

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 29, 2025

NEW ISSUE—Book Entry Only

RATINGS:

Fitch “AA+”; Moody’s “Aa2”

See “BOND RATINGS” herein

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025A Bonds. See “TAX MATTERS” herein for a more complete discussion.

\$13,985,000*

LEHI CITY, UTAH

WATER REVENUE BONDS, SERIES 2025A

DATED: Date of Original Issuance

DUE: June 1, as shown herein

The Lehi City, Utah (the “City”) Water Revenue Bonds, Series 2025A (the “Series 2025A Bonds”) will be dated the date of delivery thereof, are issuable by the City as fully-registered bonds and, when initially issued, will be in book-entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC will act as securities depository for the Series 2025A Bonds.

The Series 2025A Bonds are being issued by the City for the purpose of (i) providing financing for a portion of the Series 2025A Project (as defined herein) and (ii) paying the costs of issuing the Series 2025A Bonds. See “PURPOSE OF THE SERIES 2025A BONDS” herein.

Principal of and interest on the Series 2025A Bonds (interest payable June 1 and December 1 of each year, commencing June 1, 2026) are payable by U.S. Bank Trust Company, National Association, as Trustee, to the registered owners thereof, initially DTC. See “THE SERIES 2025A BONDS — General” herein.

The Series 2025A Bonds are subject to redemption prior to maturity as described more fully under the heading “THE SERIES 2025A BONDS — Redemption Provisions” herein.

The principal of and interest on the Series 2025A Bonds are payable solely from and secured solely by a pledge and assignment of the Net Revenues derived by the City from its water system and other funds pledged under the Indenture on a parity basis with additional bonds that have been or may be issued by the City pursuant to the provisions of the Indenture. See “SECURITY FOR THE SERIES 2025A BONDS — Pledge of the Indenture” herein.

The Series 2025A Bonds are not an obligation of the State of Utah or any political subdivision thereof, other than the City, and neither the faith and credit nor the taxing power of the State of Utah, or any political subdivision thereof, including the City, is pledged for the payment of the Series 2025A Bonds. The Series 2025A Bonds do not constitute general obligations of the City or any other entity or body, municipal, state or otherwise.

The Series 2025A Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality and other matters by Farnsworth Johnson PLLC, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the office of the City Attorney, and by Farnsworth Johnson PLLC, as the City’s Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Quarles & Brady, LLP. LRB Public Finance Advisors, Inc., has served as Municipal Advisor to the City. It is expected that the Series 2025A Bonds will be available for delivery, in book-entry form only, through the facilities of DTC on or about October 30, 2025.

STIFEL

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This OFFICIAL STATEMENT is dated _____, 2025, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

MATURITY SCHEDULE

\$13,985,000*
WATER REVENUE BONDS
SERIES 2025A

Maturity (June 1)	CUSIP	Principal Amount*	Interest Rate	Yield
2026		\$ 690,000		
2027		435,000		
2028		455,000		
2029		480,000		
2030		505,000		
2031		530,000		
2032		555,000		
2033		585,000		
2034		610,000		
2035		645,000		
2036		675,000		
2037		710,000		
2038		745,000		
2039		780,000		
2040		820,000		
2041		860,000		
2042		905,000		
2043		950,000		
2044		1,000,000		
2045		1,050,000		

* Preliminary; subject to change.

\$13,985,000*
LEHI CITY, UTAH
WATER REVENUE BONDS
SERIES 2025A

Lehi City, Utah
153 North 100 East
Lehi, Utah 84043

MAYOR AND CITY COUNCIL

Mark Johnson Mayor
Paige Albrecht Council Member
Chris Condie Council Member
Paul Hancock Council Member
Heather Newall Council Member
Michelle Stallings Council Member

ADMINISTRATION

Jason Walker..... City Administrator
Dean Lundell Finance Director
Teisha Wilson City Recorder
Dave Norman..... Public Works Director
Ryan Wood City Attorney
Alyson Alger..... City Treasurer

TRUSTEE, PAYING AGENT & REGISTRAR

U.S. Bank Trust Company, National Association
170 South Main Street, Suite 200
Salt Lake City, Utah 84101
(801) 534-6051

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
15 West South Temple, Suite 1090
Salt Lake City, Utah 84101
(385) 799-7231

BOND AND DISCLOSURE COUNSEL

Farnsworth Johnson PLLC
180 North University Avenue, Suite 260
Provo, Utah 84601
(801) 510-6303

MUNICIPAL ADVISOR

LRB Public Finance Advisors, Inc.
41 N. Rio Grande, Suite 101
Salt Lake City, Utah 84101
(801) 596-0700

* Preliminary; subject to change.

No dealer, salesperson or any other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in the Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2025A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date thereof.

The information set forth herein has been obtained from the City, The Depository Trust Company and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed by and is not to be construed as a representation by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2025A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT RELATING TO

LEHI CITY, UTAH

\$13,985,000*

**WATER REVENUE BONDS
SERIES 2025A**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, contains information concerning: (a) Lehi City, Utah (the “*City*”), a municipal corporation and a political subdivision of the State of Utah (the “*State*”), and the City’s water system (the “*System*”); (b) the \$13,985,000* aggregate principal amount of the City’s Water Revenue Bonds, Series 2025A (the “*Series 2025A Bonds*”), the proceeds of which are being used (i) to provide financing for the construction of a new public works facility to be used for storage, office space, fleet maintenance, and general operations of the City public works department and related improvements (the “*Series 2025A Project*”) and (ii) to pay certain expenses incident to the issuance of the Series 2025A Bonds; and (c) the Master Trust Indenture dated as of February 1, 2019, as previously supplemented (the “*Master Indenture*”), and as further supplemented by the Fourth Supplemental Trust Indenture, dated as of October 1, 2025 (the “*Series 2025A Supplemental Indenture*”), each between the City and U.S. Bank Trust Company, National Association, as Trustee (the “*Trustee*”), which provide for the issuance of Water Revenue bonds and security therefor. The Master Indenture, the Series 2025A Supplemental Indenture and any subsequent Supplemental Indentures executed pursuant to the Master Indenture are sometimes hereinafter referred to collectively as the “*Indenture*.” The Series 2025A Bonds and any other outstanding parity bonds heretofore or hereafter issued pursuant to the Master Indenture are referred to hereinafter as the “*Bonds*.”

AUTHORITY

The Series 2025A Bonds are being issued pursuant to the Indenture and the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, and other applicable provisions of law.

SECURITY AND SOURCE OF PAYMENT

The Series 2025A Bonds are payable solely from and secured solely by a pledge and assignment of the Net Revenues derived by the City from the System. The Series 2025A Bonds will be issued on parity with any other Bonds. Upon the issuance of the Series 2025A Bonds, the Series 2019 Bonds, Series 2022 Bonds, Series 2024 Bonds (each as defined below) and Series 2025A Bonds will be outstanding under the Master Indenture

* Preliminary; subject to change.

BASIC DOCUMENTS

All references herein to the Indenture are qualified in their entirety by reference to such document and references herein to the Series 2025A Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Indenture, copies of which may be obtained during the initial offering period from the City Treasurer and the Municipal Advisor (as hereinafter defined). Descriptions of the Indenture and the Series 2025A Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. Capitalized terms used and not otherwise defined herein have the meanings set forth in APPENDIX B — “DEFINITIONS” or in the Indenture.

PURPOSE OF THE SERIES 2025A BONDS

The Series 2025A Bonds are being issued by the City for the purpose of providing financing for a portion of the Series 2025A Project. The Series 2025A Project consists of the construction of a portion of a new public works facility to be used for storage, office space, fleet maintenance, and general operations of the City public works department and related improvements. Proceeds from the sale of the Series 2025A Bonds will also be used to pay costs of issuance of the Series 2025A Bonds. The costs of the Series 2025A Project that are in excess of the Series 2025A Bond proceeds will be paid by the City from other available funds. See “SOURCES AND USES OF FUNDS” below.

SOURCES AND USES OF FUNDS

The estimated sources of funds to be received from the sale of the Series 2025A Bonds and the uses of such funds are shown in the following schedule:

SOURCES OF FUNDS:

Principal Amount of Series 2025A Bonds	\$13,985,000*
Net Original Issue Premium on the Series 2025A Bonds	_____
Total Sources of Funds	\$ _____

USES OF FUNDS:

Deposit to Series 2025A Project Account.....	\$ _____
Costs of Issuance*	_____
Total Uses of Funds	\$ _____

* Includes municipal advisor fees, Underwriter's discount, legal fees, rating agency fees, Trustee fees and printing and other miscellaneous costs of issuance.

THE SERIES 2025A BONDS

GENERAL

The Series 2025A Bonds will be dated the date of delivery thereof and will bear interest from that date (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable semiannually on June 1 and December 1 of each year, commencing June 1, 2026. The Series 2025A Bonds will mature on the dates and in the amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement.

The Series 2025A Bonds are issuable as fully-registered bonds, without coupons, and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. So long as the book-entry only system is in effect, purchases of beneficial ownership interests in the Series 2025A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. See APPENDIX F.

U. S. Bank National Association, Salt Lake City, Utah, is the Trustee, Registrar and Paying Agent for the Series 2025A Bonds under the Indenture.

* Preliminary; subject to change.

REDEMPTION PROVISIONS

The Series 2025A Bonds maturing on or after June 1, _____, are subject to redemption at the option of the City on June 1, _____ (the "*First Redemption Date*"), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the City, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the Series 2025A Bonds to be redeemed, plus accrued interest thereon to the redemption date. Series 2025A Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

If at the time of mailing of the notice of optional redemption there has not been deposited with the Trustee moneys sufficient to redeem all Series 2025A Bonds called for redemption, which moneys are or will be available for redemption of Series 2025A Bonds, such notice may state that such redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Series 2025A Bonds to be redeemed, and that if such money has not been so received said notice is of no force and effect, and the City is not required to redeem such Series 2025A Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption will not be made and the Trustee will, as soon as possible after the redemption date, give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

NOTICE OF REDEMPTION

Notice of redemption will be given by first class mail, not less than 30 nor more than 45 days prior to the redemption date, to the registered owner of a Series 2025A Bond, at such owner's address as it appears on the bond registration books of the Trustee or at such address as it may have filed with the Trustee for that purpose. Each notice of redemption will state the redemption date, the place of redemption, the source of the funds to be used for such redemption, the principal amount and, if less than all of the Series 2025A Bonds of like maturity are to be redeemed, the distinctive numbers of the Series 2025A Bonds to be redeemed, and will also state that the interest on the Series 2025A Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on said date there will become due and payable on each of such Series 2025A Bonds the Redemption Price thereof and interest accrued thereon to the redemption date.

TRANSFER OF THE SERIES 2025A BONDS

In the event that the book-entry only system has been terminated, any Series 2025A Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Series 2025A Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Series 2025A Bond or Bonds is surrendered for transfer, the Trustee will authenticate and deliver a new fully-registered Series 2025A Bond or Bonds duly executed by the City for like aggregate principal amount. The Trustee will require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

EXCHANGE OF THE SERIES 2025A BONDS

In the event that the book-entry only system has been terminated, any Series 2025A Bond may be exchanged at the principal corporate trust operations office of the Trustee for a like aggregate principal amount of Series 2025A Bonds of the same series and maturity of authorized denominations. The Trustee will require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange will be required to be made during the 15 days preceding each interest payment date.

PAYMENT OF THE SERIES 2025A BONDS

The principal of, and premium, if any, and interest on, the Series 2025A Bonds is payable in lawful money of the United States of America. In the event that the book-entry only system has been terminated, principal of and premium, if any, on the Series 2025A Bonds when due will be payable at the principal corporate trust operations office of the Trustee, or of its successor as Paying Agent for the Series 2025A Bonds. In the event that the book-entry only system has been terminated, payment of interest on the Series 2025A Bonds will be paid by check or draft mailed to the registered owner of record as of the close of business on the Record Date at such owner's address as it appears on the registration books of the Trustee or at such other address as is furnished in writing by such registered owner to the Trustee prior to the Record Date.

SECURITY FOR THE SERIES 2025A BONDS

PLEDGE OF THE INDENTURE

The Series 2025A Bonds and all other Bonds issued under the Master Indenture will be secured equally and ratably by the Net Revenues and funds pledged therefor pursuant to the Master Indenture. The Series 2025A Bonds are special obligations of the City, payable exclusively from the Revenues, moneys, securities and funds pledged therefor in the Indenture, after the payment from such Revenues of Operation and Maintenance Costs of the System. "*Revenues*" means all revenues, connection fees, income, rents and receipts derived by the City from or attributable to the System, including the proceeds of any insurance covering business interruption loss and all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund. Revenues do not include proceeds received on insurance resulting from casualty damage to assets of the System or the proceeds of sale of bonds, notes or other obligations issued for System purposes. "*Net Revenues*" means, for any period, the Revenues for such period less the Operation and Maintenance Costs (as defined in APPENDIX B). In the case of an Event of Default under the Indenture, the Series 2025A Bonds are not subject to acceleration.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED AS SECURITY FOR THE SERIES 2025A BONDS, AND THE SERIES 2025A BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE CITY OR OF ANY OTHER ENTITY OR BODY, MUNICIPAL, STATE OR OTHERWISE. THE INDENTURE DOES NOT MORTGAGE OR OTHERWISE PLEDGE ANY SYSTEM PROPERTIES.

FLOW OF FUNDS

The Revenues are to be deposited by the City in the Revenue Fund. On or before the last Business Day of each month, after the payment of unpaid Operation and Maintenance Costs then due, the City will transfer from the Revenue Fund, to the extent of money available therein, and deposit into the following Fund and Accounts the amounts set forth below:

(a) in the Principal and Interest Fund for credit to the Bond Service Account, the amount, if any, required so that the balance therein meets the Debt Service requirements on any outstanding Bonds (provided that if there are not sufficient moneys in the Revenue Fund to satisfy the requirements of this provision (a) with respect to all Series Subaccounts in the Bond Service Account, all moneys available for distribution among such Series Subaccounts will be deposited into the Bond Service Account and distributed pro rata based on the amount of the deficiencies to the deficient Series Subaccounts in the Bond Service Account, and provided further, there shall be allowances for amounts transferred from the Construction Fund to pay capitalized interest); and

(b) in the Principal and Interest Fund for credit to the Debt Service Reserve Account, such amounts as may be required by the Master Indenture and any Supplemental Indenture for each Series of Bonds (provided that if there are not sufficient moneys in the Revenue Fund to satisfy the requirements of this provision (b) all moneys available for distribution among the Series Subaccounts in the Debt Service Reserve Account will be deposited into the Debt Service Reserve Account and distributed pro rata based on the amount of deficiencies to the deficient Series Subaccounts in the Debt Service Reserve Account).

Notwithstanding the foregoing, no deposits will be required into the Principal and Interest Fund so long as there is held in the Principal and Interest Fund an amount sufficient to pay in full all outstanding Bonds in accordance with their terms.

Amounts remaining in the Revenue Fund at the end of each month after payment of the amounts set forth above may be applied by the City, free and clear of the lien of the Indenture, to any lawful purpose of the City. It has been the City Council's practice to keep such amounts for use within the System.

RATE COVENANT

The City covenants in the Master Indenture that for so long as any Bonds remain outstanding the City will establish and collect rates and charges for System services that, together with other available income from the System, are reasonably expected to produce Net Revenues for the forthcoming Fiscal Year (i) equal to at least (a) 1.25 times the Aggregate Debt Service for such forthcoming Fiscal Year on all Bonds outstanding and (b) the Repayment Obligations, if any, that are due and payable during the forthcoming Fiscal Year and (ii) sufficient to fund the Debt

Service Reserve Account at the times, rates and in the manner specified in the Master Indenture. See “HISTORICAL AND PROJECTED SUMMARY OF THE DEPARTMENT’S REVENUES AND EXPENSES” herein.

OUTSTANDING PARITY BONDS

Upon the issuance of the Series 2025A Bonds, the following Bonds will be outstanding Bonds under the Master Indenture: Water Revenue Bonds, Series 2019 (the “*Series 2019 Bonds*”), Water Revenue Bonds, Series 2022 (the “*Series 2022 Bonds*”), Water Revenue Bonds, Series 2024 (the “*Series 2024 Bonds*” and, together with the Series 2019 Bonds and the Series 2022 Bonds, the “*Outstanding Parity Bonds*”), and the Series 2025A Bonds. The Series 2025A Bonds, the Outstanding Parity Bonds and any additional bonds hereafter issued pursuant to the provisions of the Master Indenture (the “*Additional Bonds*”) are equally and ratably secured under the terms of the Master Indenture.

ADDITIONAL BONDS

Additional Bonds may be issued under the Master Indenture by the City only upon the satisfaction of various conditions specified therein. The amount of Additional Bonds that may be issued under the Master Indenture is not limited by law or the Master Indenture.

In connection with the issuance of Additional Bonds to finance the construction of a Project, the City is required to file, among other things, the following documents with the Trustee:

- (a) a copy of the Supplemental Indenture relating to such Additional Bonds;
- (b) a certificate of the City to the effect that, upon the delivery of the Additional Bonds, the City will not be in default in the performance of any of the covenants, conditions, agreements, terms or provisions of the Indenture;
- (c) a certificate of the City setting forth the then estimated completion date and the then estimated cost of construction of the Project being financed by the Additional Bonds;
- (d) either:
 - (i) a certificate of the City to be either for the City’s most recent Fiscal Year or for any Year during the most recent eighteen (18) months showing that the Net Revenues for such period would not be less than (A) 125% of the Aggregate Debt Service with respect to all Bonds to be outstanding at any time during the Year next following the issuance of the Additional Bonds, (B) 100% of the Repayment Obligations due and payable at any time during the Fiscal Year next following the issuance of the Additional Bonds, and (C) 100% of the amounts, if any, then required to be deposited into the Debt Service Reserve Account during the Fiscal Year next following the issuance of the Additional Bonds (collectively, the “*Rate Covenant Requirement*”); or
 - (ii) (A)(I) an Accountant’s Certificate, (II) an Engineer’s Certificate or (III) any combination of (I) and (II) setting forth the Estimated Net Revenues (assuming the completion of the Project on its then estimated completion date) for whichever of the following periods shall extend until the latest date: (1) if the Supplemental Indenture

authorizing the Additional Bonds requires that interest on the Additional Bonds be capitalized until a certain date in accordance with the Indenture, for each of the two Fiscal Years succeeding such date, or (2) if the Supplemental Indenture authorizing the Additional Bonds does not require that interest on the Additional Bonds be capitalized, for the then current Fiscal Year and each succeeding Fiscal Year to and including the third Fiscal Year succeeding the date of issuance of the Additional Bonds; and

(B) a certificate of the City showing the Aggregate Debt Service for each of the Fiscal Years set forth in the certificate or certificates described in subparagraph (A) above and showing that the Estimated Net Revenues as shown in such certificate or certificates for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such Fiscal Years after the issuance of the Additional Bonds.

In connection with the issuance of Additional Bonds to refund all or a part of the outstanding Bonds of one or more series, the City is required to deliver to the Trustee:

(a) a certificate of the City stating that the issuance of such Additional Bonds complies with the requirements of the Indenture and either (i) a Certificate of the City setting forth the Aggregate Debt Service for each Fiscal Year to and including the Fiscal Year in which occurs the latest maturity of the Bonds to be refunded or the Additional Bonds, whichever is later, (A) with respect to the Bonds to be refunded and (B) with respect to the Additional Bonds, and stating that the Aggregate Debt Service for any Fiscal Year set forth pursuant to clause (B) is no greater than 100% of the Aggregate Debt Service for any Fiscal Year set forth pursuant to clause (A); or (ii) an Accountant's Certificate (A) setting forth for the latest Fiscal Year preceding the delivery of the Additional Bonds for which Fiscal Year an audited financial report is available, the Net Revenues for such period, and (B) showing that such Net Revenues for such year would not be less than the Rate Covenant Requirement (for each Fiscal Year to and including the Fiscal Year in which occurs the latest maturity of the Additional Bonds).

(b) irrevocable instructions to the Trustee to give notice of redemption of all of the Bonds to be refunded on the redemption date or dates specified in such instructions;

(c) if the Bonds to be refunded are not by their terms subject to redemption within the next 60 days, irrevocable instructions to the Trustee to mail notice to the holders of the Bonds being refunded pursuant to the Indenture;

(d) either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, or (ii) Investment Securities in such principal amounts, of such maturities and bearing such interest as shall be sufficient together with the moneys, if any, deposited at the same time, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on the Bonds to be refunded on and prior to the redemption date or maturity date thereof as the case may be; and

(e) if the Additional Bonds to be issued are Cross-over Refunding Bonds, the Supplemental Indenture providing for the issuance of the Additional Bonds shall, in addition to all other requirements of paragraphs (a), (b), (c) and (d), provide:

(i) that until the Cross-over Date neither principal of nor interest on the Cross-over Refunding Bonds shall be payable from or secured by a pledge of the Revenues, but shall be payable solely from the escrow provided for under the Utah Refunding Bond Act; and

(ii) there shall be filed with the Trustee an Accountant's Certificate demonstrating the sufficiency of the moneys and investments in the escrow provided for under the Utah Refunding Bond Act to pay principal of and interest on the Cross-over Refunding Bonds to the Cross-over Date (which Cross-over Date may, at the option of the City, be extended as provided in the Supplemental Indenture providing for the issuance of the Cross-over Refunding Bonds, but only upon filing a revised Accountant's Certificate which demonstrates that the moneys and investments then in the escrow will be sufficient to pay principal of and interest on the Cross-over Refunding Bonds to the extended Cross-over Date).

THE DEPARTMENT OF PUBLIC WORKS – WATER UTILITY

GENERAL

The City owns and operates the System, which includes a culinary water system and pressurized irrigation system, consisting of certain water rights and sources, storage facilities, transmission and distribution pipelines, and pumping stations. The oldest portions of the System are approximately 65 years old. The System serves its customers through 402 miles of culinary water lines and 408 miles of pressurized irrigation water lines to approximately 24,494 culinary water connections and 18,754 pressurized irrigation connections.

The Department of Public Works of the City (the "*Department*") is responsible for the administration and maintenance of the System.

State law now requires meters to be installed on all pressurized irrigation water connections. The City has installed meters on approximately 71% of its pressurized irrigation water connections and expects to complete the installation on all connections by December 2027. The State has provided grants and low interest loans to the City to pay for most of the cost of such installations. Proceeds of the Series 2022 and Series 2024 Bonds were used to pay for the cost installing meters and the proceeds of the BWR Bonds (defined below) will be used to pay for the installation of additional meters.

CULINARY WATER SUPPLY

The City generally obtains the majority of its culinary water supply from water wells owned by the City. The following table sets forth the amount of water obtained from each source for the calendar years shown below:

CULINARY WELLS

<u>CULINARY WELLS</u>	<u>FLOW RATE (GPM)</u>
500 West Well	1,000
1200 East Well	1,250
Airport Well	800
Gray Well	750
Mitchell Hollow Well	1,050
Alpine Springs	400
Dry Creek Well	350
Sandpit Well	<u>1,350</u>
TOTALS	6,950

In addition, the City purchases culinary water from Central Utah Water Conservancy District (“CUWCD”) pursuant to water purchase agreements (the “CUWCD Agreements”) between the City and CUWCD. Pursuant to the CUWCD Agreements, the City may purchase annually the amount of acre-feet of water shown in the table below from CUWCD, which amount will increase by an additional 570 acre-feet annually in fiscal year 2026 and an additional 3,230 acre-feet annually in fiscal year 2027, which increases are expected to be used primarily to serve the increased water demands of Texas Instruments Texas Instruments, Inc. In fiscal year 2024, the City purchased 41.73% of its culinary water from CUWCD.

PURCHASED WATER

<u>FISCAL YEAR</u>	<u>WATER PURCHASED CURRENT YEAR (ACRE FEET)</u>	<u>COST OF PURCHASED WATER</u>	<u>WATER AVAILABLE (ACRE FEET)</u>
2025	—	—	4,070
2024	800	\$9,134,927	4,070
2023	400	4,392,550	3,270
2022	150	1,630,500	2,870
2021	220	1,287,000	2,720

Water flows from the City’s water sources to reservoirs at various locations in the City by means of 10”, 12”, 16” and 18” cement, ductile iron, PVC, and cast-iron transmission lines. Water flows from the reservoirs to the individual connections either by gravity or by means of pumping stations, depending on the elevation of the area. The culinary water distributed by the System is used for both culinary and irrigation purposes.

PRESSURIZED IRRIGATION WATER SUPPLY

The City obtains its pressurized irrigation water from the following sources:

PRESSURIZED IRRIGATION WELLS

<u>WELLS</u>	<u>CAPACITY (GPM)</u>
300 N Well	400
Jordan Narrows Well	1,200
Stoker Corner Well	225
Mini Creek Well	450
Oak Hollow Well	1,200
Mill Well	800
Pilgrim Well	1,150
Sunderland Well	600
Doc Jones Well	1,100
Jordan River Well	1,000
Cold Spring Well	800
POM Well	<u>1,200</u>
TOTAL	10,125

PRESSURIZED IRRIGATION CANALS

<u>CANALS</u>	<u>SHARES</u>	<u>TOTAL ACRE-FEET OF WATER</u>
North Bench Irrigation	950	1,077
Lehi Irrigation Company	3,039	6,686
American Fork Irrigation	113	249
Provo Reservoir Late	516	1,548
Provo Reservoir Full	64	384
Mitchell Hollow Irrigation	202	443
Price River Water Users Association	502	502
Highland Conservation	907	907
Spring Creek Irrigation	883	1,280
Utah Lake Distributing	342	1,485
Central Utah Project	1,175	1,175
TI (Micron) Central Utah Project	500	500

WATER TREATMENT

The City's culinary water is chlorinated prior to entering the distribution system of the City. All water provided to the City by CUWCD is delivered as treated, potable water.

WATER STORAGE FACILITIES

The System currently includes the following culinary water storage facilities, which provide a total storage capacity of 17,900,000 gallons:

CULINARY WATER STORAGE

<u>STORAGE FACILITY</u>	<u>CAPACITY (GALLONS)</u>
Pilgrims Tank	2,000,000
Oak Hollow Tank	1,300,000
Seasons Tank	600,000
Vialetto Tank	1,000,000
Low Hills Tank	4,000,000
600 East Tank	2,300,000
1200 East Tank	500,000
Holbrook Tank	600,000
West Side Tank	2,300,000
Sandpit Tank	2,300,000
Flight Park Tank	<u>1,00,000</u>
TOTAL	17,900,000

The System currently includes the following pressurized irrigation water storage facilities, which provide a total storage capacity of 91,977,586 gallons:

PRESSURIZED IRRIGATION WATER STORAGE

<u>STORAGE FACILITY</u>	<u>CAPACITY (GALLONS)</u>
North Lake Reservoir	977,553
New Sandpit Reservoir	15,966,669
Small Sandpit Reservoir	3,910,212
6 th East Reservoir	1,000,000
Mitchell Hollow Reservoir	13,034,040
Seasons Reservoir	1,042,723
Oak Hollow Reservoir	3,258,510
Pilgrims Reservoir	3,258,510
Low Hills Reservoir	6,517,020
Mini Creek Reservoir	7,168,722
Jordan River Reservoir	15,966,699
Brooks Reservoir	3,910,212
Holbrook Reservoir	651,702
Flight Park Reservoir	1,466,331
Vialetto reservoir	1,792,182
Cold Spring Reservoir	651,702
West Side Sed	1,629,257
Lower Holbrook	<u>9,775,542</u>
TOTAL	91,977,586

CUSTOMERS AND WATER USAGE

The following table sets forth the total number of residential, commercial and industrial culinary water connections for the fiscal years ended June 30, 2021 through 2025.

<u>FISCAL YEAR</u>	<u>CULINARY RESIDENTIAL CONNECTIONS</u>	<u>PERCENT CULINARY RESIDENTIAL INCREASE</u>	<u>CULINARY COMMERCIAL CONNECTIONS</u>	<u>PERCENT CULINARY COMMERCIAL INCREASE</u>	<u>PRESSURIZED IRRIGATION CONNECTIONS</u>	<u>PERCENT PRESSURIZED IRRIGATION INCREASE</u>
2025	23,748	3.74%	746	2.05%	18,754	3.16%
2024	22,891	4.16	731	0.97	18,179	3.56
2023	21,976	6.74	724	3.28	17,554	2.48
2022	20,589	4.45	701	7.19	17,129	3.50
2021	19,712	4.79	654	7.21	16,579	1.62

The following table sets forth the amount of annual water used by the City's ten largest water customers for potable water during the fiscal year ended June 30, 2024, and the percentage of total System water use and total Revenues represented by such use. There are large discrepancies due to the variance in number and size of meters for each customer and the presence of meters which are billed for consumption only.

LARGEST WATER CUSTOMERS

CUSTOMER [*]	WATER USE (THOUSAND GALLONS)	PERCENT OF SYSTEM REVENUES	PERCENT OF SYSTEM WATER USE
Texas Instruments, Inc	84,622	1.35%	4.10%
Lehi City Recreation Center	9,981	0.16	0.48
Adobe Systems	8,497	0.14	0.41
Primary Children's Hospital	8,470	0.14	0.41
Lehi Outdoor Pool	8,429	0.14	0.41
Fabulous Freddy's (Car Wash)	8,189	0.13	0.40
Valley View Plaza LLC	7,901	0.13	0.38
IHC Health Services	6,978	0.11	0.34
Young Living	6,936	0.11	0.34
Shiny Shell (Car Wash)	<u>6,600</u>	<u>0.11</u>	<u>0.32</u>
TOTAL*	156,604	3.88%	7.59%

* Totals may not add due to rounding.

Unaccounted Water Consumption. Unaccounted culinary water totaled 3,500 gallons (37.94% of total water consumption) in fiscal year 2025. The City has identified sources of many of the leaks and has commenced implementation of a plan to continue to locate and repair leaks in the System to reduce the amount of unaccounted culinary water. The plans include hiring of additional personnel for this undertaking.

The following table shows the peak demand for System water for the calendar years shown below. Peak demand is calculated by dividing total water usage for August (the month in which demand is highest) by 31 days.

<u>YEAR</u>	PEAK DEMAND (THOUSAND GALLONS)
2024	5,772
2023	5,581
2022	5,107
2021	4,756

CULINARY WATER SYSTEM RATES AND CHARGES

The following tables set forth the water fees approved by the City Council for fiscal year 2026.

BASE RATES (FEE PER MONTH)

Residential	\$18.84
Commercial	\$18.84

RATE STRUCTURE (MONTHLY FEE PER 1,000 GALLONS)

Residential (< 30,000 gallons)	\$1.26
Residential (> 30,000 gallons)	\$2.53
Commercial	\$1.26

PRESSURIZED IRRIGATION RATES AND CHARGES

The following tables set forth the pressurized irrigation fees approved by the City Council for fiscal year 2026.

PRESSURIZED IRRIGATION RATES AND CHARGES

Nonshareholders per month

Base Rate	\$6.51
+ square feet of lot divided by 43,560	\$59.72
Minimum monthly charge	\$21.44

Shareholders per month

Base Rate	\$9.11
+ per share	\$8.37

PLANNED CAPITAL IMPROVEMENTS

Within the next five years the City plans to complete the second phase of the public works building. The City does not expect to issue Additional Bonds to pay for the costs of the second phase of the public works building.

For the City's pressurized irrigation system, during the next five years the City plans to continue the installation of pressurized irrigation water meters for all System customers. The City expects to enter into a loan with Utah Board of Water Resources (the "*BWR Bonds*") in December 2025 that will be issued as Additional Bonds under the Indenture. The BWR Bonds are expected to be issued in the principal amount of \$1,690,000 with an interest rate of 1.00% per annum and maturing in 2040.

ENVIRONMENTAL MATTERS

The System is in compliance with the provisions of all environmental laws and regulations applicable to its operations, including, but not limited to, the Federal Safe Drinking Water Act, the Utah Safe Drinking Water Act, and laws and regulations applicable to disposal of solid and hazardous waste. The System also is in compliance with all environmental, health and safety laws and regulations applicable to the use and disposal of chemicals used by the System to make water drinkable.

FINANCIAL AND OPERATING INFORMATION REGARDING THE SYSTEM

The following tables set forth actual coverage of historical debt service and projected coverage of debt service. The projected coverage is based, in part, upon assumptions regarding the size and timing of rate and charges adjustments and issuance of additional debt obligations, which are subject to change. There can be no assurance that the projected results will actually be achieved.

HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operational Revenues											
Culinary Water	6,962,081	7,747,540	8,194,080	8,403,755	9,025,509	9,739,639	10,080,526	10,433,345	10,798,512	11,176,460	11,567,636
Pressurized Irrigation	4,148,483	4,905,420	4,947,591	4,912,425	5,483,252	6,353,019	6,893,026	7,478,933	7,965,063	8,482,793	9,034,174
Total Operational Revenues	11,110,564	12,652,960	13,141,671	13,316,180	14,508,762	16,092,658	16,973,552	17,912,278	18,763,575	19,659,252	20,601,810
Operational Expenses											
Culinary Water	4,283,016	4,604,490	5,314,801	6,347,176	7,068,746	7,260,043	7,623,045	8,254,197	8,666,907	9,100,253	9,555,265
Pressurized Irrigation	3,127,569	2,422,695	2,485,733	2,746,067	2,667,368	2,999,391	3,149,361	3,306,829	3,722,170	3,908,279	4,103,692
Total Operational Expenses	7,410,585	7,027,185	7,800,534	9,093,243	9,736,114	10,259,434	10,772,406	11,561,026	12,389,077	13,008,531	13,658,958
Non-Operational Revenues & Expenses											
Culinary Water	1,726,234	1,498,877	2,533,810	1,265,865	2,514,469	1,108,893	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Pressurized Irrigation	1,274,595	1,458,277	1,229,248	617,466	882,293	1,117,045	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Revenue Available For Debt Service	6,700,808	8,582,929	9,104,195	6,106,268	8,169,410	8,059,162	8,201,146	8,351,252	8,374,498	8,650,721	8,942,852
Total Revenue Available For Debt Service (without Impact Fees)	3,699,979	5,625,775	5,341,137	4,222,937	4,772,648	5,833,224	6,201,146	6,351,252	6,374,498	6,650,721	6,942,852
Debt Service											
Water Revenue Bonds, Series 2019	1,235,681	1,236,550	1,235,950	1,239,750	1,238,500	1,236,250	1,238,000	1,238,500	1,237,750	1,235,750	1,237,500
Water Revenue Bonds, Series 2022				1,691	36,430	36,430	226,430	225,530	225,620	225,690	225,740
Water Revenue Bonds, Series 2024						10,119	226,430	225,530	225,620	225,690	225,740
Water Revenue Bonds, Series 2025A							1,099,838	1,099,750	1,098,000	1,100,250	1,101,250
Water Revenue Bonds, Series 2025B								121,900	121,850	121,790	121,720
Total Debt Service	1,235,681	1,236,550	1,235,950	1,241,441	1,274,930	1,282,799	2,790,698	2,911,210	2,908,840	2,909,170	2,911,950
Debt Service Coverage	5.42	6.94	7.37	4.92	6.41	6.28	2.94	2.87	2.88	2.97	3.07
Debt Service Coverage (without Impact Fees)	2.99	4.55	4.32	3.40	3.74	4.55	2.22	2.18	2.19	2.29	2.38

FIVE-YEAR FINANCIAL SUMMARIES

Five-Year Financial Summaries. The following summaries of financial information for the System were extracted from the City's audited general purpose financial statements for the fiscal years ended June 30, 2021, 2022, 2023 and 2024, and the City's unaudited financial statements for the fiscal year ended June 30, 2025. The summaries are unaudited.

LEHI CITY, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER SYSTEM

(fiscal year ended June 30)

	2021	2022	2023	2024	2025 ¹
Operating Revenues:					
Charges for Services	\$10,965,350	\$11,648,873	\$12,642,858	\$13,505,106	\$14,954,671
Hook-up and Servicing Fees	1,020,959	1,056,065	483,411	658,002	664,353
Miscellaneous Revenues	<u>666,651</u>	<u>436,733</u>	<u>189,911</u>	<u>345,654</u>	<u>473,631</u>
Total Operating revenues	<u>12,652,960</u>	<u>13,141,671</u>	<u>13,316,180</u>	<u>14,508,762</u>	<u>16,092,655</u>
Operating expenses:					
Personnel	1,895,842	1,999,402	2,529,813	2,739,771	3,026,353
General Administration	205,879	258,255	350,741	344,032	255,640
Operating and Maintenance	3,532,067	5,097,877	5,765,616	6,120,025	6,344,970
Interfund Charges	392,500	445,000	447,072	532,284	632,472
Depreciation	<u>4,512,675</u>	<u>4,939,352</u>	<u>5,593,968</u>	<u>6,061,307</u>	<u>7,500,000</u>
Total operating expenses	<u>11,539,860</u>	<u>12,739,886</u>	<u>14,687,210</u>	<u>15,797,419</u>	<u>17,759,435</u>
 Operating Income (Loss)	 <u>1,113,100</u>	 <u>401,785</u>	 <u>(1,371,030)</u>	 <u>(1,288,657)</u>	 <u>(1,666,779)</u>
Non-operating revenues (expenses)					
Developer fees	3,338,726	2,867,704	3,018,272	7,340,279	2,225,938
Water access rights	(3,338,726)	(2,867,704)	(3,018,272)	(7,340,279)	—
Government grants	—	—	6,018,167	5,322,333	7,222,436
Interest Income	129,822	56,774	857,022	1,507,403	159,851
Interest Expense	(756,036)	(745,031)	(802,602)	(958,924)	(761,399)
Gain on Sale of Capital Assets	4,085	<u>4,655</u>	<u>47,429</u>	<u>—</u>	<u>37,609</u>
Total non-operating revenues (expenses)	<u>(622,129)</u>	<u>(683,602)</u>	<u>6,120,016</u>	<u>5,870,812</u>	<u>8,884,435</u>
 Income before contributions and transfers	 490,971	 (281,817)	 4,748,986	 4,582,155	 7,217,656
Capital Contributions, Impact Fees and Other Impact Fee Revenue (Pledged As Security For Revenue Bonds)	2,827,332	3,706,284	1,026,309	1,889,358	—
Capital contributions	<u>9,107,896</u>	<u>17,400,426</u>	<u>4,397,868</u>	<u>6,056,071</u>	<u>2,049,160</u>
Income (loss) before transfers	12,426,199	20,824,893	10,173,163	12,527,584	9,266,816
Change in net position	12,426,199	20,824,893	10,173,163	12,527,584	9,266,816
 Net position - beginning	 <u>173,965,408</u>	 <u>186,391,607</u>	 <u>207,216,500</u>	 <u>217,389,663</u>	 <u>229,917,247</u>
Net position – ending	<u>\$186,391,607</u>	<u>\$207,216,500</u>	<u>\$217,389,663</u>	<u>\$229,917,247</u>	<u>\$239,184,058</u>

1 Fiscal year 2025 information is taken from the City's unaudited financial statements.

LEHI CITY, UTAH
STATEMENT OF NET POSITION – WATER SYSTEM
(as of June 30)

	2021	2022	2023	2024	2025¹
ASSETS:					
Current assets:					
Cash and cash equivalents	\$17,169,758	\$15,958,786	\$17,261,115	\$14,208,013	\$18,584,747
Accounts receivable	1,382,392	1,078,445	1,168,932	1,268,015	1,407,444
Unbilled receivable	160,802	168,759	182,863	188,510	200,219
Intergovernmental	–	–	10,170,792	11,910,216	5,986,372
Other	2,670	–	–	–	–
Inventory	<u>253,511</u>	<u>212,694</u>	<u>5,597,283</u>	<u>7,335,230</u>	<u>8,072,863</u>
Total current assets	<u>18,969,133</u>	<u>17,418,684</u>	<u>34,380,985</u>	<u>34,909,984</u>	<u>34,251,646</u>
Noncurrent assets:					
Restricted cash and cash equivalents	9,067,872	9,169,123	4,561,181	7,626,341	6,978,344
Net pension asset	–	525,423	–	–	–
Nondepreciable capital assets	69,089,256	72,049,163	71,714,696	71,897,247	72,610,406
Depreciable capital assets, net	<u>114,675,545</u>	<u>131,134,162</u>	<u>137,647,936</u>	<u>149,985,946</u>	<u>157,633,459</u>
Total non-current assets	<u>192,832,673</u>	<u>212,877,871</u>	<u>213,923,813</u>	<u>229,509,534</u>	<u>237,222,208</u>
Total assets	<u>211,801,806</u>	<u>230,296,555</u>	<u>248,304,798</u>	<u>264,419,518</u>	<u>271,473,854</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	<u>189,028</u>	<u>293,031</u>	<u>342,644</u>	<u>462,242</u>	<u>462,242</u>
Total deferred outflows of resources	<u>189,028</u>	<u>293,031</u>	<u>342,644</u>	<u>462,242</u>	<u>462,242</u>
LIABILITIES					
Current liabilities:					
Accounts payable	4,347,255	2,468,151	4,052,412	2,392,425	1,790,852
Wages payable	63,598	24,231	26,133	30,348	41,072
Accrued interest payable	71,580	69,927	73,202	86,827	105,615
Accounts payable (restricted assets)	252,000	233,364	37,954	1,219,627	–
Customer deposits	32,550	26,350	46,500	55,800	77,127
Current portion compensated absences	128,501	140,476	140,125	1 41,452	202,383
Current maturities of long-term obligations	<u>476,929</u>	<u>497,996</u>	<u>519,134</u>	<u>540,304</u>	<u>946,399</u>
Total current liabilities	<u>5,372,413</u>	<u>3,458,495</u>	<u>4,895,460</u>	<u>4,466,783</u>	<u>3,163,448</u>
Noncurrent liabilities:					
Compensated absences	223,771	167,062	163,414	172,510	197,609
Net pension liability	48,730	484,832	181,708	267,864	267,864
Notes payable	521,329	484,830	895,529	820,226	23,987,382
Bonds payable	<u>18,563,890</u>	<u>18,038,556</u>	<u>21,136,223</u>	<u>20,570,889</u>	<u>–</u>
Total noncurrent liabilities	<u>19,879,050</u>	<u>19,175,280</u>	<u>22,376,874</u>	<u>21,831,489</u>	<u>24,452,855</u>
Total liabilities	<u>23,098,771</u>	<u>18,858,146</u>	<u>27,272,334</u>	<u>26,298,272</u>	<u>27,616,303</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred grant revenue	–	–	3,981,833	8,659,500	5,128,994
Deferred inflows related to pensions	<u>347,764</u>	<u>739,311</u>	<u>3,612</u>	<u>6,741</u>	<u>6,741</u>
Total deferred inflows of resources	<u>347,764</u>	<u>739,311</u>	<u>3,985,445</u>	<u>8,666,241</u>	<u>5,135,735</u>
NET POSITION					
Net investment in capital assets	171,066,666	191,094,772	186,811,746	199,951,774	205,310,084
Restricted for capital projects	1,410,709	877,641	7,447,686	14,495,495	7,278,343
Unrestricted	<u>13,914,232</u>	<u>15,244,087</u>	<u>23,130,231</u>	<u>15,469,978</u>	<u>26,595,631</u>
Total net position	<u>\$186,391,607</u>	<u>\$207,216,500</u>	<u>\$217,389,663</u>	<u>\$229,917,247</u>	<u>\$239,184,058</u>

1 Fiscal year 2025 information is taken from the City’s unaudited financial statements.

THE CITY

The following paragraphs in this section contain information with respect to the City. For additional information regarding the City, see “APPENDIX A — General Purpose Financial Statements of the City for the Fiscal Year Ended June 30, 2024” and “APPENDIX C —Economic and Demographic Information with Respect to Lehi City and Utah County” hereto.

GENERAL INFORMATION

The City is situated on Interstate 15 at the northern end of Utah Valley (Utah County, Utah). The City is located approximately 23 miles south of Salt Lake City and 12 miles north of Provo, the County seat. The City was incorporated in 1852 and had an estimated population of 93,446 in 2024.

FORM OF GOVERNMENT

The City is currently governed by a Mayor and City Council consisting of five persons, elected at large by voters in the City. A measure of continuity is provided in the City Council by the election of the councilmembers to four year overlapping terms. Duties of the councilmembers include the responsibility for all City affairs in general. The City Council must approve and may revise the budget of any City department or elected official. The City Council serves as the legislative body of the City and appropriates funds for the various City functions. The City Council is the tax levying body, determining the necessary City property tax levy each year. The City Council also licenses and regulates businesses, exhibitions, and recreation within the City area. Other appointed officials are the City Administrator, Finance Director, City Attorney, City Recorder, Treasurer and Assistant City Administrator.

Current members of the City Council and other officers of the City and their respective terms in office are as follows:

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor*	Mark Johnson	8	January 2026
Council Member	Paige Albrecht	12	January 2028
Council Member	Chris Condie	12	January 2026
Council Member	Paul Hancock	12	January 2026
Council Member	Heather Newall	2	January 2028
Council Member	Michelle Stallings	2	January 2028
City Administrator	Jason Walker	10	Appointed
Finance Director	Dean Lundell	7	Appointed
City Recorder	Teisha Wilson	5	Appointed
City Attorney	Ryan Wood	14	Appointed
City Treasurer	Alyson Alger	9	Appointed
Public Works Director	Dave Norman	10	Appointed

* Mark Johnson served as a Council Member for 12 years prior to serving as Mayor.

FUND STRUCTURE; ACCOUNTING BASIS

The accounts of the City are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund or account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures or expenses. The various funds are grouped by type in the combined financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in all governmental funds. Revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost-reimbursement grants are accrued when the related expenditures are incurred.

In proprietary funds, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

BUDGET AND APPROPRIATION PROCESS

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Utah Cities (the "*Fiscal Procedures Act*"). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds and capital improvement funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regular meeting of the City Council of the City in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments, but must file these submissions with the City Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the tentative budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 30 in each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, in order to

increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year.

EMPLOYEE WORKFORCE AND RETIREMENT SYSTEM

The City currently employs approximately 500 full-time equivalent employees. The City is a member of the Utah State Retirement System and participates in a deferred compensation plan. See “APPENDIX A— GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2024 —Notes to the Financial Statements—Note I: “Retirement Plans” and Note J: “Deferred Compensation Plans” herein.

RISK MANAGEMENT

The City provides for its general liability risks through the Utah Local Government Trust. Property insurance is provided by individual policies of insurance. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides.

INVESTMENT OF FUNDS

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “*Money Management Act*”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U. S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “*Money Management Council*”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all of the provisions of the Money Management Act for all City operating funds.

The Utah Public Treasurers’ Investment Fund. A significant portion of City funds may be invested in the Utah Public Treasurers Investment Fund (“*PTIF*”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final

maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor.

The information in this section concerning the current status of the PTIF investments has been obtained from sources the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FINANCIAL INFORMATION REGARDING THE CITY

The audited financial statements of the City for Fiscal Year 2024 are included herewith as APPENDIX A. The summaries contained herein were extracted from the City's audited general purpose financial statements for the fiscal years ended June 30, 2022, 2023 and 2024 and the City's unaudited financial statements for the fiscal year ended June 30, 2025. The summaries are unaudited. The following information is presented for general informational purposes only and is not indicative of revenues available for payment of the Series 2025A Bonds. The Series 2025A Bonds are payable solely from the sources indicated under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein. The summaries presented below should therefore be read in conjunction with the audited financial statements in APPENDIX A.

LEHI CITY – STATEMENT OF NET POSITION –GOVERNMENTAL ACTIVITIES
(This summary has not been audited.)

	2022	2023	2024 ¹
Assets:			
Cash and Cash Equivalents	\$41,436,391	\$37,669,956	\$20,487,748
Investments	18,678,723	19,016,195	20,166,386
Receivables (Net):			
Taxes	27,928,510	29,136,881	30,133,365
Intergovernmental	5,669,757	1,867,205	1,406,491
Leases	1,231,331	1,180,683	1,124,400
Other	933,108	1,398,271	1,270,331
Inventory	39,515	39,602	4,659
Net Pension Asset	8,054,597	1,208,035	1,104,038
Restricted Cash and Cash Equivalents	15,639,825	58,604,346	59,523,430
Restricted Receivable	1,410,688	1,582,081	1,418,019
Right to use leased assets, net of amortization	45,376	22,688	–
Non-Depreciable Capital Assets	192,362,376	182,336,434	213,710,009
Depreciable Capital Assets, Net	<u>188,808,914</u>	<u>202,089,818</u>	<u>193,859,324</u>
Total Assets	<u>\$502,239,111</u>	<u>\$536,152,195</u>	<u>\$544,148,200</u>
Deferred Outflows of Resources:			
Deferred Outflows Related to Pensions	<u>\$3,459,754</u>	<u>\$5,096,919</u>	<u>\$7,300,646</u>
Total Deferred Outflows of Resources	<u>\$3,459,754</u>	<u>\$5,096,919</u>	<u>\$7,300,646</u>
Liabilities:			
Interfund Balances	916,378	(2,384,774)	(5,403,890)
Accounts Payable	1,178,836	2,019,708	4,068,678
Liabilities Payable from Restricted Assets			
Accounts Payable	1,019,747	1,245,295	3,882,494
Accrued Interest	124,243	–	–
Wages Payable	358,085	406,567	465,390
Accrued Liabilities	3,990,121	3,663,161	4,289,280
Accrued Interest Payable	2,008,021	557,655	192,158
Non-Current Liabilities Due Within One Year	3,046,691	3,552,828	4,036,930
Due in More Than One Year:			
Compensated Absences	2,233,524	2,487,091	2,721,065
Net Pension Liability	–	3,598,150	4,805,194
Landfill Postclosure Costs	512,372	591,012	591,012
Lease liabilities	36,438	13,641	108,061
Tax Increment Note Payable to Developer	82,563,476	3 7,912,094	3 6,121,828
Other Notes Payable	2,284,217	3,174,117	2,351,193
Bonds Payable	<u>31,651,418</u>	<u>62,092,140</u>	<u>60,609,747</u>
Total Liabilities	<u>\$131,923,567</u>	<u>\$118,928,685</u>	<u>\$118,839,140</u>
Deferred Inflows of Resources:			
Property Taxes	23,595,708	\$23,911,016	\$25,336,948
Leases	1,231,331	1,180,683	1,124,400
Deferred grant revenue	1,000,000	1,000,000	524,133
Deferred Inflows Related to Pensions	<u>10,709,094</u>	<u>103,713</u>	<u>90,207</u>
Total Deferred Inflows of Resources	<u>\$36,536,133</u>	<u>\$26,195,412</u>	<u>\$27,075,688</u>
Net Assets:			
Net Investment in Capital Assets	\$348,094,139	\$358,211,413	\$381,213,748
Restricted for:			
Capital Improvements	12,485,610	5 5,711,119	5 4,985,273
Parks and recreation	–	–	975,074
Pension	–	–	1,104,038
Debt Service	801,414	30,876	6,672
Other Purposes	771,561	1,601,996	–
Unrestricted (Deficit)	<u>(24,913,559)</u>	<u>(19,430,387)</u>	<u>(32,750,787)</u>
Total Net Assets	<u>\$337,239,165</u>	<u>\$396,125,017</u>	<u>\$405,534,018</u>

1 Preliminary fiscal year 2025 information is not available.

**LEHI CITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES GENERAL FUND
(This summary has not been audited.)**

	2022	2023	2024	2025¹
REVENUES:				
Taxes	\$39,221,842	\$45,262,893	\$47,476,784	\$52,740,573
Licenses, Fees and Permits	4,017,240	2,322,023	2,349,975	7,993,037
Intergovernmental	10,124,912	5,938,093	6,788,991	4,505,413
Charges for Services	9,788,903	8,988,690	9,173,315	7,550,931
Fines and Forfeitures	722,270	831,962	972,615	1,011,487
Miscellaneous	1,699,551	1,655,832	1,672,122	1,903,694
Interest on Investments	<u>97,362</u>	<u>1,213,621</u>	<u>1,910,235</u>	<u>1,497,290</u>
Total Revenues	<u>\$65,672,080</u>	<u>\$66,213,114</u>	<u>\$70,344,037</u>	<u>\$77,202,425</u>
EXPENDITURES:				
Current:				
General Government	8,539,977	8,832,969	9,455,395	10,609,214
Public Safety	18,385,423	20,720,538	23,625,281	26,300,524
Community Development	3,415,092	3,832,172	4,082,480	4,311,216
Streets and Highways	5,781,174	7,513,717	7,431,590	11,591,495
Parks, Recreation and Culture	11,363,509	13,329,375	14,650,500	16,708,661
Cemetery	454,611	551,145	625,542	708,284
Debt Service	<u>24,100</u>	<u>24,100</u>	<u>22,797</u>	<u>24,100</u>
Total Expenditures	<u>\$47,963,886</u>	<u>\$54,804,016</u>	<u>\$59,894,888</u>	<u>\$70,253,494</u>
Excess (Deficiency) of Revenues Over Expenditures	\$17,708,194	\$11,409,098	\$10,449,149	\$6,948,931
Other Financing Sources (Uses):				
Transfers In	1,167,851	767,535	748,235	1,008,365
Transfers Out	(13,872,733)	(10,718,840)	(5,437,707)	(10,758,295)
Sale of Capital Assets	<u>50,349</u>	<u>137,613</u>	<u>53,854</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>\$(12,654,533)</u>	<u>\$(9,813,692)</u>	<u>\$(4,635,618)</u>	<u>\$(9,749,931)</u>
Net Change in Fund Balance	5,053,661	1,595,406	5,813,531	(2,801,000)
Fund Balance at Beginning of Year	21,420,728	26,474,389	28,069,795	33,883,326
Fund Balance at End of Year	<u>\$26,474,389</u>	<u>\$28,069,795</u>	<u>\$33,883,326</u>	<u>\$31,082,326</u>

1 Fiscal year 2025 information is taken from the City's unaudited financial statements.

DEBT STRUCTURE OF THE CITY

OUTSTANDING MUNICIPAL INDEBTEDNESS OF THE CITY

The following is a list of the outstanding indebtedness of the City as of the closing of the Series 2025A Bonds.

Outstanding General Obligation Bonds

The City has no outstanding general obligation debt.

Outstanding Water Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
Series 2025	Public Works Building	\$13,985,000*	June 1, 2044	\$13,985,000*
Series 2024	Pressurized Irrigation Meters	3,643,000	December 1, 2039	3,643,000
Series 2022	Pressurized Irrigation Meters	3,643,000	December 1, 2039	3,643,000
Series 2019	Detention and Distribution	17,250,000	June 1, 2044	14,960,000

Outstanding Electric Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
Series 2023	Power Generation	\$18,970,000	June 1, 2044	\$18,400,000
Series 2018	Power Generation	15,640,000	June 1, 2038	11,790,000

Outstanding Sales Tax Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
Series 2019	Police Station	\$16,470,000	June 1, 2039	\$15,635,000
Series 2018	Fire Station	5,000,000	June 1, 2038	3,805,000

* Preliminary; subject to change.

Outstanding Franchise and Sales Tax Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
Series 2025	Fiber Network	\$16,255,000	February 1, 2055	\$16,255,000
Series 2021	Fiber Network	53,890,000	February 1, 2048	52,100,000

Outstanding Lease Revenue Bonds Local Building Authority of the City

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
Series 2022	City Hall/Library	\$29,000,000	June 15, 2049	\$28,680,000

NO DEFAULTED OBLIGATIONS

The City has no record of default in the payment of principal of or interest on any of its financial obligations when due.

OTHER FINANCIAL CONSIDERATIONS

The City has two notes outstanding related to the purchase of water shares and water system improvements which were outstanding as of June 30, 2024, in the amount of \$895,530 and the City has capital leases related to the acquisition of public works vehicles, fire trucks, and related equipment which are outstanding as of September 2024, in the amount of \$4,711,187. The City also has several tax increment agreements with various developers which are payable solely from certain tax increment revenues. As of June 30, 2025, such tax increment agreements are outstanding in the amount of \$42,486,879.

BONDHOLDERS' RISKS

The purchase of the Series 2025A Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the Series 2025A Bonds should make a decision to purchase any of the Series 2025A Bonds without first reading and considering the entire Official Statement, including all Appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks

GENERAL

The Series 2025A Bonds are special obligations of the City payable from and secured by the Revenues, moneys, securities and funds pledged therefor. Future economic and other conditions, the demand for water services within the City and the surrounding areas, economic and employment trends and events, demographic changes, changes in governmental regulations and policies and other factors may adversely affect the future financial condition of the System, and, consequently, the availability of Revenues. No assurance can be made that the Revenues of the

System will be realized by the City in amounts sufficient to pay debt service on the Series 2025A Bonds when due.

OPERATION OF THE SYSTEM

In order for the City to make timely payment of the principal and interest requirements of the Series 2025A Bonds and to meet its other obligations under the Indenture, it will be necessary for the City to manage, operate and maintain the System in an efficient and economical manner that is consistent with prudent utility practice. The operation of the System is subject to the requirements of various governmental rules and regulations and the System must be operated in compliance with these requirements. In the event that the System is not operated or is not capable of operation as required by the provisions of such governmental rules and regulations, the City may be subject to certain penalties.

The City believes that the System will be operated in a manner that will allow it to pay Operation and Maintenance Costs for the System, as well as debt service on the Series 2025A Bonds and the Outstanding Parity Bonds.

To the extent the System develops operational problems, rates for the System may need to be increased to produce sufficient Revenue unless other sources of funds are obtained. In the event that Revenues need to be increased for the continued operation of the System (and to pay debt service on the Series 2025A Bonds), it may be necessary to increase rates for the System. Although the City has the ability to establish rates without prior approval from another governmental entity, the City may decide not to make any rate increases due to political feasibility or other concerns.

DESTRUCTION OF THE SYSTEM

The Indenture requires that the City, in its operation of the System, maintain insurance in such amounts and to such extent as is normally carried by other entities operating public utilities of the same size and type. In the event of any loss or damage, the Indenture requires that the proceeds of any insurance shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder is to be paid into the Bond Fund. However, there can be no assurance that the proceeds of such insurance will be sufficient to restore or replace the lost or damaged property.

Damage to or destruction of the System may prevent the City from providing service to some or all of its customers. In such event, Revenues may decrease.

CLIMATE CHANGE

Climate change caused by human activities may have adverse effects on the System and on the System in particular. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the

System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of City customers. The City considers the potential effects of climate change in its planning.

CYBERSECURITY

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the City to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the City has not been the subject of a successful materially adverse cyberattack. The City believes it has made all reasonable efforts to ensure that any such attack is not successful and that the information systems of the City are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges. The City has insurance coverage for cyber-related risks.

MUNICIPAL ADVISOR

The City has entered into an agreement with LRB Public Finance Advisors, Inc. (the "*Municipal Advisor*"), whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the Series 2025A Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Series 2025A Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The financial statements of the City as of June 30, 2024, and for the year then ended, included in this Official Statement, have been audited by Osborne, Robbins & Buhler, P.L.L.C., Certified Public Accountants, Salt Lake City, Utah ("*Osborne*"), as stated in their report in APPENDIX A of this Official Statement.

Osborne has not participated in the preparation or review of this Official Statement. Based upon Osborne's non-participation, Osborne has not consented to the use of its name in this Official Statement.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Series 2025A Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. No person, other than the City has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Series 2025A Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of Undertaking attached as APPENDIX E.

The City failed to timely file notice of the incurrence of financial obligations incurred in August 2024 and September 2024. Except to the extent the preceding is deemed to be material, there have been no instances in the previous five years in which the City has failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

A failure by the City to comply with the Undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2025A Bonds are limited to the remedies described in the Undertaking. See “APPENDIX E — FORM OF CONTINUING DISCLOSURE UNDERTAKING — Consequences of Failure of the Issuer to Provide Information.” The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Series 2025A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2025A Bonds and their market price.

LITIGATION

There is no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization, or existence of the City or the operation of the System; or the titles of its officers to their respective offices; or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2025A Bonds; or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2025A Bonds are issued; or the validity of the Series 2025A Bonds or the issuance thereof.

The City Attorney reports that several lawsuits have been filed against the City and/or its employees, involving contract, tort and civil rights matters. The City has a statutory obligation to defend and indemnify its officers and employees for lawsuits arising from acts of the employee while in the scope and course of employment. In the event the fund is not sufficient to pay any outstanding judgment or judgments, the City has the ability under State law to levy a limited ad valorem tax to pay such judgments. This tax levy is separate and apart from the other taxing powers of the City.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2025A Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the City. Certain matters will be passed upon for the City by the office of the City Attorney. Certain matters will be passed upon for the City and the Underwriter by Farnsworth Johnson PLLC, Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel, Quarles & Brady, LLP.

The approving opinion of Bond Counsel will be delivered with the Series 2025A Bonds in substantially the form set forth in APPENDIX D to this Official Statement.

TAX MATTERS

FEDERAL INCOME TAXATION

In the opinion of Farnsworth Johnson PLLC (*“Bond Counsel”*), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the *“Code”*). In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2025A Bonds substantially in the form set forth in “APPENDIX D – PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the Series 2025A Bonds is less than the amount to be paid at maturity of such Series 2025A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025A Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2025A Bonds is the first price at which a substantial amount of such maturity of the Series 2025A Bonds is sold to the public (excluding Series 2025A Bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025A Bonds accrues daily over the term to maturity of such Series 2025A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025A Bonds. Beneficial Owners of the Series 2025A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2025A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025A Bonds is sold to the public.

Series 2025A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (*“Premium Series 2025A Bonds”*) will be treated as having amortizable Series 2025A Bond premium. No deduction is allowable for the amortizable Series 2025A Bond premium in the case of Series 2025A Bonds, like the Premium Series 2025A Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Series 2025A Bond, will be reduced by the amount of amortizable Series 2025A Bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2025A Bonds should consult their own tax advisors with respect to the proper treatment of amortizable Series 2025A Bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025A Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2025A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2025A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025A Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025A Bonds may otherwise affect a Beneficial Owner’s federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper

treatment of the Series 2025A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Series 2025A Bonds ends with the issuance of the Series 2025A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Series 2025A Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the City and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2025A Bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025A Bonds for audit, or the course or result of such audit, or an audit of Series 2025A Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025A Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

UTAH INCOME TAXATION

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2025A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2025A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

BOND RATINGS

As of the date of this Official Statement, Fitch Ratings and Moody’s Investors Service, Inc., have assigned ratings to the Series 2025A Bonds of “AA+” and “Aa2”, respectively.

Such ratings assigned to the Series 2025A Bonds do not constitute a recommendation by such rating agency to buy, sell or hold the Series 2025A Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from that rating agency. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There is no assurance that any ratings assigned to the Series 2025A Bonds will be maintained for any period of time or that such ratings may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or

withdrawal of such ratings may have an adverse effect on the market price of the Series 2025A Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, as underwriter for the Series 2025A Bonds (the “*Underwriter*”) has agreed, subject to certain conditions, to purchase all of the Series 2025A Bonds from the City at an aggregate price of \$_____ (representing the principal amount of the Series 2025A Bonds plus original issue premium of \$_____, less an underwriting discount of \$_____). The obligation of the Underwriter to purchase the Series 2025A Bonds is subject to a number of terms and conditions set forth in the Bond Purchase Contract between the City and the Underwriter. The Underwriter has advised the City that it intends to make a public offering of the Series 2025A Bonds at the prices set forth on the cover page hereof. The Underwriter may offer and sell Series 2025A Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the offering prices stated on the cover page hereof. Although the Underwriter expects to maintain a secondary market in the Series 2025A Bonds after the initial offering, no assurance can be made that such a market will develop or be maintained by the Underwriter or others.

MISCELLANEOUS

All quotations from and summaries and explanations of the Utah statutes, court decisions and the Indenture, which are contained herein, do not purport to be complete, and reference is made to said statutes, court decisions and the Indenture for full and complete statements of their respective provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

This Preliminary Official Statement is in form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

The delivery of the Official Statement has been duly authorized by the City.

LEHI CITY, UTAH

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APPENDIX A

**GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY FOR
THE FISCAL YEAR ENDED JUNE 30, 2024**

LEHI CITY CORPORATION

STATE OF UTAH

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



PREPARED BY:
FINANCE DEPARTMENT



LEHI CITY CORPORATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2024

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LEHI CITY CORPORATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2024

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INTRODUCTORY SECTION

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

December 15, 2024

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, 2024.

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, 2024, 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, 2024, 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.



Lehi 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 began services during the Spring of 2023, with full buildout expected in Summer 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. 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.

The Lehi Redevelopment Agency was established to encourage economic development within the City. There are currently six redevelopment areas. A portion of the incremental taxes generated in these areas is used to provide incentives for development. The largest redevelopment area contains a Texas Instruments semiconductor wafer fabrication plant. The facility broke ground on November 2, 2023. This announcement of an \$11 billion expansion of its current facility was referred to by Utah Governor Spencer Cox as “the greatest single economic investment in the

history of our state”. The facility will create 800 high-paying jobs and thousands of indirect jobs. Additionally, Texas Instruments invested \$9 million in Alpine School District’s STEM programs.

Other redevelopment areas within Lehi have been used to assist in the development of office parks, retail outlets, tech-industry high-paying jobs. Investments in these areas have helped to expand the overall City tax base. Incentives have primarily provided the ability of developers to finance and fund significant infrastructure projects. The City will continue to use the Redevelopment Agency to encourage development that have city-wide benefits. Projects will be evaluated on a case-by-case basis.

Spurred by an expanding technology sector, the City continues to experience rapid growth. The population has increased from 56,275 to 90,227 over the past 10 years. With significant amounts of land still available for development, build-out population, which is estimated to be reached in 2060, is projected at 155,000.

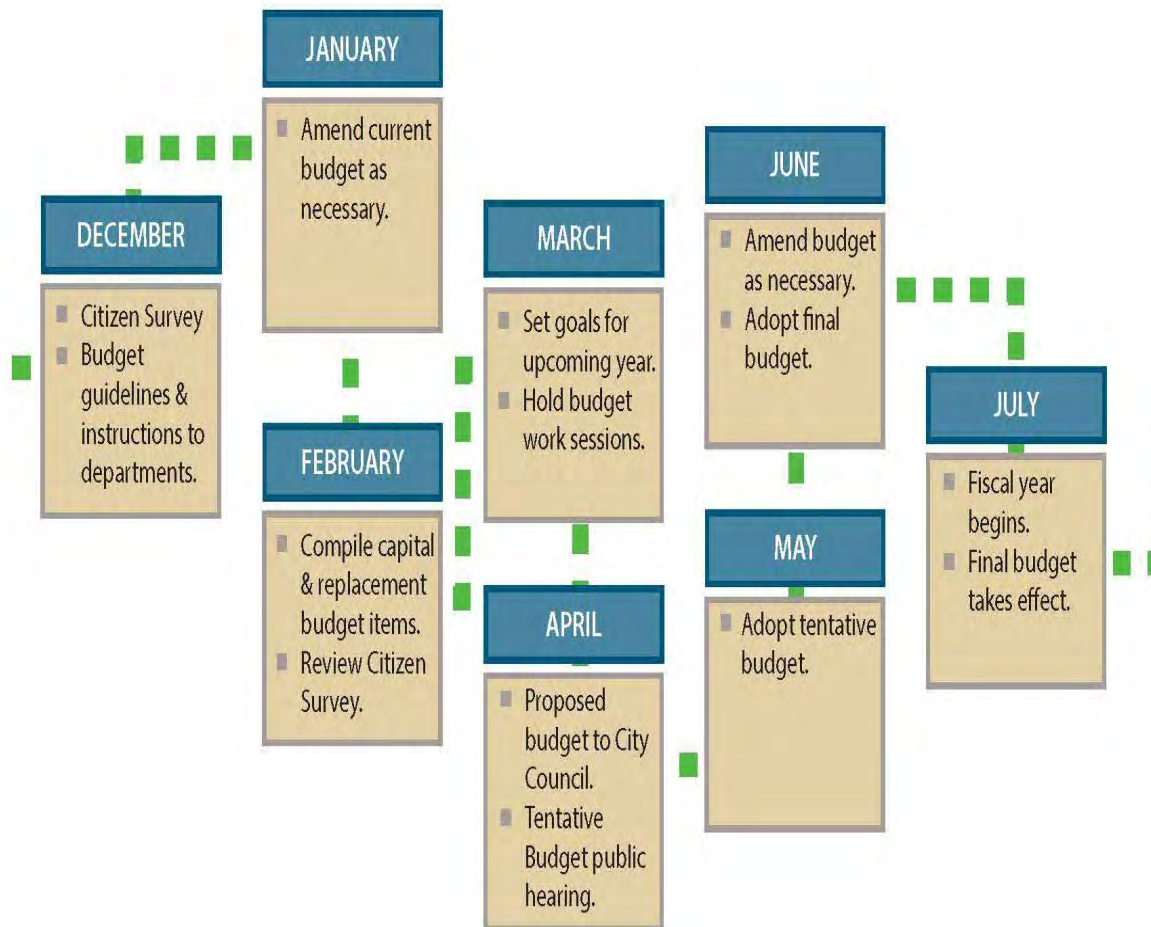
Brigham Young University, Utah Valley University (the largest University in the State) and the University of Utah campuses are within 25 minutes of the City center. These higher education facilities employ more than 3,000 people. These universities provide a strong educated work force for a large number of high-tech businesses in the area.

Utah Valley University recently opened a new building at their satellite campus in Lehi. This new building will house advanced training programs in the University’s paramedic, police academy, respiratory therapy, and dental hygiene programs. The region provides some of the best medical facilities in the western United States. Utah County, the County in which the City is located, has an unemployment rate of 3.7%, Compared to a statewide rate of 3.3%.

Lehi is continuing to experience growth in both commercial and residential construction, although not as rapid as in recent years. This growth is reflected in both the City’s revenues and expenditures. Governmental fund revenues increased from \$69,139,881 to \$86,387,569 from 2019 to 2024, and expenditures increased from \$60,820,488 to \$102,874,310. Just under \$33 million of the expenditures in fiscal year 2024 are related to construction projects including a new fire station, a new city hall, and Family Park. Operating revenues in enterprise funds grew from \$59,257,027 to \$88,336,830 over the same time frame, while operating expenses rose from \$58,328,330 to \$93,131,798.

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 2024-25, the tentative budget was adopted on April 9, 2024 and the final budget was adopted on August 27, 2024.

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 pages 36 through 38. For capital projects and debt service funds, those comparisons are presented on pages 119 and 120.

Long-term Financial Planning

Lehi City growth continues 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 is underway, which includes the demolition of the old City Library building. In its place a new building is currently under construction, which will house a new library and city hall. This facility is anticipated to be completed in the Fall of 2025. The bonds issued also provided funds for the City's fourth fire station. This facility began operations during October 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 City'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.



The City's largest park located in the Northeast section of the City was completed in September 2024 and is known as Family Park. Phase 1 cost approximately \$17 million and features 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. Significant progress has been made on the construction of the City's new fiber network, which will provide the opportunity for all city residents to access high-speed fiber internet. Lehi City owns the infrastructure, with internet access via third-party providers. The network currently has just under 3,000 customers. This number is rapidly growing as it becomes available to more areas in the City.

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, 2023. This was the twenty-third 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, 2023. 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, 2023. 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

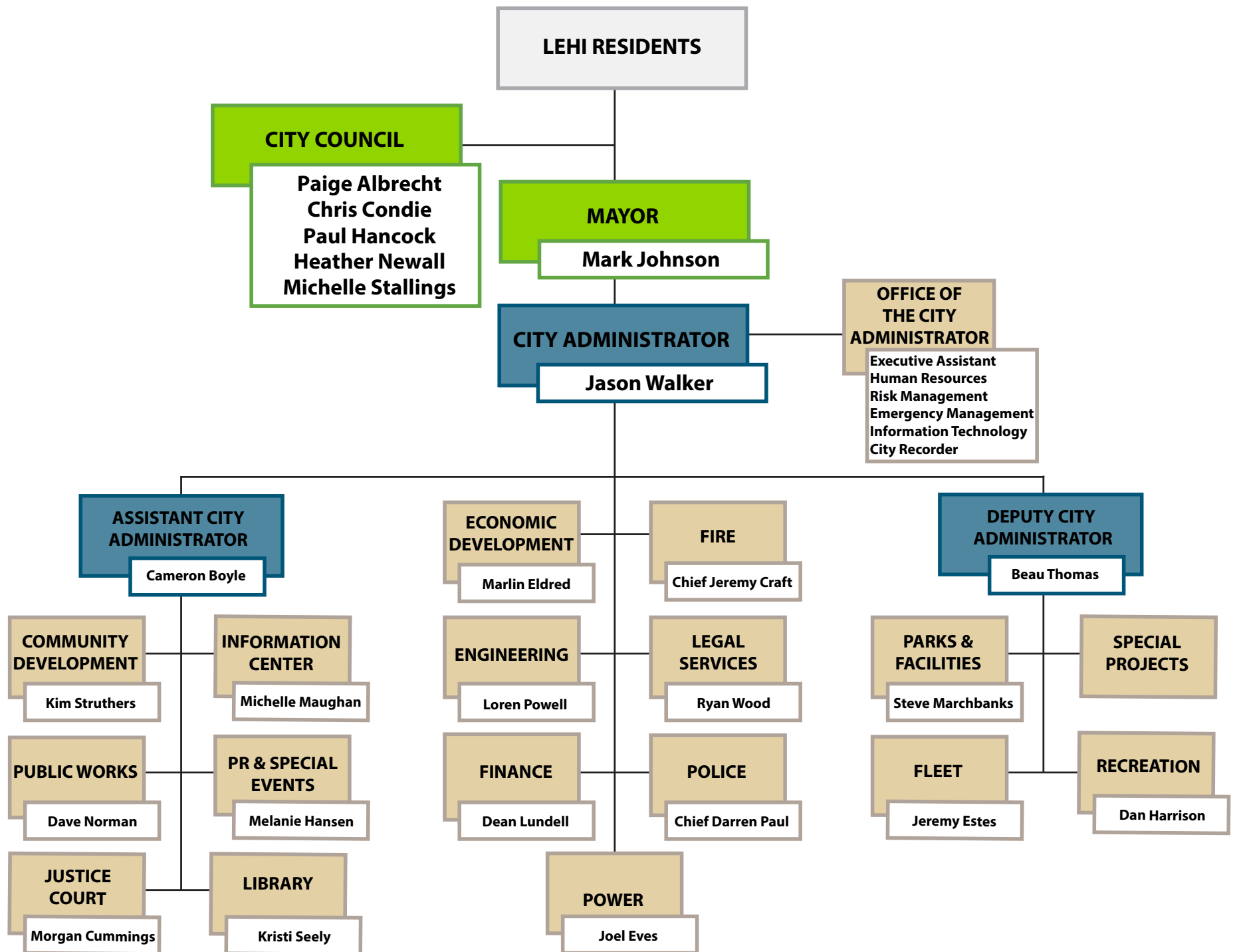
Presented to

**Lehi City Corporation
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Executive Director/CEO





Mayor
Mark Johnson



Councilperson
Paige Albrecht



Councilperson
Chris Condie



Councilperson
Paul Hancock



Councilperson
Heather Newall



Councilperson
Michelle Stallings

APPOINTED OFFICIALS

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

DEPARTMENT DIRECTORS

Development Services.....	Kim Struthers	Legal Services.....	Ryan Wood
Economic Development.....	Marlin Eldred	Leisure Services.....	Dan Harrison
Engineering.....	Lorin Powell	Parks.....	Steve Marchbanks
Finance.....	Dean Lundell	Police.....	Chief Darren Paul
Fire.....	Chief Jeremy Craft	Power.....	Joel Eves
Information Center.....	Michelle Maughan	Public Works.....	Dave Norman
Justice Court.....	Morgan Cummings		

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, 2024, 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, 2024, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Redevelopment Agency and the Local Building Authority 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 108 through 113 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.

Such information is the responsibility of management and was derived from and relates 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 12, 2024, 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 12, 2024

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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, 2024. 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 \$903,245,283 (*net position*). This is an increase of 3.8% 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 \$100,858,839 which is a decrease of \$16,704,939 in fund balance reported for 2023 of \$117,563,778. The decrease is largely attributable to expenditures for capital outlay including the use of proceeds from bonds issued in 2023.
- General fund tax revenues increased by 4.9% over the previous year and utility charges for services revenues increased by 11.8%. Rates for the electric fund customers were increased as a result of higher wholesale costs. Rates for pressurized irrigation, sewer and storm drain were adjusted as well.
- New development remained fairly level in 2024 as compared to 2023, resulting in comparable amounts year over year for impact fee revenues, building permit and inspection fee revenues, and similar charges for services.
- The City's total long-term obligations increased by a net of approximately \$15.3 million during the current fiscal year.
 - Decreases to long-term debt were due primarily to regularly scheduled principal payments.
 - During 2024, the City issued \$18,970,000 in electric revenue bonds.
 - The City reported a net pension liability of approximately \$5.9 million as of June 30, 2024, up from \$4.3 million as of June 30, 2023. The City also recognized a net pension asset of \$1,104,038 as of June 30, 2024, down from \$1,208,035 at June 30, 2023.

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, 2024

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, 2024

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 governmental fund financial statements 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 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, 2024

Notes to the basic 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 45-106 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 108-113 this report.

Individual fund schedules and combining statements and schedules can be found on pages 115-130 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 \$903,245,283 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 \$903,245,283 in net position, \$85,394,675 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, 2024

LEHI CITY CORPORATION
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 136,578,867	\$ 151,703,255	\$ 172,796,448	\$ 151,600,389	\$ 309,375,315	\$ 303,303,644
Capital assets	407,569,333	384,448,940	491,943,515	437,174,727	899,512,848	821,623,667
Total assets	<u>\$ 544,148,200</u>	<u>\$ 536,152,195</u>	<u>\$ 664,739,963</u>	<u>\$ 588,775,116</u>	<u>\$ 1,208,888,163</u>	<u>\$ 1,124,927,311</u>
Deferred outflows of resources	\$ 7,300,646	\$ 5,096,919	\$ 7,951,863	\$ 7,583,109	\$ 15,252,509	\$ 12,680,028
Long-term liabilities	\$ 111,345,030	\$ 113,421,073	\$ 120,030,233	\$ 102,594,007	\$ 231,375,263	\$ 216,015,080
Other liabilities	12,898,000	7,892,386	40,858,555	13,194,658	53,756,555	21,087,044
Interfund balances	(5,403,890)	(2,384,774)	5,403,890	2,384,774	-	-
Total liabilities	<u>\$ 118,839,140</u>	<u>\$ 118,928,685</u>	<u>\$ 166,292,678</u>	<u>\$ 118,173,439</u>	<u>\$ 285,131,818</u>	<u>\$ 237,102,124</u>
Deferred inflows of resources	\$ 27,075,688	\$ 26,195,412	\$ 8,687,883	\$ 3,996,403	\$ 35,763,571	\$ 30,191,815
Net position						
Net investment in capital assets	\$ 381,213,748	\$ 358,211,413	\$ 417,619,725	\$ 395,362,323	\$ 798,833,473	\$ 753,573,736
Restricted	57,071,057	57,343,991	28,323,618	17,713,071	85,394,675	75,057,062
Unrestricted	(32,750,787)	(19,430,387)	51,767,922	61,112,989	19,017,135	41,682,602
Total net position	<u>\$ 405,534,018</u>	<u>\$ 396,125,017</u>	<u>\$ 497,711,265</u>	<u>\$ 474,188,383</u>	<u>\$ 903,245,283</u>	<u>\$ 870,313,400</u>

As of June 30, 2024, the net position of the City's governmental activities totaled \$405,534,018 compared to \$396,125,017 in 2023. The governmental activities reported an increase in net position of \$9,409,001. Capital grants and contributions, including contributions of infrastructure totaled \$13,204,965. The City also received \$54,636,447 in property taxes and, sales and other taxes.

As of June 30, 2024, the net position of the City's business-type activities totaled \$497,711,265 compared to \$474,188,383 in 2023. The business-type activities reported an increase in net position of \$23,522,882. 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, 2024

LEHI CITY CORPORATION
CHANGES IN NET POSITION

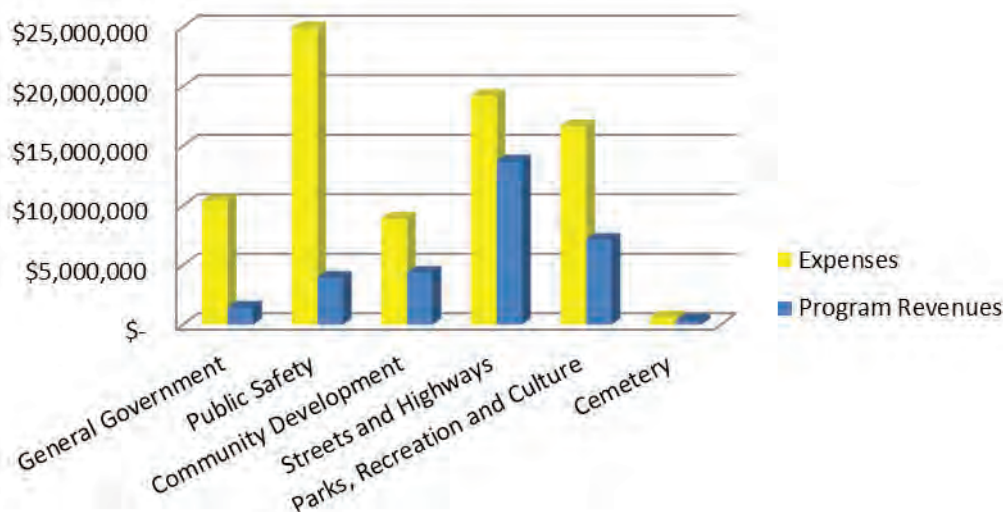
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 13,194,909	\$ 12,530,026	\$ 87,384,214	\$ 78,193,734	\$ 100,579,123	\$ 90,723,760
Operating grants and contributions	4,645,622	3,887,912	7,340,279	3,018,272	11,985,901	6,906,184
Capital grants and contributions	13,204,965	16,212,028	25,518,235	24,593,758	38,723,200	40,805,786
General revenues:						
Property taxes	21,350,254	20,725,161	-	-	21,350,254	20,725,161
Sales and other taxes	33,286,193	32,217,458	-	-	33,286,193	32,217,458
Other	6,444,198	48,212,486	7,658,525	4,982,613	14,102,723	53,195,099
Total revenues	92,126,141	133,785,071	127,901,253	110,788,377	220,027,394	244,573,448
Expenses:						
General government	10,418,768	10,240,351	-	-	10,418,768	10,240,351
Public safety	24,922,190	21,948,439	-	-	24,922,190	21,948,439
Community development	8,921,849	5,302,806	-	-	8,921,849	5,302,806
Highways/streets	19,234,450	18,299,870	-	-	19,234,450	18,299,870
Parks, recreation, and culture	16,691,486	14,817,336	-	-	16,691,486	14,817,336
Cemetery	624,919	552,761	-	-	624,919	552,761
Interest on long-term debt	1,903,478	3,737,656	-	-	1,903,478	3,737,656
Water	-	-	24,096,622	18,508,084	24,096,622	18,508,084
Sewer	-	-	15,553,923	12,573,204	15,553,923	12,573,204
Electric	-	-	52,841,595	67,530,830	52,841,595	67,530,830
Fiber	-	-	2,828,805	2,310,916	2,828,805	2,310,916
Nonmajor activities	-	-	9,057,426	8,018,433	9,057,426	8,018,433
Total expenses	82,717,140	74,899,219	104,378,371	108,941,467	187,095,511	183,840,686
Increase in net position before transfers	9,409,001	58,885,852	23,522,882	1,846,910	32,931,883	60,732,762
Transfers	-	-	-	-	-	-
Increase in net position	9,409,001	58,885,852	23,522,882	1,846,910	32,931,883	60,732,762
Net position, beginning	396,125,017	337,239,165	474,188,383	472,341,473	870,313,400	809,580,638
Net position, ending	\$ 405,534,018	\$ 396,125,017	\$ 497,711,265	\$ 474,188,383	\$ 903,245,283	\$ 870,313,400

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2024

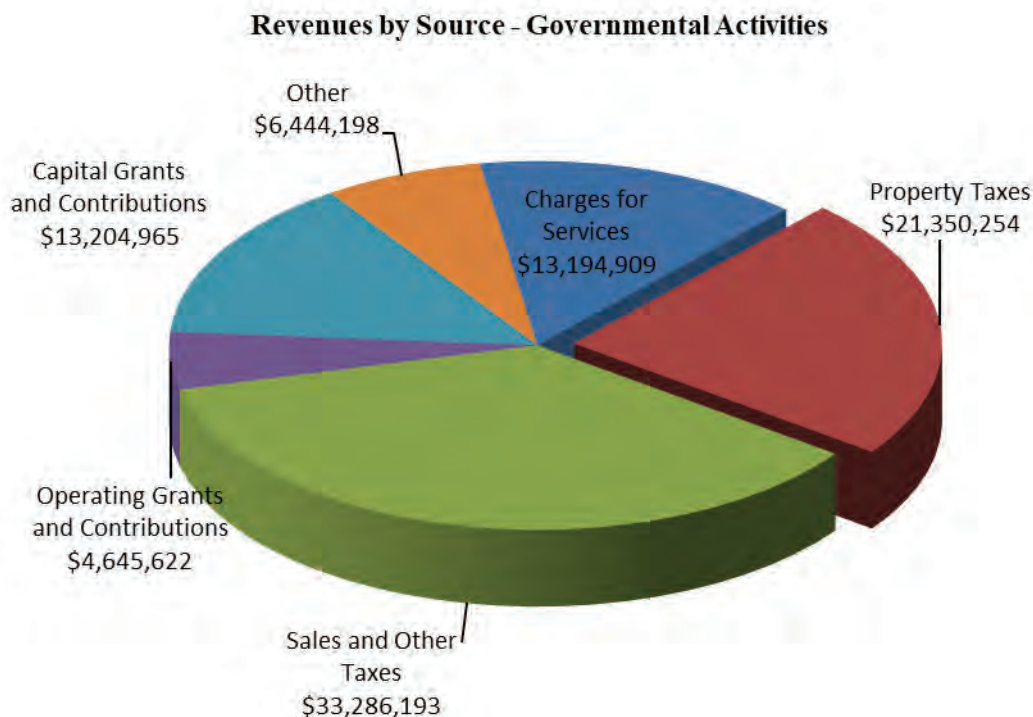
Governmental activities. During 2024 governmental activities increased the City's net position by \$9,409,001. Some specific factors making up the change in net position during 2024 include:

- Charges for services remained fairly flat in 2024, increasing only approximately \$664,000 over the prior year (5.3%). These revenues include fees for development, such as building permits and plan reviews. These fees declined significantly in 2023 as interest rates and inflation began to rise and development leveled off which continued into 2024.
- Capital grants and contributions were lower than in 2023 by approximately \$2.1 million. The decline in revenue was also related to the aforementioned leveling off of development, resulting in a decrease of developer-installed infrastructure.
- Property, sales and other taxes were higher than in 2023 by approximately \$1.7 million.
- Expenses of the governmental activities increased from 2023 to 2024 by \$7,817,921 with the largest increases occurring in public safety and community development expenditures. Depreciation in governmental activities increased \$1,059,321 from 2023 to 2024.

Expenses and Program Revenues - Governmental Activities



LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2024

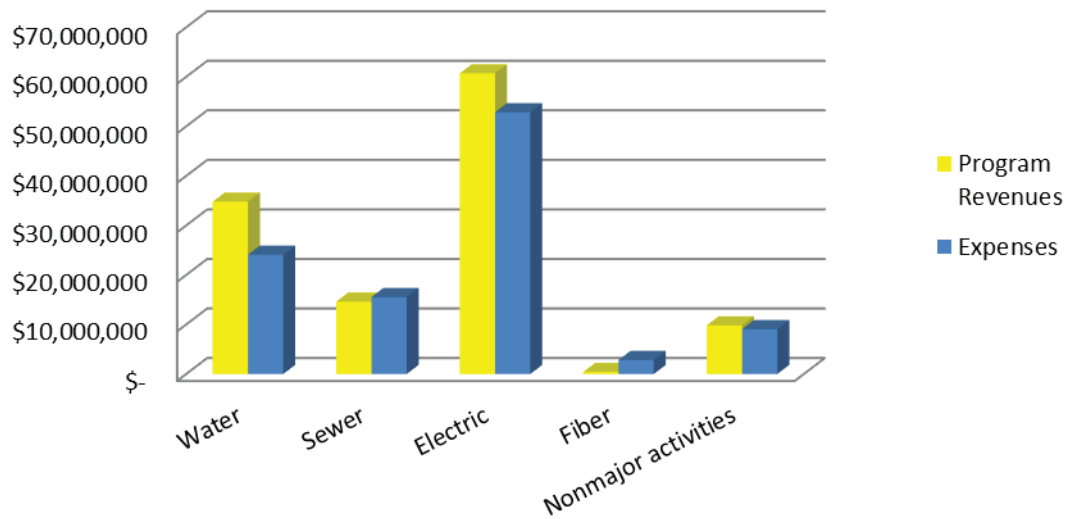


Business-type activities. Business-type activities increased the City's net position by \$23,522,882. At the end of the current fiscal year, all of the City's major business-type activities other than the fiber fund reported positive net position. The fiber fund was established in 2021 and will experience 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:

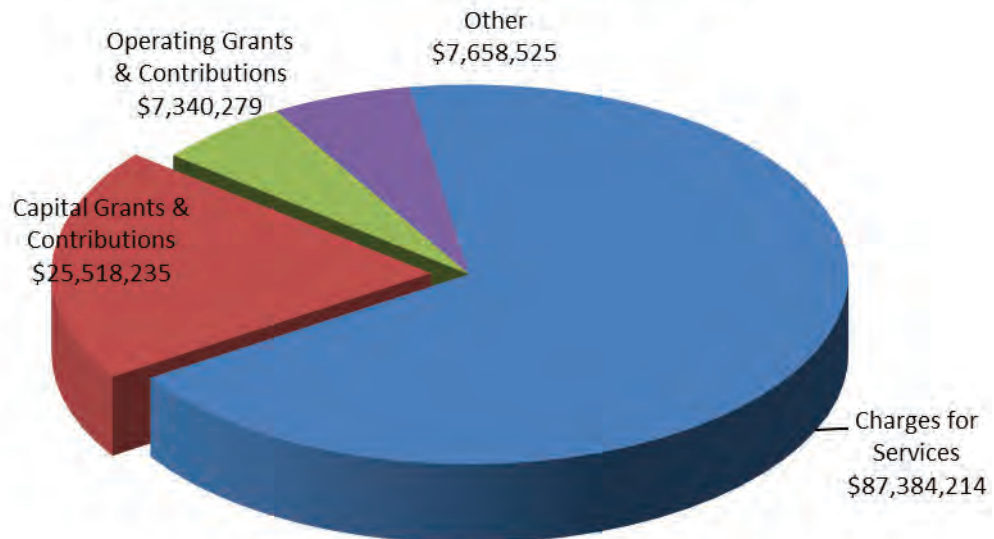
- Charges for services in the business-type activities increased over 2023 by \$9,190,480 (11.75%). Most of the enterprise funds experienced an increase in charges for services over 2023, a result of growth in the number of customers served as well as moderate increases to utility rates.
- Capital grants and contributions for the business-type activities added \$25,518,235 to the total revenues of the City. This amount was higher than in 2023 by \$924,477 (3.8%), indicative of the aforementioned levelling off of development in 2024.
- Expenses of the business-type activities decreased by \$4,563,096 from the prior year. This was primarily the result of a decrease in the cost of wholesale power purchased by the City during 2024. Depreciation in business-type activities increased by \$816,245 from 2023 to 2024. 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, 2024

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, 2024

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 \$100,858,839. \$24,988,108 of this total amount (24.8%) 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 administrator 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 \$24,988,108, while total fund balance reached \$33,883,326. 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 41.7% of total general fund expenditures, while total fund balance represents 56.6% of that same amount. The fund balance of the City's general fund increased by \$5,813,531 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 \$4,668,175. 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 \$315,385.

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 \$33,687,451, primarily resulting from unexpended proceeds from bonds issued in the prior year.

The capital projects fund had a decrease in fund balance in the amount of \$25,182,332, which resulted in a fund balance of \$28,519,583. During the year, approximately \$2.7 million was transferred to the capital projects fund from the general fund to pay for future projects. In addition, approximately \$13 million was transferred from the capital projects fund to the Local Building Authority fund to fund a significant portion of the new city hall. The City also recognized approximately \$1.7 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 \$100,304.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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 \$52,130,919. Individually, the electric fund's unrestricted net position totaled \$33,092,622, the water unrestricted net position totaled \$15,469,978, the sewer unrestricted net position totaled \$5,988,618 and the non-major enterprise funds reported a positive unrestricted net position of \$6,759,893. The fiber fund reported a deficit net position of \$3,089,025. 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 \$64,029,993 to a final budget of \$66,736,493, an increase of \$2,706,500, or 4.2%. Increased budget allocations were made to various departments based on changing conditions and emergency situations. The majority of the adjustment was related to the use of previously collected road-tax funds in current-year construction projects. Significant variances between the final budget and actual results are shown below:

- Tax revenues recognized in 2024 were \$5,054,487 more than budgeted. Sales taxes were approximately 11.0% higher than budget and franchise taxes were higher than budgeted by approximately 30.0%.
- Interest on investments was higher than budgeted by approximately \$1.8 million, due to increased rates available during the year.
- Total expenditures were less than the final budgeted amounts by \$6,841,605.

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, 2024 amounts to \$899,512,848 (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 \$5,541,828 and \$14,779,535, respectively.
- Several large projects were under construction with approximate total costs incurred through June 30, 2024, as follows:
 - \$4.2 million for a new parks department building
 - \$14.7 million the Family Park construction
 - \$8.5 million for a new fire station
 - \$3.1 million for the new City hall campus

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2024

- Construction of the City's fiber network began in 2023 with total costs incurred through June 30, 2024 of approximately \$26.3 million.
- As of June 30, 2024, the City had incurred approximately \$19.6 million for the acquisition of a power generation facility.
- In the electric fund, approximately \$3.0 million was spent on subdivision construction projects.
- In the water fund, the City incurred expenditures of approximately \$3.7 million on the City's Flight Park reservoir and pipeline.

LEHI CITY CORPORATION
CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 177,843,775	\$ 173,861,103	\$ 4,321,964	\$ 4,321,964	\$ 182,165,739	\$ 178,183,067
Intangibles	-	-	61,923,345	61,360,305	61,923,345	61,360,305
Construction in progress	35,866,234	8,475,331	61,321,845	19,692,541	97,188,079	28,167,872
Buildings and structures	29,544,844	31,661,393	9,233,946	9,682,676	38,778,790	41,344,069
Improvements, including infrastructure	153,507,640	161,006,387	353,738,555	340,803,534	507,246,195	501,809,921
Machinery, equipment, and vehicles	10,569,122	9,398,540	1,400,146	1,307,359	11,969,268	10,705,899
Office furniture and equipment	19,268	23,498	3,714	6,348	22,982	29,846
Right to use leased assets	218,450	22,688	-	-	218,450	22,688
Total	<u>\$ 407,569,333</u>	<u>\$ 384,448,940</u>	<u>\$ 491,943,515</u>	<u>\$ 437,174,727</u>	<u>\$ 899,512,848</u>	<u>\$ 821,623,667</u>

Additional information on the City's capital assets can be found in Notes G and H on pages 63-65 of this report.

Long-term obligations. At the end of the current fiscal year the City had total bonded debt outstanding of \$178,540,566, with the majority of the debt secured solely by specified revenue sources (i.e. revenue bonds).

LEHI CITY CORPORATION
LONG-TERM OBLIGATIONS

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Tax increment notes payable to developers	\$ 36,121,828	\$ 37,912,094	\$ -	\$ -	\$ 36,121,828	\$ 37,912,094
Other notes payable	3,014,578	3,830,109	895,530	969,663	3,910,108	4,799,772
Revenue bonds	61,854,747	63,177,140	116,685,819	99,675,194	178,540,566	162,852,334
Lease liabilities	232,548	36,438	-	-	232,548	36,438
Other liabilities	10,121,329	8,465,292	2,448,884	1,949,150	12,570,213	10,414,442
Total	<u>\$ 111,345,030</u>	<u>\$ 113,421,073</u>	<u>\$ 120,030,233</u>	<u>\$ 102,594,007</u>	<u>\$ 231,375,263</u>	<u>\$ 216,015,080</u>

LEHI CITY CORPORATION

Management's Discussion and Analysis

For the Year Ended June 30, 2024

The City's long-term obligations increased during 2024 by a net of \$15,360,183. In addition to regularly scheduled debt service payments, this change was the result of several factors:

- The City issued electric revenue bonds in the amount of \$18,970,000 at a premium of \$772,981.
- At June 30, 2024 the City reported, in accordance with the requirements of GAAP, a net pension liability totaling \$5,933,021, compared to a net pension liability of \$4,331,229 at June 30, 2023.

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 2022 Local Building Authority bonds, 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 \$748,892,989 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 \$1,497,785,978, 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 66-84 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City continues to grow rapidly. During the year, the total value of property in the City increased by 9.4% to an estimated market value of \$18,722,324,725.
- 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 2025 fiscal year, pressurized irrigation rates were increased by 5%, while culinary rates were not changed. Storm drain rates increased at the same time from \$5.50 to \$5.75 per month. Sewer rates were increased by 25% primarily due to increases to treatment charged. 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 and will remain in place to offset substantial losses in the 2023 fiscal year.
- Consistent with conditions throughout the State of Utah, growth in Lehi continues to trend positively, although at a somewhat slower pace. Sales tax revenues increased 4.5% from fiscal year 2023 to fiscal year 2024. As of August 2024, the State of Utah reports an unemployment rate of 3.3% with a rate of 3.7% in Utah County. The City's population increased from 84,373 to 90,227.

LEHI CITY CORPORATION
Management's Discussion and Analysis
For the Year Ended June 30, 2024

- In December 2023, bonds with a par amount \$18.97 million were issued. The proceeds were used for the expansion of the City's power generation facility. The peaking facility allows the City's power utility to produce power rather than purchase power when market prices are excessive.
- Construction continues on the City's fiber network. Currently, approximately 50% of the households in the City have access to the network. It is anticipated all Lehi households will have access to the network by summer 2025. The first customers went live during Spring 2023.

The above factors were considered in preparing the City's budget for the 2025 fiscal year. Budgeted revenues and expenditures for the upcoming year total \$354,420,812. This is an increase from the 2024 fiscal year opening budget of \$307,018,940. 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 511 residential and 134 commercial building permits were issued. This is fewer permits than the City has issued in recent 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, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 20,487,748	\$ 46,595,777	\$ 67,083,525
INVESTMENTS	20,166,386	-	20,166,386
RECEIVABLES (NET)			
ACCOUNTS	-	8,629,627	8,629,627
UNBILLED	-	1,111,789	1,111,789
TAXES	30,133,365	-	30,133,365
INTERGOVERNMENTAL	1,406,491	11,910,216	13,316,707
LEASES	1,124,400	-	1,124,400
OTHER	1,167,331	-	1,167,331
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	378,116	378,116
INVENTORY	47,659	19,951,062	19,998,721
RESTRICTED CASH AND CASH EQUIVALENTS	59,523,430	84,219,861	143,743,291
RESTRICTED RECEIVABLES	1,418,019	-	1,418,019
NET PENSION ASSET	1,104,038	-	1,104,038
NON-DEPRECIABLE CAPITAL ASSETS	213,710,009	127,567,154	341,277,163
DEPRECIABLE CAPITAL ASSETS, NET	193,859,324	364,376,361	558,235,685
TOTAL ASSETS	\$ 544,148,200	\$ 664,739,963	\$ 1,208,888,163
DEFERRED OUTFLOWS OF RESOURCES			
ADVANCE FUNDING OF UAMPS PROJECT	\$ -	\$ 5,364,139	\$ 5,364,139
PREPAID BOND INSURANCE	-	641,480	641,480
DEFERRED OUTFLOWS RELATED TO PENSIONS	7,300,646	1,946,244	9,246,890
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 7,300,646	\$ 7,951,863	\$ 15,252,509
LIABILITIES			
INTERFUND BALANCES	\$ (5,403,890)	\$ 5,403,890	\$ -
ACCOUNTS PAYABLE	4,068,678	10,108,067	14,176,745
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
ACCOUNTS PAYABLE	3,882,494	29,454,275	33,336,769
ACCRUED INTEREST	-	896,353	896,353
WAGES PAYABLE	465,390	126,886	592,276
ACCRUED LIABILITIES	4,289,280	-	4,289,280
ACCRUED INTEREST PAYABLE	192,158	213,099	405,257
CUSTOMER DEPOSITS	-	59,875	59,875
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR	4,036,930	3,482,694	7,519,624
DUE IN MORE THAN ONE YEAR:			
COMPENSATED ABSENCES	2,721,065	703,667	3,424,732
NET PENSION LIABILITY	4,805,194	1,127,827	5,933,021
LANDFILL POSTCLOSURE COSTS	591,012	-	591,012
LEASE LIABILITIES	108,061	-	108,061
TAX INCREMENT NOTE PAYABLE TO DEVELOPER	36,121,828	-	36,121,828
OTHER NOTES PAYABLE	2,351,193	820,226	3,171,419
BONDS PAYABLE	60,609,747	113,895,819	174,505,566
TOTAL LIABILITIES	\$ 118,839,140	\$ 166,292,678	\$ 285,131,818
DEFERRED INFLOWS OF RESOURCES			
PROPERTY TAXES	\$ 25,336,948	\$ -	\$ 25,336,948
LEASES	1,124,400	-	1,124,400
DEFERRED GRANT REVENUE	524,133	8,659,500	9,183,633
DEFERRED INFLOWS RELATED TO PENSIONS	90,207	28,383	118,590
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 27,075,688	\$ 8,687,883	\$ 35,763,571
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	\$ 381,213,748	\$ 417,619,725	\$ 798,833,473
RESTRICTED FOR			
CAPITAL IMPROVEMENTS	54,985,273	28,323,618	83,308,891
PARKS AND RECREATION	975,074	-	975,074
PENSION	1,104,038	-	1,104,038
DEBT SERVICE	6,672	-	6,672
UNRESTRICTED (DEFICIT)	(32,750,787)	51,767,922	19,017,135
TOTAL NET POSITION	\$ 405,534,018	\$ 497,711,265	\$ 903,245,283

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
GENERAL GOVERNMENT	\$ 10,418,768	\$ 1,447,320	\$ -	\$ -	\$ (8,971,448)	\$ -	\$ (8,971,448)	
PUBLIC SAFETY	24,922,190	2,667,131	966,281	319,071	(20,969,707)	-	(20,969,707)	
COMMUNITY DEVELOPMENT	8,921,849	4,163,550	-	216,596	(4,541,703)	-	(4,541,703)	
STREETS AND HIGHWAYS	19,234,450	-	3,605,995	10,131,606	(5,496,849)	-	(5,496,849)	
PARKS, RECREATION AND CULTURE	16,691,486	4,545,933	73,346	2,537,692	(9,534,515)	-	(9,534,515)	
CEMETERY	624,919	370,975	-	-	(253,944)	-	(253,944)	
INTEREST ON LONG-TERM DEBT	1,903,478	-	-	-	(1,903,478)	-	(1,903,478)	
TOTAL GOVERNMENTAL ACTIVITIES	82,717,140	13,194,909	4,645,622	13,204,965	(51,671,644)	-	(51,671,644)	
BUSINESS-TYPE ACTIVITIES								
WATER	24,096,622	14,163,108	7,340,279	13,267,762	-	10,674,527	10,674,527	
SEWER	15,553,923	11,584,389	-	3,006,885	-	(962,649)	(962,649)	
ELECTRIC	52,841,595	53,305,560	-	7,371,787	-	7,835,752	7,835,752	
FIBER	2,828,805	386,873	-	-	-	(2,441,932)	(2,441,932)	
NONMAJOR ACTIVITIES	9,057,426	7,944,284	-	1,871,801	-	758,659	758,659	
TOTAL BUSINESS-TYPE ACTIVITIES	104,378,371	87,384,214	7,340,279	25,518,235	-	15,864,357	15,864,357	
TOTAL PRIMARY GOVERNMENT	\$ 187,095,511	\$ 100,579,123	\$ 11,985,901	\$ 38,723,200	(51,671,644)	15,864,357	(35,807,287)	
GENERAL REVENUES:								
PROPERTY TAXES					21,350,254	-	21,350,254	
SALES TAXES					23,641,011	-	23,641,011	
FRANCHISE AND OTHER TAXES					9,645,182	-	9,645,182	
INVESTMENT EARNINGS					5,109,947	6,683,259	11,793,206	
GAIN ON DISPOSAL OF CAPITAL ASSETS					120,246	22,650	142,896	
OTHER					1,214,005	952,616	2,166,621	
TOTAL GENERAL REVENUES					61,080,645	7,658,525	68,739,170	
TRANSFERS					-	-	-	
TOTAL GENERAL REVENUES AND TRANSFERS					61,080,645	7,658,525	68,739,170	
CHANGE IN NET POSITION					9,409,001	23,522,882	32,931,883	
NET POSITION AT BEGINNING OF YEAR					396,125,017	474,188,383	870,313,400	
NET POSITION AT END OF YEAR					\$ 405,534,018	\$ 497,711,265	\$ 903,245,283	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

		SPECIAL REVENUE FUNDS					
	GENERAL	REDEVELOPMENT AGENCY	LOCAL BUILDING AUTHORITY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS	
ASSETS							
CASH AND CASH EQUIVALENTS	\$ 12,938,500	\$ 2,244,108	\$ -	\$ 4,193,317	\$ 100,438	\$ 19,476,363	
INVESTMENTS	12,708,211	2,404,196	-	5,053,979	-	20,166,386	
RECEIVABLES							
TAXES	18,935,558	11,197,807	-	-	-	30,133,365	
INTERGOVERNMENTAL	-	-	-	1,406,491	-	1,406,491	
LEASES	1,124,400	-	-	-	-	1,124,400	
OTHER	986,562	179,412	-	-	-	1,165,974	
DUE FROM OTHER FUNDS	-	-	-	8,501,896	-	8,501,896	
RESTRICTED ASSETS							
CASH AND CASH EQUIVALENTS	7,743,450	-	38,298,521	13,266,202	-	59,308,173	
RECEIVABLES	1,368,019	-	-	50,000	-	1,418,019	
TOTAL ASSETS	<u>\$ 55,804,700</u>	<u>\$ 16,025,523</u>	<u>\$ 38,298,521</u>	<u>\$ 32,471,885</u>	<u>\$ 100,438</u>	<u>\$ 142,701,067</u>	
LIABILITIES							
ACCOUNTS PAYABLE	\$ 980,397	\$ 159,541	\$ 1,217,162	\$ 2,781,620	\$ 134	\$ 5,138,854	
DUE TO OTHER FUNDS	-	-	2,326,596	-	-	2,326,596	
LIABILITIES PAYABLE FROM							
RESTRICTED ASSETS	951,471	-	1,067,312	646,549	-	2,665,332	
WAGES PAYABLE	436,685	-	-	-	-	436,685	
ACCRUED LIABILITIES	4,289,280	-	-	-	-	4,289,280	
TOTAL LIABILITIES	6,657,833	159,541	4,611,070	3,428,169	134	14,856,747	
DEFERRED INFLOWS OF RESOURCES							
TAXES	14,139,141	11,197,807	-	-	-	25,336,948	
LEASES	1,124,400	-	-	-	-	1,124,400	
ADVANCE RECEIPT OF							
GRANT REVENUE	-	-	-	524,133	-	524,133	
TOTAL DEFERRED INFLOWS OF							
RESOURCES	15,263,541	11,197,807	-	524,133	-	26,985,481	
FUND BALANCES							
RESTRICTED	8,159,998	-	-	12,669,653	-	20,829,651	
COMMITTED	709,301	-	-	-	-	709,301	
ASSIGNED	25,919	4,668,175	33,687,451	15,849,930	100,304	54,331,779	
UNASSIGNED	24,988,108	-	-	-	-	24,988,108	
TOTAL FUND BALANCE	<u>33,883,326</u>	<u>4,668,175</u>	<u>33,687,451</u>	<u>28,519,583</u>	<u>100,304</u>	<u>100,858,839</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS							
OF RESOURCES, AND FUND BALANCES	<u>\$ 55,804,700</u>	<u>\$ 16,025,523</u>	<u>\$ 38,298,521</u>	<u>\$ 32,471,885</u>	<u>\$ 100,438</u>	<u>\$ 142,701,067</u>	

LEHI CITY CORPORATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
TOTAL GOVERNMENTAL FUND BALANCES	\$ 100,858,839
CAPITAL AND RIGHT TO USE ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	407,569,333
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(111,345,030)
INTEREST PAYABLE ON LONG-TERM FINANCIAL RESOURCES IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(192,158)
THE CURRENT ASSETS, RESTRICTED CASH AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	1,099,967
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	8,314,477
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	(771,410)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 405,534,018</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, 2024**

		SPECIAL REVENUE FUNDS				
	GENERAL	REDEVELOPMENT AGENCY	LOCAL BUILDING AUTHORITY	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES						
TAXES	\$ 47,476,784	\$ 7,000,123	\$ -	\$ 159,540	\$ -	\$ 54,636,447
LICENSES, FEES AND PERMITS	2,349,975	-	-	3,821,865	-	6,171,840
INTERGOVERNMENTAL	6,788,991	-	-	1,697,903	-	8,486,894
CHARGES FOR SERVICES	9,173,315	-	-	-	-	9,173,315
FINES AND FORFEITURES	972,615	-	-	-	-	972,615
MISCELLANEOUS	1,672,122	-	-	240,887	-	1,913,009
INTEREST ON INVESTMENTS	1,910,235	122,562	1,039,296	1,918,412	42,944	5,033,449
TOTAL REVENUES	70,344,037	7,122,685	1,039,296	7,838,607	42,944	86,387,569
EXPENDITURES						
CURRENT						
GENERAL GOVERNMENT	9,455,395	-	-	-	-	9,455,395
PUBLIC SAFETY	23,625,281	-	-	-	-	23,625,281
COMMUNITY DEVELOPMENT	4,082,480	4,268,799	-	-	-	8,351,279
STREETS AND HIGHWAYS	7,431,590	-	-	-	-	7,431,590
PARKS, RECREATION AND CULTURE	14,650,500	-	-	-	-	14,650,500
CEMETERY	625,542	-	-	-	-	625,542
OTHER	-	-	2,000	339,197	3,400	344,597
CAPITAL OUTLAY	-	-	10,956,467	21,972,346	-	32,928,813
DEBT SERVICE						
PRINCIPAL	22,797	1,790,266	109,041	159,540	985,000	3,066,644
INTEREST AND FISCAL CHARGES	1,303	-	1,521,334	-	872,032	2,394,669
TOTAL EXPENDITURES	59,894,888	6,059,065	12,588,842	22,471,083	1,860,432	102,874,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,449,149	1,063,620	(11,549,546)	(14,632,476)	(1,817,488)	(16,486,741)
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	748,235	-	13,620,675	2,660,140	1,866,888	18,895,938
TRANSFERS OUT	(5,437,707)	(748,235)	-	(13,209,996)	-	(19,395,938)
ISSUANCE OF LEASE LIABILITIES	-	-	227,948	-	-	227,948
SALE OF CAPITAL ASSETS	53,854	-	-	-	-	53,854
TOTAL OTHER FINANCING SOURCES (USES)	(4,635,618)	(748,235)	13,848,623	(10,549,856)	1,866,888	(218,198)
NET CHANGE IN FUND BALANCE	5,813,531	315,385	2,299,077	(25,182,332)	49,400	(16,704,939)
FUND BALANCE AT BEGINNING OF YEAR	28,069,795	4,352,790	31,388,374	53,701,915	50,904	117,563,778
FUND BALANCE AT END OF YEAR	\$ 33,883,326	\$ 4,668,175	\$ 33,687,451	\$ 28,519,583	\$ 100,304	\$ 100,858,839

**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, 2024**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (16,704,939)
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	36,171,545
DEPRECIATION EXPENSE	(20,197,376)
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES SUCH AS COMPENSATED ABSENCES, ACCRUED INTEREST, LANDFILL POST-CLOSURE COSTS, DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS	
	1,060,610
REPAYMENT OF PRINCIPAL IS AN EXPENDITURE IN GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION	
	3,066,644
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	269,671 (71,034)
ISSUANCE OF DEBT IS AN OTHER FINANCING SOURCE IN THE FUNDS, BUT A DEBT ISSUE INCREASES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION	
	(227,948)
TRANSFER TO INTERNAL SERVICE FUND NETS TO ZERO IN THE STATEMENT OF ACTIVITIES	
	500,000
DEVELOPER CONTRIBUTIONS OF INFRASTRUCTURE NOT RECORDED IN GOVERNMENTAL FUNDS	
	5,541,828
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 9,409,001

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, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES	\$ 42,422,297	\$ 42,422,297	\$ 47,476,784	\$ 5,054,487
LICENSES, FEES AND PERMITS	3,344,000	3,344,000	2,349,975	(994,025)
INTERGOVERNMENTAL REVENUE	5,428,068	5,464,568	6,788,991	1,324,423
CHARGES FOR SERVICE	9,355,568	9,355,568	9,173,315	(182,253)
FINES AND FORFEITURES	737,500	737,500	972,615	235,115
MISCELLANEOUS REVENUE	1,604,500	1,604,500	1,672,122	67,622
INTEREST ON INVESTMENTS	101,000	101,000	1,910,235	1,809,235
TOTAL REVENUES	62,992,933	63,029,433	70,344,037	7,314,604
EXPENDITURES				
GENERAL GOVERNMENT	9,844,754	9,664,754	9,455,395	209,359
PUBLIC SAFETY	24,027,293	24,243,793	23,625,281	618,512
COMMUNITY DEVELOPMENT	4,482,274	4,482,274	4,082,480	399,794
STREETS AND HIGHWAYS	10,344,032	12,869,932	7,431,590	5,438,342
PARKS, RECREATIONS AND CULTURE	14,651,822	14,771,822	14,650,500	121,322
CEMETERY	679,818	679,818	625,542	54,276
DEBT SERVICE	-	24,100	24,100	-
TOTAL EXPENDITURES	64,029,993	66,736,493	59,894,888	6,841,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,037,060)	(3,707,060)	10,449,149	14,156,209
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,600,000	1,600,000	748,235	(851,765)
TRANSFERS OUT	(4,827,573)	(5,827,573)	(5,437,707)	389,866
PROCEEDS FROM LEASE LIABILITY	-	-	-	-
SALE OF CAPITAL ASSETS	10,000	10,000	53,854	43,854
TOTAL OTHER FINANCING SOURCES (USES)	(3,217,573)	(4,217,573)	(4,635,618)	(418,045)
NET CHANGE IN FUND BALANCE	(4,254,633)	(7,924,633)	5,813,531	13,738,164
FUND BALANCE AT BEGINNING OF YEAR	28,069,795	28,069,795	28,069,795	-
FUND BALANCE AT END OF YEAR	\$ 23,815,162	\$ 20,145,162	\$ 33,883,326	\$ 13,738,164

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, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES	\$ 15,295,000	\$ 15,910,000	\$ 7,000,123	\$ (8,909,877)
INTEREST ON INVESTMENTS	7,500	7,500	122,562	115,062
TOTAL REVENUES	15,302,500	15,917,500	7,122,685	(8,794,815)
EXPENDITURES				
CURRENT				
COMMUNITY DEVELOPMENT	13,751,200	13,751,200	4,268,799	9,482,401
DEBT SERVICE	1,765,228	2,380,228	1,790,266	589,962
TOTAL EXPENDITURES	15,516,428	16,131,428	6,059,065	10,072,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(213,928)	(213,928)	1,063,620	1,277,548
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(1,778,572)	(1,778,572)	(748,235)	1,030,337
TOTAL OTHER FINANCING SOURCES (USES)	(1,778,572)	(1,778,572)	(748,235)	1,030,337
NET CHANGE IN FUND BALANCE	(1,992,500)	(1,992,500)	315,385	2,307,885
FUND BALANCE AT BEGINNING OF YEAR	4,352,790	4,352,790	4,352,790	-
FUND BALANCE AT END OF YEAR	\$ 2,360,290	\$ 2,360,290	\$ 4,668,175	\$ 2,307,885

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, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
INTEREST ON INVESTMENTS	\$ -	\$ -	\$ 1,039,296	\$ 1,039,296
TOTAL REVENUES	-	-	1,039,296	1,039,296
EXPENDITURES				
CURRENT				
OTHER	2,000	2,000	2,000	-
CAPITAL OUTLAY	286,000	42,806,508	10,956,467	31,850,041
DEBT SERVICE				
PRINCIPAL	110,000	110,000	109,041	959
INTEREST	1,522,675	1,522,675	1,521,334	1,341
TOTAL EXPENDITURES	1,920,675	44,441,183	12,588,842	31,852,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,920,675)	(44,441,183)	(11,549,546)	32,891,637
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,620,675	13,620,675	13,620,675	-
ISSUANCE OF LEASE LIABILITY	-	-	227,948	-
TOTAL OTHER FINANCING SOURCES (USES)	1,620,675	13,620,675	13,848,623	-
NET CHANGE IN FUND BALANCE	(300,000)	(30,820,508)	2,299,077	32,891,637
FUND BALANCE AT BEGINNING OF YEAR	31,388,374	31,388,374	31,388,374	-
FUND BALANCE AT END OF YEAR	<u>\$ 31,088,374</u>	<u>\$ 567,866</u>	<u>\$ 33,687,451</u>	<u>\$ 32,891,637</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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LEHI CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL
					NONMAJOR PROPRIETARY FUNDS	TOTAL BUSINESS- TYPE FUNDS	ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	SEWER	ELECTRIC	FIBER			
ASSETS							
CURRENT ASSETS							
CASH AND CASH EQUIVALENTS	\$ 14,208,013	6,153,393	\$ 19,296,276	\$ 585,686	\$ 6,352,409	\$ 46,595,777	\$ 1,011,385
RECEIVABLES (NET):							
ACCOUNTS	1,268,015	1,109,496	5,333,890	139,795	778,431	8,629,627	1,357
UNBILLED	188,510	140,242	674,751	-	108,286	1,111,789	-
INTERGOVERNMENTAL	11,910,216	-	-	-	-	11,910,216	-
DUE FROM OTHER FUNDS	-	-	509	-	-	509	8,883
REFUND DUE FROM DEPOSIT							
WITH POWER SUPPLIER	-	-	378,116	-	-	378,116	-
INVENTORY	7,335,230	18,927	8,391,953	4,197,900	7,052	19,951,062	47,659
TOTAL CURRENT ASSETS	34,909,984	7,422,058	34,075,495	4,923,381	7,246,178	88,577,096	1,069,284
NON-CURRENT ASSETS							
RESTRICTED CASH AND CASH EQUIVALENTS	7,626,341	5,585,931	27,792,307	42,547,605	667,677	84,219,861	215,257
NONDEPRECIABLE CAPITAL ASSETS	71,897,247	133,740	28,249,553	26,262,837	1,023,777	127,567,154	188,400
DEPRECIABLE CAPITAL ASSETS, NET	149,985,946	62,434,424	100,420,499	-	51,535,492	364,376,361	9,122,493
TOTAL NON-CURRENT ASSETS	229,509,534	68,154,095	156,462,359	68,810,442	53,226,946	576,163,376	9,526,150
TOTAL ASSETS	\$ 264,419,518	\$ 75,576,153	\$ 190,537,854	\$ 73,733,823	\$ 60,473,124	\$ 664,740,472	\$ 10,595,434
DEFERRED OUTFLOWS OF RESOURCES							
ADVANCE FUNDING OF UAMPS PROJECT	\$ -	\$ -	\$ 5,364,139	\$ -	\$ -	\$ 5,364,139	\$ -
PREPAID BOND INSURANCE	-	-	72,728	568,752	-	641,480	-
DEFERRED OUTFLOWS RELATED TO PENSIONS	462,242	150,966	1,025,115	112,492	195,429	1,946,244	433,784
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 462,242	\$ 150,966	\$ 6,461,982	\$ 681,244	\$ 195,429	\$ 7,951,863	\$ 433,784

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	SEWER	ELECTRIC	FIBER	NONMAJOR PROPRIETARY FUNDS	TOTALS	
LIABILITIES							
CURRENT LIABILITIES							
ACCOUNTS PAYABLE	\$ 2,392,425	\$ 1,392,713	\$ 5,844,790	\$ -	\$ 478,139	\$ 10,108,067	\$ 146,986
WAGES PAYABLE	30,348	9,545	67,267	6,538	13,188	126,886	28,705
ACCRUED INTEREST PAYABLE	86,827	-	125,689	-	583	213,099	-
DUE TO OTHER FUNDS	-	-	-	6,175,300	509	6,175,809	8,883
PAYABLE FROM RESTRICTED ASSETS:							
ACCOUNTS PAYABLE	1,219,627	9,845	19,489,336	8,735,467	-	29,454,275	-
ACCRUED INTEREST	-	-	-	896,353	-	896,353	63,157
CUSTOMER DEPOSITS	55,800	-	4,075	-	-	59,875	-
CURRENT PORTION COMPENSATED ABSENCES	141,452	48,029	355,868	23,179	48,862	617,390	137,756
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	540,304	-	1,205,000	915,000	205,000	2,865,304	663,385
TOTAL CURRENT LIABILITIES	4,466,783	1,460,132	27,092,025	16,751,837	746,281	50,517,058	1,048,872
NON-CURRENT LIABILITIES							
COMPENSATED ABSENCES	172,510	44,434	442,197	19,822	24,704	703,667	129,132
NET PENSION LIABILITY	267,864	87,483	594,043	65,188	113,249	1,127,827	251,373
NOTES PAYABLE, LESS CURRENT MATURITIES	820,226	-	-	-	-	820,226	-
BONDS PAYABLE, LESS CURRENT MATURITIES	20,570,889	-	32,659,326	60,665,604	-	113,895,819	2,271,187
TOTAL NON-CURRENT LIABILITIES	21,831,489	131,917	33,695,566	60,750,614	137,953	116,547,539	2,651,692
TOTAL LIABILITIES	\$ 26,298,272	\$ 1,592,049	\$ 60,787,591	\$ 77,502,451	\$ 884,234	\$ 167,064,597	\$ 3,700,564
DEFERRED INFLOWS OF RESOURCES							
DEFERRED GRANT REVENUES	\$ 8,659,500	\$ -	\$ -	\$ -	\$ -	\$ 8,659,500	\$ -
DEFERRED INFLOWS RELATED TO PENSIONS	6,741	2,202	14,949	1,641	2,850	28,383	6,326
DEFERRED INFLOWS RELATED TO PENSIONS	\$ 8,666,241	\$ 2,202	\$ 14,949	\$ 1,641	\$ 2,850	\$ 8,687,883	\$ 6,326
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS	\$ 199,951,774	\$ 62,568,164	\$ 95,519,944	\$ 7,225,574	\$ 52,354,269	\$ 417,619,725	\$ 6,187,921
RESTRICTED FOR							
CAPITAL PROJECTS	14,495,495	5,576,086	7,584,730	-	667,307	28,323,618	-
UNRESTRICTED (DEFICIT)	15,469,978	5,988,618	33,092,622	(10,314,599)	6,759,893	50,996,512	1,134,407
TOTAL NET POSITION (DEFICIT)	\$ 229,917,247	\$ 74,132,868	\$ 136,197,296	\$ (3,089,025)	\$ 59,781,469	496,939,855	\$ 7,322,328
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS							
CURRENT YEAR ADJUSTMENT						71,034	
CUMULATIVE ADJUSTMENT FROM PRIOR YEARS						700,376	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						\$ 497,711,265	

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, 2024

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	SEWER	ELECTRIC	FIBER	NONMAJOR PROPRIETARY FUNDS	TOTALS	
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)							
CHARGES FOR SERVICES	\$ 13,505,106	\$ 11,584,389	\$ 52,971,508	\$ 386,873	\$ 7,944,284	\$ 86,392,160	\$ 8,643,975
HOOK-UP AND SERVICING FEES	658,002	-	334,052	-	-	992,054	-
MISCELLANEOUS REVENUES	345,654	32,039	541,523	-	33,400	952,616	356,911
TOTAL OPERATING REVENUES	14,508,762	11,616,428	53,847,083	386,873	7,977,684	88,336,830	9,000,886
OPERATING EXPENSES							
PERSONNEL	2,739,771	869,156	5,353,474	574,305	1,061,750	10,598,456	2,748,553
GENERAL ADMINISTRATION	344,032	256,944	885,788	1,750	90,666	1,579,180	-
OPERATING AND MAINTENANCE	6,120,025	11,359,997	39,885,971	394,041	5,461,151	63,221,185	4,326,320
INTERFUND CHARGES	532,284	298,560	836,268	-	223,992	1,891,104	-
DEPRECIATION	6,061,307	2,769,266	4,807,762	-	2,203,538	15,841,873	1,693,680
TOTAL OPERATING EXPENSES	15,797,419	15,553,923	51,769,263	970,096	9,041,097	93,131,798	8,768,553
OPERATING INCOME (LOSS)	(1,288,657)	(3,937,495)	2,077,820	(583,223)	(1,063,413)	(4,794,968)	232,333
NON-OPERATING REVENUES (EXPENSES)							
DEVELOPER FEES	7,340,279	-	-	-	-	7,340,279	-
WATER ACCESS RIGHTS	(7,340,279)	-	-	-	-	(7,340,279)	-
GOVERNMENT GRANTS	5,322,333	-	-	-	-	5,322,333	-
INTEREST INCOME	1,507,403	648,162	1,677,754	2,494,064	355,876	6,683,259	76,498
INTEREST EXPENSE	(958,924)	-	(1,143,366)	(1,858,709)	(16,329)	(3,977,328)	(105,552)
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS	-	22,650	-	-	-	22,650	66,392
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,870,812	670,812	534,388	635,355	339,547	8,050,914	37,338
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,582,155	(3,266,683)	2,612,208	52,132	(723,866)	3,255,946	269,671
CAPITAL CONTRIBUTIONS, IMPACT FEES AND OTHER IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	1,889,358	806,741	2,447,179	-	273,089	5,416,367	-
CAPITAL CONTRIBUTIONS	6,056,071	2,200,144	4,924,608	-	1,598,712	14,779,535	-
INCOME (LOSS) BEFORE TRANSFERS	12,527,584	(259,798)	9,983,995	52,132	1,147,935	23,451,848	269,671
TRANSFERS IN	-	-	-	-	-	-	500,000
CHANGE IN NET POSITION	12,527,584	(259,798)	9,983,995	52,132	1,147,935	23,451,848	769,671
NET POSITION AT BEGINNING OF YEAR	217,389,663	74,392,666	126,213,301	(3,141,157)	58,633,534		6,552,657
NET POSITION (DEFICIT) AT END OF YEAR	\$ 229,917,247	\$ 74,132,868	\$ 136,197,296	\$ (3,089,025)	\$ 59,781,469		\$ 7,322,328
ADJUSTMENT TO REFLECT THE CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS						71,034	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (page 35)						\$ 23,522,882	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 14,067,678	\$ 11,428,547	\$ 52,273,755	\$ 248,358	\$ 7,851,966	\$ 85,870,304	\$ -
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	-	-	-	-	-	-	8,652,618
CASH PAID TO SUPPLIERS	(9,247,822)	(11,318,324)	(36,688,282)	(2,846,849)	(5,552,920)	(65,654,197)	(2,839,635)
CASH PAID TO EMPLOYEES	(2,755,446)	(840,053)	(5,343,730)	(606,002)	(1,084,393)	(10,629,624)	(4,304,376)
CASH PAID FOR INTERFUND SERVICES	(532,284)	(298,560)	(836,268)	-	(223,992)	(1,891,104)	-
OTHER RECEIPTS	345,654	32,039	541,523	-	33,400	952,616	356,911
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,877,780	(996,351)	9,946,998	(3,204,493)	1,024,061	8,647,995	1,865,518
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
INTEREST PAID ON INTERFUND BORROWING	-	-	-	-	-	-	(18,006)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	-	-	-	-	-	-	(18,006)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(14,625,290)	(1,003,171)	(4,543,241)	(12,782,221)	(546,553)	(33,500,476)	(3,298,076)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	22,650	-	-	-	22,650	66,392
PROCEEDS FROM INTERFUND BORROWINGS	-	-	-	3,090,150	-	3,090,150	-
CONTRIBUTIONS FROM DEVELOPERS	9,439,772	-	4,460,789	-	-	13,900,561	-
PROCEEDS FROM GOVERNMENT GRANTS	8,260,576	-	-	-	-	8,260,576	-
PAYMENTS MADE FOR WATER ACCESS RIGHTS	(6,772,775)	-	-	-	-	(6,772,775)	-
PROCEEDS FROM ISSUANCE OF BONDS AND NOTES	-	-	19,742,981	-	-	19,742,981	-
PRINCIPAL PAID ON BONDS	(445,000)	-	(605,000)	-	(200,000)	(1,250,000)	-
INTEREST PAID	(1,045,633)	-	(1,214,198)	(3,109,182)	(16,329)	(5,385,342)	-
TRANSFERS IN	-	-	-	-	-	-	500,000
PRINCIPAL PAID ON NOTES PAYABLE	(74,133)	-	-	-	-	(74,133)	(749,684)
IMPACT FEES COLLECTED	1,889,358	806,741	2,447,179	-	273,089	5,416,367	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(3,373,125)	(173,780)	20,288,510	(12,801,253)	(489,793)	3,450,559	(3,481,368)
CASH FLOWS FROM INVESTING ACTIVITIES							
INTEREST INCOME COLLECTED	1,507,403	648,162	1,677,754	2,494,064	355,876	6,683,259	76,498
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,507,403	648,162	1,677,754	2,494,064	355,876	6,683,259	76,498

CONTINUED

LEHI CITY CORPORATION
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	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	12,058	(521,969)	31,913,262	(13,511,682)	890,144	18,781,813	(1,557,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,822,296	12,261,293	15,175,321	56,644,973	6,129,942	112,033,825	2,784,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 21,834,354</u>	<u>\$ 11,739,324</u>	<u>\$ 47,088,583</u>	<u>\$ 43,133,291</u>	<u>\$ 7,020,086</u>	<u>\$ 130,815,638</u>	<u>\$ 1,226,642</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:							
UNRESTRICTED CASH	\$ 14,208,013	\$ 6,153,393	\$ 19,296,276	\$ 585,686	\$ 6,352,409	\$ 46,595,777	\$ 1,011,385
RESTRICTED CASH	7,626,341	5,585,931	27,792,307	42,547,605	667,677	84,219,861	215,257
	<u>\$ 21,834,354</u>	<u>\$ 11,739,324</u>	<u>\$ 47,088,583</u>	<u>\$ 43,133,291</u>	<u>\$ 7,020,086</u>	<u>\$ 130,815,638</u>	<u>\$ 1,226,642</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
CONTRIBUTIONS OF CAPITAL ASSETS FROM DEVELOPERS	\$ 3,956,578	\$ 2,200,144	\$ 463,819	\$ -	\$ 1,598,712	\$ 8,219,253	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (1,288,657)	\$ (3,937,495)	\$ 2,077,820	\$ (583,223)	\$ (1,063,413)	\$ (4,794,968)	\$ 232,333
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
DEPRECIATION	6,061,307	2,769,266	4,807,762	-	2,203,538	15,841,873	1,693,680
CHANGES IN ASSETS AND LIABILITIES							
ACCOUNTS RECEIVABLE	(125,605)	(143,371)	(959,669)	(138,515)	(85,010)	(1,452,170)	8,643
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	20,875	(12,471)	(71,811)	-	(7,308)	(70,715)	-
ADVANCE BILLING ON DEPOSIT WITH POWER SUPPLIER	-	-	442,982	-	-	442,982	-
INVENTORY	(1,737,947)	(325)	707,107	(2,475,090)	4,678	(3,501,577)	(8,057)
ACCOUNTS PAYABLE	(1,045,818)	298,942	2,762,800	-	(6,290)	2,009,634	(72,526)
WAGES PAYABLE	4,215	2,247	7,258	2,230	3,218	19,168	4,777
DUE TO/FROM OTHER FUNDS	-	-	(509)	-	509	-	-
COMPENSATED ABSENCES	10,423	38,085	65,650	11,736	(20,908)	104,986	43,260
AMORTIZATION OF ADVANCE FUNDING OF UAMPS PROJECT	-	-	243,825	-	-	243,825	-
CHANGE IN PREPAID BOND INSURANCE	-	-	(72,728)	24,032	-	(48,696)	-
CHANGES IN NET PENSION ASSET, LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS	(30,313)	(11,229)	(63,164)	(45,663)	(4,953)	(155,322)	(36,592)
CUSTOMER DEPOSITS	9,300	-	(325)	-	-	8,975	-
	<u>\$ 1,877,780</u>	<u>\$ (996,351)</u>	<u>\$ 9,946,998</u>	<u>\$ (3,204,493)</u>	<u>\$ 1,024,061</u>	<u>\$ 8,647,995</u>	<u>\$ 1,865,518</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 Six Member 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, 2024

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, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basic Financial Statements – Fund Financial Statements

Fund financial statements are used to report additional and more detailed information about the primary government and its blended component units. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. 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 accounted 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:

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The City's major enterprise funds are the 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 is used to account for the acquisition, construction, installation and operation of a fiber-optic network; along with 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities category. Nonmajor funds by category are summarized into a single column. GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

Basis of accounting

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

Accrual

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

Modified Accrual

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

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

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

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

Revenues – exchange and non-exchange transactions

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

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

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

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

The City bills utility customers once monthly when the meters are read. The City is divided into two billing districts. Unbilled accounts receivable were \$1,111,789 at June 30, 2024. The accounts receivable are reported net of the allowance for doubtful accounts of \$564,637 at June 30, 2024.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

Accumulated sick leave is earned at a rate of one day per month. Employees may accumulate unlimited sick leave. Upon retirement, employees may have 75% of outstanding sick pay deposited into a Retirement Health Savings Account in their name, which is administered by a third party. Proprietary funds expense 75% of sick pay when it is earned by the employee. Governmental funds report an expenditure when the sick pay is paid. The current portion is the accrued sick pay for employees of governmental funds who terminated prior to year end.

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

Interfund activity

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

Governmental Fund Balance

On governmental fund balance sheets, assets and deferred outflows in excess of liabilities and deferred inflows are reported as fund balances and are segregated into separate classifications indicating the extent to which the City is required to honor constraints on specific purposes for which those funds can be spent.

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, 2024.

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund.

Pensions

For purposes of measuring the net pension 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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgets and budgetary control

Annual budgets are prepared and adopted, in accordance with state law, by the Mayor and City Council on or before June 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, 2024

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, 2024 the book value of cash on deposit was \$8,338,332 and the bank balance was \$9,533,433 (\$8,783,433 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).

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE B – DEPOSITS AND INVESTMENTS - CONTINUED

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.
- *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, 2024, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurement Classification</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Utah Public Treasurer's Investment Fund	\$ 202,271,539	\$ -	\$ 202,271,539	\$ -
Corporate Debt Securities	3,365,628	-	3,365,628	-
Certificates of Deposit	14,857,171	-	14,857,171	-
U.S. Government Securities	1,218,917	1,218,917	-	-
Federal Agency Bonds	352,894	352,894	-	-
Money Market Funds	588,721	588,721	-	-
	<u>\$ 222,654,870</u>	<u>\$ 2,160,532</u>	<u>\$ 220,494,338</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.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE B – DEPOSITS AND INVESTMENTS - CONTINUED

- 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, 2024 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.

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, 2024:

Investment Type	Fair Value	Investment Maturities (in years)				
		Less Than 1	1-5	6-10	More Than 10	
Debt Securities						
Corporate Debt Securities	\$ 3,365,628	\$ 999,847	\$ 2,365,781	\$ -	\$ -	
Certificates of Deposit	14,857,171	4,839,250	10,017,921	-	-	
U.S Government Securities	1,218,917	491,098	727,819	-	-	
Federal Agency Bonds	352,894	-	352,894	-	-	
Money Market Funds	588,721	588,721	-	-	-	
	20,383,331	\$ 6,918,916	\$ 13,464,415	\$ -	\$ -	
Other Investments						
Utah Public Treasurer's Investment Fund	202,271,539					
	\$ 222,654,870					

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 202,271,539	\$ -	\$ -	\$ -	\$ -	\$ 202,271,539
Corporate Debt Securities	3,365,628	-	749,633	2,615,995	-	-
Certificates of Deposit	14,857,171	-	1,528,589	704,690	445,773	12,178,119
U.S Government Securities	1,218,917	1,218,917	-	-	-	-
Federal Agency Bonds	352,894	352,894	-	-	-	-
Money Market Funds	588,721	588,721	-	-	-	-
	<u>\$ 222,654,870</u>	<u>\$ 2,160,532</u>	<u>\$ 2,278,222</u>	<u>\$ 3,320,685</u>	<u>\$ 445,773</u>	<u>\$ 214,449,658</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, 2024, 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, 2024, 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, 2024

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, 2024) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2024, the City had \$202,271,539 invested in the PTIF which had a fair value of \$202,575,652 for an unrealized gain of \$304,113. 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	7.30%
Federal agency bonds	62.76%
Commercial paper	5.33%
Money market accounts	.77%
U.S Treasury bills	23.84%
	<u>100.00%</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE D – RESTRICTED ASSETS

The City's restricted assets consist of the following:

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Restricted cash and cash equivalents			
Reserves for future debt service	\$ 6,672	\$ 15,484	\$ 22,156
Unexpended bond and note proceeds	38,513,778	62,656,437	101,170,215
Unexpended B & C Road funds	6,462,060	-	6,462,060
Unexpended State Grant funds	524,133	-	524,133
Unexpended Parc Tax funds	444,092	-	444,092
Unexpended CDBG funds	11,023	-	11,023
Funds restricted for landfill			
post-closure costs	568,998	-	568,998
Asset forfeiture account funds	63,401	-	63,401
Fund restricted for library	204,899	-	204,899
Unexpended impact fees	12,724,374	21,547,940	34,272,314
Total restricted cash and cash equivalents	59,523,430	84,219,861	143,743,291
Restricted taxes and intergovernmental receivables	1,418,019	-	1,418,019
Total restricted assets	<u>\$ 60,941,449</u>	<u>\$ 84,219,861</u>	<u>\$ 145,161,310</u>

NOTE E – LEASE RECEIVABLES

The City has entered into agreements for the lease of cell phone towers with four cellular service providers in which the City is the lessor. The City calculated an implicit interest rate using the internal rate of return method to calculate the present value of the lease payments. The details of each lease and the balance as of June 30, 2024 is summarized as follows:

	Receivable Balance June 30, 2024	Lease Term Expires	Payment terms
Verizon	\$ 577,225	2040	Monthly payments currently at \$2,600 and increasing annually to \$5,267 in the final year.
T Mobile	277,428	2033	Annual payments currently at \$24,933, increasing annually to \$38,382 in the final year.
Monarch	234,390	2032	Annual payments currently at \$25,929, increasing annually to \$38,382 in the final year.
American	35,357	2032	Monthly payments of \$415 through the end of the lease term.
	<u>\$ 1,124,400</u>		

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE E – LEASE RECEIVABLES - CONTINUED

In 2024, the City recognized \$56,049 of lease revenue and \$37,535 of interest revenue under the leases.

The future receipts included in the measurement of the lease receivables is as follows:

Year ending June 30:	Principal Payments	Interest Payments	Total
2025	\$ 60,818	\$ 35,739	\$ 96,557
2026	66,451	33,769	100,220
2027	72,413	31,617	104,030
2028	78,720	29,272	107,992
2029	85,391	26,721	112,112
2030-2034	448,175	88,817	536,992
2035-2039	262,837	30,349	293,186
2040	49,595	645	50,240
	<u>\$ 1,124,400</u>	<u>\$ 276,929</u>	<u>\$ 1,401,329</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ -	\$ -	\$ -	\$ 6,672	\$ -	\$ 6,672
Externally imposed by grantors	204,899	-	-	585,156	-	790,055
Imposed by law or legislation						
C road funds	7,503,996	-	-	-	-	7,503,996
Less liabilities payable from C road funds	(888,070)	-	-	-	-	(888,070)
Parc tax funds	770,175	-	-	-	-	770,175
Landfill post-closure costs	568,998	-	-	-	-	568,998
Impact fees	-	-	-	12,724,374	-	12,724,374
Less liabilities payable from impact fees or bond proceeds	-	-	-	(646,549)	-	(646,549)
Total restricted	8,159,998	-	-	12,669,653	-	20,829,651
Committed:						
Library Fund	709,301	-	-	-	-	709,301
Total committed	709,301	-	-	-	-	709,301
Assigned:						
Hutchings Museum	25,919	-	-	-	-	25,919
Redevelopment	-	4,668,175	-	-	-	4,668,175
Capital Projects	-	-	33,687,451	15,849,930	-	49,537,381
Debt Service	-	-	-	-	100,304	100,304
Total assigned	25,919	4,668,175	33,687,451	15,849,930	100,304	54,331,779
Unassigned:	24,988,108	-	-	-	-	24,988,108
Total fund balance	<u>\$ 33,883,326</u>	<u>\$ 4,668,175</u>	<u>\$ 33,687,451</u>	<u>\$ 28,519,583</u>	<u>\$ 100,304</u>	<u>\$ 100,858,839</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 is as follows:

	July 1, 2023	Increases	Decreases	June 30, 2024
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 173,861,103	\$ 3,982,672	\$ -	\$ 177,843,775
Construction in progress	8,475,331	28,851,411	1,460,508	35,866,234
Total nondepreciable capital assets	<u>\$ 182,336,434</u>	<u>\$ 32,834,083</u>	<u>\$ 1,460,508</u>	<u>\$ 213,710,009</u>
Depreciable capital assets:				
Buildings	\$ 50,427,086	\$ 90,068	\$ -	\$ 50,517,154
Improvements, including infrastructure	337,695,818	10,006,280	-	347,702,098
Machinery, equipment and vehicles	30,699,678	3,313,578	250,858	33,762,398
Office furniture and equipment	1,666,761	-	-	1,666,761
Right to use leased assets	81,356	227,948	-	309,304
Total depreciable capital assets at historical cost	<u>420,570,699</u>	<u>13,637,874</u>	<u>250,858</u>	<u>433,957,715</u>
Less accumulated depreciation:				
Buildings	18,765,693	2,206,617	-	20,972,310
Improvements, including infrastructure	176,689,431	17,505,027	-	194,194,458
Machinery, equipment and vehicles	21,301,138	2,142,996	250,858	23,193,276
Office furniture and equipment	1,643,263	4,230	-	1,647,493
Right to use leased assets	58,668	32,186	-	90,854
Total accumulated depreciation	<u>218,458,193</u>	<u>21,891,056</u>	<u>250,858</u>	<u>240,098,391</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 202,112,506</u>	<u>\$ (8,253,182)</u>	<u>\$ -</u>	<u>\$ 193,859,324</u>
Depreciation was charged to functions as follows:				
Governmental activities:				
General government			\$ 2,616,226	
Public safety			2,456,332	
Community development			72,920	
Streets and highways, including infrastructure			14,746,499	
Parks, recreation and culture			1,955,854	
Cemetery			43,225	
			<u>\$ 21,891,056</u>	

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE G – CAPITAL ASSETS – CONTINUED

	July 1, 2023	Increases	Decreases	June 30, 2024
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 4,321,964	\$ -	\$ -	\$ 4,321,964
Construction in progress	19,692,541	47,849,990	6,220,686	61,321,845
Intangibles	61,360,305	563,040	-	61,923,345
Total nondepreciable capital assets	<u>\$ 85,374,810</u>	<u>\$ 48,413,030</u>	<u>\$ 6,220,686</u>	<u>\$ 127,567,154</u>
Depreciable capital assets:				
Buildings	\$ 13,408,298	\$ -	\$ -	\$ 13,408,298
Improvements, including infrastructure	483,543,785	28,055,873	-	511,599,658
Machinery, equipment and vehicles	7,061,640	362,445	123,482	7,300,603
Office furniture and equipment	207,160	-	-	207,160
Total depreciable capital assets at historical cost	<u>504,220,883</u>	<u>28,418,318</u>	<u>123,482</u>	<u>532,515,719</u>
Less accumulated depreciation:				
Buildings	3,725,622	448,730	-	4,174,352
Improvements, including infrastructure	142,740,251	15,120,852	-	157,861,103
Machinery, equipment and vehicles	5,754,281	269,658	123,482	5,900,457
Office furniture and equipment	200,812	2,633	-	203,446
Total accumulated depreciation	<u>152,420,966</u>	<u>15,841,873</u>	<u>123,482</u>	<u>168,139,358</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 351,799,917</u>	<u>\$ 12,576,445</u>	<u>\$ -</u>	<u>\$ 364,376,361</u>
Depreciation was charged to functions as follows:				
Business-type activities:				
Culinary water			\$ 2,697,578	
Sewer			2,769,266	
Electric			4,807,762	
Pressurized irrigation			3,363,729	
Drainage			2,203,538	
			<u>\$ 15,841,873</u>	

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE H – RIGHT TO USE LEASED CAPITAL ASSETS

The City has recorded right to use leased capital assets in connection with leases for certain pieces of equipment and temporary library space while new library facilities are under construction. The related leases are discussed in the Leases subsection of the Long-term Obligations note below. The right to use leased capital assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Right to use capital assets				
Leased library space	\$ -	\$ 227,948	\$ -	\$ 227,948
Leased machinery and equipment	81,356	-	-	81,356
Total right to use capital assets	<u>81,356</u>	<u>227,948</u>	<u>-</u>	<u>309,304</u>
Less accumulated amortization				
Leased library space	\$ -	\$ 9,498	\$ -	\$ 9,498
Leased machinery and equipment	58,668	22,688	-	81,356
Total accumulated amortization	<u>58,668</u>	<u>32,186</u>	<u>-</u>	<u>90,854</u>
Right to use capital assets, net	<u>\$ 22,688</u>	<u>\$ 195,762</u>	<u>\$ -</u>	<u>\$ 218,450</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Current Amounts Due
Governmental activities					
Direct Placements					
2014 Sales tax revenue and refunding bonds	\$ 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	-	100,000	28,900,000	220,000
Unamortized premium	2,660,777	-	102,338	2,558,439	-
2019 Sales tax revenue bonds	16,470,000	-	-	16,470,000	830,000
Unamortized premium	1,529,920	-	96,626	1,433,294	-
2018 Sales tax revenue bonds	4,190,000	-	190,000	4,000,000	195,000
Unamortized premium	576,443	-	38,429	538,014	-
Tax increment notes payable to developers	37,912,094	-	1,790,266	36,121,828	-
Other notes payable	3,830,109	-	815,531	3,014,578	663,385
Total bonds and notes payable	104,919,343	-	3,928,190	100,991,153	1,908,385
Other liabilities:					
Lease liabilities	36,438	227,948	31,838	232,548	124,487
Compensated absences	4,276,130	2,126,305	1,677,312	4,725,123	2,004,058
Net pension liability	3,598,150	3,598,150	2,391,106	4,805,194	-
Landfill closure and post- closure care liability	591,012	-	-	591,012	-
	8,501,730	5,952,403	4,100,256	10,353,877	2,128,545
Governmental activities long-term debt	\$ 113,421,073	\$ 5,952,403	\$ 8,028,446	\$ 111,345,030	\$ 4,036,930

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Current Amounts Due
Business-type activities					
Direct Placements					
2010 Drainage refunding bonds	\$ 405,000	\$ -	\$ 200,000	\$ 205,000	\$ 205,000
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	-	875,000	53,015,000	915,000
Unamortized premium	8,927,727	-	362,123	8,565,604	-
2019 Water revenue bonds	15,870,000	-	445,000	15,425,000	465,000
Unamortized premium	2,068,223	-	100,334	1,967,889	-
2018 Electric revenue bonds	13,030,000	-	605,000	12,425,000	635,000
Unamortized premium	1,841,244	-	126,045	1,715,199	-
2023 Electric revenue bonds	-	18,970,000	-	18,970,000	570,000
Unamortized premium	-	772,981	18,854	754,127	-
Note payable to Provo Reservoir Water Users Company	310,229	-	23,153	287,076	23,613
Note payable to Provo River Water Users Association	659,434	-	50,980	608,454	51,691
Total bonds and notes payable	100,644,857	19,742,981	2,806,489	117,581,349	2,865,304
Compensated absences	1,216,071	594,476	489,490	1,321,057	617,390
Net pension liability	733,079	394,748	-	1,127,827	-
	1,949,150	989,224	489,490	2,448,884	617,390
Business-type activities long-term debt	\$ 102,594,007	\$ 20,732,205	\$ 3,295,979	\$ 120,030,233	\$ 3,482,694

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Bonds and notes payable

The City has issued the following notes and bonds payable as of June 30, 2024:

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	\$ 31,458,439
2019 Sales tax revenue bonds	16,470,000	2.41% - 5.00%	1,932,528	2039	17,903,294
2018 Sales tax revenue bonds	5,000,000	4.00% - 5.25%	768,588	2038	4,538,014
2014 Sales tax revenue and refunding bonds	7,210,000	2.30%	-	2024	-
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	16,860,238
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	8,810,569
Note payable to developer	1,000,000	-	-	2025	80,006
Note payable - equipment finance	810,000	1.348%	-	2027	470,299
Note payable - equipment finance	2,200,000	1.686%	-	2026	969,169
Note payable - equipment finance	1,725,000	3.112%	-	2026	1,495,104
Total governmental activities					\$ 100,991,153
Business-type activities					
Bonds Payable					
2010 Storm Drain revenue and refunding bonds	\$ 2,500,000	3.51%	-	2025	\$ 205,000
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	61,580,604
2019 Water revenue bonds	17,205,000	4.00% - 5.00%	2,508,353	2044	17,392,889
2018 Electric revenue bonds	15,640,000	4.00% - 5.00%	2,469,467	2038	14,140,199
2023 Electric revenue bonds	18,970,000	5.00% - 5.25%	772,981	2044	19,724,127
Notes Payable					
Note payable to Provo Reservoir Water User Company	419,011	4.00%	-	2035	287,076
Note payable to Provo River Water Users Association	884,380	4.00%	-	2035	608,454
Total business-type activities					\$ 117,581,349

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, 2024

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

As of June 30, 2024 annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30,	Other			
	Lease Revenue		Sales Tax	
	Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
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	660,000	1,438,925	1,205,000	672,362
2030-2034	4,375,000	6,611,587	6,820,000	2,584,000
2035-2039	5,640,000	5,350,361	8,100,000	1,011,311
2040-2044	7,280,000	3,707,212	-	-
2045-2049	9,410,000	1,578,715	-	-
	28,900,000	24,660,500	20,470,000	7,418,073
Unamortized				
Premium	2,558,439	(2,558,439)	1,971,308	(1,971,308)
	<u>\$ 31,458,439</u>	<u>\$ 22,102,061</u>	<u>\$ 22,441,308</u>	<u>\$ 5,446,765</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Year ending June 30,	Other Notes Payable	
	Equipment	
	Finance	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 663,385	\$ 69,208
2026	677,466	55,125
2027	691,875	40,708
2028	372,639	25,949
2029	260,549	16,469
2030	268,658	8,361
	<u>\$ 2,934,572</u>	<u>\$ 215,820</u>

The other notes payable consist of the following:

- Note payable with a balance at June 30, 2024 of \$1,495,104, 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 \$969,169, 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 \$470,299, 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 \$80,006, 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, 2024

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, 2024, 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
2025	\$ 205,000	\$ 7,196	\$ -	\$ 36,430
2026	-	-	190,000	36,430
2027	-	-	191,000	34,530
2028	-	-	193,000	32,620
2029	-	-	195,000	30,690
2030-2034	-	-	1,236,000	120,370
2035-2039	-	-	1,358,000	55,010
2040	-	-	280,000	2,800
	<u>\$ 205,000</u>	<u>\$ 7,196</u>	<u>\$ 3,643,000</u>	<u>\$ 348,880</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS - CONTINUED

Other Bonds and Notes				
Year ending June 30,	Water		Electric	
	Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 465,000	\$ 771,250	\$ 1,205,000	\$ 651,500
2026	490,000	748,000	1,265,000	621,250
2027	515,000	723,500	1,330,000	589,500
2028	540,000	697,750	1,400,000	556,250
2029	565,000	670,750	1,465,000	521,250
2030-2034	3,290,000	2,899,750	8,505,000	2,017,500
2035-2039	4,200,000	1,990,500	9,610,000	841,750
2040-2044	5,360,000	830,000	6,615,000	-
	15,425,000	9,331,500	31,395,000	5,799,000
Unamortized				
Premium	1,967,889	(1,967,889)	2,469,326	(2,469,326)
	<u>\$ 17,392,889</u>	<u>\$ 7,363,611</u>	<u>\$ 33,864,326</u>	<u>\$ 3,329,674</u>
Franchise and Sales Tax				
Revenue Bonds				
Year ending June 30,	Principal	Interest		
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	1,090,000	1,999,550		
2030-2034	8,365,000	9,081,650		
2035-2039	11,745,000	7,032,000		
2040-2044	14,295,000	4,487,000		
2045-2048	13,635,000	1,390,200		
	53,015,000	32,455,950		
Unamortized				
Premium	8,565,604	(8,565,604)		
	<u>\$ 61,580,604</u>	<u>\$ 23,890,346</u>		

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
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	54,559	5,381	25,542	3,759
2030-2034	283,900	15,629	135,500	11,002
2035-2037	59,121	795	28,733	570
	<u>\$ 608,454</u>	<u>\$ 50,511</u>	<u>\$ 287,076</u>	<u>\$ 35,233</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	\$ 53,847,083	\$ 3,111,023	\$ 14,508,762
Operating expenses (excluding depreciation)	(46,961,501)	(1,643,518)	(9,736,112)
Impact fee revenues	2,447,179	273,089	1,889,358
Interest income	1,677,754	347,971	1,507,403
Net revenues	<u>\$ 11,010,515</u>	<u>\$ 2,088,565</u>	<u>\$ 8,169,411</u>
Aggregate debt service for 2024	<u>\$ 1,816,758</u>	<u>\$ 214,215</u>	<u>\$ 1,274,930</u>
Ratio of net revenues to aggregate debt service	6.06	9.75	6.41
Minimum ratio	1.25	1.25	1.25

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

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 began 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 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, 2024

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
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
2037	1,185,000	1,013,950	2,198,950
2038	1,245,000	951,737	2,196,737
2039	1,310,000	886,737	2,196,737
2040	1,380,000	817,600	2,197,600
2041	1,450,000	745,150	2,195,150
2042	1,530,000	669,025	2,199,025
2043	1,610,000	588,700	2,198,700
2044	1,695,000	504,175	2,199,175
2045	1,780,000	415,187	2,195,187
2046	1,875,000	321,737	2,196,737
2047	1,975,000	223,300	2,198,300
2048	2,085,000	114,316	2,199,316
	<u>\$ 28,900,000</u>	<u>\$ 24,660,500</u>	<u>\$ 53,560,500</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
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>\$ 5,788,500</u>	<u>\$ 22,258,500</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
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>\$ 4,000,000</u>	<u>\$ 1,629,573</u>	<u>\$ 5,629,573</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

Details of Direct Placement Bonds – Business-type Activities

Series 2022 Water Revenue Bond

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
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>\$ 348,880</u>	<u>\$ 3,991,880</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
2025	<u>\$ 205,000</u>	<u>\$ 7,196</u>	<u>\$ 212,196</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

Details of Other Bonds – Business-type Activities

Series 2023 Electric Revenue Bonds

Type:	Public Offering
Purpose:	Power generation facility
Date of issuance:	November 2, 2023
Term:	20 years
Interest rate:	5.00% - 5.25%
Original Issue:	\$18,970,000

Debt service requirements, including interest:

Year ending June 30:	Principal	Interest	Total
2025	\$ 570,000	\$ 965,038	\$ 1,535,038
2026	600,000	936,538	1,536,538
2027	630,000	906,538	1,536,538
2028	665,000	875,038	1,540,038
2029	695,000	841,788	1,536,788
2030	730,000	807,038	1,537,038
2031	765,000	770,538	1,535,538
2032	805,000	732,288	1,537,288
2033	845,000	692,038	1,537,038
2034	890,000	649,787	1,539,787
2035	935,000	605,288	1,540,288
2036	980,000	558,538	1,538,538
2037	1,030,000	509,538	1,539,538
2038	1,080,000	458,038	1,538,038
2039	1,135,000	404,038	1,539,038
2040	1,190,000	347,288	1,537,288
2041	1,255,000	284,812	1,539,812
2042	1,320,000	218,926	1,538,926
2043	1,390,000	149,625	1,539,625
2044	1,460,000	76,650	1,536,650
	<u>\$ 18,970,000</u>	<u>\$11,789,370</u>	<u>\$ 30,759,370</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE J – LONG-TERM OBLIGATIONS – CONTINUED

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
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>\$ 53,015,000</u>	<u>\$32,455,950</u>	<u>\$ 85,470,950</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
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>\$ 15,425,000</u>	<u>\$ 9,331,500</u>	<u>\$ 24,756,500</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
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>\$ 12,425,000</u>	<u>\$ 5,147,500</u>	<u>\$ 17,572,500</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, 2024 the following bonds are considered defeased:

	Bond Series	Defeased Balance
Governmental Activities:	2000 Lease Revenue Bonds	\$475,000

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024:

Net Book Value of Right To Use Asset	Type of Right to Use Asset	Discount Rate	Lease Terms
\$ -	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.
-	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.
218,450	Library facilities	3.47%	Lease executed in June 2024 and requires twenty-four monthly payments of \$9,700. No variable payment components. Discount rate calculated using the City's incremental borrowing rate.
<u>\$ 218,450</u>			

The right to use assets are discussed in more detail at Notes G and H.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

Year ending June 30:	Principal Payments	Interest Payments	Total
2025	\$ 124,487	\$ 1,303	\$ 125,790
2026	108,061	5,849	113,910
	<u>\$ 232,548</u>	<u>\$ 7,152</u>	<u>\$ 239,700</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K – PLEDGED REVENUES

The City has pledged sales tax revenues in the amount of \$27,888,073 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 \$24,029,811 and debt service for the sales tax bonds was \$1,859,698.

The City had pledged tax increment revenues to fund debt service payments on a tax increment note payable to developer of the Thanksgiving Park Project Area. The note was noninterest bearing and timing of the payments on the note was 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 were pledged for debt service payments through the year 2024. Tax increment revenue available for debt service in the current year was \$254,908 which was sufficient to pay off the note.

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 2032. Tax increment revenue available for debt service in the current year was \$202,849. 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 \$8,810,569. 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 \$1,275,287. 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 West Timpanogos Community Development Project Area in the amount of \$16,860,238. 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 \$371,698. 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, 2024

NOTE K – PLEDGED REVENUES – CONTINUED

The City has pledged electric revenues in the amount of \$37,194,000 to fund debt service payments on the City's electric revenue bonds. The 2018 bonds were issued to fund electric system improvements within the City and the 2023 bonds were issued to fund the expansion of the City's power generation facility. Electric revenues have been pledged for debt service payments through the year 2044. 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 net revenues of \$11,010,515 and electric revenue bond debt service payments were \$1,816,758.

The City has pledged drainage revenues in the amount of \$212,196 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 \$2,088,565 and drainage revenue bond debt service payments were \$214,215.

The City has pledged water revenues in the amount of \$28,748,380 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 \$8,169,411 and water revenue bond debt service payments were \$1,274,930.

The City has pledged municipal energy sales and use tax revenues in the amount of \$85,470,950 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, 2024, totaled \$3,085,150. The fiber system is currently under construction with an anticipated completion date of May 2025 and revenues for the year ended June 30, 2025 are anticipated to be approximately \$1.7 million.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024

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, 2024

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, 2024 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Governmental Division Tier 2	N/A	17.77%	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 2 DB Hyebrid Public Safety	2.59%	25.85%	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 Contributory	N/A	7.95%	10.00%
211 - Local Government Noncontributory	N/A	6.19%	10.00%
222 - Public Safety - Contributory	N/A	11.85%	14.00%
222 - Public Safety - Noncontributory	N/A	11.83%	14.00%
232 - Firefighters	N/A	0.08%	14.00%

For fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory	\$ 1,457,186	N/A
Public Safety	785,889	30,234
Firefighters	66,979	279,235
Tier 2 Public Employees	1,493,571	-
Tier 2 Public Safety and Firefighter	1,162,387	78,766
Tier 2 DC Only	96,811	N/A
Tier 2 DC Public Safety and Firefighter	3,420	N/A
Total Contributions	<u>\$ 5,066,243</u>	<u>\$ 388,235</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the City reported a net pension asset of \$1,104,038 and a net pension liability of \$5,933,021.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.9995190%	\$ -	\$ 2,318,449
Public Safety System	1.7009441%	-	2,432,629
Firefighters System	4.7041560%	1,104,038	-
Tier 2 Public Employees System	0.3362231%	-	654,418
Tier 2 Public Safety and Firefighter System	1.4004128%	-	527,525
Total Net Pension Asset/Liability		<u>\$ 1,104,038</u>	<u>\$ 5,933,021</u>

The net pension asset and liability were measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024, the City recognized pension expense of \$4,001,986.

At June 30, 2024, 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	\$ 3,264,864	\$ 46,729
Changes in assumptions	1,785,055	11,341
Net difference between projected and actual earnings on pension plan investments	1,435,539	-
Changes in proportion and differences between contributions and proportionate share of contributions	221,931	60,520
Contributions subsequent to the measurement date	2,539,501	-
Total	<u>\$ 9,246,890</u>	<u>\$ 118,590</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE L - RETIREMENT PLANS – CONTINUED

\$2,539,501 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, 2023.

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:

	Deferred Outflows (Inflows) of Resources
Year Ended June 30,	
2025	\$ 1,747,561
2026	1,512,877
2027	2,910,696
2028	(390,774)
2029	115,074
Thereafter	693,365

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,595,957.

At June 30, 2024, 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	\$ 1,623,403	\$ -
Changes in assumptions	695,718	-
Net difference between projected and actual earnings on pension plan investments	753,939	-
Changes in proportion and differences between contributions and proportionate share of contributions	333	11,735
Contributions subsequent to the measurement date	720,211	-
Total	<u>\$ 3,793,604</u>	<u>\$ 11,735</u>

\$720,211 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, 2023.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
2025	\$ 1,007,086
2026	953,773
2027	1,417,457
2028	(316,658)
2029	-
Thereafter	-

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,022,378.

At June 30, 2024, 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	\$ 423,894	\$ -
Changes in assumptions	213,758	-
Net difference between projected and actual earnings on pension plan investments	348,207	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,391	-
Contributions subsequent to the measurement date	389,657	-
Total	<u>\$ 1,379,907</u>	<u>\$ -</u>

\$389,657 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, 2023.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
2025	\$ 400,598
2026	61,041
2027	680,087
2028	(151,476)
2029	-
Thereafter	-

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

For the year ended June 30, 2024, the City recognized pension benefit of \$142,257.

At June 30, 2024, 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	\$ 725,872	\$ -
Changes in assumptions	116,636	-
Net difference between projected and actual earnings on pension plan investments	204,292	-
Changes in proportion and differences between contributions and proportionate share of contributions	105,160	19,016
Contributions subsequent to the measurement date	33,618	-
Total	<u>\$ 1,185,578</u>	<u>\$ 19,016</u>

\$33,618 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, 2023.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
2025	\$ 229,589
2026	347,591
2027	560,056
2028	(4,292)
2029	-
Thereafter	-

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

For the year ended June 30, 2024, the City recognized pension expense of \$854,410.

At June 30, 2024, 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	\$ 209,606	\$ 10,718
Changes in assumptions	374,586	517
Net difference between projected and actual earnings on pension plan investments	73,899	-
Changes in proportion and differences between contributions and proportionate share of contributions	84,941	13,525
Contributions subsequent to the measurement date	808,216	-
Total	<u>\$ 1,551,248</u>	<u>\$ 24,760</u>

\$808,216 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, 2023.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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
2025	\$ 61,436
2026	87,501
2027	150,573
2028	49,346
2029	67,212
Thereafter	302,204

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

For the year ended June 30, 2024, the City recognized pension expense of \$671,497.

At June 30, 2024, 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	\$ 282,088	\$ 36,011
Changes in assumptions	384,357	10,824
Net difference between projected and actual earnings on pension plan investments	55,202	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,107	16,244
Contributions subsequent to the measurement date	587,799	-
Total	<u>\$ 1,336,553</u>	<u>\$ 63,079</u>

\$587,799 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, 2023.

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, 2024

NOTE L - RETIREMENT PLANS – CONTINUED

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 48,852
2026	62,970
2027	102,522
2028	32,307
2029	47,862
Thereafter	391,162

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 - 9.5 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, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 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, 2023 valuation were based on the results of an experience study for the period ending December 31, 2022.

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, 2024

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%	6.87 %	2.40 %
Debt securities	20%	1.54 %	0.31 %
Real assets	18%	5.43 %	0.98 %
Private equity	12%	9.80 %	1.18 %
Absolute return	15%	3.86 %	0.58 %
Cash and cash equivalents	-	0.24 %	- %
Totals	<u>100%</u>		<u>5.45 %</u>
Inflation			<u>2.50 %</u>
Expected arithmetic nominal return			<u>7.95 %</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, 2024

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	\$12,032,627	\$ 2,318,449	\$ (5,816,516)
Public Safety	7,632,924	2,432,629	(1,805,289)
Firefighters	1,317,490	(1,104,038)	(3,073,107)
Tier 2 Public Employees	2,248,488	654,418	(581,782)
Tier 2 Public Safety and Firefighter	1,699,700	527,525	(410,237)
Total	<u>\$24,931,229</u>	<u>\$ 4,828,983</u>	<u>\$(11,686,931)</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, MissionSquare, or Empower 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, 2024, was approximately \$33 million. 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, 2024, contributions totaling \$420,408 were made to the plan by employees and \$943,527 by the City.

The City sponsors another deferred compensation plan through either URS, MissionSquare, or Empower 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, 2024 contributions totaling \$151,813 were made to the plan by employees and \$6,716 by the City.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, had an outstanding balance of approximately \$75 million, of which the City's portion was approximately \$7 million. During the year ended June 30, 2024, the City purchased power totaling \$36,433,901.

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, 2024

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 2024. 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>2024</u>	<u>2023</u>
Claims liability, July 1	\$ 250,000	\$ 129,713
Claims incurred during the year and changes in estimates	639,635	293,794
Payments on claims during the year		
Payments made by insurance	61,888	51,792
Coinsurance and deductible insurance payments made by the City	<u>77,747</u>	<u>121,715</u>
Claims liability, June 30	<u><u>\$ 750,000</u></u>	<u><u>\$ 250,000</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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:

Due to Other Funds	Due from Other Funds	Amount
Local Building Authority	Capital Projects Fund	\$ 2,326,596
Fiber Fund	Capital Projects Fund	6,175,300
Nonmajor Proprietary Fund	Electric Fund	509
		<u>\$ 8,502,405</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:

	Transfers in to:					Total
	General	Local Building Authority	Capital Projects	Other Governmental Fund	Internal Service Funds	
Transfers out from:						
General Fund	\$ -	\$ 1,220,675	\$ 2,660,140	\$ 1,556,892	\$ -	\$ 5,437,707
Capital Projects Fund	-	12,400,000	-	309,996	500,000	13,209,996
Redevelopment Agency	748,235	-	-	-	-	748,235
	<u>\$ 748,235</u>	<u>\$ 13,620,675</u>	<u>\$ 2,660,140</u>	<u>\$ 1,866,888</u>	<u>\$ 500,000</u>	<u>\$ 19,395,938</u>

NOTE R – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE S - 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, 2024

NOTE S - 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, 2024 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	\$ 4,867,517
Alpine Highway West Project Area	1,275,287
West Timpanogos Project Area	371,698
Traverse Mountain Project Area	202,849
Thanksgiving Park Project Area	254,908
Meadow Pointe Project Area	27,864
	<u>\$ 7,000,123</u>
Outstanding loans to finance RDA projects	<u>\$ 36,121,828</u>
Expenditures:	
Tax increments paid to other taxing agencies	\$ 814,822
Principal	1,790,266
Redevelopment costs	3,453,977
	<u>\$ 6,059,065</u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE T – 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, 2024, the City abated the following taxes:

	Property Taxes	Sales Taxes
<u>RDA Project Area tax abatements</u>		
Alpine Highway Project Area	\$ 765,446	-
Alpine Highway West Project Area	199,288	-
West Timpanogos Project Area	114,669	-
Traverse Mountain Project Area	120,018	-
Thanksgiving Park Project Area	48,557	-
Meadow Pointe Project Area	27,864	-
	<u>1,275,842</u>	<u>-</u>
Other relocation incentive projects	-	159,540
	<u><u>\$ 1,275,842</u></u>	<u><u>\$ 159,540</u></u>

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE U – 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, 2024, 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 2024. 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 V – DEFICIT NET POSITION

The Risk Management Internal Service Fund (the Fund) provides insurance coverage for various risks faced by the City. The Fund is primarily financed through charges assessed to the City's other funds.

As of June 30, 2024, the Fund has a deficit net position of \$42,329. This deficit balance arose because the charges assessed to the City's other funds were insufficient to cover the costs of the City's risk management activities. The city plans to address the deficit by increasing the charges assessed to the City's other funds and will ensure that the increases will be sufficient to stabilize the Funds financial position over the long term.

LEHI CITY CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE W – SUBSEQUENT EVENTS

In August 2024, the City issued Water Revenue bonds in the amount of \$3,643,000 in connection with a project to install approximately 5,700 pressurized irrigation meters within the City boundaries, in order to comply with state law. The bonds are payable serially through 2039 and bear interest at 1.00%

In September 2024, the City entered issued a note payable to Chase Bank for the purchase of a fire engine, three ambulances, a 10-wheel snow plan and an asphalt roller. The total amount financed was \$2,440,000 payable in seven annual installments of \$403,393 including interest at 3.875%.

In September 2024, the City's 2004 Subordinated Sales Tax Revenue bonds matured and in accordance with the bond covenants, the remaining outstanding balance of \$7,955,000 was forgiven by the owners of the bonds.

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, 2024
With a Measurement Date of December 31, 2023
Last Ten Fiscal Years*

Noncontributory System for the Fiscal Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.9995190%	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)	\$ 2,318,449	\$ 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	\$ 8,098,450	\$ 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	28.6%	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	96.9%	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,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	1.7009441%	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)	\$ 2,432,629	\$ 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	\$ 2,503,423	\$ 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	97.2%	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	9.9%	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, 2024
With a Measurement Date of December 31, 2023
Last Ten Fiscal Years*

Firefighters Retirement System for the Fiscal Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	4.7041560%	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)	\$ (1,104,038)	\$ (1,208,035)	\$ (2,999,152)	\$ (1,489,583)	\$ (649,957)	\$ 685,993	\$ (337,393)	\$ (44,231)	\$ (98,134)	\$ (301,971)
Covered payroll	\$ 1,796,121	\$ 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	-61.5%	-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	106.8%	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,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.3362231%	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)	\$ 654,418	\$ 337,245	\$ (123,014)	\$ 40,541	\$ 62,229	\$ 112,168	\$ 21,679	\$ 23,236	\$ (318)	\$ (4,409)
Covered payroll	\$ 8,692,525	\$ 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	7.5%	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	89.6%	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, 2024
With a Measurement Date of December 31, 2023
Last Ten Fiscal Years*

Tier 2 Public Safety and Firefighters Retirement System for the Fiscal Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	1.4004128%	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)	\$ 527,525	\$ 117,569	\$ (80,275)	\$ 144,957	\$ 150,860	\$ 41,871	\$ (15,391)	\$ (10,003)	\$ (318)	\$ (4,409)
Covered payroll	\$ 5,306,218	\$ 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	9.9%	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	89.1%	96.4%	102.8%	93.1%	89.6%	95.6%	103.0%	103.6%	100.2%	103.5%

LEHI CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS
June 30, 2024
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	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%
	2024	1,457,186	1,457,186	-	8,121,749	17.94%
Public Safety System	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%
	2024	785,889	785,889	-	2,500,531	31.43%
Firefighters System	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%
	2024	66,979	66,979	-	1,855,383	3.61%
Tier 2 Public Employees System*	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%
	2024	1,493,571	1,493,571	-	9,328,984	16.01%

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS - CONTINUED
June 30, 2024
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*	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%
	2024	1,162,387	1,162,387	-	5,717,686	20.33%
Tier 2 Public Employees DC Only System*	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%
	2024	96,811	96,811	-	1,563,992	6.19%
Tier 2 Public Safety and Firefighter DC Only System*	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%
	2024	3,420	3,420	-	450,114	0.76%

*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, 2024
WITH A MEASUREMENT DATE OF DECEMBER 31, 2023

Changes in assumptions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

**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, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
TAXES				
PROPERTY TAXES	\$ 13,797,201	\$ 13,797,201	\$ 14,350,131	\$ 552,930
GENERAL SALES TAX	21,500,096	21,500,096	23,870,271	2,370,175
PARC TAX	1,500,000	1,500,000	1,946,018	446,018
FRANCHISE TAX	5,625,000	5,625,000	7,310,364	1,685,364
TOTAL	42,422,297	42,422,297	47,476,784	5,054,487
LICENSES, FEES AND PERMITS				
BUSINESS LICENSES	115,000	115,000	161,441	46,441
BUILDING PERMITS	3,229,000	3,229,000	2,188,534	(1,040,466)
TOTAL	3,344,000	3,344,000	2,349,975	(994,025)
INTERGOVERNMENTAL REVENUE				
CLASS "C" ROAD FUNDS	3,000,000	3,000,000	3,605,995	605,995
UTAH COUNTY TRANSPORTATION TAX	1,600,000	1,600,000	2,619,236	1,019,236
FIRE DEPARTMENT GRANT	268,568	268,568	23,955	(244,613)
POLICE SALARY REIMBURSEMENT	157,500	157,500	157,500	-
STATE LIQUOR FUNDS ALLOTMENT	70,000	70,000	90,610	20,610
COUNTY FIRE ALLOCATION	15,000	15,000	8,856	(6,144)
STATE GRANTS	98,000	106,000	73,346	(32,654)
OTHER GRANTS	219,000	247,500	209,493	(38,007)
TOTAL	5,428,068	5,464,568	6,788,991	1,324,423
CHARGES FOR SERVICE				
PLANNING/INSPECTION FEES	2,420,000	2,420,000	1,813,575	(606,425)
AMBULANCE FEES	2,224,000	2,224,000	2,509,264	285,264
FIRE FEES	195,600	195,600	45,189	(150,411)
CEMETERY FEES	306,500	306,500	370,975	64,475
RECREATION FEES	3,959,468	3,959,468	4,199,538	240,070
LIBRARY FEES	95,000	95,000	20,173	(74,827)
LEASE REVENUES	-	-	56,283	56,283
OTHER SERVICE REVENUE	155,000	155,000	158,318	3,318
TOTAL	9,355,568	9,355,568	9,173,315	(182,253)
FINES AND FORFEITURES				
COURTS FINES AND FORFEITURES	737,500	737,500	972,615	235,115
MISCELLANEOUS				
	1,604,500	1,604,500	1,672,122	67,622
INTEREST ON INVESTMENTS				
	101,000	101,000	1,910,235	1,809,235
TOTAL REVENUES	62,992,933	63,029,433	70,344,037	7,314,604
EXPENDITURES				
GENERAL GOVERNMENT				
COURT				
PERSONNEL	504,801	504,801	494,242	10,559
OPERATIONS AND MAINTENANCE	211,935	211,935	209,269	2,666
CAPITAL	31,511	31,511	31,511	-
TOTAL	748,247	748,247	735,022	13,225
ADMINISTRATIVE				
PERSONNEL	1,287,823	1,287,823	1,273,886	13,937
OPERATIONS AND MAINTENANCE	300,863	300,863	266,401	34,462
TOTAL	1,588,686	1,588,686	1,540,287	48,399
TREASURY				
PERSONNEL	521,087	521,087	538,191	(17,104)
OPERATIONS AND MAINTENANCE	76,700	76,700	72,099	4,601
TOTAL	597,787	597,787	610,290	(12,503)

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2024

		BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL	ACTUAL	
FINANCE					
PERSONNEL		616,064	616,064	620,611	(4,547)
OPERATIONS AND MAINTENANCE		145,785	145,785	144,379	1,406
	TOTAL	761,849	761,849	764,990	(3,141)
HUMAN RESOURCES					
PERSONNEL		397,696	397,696	386,238	11,458
OPERATIONS AND MAINTENANCE		102,055	102,055	133,840	(31,785)
	TOTAL	499,751	499,751	520,078	(20,327)
CITY RECORDER					
PERSONNEL		138,777	138,777	137,088	1,689
OPERATIONS AND MAINTENANCE		272,900	272,900	242,188	30,712
	TOTAL	411,677	411,677	379,276	32,401
LEGAL SERVICES					
PERSONNEL		677,058	677,058	684,945	(7,887)
OPERATIONS AND MAINTENANCE		130,034	130,034	118,850	11,184
	TOTAL	807,092	807,092	803,795	3,297
LEGISLATIVE					
PERSONNEL		312,668	312,668	305,862	6,806
OPERATIONS AND MAINTENANCE		115,000	115,000	148,253	(33,253)
	TOTAL	427,668	427,668	454,115	(26,447)
NONDEPARTMENTAL					
OPERATIONS AND MAINTENANCE		2,938,118	2,758,118	2,681,344	76,774
CAPITAL		275,000	275,000	240,000	35,000
	TOTAL	3,213,118	3,033,118	2,921,344	111,774
EMERGENCY MANAGEMENT					
PERSONNEL		118,357	118,357	115,837	2,520
OPERATIONS AND MAINTENANCE		54,700	54,700	6,057	48,643
	TOTAL	173,057	173,057	121,894	51,163
INFORMATION CENTER					
PERSONNEL		563,007	563,007	554,898	8,109
OPERATIONS AND MAINTENANCE		52,815	52,815	49,406	3,409
	TOTAL	615,822	615,822	604,304	11,518
TOTAL GENERAL GOVERNMENT		9,844,754	9,664,754	9,455,395	209,359
PUBLIC SAFETY					
POLICE					
PERSONNEL		11,127,721	11,247,721	11,275,367	(27,646)
OPERATIONS AND MAINTENANCE		2,047,635	2,084,135	2,042,736	41,399
	TOTAL	13,175,356	13,331,856	13,318,103	13,753
FIRE					
PERSONNEL		8,408,743	8,468,743	8,076,637	392,106
OPERATIONS AND MAINTENANCE		2,443,194	2,443,194	2,230,541	212,653
	TOTAL	10,851,937	10,911,937	10,307,178	604,759
TOTAL PUBLIC SAFETY		24,027,293	24,243,793	23,625,281	618,512
COMMUNITY DEVELOPMENT					
ENGINEERING					
PERSONNEL		999,362	999,362	904,190	95,172
OPERATIONS AND MAINTENANCE		106,522	106,522	106,111	411
	TOTAL	1,105,884	1,105,884	1,010,301	95,583

CONTINUED

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2024

		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
PLANNING AND ZONING					
PERSONNEL		993,405	993,405	984,872	8,533
OPERATIONS AND MAINTENANCE		143,049	143,049	126,781	16,268
CAPITAL OUTLAY		130,000	130,000	-	130,000
TOTAL		1,266,454	1,266,454	1,111,653	154,801
INSPECTIONS					
PERSONNEL		1,715,921	1,715,921	1,593,346	122,575
OPERATIONS AND MAINTENANCE		122,493	122,493	116,741	5,752
TOTAL		1,838,414	1,838,414	1,710,087	128,327
ECONOMIC DEVELOPMENT					
PERSONNEL		207,247	207,247	203,024	4,223
OPERATIONS AND MAINTENANCE		64,275	64,275	47,415	16,860
TOTAL		271,522	271,522	250,439	21,083
TOTAL COMMUNITY DEVELOPMENT		4,482,274	4,482,274	4,082,480	399,794
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL		1,607,865	1,607,865	1,555,723	52,142
OPERATIONS AND MAINTENANCE		830,167	806,067	829,916	(23,849)
CAPITAL		16,000	16,000	-	16,000
TOTAL		2,454,032	2,429,932	2,385,639	44,293
C ROAD					
OPERATIONS AND MAINTENANCE		2,195,000	2,195,000	1,954,895	240,105
CAPITAL		5,695,000	8,245,000	3,091,056	5,153,944
TOTAL		7,890,000	10,440,000	5,045,951	5,394,049
TOTAL STREETS AND HIGHWAYS		10,344,032	12,869,932	7,431,590	5,438,342
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL		2,702,628	2,702,628	2,687,594	15,034
OPERATIONS AND MAINTENANCE		1,525,527	1,525,527	1,620,284	(94,757)
CAPITAL		87,000	87,000	93,125	(6,125)
TOTAL		4,315,155	4,315,155	4,401,003	(85,848)
COMMUNITY ARTS AND EVENTS					
OPERATIONS AND MAINTENANCE		950,700	1,070,700	1,078,350	(7,650)
TOTAL		950,700	1,070,700	1,078,350	(7,650)
SENIOR CITIZENS					
PERSONNEL		241,534	241,534	201,999	39,535
OPERATIONS AND MAINTENANCE		153,802	153,802	78,376	75,426
CAPITAL		-	-	-	-
TOTAL		395,336	395,336	280,375	114,961
RECREATION					
PERSONNEL		3,839,071	3,839,071	4,069,167	(230,096)
OPERATIONS AND MAINTENANCE		2,113,623	2,113,623	2,019,761	93,862
CAPITAL		510,000	510,000	366,001	143,999
TOTAL		6,462,694	6,462,694	6,454,929	7,765
MUSEUM					
PERSONNEL		-	-	-	-
OPERATIONS AND MAINTENANCE		311,800	311,800	290,053	21,747
TOTAL		311,800	311,800	290,053	21,747

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
LITERACY CENTER				
PERSONNEL	387,458	387,458	313,387	74,071
OPERATIONS AND MAINTENANCE	94,750	94,750	93,051	1,699
CAPITAL	12,000	12,000	-	12,000
TOTAL	494,208	494,208	406,438	87,770
LIBRARY				
PERSONNEL	1,197,522	1,197,522	1,193,576	3,946
OPERATIONS AND MAINTENANCE	524,407	524,407	545,776	(21,369)
CAPITAL	-	-	-	-
TOTAL	1,721,929	1,721,929	1,739,352	(17,423)
TOTAL PARKS, RECREATION AND CULTURE	14,651,822	14,771,822	14,650,500	121,322
CEMETERY				
PERSONNEL	465,961	465,961	455,458	10,503
OPERATIONS AND MAINTENANCE	126,857	126,857	126,236	621
OPERATIONS AND MAINTENANCE	87,000	87,000	43,848	43,152
TOTAL	679,818	679,818	625,542	54,276
DEBT SERVICE				
CAPITAL LEASE PAYMENTS - PRINCIPAL	-	22,797	22,797	-
CAPITAL LEASE PAYMENTS - INTEREST	-	1,303	1,303	-
TOTAL	-	24,100	24,100	-
TOTAL EXPENDITURES	64,029,993	66,736,493	59,894,888	6,841,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,037,060)	(3,707,060)	10,449,149	14,156,209
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	1,600,000	1,600,000	748,235	(851,765)
TRANSFERS OUT	(4,827,573)	(5,827,573)	(5,437,707)	389,866
PROCEEDS FROM LEASE LIABILITY	-	-	-	-
SALE OF CAPITAL ASSETS	10,000	10,000	53,854	43,854
TOTAL OTHER FINANCING SOURCES	(3,217,573)	(4,217,573)	(4,635,618)	(418,045)
NET CHANGE IN FUND BALANCE	(4,254,633)	(7,924,633)	5,813,531	13,738,164
FUND BALANCE AT BEGINNING OF YEAR	28,069,795	28,069,795	28,069,795	-
FUND BALANCE AT END OF YEAR	\$ 23,815,162	\$ 20,145,162	\$ 33,883,326	\$ 13,738,164

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
IMPACT FEE REVENUE	\$ 9,383,693	\$ 9,383,693	\$ 3,821,865	\$ (5,561,828)
SALES TAX REVENUE	432,500	432,500	159,540	(272,960)
INTERGOVERNMENTAL REVENUES	5,954,000	5,954,000	1,697,903	(4,256,097)
MISCELLANEOUS REVENUES	-	275,000	240,887	(34,113)
INTEREST ON INVESTMENTS	32,000	32,000	1,918,412	1,886,412
TOTAL REVENUES	15,802,193	16,077,193	7,838,607	(8,238,586)
EXPENDITURES				
CURRENT				
OTHER	50,000	325,000	339,197	(14,197)
CAPITAL OUTLAY	38,034,299	40,313,299	21,972,346	18,340,953
DEBT SERVICE				
PRINCIPAL	160,000	160,000	159,540	460
INTEREST AND FISCAL CHARGES	267,500	267,500	-	267,500
TOTAL EXPENDITURES	38,511,799	41,065,799	22,471,083	18,594,716
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(22,709,606)	(24,988,606)	(14,632,476)	10,356,130
OTHER FINANCING SOURCES				
TRANSFERS IN	2,050,000	2,050,000	2,660,140	610,140
TRANSFERS OUT	(1,210,000)	(13,210,000)	(13,209,996)	4
TOTAL OTHER FINANCING SOURCES	840,000	(11,160,000)	(10,549,856)	610,144
NET CHANGE IN FUND BALANCE	(21,869,606)	(36,148,606)	(25,182,332)	10,966,274
FUND BALANCE AT BEGINNING OF YEAR	53,701,915	53,701,915	53,701,915	-
FUND BALANCE AT END OF YEAR	\$ 31,832,309	\$ 17,553,309	\$ 28,519,583	\$ 10,966,274

LEHI CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUND – DEBT SERVICE
JUNE 30, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
INTEREST ON INVESTMENTS	\$ -	\$ -	\$ 42,944	\$ 42,944
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>42,944</u>	<u>42,944</u>
EXPENDITURES				
CURRENT				
OTHER	9,500	9,500	3,400	6,100
DEBT SERVICE				
PRINCIPAL	985,000	985,000	985,000	-
INTEREST AND FISCAL CHARGES	872,398	872,398	872,032	366
TOTAL EXPENDITURES	<u>1,866,898</u>	<u>1,866,898</u>	<u>1,860,432</u>	<u>6,466</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,866,898)</u>	<u>(1,866,898)</u>	<u>(1,817,488)</u>	<u>49,410</u>
OTHER FINANCING SOURCES				
TRANSFERS IN	1,866,898	1,866,898	1,866,888	(10)
TOTAL OTHER FINANCING SOURCES	<u>1,866,898</u>	<u>1,866,898</u>	<u>1,866,888</u>	<u>(10)</u>
NET CHANGE IN FUND BALANCE	-	-	49,400	49,400
FUND BALANCE AT BEGINNING OF YEAR	<u>50,904</u>	<u>50,904</u>	<u>50,904</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 50,904</u>	<u>\$ 50,904</u>	<u>\$ 100,304</u>	<u>\$ 49,400</u>

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, 2024

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	\$ 6,352,409	\$ -	\$ 6,352,409
RECEIVABLES (NET):			
ACCOUNTS	298,939	479,492	778,431
UNBILLED	29,599	78,687	108,286
INVENTORY	7,052	-	7,052
TOTAL CURRENT ASSETS	6,687,999	558,179	7,246,178
NON-CURRENT ASSETS			
RESTRICTED CASH AND CASH EQUIVALENTS	667,677	-	667,677
NONDEPRECIABLE CAPITAL ASSETS	1,023,777	-	1,023,777
DEPRECIABLE CAPITAL ASSETS, NET	51,535,492	-	51,535,492
TOTAL NON-CURRENT ASSETS	53,226,946	-	53,226,946
TOTAL ASSETS	\$ 59,914,945	\$ 558,179	\$ 60,473,124
DEFERRED OUTFLOWS OF RESOURCES			
DEFERRED OUTFLOWS RELATED TO PENSIONS	\$ 195,429	\$ -	\$ 195,429
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 195,429	\$ -	\$ 195,429

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION - CONTINUED
JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	\$ 37,993	\$ 440,146	\$ 478,139
WAGES PAYABLE	13,188	-	13,188
ACCRUED INTEREST PAYABLE	583	-	583
DUE TO OTHER FUNDS	-	509	509
PAYABLE FROM RESTRICTED ASSETS:			
ACCOUNTS PAYABLE	-	-	-
CURRENT PORTION COMPENSATED ABSENCES	48,862	-	48,862
CURRENT MATURITIES OF LONG-TERM OBLIGATIONS	205,000	-	205,000
TOTAL CURRENT LIABILITIES	<u>305,626</u>	<u>440,655</u>	<u>746,281</u>
NON-CURRENT LIABILITIES			
COMPENSATED ABSENCES	24,704	-	24,704
NET PENSION LIABILITY	113,249	-	113,249
TOTAL NON-CURRENT LIABILITIES	<u>137,953</u>	<u>-</u>	<u>137,953</u>
TOTAL LIABILITIES	<u>\$ 443,579</u>	<u>\$ 440,655</u>	<u>\$ 884,234</u>
DEFERRED INFLOWS OF RESOURCES			
DEFERRED INFLOWS RELATED TO PENSIONS	<u>\$ 2,850</u>	<u>\$ -</u>	<u>\$ 2,850</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	\$ 52,354,269	\$ -	\$ 52,354,269
RESTRICTED FOR			
CAPITAL PROJECTS	667,307	-	667,307
UNRESTRICTED	6,642,369	117,524	6,759,893
TOTAL NET POSITION	<u>\$ 59,663,945</u>	<u>\$ 117,524</u>	<u>\$ 59,781,469</u>

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES		TOTAL NONMAJOR PROPRIETARY FUNDS
	DRAINAGE	GARBAGE	
OPERATING REVENUES (PLEDGED AS SECURITY FOR REVENUE BONDS)			
CHARGES FOR SERVICES	\$ 3,111,023	\$ 4,833,261	\$ 7,944,284
MISCELLANEOUS REVENUES	-	33,400	33,400
TOTAL OPERATING REVENUES	3,111,023	4,866,661	7,977,684
OPERATING EXPENSES			
PERSONNEL	1,061,750	-	1,061,750
GENERAL ADMINISTRATION	62,936	27,730	90,666
OPERATING AND MAINTENANCE	294,840	5,166,311	5,461,151
INTERFUND CHARGES	223,992	-	223,992
DEPRECIATION	2,203,538	-	2,203,538
TOTAL OPERATING EXPENSES	3,847,056	5,194,041	9,041,097
OPERATING INCOME (LOSS)	(736,033)	(327,380)	(1,063,413)
NON-OPERATING REVENUES (EXPENSES)			
INTEREST INCOME	347,971	7,905	355,876
INTEREST EXPENSE	(16,329)	-	(16,329)
LOSS ON DISPOSAL OF CAPITAL ASSETS	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	331,642	7,905	339,547
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(404,391)	(319,475)	(723,866)
CAPITAL CONTRIBUTIONS, IMPACT FEES AND OTHER IMPACT FEE REVENUE (PLEDGED AS SECURITY FOR REVENUE BONDS)	273,089	-	273,089
CAPITAL CONTRIBUTIONS	1,598,712	-	1,598,712
CHANGE IN NET POSITION	1,467,410	(319,475)	1,147,935
NET POSITION AT BEGINNING OF YEAR	58,196,535	436,999	58,633,534
NET POSITION AT END OF YEAR	\$ 59,663,945	\$ 117,524	\$ 59,781,469

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS - CONTINUED
JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES		
	DRAINAGE	GARBAGE	TOTAL NONMAJOR PROPRIETARY FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIVED FROM CUSTOMERS	\$ 3,079,167	\$ 4,772,799	\$ 7,851,966
CASH PAID TO SUPPLIERS	(421,610)	(5,131,310)	(5,552,920)
CASH PAID TO EMPLOYEES	(1,084,393)	-	(1,084,393)
CASH PAID FOR INTERFUND SERVICES	(223,992)	-	(223,992)
OTHER RECEIPTS	-	33,400	33,400
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,349,172	(325,111)	1,024,061
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	(546,553)	-	(546,553)
PRINCIPAL PAID ON BONDS	(200,000)	-	(200,000)
INTEREST PAID	(16,329)	-	(16,329)
IMPACT FEES COLLECTED	273,089	-	273,089
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(489,793)	-	(489,793)
CASH FLOWS FROM INVESTING ACTIVITIES			
INTEREST INCOME COLLECTED	347,971	7,905	355,876
NET CASH PROVIDED BY INVESTING ACTIVITIES	347,971	7,905	355,876
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,207,350	(317,206)	890,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,812,736	317,206	6,129,942
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,020,086	\$ -	\$ 7,020,086
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:			
UNRESTRICTED CASH	\$ 6,352,409	\$ -	\$ 6,352,409
RESTRICTED CASH	667,677	-	667,677
	\$ 7,020,086	\$ -	\$ 7,020,086

CONTINUED

LEHI CITY CORPORATION
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS - CONTINUED
JUNE 30, 2024

	<u>DRAINAGE</u>	<u>GARBAGE</u>	<u>NONMAJOR PROPRIETARY FUNDS</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
CONTRIBUTIONS OF CAPITAL ASSETS FROM			
DEVELOPERS	\$ 1,598,712	\$ -	\$ 1,598,712
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (736,033)	\$ (327,380)	\$ (1,063,413)
ADJUSTMENTS TO RECONCILE OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES			
DEPRECIATION	2,203,538	-	2,203,538
CHANGES IN ASSETS AND LIABILITIES			
ACCOUNTS RECEIVABLE	(29,240)	(55,770)	(85,010)
ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS	(2,616)	(4,692)	(7,308)
INVENTORY	4,678	-	4,678
ACCOUNTS PAYABLE	(68,512)	62,222	(6,290)
ACCOUNTS PAYABLE FROM RESTRICTED			
WAGES PAYABLE	3,218	-	3,218
DUE TO OTHER FUNDS	-	509	509
COMPENSATED ABSENCES	(20,908)	-	(20,908)
CHANGES IN NET PENSION LIABILITY AND			
DEFERRED INFLOWS AND OUTFLOWS			
RELATED TO PENSIONS	(4,953)	-	(4,953)
	<u>\$ 1,349,172</u>	<u>\$ (325,111)</u>	<u>\$ 1,024,061</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, 2024

	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
ASSETS					
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	\$ 278,745	\$ 413,138	\$ -	\$ 319,502	\$ 1,011,385
GRANTS RECEIVABLE	-	1,357	-	-	1,357
DUE FROM OTHER FUNDS	-	8,883	-	-	8,883
INVENTORY	-	47,659	-	-	47,659
TOTAL CURRENT ASSETS	278,745	471,037	-	319,502	1,069,284
NON-CURRENT ASSETS					
RESTRICTED CASH AND CASH EQUIVALENTS	-	215,257	-	-	215,257
NONDEPRECIABLE CAPITAL ASSETS	-	188,400	-	-	188,400
DEPRECIABLE CAPITAL ASSETS, NET	257,716	8,564,143	-	300,634	9,122,493
TOTAL NON-CURRENT ASSETS	257,716	8,967,800	-	300,634	9,526,150
TOTAL ASSETS	\$ 536,461	\$ 9,438,837	\$ -	\$ 620,136	\$ 10,595,434
DEFERRED OUTFLOWS OF RESOURCES					
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	\$ 97,327	\$ 78,427	\$ 28,166	\$ 229,864	\$ 433,784
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	\$ 38,218	\$ 86,354	\$ 4,915	\$ 17,499	\$ 146,986
WAGES PAYABLE	5,560	5,284	1,595	16,266	28,705
PAYABLE FROM RESTRICTED ASETS:					
ACCRUED INTEREST	-	63,157	-	-	63,157
DUE TO OTHER FUNDS	-	-	8,883	-	8,883
CURRENT PORTION NOTES PAYABLE	-	663,385	-	-	663,385
CURRENT PORTION COMPENSATED ABSENCES	27,308	28,091	11,986	70,371	137,756
TOTAL CURRENT LIABILITIES	71,086	846,271	27,379	104,136	1,048,872
NON-CURRENT LIABILITIES					
COMPENSATED ABSENCES	31,326	38,725	26,383	32,698	129,132
NET PENSION LIABILITY	56,400	45,447	16,322	133,204	251,373
NOTES PAYABLE, LESS CURREENT MATURITIES	-	2,271,187	-	-	2,271,187
TOTAL NON-CURRENT LIABILITIES	87,726	2,355,359	42,705	165,902	2,651,692
TOTAL LIABILITIES	\$ 158,812	\$ 3,201,630	\$ 70,084	\$ 270,038	\$ 3,700,564
DEFERRED INFLOWS OF RESOURCES					
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	\$ 1,419	\$ 1,144	\$ 411	\$ 3,352	\$ 6,326
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	257,716	5,629,571	-	300,634	6,187,921
UNRESTRICTED	215,841	684,919	(42,329)	275,976	1,134,407
TOTAL NET POSITION	\$ 473,557	\$ 6,314,490	\$ (42,329)	\$ 576,610	\$ 7,322,328

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2024

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
OPERATING REVENUES					
CHARGES FOR SERVICES - INTERNAL	\$ 1,549,300	\$ 3,496,235	\$ 1,461,324	\$ 2,137,116	\$ 8,643,975
MISCELLANEOUS REVENUES	5,471	3,322	348,058	60	356,911
TOTAL OPERATING REVENUES	1,554,771	3,499,557	1,809,382	2,137,176	9,000,886
OPERATING EXPENSES					
PERSONNEL	567,909	491,612	159,501	1,529,531	2,748,553
OPERATING AND MAINTENANCE	1,099,952	955,684	1,722,461	548,223	4,326,320
DEPRECIATION AND AMORTIZATION	51,367	1,577,697	-	64,616	1,693,680
TOTAL OPERATING EXPENSES	1,719,228	3,024,993	1,881,962	2,142,370	8,768,553
OPERATING INCOME (LOSS)	(164,457)	474,564	(72,580)	(5,194)	232,333
NON-OPERATING REVENUES (EXPENSES)					
GAIN ON DISPOSAL OF CAPITAL ASSETS	-	66,392	-	-	66,392
INTEREST INCOME	17,660	42,808	-	16,030	76,498
INTEREST EXPENSE	-	(87,546)	(18,006)	-	(105,552)
TOTAL NON-OPERATING REVENUES (EXPENSES)	17,660	21,654	(18,006)	16,030	37,338
INCOME (LOSS) BEFORE TRANSFERS	(146,797)	496,218	(90,586)	10,836	269,671
TRANSFERS IN	-	500,000	-	-	500,000
CHANGE IN NET POSTION	(146,797)	996,218	(90,586)	10,836	769,671
NET POSITION AT BEGINNING OF YEAR	620,354	5,318,272	48,257	565,774	6,552,657
NET POSTION (DEFICIT) AT END OF YEAR	\$ 473,557	\$ 6,314,490	\$ (42,329)	\$ 576,610	\$ 7,322,328

LEHI CITY CORPORATION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2024

	INTERNAL SERVICE FUNDS				
	INFORMATION TECHNOLOGY	FLEET	RISK MANAGEMENT	BUILDING AND GROUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIVED FROM INTERFUND SERVICES PROVIDED	\$ 1,549,300	\$ 3,494,878	\$ 1,461,324	\$ 2,147,116	\$ 8,652,618
CASH PAID TO SUPPLIERS	(1,099,458)	(1,019,948)	(156,663)	(563,566)	(2,839,635)
CASH PAID TO EMPLOYEES	(559,109)	(488,097)	(1,723,931)	(1,533,239)	(4,304,376)
OTHER RECEIPTS	5,471	3,322	348,058	60	356,911
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(103,796)	1,990,155	(71,212)	50,371	1,865,518
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
INTEREST PAID ON INTERFUND BORROWING	-	-	(18,006)	-	(18,006)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	-	(18,006)	-	(18,006)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
TRANSFERS IN	-	500,000	-	-	500,000
PAYMENTS MADE ON NOTES PAYABLE	-	(749,684)	-	-	(749,684)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	66,392	-	-	66,392
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	-	(3,271,120)	-	(26,956)	(3,298,076)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	-	(3,454,412)	-	(26,956)	(3,481,368)
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST INCOME COLLECTED	17,660	42,808	-	16,030	76,498
NET CASH PROVIDED BY INVESTING ACTIVITIES	17,660	42,808	-	16,030	76,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(86,136)	(1,421,449)	(89,218)	39,445	(1,557,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	364,881	2,049,844	89,218	280,057	2,784,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 278,745</u>	<u>\$ 628,395</u>	<u>\$ -</u>	<u>\$ 319,502</u>	<u>\$ 1,226,642</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTS OF:					
UNRESTRICTED CASH	\$ 278,745	\$ 413,138	\$ -	\$ 319,502	\$ 1,011,385
RESTRICTED CASH	-	215,257	-	-	215,257
	<u>\$ 278,745</u>	<u>\$ 628,395</u>	<u>\$ -</u>	<u>\$ 319,502</u>	<u>\$ 1,226,642</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ (164,457)	\$ 474,564	\$ (72,580)	\$ (5,194)	\$ 232,333
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
DEPRECIATION	51,367	1,577,697	-	64,616	1,693,680
CHANGES IN ASSETS AND LIABILITIES					
ACCOUNTS AND GRANTS RECEIVABLE	-	(1,357)	-	10,000	8,643
INVENTORY	-	(8,057)	-	-	(8,057)
ACCOUNTS PAYABLE	494	(47,324)	(10,353)	(15,343)	(72,526)
WAGES PAYABLE	1,082	548	61	3,086	4,777
DUE FROM/TO OTHER FUNDS	-	(8,883)	8,883	-	-
CHANGES IN NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS	(7,829)	(2,080)	(607)	(26,076)	(36,592)
COMPENSATED ABSENCES	15,547	5,047	3,384	19,282	43,260
	<u>\$ (103,796)</u>	<u>\$ 1,990,155</u>	<u>\$ (71,212)</u>	<u>\$ 50,371</u>	<u>\$ 1,865,518</u>

LEHI CITY CORPORATION
STATISTICAL SECTION
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These schedules provide trend information to help the reader understand how the City's financial performance and economic conditions have changed over time.	
REVENUE CAPACITY	139 - 142
These schedules contain information to help the reader understand the City's capacity to raise revenues and the sources of these revenues.	
DEBT CAPACITY	143 - 151
These schedules provide information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	152 - 153
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.	

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities					
General government	\$ 7,536,526	\$ 6,904,634	\$ 9,041,919	\$ 8,274,466	\$ 8,961,845
Public Safety	10,178,031	11,170,823	12,096,387	13,656,195	15,513,181
Community Development	23,302,007	4,079,029	5,796,634	4,928,368	4,836,058
Streets and Highways	9,676,339	10,632,298	11,727,234	12,764,811	13,522,976
Parks, recreation, and culture	8,503,024	9,251,152	9,856,045	10,486,576	11,220,816
Cemetery	386,084	443,058	406,824	414,906	430,339
Interest on long-term debt	4,437,878	4,832,597	4,834,457	4,906,081	4,877,481
Total governmental activities	<u>64,019,889</u>	<u>47,313,591</u>	<u>53,759,500</u>	<u>55,431,403</u>	<u>59,362,696</u>
Business-type activities					
Water	6,746,458	7,043,326	9,645,725	48,839,913	15,761,386
Sewer	7,415,879	8,188,182	9,525,964	9,865,657	11,111,407
Electric	25,550,168	26,793,013	28,132,875	30,707,792	33,073,473
Fiber	-	-	-	-	-
Nonmajor activities	3,732,107	3,734,136	4,279,107	4,677,412	5,200,680
Total business-type activities	<u>43,444,612</u>	<u>45,758,657</u>	<u>51,583,671</u>	<u>94,090,774</u>	<u>65,146,946</u>
Total primary government expenses	<u>\$ 107,464,501</u>	<u>\$ 93,072,248</u>	<u>\$ 105,343,171</u>	<u>\$ 149,522,177</u>	<u>\$ 124,509,642</u>
Revenues					
Governmental activities					
Charges for services					
General government	\$ 922,395	\$ 1,225,124	\$ 1,035,384	\$ 1,270,675	\$ 1,431,761
Public Safety	713,288	772,926	1,515,823	1,510,422	1,897,103
Community Development	3,996,282	4,122,688	4,539,888	6,753,793	6,115,690
Parks, recreation, and culture	3,538,275	3,669,216	3,701,396	3,989,072	4,035,165
Cemetery	235,200	240,285	219,065	232,520	256,950
Operating grants and contributions	1,879,304	1,921,433	3,449,482	2,687,038	2,734,035
Capital grants and contributions	15,157,512	17,731,567	24,434,520	28,063,535	28,364,171
Total governmental activities	<u>26,442,256</u>	<u>29,683,239</u>	<u>38,895,558</u>	<u>44,507,055</u>	<u>44,834,875</u>
Business-type activities					
Charges for services					
Water	6,284,597	6,979,710	9,272,889	8,673,125	10,041,008
Sewer	8,561,592	8,632,614	8,515,717	8,560,318	9,213,563
Electric	26,168,996	28,967,401	31,303,180	33,458,042	35,473,772
Fiber	-	-	-	-	-
Nonmajor activities	3,034,091	3,215,374	3,399,318	3,575,009	3,889,510
Operating grants and contributions	-	-	-	7,294,687	5,250,596
Capital grants and contributions	20,541,414	17,914,832	28,411,382	35,292,708	41,980,410
Total business-type activities	<u>64,590,690</u>	<u>65,709,931</u>	<u>80,902,486</u>	<u>96,853,889</u>	<u>105,848,859</u>
Total primary government program revenues	<u>\$ 91,032,946</u>	<u>\$ 95,393,170</u>	<u>\$ 119,798,044</u>	<u>\$ 141,360,944</u>	<u>\$ 150,683,734</u>
Net (Expense)/Revenue					
Governmental activities	\$ (42,542,388)	\$ (22,076,340)	\$ (18,242,733)	\$ (15,349,057)	\$ (14,527,821)
Business-type activities	13,906,694	14,853,433	23,987,587	25,912,376	40,701,913
Total primary government net (expense)/revenue	<u>\$ (28,635,694)</u>	<u>\$ (7,222,907)</u>	<u>\$ 5,744,854</u>	<u>\$ 10,563,319</u>	<u>\$ 26,174,092</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 17,134,391	\$ 18,943,311	\$ 21,435,929	\$ 21,124,631	\$ 20,483,605
Sales taxes	9,060,843	9,830,594	11,034,838	12,222,987	13,156,245
Franchise taxes	4,626,674	5,221,608	4,886,832	5,287,987	5,510,813
Impact Fees	-	-	-	-	756,650
Investment Earnings	81,658	153,854	193,325	337,123	-
Gain on disposal of assets	-	-	-	256,152	-
Other	75,314	100,458	1,534,862	924,150	875,281
Transfers	485,920	730,920	-	-	-
Total governmental activities	<u>31,464,800</u>	<u>34,980,745</u>	<u>39,085,786</u>	<u>40,153,030</u>	<u>40,782,594</u>
Business-type activities					
Investment Earnings	114,557	151,462	304,489	560,760	1,357,423
Gain on disposal of assets	6,164	67,014	38,613	29,501	41,107
Other	411,696	617,859	391,826	505,851	639,174
Transfers	(485,920)	(730,920)	-	-	-
Total business-type activities	<u>46,497</u>	<u>105,415</u>	<u>734,928</u>	<u>1,096,112</u>	<u>2,037,704</u>
Total primary government	<u>\$ 31,511,297</u>	<u>\$ 35,086,160</u>	<u>\$ 39,820,714</u>	<u>\$ 41,249,142</u>	<u>\$ 42,820,298</u>
Change in Net Position					
Governmental activities	\$ (6,112,833)	\$ 17,350,393	\$ 24,221,844	\$ 29,228,682	\$ 26,254,773
Business-type activities	21,192,575	20,056,689	30,053,743	36,959,227	42,739,617
Total primary government	<u>\$ 15,079,742</u>	<u>\$ 37,407,082</u>	<u>\$ 54,275,587</u>	<u>\$ 66,187,909</u>	<u>\$ 68,994,390</u>

CONTINUED

LEHI CITY CORPORATION
SCHEDULE 1
CHANGES IN NET POSITION (LAST TEN FISCAL YEARS) - CONTINUED
(accrual basis of accounting)

	Fiscal Year				
	2020	2021	2022	2023	2024
Expenses					
Governmental activities					
General government	\$ 8,959,799	\$ 8,608,259	\$ 8,020,887	\$ 10,240,351	\$ 10,418,768
Public Safety	16,559,907	17,095,653	17,507,791	21,948,439	24,922,190
Community Development	5,777,381	5,280,007	5,729,311	5,302,806	8,921,849
Streets and Highways	14,920,711	16,003,682	16,289,645	18,299,870	19,234,450
Parks, recreation, and culture	11,186,187	12,020,031	12,943,241	14,817,336	16,691,486
Cemetery	473,663	491,598	497,978	552,761	624,919
Interest on long-term debt	5,824,032	5,553,570	5,399,835	3,737,656	1,903,478
Total governmental activities	63,701,680	65,052,800	66,388,688	74,899,219	82,717,140
Business-type activities					
Water	12,777,816	15,634,622	16,352,621	18,508,084	24,096,622
Sewer	12,142,499	11,360,091	11,460,744	12,573,204	15,553,923
Electric	33,265,006	40,214,545	42,720,326	67,530,830	52,841,595
Fiber	-	1,149,570	1,978,842	2,310,916	2,828,805
Nonmajor activities	6,173,225	6,981,785	7,106,308	8,018,433	9,057,426
Total business-type activities	64,358,546	75,340,613	79,618,841	108,941,467	104,378,371
Total primary government expenses	\$ 128,060,226	\$ 140,393,413	\$ 146,007,529	\$ 183,840,686	\$ 187,095,511
Revenues					
Governmental activities					
Charges for services					
General government	\$ 1,343,004	\$ 1,410,528	\$ 1,210,322	\$ 1,263,448	\$ 1,447,320
Public Safety	1,685,241	1,755,288	2,473,877	2,676,610	2,667,131
Community Development	5,093,446	7,175,492	6,828,003	4,062,359	4,163,550
Parks, recreation, and culture	2,855,378	2,890,148	3,951,817	4,166,109	4,545,933
Cemetery	322,605	435,350	536,143	361,500	370,975
Operating grants and contributions	7,488,372	9,901,485	8,214,996	3,887,912	4,645,622
Capital grants and contributions	17,986,306	34,122,734	37,883,897	16,212,028	13,204,965
Total governmental activities	36,774,352	57,691,025	61,099,055	32,629,966	31,045,496
Business-type activities					
Charges for services					
Water	10,874,910	11,986,309	12,704,938	13,126,269	14,163,108
Sewer	9,399,488	9,553,148	9,930,258	10,543,073	11,584,389
Electric	36,526,512	39,460,193	40,396,786	47,350,786	53,305,560
Fiber	-	-	-	1,280	386,873
Nonmajor activities	4,836,172	6,070,200	6,564,730	7,172,326	7,944,284
Operating grants and contributions	-	3,338,726	2,867,704	3,018,272	7,340,279
Capital grants and contributions	24,840,140	31,170,218	48,217,884	24,593,758	25,518,235
Total business-type activities	86,477,222	101,578,794	120,682,300	105,805,764	120,242,728
Total primary government program revenues	\$ 123,251,574	\$ 159,269,819	\$ 181,781,355	\$ 138,435,730	\$ 151,288,224
Net (Expense)/Revenue					
Governmental activities	\$ (26,927,328)	\$ (7,361,775)	\$ (5,289,633)	\$ (42,269,253)	\$ (51,671,644)
Business-type activities	22,118,676	26,238,181	41,063,459	(3,135,703)	15,864,357
Total primary government net (expense)/revenue	\$ (4,808,652)	\$ 18,876,406	\$ 35,773,826	\$ (45,404,956)	\$ (35,807,287)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 26,503,325	\$ 23,321,339	\$ 22,350,797	\$ 20,725,161	\$ 21,350,254
Sales taxes	14,634,703	17,659,174	21,157,647	23,062,718	23,641,011
Franchise taxes	5,670,790	5,737,987	6,621,772	9,154,740	9,645,182
Investment Earnings	1,137,458	269,757	161,650	3,704,651	5,109,947
Gain on disposal of capital assets	16,461	1,196,294	228,274	199,010	120,246
Gain on extinguishment of debt	-	-	-	43,040,344	-
Other	1,227,701	2,214,272	1,227,276	1,268,481	1,214,005
Transfers	-	-	-	-	-
Total governmental activities	49,190,438	50,398,823	51,747,416	101,155,105	61,080,645
Business-type activities					
Investment Earnings	1,483,453	415,605	385,986	4,292,314	6,683,259
Gain on disposal of capital assets	-	9,625	34,021	70,623	22,650
Other	657,871	1,111,964	893,771	619,676	952,616
Transfers	-	-	-	-	-
Total business-type activities	2,141,324	1,537,194	1,313,778	4,982,613	7,658,525
Total primary government	\$ 51,331,762	\$ 51,936,017	\$ 53,061,194	\$ 106,137,718	\$ 68,739,170
Change in Net Position					
Governmental activities	\$ 22,263,110	\$ 43,037,048	\$ 46,457,783	\$ 58,885,852	\$ 9,409,001
Business-type activities	24,260,000	27,775,375	42,377,237	1,846,910	23,522,882
Total primary government	\$ 46,523,110	\$ 70,812,423	\$ 88,835,020	\$ 60,732,762	\$ 32,931,883

LEHI CITY CORPORATION
SCHEDULE 2
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	\$ 310,508,319	\$ 327,670,060	\$ 348,094,139	\$ 358,211,413	\$ 381,213,748
Restricted	1,330,917	7,486,352	14,058,585	57,343,991	57,071,057
Unrestricted	(64,094,902)	(44,375,030)	(24,913,559)	(19,430,387)	(32,750,787)
Total governmental activities net position	247,744,334	290,781,382	337,239,165	396,125,017	405,534,018
Business-type activities					
Net investment in capital assets	341,429,283	355,733,226	391,916,527	395,362,323	417,619,725
Restricted	2,711,961	9,965,009	12,617,730	17,713,071	28,323,618
Unrestricted	58,047,617	64,266,001	67,807,216	61,112,989	51,767,922
Total business-type activities net position	402,188,861	429,964,236	472,341,473	474,188,383	497,711,265
Primary government					
Net investment in capital assets	651,937,602	683,403,286	740,010,666	753,573,736	791,607,899
Restricted	4,042,878	17,451,361	26,676,315	75,057,062	85,394,675
Unrestricted	(6,047,285)	19,890,971	42,893,657	41,682,602	26,242,709
Total primary government net position	<u>\$ 649,933,195</u>	<u>\$ 720,745,618</u>	<u>\$ 809,580,638</u>	<u>\$ 870,313,400</u>	<u>\$ 903,245,283</u>

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

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

	Fiscal Year				
	2020	2021	2022	2023	2024
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,554,024	4,639,096	6,390,766	7,190,294	8,159,998
Committed	640,659	643,812	647,031	671,873	709,301
Assigned	23,411	23,526	23,643	24,551	25,919
Unassigned	11,968,763	16,114,294	19,412,949	20,183,077	24,988,108
Total General Fund	15,186,857	21,420,728	26,474,389	28,069,795	33,883,326
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	6,730,618	4,340,039	9,640,000	10,962,853	12,669,653
Assigned	22,430,303	31,744,466	41,658,290	78,531,130	54,305,860
Total all other governmental funds	29,160,921	36,084,505	51,298,290	89,493,983	66,975,513
Total governmental funds	<u>\$ 44,347,778</u>	<u>\$ 57,505,233</u>	<u>\$ 77,772,679</u>	<u>\$ 117,563,778</u>	<u>\$ 100,858,839</u>

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 30,821,908	\$ 33,995,513	\$ 37,357,599	\$ 38,635,605	\$ 39,150,663
Licenses, fees and permits	7,372,672	6,533,438	6,533,438	8,000,076	9,613,360
Intergovernmental	2,056,379	3,539,749	3,539,749	6,253,575	8,648,408
Charges for services	6,081,697	6,519,088	6,519,088	8,636,679	8,739,191
Fines and forfeitures	554,622	668,151	668,151	799,079	844,289
Miscellaneous	433,344	649,434	649,434	1,818,819	1,451,781
Interest on investments	72,298	145,662	145,662	300,658	692,189
Total revenues	47,392,920	52,051,035	55,413,121	64,444,491	69,139,881
Expenditures					
General government	7,432,107	6,804,485	6,804,485	6,856,047	7,112,048
Public Safety	9,745,736	10,602,138	10,602,138	12,622,099	13,821,781
Community development	23,120,657	3,820,164	3,820,164	5,121,202	4,556,038
Streets and highways	2,790,957	3,114,886	3,114,886	3,372,051	3,455,349
Parks, recreation and culture	7,656,136	8,279,958	8,279,958	9,675,126	9,750,314
Cemetery	358,145	415,615	415,615	390,147	403,066
Other	12,476	3,600	3,600	63,900	8,250
Capital outlay	10,087,085	9,752,734	9,752,734	9,962,532	12,490,153
Debt Service					
Principal	4,353,681	4,764,670	4,764,670	7,683,967	4,319,419
Interest and fiscal charges	4,246,198	4,732,577	4,732,577	4,890,766	4,904,070
Total expenditures	69,803,178	52,290,827	52,290,827	60,637,837	60,820,488
Excess (deficiency) of revenues over (under) expenditures	(22,410,258)	(239,792)	3,122,294	3,806,654	8,319,393
Other Financing Sources (Uses)					
Transfers in	3,917,960	5,818,343	5,818,343	4,098,769	9,572,504
Transfers out	(3,432,040)	(5,087,423)	(5,087,423)	(4,098,769)	(9,572,504)
Issuance of lease liabilities	-	-	-	-	-
Proceeds from issuance of bonds	19,557,363	-	-	5,768,588	18,402,528
Sale of capital assets	190,380	627,229	627,229	51,932	388,062
Total other financing sources (uses)	20,233,663	1,358,149	1,358,149	5,820,520	18,790,590
Net change in fund balances	\$ (2,176,595)	\$ 1,118,357	\$ 4,480,443	\$ 9,627,174	\$ 27,109,983
Debt service as a percentage of noncapital expenditures	14.40%	22.33%	22.33%	24.81%	19.08%

CONTINUED

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Revenues					
Taxes	\$ 46,808,818	\$ 46,718,500	\$ 50,130,216	\$ 52,942,619	\$ 54,636,447
Licenses, fees and permits	8,168,866	10,640,635	12,654,002	6,902,177	6,171,840
Intergovernmental	11,441,497	23,893,064	15,832,601	7,931,109	8,486,894
Charges for services	7,058,720	8,113,532	9,788,903	8,988,690	9,173,315
Fines and forfeitures	790,458	710,682	722,270	831,962	972,615
Miscellaneous	1,648,639	2,678,250	1,699,551	1,655,832	1,913,009
Interest on investments	1,099,329	263,761	159,512	3,611,077	5,033,449
Total revenues	77,016,327	93,018,424	90,987,055	82,863,466	86,387,569
Expenditures					
General government	7,538,498	8,259,035	8,539,977	8,832,969	9,455,395
Public Safety	15,404,388	17,120,953	18,385,423	20,720,538	23,625,281
Community development	5,447,678	4,927,696	5,291,722	4,777,303	8,351,279
Streets and highways	3,789,510	5,620,679	5,781,174	7,513,717	7,431,590
Parks, recreation and culture	9,541,822	10,341,966	11,363,509	13,329,375	14,650,500
Cemetery	433,261	482,707	454,611	551,145	625,542
Other	10,775	5,250	54,316	479,001	344,597
Capital outlay	22,420,051	24,345,627	10,651,809	9,849,517	32,928,813
Debt Service					
Principal	7,429,705	4,724,910	4,326,200	2,760,039	3,066,644
Interest and fiscal charges	5,827,154	5,734,224	5,413,602	5,509,487	2,394,669
Total expenditures	77,842,842	81,563,047	70,262,343	74,323,091	102,874,310
Excess (deficiency) of revenues over (under) expenditures	(826,515)	11,455,377	20,724,712	8,540,375	(16,486,741)
Other Financing Sources (Uses)					
Transfers in	11,836,317	11,521,047	15,040,584	11,736,875	18,895,938
Transfers out	(11,836,317)	(11,521,047)	(16,040,584)	(12,386,879)	(19,395,938)
Issuance of lease liabilities	-	-	28,193	-	227,948
Proceeds from issuance of bonds	-	-	-	31,763,115	-
Sale of capital assets	28,869	1,702,078	514,541	137,613	53,854
Total other financing sources (uses)	28,869	1,702,078	(457,266)	31,250,724	(218,198)
Net change in fund balances	\$ (797,646)	\$ 13,157,455	\$ 20,267,446	\$ 39,791,099	\$ (16,704,939)
Debt service as a percentage of noncapital expenditures	23.92%	18.28%	16.34%	12.83%	7.81%

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
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
2024	22,521,228	24,029,811	7,310,364	775,044	54,636,447
Growth 2015-2024	35.9%	165.2%	58.0%	38.9%	77.3%

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>
2015	\$ 3,260,372,368	\$ 678,951,110	\$ 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%
2024	11,859,235,359	916,278,287	12,775,513,646	0.001236	18,722,324,725	68.2%

(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 LEVIES AND COLLECTIONS
Last Ten Calendar Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	672,903	13,795,154	98.01%
2024	14,758,665	14,095,227	95.50%	-	14,095,227	95.50%

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
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
2024	0.001236	-	0.001236	0.006115	0.000776	0.000400	0.000012	0.000006	0.008545

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	2024			2015		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Texas Instruments (formerly IM Flash)	\$ 480,060,900	1	3.76%	\$ 253,492,700	1	6.43%
Adobe Systems	191,885,800	2	1.50%	70,042,800	2	1.78%
DR Horton	95,869,915	3	0.75%	-		
Young Living Warm Springs	92,804,700	4	0.73%	-		
Geneva Rock Products	80,127,176	5	0.63%	-		
IHC Health Services	79,747,740	6	0.62%	-		
Thanksgiving Park Five and Six	78,995,200	7	0.62%	-		
Outlets at Traverse Mountain	74,661,700	8	0.58%	38,920,700	4	0.99%
Thanksgiving Park One and Two	71,069,600	9	0.56%	-		
MPT of Lehi-Steward	69,268,800	10	0.54%	-		
Traverse Ridge Center III	66,931,900	11	0.52%	-		
RE Plus 1300WTP	61,484,200	12	0.48%	-		
TMCV #1	57,686,800	13	0.45%	36,104,600	5	0.92%
TS Office Owner 1	53,174,700	14	0.42%	-		
TMCV Retail #1 Retail Center	51,111,300	15	0.40%	-		
Questar Gas	48,967,712	16	0.38%	22,344,816	7	0.57%
Innovation Pointe Four	44,376,200	17	0.35%	-		
Thanksgiving Point Development Co	43,705,200	18	0.34%	-		
Innovation Pointe One	42,719,400	19	0.33%	-		
Innovation Pointe Two	41,504,700	20	0.32%	-		
Thanksgiving Park Two				41,318,600	3	1.05%
Crest Haven				26,225,500	6	0.67%
Cabelas				21,712,500	8	0.55%
Thanksgiving Park One				20,482,400	9	0.52%
Thanksgiving Park Four				19,115,600	10	0.49%
Total	<u>\$ 1,826,153,643</u>		<u>14.29%</u>	<u>\$ 549,760,216</u>		<u>13.95%</u>

Source: Utah County Treasurer's Office

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

Fiscal Year	Governmental Activities				Business-Type Activities							Percentage of Personal Income	Per Capita
	Sales Tax Revenue Bonds	Lease Revenue Bonds	Leases	Notes Payable	Water Revenue Bonds	Electric Revenue Bonds	Storm Drain Revenue Bonds	Franchise &		Total Primary Government			
								Sales Tax Revenue Bonds	Notes Payable				
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	
2024	30,396,308	31,458,439	232,548	39,136,406	21,035,889	33,864,326	205,000	61,580,604	895,530	218,805,050	6.19%	2,425	

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

Fiscal Year	General Obligation Bonds	Other Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2015	\$ -	\$ -	\$ -	- %	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-

Note: Lehi City has no outstanding general obligation debt or any other bonds that would obligate property taxes for payment.

LEHI CITY CORPORATION
SCHEDULE 12
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024

<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	\$ 116,401,403	4.31%	\$ 5,013,516
Alpine School District	<u>319,065,000</u>	22.45%	<u>71,642,040</u>
Subtotal, overlapping debt	435,466,403		76,655,556
Direct Debt:			
Lehi City	<u>69,765,262</u>	100.00%	<u>69,765,262</u>
Total direct and overlapping debt	<u>\$ 505,231,665</u>		<u>\$ 146,420,818</u>

Note: Overlapping governments are those that coincide, at least partially, 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 evaluating the City's capacity to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident or responsible for repaying the debt of each overlapping government.

(1) The percentage of applicable overlapping debt 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>
2015	\$ 189,635,817	\$ -	\$ 189,635,817
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
2024	748,892,989	-	748,892,989

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

Legal Debt Margin Calculation for Fiscal Year 2024

Estimated market value	\$ 18,722,324,725
Debt limit (4% of market value)	748,892,989
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 748,892,989</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			Coverage
				Principal	Interest	Total	
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
2024	17,905,523	9,736,112	8,169,411	445,000	829,930	1,274,930	6.41

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

(1) Total revenue, including interest and impact fees.

(2) Total operating expenses, excluding depreciation.

(3) In fiscal year 2019, the City issued \$17,205,000 in water revenue bonds to finance improvements to the culinary water distribution system and the pressurized irrigation system.

(4) In fiscal year 2023, the City issued \$3,643,000 in water revenue bonds to finance secondary water meter installations.

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	
2015	\$ 9,060,843	\$ 650,000	\$ 165,824	\$ 815,824	8.81
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
2024	24,029,811	985,000	872,032	1,857,032	12.94

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

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

(2) In fiscal year 2019, the City issued \$18,402,528 in sales tax revenue bonds 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	
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
2024	57,972,016	46,961,501	-	11,010,515	605,000	1,211,758	1,816,758	6.06

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

(1) Total revenue, including interest and impact fees.

(2) Total operating expenses, excluding 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	
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
2024	3,732,083	1,643,518	2,088,565	200,000	14,215	214,215	9.75

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, excluding 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	
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
2024	1,662,673	6,350,702	2,880,937	970,096	9,924,216	875,000	2,210,150	3,085,150	3.22

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, excluding depreciation and amortization.

(3) In fiscal year 2022, 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 have a deficit net position for the first few years until the fiber-optic network is installed and the City can start collecting revenue from the 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>
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%
2024	90,227	3,535,364,541	39,183	3.7%

(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	2024	2015	
	Range of Employees	Estimated Employees	Rank
Adobe	1000 - 1999	900	2
Alpine School District	1000 - 1999	-	-
Texas Instruments (formerly IM Flash)	1000 - 1999	1700	1
Ancestry.com	500 - 999	-	-
Entrata	500 - 999	-	-
Lehi City	500 - 999	-	-
Nexeo	500 - 999	-	-
Thanksgiving Point	500 - 999	420	6
Weave	500 - 999	-	-
Xactware	500 - 999	650	3
Boostability	250 - 499	-	-
Collective Health	250 - 499	-	-
Costco	250 - 499	211	10
Digicert	250 - 499	-	-
Hadco Construction	250 - 499	235	8
LendingClub Bank	250 - 499	-	-
Lendio	250 - 499	-	-
MoneyDesktop	250 - 499	-	-
Mountain Point Medical Center (formerly IASIS)	250 - 499	320	7
Pattern	250 - 499	-	-
Podium	250 - 499	-	-
Pure Storage	250 - 499	-	-
Purple Innovation	250 - 499	-	-
Smiths	250 - 499	-	-
Sunrun Installation Services (formerly Vivint Solar)	250 - 499	-	-
Young Living	250 - 499	-	-
Cabela's	100 - 249	425	5
Jack B Parson Co	5 - 9	215	9
Xango	-	630	4

Source: Utah Department of Workforce Services

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

LEHI CITY CORPORATION
SCHEDULE 21
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Court	6	6	6	6	6	6	6	6	6	6
Administrative	11.5	11.5	11.5	15	15	15	16	14	14	16
Treasury	5	6	6	6	6.5	5	5	5	5	5
Finance	7	7	7	4	4	4	4	4	4	4
Information Center	-	-	-	-	-	7	7	7	7	7
Legal	5.3	5.3	5.3	5	5	5	5	5	5.5	5.5
Legislative (1)	6	6	6	6	6	6	6	6	6	6
Public Safety										
Police	51	54	59	59	59	59	62	65	74	75
Fire	43	46	50	66	66	67	67	68	68	68
Animal Control	2	2	2	1	1	1	1	2	2	2
Community Development										
Public Works Administration	5	5	5	5	7	8	8	8	8	8
Planning and Zoning	6	6	6	6	6	7	7	7	7	7
Building Inspections	9	9	9	9	9	12	12	13	15	15
Streets and Highways										
Streets and Public Improvements	14	15	15	15	16	16	16	17	17	17
Parks, Recreation and Culture										
Parks	27	29	29	29	31	30	25	28	30	34
Senior Citizens	2	2	2.5	3	4	3	3	3	3	3
Recreation	84.5	87.5	82	91	84	64	73	87	92	97
Library	20	21	21	21	21	16	16	16	16	20
Literacy Center	6.5	6.5	6	6	6	6	6	6	6	6
Cemetery	3.5	4	4	6	6	6	6	6	6	6
Sewer	3	4	8	8	8	7	7	8	8	8
Power	25.5	27.5	29	32	33	33	33	35	39	41
Fiber	-	-	-	-	-	-	-	1	1	5
Water	14.5	16.5	16.5	17	17	18	20	21	24	24
Storm Drain	3.65	4.65	5.65	5	7	12	12	12	12	12

Source: Lehi City payroll records

(1) Legislative is made up of 1 part-time mayor and 5 part-time city council members.

(2) Garbage services are outsourced to a private contractor.

LEHI CITY CORPORATION
SCHEDULE 22
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Community development										
Residential building permits issued	464	548	489	781	871	707	907	826	779	511
Commercial building permits issued	165	195	195	183	172	148	161	167	55	134
Court										
Traffic and Misdemeanor cases handled	4,705	6,387	5,547	7,321	7,349	6,988	6,281	5,689	7,603	8,326
Police										
Calls for service	32,130	32,534	28,602	29,832	22,770	25,438	30,175	29,566	30,901	30,730
Arrests	1,188	1,179	1,436	1,414	1,443	1,173	1,121	1,243	1,754	1,417
Fire										
Fire/Medical responses	2,480	2,708	2,946	3,162	3,717	3,866	3,982	4,706	5,229	5,459
Recreation										
Recreation programs	69	72	80	74	78	62	69	77	80	82
Participants in recreation programs	27,445	28,396	27,999	28,549	28,324	20,777	23,600	29,614	29,495	30,228
Library										
Books in collection	114,442	150,158	115,022	122,055	129,002	129,826	127,054	125,469	122,839	102,729
Books circulated	532,094	597,433	474,778	486,687	502,167	402,543	343,828	488,264	514,680	519,150
Cemetery										
Acres maintained	55	55	55	55	55	55	55	55	55	55
Total gravesites	27,645	27,955	27,966	29,528	29,543	29,713	29,729	29,766	29,819	30,031
Culinary Water										
Residential accounts serviced	14,987	15,691	16,043	16,562	17,872	18,811	19,712	20,589	21,976	22,891
Average daily consumption (thousands of gallons)	3,210	3,490	4,210	3,840	4,490	4,638	4,987	4,364	4,034	3,660
Sewer										
Sewer lines miles inspected	47	47	58	62	54	52	53	55	37	34
Power										
Accounts serviced	17,873	18,879	19,656	20,693	22,193	23,611	24,800	26,094	28,009	29,249
Energy sold (megawatts in thousands)	286	315	342	364	383	402	462	433	462	473
Secondary Water										
Accounts serviced	13,247	15,584	14,119	14,799	15,669	16,314	16,579	17,129	17,554	18,179

Source: City Records

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

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Streets and Highways										
Street lights	2,600	2,689	2,910	3,027	3,359	3,495	3,671	3,796	3,945	4,562
Street miles	224	233	244	246	256	262	270	278	281	286
Police			944							
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	59	60	65	63	63	66	72	76	78	87
Fire										
Fire stations	2		2	3	3	3	3	3	3	3
Fire vehicles	15	16	17	17	17	20	21	21	26	27
Ambulances	5	4	5	5	5	5	5	5	5	7
Public works										
Incorporated area in square miles	28	28	29	29	29	29	29	29	29	29
City buildings in square feet	235,000	235,000	321,600	321,600	321,600	321,600	362,044	348,089	348,089	378,102
Parks and recreation										
Park acreage	339	339	522	522	531	592	600	630	633	758
Baseball/softball diamonds	8	8	8	8	8	8	12	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 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	281	297	310	322	339	355	372	387	390	402
Storage capacity (thousands of gallons)	10,400	10,400	10,400	10,400	12,600	12,700	13,300	16,900	16,900	17,900
Sewer										
Sewer line miles	226	241	253	262	271	279	290	300	307	317
Secondary water										
Secondary water main line miles	282	298	312	325	343	360	375	390	395	408
Power										
Main power feeder line miles	258	275	515	680	756	795	816	894	944	1,100
Overhead power line miles	67	65	147	117	117	116	116	116	114	115

Source: City Records

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND DEFINITION OF CERTAIN TERMS

The following summary is a brief outline of certain provisions contained in the Indenture and is not to be considered as a full statement thereof. Reference should be made to the Indenture, including the Series 2025A Supplemental Indenture, for full details of all the terms of the Bonds, the security provisions appertaining thereto, the application of the Revenues derived from the System, and the definition of any terms used but not defined in this Official Statement.

DEFINITIONS

For purposes of this summary, the following terms have the meanings described below:

“Account’s Certificate” means a certificate signed by a Qualified Public Accountant.

“Accrued Debt Service” means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any series of Bonds and any related Security Instrument Repayment Obligations, calculating the Debt Service that has accrued with respect to each series of Bonds and any related Security Instrument Repayment Obligations as an amount equal to the sum of (a) the interest on the Bonds of such series and on any related Security Instrument Repayment Obligations that has accrued and is unpaid and that will have accrued by the end of the then-current calendar month, and (b) that portion of all principal installments payable within the 12-month period following the date of calculation for the Bonds of such series (other than subordinated Bond Anticipation Notes) and on any related Security Instrument Repayment Obligations that would have accrued, if deemed to accrue in the same manner as interest accrues, by the end of the then current calendar month.

“Act” means the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, and, to the extent applicable, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Chapter 27 of Title 11, Utah Code Annotated 1953, as amended, and all laws amendatory thereof or supplemental thereto.

“Aggregate Debt Service” means, as of any date of calculation and with respect to any period, the sum of the amounts of Debt Service for (a) all series of Bonds then outstanding and (b) any Repayment Obligations then outstanding.

“Average Annual Debt Service” means, as of the date of calculation and for the Series 2025A Bonds, the total of the Debt Service for such Series 2025A Bonds as computed for each Fiscal Year during which any of the Series 2025A Bonds are outstanding, divided by the number of such Fiscal Years.

“Bond Anticipation Notes” means Bonds issued by the City pursuant to the Indenture in advance of the permanent financing of the City for a Project pursuant to the provisions of the Act.

“Bond Service Account” means the Bond Service Account in the Principal and Interest Fund established in the Indenture.

“Bondholder” or *“Holder”*, or any similar term, means the owner of any Bond or Bonds. In the case of a fully-registered Bond, Bondholder means the registered owner of such Bond.

“Bonds” means bonds, notes, commercial paper or other obligations (other than Repayment Obligations) authorized by and at any time outstanding pursuant to the Indenture.

“City” means Lehi City, Utah, a municipal corporation and political subdivision of the State, and its successors and assigns.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference to a section of the Code is deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to tax-exempt Bonds.

“Construction Fund” means the fund by that name established in the Indenture.

“Council” means the City Council of the City, or any other governing body of the City hereafter provided for pursuant to law.

“Cross-over Date” means with respect to Cross-over Refunding Bonds the date on which the principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

“Cross-over Refunded Bonds” means Bonds refunded by Cross-over Refunding Bonds.

“Cross-over Refunding Bonds” means Bonds issued for the purpose of refunding Bonds if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

“Debt Service” means for any particular Fiscal Year and for any series of Bonds and any Repayment Obligations an amount equal to the sum of (1) all interest (net of any interest subsidy with respect to Bonds paid or payable to or for the account of the City by any governmental body or agency and net of any amount deposited with the Trustee to pay interest on a series of construction Bonds to accrue up to 12 months following the estimated completion date and available to pay interest on Bonds) payable during such Fiscal Year on such Bonds then outstanding and such Repayment Obligations then outstanding, plus (2) the principal installments payable during such Fiscal Year on (i) such Bonds outstanding (other than subordinated Bond Anticipation Notes), calculated on the assumption that Bonds outstanding on the day of calculation cease to be outstanding by reason of, but only by reason of, payment either upon maturity or application of any sinking fund installments required by the Indenture, and (ii) such Repayment Obligations then outstanding; *provided, however*, that there will be excluded from *“Debt Service”* (w) interest on Bonds (whether Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest is available to pay such interest, (x) principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow and such proceeds or the earnings thereon are required to be applied to pay such principal (subject

to the possible use to pay the principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such principal, (3) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the City's obligation to pay such Repayment Obligations, and (4) any termination payments with respect to an Interest Rate Swap.

"Debt Service Reserve Account" means the Debt Service Reserve Account in the Principal and Interest Fund established in Indenture.

"Debt Service Reserve Requirement" means, with respect to any Series Subaccount that has been established in the Debt Service Reserve Account, the amount specified in a Supplemental Indenture as being required to be on deposit in such Series Subaccount.

"Engineer's Certificate" means a certificate or opinion signed by a Qualified Engineer.

"Escrowed Interest" means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, in connection with the issuance of Bonds or Cross-over Refunding Bonds secured by such Cross-over Refunding Bonds or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

"Estimated Net Revenues" means, for any Year, the estimated Net Revenues for such Year.

"Fiscal Year" means the annual accounting period of the City as from time to time in effect, initially a period commencing on July 1 of each calendar year and ending on the next succeeding June 30.

"Fitch" means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation no longer performs the functions of a securities rating agency, *"Fitch"* will be deemed to refer to another nationally recognized securities rating agency, if any, designated by the City.

"Government Obligations" means:

- (i) Direct obligations of or obligations guaranteed by the United States of America;
- (ii) Any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i) above; and
- (iii) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) or clause (ii) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant

to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) or clause (ii) above, which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (iii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (iii), as appropriate.

“Investment Securities” means any of the following securities, if and to the extent that the same are at the time legal for investment of City funds:

(i) any investment authorized from time to time by the provisions of the State Money Management Act, including without limitation the Public Treasurers’ Investment Fund;

(ii) The following investments fully insured by the Federal Deposit Insurance Corporation: (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, or (d) depository receipts of banks, savings and loan associations and mutual savings banks;

(iii) Certificates of deposit properly secured at all times by collateral security consisting of Government Obligations;

(iv) Government Obligations;

(v) Bonds, debentures or notes or other evidence of indebtedness issued by any one or a combination of any of the following federal agencies: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; or the Public Housing Authority;

(vi) Repurchase agreements collateralized by Government Obligations or obligations described in clause (v) of this definition with any registered broker/dealer subject to Securities Investors’ Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated *“Prime-1”* or *“A3”* or better by Moody’s and *“A-1”* or *“A”* or better by S&P Corporation, or any commercial bank with the above ratings, *provided*:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction,

(b) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (1) a Federal Reserve Bank, (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25,000,000, or (3) a bank approved in writing for such purpose by each Security Instrument issuer which at the time has a Security Instrument outstanding on which there is no payment default, and the Trustee has received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. (or similar successor provision of law) in such securities is created for the benefit of the Trustee,

(d) the repurchase agreement has a term of 30 days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business day of such valuation,

(e) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to the date when liquidation is required, and

(f) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%;

(vii) Money market funds rated AAA by Fitch or Aaa by Moody's or AAA by S&P, including such funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund;

(viii) Direct and general obligations of any state within the territorial United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, *provided* that at the time of their purchase under the Indenture, such obligations are rated in either of the two highest rating categories by a Rating Agency;

(ix) Commercial paper rated "first tier" by two ratings agencies, one of which must be Moody's or S&P, and having a remaining term to maturity of 270 days or less;

(x) Refunded municipal obligations rated at the time of purchase in the highest rating category by a Rating Agency; and

(xi) Investment agreements permitted by the State Money Management Act.

"*Moody's*" means Moody's Investors Service Inc., its successors and assigns, and, if such corporation no longer performs the functions of a securities rating agency, "*Moody's*" will be deemed to refer to another nationally recognized securities rating agency, if any, designated by the City.

"*Net Revenues*" means, for any period, the Revenues during such period less the Operation and Maintenance Costs during such period.

"*Operation and Maintenance Costs*" means all actual operation and maintenance costs related to the System incurred by the City in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period.

Such Operation and Maintenance Costs include, but are not limited to, amounts paid by the City for improvement, repair, replacement or for the acquisition of any item of equipment related to the System; for salaries and wages; employees' health, hospitalization, pension and retirement expenses; fees for

services, materials and supplies; rents; administrative and general expenses; insurance expenses; Trustee, Paying Agent, legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services; training of personnel; taxes, payments in lieu of taxes and other governmental charges (including franchise fees imposed by the City for the use of public streets and rights-of-way); fuel costs; payments for the purchase of water or the treatment or transmission of water for distribution in the System; payments for the treatment, transmission or disposal of sewerage; payments pursuant to any Resource Purchase Agreement; and any other current expenses or obligations required to be paid by the City under the provisions of the Indenture or by law, all to the extent properly allocable to the System.

Such Operation and Maintenance Costs do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the City, costs, or charges made therefor, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties.

“Pledged Bonds” means any Bonds that have been pledged or in which any interest has otherwise been granted to a Security Instrument issuer as collateral security for Security Instrument Repayment Obligations.

“Principal and Interest Fund” means the fund by that name established in the Indenture.

“Project” means the acquisition of additions, improvements and extensions to the public utility of the City comprising the System if and to the extent that the same is designated by the City as a Project in a Supplemental Indenture.

“Qualified Engineer” means (a) the Director or, if the Director is not an engineer, an engineer on staff in the Department or (b) any registered or licensed engineer or architect and engineer or firm of such engineers or architects and engineers generally recognized to be well qualified in engineering matters relating to construction and maintenance of municipal water, sewer and stormwater systems, appointed by the City.

“Qualified Public Accountant” means (a) the Finance Administrator of the Department or (b) any other certified public accountant or firm of such accountants appointed by the City.

“Rebate Fund” means any fund established with respect to a series of Bonds issued under the Indenture to provide for the payment of arbitrage rebate pursuant to the Code.

“Record Date” means, with respect to any interest payment date for any series of Bonds, the date specified as the Record Date in the Supplemental Indenture authorizing the issuance of such series of Bonds.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Supplemental Indenture.

“Renewal and Replacement Fund” means the fund by that name established in the Indenture.

“Renewal and Replacement Fund Reserve Requirement” means the amount required to be on deposit in the Renewal and Replacement Fund which shall be an amount equal to such amount, if any, as may be required from time to time by a Supplemental Indenture.

“Repayment Obligations” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

“Reserve Instrument” means an instrument or other device issued by a Reserve Instrument issuer to satisfy all or any portion of the Debt Service Reserve Requirement, if any, for a series of Bonds. The term *“Reserve Instrument”* includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and other devices; *provided, however*, that no such device or instrument is a *“Reserve Instrument”* for purposes of the Indenture unless specifically so designated in the Supplemental Indenture authorizing the use of such device or instrument.

“Reserve Instrument Agreement” means any agreement entered into by the City and a Reserve Instrument issuer pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument issuer of a Reserve Instrument.

“Reserve Instrument Costs” means, with respect to any Reserve Instrument, any fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument issuer pursuant to a Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument. Such Reserve Instrument Agreement or Supplemental Indenture must specify any fees, premiums, expenses and costs constituting Reserve Instrument Costs.

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument, any outstanding amounts payable by the City under the Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument to repay the Reserve Instrument issuer for payments previously made by it pursuant to a Reserve Instrument. There is not included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs. Each Reserve Instrument Agreement or the Supplemental Indenture providing for the use of such Reserve Instrument must specify any amounts payable under it which, when outstanding, constitute Reserve Instrument Repayment Obligations and must specify the portions of any such amounts that are allocable as principal of and as interest on such Reserve Instrument Repayment Obligations.

“Resource Purchase Agreement” means any agreement (a) for the treatment, transmission or supply of water to or for the City or (b) for capacity in facilities for the treatment, transmission or supply of water to or for the City.

“Revenue Fund” means the fund by that name established in the Indenture.

“Revenues” means all revenues, connection fees, income, rents and receipts derived by the City from or attributable to the System including the proceeds of any insurance covering business interruption loss. *“Revenues”* also include all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund and the proceeds of any interest subsidy with respect to the Bonds paid for or for the account of the City by any governmental body or agency. Revenues do not include: (i) proceeds received on insurance resulting from casualty

damage to assets of the System; or (ii) the proceeds of sale of Bonds, notes or other obligations issued for System purposes.

“S&P” means Standard & Poor’s Credit Market Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if such corporation no longer performs the functions of a securities rating agency, “S&P” will be deemed to refer to another nationally recognized securities rating agency, if any, designated by the City.

“*Security Instrument*” means an instrument or other device issued by a Security Instrument issuer to pay, or to provide security or liquidity for, a series of Bonds. The term “*Security Instrument*” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; *provided, however*, that no such device or instrument is a “*Security Instrument*” for purposes of the Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

“*Security Instrument Agreement*” means any agreement entered into by the City and a Security Instrument issuer pursuant to a Supplemental Indenture providing for the issuance by such Security Instrument issuer of a Security Instrument.

“*Security Instrument Costs*” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture must specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

“*Security Instrument Repayment Obligations*” means, as of any date of calculation and with respect to any Security Instrument, any outstanding amounts payable by the City under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument issuer for payments previously or concurrently made by the Security Instrument issuer pursuant to a Security Instrument. There is not included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Supplemental Indenture providing for the use of such Security Instrument must specify any amounts payable under it which, when outstanding, constitute Security Instrument Repayment Obligations and must specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

“*Series Subaccount*” means the separate subaccount created for each series of Bonds in the Bond Service Account or in the Debt Service Reserve Account pursuant to the Indenture.

“*Supplemental Indenture*” means any indenture supplemental hereto or amendatory hereof that is in full force and effect and has been duly executed and delivered by the City and the Trustee in accordance with the provisions hereof.

“*System*” means the complete combined culinary and pressurized irrigation waterworks plant and system of the City, including all improvements, extensions, and additions thereto which may be made

while any of the Bonds remain Outstanding, and including all property, real, personal and mixed, of every nature now or hereafter owned by the City and used or useful in the operation of its waterworks properties.

“*Tax Certificate*” means any agreement or certificate of the City that the City may execute in order to establish and maintain the excludability of interest on a Series of Bonds from gross income of the owners thereof for federal income tax purposes.

“*Trustee*” means U. S. Bank National Association, of Lehi City, Utah, its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

“*Variable Rate Bonds*” means, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible of a precise determination.

ESTABLISHMENT OF FUNDS AND ACCOUNTS

The following funds and accounts are established under the Indenture and held as follows:

- (i) Construction Fund, consisting of separate Project Accounts for each Project, to be held by the Trustee; and
- (ii) Principal and Interest Fund, to be held by the Trustee, consisting of:
 - (a) a Bond Service Account, in which the Trustee will establish a separate Series Subaccount for each series of Bonds, and
 - (b) a Debt Service Reserve Account, in which the Trustee will establish a separate Series Subaccount for each series of Bonds.
- (iii) Revenue Fund, to be held by the City; and
- (iv) Renewal and Replacement Fund, to be held by the City.

The City may, by Supplemental Indenture, establish one or more additional funds, account or subaccounts, including but not limited to, a Rebate Fund.

DEPOSIT OF PROCEEDS OF SALE OF BONDS

Simultaneously with the delivery of a series of Bonds, the proceeds of sale of such Bonds (except proceeds of refunding Bonds), including accrued interest, will be deposited in the Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other Funds or such other funds or accounts as may be established by the Supplemental Indenture, in such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such series of Bonds.

PLEDGE OF NET REVENUES

The Bonds and the Repayment Obligations are special obligations of the City payable from and secured by the Revenues, moneys, securities and funds pledged therefor. There are pledged for the payment of principal, Redemption Price and interest on the Bonds and of Repayment Obligations in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) the Construction Fund, Principal and Interest Fund, Renewal and Replacement Fund, Revenue Fund and any other Funds hereafter established or confirmed by the Indenture (except for any Rebate Fund) and pledged for the payment of principal, Redemption Price and interest on the Bonds and of Repayment Obligations, including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of Section 148(f) of the Code.

The Revenues are pledged to the payment of the Bonds subject to the conditions that the Revenues are to be applied in the order of priority described under the caption "ALLOCATION OF REVENUES TO SPECIAL FUNDS," below.

ALLOCATION OF REVENUES TO SPECIAL FUNDS

The Revenues are to be deposited by the City in the Revenue Fund, except as otherwise provided in the Indenture.

On or before the fourth Business Day prior to the end of each month, after the payment of unpaid Operations and Maintenance Costs then due, the City will transfer from the Revenue Fund, to the extent of moneys available therein, and deposit, in the following order:

- (i) {Reserved}, and
- (ii) into the following Funds and Accounts, the amounts set for the below:
 - (a) In the Principal and Interest Fund:
 - (1) for credit to the Bond Service Account, the amount, if any, required so that the balance in each of the Series Subaccounts in the Bond Service Account will equal the Accrued Debt Service on the series of Bonds and, to the extent required by the Supplemental Indenture creating such Series Subaccount, on any Security Instrument Obligations for which such Series Subaccount was established; *provided* that if there are not sufficient moneys to satisfy the requirements of this subsection (1) with respect to all Series Subaccounts in the Bond Service Account, all moneys available for distribution among such Series Subaccounts will be deposited into the Bond Service Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Bond Service Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each Series Subaccounts bears to the total deficiency for all Series Subaccounts; and *provided further*, that in the event and to the extent moneys have been deposited in any Project Account to pay interest on a series of

Construction Bonds to accrue up to 12 months following the estimated completion date pursuant to the Indenture, such moneys will be transferred from the appropriate Project Account and deposited into the appropriate Series Subaccount in the Bond Service Account in an amount sufficient to cause the balance in such Series Subaccount to equal the interest component of Accrued Debt Service on the series of Bonds; and

(2) for credit to the Debt Service Reserve Account, without priority or preference as between subsections (A) or (B):

(A) if, after the issuance of a series of Bonds, an amount equal to the Debt Service Reserve Requirement is not on deposit in the Series Subaccount established in the Debt Service Reserve Account for such series of Bonds because sufficient moneys for that purpose were not required by a Supplemental Indenture to be deposited into the Debt Service Reserve Account pursuant to the provisions of the Indenture, such amount as is required by the Supplemental Indenture authorizing such series of Bonds, in not to exceed sixty (60) approximately equal monthly installments commencing not later than the business day immediately preceding the first interest payment date of such series of Bonds, computed as of the contemplated date of issuance of such series of Bonds, necessary to cause the balance in such Series Subaccount to equal the Debt Service Reserve Requirement;

(B) if moneys have ever been paid out of any Series Subaccount in the Debt Service Reserve Account to make up a deficiency in a Series Subaccount in the Bond Service Account or if for any other reason moneys in any Series Subaccount in the Debt Service Reserve Account have been removed and in either case if such moneys have not been replaced from any source, such amount as is necessary to cause either the amount so paid out of or removed from such Series Subaccount in the Debt Service Reserve Account to be replaced, or the amount to be on deposit in such Series Subaccount to be equal to the Debt Service Reserve Requirement attributable to the corresponding series of Bonds, whichever is less; and

(C) with respect to a series of Bonds for which a Debt Service Reserve Requirement has been established pursuant to a Supplemental Indenture and for which the Debt Service Reserve Requirement has been increased because of a decline in the amount by which Net Revenues exceeded Aggregate Debt Service, such amount, in monthly installments, as shall be required by the Supplemental Indenture authorizing such series of Bonds to cause the balance in such Series Subaccount to equal the Debt Service Reserve requirement then-existing for such series of Bonds;

provided, that if there are not sufficient moneys in the Revenue Fund to satisfy the requirements of this subsection (2), all moneys available for distribution among the Series Subaccounts in the Debt Service Reserve Account will be deposited into the

Debt Service Reserve Account and distributed pro rata based on the amount of the deficiencies to the deficient Series Subaccounts in the Debt Service Reserve Account.

(b) In the Renewal and Replacement Fund:

(1) if the Renewal and Replacement Fund Reserve Requirement is ever increased in accordance with the provisions of the Indenture, the amount specified in a written certificate of the City identifying a schedule of 60 approximately equal monthly deposits into the Renewal and Replacement Fund sufficient to cause the balance in the Renewal and Replacement Fund to equal the increased Renewal and Replacement Fund Reserve Requirement within no more than 60 months as required by the Indenture; and

(2) if moneys have ever been paid out of the Renewal and Replacement Fund and not have been replaced from any source, the amount of money necessary, in not to exceed 120 approximately equal monthly installments, to cause the amount so paid out of the Renewal and Replacement Fund to be replaced, or to cause to be on deposit in the Renewal and Replacement Fund an amount equal to the Renewal and Replacement Fund Reserve Requirement, whichever is less.

Notwithstanding the foregoing, no deposits are be required into the Principal and Interest Fund so long as there is held in the Principal and Interest Fund, excluding any Reserve Instrument Coverage, an amount sufficient to pay in full all outstanding Bonds and all outstanding Repayment Obligations in accordance with their terms.

Amounts remaining in the Revenue Fund at the end of each month after payment of the amounts required by the Indenture, as set forth above, may be applied by the City, free and clear of the lien of the Indenture, to any one or more of the following, to the extent permitted by law: (1) the purchase or redemption of any Bonds and payment of expenses in connection therewith; (2) payments of principal or redemption price of and interest on any bonds, including general obligation or junior lien revenue bonds of the City, issued to acquire improvements or extensions to the System; (3) payments into any Project Account or Accounts established in the Construction Fund for application to the purposes of such Accounts; (4) payments of the costs of capital improvements to the System; and (5) any other lawful purpose of the City.

All moneys earned as an investment of moneys in the Construction Fund will be retained therein. Net income earned on any moneys or investments in the Revenue Fund, the Bond Service Account, and the Renewal and Replacement Fund will be transferred to the Revenue Fund. Whenever a Series Subaccount in the Debt Service Reserve Account is in its full required amount, net income earned on moneys or investments in such Series Subaccount will be transferred to the Revenue Fund, but otherwise will be retained therein.

OPERATION OF SPECIAL FUNDS

Principal and Interest Fund; Bond Service Account. Each Supplemental Indenture providing for the issuance of a series of Bonds will establish a separate Series Subaccount in the Bond Service Account

for each such series of Bonds issued *provided, however*, that such a separate Series Subaccount need not be established in the Principal and Interest Fund for a series of Bonds if such series of Bonds is secured by Series Subaccount in the Debt Service Reserve Account that also secures one or more other series of Bonds (in which case the Supplemental Indenture may provide for the payment of principal and interest on such series of Bonds from the same Series Subaccount in the Principal and Interest Fund as the principal and interest on such other series of Bonds are payable from). There will be deposited into each Series Subaccount the amounts required to be so deposited pursuant to the Indenture. Any payments made by a Security Instrument issuer with respect to a series of Bonds will be deposited into the Series Subaccount in the Bond Service Account relating to such series of Bonds, subject to the provisions of the Supplemental Indenture authorizing the issuance of such series of Bonds.

The Trustee will pay out of the appropriate Series Subaccount in the Bond Service Account the amount required by the Indenture for payment of principal, Redemption Price and interest on the Bonds. The Trustee will also pay out of the appropriate Series Subaccount in the Bond Service Account to the Security Instrument issuer, if any, that has issued a Security Instrument with respect to such series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument issuer. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument issuer, a corresponding payment on the Security Instrument Repayment Obligation will be deemed to have been made (without requiring an additional payment by the City) and the Trustee will keep its records accordingly.

Amounts accumulated in any Series Subaccount in the Bond Service Account with respect to any sinking fund installment (together with amounts accumulated therein with respect to interest on the Bonds for which such sinking fund installment was established) will, if so directed by the City in a written request not less than 30 days before the due date of such sinking fund installment, be applied by the Trustee to (1) the purchase of Bonds of the series and maturity for which such sinking fund installment was established, (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds described in this paragraph will be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases will be made in such manner as the City directs the Trustee. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed will be deemed to constitute part of the Bond Service Account until such sinking fund installment date for the purpose of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such sinking fund installment, the Trustee will proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the series and maturity for which such sinking fund installment was established (except in the case of Bonds maturing on a sinking fund installment date) in such amount as is necessary to complete the retirement of the unsatisfied balance of such sinking fund installment. The Trustee will pay out of the appropriate Series Subaccount in the Bond Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount will be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds will be paid by the City as an Operation and Maintenance Cost.

Principal and Interest Fund; Debt Service Reserve Account. Each Supplemental Indenture providing for the issuance of a series of Bonds may establish in the Debt Service Reserve Account a

separate Series Subaccount for each such series of Bonds issued and will specify the Debt Service Reserve Requirement to be on deposit in such Series Subaccount.

If on the third business day prior to the end of any month, after the deposit of moneys required by subsection (a)(1) under the caption "ALLOCATION OF REVENUES TO SPECIAL FUNDS" the amount in any Series Subaccount in the Bond Service Account is less than the amount required to be in such Series Subaccount, the Trustee will (1) apply amounts from the corresponding Series Subaccount, if any, in the Debt Service Reserve Account to the extent necessary to make good the deficiency; and (2) to the extent that moneys and investments available in the corresponding Series Subaccount, if any, in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccount in the Bond Service Account and Reserve Instruments are in effect for the corresponding series of Bonds, immediately make a demand for payment on all such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Bond Service Account.

Whenever the moneys on deposit in a Series Subaccount in the Debt Service Reserve Account for a series of Bonds, including investment earnings and Reserve Instrument Coverage with respect thereto, exceed the Debt Service Reserve Requirement for such Series Subaccount, such excess will be transferred by the Trustee to the corresponding Series Subaccount in the Bond Service Account.

Whenever the amount in a Series Subaccount in the Debt Service Reserve Account, excluding any Reserve Instrument Coverage, together with the amount in the corresponding Series Subaccount in the Bond Service Account for a series of Bonds, is sufficient to pay in full all outstanding Bonds of such series and related Repayment Obligations in accordance with their terms, the funds on deposit in such Series Subaccount in the Debt Service Reserve Account will be transferred to the corresponding Series Subaccount in the Bond Service Account and no deposits are required to be made into such Series Subaccount in the Debt Service Reserve Account.

Renewal and Replacement Fund. The amounts in the Renewal and Replacement Fund may be applied from time to time by the City to the payment of extraordinary Operation and Maintenance Costs, and contingencies, including the prevention or correction or any unusual loss or damage to the System to the extent not covered by the proceeds of insurance or other moneys recoverable as a result thereof.

If on the third business day prior to the end of any month the amount in any Series Subaccount in the Bond Service Account is less than the amount required to be in such Series Subaccount and there is not on deposit in the corresponding Series Subaccount in the Debt Service Reserve Account sufficient moneys to cure such deficiency, the Trustee will request that the City transfer from the Renewal and Replacement Fund and deposit into such Series Subaccount in the Bond Service Account and the amount necessary (or all the moneys in the Renewal and Replacement Fund, if less than the amount necessary) to make up such deficiency; *provided* that to the extent that such deficiencies occur in more than one Series Subaccount in the Bond Service Account and there are insufficient moneys available in the Renewal and Replacement Fund to make up such deficiencies, the amount transferred and deposited from the Renewal and Replacement Fund will be distributed on a pro rata basis to the deficient Series Subaccounts in the Bond Service Account based on the proportion that the total funds available to remedy the total deficiency bears to the deficiency for each series of Bonds.

At the end of each Fiscal Year any balance of moneys or Investment Securities in the Renewal and Replacement Fund in excess of the Renewal and Replacement Fund Reserve Requirement and not required to meet any deficiency in the Bond Service Account or needed for any of the purposes for which the Renewal and Replacement Fund was established, may be transferred by the City and deposited into the Revenue Fund.

Beginning in calendar year 2004 and in each third calendar year thereafter, a Qualified Engineer is to review the adequacy of the amount of the Renewal and Replacement Fund Reserve Requirement under then current operating conditions, and in light of then applicable replacement and maintenance costs of the major components of municipal water systems of comparable size and capacity to the System. Following such review, the Qualified Engineer may recommend an increase or decrease in the amount of the Renewal and Replacement Fund Reserve Requirement. The City agrees in the Indenture that, except as described below, it will within 60 days of the receipt of such recommendation take all necessary steps to comply therewith, including delivering to the Trustee a written certificate, which specifies a schedule of 60 approximately equal monthly deposits into the Renewal and Replacement Fund in order to accumulate therein, within no more than 60 months after the end of the calendar year in which the recommendation is received by the City, any increased amount the Renewal and Replacement Fund Reserve Requirement so recommended. The City may, but is under no obligation to, increase the amount of the Renewal and Replacement Fund Reserve Requirement to an amount in excess of the amount required to be on deposit as of the date of the filing of the recommendation.

Construction Fund Project Accounts. Amounts in each Project Account established for a Project will be applied to pay the cost of construction of the Project. In the event and to the extent that proceeds of the sale of Bonds were deposited in a Project Account to provide for the payment of capitalized interest, the Trustee will, during the period for which such interest was capitalized, transfer from such Project Account, to the appropriate Series Subaccount in the Bond Service Account, the amounts required to pay interest on the Bonds when due, subject to any limitations contained in the Supplemental Indenture authorizing such Bonds.

The substantial completion of construction of each Project will be evidenced by a written certificate of the City. Upon the filing of such certificate, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such certificate will, to the extent permitted under applicable law and covenants, including any covenants contained in any Tax Certificate, regarding the use of proceeds of the Bonds, and as directed in such certificate or in a Supplemental Indenture, be (i) used to purchase Bonds as provided in the Indenture, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Bond Service Account, (iv) transferred into another Project Account to pay costs of construction of a Project or (v) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds. If subsequent to the filing of such certificate, a supplemental written certificate of the City is filed with the Trustee stating that the balance of the money remaining in the Construction Fund is no longer needed to pay costs of construction of such Project, any remaining balance in the Project Account in the Construction Fund will, to the extent permitted under applicable law and covenants, including any covenants contained in any Tax Certificate, regarding the use of proceeds of the Bonds and as directed in such supplemental certificate or in a Supplemental Indenture, be (i) used to purchase Bonds as provided in the Indenture, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Bond Service Account, (iv) transferred into another Project Account to pay costs of construction of a Project or (v) used for any other purpose for which

proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds.

PARTICULAR COVENANTS

Punctual Payment. The City will punctually pay or cause to be paid the principal, Redemption Price and interest on the Bonds and any Repayment Obligations in strict conformity with the terms of the Bonds, any Security Instrument Agreement, any Reserve Instrument Agreement and the Indenture, and the City will punctually pay or cause to be paid all sinking fund installments which may be established for any series of Bonds.

Operation and Maintenance. The City will cause the System to be operated continuously to the extent practicable under conditions as they may from time to time exist, in an efficient and economical manner, and will at all times cause to be maintained, preserved and kept, the System, including all parts thereof and appurtenances thereto, in good repair, working order and condition, and in such manner that the operating efficiency thereof will be of high character, and the City will from time to time cause to be made all necessary and proper repairs and replacements so that the rights and security of the Holders of the Bonds may be fully protected and preserved.

Maintenance of Revenues. The City will at all times comply with all terms, covenants and provisions, express and implied, of all contracts and agreements entered into by it for System use and services and all other contracts or agreements affecting or involving the System or the business of the City with respect thereto. The City will promptly collect all charges due for System use and service supplied by it as the same become due, and will at all times maintain and enforce its rights against any person who does not pay such charges.

The City will not enter into any Resource Purchase Agreement pursuant to which the City is obligated to take or pay (i) for the treatment, transmission or supply of water to or for the City; (ii) for capacity in facilities for the treatment, transmission or supply of water to or for the City; (iii) for the treatment, transmission or disposal of sewerage for the City; or (iv) for capacity in facilities for the treatment, transmission or supply of sewerage to or for the City unless the City obtains (a) an Accountant's Certificate (b) an Engineer's Certificate, or (c) any combination of (a) and (b) to the effect that the City's obligation to make payments when due under such Resource Purchase Agreement will not adversely affect the ability of the System to produce Net Revenues at least equal to the Rate Covenant Requirement for (x) the Fiscal Year in which such Resource Purchase Agreement is executed and (y) each of the next 5 Fiscal Years thereafter.

Rates and Charges. So long as any of the Bonds are outstanding the City will establish, fix, prescribe and collect rates and charges for the sale or use of System services furnished by the City which, together with other income, are reasonably expected to yield Net Revenues equal to (1) 1.25 times the Aggregate Debt Service excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (2) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year and (3) 100% of the amounts, if any, required by the Indenture to be deposited into the Debt Service Reserve Account and the Renewal and Replacement Fund during the forthcoming Fiscal Year.

Payment of Taxes and Claims. The City will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues, when the same become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The City will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the construction of any Project and other improvements of the System which are paid in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Indenture on the Revenues may at all times be maintained and preserved, and be free from any claim or liability which might embarrass or hamper the City in conducting its business.

Insurance. Subject in each case to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) The City will procure and maintain, or cause to be procured and maintained, at all times while any Bonds are outstanding, insurance on the System and public liability insurance in such amounts and against such risks as are usually insurable in connection with similar facilities and are normally carried by municipalities engaged in the operation of similar properties, such insurance to be maintained with responsible insurers or to be self-insurance in the manner and to the extent authorized or permitted by law;

(2) The City will secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the City related to the System; and

(3) The City will place on file with the Trustee annually within 180 days after the close of each Fiscal Year, so long as any Bonds are outstanding, a written statement of the City containing a summary of all insurance policies or self-insurance arrangements then in effect with respect to the System, its officers and employees;

provided, however, that nothing in this paragraph should be construed in such manner as to result in making the Bonds an indebtedness of the City, and if it is ever held by any court of competent jurisdiction that any or all of the provisions of this paragraph are invalid or that the enforcement of the provisions of this paragraph would make the Bonds invalid or unenforceable, said provisions of this paragraph will be considered to be null and void.

Accounting Records and Financial Reports. The City will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of the City, in which complete and accurate entries will be made of all transactions relating to the System and the Revenues. The Indenture requires the City to place on file with the Trustee and any security instrument issuer from time to time various audited and unaudited financial statements and various reports relating to the System and the Revenues.

Sale or Disposition of Property. The City will not sell or otherwise dispose of any property essential to the proper operation of the System or the maintenance of the Revenues, provided that this covenant will not be construed to prevent the disposal by the City of property which in its judgment has become inexpedient to use in connection with the System when other property of equal value is substituted therefor. The City will not enter into any lease or other agreement which impairs or impedes the operation

of the System or which impairs or impedes the rights of the Bondholders with respect to the Revenues. The Trustee has no responsibility with respect to any such leases or agreements entered into by the City.

Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege, license or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business, to the end that such rights, privileges, licenses and franchises are maintained and preserved, and are not abandoned, forfeited or in any manner impaired; *provided, however*, that the City is not required to comply with any such orders so long as the validity or application thereof is contested in good faith.

EVENTS OF DEFAULT

The occurrence of one or more of the following events constitute an “*Event of Default*”:

(i) failure by the City to make the due and punctual payment of the principal or Redemption Price of any Bond when and as the same becomes due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(ii) failure by the City to make the due and punctual payment of any installment of interest on any Bond or any sinking fund installment when and as such interest installment or sinking fund installment becomes due and payable;

(iii) failure by the City to observe any of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds contained, and failure to remedy the same for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee, or to the City and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time outstanding;

(iv) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of Title 11, United States Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the City and, if instituted against the City, said proceedings are consented to or are not dismissed within 30 days after such institution; or

(v) any event specified in a Supplemental Indenture as constituting an Event of Default under the Indenture;

provided that any failure by the City to make payment as described in subparagraph (i) or (ii) above will not constitute an Event of Default with respect to any Bond if the Supplemental Indenture authorizing the issuance of such Bond provides that due and punctual payment by a Security Instrument issuer or a Reserve Instrument issuer does not give rise to an Event of Default and such payment is, in fact, duly and punctually made.

REMEDIES

Upon the occurrence and continuance of an Event of Default:

- (i) the Trustee may proceed, and
- (ii) upon the written request of (a) the Holders of a majority of the principal amount of the outstanding Bonds, (b) Security Instrument issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate principal amount of the Bonds then outstanding, or (c) any combination of Bondholders and Security Instrument issuers described under clauses (a) and (b) representing a majority in aggregate principal amount of the Bonds at the time outstanding, will proceed,

to protect and enforce its rights and the rights under the Indenture of the Bondholders, the Security Instrument issuers and the Reserve Instrument issuers forthwith by any available remedies, including, without limitation, suit or suits in equity or at law, whether for the payment of any amount due under the Indenture or on the Bonds or for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted in the Indenture or any remedy granted under the Act, or for an accounting against the City, as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right, as the Trustee, being advised by counsel, deems most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

In case the Trustee has proceeded to enforce any remedy, right or power under the Indenture in any suit, action or proceedings, and the suit, action or proceedings have been discontinued or abandoned for any reason, or have been determined adversely to the Trustee, then the Issuer, the Trustee, the Bondholders, the Security Instruments issuers and the Reserve Instrument issuers will be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee will continue as if no suit, action or proceedings had been taken.

ACCOUNTING AND EXAMINATION OF RECORDS AFTER DEFAULT

The City covenants that if an Event of Default has happened and has not been remedied, the books of record and accounts of the City and all other records of the City relating to the System will at all times be subject to the inspection and use of the Trustee and of its agents and attorneys. The City covenants that if an Event of Default happens and has not been remedied, the City, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as is stated in such demand.

RIGHTS AND REMEDIES OF BONDHOLDERS

No Holder of any Bond, any Security Instrument issuer or any Reserve Instrument issuer has any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless (i) such Holder, Security Instrument issuer or Reserve Instrument issuer has previously given written notice to the Trustee of a continuing Event of Default; (ii) either (x) the Holders of not less than 25% in aggregate principal amount of the outstanding Bonds, (y) Security Instrument issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure 25% in aggregate

principal amount of the Bonds at the time outstanding, or (z) any combination of Bondholders and Security Instrument issuers described in clauses (x) and (y) representing not less than 25% in aggregate principal amount of the Bonds at the time outstanding, have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; (iii) such Holders or Security Instrument issuer have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and (v) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by (a) the Holders of a majority in principal amount of the outstanding Bonds, (b) Security Instrument issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate principal amount of the Bonds then outstanding, or (c) any combination of Bondholders and Security Instrument issuers described in clauses (a) and (b) representing a majority in aggregate principal amount of the Bonds at the time outstanding; it being understood and intended that no one or more Holders of Bonds, Security Instrument issuers or Reserve Instrument issuers have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other such parties, or to obtain or to seek to obtain priority or preference over any other such parties or to enforce any right under the Indenture, except in the manner herein and therein provided and for the equal and ratable benefit of all such parties in accordance with the provisions of the Indenture.

The Holder of any Bond has the right which is absolute and unconditional to receive payment of the principal of, Redemption Price and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit for the enforcement of any such payment, subject only to any conditions of any Security Instrument issuer providing a Security Instrument securing such Bond. Such right to receive payment may not be impaired without the consent of such Holder.

The Holders of a majority of the principal amount of the outstanding Bonds, Security Instrument issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate principal amount of the Bonds then outstanding, or any combination of Bondholders and Security Instrument issuers described above representing a majority in aggregate principal amount of the Bonds at the time outstanding, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, *provided* that (a) such direction is not in conflict with any rule of law or the Indenture, (b) the Trustee has not determine that the action so directed would be unjustly prejudicial to the Holders and Security Instrument issuers not taking part in such direction, and (c) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

APPOINTMENT OF RECEIVER

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders, the Security Instrument issuers and the Reserve Instrument issuers, the Trustee is entitled, as a matter of right, to the appointment of a receiver or receivers of the trust estate created hereby, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments will confer.

WAIVERS OF EVENTS OF DEFAULT

- (i) The Trustee may waive, and
- (ii) upon the written direction of (a) the Holders of a majority of the principal amount of the outstanding Bonds, (b) Security Instrument issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate principal amount of the Bonds then outstanding, or (b) any combination of Bondholders and Security Instrument issuers described under clauses (a) and (b) representing a majority in aggregate principal amount of the Bonds at the time outstanding, will waive, any Event of Default under the Indenture and its consequences; *provided, however*, that (x) there will not be waived any Event of Default specified in Section 9.01(a) or Section 9.01(b) of the Indenture unless prior to such waiver the City has or has caused to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which have become due (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and (y) no Event of Default will be waived unless (in addition to the applicable conditions as aforesaid) there has been deposited with the Trustee such amounts as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee. No such waiver will extend to or will affect any subsequent default or Event of Default or will impair any remedy, right or power consequent thereon.

DISCHARGE OF INDEBTEDNESS

If the City pays or causes to be paid, or there has otherwise been paid, subject to any limitations contained in a Supplemental Indenture with respect to a series of Bonds, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture and if all Repayment Obligations owed to Security Instrument issuers and Reserve Instrument issuers have been paid in full, then the pledge of any Revenues and other moneys, securities and Funds pledged under the Indenture and all covenants, agreements and other obligations of the City to the Bondholders, Security Instrument issuers and Reserve Instrument issuers will thereupon cease, terminate and become void and be discharged and satisfied. If the City pays or causes to be paid, or there has otherwise been paid, to the Holders of any outstanding Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds will cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the City to the Holders of such Bonds will thereupon cease, terminate and become void and be discharged and satisfied.

Subject to any further conditions in a Supplemental Indenture with respect to a series of Bonds, all outstanding Bonds of any series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed the preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City has given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption of such Bonds on said date, (ii) there has been deposited with the Trustee either moneys in an amount which are sufficient, or noncallable Government Obligations (including any Government Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with

the moneys, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the City has given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Holders of such Bonds that the deposit described by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Neither Government Obligations nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Government Obligations may be withdrawn or used for any purpose other than, and must be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; *provided* that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments will be paid over to the City, as received by the Trustee, free and clear of any trust, lien or pledge.

MODIFICATION OR AMENDMENT OF THE INDENTURE

The Indenture or any Supplemental Indenture and the rights and obligations of the City and of the Holders of the Bonds may be modified or amended at any time by a Supplemental Indenture and pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, (i) of the Holders of at least a majority in principal amount of the Bonds then outstanding, and (ii) in case less than all of the several series of Bonds then outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each series so affected and then outstanding, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, of the Holders of at least a majority in principal amount of the Bonds of the particular series and maturity entitled to such sinking fund installment and then outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified series remain outstanding, the consent of the Holders of Bonds of such series is not required and Bonds of such series are not deemed to be outstanding for the purpose of any calculation of outstanding Bonds for purposes of the section.

The Indenture or any Supplemental Indenture and the rights and obligations of the City, the Holders of the Bonds, the Security Instrument issuers and the Reserve Instrument issuers may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondholders for any of the following purposes:

- (1) to add to the covenants and agreements of the City contained in the Indenture, to add other covenants and agreements thereafter to be observed, to pledge or provide additional security hereunder or to surrender any right or power herein reserved to or conferred upon the City;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as the City may deem necessary or desirable, and which will not adversely affect the interests of the Holders of the Bonds;

(3) to provide for the issuance of a series of Bonds in accordance with the provisions of the Indenture, see “SECURITY FOR THE SERIES 2025A BONDS – Additional Bonds,” in this Official Statement;

(4) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provision of law or to modify or eliminate the book-entry registration system for any of the Bonds;

(5) to confirm, as further assurance, any pledge of or lien on the Revenues or any other moneys, securities or funds subject or to be subjected to the lien of the Indenture;

(6) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(7) to modify, alter, amend or supplement the Indenture or any Supplemental Indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Holders of the Bonds; *provided, however*, that any such modification, alteration, amendment or supplement pursuant to this subsection will not take effect until the Security Instrument issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation thereunder have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Holders of the Bonds, the Trustee will consider the effect on the Holders as if there were no Security Instrument with respect to the Bonds;

(8) to make any change which in the judgment of the Trustee will not materially adversely affect the rights or interests of the Holders of any outstanding Bonds requested by a Rating Agency in order to obtain or maintain any rating on the Bonds or by a Security Instrument issuer or Reserve Instrument issuer in order to insure or provide other security for any Bonds;

(9) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any series of Bonds as a result of any modifications or amendments to Section 148 of the Code (or any successor provision of law) or interpretations thereof by the Internal Revenue Service, or (B) to comply with the provisions of Section 148(f) of the Code (or any successor provision of law), including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America;

(10) if the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected,

provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument issuer;

(11) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument issuer, *provided* that if any of the Bonds so affected are rated by a Rating Agency, such change may not result in a reduction of the rating applicable to any of the Bonds so affected;

(12) to the extent permitted by a Supplemental Indenture authorizing a series of construction Bonds (or Bond Anticipation Notes), the designation of additions, improvements and extensions to the System as a Project by such Supplemental Indenture may be modified or amended if the City delivers to the Trustee (a) an Accountant's Certificate, (b) an Engineer's Certificate or (c) any combination of (a) and (b) to the effect that such modification or amendment will not adversely impact the City's ability to perform the covenants described under the caption "PARTICULAR COVENANTS – Rates and Charges;"

(13) to provide for the appointment of a successor Trustee, a Paying Agent, a separate or co-trustee pursuant to the Indenture, a Remarketing Agent or a Transfer Agent;

(14) to specify a schedule of monthly deposits into the Renewal and Replacement Fund pursuant to the Indenture;

(15) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds;

(16) to provide the procedures required to permit any Holder to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; and

(17) to provide for the appointment or replacement of a Security Instrument issuer or a Reserve Instrument issuer or for an additional Security Instrument issuer or an additional Reserve Instrument issuer following the occurrence of an event of default under the respective Security Instrument or Reserve Instrument, as applicable, or to provide for an additional Security Instrument issuer following the withdrawal or suspension or reduction below the Rating Category of AAA, Aaa or any equivalent rating by any Rating Agency of the long-term ratings of the Security Instrument issuer provided that the Security Instrument provided by the replacement or additional Security Instrument issuer would result in a long-term rating on the Bonds equal to the Rating Category of AAA, Aaa or any equivalent rating by any Rating Agency.

No modification or amendment will be permitted pursuant to subparagraph (1), (7), (8), (10), (11), (12) or (16) unless the City delivers to the Trustee an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment.

Notwithstanding any provisions of the Indenture to the contrary, a Supplemental Indenture providing for the issuance by a Security Instrument issuer of a Security Instrument in connection with a Series of Bonds issued under the Indenture may provide, among other provisions, that the Security Instrument issuer shall at all times, so long as the Series of Bonds remains Outstanding, be deemed to be the exclusive owner of all of the Bonds of such Series for the purpose of consenting to the execution and delivery of a Supplemental Indenture pursuant to the provisions of the first paragraph of this section.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION WITH RESPECT TO LEHI CITY AND UTAH COUNTY

The tables in this appendix contain information with respect to Lehi City and Utah County (the “County”). For additional information regarding the City, see “APPENDIX A — General Purpose Financial Statements of the City for the Fiscal Year Ended June 30, 2024”.

THE CITY

City, County and State Population

<u>Year</u>	<u>The City</u>	<u>% Change From Prior Period</u>	<u>The County</u>	<u>% Change From Prior Period</u>	<u>The State</u>	<u>% Change From Prior Period</u>
2024 Estimate	93,446	3.6%	747,234	3.0%	3,503,613	1.8%
2023 Estimate	90,227	6.9	725,359	2.9	3,443,222	1.5
2022 Estimate	84,378	5.5	704,764	2.7	3,391,011	1.5
2021 Estimate	79,946	5.3	686,038	4.0	3,339,738	2.1
2020 Census	75,907	9.6	659,399	3.6	3,271,616	2.0
2019 Estimate	69,274	5.0	719,174	2.3	3,417,734	1.1
2018 Estimate	65,958	3.6	621,520	2.4	3,153,550	1.7
2017 Estimate	63,674	3.2	606,742	2.8	3,101,042	1.9
2016 Estimate	61,690	4.5	590,288	3.1	3,041,868	2.0
2015 Estimate	59,034	3.6	572,667	2.1	2,981,835	1.5
2010 Census	47,407	—	516,564	—	2,763,885	—

(Source: U.S. Census Bureau; estimates are as of July 1 of the year given.)

UTAH COUNTY

The following demographic information is provided solely as background information regarding the County, the general area where the City is located.

Rate of Unemployment – Annual Average

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2025 ¹	3.3%	3.3%	4.2%
2024	3.3	3.3	4.1
2023	2.6	2.6	3.6
2022	2.2	2.4	3.6
2021	2.4	2.8	5.3

¹ As of July 2025.

(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

Economic Indicators in the County

LABOR FORCE ⁽¹⁾	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Labor Force (annual average)	353,125	344,947	331,915	317,287	310,071
Employed (annual average)	344,042	337,405	323,973	304,982	302,821
Unemployed (annual average)	9,083	7,542	7,942	12,305	7,250
Average Employment (Non-Farm Jobs)	306,985	302,222	288,842	268,803	268,093
% Change Prior Year	1.58	4.63	7.45	0.26	3.12
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	1,130	1,172	1,265	1,222	1,228
Mining	274	271	256	170	150
Utilities	840	709	659	643	637
Construction	29,953	29,726	27,015	25,920	25,062
Manufacturing	23,462	22,937	21,044	19,413	19,680
Wholesale Trade	7,418	7,988	7,838	7,180	7,104
Retail Trade	34,211	34,278	35,993	33,093	33,160
Transportation & Warehousing	6,590	6,486	6,530	5,618	5,193
Information	13,717	15,834	15,073	13,988	14,159
Finance & Insurance	9,440	9,407	9,371	7,177	6,096
Real Estate and Rental & Leasing	3,854	3,583	3,499	3,215	3,165
Professional, Scientific & Technical Services	26,152	26,321	23,555	22,218	21,944
Management of Companies & Enterprises	2,886	2,621	1,919	1,851	1,715
Administrative, Support, Waste Management, & Remediation	16,785	17,683	17,932	16,075	15,637
Education Services	46,879	45,056	43,693	42,968	43,930
Health Care & Social Assistance	38,122	36,066	34,536	32,763	32,000
Arts, Entertainment, & Recreation	6,789	6,195	5,309	4,634	5,274
Accommodation & Food Services	24,036	22,360	20,354	18,444	19,747
Other Services & Unclassified Establishments	7,551	7,063	6,541	5,899	5,979
Public Administration	6,897	6,558	6,465	6,311	6,233
Total Establishments	21,839	21,388	22,372	20,858	19,929
Total Wages (\$Millions)	17,721.4	17,122.9	15,498.6	13,729.4	12,756.4
INCOME AND WAGES	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Personal Income (\$000) ⁽²⁾	41,437,922	38,180,460	35,715,506	31,264,189	28,205,040
Median Household Income ⁽¹⁾	n/a	95,085	86,597	81,804	79,505
Per Capita Income ⁽²⁾	57,619	54,335	52,065	47,113	43,627
Average Monthly Nonfarm Wage ⁽¹⁾	4,811	4,721	4,471	4,256	3,965
SALES & CONSTRUCTION	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Gross Taxable Sales (\$000,000) ⁽³⁾	17,737.2	17,488.6	15,630.7	12,811.2	11,242.7
New Dwelling Units ⁽⁴⁾	6,045	8,555	12,430	8,436	7,314
Total Construction Value (\$000) ⁽⁴⁾	2,807,188.0	3,432,366.7	4,056,859.5	3,192,226.5	2,618,932.1
New Residential Value (\$000) ⁽⁴⁾	1,724,314.8	2,239,401.0	2,890,112.7	2,056,615.4	1,781,204.9
New Nonresidential Value (\$000) ⁽⁴⁾	774,011.5	877,996.9	833,194.9	855,962.9	582,391.5

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 2024; (3) Utah State Tax Commission; (4) University of Utah Ivory-Boyer Construction Database.)

The following is a list of some of the largest employers in the County.

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
Brigham Young University	Higher Education	15,000-19,999
Alpine School District	Public Education	7,000-9,999
Utah Valley University	Higher Education	5,000-6,999
Intermountain Health Care	Health Care	5,000-6,999
Nebo School District	Public Education	4,000-4,999
Wal-Mart	Warehouse Clubs and Supercenters	3,000-3,999
Vivint	Building Equipment Contractors	2,000-2,999
State of Utah	State Government	2,000-2,999
Provo City School District	Public Education	1,000-1,999
Doterra International	Miscellaneous Retailers	1,000-1,999
Adobe Systems	Software Publishers	1,000-1,999
Central Utah Medical Clinic	Health Care	1,000-1,999
Chrysalis Utah	Individual and Family Services	1,000-1,999
Provo City	Local Government	1,000-1,999
Utah County Government	County Government	1,000-1,999
Qualtrics	Computer Programming Services	1,000-1,999
Smith's Food & Drug	Supermarkets	1,000-1,999
Costco Wholesale	Warehouse Clubs and Supercenters	1,000-1,999
Nestle Prepared Foods	Specialty Food Manufacturing	1,000-1,999
Texas Instruments	Semiconductor and Device Manufacturing	1,000-1,999
RBD Acquisition Sub	Janitorial Services	500-999
Lehi City	Local Government	500-999
Bamboo Hr	Custom Computer Services	500-999
City of Orem	Local Government	500-999
Championx Resources	Nonmetallic Mineral Product Manufacturing	500-999
Tyson Fresh Meats	Animal Slaughtering	500-999
Alpine Building	New Multifamily Housing Construction	500-999
ARO	Supermarkets	500-999
The Home Depot	Home Centers	500-999
U.S. Postal Service	Postal Service	500-999
Weave Communications, Inc.	Custom Computer Programming Services	500-999
Timpanogos Regional Medical Service	Hospitals	500-999
Wasatch Behavioral Health	Individual and Family Services	500-999
Ancestry.com Operations	Computing Infrastructure, Data Processing	500-999
Smokey's Smokehouse	Animal Food Manufacturing	500-999
Sundance Mountain Resort	Hotels	500-999
Spanish Fork City	Local Government	500-999
Domo	Software Publishers	500-999
Costa Vida Holdings	Limited-Service Restaurants	500-999
Fidelity Brokerage Services	Financials Services	500-999
Rocky Mountain ATV	Other Motor Vehicle Dealers	500-999
Maverik Country Stores	Gasoline Stations w/Convenience Stores	500-999
Target	Warehouse Clubs and Supercenters	500-999
Springville City	Local Government	500-999
Thanksgiving Point Institute	Zoos and Botanical Gardens	500-999
Xactware Solutions	Computer Systems Design Services	500-999
Young Living Holdings	Warehouse and Storage	500-999
Smart Home Pros	Security Systems Services	500-999
American Fork City	Local Government	500-999
Red Robin	Limited-Service Restaurants	500-999
Medicaremd.com	Software Publishers	500-999
Utah Community Credit Union	Credit Unions	500-999

(Source: Utah Department of Workforce Services; last updated November 2024.)

PROPOSED FORM OF OPINION OF BOND COUNSEL
[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]

Re: \$ _____
Lehi City, Utah
Water Revenue Bonds
Series 2025

The Bonds are issued pursuant to a Master Trust Indenture, dated as of February 1, 2019, and a Fourth Supplemental Indenture of Trust, dated as of October 1, 2025 (collectively, the “*Indenture*”). The Bonds are being issued under the authority Local Government Bonding Act (the “*Act*”), Chapter 14 of Title 11 of the Utah Code Annotated 1953, as amended (the “*Utah Code*”).

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

(1) The Issuer has the power under the Act to issue the Bonds and to execute and deliver the Indenture and the proceedings of the City Council of the Issuer referred to above show lawful authority for the issuance of the Bonds and for the execution and delivery of the Indenture.

(2) The Indenture has been duly and lawfully executed and delivered by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms (subject to the limitations set forth below), and no other authorization for the Indenture is required.

(3) The Indenture creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

(4) The Bonds are valid and binding special obligations of the Issuer, enforceable in accordance with their terms (subject to the limitations set forth below) and the terms of the Indenture and are entitled to the benefits and security of the Indenture and the Act, and the Bonds have been duly and validly authorized and issued in accordance with law and the Indenture. Neither the faith and credit nor the taxing power of the State of Utah (the “*State*”), the Issuer or any other political subdivision is pledged to the payment of the principal or redemption price of, or interest on, the Bonds.

(5) All actions, conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to the sale and issuance of the Bonds by the Issuer have been complied with.

(6) Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

(7) Interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the disclosure document, if any, relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15c2-12

DATED: _____, 2025

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by City of Lehi, Utah (the “*Issuer*”) in connection with the issuance of \$_____ Water Revenue Bonds, Series 2025 (the “*Bonds*”). The Bonds are being issued pursuant to a Master Trust Indenture, dated as of February 1, 2019, and a Fourth Supplemental Trust Indenture, dated as of October 1, 2025 (collectively, the “*Indenture*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

Financial Obligation means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Utah.

“*Undertaking*” means the obligations of the Issuer pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

JUNE 1 OF THE YEAR	CUSIP NUMBER
-----------------------	-----------------

The Final Official Statement relating to the Bonds is dated _____, 2025 (the “*Final Official Statement*”). The Issuer will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

Section 6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

Section 7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

Section 11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

CITY OF LEHI, UTAH

By _____
Mayor

Address: 153 North 100 East
Lehi, Utah 84043

ATTEST AND COUNTERSIGN:

By _____
City Recorder

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Official Statement under the following captions:

THE DEPARTMENT OF PUBLIC WORKS – WATER UTILITY

- Customers and Water Usage
- Largest Water Customers

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 200 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah cities in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. The incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025A Bond certificate will be issued for each maturity of the Series 2025A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has S&P’s rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. Neither the City nor the Underwriter makes any representation about such information. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Series 2025A Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in Securities, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2025A Bond documents. For example, Beneficial Owners of Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as maybe in effect from time to time. Payment of redemption proceeds, distributions, and dividend

payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025A Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2025A Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025A Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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