				
Leased machinery and equipment	\$ 81,356	\$ -	\$ -	\$ 81,356
Total right to use assets	<u>81,356</u>	<u>-</u>	<u>-</u>	<u>81,356</u>
Less accumulated amortization				
Leased machinery and equipment	<u>35,980</u>	<u>22,688</u>	<u>-</u>	<u>58,668</u>
Total accumulated amortization	<u>35,980</u>	<u>22,688</u>	<u>-</u>	<u>58,668</u>
Right to use assets, net	<u>\$ 45,376</u>	<u>\$ (22,688)</u>	<u>\$ -</u>	<u>\$ 22,688</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 169,778,933	\$ 4,082,170	\$ -	\$ 173,861,103
Construction in progress	22,583,443	7,387,170	21,495,282	8,475,331
Total nondepreciable capital assets	<u>\$ 192,362,376</u>	<u>\$ 11,469,340</u>	<u>\$ 21,495,282</u>	<u>\$ 182,336,434</u>
Depreciable capital assets:				
Buildings	\$ 31,398,556	\$ 19,028,530	\$ -	\$ 50,427,086
Improvements, including infrastructure	325,667,796	12,028,022	-	337,695,818
Machinery, equipment and vehicles	28,216,995	3,082,860	600,177	30,699,678
Office furniture and equipment	1,666,761	-	-	1,666,761
Total depreciable capital assets at historical cost	<u>386,950,108</u>	<u>34,139,412</u>	<u>600,177</u>	<u>420,489,343</u>
Less accumulated depreciation:				
Buildings	16,545,382	2,220,311	-	18,765,693
Improvements, including infrastructure	159,978,504	16,710,927	-	176,689,431
Machinery, equipment and vehicles	19,980,292	1,894,250	573,404	21,301,138
Office furniture and equipment	1,637,016	6,247	-	1,643,263
Total accumulated depreciation	<u>198,141,194</u>	<u>20,831,735</u>	<u>573,404</u>	<u>218,399,525</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 188,808,914</u>	<u>\$ 13,307,677</u>	<u>\$ 26,773</u>	<u>\$ 202,089,818</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 2,422,207
Public safety	2,355,409
Community development	80,546
Streets and highways, including infrastructure	14,088,890
Parks, recreation and culture	1,840,585
Cemetery	44,098
	<u>\$ 20,831,735</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE H – CAPITAL ASSETS – CONTINUED

	July 1, 2022	Increases	Decreases	June 30, 2023
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 3,962,304	\$ 359,660	\$ -	\$ 4,321,964
Construction in progress	12,053,535	10,676,942	3,037,936	19,692,541
Intangibles	61,120,555	239,750	-	61,360,305
Total nondepreciable capital assets	<u>\$ 77,136,394</u>	<u>\$ 11,276,352</u>	<u>\$ 3,037,936</u>	<u>\$ 85,374,810</u>
Depreciable capital assets:				
Buildings	\$ 13,408,298	\$ -	\$ -	\$ 13,408,298
Improvements, including infrastructure	460,120,386	23,423,399	-	483,543,785
Machinery, equipment and vehicles	6,804,479	417,845	160,684	7,061,640
Office furniture and equipment	207,160	-	-	207,160
Total depreciable capital assets at historical cost	<u>480,540,323</u>	<u>23,841,244</u>	<u>160,684</u>	<u>504,220,883</u>
Less accumulated depreciation:				
Buildings	3,276,863	448,759	-	3,725,622
Improvements, including infrastructure	128,474,807	14,265,444	-	142,740,251
Machinery, equipment and vehicles	5,554,639	308,653	109,011	5,754,281
Office furniture and equipment	198,039	2,772	-	200,812
Total accumulated depreciation	<u>137,504,348</u>	<u>15,025,628</u>	<u>109,011</u>	<u>152,420,966</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 343,035,975</u>	<u>\$ 8,815,616</u>	<u>\$ 51,673</u>	<u>\$ 351,799,917</u>

Depreciation was charged to functions as follows:

Business-type activities:

Culinary water	\$ 2,594,671
Sewer	2,604,190
Electric	4,678,614
Pressurized irrigation	2,999,297
Drainage	2,148,856
	<u>\$ 15,025,628</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I – CUSTOMER DEPOSITS

Business-type activity deposits consist of deposits from developers for the use of a water meter on a hydrant while a project is in process. The developers are refunded their deposits upon completion of the project.

NOTE J – LONG-TERM OBLIGATIONS

A summary of long-term obligation activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Amounts Due
Governmental activities					
Direct Placements					
2014 Sales tax revenue and refunding bonds	\$ 1,575,000	\$ -	\$ 780,000	\$ 795,000	\$ 795,000
2004 Subordinated sales tax revenue bonds	7,955,000	-	-	7,955,000	-
Other bonds and notes payable					
2022 Lease revenue bonds	-	29,000,000	-	29,000,000	100,000
Unamortized premium	-	2,660,777	-	2,660,777	-
2019 Sales tax revenue bonds	16,470,000	-	-	16,470,000	-
Unamortized premium	1,626,546	-	96,626	1,529,920	-
2018 Sales tax revenue bonds	4,370,000	-	180,000	4,190,000	190,000
Unamortized premium	614,872	-	38,429	576,443	-
Tax increment notes payable to developers	82,563,476	-	44,651,382	37,912,094	-
Other notes payable	2,703,620	1,725,000	598,511	3,830,109	655,992
Total bonds and notes payable	<u>117,878,514</u>	<u>33,385,777</u>	<u>46,344,948</u>	<u>104,919,343</u>	<u>1,740,992</u>
Other liabilities:					
Lease liabilities	46,330	-	9,892	36,438	22,797
Compensated absences	3,890,920	1,924,259	1,539,049	4,276,130	1,789,039
Net pension liability	-	3,598,150	-	3,598,150	-
Landfill closure and post- closure care liability	512,372	78,640	-	591,012	-
	<u>4,449,622</u>	<u>5,601,049</u>	<u>1,548,941</u>	<u>8,501,730</u>	<u>1,811,836</u>
Governmental activities long-term debt	<u>\$ 122,328,136</u>	<u>\$ 38,986,826</u>	<u>\$ 47,893,889</u>	<u>\$ 113,421,073</u>	<u>\$ 3,552,828</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Amounts Due
Business-type activities					
Direct Placements					
2010 Drainage refunding bonds	\$ 595,000	\$ -	\$ 190,000	\$ 405,000	\$ 200,000
2022 Water revenue bond	-	3,643,000	-	3,643,000	-
Other bonds and notes payable					
2021 Franchise and sales tax					
revenue bonds	53,890,000	-	-	53,890,000	875,000
Unamortized premium	9,289,850	-	362,123	8,927,727	-
2019 Water revenue bonds	16,295,000	-	425,000	15,870,000	445,000
Unamortized premium	2,168,556	-	100,333	2,068,223	-
2018 Electric revenue bonds	13,605,000	-	575,000	13,030,000	605,000
Unamortized premium	1,967,289	-	126,045	1,841,244	-
Note payable to Provo Reservoir					
Water Users Company	332,935	-	22,706	310,229	23,156
Note payable to Provo River					
Water Users Association	709,723	-	50,289	659,434	50,978
Total bonds and notes payable	98,853,353	3,643,000	1,851,496	100,644,857	2,199,134
Compensated absences	1,116,472	547,232	447,633	1,216,071	550,625
Net pension liability	-	733,079	-	733,079	-
	1,116,472	1,280,311	447,633	1,949,150	550,625
Business-type activities long-term debt	<u>\$ 99,969,825</u>	<u>\$ 4,923,311</u>	<u>\$ 2,299,129</u>	<u>\$ 102,594,007</u>	<u>\$ 2,749,759</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Bonds and notes payable

The City has issued the following notes and bonds payable as of June 30, 2023:

Series	Original Issue	Interest Rate	Premium Paid on Issue	Maturity Date	Principal and Unamortized Premium Outstanding
Governmental Activities					
Bonds Payable					
2022 Lease revenue bonds	\$ 29,000,000	5.00% - 5.50%	\$ 2,763,115	2049	\$ 31,660,777
2019 Sales tax revenue bonds	16,470,000	2.41% - 5.00%	1,932,528	2039	17,999,920
2018 Sales tax revenue bonds	5,000,000	4.00% - 5.25%	768,588	2038	4,766,443
2014 Sales tax revenue and refunding bonds	7,210,000	2.30%	-	2024	795,000
2004 Subordinated sales tax revenue bonds	9,000,000	4.75%	-	2024	7,955,000
Notes Payable					
Tax increment note payable to developer - West Timpanogos Community Development Project Area	19,557,363	-	-	2034	17,220,785
Tax increment note payable to developer - Thanksgiving Park Economic Development Project Area	2,500,000	-	-	2024	239,494
Tax increment note payable to developer - Traverse Mountain Community Development Project Area	13,612,053	-	-	2031	10,451,021
Tax increment note payable to developer - Alpine Highway West Economic Development Project Area	17,478,052	-	-	2031	10,000,794
Note payable to developer	1,000,000	-	-	2025	239,546
Note payable - equipment finance	810,000	1.348%	-	2027	583,991
Note payable - equipment finance	2,200,000	1.686%	-	2026	1,281,572
Note payable - equipment finance	1,725,000	3.112%	-	2026	1,725,000
Total governmental activities					\$ 104,919,343
Business-type activities					
Bonds Payable					
2010 Storm Drain revenue and refunding bonds	\$ 2,500,000	3.51%	-	2025	\$ 405,000
2022 Water revenue bond	3,643,000	1.00%	-	2039	3,643,000
2021 Franchise and sales tax revenue bonds	53,890,000	4.00% - 5.00%	9,777,323	2048	62,817,727
2019 Water revenue bonds	17,205,000	4.00% - 5.00%	2,508,353	2044	17,938,223
2018 Electric revenue bonds	15,640,000	4.00% - 5.00%	2,469,467	2038	14,871,244
Notes Payable					
Note payable to Provo Reservoir Water User Company	419,011	4.00%	-	2035	310,229
Note payable to Provo River Water Users Association	884,380	4.00%	-	2035	659,434
Total business-type activities					\$ 100,644,857

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. The debt service for the lease revenue bonds will be provided by the Local Building Authority.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

As of June 30, 2023 annual debt service requirements of governmental activities to maturity are as follows:

Direct Placement				
Sales Tax				
Revenue Bonds				
Year ending June 30,	Principal		Interest	
2024	\$ 795,000		\$ 18,285	
Other				
Lease Revenue			Sales Tax	
Bonds			Revenue Bonds	
Year ending June 30,	Principal	Interest	Principal	Interest
2024	\$ 100,000	\$ 1,520,675	\$ 190,000	\$ 856,413
2025	220,000	1,515,675	1,025,000	846,912
2026	335,000	1,504,675	1,065,000	806,763
2027	450,000	1,487,925	1,100,000	775,862
2028	530,000	1,465,425	1,155,000	720,863
2029-2033	4,070,000	6,817,375	6,545,000	2,855,462
2034-2038	5,360,000	5,631,761	8,135,000	1,355,211
2039-2043	6,915,000	4,070,249	1,445,000	57,000
2044-2048	8,935,000	2,053,099	-	-
2049	2,085,000	114,316	-	-
	29,000,000	26,181,175	20,660,000	8,274,486
Unamortized				
Premium	2,660,777	(2,660,777)	2,106,363	(2,106,363)
	\$ 31,660,777	\$ 23,520,398	\$ 22,766,363	\$ 6,168,123

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Year ending June 30,	Other Notes Payable	
	Equipment	
	Finance	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 655,992	\$ 76,600
2025	663,384	69,208
2026	677,466	55,125
2027	691,875	40,708
2028	372,639	25,949
2029-2030	529,207	24,830
	<u>\$ 3,590,563</u>	<u>\$ 292,420</u>

The other notes payable consist of the following:

- Note payable with a balance at June 30, 2023 of \$1,725,000, payable in annual installments of \$277,208 through August of 2026 including interest at 3.112%, issued for the acquisition of four heavy trucks, a street paver and a street sweeper.
- Note payable with a balance at June 30, 2023 of \$1,281,572, payable in annual installments of \$334,010 through August of 2026 including interest at 1.686%, issued for the acquisition of a fire engine and ladder truck.
- Note payable with a balance at June 30, 2023 of \$583,991, payable in annual installments of \$121,564 through August 2027, including interest at 1.348%, issued for the acquisition of a vac truck, a bucket truck and a power line puller.
- Note payable to developer with a balance at June 30, 2023 of \$239,546, the amortization of which is unknown due to the uncertainty of the timing of the payments.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

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 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.

As of June 30, 2023, annual debt service requirements of business-type activities to maturity are as follows:

Year ending June 30,	Direct Placements			
	Drainage		Water	
	Revenue bonds		Revenue Bond	
	Principal	Interest	Principal	Interest
2024	\$ 200,000	\$ 14,215	\$ -	\$ 36,430
2025	205,000	7,196	-	36,430
2026	-	-	190,000	36,430
2027	-	-	191,000	34,530
2028	-	-	193,000	32,620
2029-2033	-	-	1,167,000	132,040
2034-2038	-	-	1,345,000	68,460
2039-2040	-	-	557,000	8,370
	<u>\$ 405,000</u>	<u>\$ 21,411</u>	<u>\$ 3,643,000</u>	<u>\$ 385,310</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Other Bonds and Notes				
Year ending June 30,	Water		Electric	
	Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 445,000	\$ 793,500	\$ 605,000	\$ 651,500
2025	465,000	771,250	635,000	621,250
2026	490,000	748,000	665,000	589,500
2027	515,000	723,500	700,000	556,250
2028	540,000	697,750	735,000	521,250
2029-2033	3,130,000	3,056,250	4,255,000	2,017,500
2034-2038	4,000,000	2,190,500	5,435,000	841,750
2039-2043	5,105,000	1,085,250	-	-
2044-2048	1,180,000	59,000	-	-
	<u>15,870,000</u>	<u>10,125,000</u>	<u>13,030,000</u>	<u>5,799,000</u>
Unamortized				
Premium	<u>2,068,223</u>	<u>(2,068,223)</u>	<u>1,841,244</u>	<u>(1,841,244)</u>
	<u>\$ 17,938,223</u>	<u>\$ 8,056,777</u>	<u>\$ 14,871,244</u>	<u>\$ 3,957,756</u>
Franchise and Sales Tax				
Year ending June 30,	Revenue Bonds			
	Principal	Interest		
2024	\$ 875,000	\$ 2,210,150		
2025	915,000	2,175,150		
2026	950,000	2,138,550		
2027	985,000	2,100,550		
2028	1,035,000	2,051,300		
2029-2033	7,370,000	9,410,800		
2034-2038	11,295,000	7,483,800		
2039-2043	13,745,000	5,036,800		
2044-2048	16,720,000	2,059,000		
	<u>53,890,000</u>	<u>34,666,100</u>		
Unamortized				
Premium	<u>8,927,727</u>	<u>(8,927,727)</u>		
	<u>\$ 62,817,727</u>	<u>\$ 25,738,373</u>		

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Year ending June 30,	Note Payable to Provo River Water Users Association		Note Payable to Provo Reservoir Water Users Co.	
	Principal	Interest	Principal	Interest
2024	\$ 50,978	\$ 8,924	\$ 23,156	\$ 6,145
2025	51,691	8,235	23,614	5,686
2026	52,317	7,535	24,082	5,219
2027	53,078	6,827	24,559	4,742
2028	53,788	6,109	25,046	4,255
2029-2033	280,163	19,421	132,869	13,634
2034-2037	117,419	2,386	56,903	1,694
	<u>\$ 659,434</u>	<u>\$ 59,437</u>	<u>\$ 310,229</u>	<u>\$ 41,375</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.

Collateral and Events of Default:

All of the City's sales tax revenue bonds are payable from and secured solely by a pledge and assignment of the sales tax revenues collected by the City.

The outstanding electric, water and drainage revenue bonds in 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	\$ 47,725,849	\$ 2,839,259	\$ 13,316,180
Operating expenses (excluding depreciation)	(62,084,288)	(1,289,739)	(9,093,242)
Impact fee revenues	2,748,357	130,759	1,026,309
Interest income	876,626	183,845	857,022
Net revenues	(10,733,456)	1,864,124	6,106,269
Cash reserves used	12,302,519	-	-
Net available for debt service	<u>\$ 1,569,063</u>	<u>\$ 1,864,124</u>	<u>\$ 6,106,269</u>
Aggregate debt service for 2023	<u>\$ 1,255,250</u>	<u>\$ 210,885</u>	<u>\$ 1,239,750</u>
Ratio of net revenues to aggregate debt service	1.25	8.84	4.93
Minimum ratio	1.25	1.25	1.25

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

For the year ended June 30, 2023, the net revenues from operations of the electric fund were insufficient to meet the requirements to pay the debt service on the bonds. Difficult conditions in both power and natural gas markets drove wholesale power costs to increase 70% over the previous fiscal year. In response to the financial difficulties experienced by the electric fund, the City increased user rates and secured pricing in future energy contracts. As a result of these changes and improved market conditions, it is not anticipated that reserves will need to be used to meet debt services requirements in fiscal year 2024.

The outstanding bonds in the fiber fund are secured by revenue pledges from (i) revenues received from the imposition of a municipal energy sales and use tax, (ii) revenues received from the imposition of a local sales and use tax in the amount of 50% of the average annual debt service on the bonds, and (iii) net revenues from the operation of the City's fiber-optic network. Construction of the fiber-optic network is anticipated to begin during the 2022 fiscal year with the receipt of the aforementioned revenues beginning during the 2023 fiscal year. The anticipated build-out period for the fiber-optic network is three years.

In the event of default on the City's bonds, the trustee may pursue any available remedy by suit at law or in equity to enforce payment of the principal and interest then outstanding or to enforce any obligations of the City under its bond indentures.

See Note K – Pledged Revenues for further discussion about revenues pledged as collateral for long-term obligations.

Details of Direct Placement Bonds – Governmental Activities

Series 2014 Sales Tax Revenue and Refunding Bonds

Type:	Direct Placement
Purpose:	Refunding Series 2003 and 2004 Sales Tax Revenue Bonds
Date of issuance:	March 6, 2014
Term:	20 years
Interest rate:	2.30%
Original Issue:	\$7,210,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	<u>\$ 795,000</u>	<u>\$ 18,285</u>	<u>\$ 813,285</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

Series 2004 Subordinated Sales Tax Revenue Bonds

Type:	Direct Placement
Purpose:	Street and parking improvements around Cabella's store and construction of museum within the store
Date of issuance:	2004
Term:	20 years
Interest rate:	4.75%
Original Issue:	\$9,000,000

Debt service requirements, including interest are based on 87.5% of sales tax collections from the Cabela's store located within the City. Timing of the payments is uncertain. If the bonds are not paid in full by 2024, the outstanding balance will be forgiven by the owners of the bonds.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Details of Other Bonds – Governmental Activities

Series 2022 Lease Revenue Bonds

Type:	Public Offering
Purpose:	Construction of city hall, library and fire station
Date of issuance:	December 6, 2022
Term:	27 years
Interest rate:	5.00% - 5.25%
Original Issue:	\$29,000,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ 100,000	\$ 1,520,675	\$ 1,620,675
2025	220,000	1,515,675	1,735,675
2026	335,000	1,504,675	1,839,675
2027	450,000	1,487,925	1,937,925
2028	530,000	1,465,425	1,995,425
2029	660,000	1,438,925	2,098,925
2030	790,000	1,405,925	2,195,925
2031	830,000	1,366,425	2,196,425
2032	875,000	1,324,925	2,199,925
2033	915,000	1,281,175	2,196,175
2034	965,000	1,233,137	2,198,137
2035	1,015,000	1,182,475	2,197,475
2036	1,070,000	1,129,187	2,199,187
2037	1,125,000	1,073,012	2,198,012
2038	1,185,000	1,013,950	2,198,950
2039	1,245,000	951,737	2,196,737
2040	1,310,000	886,737	2,196,737
2041	1,380,000	817,600	2,197,600
2042	1,450,000	745,150	2,195,150
2043	1,530,000	669,025	2,199,025
2044	1,610,000	588,700	2,198,700
2045	1,695,000	504,175	2,199,175
2046	1,780,000	415,187	2,195,187
2047	1,875,000	321,737	2,196,737
2048	1,975,000	223,300	2,198,300
2049	2,085,000	114,316	2,199,316
	<u>\$ 29,000,000</u>	<u>\$ 26,181,175</u>	<u>\$ 55,181,175</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

Series 2019 Sales Tax Revenue Bonds

Type:	Public Offering
Purpose:	Construction of public safety building
Date of issuance:	May 30, 2019
Term:	20 years
Interest rate:	2.41% - 5.00%
Original Issue:	\$16,470,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 653,600	\$ 653,600
2025	830,000	653,600	1,483,600
2026	860,000	623,200	1,483,200
2027	880,000	602,550	1,482,550
2028	925,000	558,550	1,483,550
2029	960,000	521,550	1,481,550
2030	985,000	499,950	1,484,950
2031	1,030,000	450,700	1,480,700
2032	1,085,000	399,200	1,484,200
2033	1,125,000	355,800	1,480,800
2034	1,170,000	310,800	1,480,800
2035	1,220,000	264,000	1,484,000
2036	1,265,000	215,200	1,480,200
2037	1,320,000	164,600	1,484,600
2038	1,370,000	111,800	1,481,800
2039	1,445,000	57,000	1,502,000
	<u>\$ 16,470,000</u>	<u>\$ 6,442,100</u>	<u>\$ 22,912,100</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Series 2018 Sales Tax Revenue Bonds

Type:	Public Offering
Purpose:	Construction of fire station
Date of issuance:	February 8, 2018
Term:	20 years
Interest rate:	4.00% - 5.25%
Original Issue:	\$5,000,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ 190,000	\$ 202,813	\$ 392,813
2025	195,000	193,312	388,312
2026	205,000	183,563	388,563
2027	220,000	173,312	393,312
2028	230,000	162,313	392,313
2029	245,000	150,812	395,812
2030	260,000	137,950	397,950
2031	275,000	124,300	399,300
2032	285,000	113,300	398,300
2033	295,000	101,900	396,900
2034	310,000	90,100	400,100
2035	345,000	77,700	422,700
2036	360,000	59,587	419,587
2037	380,000	40,687	420,687
2038	395,000	20,737	415,737
	<u>\$ 4,190,000</u>	<u>\$ 1,832,386</u>	<u>\$ 6,022,386</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Details of Direct Placement Bonds – Business-type Activities

Type:	Direct Placement
Purpose:	Installation of secondary water meters
Date of issuance:	November 15, 2022
Term:	17 years
Interest rate:	1.00%
Original Issue:	\$3,643,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 36,430	\$ 36,430
2025	-	36,430	36,430
2026	190,000	36,430	226,430
2027	191,000	34,530	225,530
2028	193,000	32,620	225,620
2029	195,000	30,690	225,690
2030	197,000	28,740	225,740
2031	256,000	26,770	282,770
2032	258,000	24,210	282,210
2033	261,000	21,630	282,630
2034	264,000	19,020	283,020
2035	266,000	16,380	282,380
2036	269,000	13,720	282,720
2037	272,000	11,030	283,030
2038	274,000	8,310	282,310
2039	277,000	5,570	282,570
2040	280,000	2,800	282,800
	<u>\$ 3,643,000</u>	<u>\$ 385,310</u>	<u>\$ 4,028,310</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

Series 2010 Drainage Refunding Bonds

Type:	Direct Placement
Purpose:	Refund Series 2000 Drainage Revenue bonds and finance drainage system improvements
Date of issuance:	September 30, 2010
Term:	15 years
Interest rate:	3.51%
Original Issue:	\$2,500,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ 200,000	\$ 14,215	\$ 214,215
2025	205,000	7,196	212,196
	<u>\$ 405,000</u>	<u>\$ 21,411</u>	<u>\$ 426,411</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

Details of Other Bonds – Business-type Activities

Series 2021 Franchise and Sales Tax Revenue Bonds

Type:	Public Offering
Purpose:	Construction and installation of fiber-optic network
Date of issuance:	March 17, 2021
Term:	27 years
Interest rate:	4.00% - 5.00%
Original Issue:	\$53,890,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ 875,000	\$ 2,210,150	\$ 3,085,150
2025	915,000	2,175,150	3,090,150
2026	950,000	2,138,550	3,088,550
2027	985,000	2,100,550	3,085,550
2028	1,035,000	2,051,300	3,086,300
2029	1,090,000	1,999,550	3,089,550
2030	1,145,000	1,945,050	3,090,050
2031	1,200,000	1,887,800	3,087,800
2032	1,930,000	1,827,800	3,757,800
2033	2,005,000	1,750,600	3,755,600
2034	2,085,000	1,670,400	3,755,400
2035	2,170,000	1,587,000	3,757,000
2036	2,255,000	1,500,200	3,755,200
2037	2,345,000	1,410,000	3,755,000
2038	2,440,000	1,316,200	3,756,200
2039	2,535,000	1,218,600	3,753,600
2040	2,640,000	1,117,200	3,757,200
2041	2,745,000	1,011,600	3,756,600
2042	2,855,000	901,800	3,756,800
2043	2,970,000	787,600	3,757,600
2044	3,085,000	668,800	3,753,800
2045	3,210,000	545,400	3,755,400
2046	3,340,000	417,000	3,757,000
2047	3,475,000	283,400	3,758,400
2048	3,610,000	144,400	3,754,400
	<u>\$ 53,890,000</u>	<u>\$34,666,100</u>	<u>\$ 88,556,100</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Series 2019 Water Revenue Bonds

Type:	Public Offering
Purpose:	Construction of detention reservoir and related improvements
Date of issuance:	February 7, 2019
Term:	25 years
Interest rate:	4.00% - 5.00%
Original Issue:	\$17,205,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ 445,000	\$ 793,500	\$ 1,238,500
2025	465,000	771,250	1,236,250
2026	490,000	748,000	1,238,000
2027	515,000	723,500	1,238,500
2028	540,000	697,750	1,237,750
2029	565,000	670,750	1,235,750
2030	595,000	642,500	1,237,500
2031	625,000	612,750	1,237,750
2032	655,000	581,500	1,236,500
2033	690,000	548,750	1,238,750
2034	725,000	514,250	1,239,250
2035	760,000	478,000	1,238,000
2036	800,000	440,000	1,240,000
2037	835,000	400,000	1,235,000
2038	880,000	358,250	1,238,250
2039	925,000	314,250	1,239,250
2040	970,000	268,000	1,238,000
2041	1,020,000	219,500	1,239,500
2042	1,070,000	168,500	1,238,500
2043	1,120,000	115,000	1,235,000
2044	1,180,000	59,000	1,239,000
	<u>\$ 15,870,000</u>	<u>\$10,125,000</u>	<u>\$ 25,995,000</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Series 2018 Electric Revenue Bonds

Type:	Public Offering
Purpose:	Construction of power generation plant
Date of issuance:	February 8, 2018
Term:	20 years
Interest rate:	4.00% - 5.00%
Original Issue:	\$15,640,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2024	\$ 605,000	\$ 651,500	\$ 1,256,500
2025	635,000	621,250	1,256,250
2026	665,000	589,500	1,254,500
2027	700,000	556,250	1,256,250
2028	735,000	521,250	1,256,250
2029	770,000	484,500	1,254,500
2030	810,000	446,000	1,256,000
2031	850,000	405,500	1,255,500
2032	890,000	363,000	1,253,000
2033	935,000	318,500	1,253,500
2034	985,000	271,750	1,256,750
2035	1,030,000	222,500	1,252,500
2036	1,085,000	171,000	1,256,000
2037	1,140,000	116,750	1,256,750
2038	1,195,000	59,750	1,254,750
	<u>\$ 13,030,000</u>	<u>\$ 5,799,000</u>	<u>\$ 18,829,000</u>

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, 2023 the following bonds are considered defeased:

	Bond Series	Defeased Balance
Governmental Activities:	2000 Lease Revenue Bonds	\$925,000

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Lease liabilities – government activities

The City has entered into four agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The agreements consist of the following as of June 30, 2022:

Net Book Value of Right To Use Asset	Type of Right to Use Asset	Discount Rate	Lease Terms
\$ 13,291	Backhoe	2.85%	Lease executed in September 2020 and requires four annual payments of \$14,200. No variable payment components. Discount rate calculated using the City's incremental borrowing rate.
9,397	Track Loader	2.80%	Lease executed in March 2022 and requires three annual payments of \$9,900. No variable payment components. Discount rate calculated using the City's incremental borrowing rate.
<u>\$ 22,688</u>			

The right to use assets are discussed in more detail at Note G.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

Year ending June 30:	Principal Payments	Interest Payments	Total
2024	\$ 22,797	\$ 1,303	\$ 24,100
2025	13,641	-	13,641
	<u>\$ 36,438</u>	<u>\$ 1,303</u>	<u>\$ 37,741</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE K – PLEDGED REVENUES

The City has pledged sales tax revenues in the amount of \$37,702,771 to fund debt service payments on the sales tax revenue bonds. The 2014 bonds were used to refund the 2003 and 2004 sales tax revenue and to finance infrastructure improvements. The 2018 bonds were used primarily to finance the construction of a new fire station within the City, and the 2019 bonds were 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 \$23,062,708 and debt service for the sales tax bonds was \$2,047,769.

Tax increment revenues have previously been pledged to fund debt services payments on a tax increment note payable to a developer in the Alpine Highway Project Area. In May of 2023, the development agreement was amended and as part of the amendment, the \$43,040,344 remaining balance on the note was extinguished. Future tax increment revenues will be used to fund development expenditures but will no longer be used for debt service. Prior to the date the agreement was amended, tax increment revenues in the amount of \$5,155,936 were collected, \$3,609,155 of which was paid to the developer as the remaining debt service on the note prior to its extinguishment.

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 \$239,494. 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 \$218,669. 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.

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 \$352,558. 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 \$10,000,794. 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 \$1,167,523. 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, 2023

NOTE K – PLEDGED REVENUES – 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 \$17,220,785. 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 \$323,355. 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 \$18,829,000 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, the electric fund had a deficit in net revenues from operations of \$10,733,456 and electric revenue bond debt service payments totaling \$1,255,250 were funded from electric fund reserves.

The City has pledged drainage revenues in the amount of \$426,411 to fund debt service payments on the drainage revenue bonds. The bonds were issued to refund the Series 2000 drainage revenue bonds and to fund drainage system improvements within the City. Drainage revenues have been pledged to fund debt service payments through the year 2025. Drainage revenues are expected to produce approximately 400 percent of the debt service requirements over the life of the bonds. In the current year, net drainage revenues were \$1,864,124 and drainage revenue bond debt service payments were \$210,885.

The City has pledged water revenues in the amount of \$30,023,310 to fund debt service payments on its water revenue bonds. The bonds were issued for the construction of storage and distribution infrastructure for both the City's culinary and pressurized irrigation water systems. Proceeds from the bonds will also be used to supply meters to all pressurized irrigation connections in order to promote conservation of the City's water resources. 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 \$6,106,269 and water revenue bond debt service payments were \$1,239,750.

The City has pledged municipal energy sales and use tax revenues in the amount of \$88,556,100 to fund debt service payments on the 2021 franchise and sales tax revenue bonds. The bonds were issued to fund the acquisition, construction and installation of a fiber-optic network within the City. The franchise and sales tax revenues have been pledged to fund debt service payments through the year 2048. The franchise and sales tax revenues are expected to produce approximately 205 percent of the debt service requirements over the life of the bonds. Debt service payments on these bonds during the year ended June 30, 2023, were \$2,210,150. The City anticipates revenues from the system will be in excess of \$500,000 during the year ended June 30, 2024. The fiber system is currently under construction with an anticipated completion date of May 2025.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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) is a multiple employer cost sharing public employee retirement system.
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- Public Safety Retirement System (Public Safety System) is a 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/general/publications.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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; 2.0% per year July 1, 2020 to present	Up to 2.5%

* Actuarial reductions are 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, 2023

NOTE L - 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, 2023 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Governmental Division Tier 2	N/A	16.01%	0.18%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	17.97%	N/A
Public Safety Retirement System			
Contributory			
23 - Other Division A with 2.5% COLA	12.29%	22.79%	N/A
122 - Tier 2DB Hyebrid Public Safety	2.27%	25.83%	N/A
Noncontributory			
43 - Other Division A with 2.5% COLA	N/A	34.04%	N/A
Firefighters System			
31 - Other Division A	15.05%	3.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	2.59%	14.08%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19%	10.00%
222 - Public Safety	N/A	11.83%	14.00%
232 - Firefighters	N/A	0.08%	14.00%

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, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory	\$ 1,419,563	N/A
Public Safety	793,867	28,657
Firefighters	62,021	258,060
Tier 2 Public Employees	1,239,725	-
Tier 2 Public Safety and Firefighter	966,588	121,866
Tier 2 DC Only	81,536	N/A
Tier 2 DC Public Safety and Firefighter	311	N/A
Total Contributions	<u>\$ 4,563,611</u>	<u>\$ 408,583</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - RETIREMENT PLANS – CONTINUED

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.

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

At June 30, 2023, the City reported a net pension asset of \$1,208,035 and a net pension liability of \$4,331,229.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.9765806%	\$ -	\$ 1,672,637
Public Safety System	1.7042929%	-	2,203,778
Firefighters System	4.6515811%	1,208,035	-
Tier 2 Public Employees System	0.2906501%	-	337,245
Tier 2 Public Safety and Firefighter System	1.5882625%	-	117,569
Total Net Pension Asset/Liability		<u>\$ 1,208,035</u>	<u>\$ 4,331,229</u>

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 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, 2023, the City recognized pension expense of \$2,453,188.

At June 30, 2023, 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	\$ 960,874	\$ 58,542
Changes in assumptions	667,221	19,313
Net difference between projected and actual earnings on pension plan investments	2,195,238	-
Changes in proportion and differences between contributions and proportionate share of contributions	309,170	40,428
Contributions subsequent to the measurement date	2,346,777	-
Total	<u>\$ 6,479,280</u>	<u>\$ 118,283</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - RETIREMENT PLANS – CONTINUED

\$2,346,777 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, 2022.

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
2024	\$ (503,569)
2025	144,259
2026	997,316
2027	3,176,615
2028	36,017
Thereafter	163,582

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

For the year ended June 30, 2023, the City recognized pension expense of \$827,055.

At June 30, 2023, 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	\$ 567,334	\$ -
Changes in assumptions	274,123	6,679
Net difference between projected and actual earnings on pension plan investments	1,103,288	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,073	4,117
Contributions subsequent to the measurement date	712,837	-
Total	<u>\$ 2,667,655</u>	<u>\$ 10,796</u>

\$712,837 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, 2022.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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
2024	\$ (239,698)
2025	46,256
2026	443,148
2027	1,694,316
2028	-
Thereafter	-

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

For the year ended June 30, 2023, the City recognized pension expense of \$781,933.

At June 30, 2023, 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	\$ 9,757	\$ -
Changes in assumptions	59,107	-
Net difference between projected and actual earnings on pension plan investments	510,802	-
Changes in proportion and differences between contributions and proportionate share of contributions	73,634	-
Contributions subsequent to the measurement date	392,086	-
Total	<u>\$ 1,045,386</u>	<u>\$ -</u>

\$392,086 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, 2022.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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
2024	\$ (304,515)
2025	(88,324)
2026	212,937
2027	833,202
2028	-
Thereafter	-

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

For the year ended June 30, 2023, the City recognized pension benefit of \$311,772.

At June 30, 2023, 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	\$ 213,161	\$ 6,175
Changes in assumptions	150,153	-
Net difference between projected and actual earnings on pension plan investments	323,202	-
Changes in proportion and differences between contributions and proportionate share of contributions	145,416	3,906
Contributions subsequent to the measurement date	31,479	-
Total	<u>\$ 863,411</u>	<u>\$ 10,081</u>

\$31,479 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, 2022.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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
2024	\$ 11,055
2025	122,483
2026	239,170
2027	449,143
2028	-
Thereafter	-

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

For the year ended June 30, 2023, the City recognized pension expense of \$646,794.

At June 30, 2023, 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	\$ 113,909	\$ 13,380
Changes in assumptions	109,486	858
Net difference between projected and actual earnings on pension plan investments	135,966	-
Changes in proportion and differences between contributions and proportionate share of contributions	64,739	14,912
Contributions subsequent to the measurement date	698,271	-
Total	<u>\$ 1,122,371</u>	<u>\$ 29,150</u>

\$698,271 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, 2022.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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
2024	\$ 19,614
2025	41,036
2026	65,046
2027	123,136
2028	29,858
Thereafter	116,260

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

For the year ended June 30, 2023, the City recognized pension expense of \$509,179.

At June 30, 2023, 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	\$ 56,713	\$ 38,987
Changes in assumptions	74,352	11,776
Net difference between projected and actual earnings on pension plan investments	121,980	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,309	17,493
Contributions subsequent to the measurement date	512,103	-
Total	<u>\$ 780,457</u>	<u>\$ 68,256</u>

\$512,103 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, 2022.

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, 2023

NOTE L - RETIREMENT PLANS – CONTINUED

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2024	\$ 9,975
2025	22,808
2026	37,015
2027	76,817
2028	6,159
Thereafter	47,324

Actuarial Assumptions

The total pension liability in the December 31, 2022, 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 - 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022 valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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, 2023

NOTE L - 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	35%	6.58 %	2.30 %
Debt securities	20%	1.08 %	0.22 %
Real assets	18%	5.72 %	1.03 %
Private equity	12%	9.80 %	1.18 %
Absolute return	15%	2.91 %	0.44 %
Cash and cash equivalents	-	(0.11) %	- %
Totals	<u>100%</u>		<u>5.17 %</u>
			<u>2.50 %</u>
			<u>7.67 %</u>

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85%. 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE L - 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 6.85%, 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 (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
System			
Noncontributory	\$10,541,521	\$ 1,672,637	\$ (5,737,782)
Public Safety	7,097,280	2,203,778	(1,775,791)
Firefighters	962,827	(1,208,035)	(2,969,754)
Tier 2 Public Employees	1,473,576	337,245	(538,154)
Tier 2 Public Safety and Firefighter	941,087	117,569	(536,936)
Total	<u>\$21,016,291</u>	<u>\$ 3,123,194</u>	<u>\$(11,558,417)</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 M – DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by either URS or MissionSquare 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, 2023, was approximately \$30,000,000. 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, 2023, contributions totaling \$357,274 were made to the plan by employees and \$758,334 by the City.

The City sponsors another deferred compensation plan through either URS or MissionSquare 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. During the year ended June 30, 2023 contributions totaling \$141,054 were made to the plan by employees and \$6,379 by the City.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N – 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, 2023, had an outstanding balance of approximately \$86 million, of which the City's portion was approximately \$8 million. During the year ended June 30, 2023, the City purchased power totaling \$52,210,850.

The City has entered into two power purchase agreements with UAMPS wherein UAMPS is required to provide a minimum amount of power to the City and the City is required to purchase that minimum amount of power. In each case, the purchase price is cheaper than other power sources available to the City. The minimum amounts and price per MW are as noted:

- The Red Mesa project commenced operations in 2023. The agreement obligates Red Mesa to provide a minimum amount of power to sell at a rate of \$37 per MWh over a 25 year period, and the City is obligated to purchase that quantity. In the first year, the minimum required output is 195,337 MWh with an annual decrease each year of .5%. The total power purchase requirement for all 25 years is estimated to be approximately \$170,249,908.
- The Steel Solar project commenced operations in 2023. The agreement obligates Steel Solar to provide a minimum amount of power to sell at a rate of \$34.66 per MWh over a 25 year period, and the City is obligated to purchase that quantity. In the first year, the minimum required output is 100,197 MWh with an annual decrease each year of .5%. The total power purchase requirement for all 25 years is estimated to be approximately \$81,805,768.

The City has an outstanding Standby Letter of Credit with JP Morgan Chase in the amount of \$2 million to provide security on a contract between the City and CIMA Entergy for the purchase of natural gas. The letter of credit expires on April 21, 2024 but will automatically renew until April 20, 2028.

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE O – 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 claims under \$250,000 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 2023. 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>2023</u>	<u>2022</u>
Claims liability, July 1	\$ 129,713	\$ 62,396
Claims incurred during the year and changes in estimates	293,794	622,220
Payments on claims during the year		
Payments made by insurance	51,792	348,208
Coinsurance and deductible insurance payments made by the City	<u>121,715</u>	<u>206,695</u>
Claims liability, June 30	<u>\$ 250,000</u>	<u>\$ 129,713</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE P – INTERFUND RECEIVABLES AND PAYABLES

The City uses a pooled cash account for administering cash flows. The following interfund balances represent amounts due for cash advances and reimbursement for purchases:

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Amount</u>
Local Building Authority	Capital Projects Fund	\$ 7,836,536
Fiber Fund	Capital Projects Fund	3,085,150
		<u>\$ 10,921,686</u>

NOTE Q - 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 transfers to the Local Building Authority and Capital Projects fund are to fund projects identified by the Council. These projects will be completed in the coming fiscal year. The transfers to the other governmental fund are to provide the resources for debt service on the City's sales tax revenue bonds. The transfers from the Capital Projects fund to the internal service funds were to fund equipment in the Fleet and Information Technology internal service funds where the reserves in those funds was insufficient.

A summary of interfund transfers by fund is as follows:

	<u>Transfers in to:</u>					<u>Total</u>
	<u>General</u>	<u>Local Building Authority</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Internal Service Funds</u>	
<u>Transfers out from:</u>						
General Fund	\$ -	\$ 800,000	\$ 8,300,496	\$ 1,618,344	\$ -	\$ 10,718,840
Capital Projects Fund	-	-	-	250,500	650,004	900,504
Redevelopment Agency	767,535	-	-	-	-	767,535
	<u>\$ 767,535</u>	<u>\$ 800,000</u>	<u>\$ 8,300,496</u>	<u>\$ 1,868,844</u>	<u>\$ 650,004</u>	<u>\$ 12,386,879</u>

NOTE R – EXPENDITURES EXCEEDING APPROPRIATIONS

During the year ended June 30, 2023, the City incurred expenditures in excess of appropriations in the General Fund as follows:

	<u>Expenditures In Excess of Appropriations</u>
General Fund	
Streets and highways	\$ 398,971

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE S – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

NOTE T - 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.

The Redevelopment Agency entered into an agreement with chip manufacturer, Micron Technologies in May 1997 to provide tax incentives for the construction of a manufacturing facility in Utah. This project is known as the Alpine Highway Project Area. Infrastructure improvements on and off site have been made and the tax increment generated was used for debt service on a note payable to the developer. In November 2021 the facility was sold by Micron to Texas Instruments. In February 2023, Texas Instruments announced an \$11 billion expansion for the Lehi facility. The Redevelopment Agency amended the original agreement in May 2023 to expand the project period through 2053 and to expand the area to include an additional 182 acres, which encompasses all property now owned by Texas Instruments. The agreement also extinguished the previous debt between the Redevelopment Agency and the developer. A portion of the tax increment generated through the plant expansion will be remitted to Texas Instruments for the life of the project area.

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, 2023

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

In January 2020, the Redevelopment Agency passed a resolution adopting a community reinvestment project area known as the Meadow Pointe Community Reinvestment Project Area. Tax increment generated within the area will be distributed 50% to the Agency and 50% to the City. If the project area generates more than \$100,000 of annual funds in any year, 10% of the funds generated for the area will be set aside for affordable housing.

The project life will be a maximum of twenty years or until \$6,019,890 has been generated. For the year ended June 30, 2023 the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project area	
Alpine Highway Project Area	\$ 5,155,936
Alpine Highway West Project Area	1,167,523
West Timpanogos Project Area	323,355
Traverse Mountain Project Area	352,558
Thanksgiving Park Project Area	218,669
Meadow Pointe Project Area	93,645
	<u>\$ 7,311,686</u>
Outstanding loans to finance RDA projects	<u>\$ 37,912,094</u>
Expenditures:	
Tax increments paid to other taxing agencies	\$ 863,103
Principal	1,611,038
Interest	3,609,156
Redevelopment costs	82,028
	<u>\$ 6,165,325</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE U – 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, 2023, the City abated the following taxes:

	Property Taxes	Sales Taxes
RDA Project Area tax abatements		
Alpine Highway Project Area	\$ 777,719	-
Alpine Highway West Project Area	176,109	-
West Timpanogos Project Area	103,457	-
Traverse Mountain Project Area	116,181	183,319
Thanksgiving Park Project Area	40,198	-
Meadow Pointe Project Area	26,140	61,887
	1,239,804	245,206
Other relocation incentive projects	-	272,754
	\$ 1,239,804	\$ 517,960

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE V – 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, 2023, 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	\$ 665,418
Capacity used as of June 30, 2023	<u>88.82%</u>
Cumulative closure and postclosure care liability, as revised during 2023	591,012
Amounts previously recognized	<u>512,372</u>
Amount to be recognized as of June 30, 2023	78,640
Amount reported as a long-term liability in the governmental activities statement of net position	<u>\$ 591,012</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 2023. 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.

NOTE W – SUBSEQUENT EVENTS

In November 2023, the City issued Electric Revenue bonds in the amount of \$18,970,000 in connection with a project to acquire and construct five natural gas-fired power generation plants in the City. The bonds are payable serially through 2044 and bear interest at 5.00% to 5.25%.

In October 2023, the City was awarded a grant from the State Division of Natural Resources for the second phase of the project to meter all pressurized irrigation connections in the City. The grant will be used to install meters to 3,550 pressurized irrigation connections in order to comply with state law. The amount of the grant is \$6,223,500, which represents 70 percent of the cost of this phase of the project.

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, 2023
With a Measurement Date of December 31, 2022
Last Ten Fiscal Years*

Noncontributory System for the Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.9765681%	0.9952875%	0.9920669%	0.9715484%	0.9518516%	0.9004162%	0.8609147%	0.8368340%	0.8252402%
Proportionate share of the net pension liability (asset)	\$ 1,672,637	\$ (5,700,118)	\$ 508,873	\$ 3,661,638	\$ 7,009,172	\$ 3,944,993	\$ 5,528,126	\$ 4,735,214	\$ 3,583,385
Covered payroll	\$ 7,882,775	\$ 7,914,859	\$ 7,970,442	\$ 7,934,823	\$ 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	21.2%	-72.0%	6.4%	46.1%	89.8%	53.3%	76.1%	67.2%	51.5%
Plan fiduciary net position as a percentage of the total pension liability	97.5%	108.7%	99.2%	93.7%	87.0%	91.9%	87.3%	87.8%	90.2%

Public Safety System for the Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	1.7042929%	1.6120417%	1.5591159%	1.4913241%	1.4826790%	1.3389936%	1.3909834%	1.3094092%	1.2531910%
Proportionate share of the net pension liability (asset)	\$ 2,203,778	\$ (1,309,208)	\$ 1,294,442	\$ 2,394,496	\$ 3,674,341	\$ 2,100,423	\$ 2,822,689	\$ 2,345,629	\$ 1,575,992
Covered payroll	\$ 2,445,447	\$ 2,065,104	\$ 2,075,541	\$ 1,983,001	\$ 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	90.1%	-63.4%	62.4%	120.8%	191.1%	113.0%	137.6%	118.2%	74.6%
Plan fiduciary net position as a percentage of the total pension liability	93.6%	104.2%	95.5%	90.9%	84.7%	90.2%	86.5%	87.1%	90.5%

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
UTAH RETIREMENT SYSTEMS
For the fiscal Year Ended June 30, 2023
With a Measurement Date of December 31, 2022
Last Ten Fiscal Years*

Firefighters Retirement System for the Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	4.6515811%	5.1424352%	5.3271683%	5.2407494%	5.2830772%	5.4021529%	5.6106342%	5.4181698%	5.2918057%
Proportionate share of the net pension liability (asset)	\$ (1,208,035)	\$ (2,999,152)	\$ (1,489,583)	\$ (649,957)	\$ 685,993	\$ (337,393)	\$ (44,231)	\$ (98,134)	\$ (301,971)
Covered payroll	\$ 1,666,138	\$ 1,738,315	\$ 1,880,232	\$ 1,805,883	\$ 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	-72.5%	-172.5%	-79.2%	-36.0%	40.0%	-19.9%	-2.6%	-6.2%	-19.8%
Plan fiduciary net position as a percentage of the total pension liability	108.4%	120.1%	110.5%	105.0%	94.3%	103.0%	100.4%	101.0%	103.5%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.3097134%	0.2906501%	0.2818694%	0.2766880%	0.2619050%	0.2458871%	0.2829680%	0.1455133%	0.1454933%
Proportionate share of the net pension liability (asset)	\$ 337,245	\$ (123,014)	\$ 40,541	\$ 62,229	\$ 112,168	\$ 21,679	\$ 23,236	\$ (318)	\$ (4,409)
Covered payroll	\$ 6,752,315	\$ 5,392,887	\$ 4,506,077	\$ 3,844,219	\$ 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	5.0%	-2.3%	0.9%	1.6%	3.7%	0.9%	1.4%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	92.3%	103.8%	98.3%	96.5%	90.8%	97.4%	95.1%	100.2%	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, 2023
With a Measurement Date of December 31, 2022
Last Ten Fiscal Years*

Tier 2 Public Safety and Firefighters Retirement System for the Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	1.4092590%	1.5882625%	1.6160907%	1.6037989%	1.6711253%	1.3301614%	1.1522095%	0.1455133%	0.1454933%
Proportionate share of the net pension liability (asset)	\$ 117,569	\$ (80,275)	\$ 144,957	\$ 150,860	\$ 41,871	\$ (15,391)	\$ (10,003)	\$ (318)	\$ (4,409)
Covered payroll	\$ 4,335,990	\$ 3,798,141	\$ 3,213,228	\$ 2,643,299	\$ 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	2.7%	-2.1%	4.5%	5.7%	1.9%	-1.1%	-1.1%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	96.4%	102.8%	93.1%	89.6%	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, 2023
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%
	2020	1,449,852	1,449,852	-	7,939,103	18.26%
	2021	1,472,430	1,472,430	-	8,045,902	18.30%
	2022	1,433,309	1,433,309	-	7,847,242	18.27%
	2023	1,419,653	1,419,653	-	7,961,889	17.83%
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%
	2020	669,305	669,305	-	2,028,984	32.99%
	2021	682,709	682,709	-	2,077,707	32.86%
	2022	713,658	713,658	-	2,224,234	32.09%
	2023	793,867	793,867	-	2,513,596	31.58%
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%
	2020	79,145	79,145	-	1,855,490	4.27%
	2021	81,024	81,024	-	1,854,359	4.37%
	2022	76,928	76,928	-	1,668,726	4.61%
	2023	62,021	62,021	-	1,718,210	3.61%
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%
	2020	667,703	667,703	-	4,264,085	15.66%
	2021	763,792	763,792	-	4,835,021	15.80%
	2022	968,641	968,641	-	6,028,021	16.07%
	2023	1,239,725	1,239,725	-	7,747,196	16.00%

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS - CONTINUED
June 30, 2023
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**
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%
	2020	520,464	520,464	-	2,984,517	17.44%
	2021	702,948	702,948	-	3,469,463	20.26%
	2022	841,124	841,124	-	4,111,028	20.46%
	2023	966,588	966,588	-	4,706,187	20.54%
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%
	2020	57,441	57,441	-	858,607	6.69%
	2021	69,086	69,086	-	1,032,684	6.69%
	2022	72,284	72,284	-	1,080,486	6.69%
	2023	81,536	81,536	-	1,316,916	6.19%
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%
	2020	181	181	-	225,335	0.08%
	2021	234	234	-	293,132	0.08%
	2022	299	299	-	373,360	0.08%
	2023	311	311	-	388,685	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, 2023
WITH A MEASUREMENT DATE OF DECEMBER 31, 2022

Changes in assumptions

No changes were made in actuarial assumptions from the prior year's valuation.

**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, 2023

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES				
PROPERTY TAXES	\$ 12,847,201	\$ 12,847,201	\$ 13,658,681	\$ 811,480
GENERAL SALES TAX	17,888,256	23,888,256	22,813,067	(1,075,189)
PARC TAX	1,500,000	1,500,000	1,883,532	383,532
FRANCHISE TAX	5,450,000	5,450,000	6,907,613	1,457,613
TOTAL	37,685,457	43,685,457	45,262,893	1,577,436
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	115,000	115,000	128,483	13,483
BUILDING PERMITS	3,229,000	3,229,000	2,193,540	(1,035,460)
TOTAL	3,344,000	3,344,000	2,322,023	(1,021,977)
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	2,900,000	2,955,000	3,383,696	428,696
UTAH COUNTY TRANSPORTATION TAX	1,500,000	1,500,000	2,050,181	550,181
FIRE DEPARTMENT GRANT	268,568	268,568	21,109	(247,459)
POLICE SALARY REIMBURSEMENT	103,000	103,000	157,500	54,500
STATE LIQUOR FUNDS ALLOTMENT	60,000	60,000	94,142	34,142
COUNTY FIRE ALLOCATION	15,000	15,000	6,277	(8,723)
STATE GRANTS	75,000	154,663	123,378	(31,285)
OTHER GRANTS	102,000	202,500	101,810	(100,690)
TOTAL	5,023,568	5,258,731	5,938,093	679,362
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	2,420,000	2,420,000	1,740,336	(679,664)
AMBULANCE FEES	1,224,000	1,254,000	2,443,183	1,189,183
FIRE FEES	195,600	210,600	158,934	(51,666)
CEMETERY FEES	186,500	186,500	361,500	175,000
RECREATION FEES	3,634,468	3,754,468	4,058,932	304,464
LIBRARY FEES	95,000	95,000	26,166	(68,834)
LEASE REVENUES	-	-	50,648	50,648
OTHER SERVICE REVENUE	155,000	155,000	148,991	(6,009)
TOTAL	7,910,568	8,075,568	8,988,690	913,122
FINES AND FORFEITURES				
COURTS FINES AND FORFEITURES	737,500	737,500	831,962	94,462
MISCELLANEOUS	1,604,500	1,606,500	1,655,832	49,332
INTEREST ON INVESTMENTS	101,000	101,000	1,213,621	1,112,621
TOTAL REVENUES	56,406,593	62,808,756	66,213,114	3,404,358
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	528,681	539,240	461,513	77,727
OPERATIONS AND MAINTENANCE	142,935	142,935	141,286	1,649
TOTAL	671,616	682,175	602,799	79,376
ADMINISTRATIVE				
PERSONNEL	1,168,106	1,191,468	1,151,188	40,280
OPERATIONS AND MAINTENANCE	278,863	278,863	233,578	45,285
TOTAL	1,446,969	1,470,331	1,384,766	85,565
TREASURY				
PERSONNEL	482,902	492,561	489,095	3,466
OPERATIONS AND MAINTENANCE	76,700	76,700	80,913	(4,213)
TOTAL	559,602	569,261	570,008	(747)

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2023

				VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		
		ORIGINAL	FINAL	ACTUAL
FINANCE				
PERSONNEL		598,834	610,811	579,640
OPERATIONS AND MAINTENANCE		141,785	141,785	116,226
TOTAL		740,619	752,596	695,866
HUMAN RESOURCES				
PERSONNEL		319,100	325,482	314,235
OPERATIONS AND MAINTENANCE		77,055	77,055	101,321
TOTAL		396,155	402,537	415,556
CITY RECORDER				
PERSONNEL		130,205	132,809	128,980
OPERATIONS AND MAINTENANCE		82,900	135,090	104,212
TOTAL		213,105	267,899	233,192
LEGAL SERVICES				
PERSONNEL		647,800	660,756	615,838
OPERATIONS AND MAINTENANCE		122,034	122,034	88,938
TOTAL		769,834	782,790	704,776
LEGISLATIVE				
PERSONNEL		294,274	300,159	291,281
OPERATIONS AND MAINTENANCE		107,000	107,000	62,102
TOTAL		401,274	407,159	353,383
NONDEPARTMENTAL				
OPERATIONS AND MAINTENANCE		3,142,442	3,222,442	2,962,798
CAPITAL		275,000	275,000	230,065
TOTAL		3,417,442	3,497,442	3,192,863
EMERGENCY MANAGEMENT				
PERSONNEL		111,047	113,268	109,386
OPERATIONS AND MAINTENANCE		54,700	54,700	9,148
TOTAL		165,747	167,968	118,534
INFORMATION CENTER				
PERSONNEL		554,671	565,765	514,206
OPERATIONS AND MAINTENANCE		49,665	49,665	47,020
TOTAL		604,336	615,430	561,226
TOTAL GENERAL GOVERNMENT		9,386,699	9,615,588	8,832,969
PUBLIC SAFETY				
POLICE				
PERSONNEL		9,920,089	10,314,816	10,144,210
OPERATIONS AND MAINTENANCE		1,674,111	1,747,190	1,777,892
TOTAL		11,594,200	12,062,006	11,922,102
FIRE				
PERSONNEL		7,046,265	7,228,636	6,987,559
OPERATIONS AND MAINTENANCE		1,909,344	1,909,344	1,810,877
TOTAL		8,955,609	9,137,980	8,798,436
TOTAL PUBLIC SAFETY		20,549,809	21,199,986	20,720,538
COMMUNITY DEVELOPMENT				
ENGINEERING				
PERSONNEL		930,513	949,111	965,847
OPERATIONS AND MAINTENANCE		97,322	97,322	98,019
TOTAL		1,027,835	1,046,433	1,063,866

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2023

				VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
BUDGETED AMOUNTS					
ORIGINAL				ACTUAL	
FINAL					
PLANNING AND ZONING					
PERSONNEL		931,480	950,110	889,721	60,389
OPERATIONS AND MAINTENANCE		133,915	133,915	107,012	26,903
CAPITAL OUTLAY		-	11,232	-	11,232
	TOTAL	1,065,395	1,095,257	996,733	98,524
INSPECTIONS					
PERSONNEL		1,683,523	1,716,994	1,437,277	279,717
OPERATIONS AND MAINTENANCE		96,993	96,993	97,964	(971)
	TOTAL	1,780,516	1,813,987	1,535,241	278,746
ECONOMIC DEVELOPMENT					
PERSONNEL		194,863	198,761	194,419	4,342
OPERATIONS AND MAINTENANCE		60,275	60,275	41,913	18,362
	TOTAL	255,138	259,036	236,332	22,704
TOTAL COMMUNITY DEVELOPMENT					
		4,128,884	4,214,713	3,832,172	382,541
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL		1,472,155	1,500,599	1,413,483	87,116
OPERATIONS AND MAINTENANCE		626,547	626,547	620,029	6,518
CAPITAL		-	-	-	-
	TOTAL	2,098,702	2,127,146	2,033,512	93,634
C ROAD					
OPERATIONS AND MAINTENANCE		1,910,000	2,201,700	2,097,009	104,691
CAPITAL		2,470,000	2,785,900	3,383,196	(597,296)
	TOTAL	4,380,000	4,987,600	5,480,205	(492,605)
TOTAL STREETS AND HIGHWAYS					
		6,478,702	7,114,746	7,513,717	(398,971)
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL		2,516,587	2,565,919	2,139,257	426,662
OPERATIONS AND MAINTENANCE		1,241,418	1,254,418	1,312,813	(58,395)
CAPITAL		137,000	137,000	105,435	31,565
	TOTAL	3,895,005	3,957,337	3,557,505	399,832
COMMUNITY ARTS AND EVENTS					
OPERATIONS AND MAINTENANCE		945,700	945,700	870,263	75,437
	TOTAL	945,700	945,700	870,263	75,437
SENIOR CITIZENS					
PERSONNEL		231,346	235,973	189,337	46,636
OPERATIONS AND MAINTENANCE		124,262	124,262	56,314	67,948
CAPITAL		7,805	7,805	8,709	(904)
	TOTAL	363,413	368,040	254,360	113,680
RECREATION					
PERSONNEL		3,595,282	3,787,167	3,780,588	6,579
OPERATIONS AND MAINTENANCE		1,959,500	2,109,500	2,091,969	17,531
CAPITAL		685,500	685,500	495,618	189,882
	TOTAL	6,240,282	6,582,167	6,368,175	213,992
MUSEUM					
PERSONNEL		-	-	-	-
OPERATIONS AND MAINTENANCE		299,750	299,750	279,347	20,403
	TOTAL	299,750	299,750	279,347	20,403

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
LITERACY CENTER				
PERSONNEL	368,958	376,337	292,051	84,286
OPERATIONS AND MAINTENANCE	67,750	67,750	65,054	2,696
TOTAL	436,708	444,087	357,105	86,982
LIBRARY				
PERSONNEL	1,132,718	1,155,373	1,140,445	14,928
OPERATIONS AND MAINTENANCE	469,907	487,502	491,127	(3,625)
CAPITAL	11,048	11,048	11,048	-
TOTAL	1,613,673	1,653,923	1,642,620	11,303
TOTAL PARKS, RECREATION AND CULTURE	13,794,531	14,251,004	13,329,375	921,629
CEMETERY				
PERSONNEL	421,240	429,595	413,300	16,295
OPERATIONS AND MAINTENANCE	106,855	106,855	91,113	15,742
OPERATIONS AND MAINTENANCE	65,000	104,500	46,732	57,768
TOTAL	593,095	640,950	551,145	89,805
DEBT SERVICE				
CAPITAL LEASE PAYMENTS - PRINCIPAL	-	22,262	9,892	12,370
CAPITAL LEASE PAYMENTS - INTEREST	-	1,838	14,208	(12,370)
TOTAL	-	24,100	24,100	-
TOTAL EXPENDITURES	54,931,720	57,061,087	54,804,016	2,257,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,474,873	5,747,669	11,409,098	5,661,429
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,600,000	1,600,000	767,535	(832,465)
TRANSFERS OUT	(3,918,840)	(10,718,840)	(10,718,840)	-
PROCEEDS FROM LEASE LIABILITY	-	-	-	-
SALE OF CAPITAL ASSETS	10,000	10,000	137,613	127,613
TOTAL OTHER FINANCING SOURCES	(2,308,840)	(9,108,840)	(9,813,692)	(704,852)
NET CHANGE IN FUND BALANCE	(833,967)	(3,361,171)	1,595,406	4,956,577
FUND BALANCE AT BEGINNING OF YEAR	26,474,389	26,474,389	26,474,389	-
FUND BALANCE AT END OF YEAR	\$ 25,640,422	\$ 23,113,218	\$ 28,069,795	\$ 4,956,577

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
IMPACT FEE REVENUE	\$ 9,383,693	\$ 9,383,693	\$ 4,580,154	\$ (4,803,539)
SALES TAX REVENUE	432,500	432,500	368,040	(64,460)
INTERGOVERNMENTAL REVENUES	5,890,000	7,140,000	1,993,016	(5,146,984)
INTEREST ON INVESTMENTS	32,000	32,000	1,431,499	1,399,499
TOTAL REVENUES	<u>15,738,193</u>	<u>16,988,193</u>	<u>8,372,709</u>	<u>(8,615,484)</u>
EXPENDITURES				
CURRENT				
OTHER	47,500	47,500	74,401	(26,901)
CAPITAL OUTLAY	68,566,253	73,626,377	9,006,911	64,619,466
DEBT SERVICE				
PRINCIPAL	109,000	109,000	179,109	(70,109)
INTEREST AND FISCAL CHARGES	318,500	318,500	188,931	129,569
TOTAL EXPENDITURES	<u>69,041,253</u>	<u>74,101,377</u>	<u>9,449,352</u>	<u>64,652,025</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(53,303,060)</u>	<u>(57,113,184)</u>	<u>(1,076,643)</u>	<u>56,036,541</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	2,300,500	2,300,500	8,300,496	5,999,996
TRANSFERS OUT	(900,504)	(900,504)	(900,504)	-
SALE OF CAPITAL ASSETS	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>1,399,996</u>	<u>1,399,996</u>	<u>7,399,992</u>	<u>5,999,996</u>
NET CHANGE IN FUND BALANCE	<u>(51,903,064)</u>	<u>(55,713,188)</u>	<u>6,323,349</u>	<u>62,036,537</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>47,378,566</u>	<u>47,378,566</u>	<u>47,378,566</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (4,524,498)</u>	<u>\$ (8,334,622)</u>	<u>\$ 53,701,915</u>	<u>\$ 62,036,537</u>

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUND – DEBT SERVICE
JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
INTEREST ON INVESTMENTS	\$ -	\$ -	\$ 25,679	\$ 25,679
TOTAL REVENUES	-	-	25,679	25,679
EXPENDITURES				
CURRENT				
OTHER	10,000	10,000	5,600	4,400
DEBT SERVICE				
PRINCIPAL	960,000	960,000	960,000	-
INTEREST AND FISCAL CHARGES	898,838	898,838	898,838	-
TOTAL EXPENDITURES	1,868,838	1,868,838	1,864,438	4,400
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,868,838)	(1,868,838)	(1,838,759)	30,079
OTHER FINANCING SOURCES				
TRANSFERS IN	1,868,838	1,868,838	1,868,844	6
TOTAL OTHER FINANCING SOURCES	1,868,838	1,868,838	1,868,844	6
NET CHANGE IN FUND BALANCE	-	-	30,085	30,085
FUND BALANCE AT BEGINNING OF YEAR	20,819	20,819	20,819	-
FUND BALANCE AT END OF YEAR	\$ 20,819	\$ 20,819	\$ 50,904	\$ 30,085

COMBINING FINANCIAL STATEMENTS
NONMAJOR PROPRIETARY FUNDS

Drainage – This fund is used to account for constructing, improving and maintaining storm water conveyance systems throughout the City.

Garbage – This fund is used to account for the operations and activities related to garbage collection and disposal.

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	\$ 5,452,231	\$ 317,206	\$ 5,769,437
RECEIVABLES (NET):			
ACCOUNTS	269,500	424,604	694,104
UNBILLED	27,182	73,113	100,295
INVENTORY	11,730	-	11,730
TOTAL CURRENT ASSETS	5,760,643	814,923	6,575,566
NON-CURRENT ASSETS			
RESTRICTED CASH AND CASH EQUIVALENTS	360,505	-	360,505
NONDEPRECIABLE CAPITAL ASSETS	1,017,618	-	1,017,618
DEPRECIABLE CAPITAL ASSETS, NET	51,599,924	-	51,599,924
TOTAL NON-CURRENT ASSETS	52,978,047	-	52,978,047
TOTAL ASSETS	\$ 58,738,690	\$ 814,923	\$ 59,553,613
DEFERRED OUTFLOWS OF RESOURCES			
DEFERRED OUTFLOWS RELATED TO PENSIONS	\$ 161,988	\$ -	\$ 161,988
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 161,988	\$ -	\$ 161,988

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION - CONTINUED
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	\$ 97,580	\$ 377,924	\$ 475,504
WAGES PAYABLE	9,970	-	9,970
ACCRUED INTEREST PAYABLE	583	-	583
PAYABLE FROM RESTRICTED ASSETS:			
ACCOUNTS PAYABLE	8,925	-	8,925
CURRENT PORTION COMPENSATED ABSENCES	44,920	-	44,920
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	200,000	-	200,000
TOTAL CURRENT LIABILITIES	<u>361,978</u>	<u>377,924</u>	<u>739,902</u>
NON-CURRENT LIABILITIES			
COMPENSATED ABSENCES	49,554	-	49,554
NET PENSION LIABILITY	85,904	-	85,904
BONDS PAYABLE, LESS CURRENT MATURITIES	205,000	-	205,000
TOTAL NON-CURRENT LIABILITIES	<u>340,458</u>	<u>-</u>	<u>340,458</u>
TOTAL LIABILITIES	<u>\$ 702,436</u>	<u>\$ 377,924</u>	<u>\$ 1,080,360</u>
DEFERRED INFLOWS OF RESOURCES			
DEFERRED INFLOWS RELATED TO PENSIONS	<u>\$ 1,707</u>	<u>\$ -</u>	<u>\$ 1,707</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	\$ 52,212,542	\$ -	\$ 52,212,542
RESTRICTED FOR			
CAPITAL PROJECTS	351,552	-	351,552
UNRESTRICTED	5,632,441	436,999	6,069,440
TOTAL NET POSITION	<u>\$ 58,196,535</u>	<u>\$ 436,999</u>	<u>\$ 58,633,534</u>

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES		
			TOTAL NONMAJOR PROPRIETARY FUNDS
	DRAINAGE	GARBAGE	
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)			
CHARGES FOR SERVICES	\$ 2,839,259	\$ 4,333,067	\$ 7,172,326
MISCELLANEOUS REVENUES	-	34,600	34,600
TOTAL OPERATING REVENUES	2,839,259	4,367,667	7,206,926
OPERATING EXPENSES			
PERSONNEL	846,643	-	846,643
GENERAL ADMINISTRATION	52,112	20,153	72,265
OPERATING AND MAINTENANCE	178,080	4,532,550	4,710,630
INTERFUND CHARGES	212,904	-	212,904
DEPRECIATION	2,148,856	-	2,148,856
TOTAL OPERATING EXPENSES	3,438,595	4,552,703	7,991,298
OPERATING INCOME (LOSS)	(599,336)	(185,036)	(784,372)
NON-OPERATING REVENUES (EXPENSES)			
INTEREST INCOME	183,845	14,944	198,789
INTEREST EXPENSE	(27,135)	-	(27,135)
LOSS ON DISPOSAL OF CAPITAL ASSETS	(26,498)	-	(26,498)
TOTAL NON-OPERATING REVENUES (EXPENSES)	130,212	14,944	145,156
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(469,124)	(170,092)	(639,216)
CAPITAL CONTRIBUTIONS, IMPACT FEES AND OTHER IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	130,759	-	130,759
CAPITAL CONTRIBUTIONS	1,034,714	-	1,034,714
CHANGE IN NET POSITION	696,349	(170,092)	526,257
NET POSITION AT BEGINNING OF YEAR	57,500,186	607,091	58,107,277
NET POSITION AT END OF YEAR	\$ 58,196,535	\$ 436,999	\$ 58,633,534

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS - CONTINUED
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIVED FROM CUSTOMERS	\$ 2,807,453	\$ 4,297,897	\$ 7,105,350
CASH PAID TO SUPPLIERS	(171,709)	(4,552,348)	(4,724,057)
CASH PAID TO EMPLOYEES	(965,259)	-	(965,259)
CASH PAID FOR INTERFUND SERVICES	(212,904)	-	(212,904)
OTHER RECEIPTS	-	34,600	34,600
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,457,581	(219,851)	1,237,730
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
OTHER RECEIPTS (PAYMENTS)	-	-	-
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(669,427)	-	(669,427)
CONTRIBUTIONS FROM DEVELOPERS	26,214	-	26,214
PROCEEDS FROM SALE OF CAPITAL ASSETS	25,175	-	25,175
PRINCIPAL PAID ON BONDS	(190,000)	-	(190,000)
INTEREST PAID	(27,408)	-	(27,408)
IMPACT FEES COLLECTED	130,759	-	130,759
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(704,687)	-	(704,687)
CASH FLOWS FROM INVESTING ACTIVITIES			
INTEREST INCOME COLLECTED	183,845	14,944	198,789
NET CASH PROVIDED BY INVESTING ACTIVITIES	183,845	14,944	198,789
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	936,739	(204,907)	731,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,875,997	522,113	5,398,110
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,812,736	\$ 317,206	\$ 6,129,942
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:			
UNRESTRICTED CASH	\$ 5,452,231	\$ 317,206	\$ 5,769,437
RESTRICTED CASH	360,505	-	360,505
	\$ 5,812,736	\$ 317,206	\$ 6,129,942

CONTINUED

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS - CONTINUED
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 1,008,500	\$ -	\$ 1,008,500
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (599,336)	\$ (185,036)	\$ (784,372)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
DEPRECIATION	2,148,856	-	2,148,856
CHANGES IN ASSETS AND LIABILITIES			
ACCOUNTS RECEIVABLE	(31,143)	(35,028)	(66,171)
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	(663)	(142)	(805)
INVENTORY	(7,832)	-	(7,832)
ACCOUNTS PAYABLE	66,315	355	66,670
ACCOUNTS PAYABLE FROM RESTRICTED			
WAGES PAYABLE	1,298	-	1,298
COMPENSATED ABSENCES	2,358	-	2,358
CHANGES IN NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS	(122,272)	-	(122,272)
	<u>\$ 1,457,581</u>	<u>\$ (219,851)</u>	<u>\$ 1,237,730</u>

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

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

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

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

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

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

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

INTERNAL SERVICE FUNDS					
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
ASSETS					
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	\$ 364,881	\$ 486,769	\$ 89,218	\$ 280,057	\$ 1,220,925
GRANTS RECEIVABLE	-	-	-	10,000	10,000
INVENTORY	-	39,602	-	-	39,602
TOTAL CURRENT ASSETS	364,881	526,371	89,218	290,057	1,220,527
NON-CURRENT ASSETS					
RESTRICTED CASH AND CASH EQUIVALENTS	-	1,563,075	-	-	1,563,075
NONDEPRECIABLE CAPITAL ASSETS	-	148,402	-	-	148,402
DEPRECIABLE CAPITAL ASSETS, NET	309,083	6,910,718	-	338,294	7,558,095
TOTAL NON-CURRENT ASSETS	309,083	8,622,195	-	338,294	9,269,572
TOTAL ASSETS	\$ 673,964	\$ 9,148,566	\$ 89,218	\$ 628,351	\$ 10,540,099
DEFERRED OUTFLOWS OF RESOURCES					
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	\$ 68,995	\$ 64,806	\$ 23,579	\$ 146,426	\$ 303,806
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	\$ 37,724	\$ 133,678	\$ 15,268	\$ 32,842	\$ 219,512
WAGES PAYABLE	4,478	4,736	1,534	13,180	23,928
PAYABLE FROM RESTRICTED ASETS:					
ACCRUED INTEREST	-	69,304	-	-	69,304
CURRENT PORTION NOTES PAYABLE	-	655,992	-	-	655,992
CURRENT PORTION COMPENSATED ABSENCES	22,837	24,283	11,526	58,894	117,540
TOTAL CURRENT LIABILITIES	65,039	887,993	28,328	104,916	1,086,276
NON-CURRENT LIABILITIES					
COMPENSATED ABSENCES	20,250	37,486	23,459	24,893	106,088
NET PENSION LIABILITY	36,589	34,367	12,504	77,651	161,111
NOTES PAYABLE, LESS CURREENT MATURITIES	-	2,934,571	-	-	2,934,571
TOTAL NON-CURRENT LIABILITIES	56,839	3,006,424	35,963	102,544	3,201,770
TOTAL LIABILITIES	\$ 121,878	\$ 3,894,417	\$ 64,291	\$ 207,460	\$ 4,288,046
DEFERRED INFLOWS OF RESOURCES					
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	\$ 727	\$ 683	\$ 249	\$ 1,543	\$ 3,202
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	309,083	3,320,155	-	338,294	3,967,532
UNRESTRICTED	311,271	1,998,117	48,257	227,480	2,585,125
TOTAL NET POSITION	\$ 620,354	\$ 5,318,272	\$ 48,257	\$ 565,774	\$ 6,552,657

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2023

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
OPERATING REVENUES					
CHARGES FOR SERVICES - INTERNAL	\$ 1,331,220	\$ 3,417,408	\$ 1,167,036	\$ 1,704,996	\$ 7,620,660
MISCELLANEOUS REVENUES	2,975	1,782	136,441	10,421	151,619
TOTAL OPERATING REVENUES	1,334,195	3,419,190	1,303,477	1,715,417	7,772,279
OPERATING EXPENSES					
PERSONNEL	488,039	460,401	147,439	1,263,350	2,359,229
OPERATING AND MAINTENANCE	794,966	1,768,067	1,609,576	590,859	4,763,468
DEPRECIATION AND AMORTIZATION	44,280	1,254,349	-	73,932	1,372,561
TOTAL OPERATING EXPENSES	1,327,285	3,482,817	1,757,015	1,928,141	8,495,258
OPERATING INCOME (LOSS)	6,910	(63,627)	(453,538)	(212,724)	(722,979)
NON-OPERATING REVENUES (EXPENSES)					
GAIN ON DISPOSAL OF CAPITAL ASSETS	-	74,656	-	-	74,656
INTEREST INCOME	8,501	72,976	-	12,097	93,574
INTEREST EXPENSE	-	(69,604)	(3,999)	-	(73,603)
TOTAL NON-OPERATING REVENUES (EXPENSES)	8,501	78,028	(3,999)	12,097	94,627
INCOME (LOSS) BEFORE TRANSFERS	15,411	14,401	(457,537)	(200,627)	(628,352)
TRANSFERS IN	150,000	500,004	-	-	650,004
CHANGE IN NET POSTION	165,411	514,405	(457,537)	(200,627)	21,652
NET POSITION AT BEGINNING OF YEAR	454,943	4,803,867	505,794	766,401	6,531,005
NET POSTION AT END OF YEAR	\$ 620,354	\$ 5,318,272	\$ 48,257	\$ 565,774	\$ 6,552,657

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2023

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	\$ 1,331,220	\$ 3,417,408	\$ 1,167,036	\$ 1,704,996	\$ 7,620,660
CASH PAID TO SUPPLIERS	(817,682)	(1,855,129)	(149,119)	(599,522)	(3,421,452)
CASH PAID TO EMPLOYEES	(494,560)	(471,848)	(1,675,114)	(1,264,950)	(3,906,472)
OTHER RECEIPTS	2,975	1,782	136,441	421	141,619
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	21,953	1,092,213	(520,756)	(159,055)	434,355
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
INTEREST PAID ON INTERFUND BORROWING	-	-	(3,999)	-	(3,999)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	-	(3,999)	-	(3,999)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
TRANSFERS IN	150,000	500,004	-	-	650,004
PAYMENTS MADE ON NOTES PAYABLE	-	(455,574)	-	-	(455,574)
PROCEEDS FROM ISSUANCE OF NOTES PAYABLE	-	1,725,000	-	-	1,725,000
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	88,178	-	-	88,178
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(163,959)	(2,747,395)	-	(43,399)	(2,954,753)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(13,959)	(889,787)	-	(43,399)	(947,145)
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST INCOME COLLECTED	8,501	72,976	-	12,097	93,574
NET CASH PROVIDED BY INVESTING ACTIVITIES	8,501	72,976	-	12,097	93,574
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,495	275,402	(524,755)	(190,357)	(423,215)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	348,386	1,774,442	613,973	470,414	3,207,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 364,881	\$ 2,049,844	\$ 89,218	\$ 280,057	\$ 2,784,000
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:					
UNRESTRICTED CASH	\$ 364,881	\$ 486,769	\$ 89,218	\$ 280,057	\$ 1,220,925
RESTRICTED CASH	-	1,563,075	-	-	1,563,075
	\$ 364,881	\$ 2,049,844	\$ 89,218	\$ 280,057	\$ 2,784,000
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 6,910	\$ (63,627)	\$ (453,538)	\$ (212,724)	\$ (722,979)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
DEPRECIATION	44,280	1,254,349	-	73,932	1,372,561
CHANGES IN ASSETS AND LIABILITIES					
ACCOUNTS AND GRANTS RECEIVABLE	-	-	-	(10,000)	(10,000)
INVENTORY	-	(87)	-	-	(87)
ACCOUNTS PAYABLE	(22,716)	(86,975)	(65,538)	(8,663)	(183,892)
WAGES PAYABLE	285	(145)	101	1,702	1,943
CHANGES IN NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS	(15,624)	(14,715)	(5,339)	(33,159)	(68,837)
COMPENSATED ABSENCES	8,818	3,413	3,558	29,857	45,646
	\$ 21,953	\$ 1,092,213	\$ (520,756)	\$ (159,055)	\$ 434,355

LEHI CITY CORPORATION
STATISTICAL SECTION
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This part of the Lehi City Corporation annual comprehensive 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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Note: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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				
	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets	\$ 302,586,651	\$ 310,508,319	\$ 327,670,060	\$ 348,094,139	\$ 358,211,413
Restricted	1,480,415	1,330,917	7,486,352	14,058,585	\$ 57,343,991
Unrestricted	(78,585,842)	(64,094,902)	(44,375,030)	(24,913,559)	\$ (19,430,387)
Total governmental activities net position	<u>225,481,224</u>	<u>247,744,334</u>	<u>290,781,382</u>	<u>337,239,165</u>	<u>396,125,017</u>
Business-type activities					
Net investment in capital assets	325,775,552	341,429,283	355,733,226	391,916,527	395,362,323
Restricted	2,528,731	2,711,961	9,965,009	12,617,730	17,713,071
Unrestricted	<u>49,624,578</u>	<u>58,047,617</u>	<u>64,266,001</u>	<u>67,807,216</u>	<u>61,112,989</u>
Total business-type activities net position	<u>377,928,861</u>	<u>402,188,861</u>	<u>429,964,236</u>	<u>472,341,473</u>	<u>474,188,383</u>
Primary government					
Net investment in capital assets	628,362,203	651,937,602	683,403,286	740,010,666	753,573,736
Restricted	4,009,146	4,042,878	17,451,361	26,676,315	75,057,062
Unrestricted	<u>(28,961,264)</u>	<u>(6,047,285)</u>	<u>19,890,971</u>	<u>42,893,657</u>	<u>41,682,602</u>
Total primary government net position	<u>\$ 603,410,085</u>	<u>\$ 649,933,195</u>	<u>\$ 720,745,618</u>	<u>\$ 809,580,638</u>	<u>\$ 870,313,400</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 219,129,389	\$ 229,907,904	\$ 242,558,256	\$ 270,733,436	\$ 288,966,135
Restricted	8,560,047	6,565,677	4,262,799	590,207	349,363
Unrestricted	<u>(88,715,100)</u>	<u>(108,048,049)</u>	<u>(101,045,130)</u>	<u>(101,325,874)</u>	<u>(90,089,047)</u>
Total governmental activities net position	<u>138,974,336</u>	<u>128,425,532</u>	<u>145,775,925</u>	<u>169,997,769</u>	<u>199,226,451</u>
Business-type activities					
Net investment in capital assets	202,621,488	224,324,128	238,650,352	267,462,097	299,404,845
Restricted	9,063,049	4,293,339	4,555,304	126,965	547,651
Unrestricted	<u>16,429,759</u>	<u>19,502,118</u>	<u>24,970,618</u>	<u>30,640,955</u>	<u>35,236,748</u>
Total business-type activities net position	<u>228,114,296</u>	<u>248,119,585</u>	<u>268,176,274</u>	<u>298,230,017</u>	<u>335,189,244</u>
Primary government					
Net investment in capital assets	421,750,877	454,232,032	481,208,608	538,195,533	588,370,980
Restricted	17,623,096	10,859,016	8,818,103	717,172	897,014
Unrestricted	<u>(72,285,341)</u>	<u>(88,545,931)</u>	<u>(76,074,512)</u>	<u>(70,684,919)</u>	<u>(54,852,299)</u>
Total primary government net position	<u>\$ 367,088,632</u>	<u>\$ 376,545,117</u>	<u>\$ 413,952,199</u>	<u>\$ 468,227,786</u>	<u>\$ 534,415,695</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities					
General government	\$ 6,608,885	\$ 7,536,526	\$ 6,904,634	\$ 9,041,919	\$ 8,274,466
Public Safety	10,046,876	10,178,031	11,170,823	12,096,387	13,656,195
Community Development	21,231,389	23,302,007	4,079,029	5,796,634	4,928,368
Streets and Highways	9,473,624	9,676,339	10,632,298	11,727,234	12,764,811
Parks, recreation, and culture	8,023,291	8,503,024	9,251,152	9,856,045	10,486,576
Cemetery	362,172	386,084	443,058	406,824	414,906
Interest on long-term debt	4,520,957	4,437,878	4,832,597	4,834,457	4,906,081
Total governmental activities	60,267,194	64,019,889	47,313,591	53,759,500	55,431,403
Business-type activities					
Water	6,156,648	6,746,458	7,043,326	9,645,725	48,839,913
Sewer	6,248,401	7,415,879	8,188,182	9,525,964	9,865,657
Electric	24,328,858	25,550,168	26,793,013	28,132,875	30,707,792
Fiber	-	-	-	-	-
Nonmajor activities	3,728,903	3,732,107	3,734,136	4,279,107	4,677,412
Total business-type activities	40,462,810	43,444,612	45,758,657	51,583,671	94,090,774
Total primary government expenses	\$ 100,730,004	\$ 107,464,501	\$ 93,072,248	\$ 105,343,171	\$ 149,522,177
Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,280,770	\$ 922,395	\$ 1,225,124	\$ 1,035,384	\$ 1,270,675
Public Safety	735,826	713,288	772,926	1,515,823	1,510,422
Community Development	3,380,948	3,996,282	4,122,688	4,539,888	6,753,793
Parks, recreation, and culture	3,442,123	3,538,275	3,669,216	3,701,396	3,989,072
Cemetery	200,865	235,200	240,285	219,065	232,520
Operating grants and contributions	1,652,937	1,879,304	1,921,433	3,449,482	2,687,038
Capital grants and contributions	6,669,536	15,157,512	17,731,567	24,434,520	28,063,535
Total governmental activities	17,363,005	26,442,256	29,683,239	38,895,558	44,507,055
Business-type activities					
Charges for services					
Water	5,623,896	6,284,597	6,979,710	9,272,889	8,673,125
Sewer	7,518,893	8,561,592	8,632,614	8,515,717	8,560,318
Electric	24,730,251	26,168,996	28,967,401	31,303,180	33,458,042
Fiber	-	-	-	-	-
Nonmajor activities	3,098,067	3,034,091	3,215,374	3,399,318	3,575,009
Operating grants and contributions	-	-	-	-	7,294,687
Capital grants and contributions	13,031,629	20,541,414	17,914,832	28,411,382	35,292,708
Total business-type activities	54,002,736	64,590,690	65,709,931	80,902,486	96,853,889
Total primary government revenues	\$ 71,365,741	\$ 91,032,946	\$ 95,393,170	\$ 119,798,044	\$ 141,360,944
Net (Expense)/Revenue					
Governmental activities	\$ (42,927,489)	\$ (42,542,388)	\$ (22,076,340)	\$ (18,242,733)	\$ (15,349,057)
Business-type activities	13,539,926	13,906,694	14,853,433	23,987,587	25,912,376
Total primary government net (expense)/revenue	\$ (29,387,563)	\$ (28,635,694)	\$ (7,222,907)	\$ 5,744,854	\$ 10,563,319
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 16,373,300	\$ 17,134,391	\$ 18,943,311	\$ 21,435,929	\$ 21,124,631
Sales taxes	7,904,519	9,060,843	9,830,594	11,034,838	12,222,987
Franchise taxes	4,285,907	4,626,674	5,221,608	4,886,832	5,287,987
Impact Fees	4,899,084	-	-	-	-
Investment Earnings	98,028	81,658	153,854	193,325	337,123
Gain on disposal of assets	-	-	-	-	256,152
Other	18,862	75,314	100,458	1,534,862	924,150
Transfers	730,920	485,920	730,920	-	-
Total governmental activities	34,310,620	31,464,800	34,980,745	39,085,786	40,153,030
Business-type activities					
Investment Earnings	106,836	114,557	151,462	304,489	560,760
Impact fees	7,617,749	-	-	-	-
Gain on disposal of assets	68,690	6,164	67,014	38,613	29,501
Other	531,204	411,696	617,859	391,826	505,851
Transfers	(730,920)	(485,920)	(730,920)	-	-
Total business-type activities	7,593,559	46,497	105,415	734,928	1,096,112
Total primary government	\$ 41,904,179	\$ 31,511,297	\$ 35,086,160	\$ 39,820,714	\$ 41,249,142
Change in Net Position					
Governmental activities	\$ (8,593,569)	\$ (6,112,833)	\$ 17,350,393	\$ 24,221,844	\$ 29,228,682
Business-type activities	21,133,485	21,192,575	20,056,689	30,053,743	36,959,227
Total primary government	\$ 12,539,916	\$ 15,079,742	\$ 37,407,082	\$ 54,275,587	\$ 66,187,909

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses					
Governmental activities					
General government	\$ 8,961,845	\$ 8,959,799	\$ 8,608,259	\$ 8,020,887	\$ 10,240,351
Public Safety	15,513,181	16,559,907	17,095,653	17,507,791	21,948,439
Community Development	4,836,058	5,777,381	5,280,007	5,729,311	5,302,806
Streets and Highways	13,522,976	14,920,711	16,003,682	16,289,645	18,299,870
Parks, recreation, and culture	11,220,816	11,186,187	12,020,031	12,943,241	14,817,336
Cemetery	430,339	473,663	491,598	497,978	552,761
Interest on long-term debt	4,877,481	5,824,032	5,553,570	5,399,835	3,737,656
Total governmental activities	59,362,696	63,701,680	65,052,800	66,388,688	74,899,219
Business-type activities					
Water	15,761,386	12,777,816	15,634,622	16,352,621	18,508,084
Sewer	11,111,407	12,142,499	11,360,091	11,460,744	12,573,204
Electric	33,073,473	33,265,006	40,214,545	42,720,326	67,530,830
Fiber	-	-	1,149,570	1,978,842	2,310,916
Nonmajor activities	5,200,680	6,173,225	6,981,785	7,106,308	8,018,433
Total business-type activities	65,146,946	64,358,546	75,340,613	79,618,841	108,941,467
Total primary government expenses	\$ 124,509,642	\$ 128,060,226	\$ 140,393,413	\$ 146,007,529	\$ 183,840,686
Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,431,761	\$ 1,343,004	\$ 1,410,528	\$ 1,210,322	\$ 1,263,448
Public Safety	1,897,103	1,685,241	1,755,288	2,473,877	2,676,610
Community Development	6,115,690	5,093,446	7,175,492	6,828,003	4,062,359
Parks, recreation, and culture	4,035,165	2,855,378	2,890,148	3,951,817	4,166,109
Cemetery	256,950	322,605	435,350	536,143	361,500
Operating grants and contributions	2,734,035	7,488,372	9,901,485	8,214,996	3,887,912
Capital grants and contributions	28,364,171	17,986,306	34,122,734	37,883,897	16,212,028
Total governmental activities	44,834,875	36,774,352	57,691,025	61,099,055	32,629,966
Business-type activities					
Charges for services					
Water	10,041,008	10,874,910	11,986,309	12,704,938	13,126,269
Sewer	9,213,563	9,399,488	9,553,148	9,930,258	10,543,073
Electric	35,473,772	36,526,512	39,460,193	40,396,786	47,350,786
Fiber	-	-	-	-	1,280
Nonmajor activities	3,889,510	4,836,172	6,070,200	6,564,730	7,172,326
Operating grants and contributions	5,250,596	-	3,338,726	2,867,704	3,018,272
Capital grants and contributions	41,980,410	24,840,140	31,170,218	48,217,884	24,593,758
Total business-type activities	105,848,859	86,477,222	101,578,794	120,682,300	105,805,764
Total primary government program revenues	\$ 150,683,734	\$ 123,251,574	\$ 159,269,819	\$ 181,781,355	\$ 138,435,730
Net (Expense)/Revenue					
Governmental activities	\$ (14,527,821)	\$ (26,927,328)	\$ (7,361,775)	\$ (5,289,633)	\$ (42,269,253)
Business-type activities	40,701,913	22,118,676	26,238,181	41,063,459	(3,135,703)
Total primary government net (expense)/revenue	\$ 26,174,092	\$ (4,808,652)	\$ 18,876,406	\$ 35,773,826	\$ (45,404,956)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 20,483,605	\$ 26,503,325	\$ 23,321,339	\$ 22,350,797	\$ 20,725,161
Sales taxes	13,156,245	14,634,703	17,659,174	21,157,647	23,062,718
Franchise taxes	5,510,813	5,670,790	5,737,987	6,621,772	9,154,740
Investment Earnings	756,650	1,137,458	269,757	161,650	3,704,651
Gain on disposal of capital assets	-	16,461	1,196,294	228,274	199,010
Gain on extinguishment of debt	-	-	-	-	43,040,344
Other	875,281	1,227,701	2,214,272	1,227,276	1,268,481
Transfers	-	-	-	-	-
Total governmental activities	40,782,594	49,190,438	50,398,823	51,747,416	101,155,105
Business-type activities					
Investment Earnings	1,357,423	1,483,453	415,605	385,986	4,292,314
Gain on disposal of capital assets	41,107	-	9,625	34,021	70,623
Other	639,174	657,871	1,111,964	893,771	619,676
Transfers	-	-	-	-	-
Total business-type activities	2,037,704	2,141,324	1,537,194	1,313,778	4,982,613
Total primary government	\$ 42,820,298	\$ 51,331,762	\$ 51,936,017	\$ 53,061,194	\$ 106,137,718
Change in Net Position					
Governmental activities	\$ 26,254,773	\$ 22,263,110	\$ 43,037,048	\$ 46,457,783	\$ 58,885,852
Business-type activities	42,739,617	24,260,000	27,775,375	42,377,237	1,846,910
Total primary government	\$ 68,994,390	\$ 46,523,110	\$ 70,812,423	\$ 88,835,020	\$ 60,732,762

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LEHI CITY CORPORATION
SCHEDULE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	893,511	2,554,024	4,639,096	6,390,766	7,190,294
Committed	568,378	640,659	643,812	647,031	671,873
Assigned	22,927	23,411	23,526	23,643	24,551
Unassigned	10,684,725	11,968,763	16,114,294	19,412,949	20,183,077
Total General Fund	12,169,541	15,186,857	21,420,728	26,474,389	28,069,795
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	18,980,465	6,730,618	4,340,039	9,640,000	10,962,853
Assigned	13,995,418	22,430,303	31,744,466	41,658,290	78,531,130
Total all other governmental funds	32,975,883	29,160,921	36,084,505	51,298,290	89,493,983
Total governmental funds	<u>\$ 45,145,424</u>	<u>\$ 44,347,778</u>	<u>\$ 57,505,233</u>	<u>\$ 77,772,679</u>	<u>\$ 117,563,778</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 29,902	\$ 24,000	\$ 103,000	\$ 197,599	\$ -
Restricted	1,028,085	799,082	574,992	306,630	458,007
Committed	466,584	496,802	624,936	542,731	552,705
Assigned	190,349	191,324	192,026	194,253	22,295
Unassigned	6,645,733	6,758,479	6,918,012	5,052,340	10,887,280
Total General Fund	8,360,653	8,269,687	8,412,966	6,293,553	11,920,287
All Other Governmental Funds					
Nonspendable	-	24,877	-	-	-
Restricted	8,274,991	6,245,868	4,738,086	711,561	1,017,852
Assigned	2,617,559	2,536,176	5,043,913	1,403,153	5,097,302
Total all other governmental funds	10,892,550	8,806,921	9,781,999	2,114,714	6,115,154
Total governmental funds	<u>\$ 19,253,203</u>	<u>\$ 17,076,608</u>	<u>\$ 18,194,965</u>	<u>\$ 8,408,267</u>	<u>\$ 18,035,441</u>

LEHI CITY CORPORATION
SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 28,563,726	\$ 30,821,908	\$ 33,995,513	\$ 37,357,599	\$ 38,635,605
Licenses, fees and permits	6,444,720	7,372,672	6,533,438	6,533,438	8,000,076
Intergovernmental	1,671,598	2,056,379	3,539,749	3,539,749	6,253,575
Charges for services	5,762,720	6,081,697	6,519,088	6,519,088	8,636,679
Fines and forfeitures	547,825	554,622	668,151	668,151	799,079
Miscellaneous	806,898	433,344	649,434	649,434	1,818,819
Interest on investments	88,992	72,298	145,662	145,662	300,658
Total revenues	43,886,479	47,392,920	52,051,035	55,413,121	64,444,491
Expenditures					
General government	5,512,993	7,432,107	6,804,485	6,804,485	6,856,047
Public Safety	9,830,309	9,745,736	10,602,138	10,602,138	12,622,099
Community development	21,215,648	23,120,657	3,820,164	3,820,164	5,121,202
Streets and highways	2,462,221	2,790,957	3,114,886	3,114,886	3,372,051
Parks, recreation and culture	8,295,691	7,656,136	8,279,958	8,279,958	9,675,126
Cemetery	334,730	358,145	415,615	415,615	390,147
Other	77,920	12,476	3,600	3,600	63,900
Capital outlay	4,245,051	10,087,085	9,752,734	9,752,734	9,962,532
Debt Service					
Principal	10,722,440	4,353,681	4,764,670	4,764,670	7,683,967
Interest and fiscal charges	4,636,091	4,246,198	4,732,577	4,732,577	4,890,766
Total expenditures	67,333,094	69,803,178	52,290,827	52,290,827	60,637,837
Excess (deficiency) of revenues over (under) expenditures	(23,446,615)	(22,410,258)	(239,792)	3,122,294	3,806,654
Other Financing Sources (Uses)					
Transfers in	4,408,662	3,917,960	5,818,343	5,818,343	4,098,769
Transfers out	(3,677,742)	(3,432,040)	(5,087,423)	(5,087,423)	(4,098,769)
Proceeds from issuance of bonds	25,163,052	19,557,363	-	-	5,768,588
Sale of capital assets	52,930	190,380	627,229	627,229	51,932
Total other financing sources (uses)	25,946,902	20,233,663	1,358,149	1,358,149	5,820,520
Net change in fund balances	\$ 2,500,287	\$ (2,176,595)	\$ 1,118,357	\$ 4,480,443	\$ 9,627,174
Debt service as a percentage of noncapital expenditures	24.34%	14.40%	22.33%	22.33%	24.81%

LEHI CITY CORPORATION
SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues					
Taxes	\$ 39,150,663	\$ 46,808,818	\$ 46,718,500	\$ 50,130,216	\$ 52,942,619
Licenses, fees and permits	9,613,360	8,168,866	10,640,635	12,654,002	6,902,177
Intergovernmental	8,648,408	11,441,497	23,893,064	15,832,601	7,931,109
Charges for services	8,739,191	7,058,720	8,113,532	9,788,903	8,988,690
Fines and forfeitures	844,289	790,458	710,682	722,270	831,962
Miscellaneous	1,451,781	1,648,639	2,678,250	1,699,551	1,655,832
Interest on investments	692,189	1,099,329	263,761	159,512	3,611,077
Total revenues	69,139,881	77,016,327	93,018,424	90,987,055	82,863,466
Expenditures					
General government	7,112,048	7,538,498	8,259,035	8,539,977	8,832,969
Public Safety	13,821,781	15,404,388	17,120,953	18,385,423	20,720,538
Community development	4,556,038	5,447,678	4,927,696	5,291,722	4,777,303
Streets and highways	3,455,349	3,789,510	5,620,679	5,781,174	7,513,717
Parks, recreation and culture	9,750,314	9,541,822	10,341,966	11,363,509	13,329,375
Cemetery	403,066	433,261	482,707	454,611	551,145
Other	8,250	10,775	5,250	54,316	479,001
Capital outlay	12,490,153	22,420,051	24,345,627	10,651,809	9,849,517
Debt Service					
Principal	4,319,419	7,429,705	4,724,910	4,326,200	2,760,039
Interest and fiscal charges	4,904,070	5,827,154	5,734,224	5,413,602	5,509,487
Total expenditures	60,820,488	77,842,842	81,563,047	70,262,343	74,323,091
Excess (deficiency) of revenues over (under) expenditures	8,319,393	(826,515)	11,455,377	20,724,712	8,540,375
Other Financing Sources (Uses)					
Transfers in	9,572,504	11,836,317	11,521,047	15,040,584	11,736,875
Transfers out	(9,572,504)	(11,836,317)	(11,521,047)	(16,040,584)	(12,386,879)
Proceeds from lease liability	-	-	-	28,193	-
Proceeds from issuance of bonds	18,402,528	-	-	-	31,763,115
Sale of capital assets	388,062	28,869	1,702,078	514,541	137,613
Total other financing sources (uses)	18,790,590	28,869	1,702,078	(457,266)	31,250,724
Net change in fund balances	\$ 27,109,983	\$ (797,646)	\$ 13,157,455	\$ 20,267,446	\$ 39,791,099
Debt service as a percentage of noncapital expenditures	19.08%	23.92%	18.28%	16.34%	12.83%

LEHI CITY CORPORATION
SCHEDULE 5
TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Property Tax	General Use and Sales Tax	Franchise Tax	Fees in Lieu of Personal Property Tax	Total
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
2020	26,181,863	14,449,857	5,483,232	693,866	46,808,818
2021	22,796,311	17,724,868	5,531,382	665,939	46,718,500
2022	22,119,880	21,475,897	5,815,420	719,019	50,130,216
2023	22,241,729	23,062,708	6,907,613	730,569	52,942,619
Growth 2014-2023	40.7%	191.8%	61.2%	30.2%	85.3%

LEHI CITY CORPORATION
SCHEDULE 6
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property (1)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
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%
2020	6,664,194,033	1,580,861,282	8,245,055,315	0.001451	11,230,420,097	73.4%
2021	7,487,828,024	1,290,653,716	8,778,481,740	0.001429	12,201,577,217	71.9%
2022	8,122,163,455	1,105,949,762	9,228,113,217	0.001189	13,111,613,286	70.4%
2023	10,821,796,821	871,319,922	11,693,116,743	0.001153	17,117,449,316	68.3%

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

Source: Values obtained from the Utah County Treasurer and do not include RDA values.

LEHI CITY CORPORATION
SCHEDULE 7
PROPERTY TAX LEVIED 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
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%	503,735	10,748,301	98.30%
2020	12,883,259	12,306,550	95.52%	533,879	12,840,429	99.67%
2021	12,837,163	12,108,856	94.33%	633,312	12,742,168	99.26%
2022	13,207,667	12,627,949	95.61%	506,951	13,134,900	99.45%
2023	14,074,665	13,122,251	93.23%	-	13,122,251	93.23%

Source: Utah County Treasurer

LEHI CITY CORPORATION
SCHEDULE 8
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Tax Year	Lehi City Direct Rates			Overlapping Rates					
	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	Total
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
2020	0.001451	-	0.001451	0.006800	0.001202	0.000400	0.000016	0.000008	0.009877
2021	0.001429	-	0.001429	0.006904	0.001007	0.000400	0.000015	0.000008	0.009763
2022	0.001189	-	0.001189	0.005724	0.000787	0.000400	0.000012	0.000006	0.008118
2023	0.001153	-	0.001153	0.005518	0.000781	0.000400	0.000012	0.000006	0.007870

The City's certified property tax rate can only be increased through 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	2023			2014		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Texas Instruments	\$ 455,647,100	1	3.90%	\$ -		
Adobe Systems	198,682,800	2	1.70%	72,754,400	2	2.13%
DR Horton	160,530,305	3	1.37%	-		
Young Living Warm Springs	98,081,200	4	0.84%	-		
Tpark Five and Six	75,204,100	5	0.64%			
Geneva Rock Products	69,265,589	6	0.59%	-		
Outlets at Traverse Mountain	68,334,100	7	0.58%	42,881,700	4	1.25%
Tpark One and Two	68,199,600	8	0.58%	-		
Edge Gardner Point	67,891,100	9	0.58%			
MPT of Lehi-Steward	64,355,800	10	0.55%	-		
Traverse Ridge Center III	63,013,200	11	0.54%	-		
RE Plus 1300WTP	58,929,500	12	0.50%	36,104,600	5	1.06%
TMCV #1	55,520,400	13	0.47%			
Boyer Holbrook Farm	50,570,600	14	0.43%			
TMCV Retail #1 Retail Center	48,333,100	15	0.41%			
Questar Gas	45,295,134	16	0.39%			
Toll Southwest	43,172,900	17	0.37%			
TS Office Owner 1	42,697,197	18	0.37%			
Edge Homes Utah	40,874,975	19	0.35%			
Innovation Pointe One	40,869,600	20	0.35%			
Micron Technology				236,364,200	1	6.92%
Thanksgiving Point				68,578,465	3	2.01%
Cabela's				28,913,350	6	0.85%
Fox Ridge Investments				23,545,315	7	0.69%
Thai Properties				17,576,575	8	0.51%
Point Development				11,235,567	9	0.33%
Whistle Stop Development				7,258,987	10	0.21%
Smiths				7,011,554	11	0.21%
Century Link				6,759,501	12	0.20%
Museum of Ancient History				5,879,554	13	0.17%
Total	<u>\$ 1,815,468,300</u>		<u>15.53%</u>	<u>\$ 564,863,768</u>		<u>16.53%</u>

Source: Utah County Treasurer's Office

LEHI CITY CORPORATION
SCHEDULE 10
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities							
	Sales Tax	Lease			Water	Electric	Storm Drain	Franchise &				
Fiscal	Revenue	Revenue		Notes	Revenue	Revenue	Revenue	Sales Tax		Total	Percentage	Per
Year	Bonds	Bonds	Leases	Payable	Bonds	Bonds	Bonds	Revenue	Notes	Primary	of Personal	Capita
								Bonds	Payable	Government	Income	
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
2020	34,721,528	-	-	92,370,979	19,459,224	16,889,380	960,000	-	1,185,284	165,586,395	8.10%	2,375
2021	33,681,473	-	-	89,051,993	18,968,890	16,243,335	780,000	63,541,973	1,114,588	223,382,252	9.18%	2,943
2022	32,611,418	-	46,330	85,267,096	18,463,556	15,572,289	595,000	63,179,850	1,042,658	216,778,197	8.12%	2,710
2023	31,516,363	31,660,777	36,438	41,742,203	21,581,223	14,871,244	405,000	62,817,727	969,663	205,600,638	7.03%	2,437

Note: 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</u>	<u>Per Capita</u>
2014	\$ -	\$ -	\$ -	- %	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

Note: Lehi City has no outstanding general obligation debt 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, 2023

<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	\$ 123,254,854	14.79%	\$ 18,224,357
Alpine School District	<u>421,467,570</u>	22.48%	<u>94,756,663</u>
Subtotal, overlapping debt	544,722,424		112,981,020
Direct Debt:			
Lehi City	<u>104,955,781</u>	100.00%	<u>104,955,781</u>
Total direct and overlapping debt	<u><u>\$ 649,678,205</u></u>		<u><u>\$ 217,936,801</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; 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>
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
2020	449,216,804	-	449,216,804
2021	488,063,089	-	488,063,089
2022	524,464,531	-	524,464,531
2023	684,697,973	-	684,697,973

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

Legal Debt Margin Calculation for Fiscal Year 2023

Estimated market value	\$ 17,117,449,316
Debt limit (4% of market value)	684,697,973
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 684,697,973</u></u>

The debt limitation specifically pertains to general obligation bonded debt, of which the city has none.

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	
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 (3)	13,377,347	6,569,152	6,808,195	-	-	-	-
2020	14,111,393	7,410,585	6,700,808	115,000	1,120,679	1,235,679	5.42
2021	15,610,114	7,027,185	8,582,929	390,000	846,550	1,236,550	6.94
2022	16,904,729	7,800,534	9,104,195	405,000	846,113	1,251,113	7.28
2023 (4)	15,199,511	9,093,242	6,106,269	425,000	814,750	1,239,750	4.93

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 City issued \$17,205,000 in water revenue bonds to finance improvements to the culinary water distribution system and pressurized irrigation system.

(4) The City issued \$3,643,000 in water revenue bonds to finance installation of secondary water meters.

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	
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
2020	14,449,857	880,000	976,300	1,856,300	7.78
2021	17,724,868	905,000	950,068	1,855,068	9.55
2022	21,475,897	935,000	924,932	1,859,932	11.55
2023	23,062,708	960,000	898,838	1,858,838	12.41

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 a new fire station.

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

LEHI CITY CORPORATION
SCHEDULE 16
PLEDGED REVENUE COVERAGE
ELECTRIC REVENUE BONDS
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Cash Reserves Used	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
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	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
2020	40,964,919	28,699,649	-	12,265,270	1,280,000	775,520	2,055,520	5.97
2021	45,286,653	35,549,153	-	9,737,500	520,000	733,500	1,253,500	7.77
2022	46,360,981	37,878,941	-	8,482,040	545,000	707,500	1,252,500	6.77
2023	51,350,832	62,084,288	12,302,519	1,569,063	575,000	680,250	1,255,250	1.25

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.

LEHI CITY CORPORATION
SCHEDULE 17
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	
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
2020	1,959,651	997,399	962,252	170,000	39,663	209,663	4.59
2021	2,563,785	1,262,128	1,301,657	180,000	33,696	213,696	6.09
2022	3,005,373	1,315,530	1,689,843	185,000	27,378	212,378	7.96
2023	3,153,863	1,289,739	1,864,124	190,000	20,885	210,885	8.84

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

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

LEHI CITY CORPORATION
SCHEDULE 18
PLEDGED REVENUE COVERAGE
FRANCHISE AND SALES TAX REVENUE BONDS
Last Ten Fiscal Years

Fiscal Year	Limited Sales Tax Revenue	Gas & Electric Franchise Fee Revenue	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022 (3)	1,662,673	4,818,503	268,441	134,032	6,615,585	-	1,927,741	1,927,741	3.43
2023	1,662,673	5,967,348	1,976,535	442,351	9,164,205	-	2,210,150	2,210,150	4.15

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

(1) Total revenue including interest.

(2) Total operating expenses exclusive of depreciation and amortization.

(3) The City issued \$53,890,000 in franchise and sales tax revenue bonds to fund the acquisition, construction and installation of a fiber-optic network within the City. The Fiber fund will experience a deficit net position for the first few years until the fiber-optic network is installed and the City can begin to collect revenues generated from that system.

LEHI CITY CORPORATION
SCHEDULE 19
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population Estimate</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
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	25,505	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%
2020	69,724	2,045,205,540	29,333	2.7%
2021	75,907	2,433,095,665	32,054	2.2%
2022	79,978	2,669,505,684	33,378	1.8%
2023	84,373	2,924,452,553	34,661	2.6%

(1) Per capita personal income amounts shown correspond to the tax calendar year that ended within the specified fiscal year.

(2) Unemployment rates are for Utah County.

Source: Utah State Tax Commission, U.S. Census Bureau

LEHI CITY CORPORATION
SCHEDULE 20
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

Employer	2023	2014	
	Range of Employees	Estimated Employees	Rank
Adobe	1000-1999	900	2
Alpine School District	1000-1999		
Entrata	1000-1999		
IM Flash/Micron/Texas Instruments	1000-1999	1700	1
Podium	1000-1999		
Young Living Holdings	1000-1999		
Ancestry.com	500-999		
Lehi City	500-999		
Moneydesktop MX	500-999		
Sunrun Inc	500-999		
Weave Communications	500-999		
Xactware	500-999	650	3
Costco	250-499	211	9
Digicert	250-499		
Hadco Construction	250-499	235	7
Mountain Point Medical Center	250-499		
Pure Storage	250-499		
Smiths	250-499	165	10
Thanksgiving Point	250-499	420	6
Younique	250-499		
Cabela's	100-249	425	5
Jack B Parson Co	5-9	215	8
Xango	-	630	4

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
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Court	6	6	6	6	6	6	6	6	6	6
Administrative	9.5	11.5	11.5	11.5	15	15	15	16	14	14
Treasury	5	5	6	6	6	6.5	5	5	5	5
Finance	7	7	7	7	4	4	4	4	4	4
Information Center	-	-	-	-	-	-	7	7	7	7
Legal	4.5	5.3	5.3	5.3	5	5	5	5	5	5.5
Legislative (1)	6	6	6	6	6	6	6	6	6	6
Public Safety										
Police	48	51	54	59	59	59	59	62	65	72.5
Fire	42	43	46	50	66	66	67	67	68	68
Animal Control	2	2	2	2	1	1	1	1	2	2
Community Development										
Public Works Administration	5	5	5	5	5	7	8	8	8	8
Planning and Zoning	6	6	6	6	6	6	7	7	7	7
Building Inspections	9	9	9	9	9	9	12	12	13	13
Streets and Highways										
Streets and Public Improvements	12	14	15	15	15	16	16	16	17	17
Parks, Recreation and Culture										
Parks	27	27	29	29	29	31	30	25	28	30
Senior Citizens	2	2	2	2.5	3	4	3	3	3	3
Recreation	84.5	84.5	87.5	82	91	84	64	73	87	92
Library	20	20	21	21	21	21	16	16	16	16
Literacy Center	6.5	6.5	6.5	6	6	6	6	6	6	6
Cemetery	3.5	3.5	4	4	6	6	6	6	6	6
Sewer	3	3	4	8	8	8	7	7	8	8
Power and Fiber	23.5	25.5	27.5	29	32	33	33	33	36	42
Water	15.5	14.5	16.5	16.5	17	17	18	20	21	24
Storm Drain	3	3.65	4.65	5.65	5	7	12	12	12	12

Source: City payroll records

(1) Legislative is made up of 1 part-time mayor and 5 part-time city 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Community development										
Residential building permits issued	340	464	548	489	781	871	707	907	826	779
Commercial building permits issued	26	165	195	195	183	172	148	161	167	55
Court										
Traffic and Misdemeanor cases handled	5,845	4,705	6,387	5,547	7,321	7,349	6,988	6,281	5,689	7,603
Police										
Calls for service	27,087	32,130	32,534	28,602	29,832	22,770	25,438	30,175	29,566	30,901
Arrests	1,261	1,188	1,179	1,436	1,414	1,443	1,173	1,121	1,243	1,754
Fire										
Fire/Medical responses	2,200	2,480	2,708	2,946	3,162	3,717	3,866	3,982	4,706	5,229
Recreation										
Recreation programs	70	69	72	80	74	78	62	69	77	80
Participants in recreation programs	25,983	27,445	28,396	27,999	28,549	28,324	20,777	23,600	29,614	29,495
Library										
Books in collection	125,220	114,442	150,158	115,022	122,055	129,002	129,826	127,054	125,469	122,839
Books circulated	529,218	532,094	597,433	474,778	486,687	502,167	402,543	343,828	488,264	514,680
Cemetery										
Acres maintained	55	55	55	55	55	55	55	55	55	55
Total gravesites	25,983	27,645	27,955	27,966	29,528	29,543	29,713	29,729	29,766	29,819
Culinary Water										
Residential accounts serviced	14,419	14,987	15,691	16,043	16,562	17,872	18,811	19,712	20,589	21,976
Average daily consumption (thousands of gallons)	2,740	3,210	3,490	4,210	3,840	4,490	4,638	4,987	4,364	4,034
Sewer										
Sewer lines miles inspected	78	47	47	58	62	54	52	53	55	37
Power										
Accounts serviced	16,764	17,873	18,879	19,656	20,693	22,193	23,611	24,800	26,094	28,009
Energy sold (megawatts in thousands)	270	286	315	342	364	383	402	462	433	462
Secondary Water										
Accounts serviced	13,019	13,247	15,584	14,119	14,799	15,669	16,314	16,579	17,129	17,554

Source: City records

LEHI CITY CORPORATION
SCHEDULE 23
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Streets and Highways										
Street lights	2,506	2,600	2,689	2,910	3,027	3,359	3,495	3,671	3,796	3,945
Street miles	221	224	233	244	246	256	262	270	278	281
Police				944						
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	57	59	60	65	63	63	66	72	76	78
Fire										
Fire stations	2	2		2	3	3	3	3	3	3
Fire vehicles	12	15	16	17	17	17	20	21	21	26
Ambulances	4	5	4	5	5	5	5	5	5	5
Public works										
Incorporated area in square miles	32	28	28	29	29	29	29	29	29	29
City buildings in square feet	235,000	235,000	235,000	321,600	321,600	321,600	321,600	362,044	348,089	348,089
Parks and recreation										
Park acreage	333	339	339	522	522	531	592	600	630	633
Baseball/softball diamonds	8	8	8	8	8	8	8	12	12	12
Public libraries	1	1	1	1	1	1	1	1	1	1
Soccer fields	9	9	9	9	9	9	9	9	9	9
Outdoor municipal swimming pools	2	2	2	2	2	2	2	2	2	2
Recreation centers	1	1	1	1	1	1	1	1	1	1
Culinary water										
Water main line miles	271	281	297	310	322	339	355	372	387	390
Storage capacity (thousands of gallons)	8,400	10,400	10,400	10,400	10,400	12,600	12,700	13,300	16,900	16,900
Sewer										
Sewer line miles	223	226	241	253	262	271	279	290	300	307
Secondary water										
Secondary water main line miles	272	282	298	312	325	343	360	375	390	395
Power										
Power main feeder line miles	248	258	275	515	680	756	795	816	894	944
Overhead line miles	64	67	65	147	117	117	116	116	116	114

Source: City records