An aerial photograph of a city in Utah, with a large mountain range in the background. In the foreground, there is a water park with a large pool, slides, and a building. The text is overlaid on the image.

**LINDON CITY CORPORATION
STATE OF UTAH**

**Comprehensive Annual Financial Report
Fiscal Year Ending June 30, 2010**

LINDON CITY CORPORATION

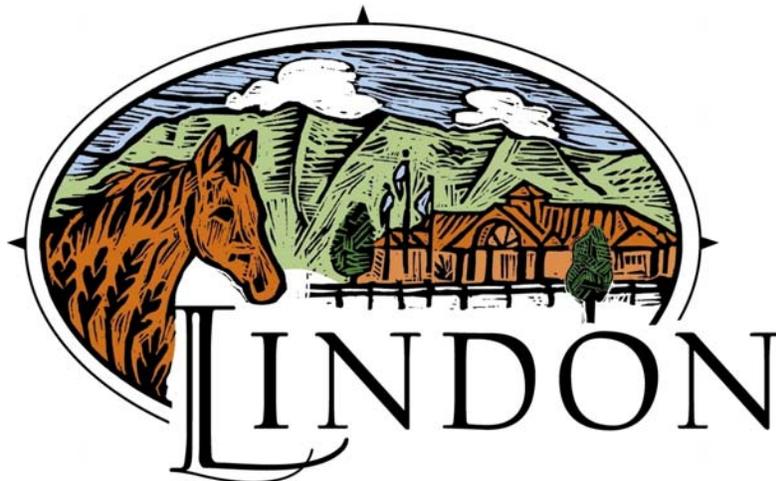
100 NORTH STATE STREET

LINDON, UT 84042

WWW.LINDONCITY.ORG

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2010

Ott Dameron
City Administrator

Prepared By:
Kristen Colson, Finance Director
Jamie C. Bennee, Former Finance Director

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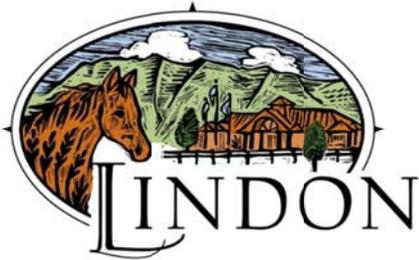
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INTRODUCTORY SECTION



January 18, 2011

To the Honorable Mayor, City Council and Citizens of Lindon 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 audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm or licensed certified public accountants. Pursuant to that requirement, the financial statements were presented at the December 21, 2010 City Council Meeting. However, due to unforeseen circumstances, this comprehensive annual financial report of Lindon City (the City) for the fiscal year ended June 30, 2010 was delayed until now.

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 The CPA Network, 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, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for

rendering an unqualified opinion that the City's financial statements for the fiscal year June 30, 2010, 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. The Governmental Accounting Standards Board (GASB) requires that management provide 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 auditors.



Lindon City Center, built 1997

Profile of the Government

Lindon is located in North Utah County, 33 miles south of Salt Lake City, and 10 miles north of Provo. Lindon was established as an outgrowth of Pleasant Grove in 1850 and was known originally as Stringtown because the houses were built along a single road – State Street. The final name of the City came about because of an old linden tree growing in the town in 1901 inspired the current name. The spelling of the town name was changed when approval was received from the Federal Post Office for a mail drop at “Lindon City.” The City was incorporated in April of 1924 with a population of “458 souls.”

The City has had a strong form of government since 1901. 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 appointing the City's administrator, recorder, and treasurer. The City's administrator is responsible for carrying out policies and ordinances of the governing council and for overseeing the day-to-day operations of the government. 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.

Lindon has a rich history. When Lindon City was settled in the early 1900's, it was settled under a different settlement policy than the other cities in Utah County. Instead of being located on a natural stream, the City of Lindon was established on a table of land away from natural streams. Water had to be diverted from its natural channels onto the land. Also, instead of building houses in a central cluster, houses in Lindon have been built individually and in small subdivision clusters throughout the entire municipality. This has resulted in a rather evenly but sparsely built community having relatively long utility and service lines in comparison to the number of buildings.



Lindon Amusement Hall, 1906

Lindon City is a beautiful place to live. Lindon shares a boundary with Orem City on the south and Pleasant Grove City and American Fork City on the north. To the west is Utah Lake with the Lindon Marina, which is used for boating and fishing. The City extends east to the Wasatch Mountains where Lindon City's trail systems connect with the Great Western Trail and the Bonneville Shoreline Trail. The Great Western Trail connects Canada and Mexico and is the basis for many of Utah's Trail Systems today. The

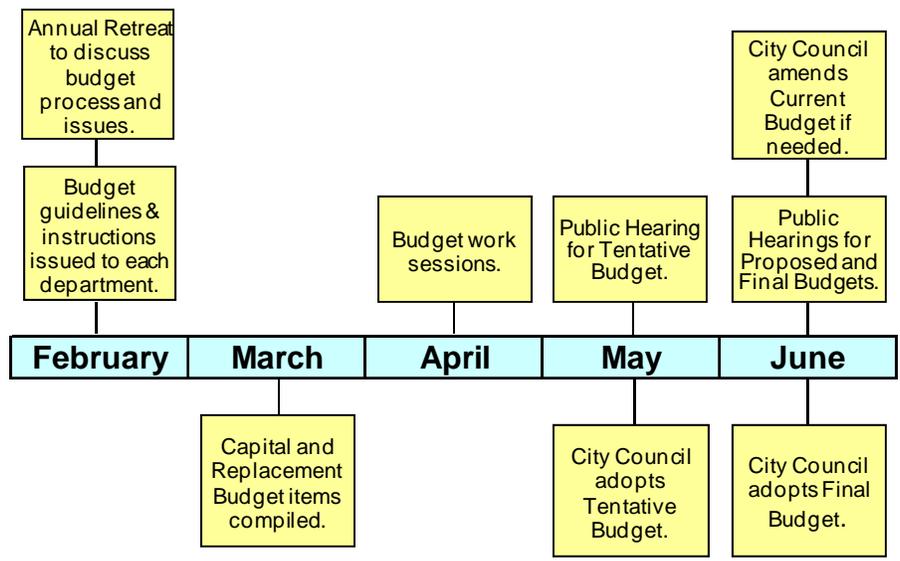
Bonneville Shoreline Trail is on or near the shoreline bench of ancient glacial Lake Bonneville in Cache, Box Elder, Weber, Davis, Salt Lake, and Utah Counties.

Within thirty minutes of Lindon, a variety of activities including hiking, mountain biking, fishing, camping and skiing are available.

The City has a very western feel with large animal rights allowed throughout. Lindon Days is an eight-day annual celebration in August. Residents of Lindon and surrounding communities come together to enjoy the many different events which include a kiddy rodeo, a Mayor and Council Breakfast, a parade, concerts, and fireworks.

The City provides a full range of services, including police services, the construction and maintenance of streets and roads; parks; both commercial and residential building inspection; a wide variety of recreation programs; cultural events; and an Aquatics Center among other things. The City recently purchased a former church building which will be renovated and used as the Lindon Community Center. The City also owns and operates a culinary water system, a secondary water system, a wastewater collection system, and a storm water drainage system. Solid waste collection is contracted to Allied Waste and fire emergency medical service is contracted with Orem City.

The annual budget serves as the foundation for the City’s financial planning and control. The City’s budget process starts in February. The budget is adopted by June 22 and goes into effect July 1. The creation of the budget follows the time line below.



The City holds two public hearings on the budget. These public hearings are held in June for the proposed and final budgets. The final budget public hearing must be held by June 22 for the adoption of the final budget.

Within the existing budget, department heads ensure that the department's total appropriation is not over-expended. Transfers of appropriations between departments 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, this comparison is presented on page 36 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the general fund, this comparison is presented in the governmental fund subsection of this report, which starts on page 70. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the special revenue funds and the capital project fund).



Lindon City's 700 North Corridor – available for future commercial development

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City's local economy continues to be flat with some indications of improvement. While there is disagreement among economists about when the economy began declining

and when it is expected to rebound, there is no doubt that a nationwide credit crisis, a drop in new home sales, and a rise in unemployment and home foreclosures has been experienced by all. Consumer confidence, locally and across the nation, has been shaken. Retail sales have plummeted causing a reduction of sales tax collections in the General Fund which is substantially supported by these revenues.

While these recessionary trends are temporary, Lindon City maintains an optimistic outlook that consumer confidence will be restored and sales tax revenues will increase. The commercial development already present in the City adds to both the sales and property tax base of the community. Retailers urge consumers to purchase their inventory as the City continues to climb out of the current nationwide economic condition. These retailers include Wal-Mart Supercenter, Hyundai Dealership, Mercedes Benz Dealership, Lexus Dealership, and Home Depot.

The City is less than 10 miles from Utah Valley University and Brigham Young University, which provide the residents of Lindon the opportunity for higher educational programs. These higher education facilities employ more than 3,000 people and provide a strong educated work force for a large number of high tech businesses in the area. The region also provides some of the best medical facilities in the western United States. In June 2010, Utah County, the county in which the City is located, had an unemployment rate of 6.8%, which is slightly lower than the State of Utah's rate of 7.2%. These both compare favorably to the national unemployment rate of 9.5%.



Lindon Heritage Trail

Long-term Financial Planning

The City's long-term goals are expressed simply as meeting tomorrow's needs with good financial decisions and by continuing to forecast capital improvements into the future.

The City administration is currently working on updates to all the capital facilities plans and updates to impact fees. Impact fees help the City add the capital improvements that are needed to accommodate new growth. Existing impact fees include parks, recreation and trails; streets; water; sewer; and storm drainage. Impact fees currently under consideration include public safety facilities.

The identification and implementation of long term planning has permitted the City to construct one of the finest park systems in our region. From just two parks several years ago to more than sixteen major facilities today, we have successfully transformed our community's park system and created exceptional open spaces for our citizens' enjoyment. The strategic planning for parks has been expanded to include a trail system that will allow joggers, walkers, bicyclists and horse riders to enjoy the Heritage Trail, which runs under State Street and will eventually connect to the west side trail system, including Utah Lake.



Aerial photo of Lindon City Aquatics Center

Other facilities available to the citizens are the Veteran's Memorial Hall, the City Center and the Aquatics Center. The Veteran's Hall and City Center can be reserved and rented for wedding receptions, social gatherings and meetings. The Aquatics Center provides a variety of amenities. There is a zero entry pool, a lap pool, and a lazy river. There is also a flow rider where patrons learn how to surf and boogie board using a simulated ocean environment. Lindon City will be providing a Community Center which will be available in June 2011.

Lindon City has numerous long-term goals for the City's utilities. These include maintenance of a high service level and sufficient advance planning to meet expected

demands. For example, the culinary water system planning process has required the City Engineer to prepare a capital facilities plan that provides for the provision of resources, storage and transmission systems to keep up with the demands of our growing community. New improvements are constantly being upgraded and updated. Without a strategic plan in place, the City would not be able to anticipate infrastructure needs in a timely manner and some services could be interrupted.

Our sewer system plans include ambitious expansions in the future to deal with the pressure of growth. Likewise, road and storm water drainage systems are under careful review to be certain that as our systems age, they are maintained in a manner that identifies and solves problems before failures occur. The City Engineer is currently updating the capital facilities plan for the storm water drainage system. With long term plans, it becomes easier to be proactive rather than being reactive.

Finally, our commitment to public safety cannot be overstated. On July 1, 2008, the City started their very own police department and contracted with Orem City for full time fire and EMS Services. The implementation of this much needed service was a culmination of years of planning. This was only one step in a continuing effort to improve public safety.

Because the City wanted to provide exceptional service to the residents, the police department hired fifteen full time police officers. Additional personnel were hired by Orem City to provide Fire and EMS Services to the citizens of Lindon. This has been a great partnership, and the improved response time to accidents and fires has made every resident feel safer within our City.

As a long-term goal, it is clear that a sense of safety must be maintained if our citizens are to enjoy the wide array of programs and activities being provided in the community. Lindon's strategic plan has identified the need for a Public Safety Building to be built within five years that will house our Police Department, as well as fire services we contract with Orem City.

Relevant financial policies

Lindon City increases utility rates annually in order to cover increasing operating expenses. The City uses the Consumer Price Index (CPI) to calculate the rate increases. These annual increases are done to avoid more drastic increases over longer intervals of time. Periodically the City Engineer will do a rate study to more accurately evaluate the utility rates' ability to provide the funding necessary for the corresponding expenses. The most recent rate study was completed in May 2010. The recommended rate changes were implemented in the 2010-2011 fiscal year.

Major Initiatives

Lindon City purchased a former church building will be renovating the building to become the Lindon City Community Center and Senior Center. The focus of the construction in the 2010-2011 fiscal year will be on the Senior Center side of the building

and will be funded by grants for this purpose. Plans include offices for recreation personnel, an arts and cultural area, kitchen and an exercise facility.

Lindon City sewage is piped to the Orem City sewage treatment plant. The two cities are participating in a project to expand the treatment plant to accommodate the growth that has and will occur. Lindon City will be building a sewer pump station and extending the outflow line in the 2010-2011 fiscal year. This project is in the engineering stage and is estimated to cost \$3.5-4.5 million to complete. Lindon City will bond for the necessary funds through the Utah Division of Water Quality.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lindon City for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the second year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

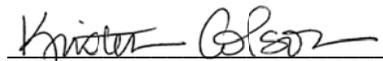
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2010. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Ott H. Dameron
City Administrator



Kristen Colson
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lindon City Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

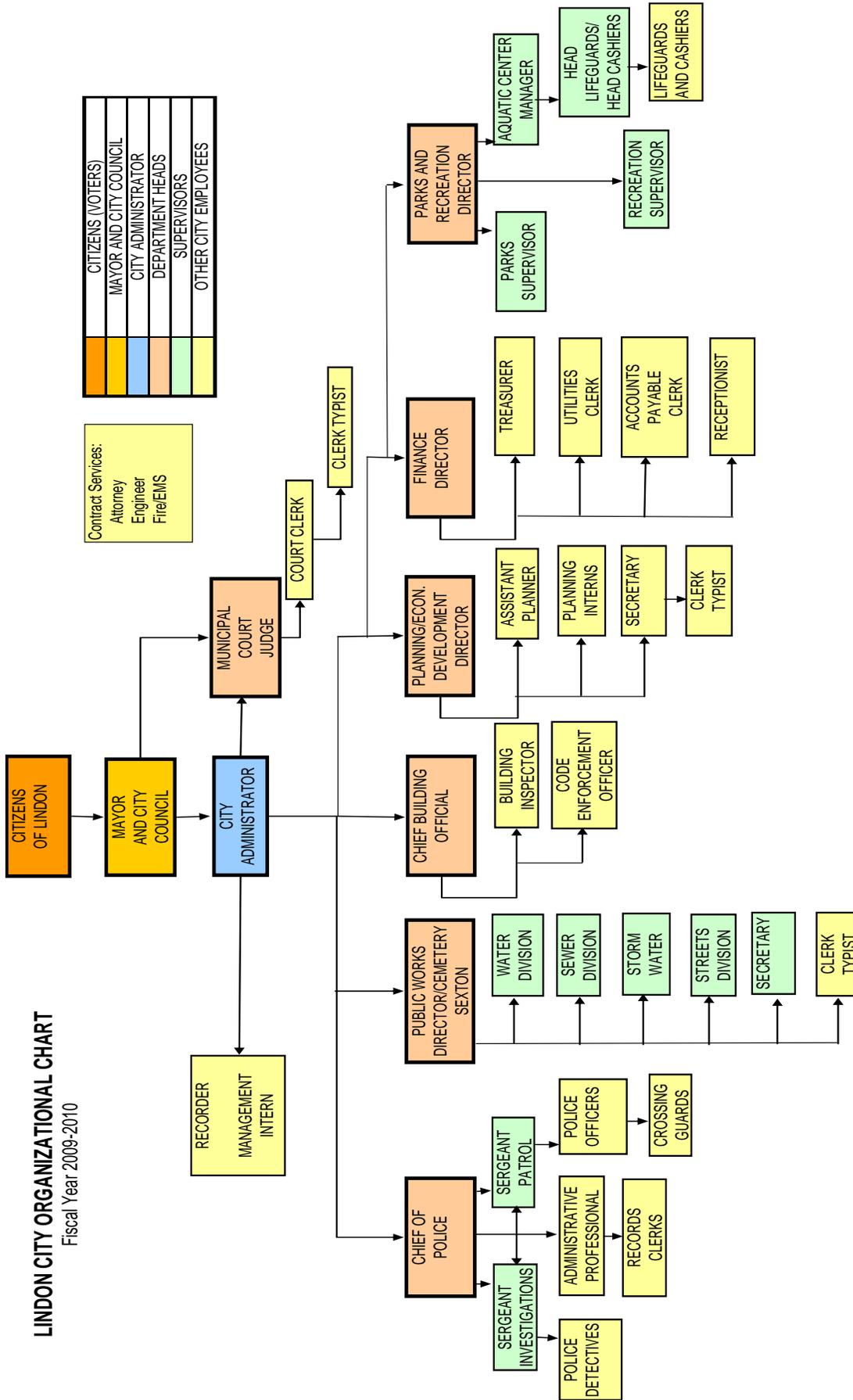


President

Executive Director

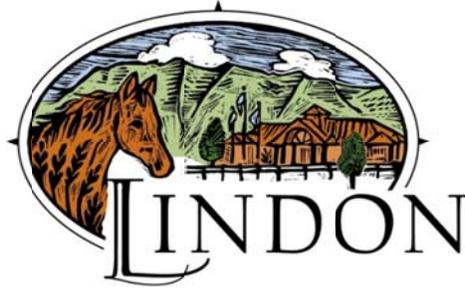
LINDON CITY ORGANIZATIONAL CHART

Fiscal Year 2009-2010



CITIZENS (VOTERS)
MAYOR AND CITY COUNCIL
CITY ADMINISTRATOR
DEPARTMENT HEADS
SUPERVISORS
OTHER CITY EMPLOYEES

Contract Services:
 Attorney
 Engineer
 Fire/EMS



Principal Officials
For the Fiscal Year July 1, 2009 - June 30, 2010

James A. Dain
Mayor

Eric Anthony
Councilperson
(left office December 31, 2009)

H. Toby Bath
Councilperson
(left office December 31, 2009)

Lindsey Bayless
Councilperson

Bruce Carpenter
Councilperson

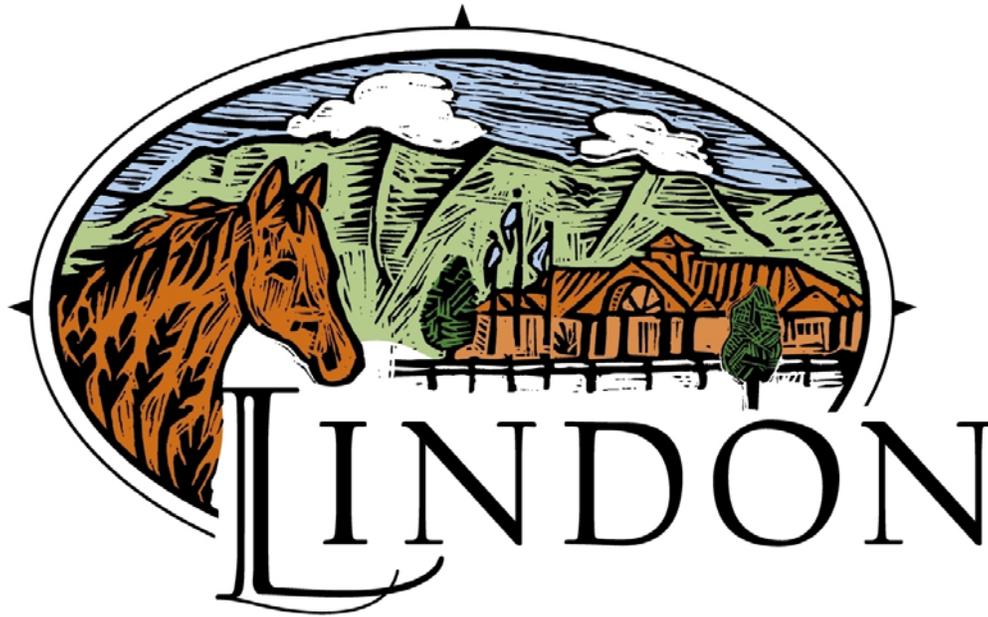
Bret Fampton
Councilperson
(took office January 1, 2010)

Jerald I. Hatch
Councilperson

Mark L. Walker
Councilperson
(took office January 1, 2010)

Ott H. Dameron
City Administrator

FINANCIAL SECTION



FINANCIAL SECTION

This section of the City's Comprehensive Annual Financial Report presents information required by generally accepted accounting principles (GAAP).

Independent Auditor's Report (pages 15-16)

The Independent Auditor's Report describes the audit, the nature and scope of the audit, and the auditor's opinion.

Management's Discussion and Analysis (pages 17-25)

This information provides management's explanations regarding the City's overall financial performance through the fiscal year and its financial position.

Basic Financial Statements (pages 26-69)

These financial statements and note disclosures provide required detailed information regarding the City's financial performance and financial position.

Fund Budgetary Financial Statements and Impact Fee Summary Schedules (pages 70-73)

These financial statements and schedules are supplementary information intended to clarify the information presented in the basic financial statements.

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GLOBAL ACCESS

LOCAL FINANCIAL SPECIALISTS

INDEPENDENT AUDITOR'S REPORT

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

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 Lindon City Corporation, Utah, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lindon City Corporation, Utah's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lindon City Corporation, Utah, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010, on our consideration of Lindon City Corporation, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 17 through 24 and 70 through 72 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by 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 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lindon City Corporation, Utah's financial statements taken as a whole. The introductory section, the supplementary budgetary fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information section which comprises the budgetary fund financial statements and impact fee schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express opinion or provide any assurance on them.

A handwritten signature in blue ink that reads "The C.P.A. Network, LLC". The signature is stylized, with a large, sweeping initial "C" that loops around the start of the text.

The C.P.A. Network, LLC
Certified Public Accountants

December 21, 2010

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

MANAGEMENT'S NARRATIVE OVERVIEW AND ANALYSIS OF FINANCIAL ACTIVITIES

This section of Lindon City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2010. We encourage readers to consider the information presented here in conjunction with the City's financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government Wide

- The assets of Lindon City exceeded its liabilities as of June 30, 2010 by \$61,404,024 (net assets). Of this amount, \$2,258,572 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$1,333,892. Net assets of our business-type activities increased \$695,535 and the net assets of our governmental activities increased \$638,357.

Fund Level

- Lindon City's governmental funds reported combined ending fund balances this year of \$4,769,966, a increase of \$24,946. \$1,088,319 of the fund balance is available for spending at the City's discretion (unreserved fund balance).
- The unreserved fund balance for the general fund ended at \$860,501, or 12 percent of total general fund expenditures.

Long-term Debt

- Lindon City's total debt decreased \$1,815,000 (8.9 percent) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and the supplementary information including budgetary schedules for the capital project funds and the debt service fund. The basic financial statements include two kinds of statements that present different views of the City, government-wide financial statements and fund financial statements.

Government-wide financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The statements are designed to provide readers with a broad overview of Lindon City's finances, in a manner similar to a private-sector business.

The balance sheet presents information on all of Lindon City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating. To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's sales tax base and the condition of the City's roads.

The statement of activities presents information showing how Lindon City's net assets changed during the most recent fiscal year. All changes in net assets 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., uncollected taxes and earned but unused vacation leave).

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Both of the government-wide financial statements distinguish functions of Lindon 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 Lindon City include general government, public safety, streets and public improvements, and parks and recreation. The business-type activities of Lindon City include operating the water, sewer, and storm water drainage systems, supervising the solid waste collection and operating the aquatics center.

The government-wide financial statements can be found on pages 26-28 of this report.

Fund financial statements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lindon 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 Lindon City can be divided into two categories: governmental funds and proprietary funds.

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

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

Lindon City maintains eight 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 each governmental fund, six of which (general, redevelopment, debt service, special improvement district and two capital improvement funds) are major funds. The two remaining funds, which account for the capital improvement projects, are non-major funds.

Lindon City adopts an annual appropriated budget for its general fund and other governmental funds. A budgetary comparison statement has been provided for the general fund and the major special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-40 of this report.

Proprietary funds. Lindon City maintains four enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Lindon City uses enterprise funds to account for its operation of the water, sewer, and storm water drainage systems, supervision of the solid waste collection as well as the operation of the aquatics center.

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 each enterprise fund, four of which (water, sewer, storm water drainage and aquatics center) are major funds. The fifth fund, which accounts for solid waste collection, is a non-major fund. It is presented with the major funds since it is the only non-major fund.

The basic proprietary fund financial statements can be found on pages 42-49 of this report.

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2010

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50-69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found on pages 70-73 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Lindon City, assets exceeded liabilities by \$61,404,024 as of June 30, 2010.

As indicated in Table A-1, the largest portion of Lindon City's net assets (88.5 percent) reflects its investment in capital assets (i.e. land, buildings, roads, sidewalks, utility systems, water rights and equipment), less any related debt used to acquire those assets that is still outstanding. Lindon City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lindon 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.

Table A-1
 Lindon City's Net Assets
 (Stated in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change 2009- 2010
	2009	2010	2009	2010	2009	2010	
Current and other assets	\$7,389	\$7,145	\$3,150	\$3,021	\$10,539	\$10,166	-3.5%
Capital assets	<u>\$30,359</u>	<u>\$29,988</u>	<u>\$43,295</u>	<u>\$43,210</u>	<u>\$73,654</u>	<u>\$73,198</u>	-6%
Total assets	\$37,748	\$37,133	\$46,445	\$46,231	\$84,193	\$83,364	-1.0%
Long-term debt outstanding	\$5,056	\$4,099	\$14,311	\$13,686	\$19,367	\$17,785	-8.2%
Other liabilities	<u>\$3,501</u>	<u>\$3,204</u>	<u>\$1,201</u>	<u>\$971</u>	<u>\$4,702</u>	<u>\$4,175</u>	-11.2%
Total liabilities	\$8,557	\$7,303	\$15,512	\$14,657	\$24,069	\$21,960	-8.8%
Net assets							
Invested in capital assets, net of related debt	\$24,555	\$25,174	\$28,616	\$29,147	\$53,171	\$54,321	2.2%
Restricted	\$3,315	\$3,682	\$1,278	\$1,143	\$4,593	\$4,825	5.1%
Unrestricted	\$1,321	\$974	\$989	\$1,284	\$2,310	\$2,258	-2.3%
Total net assets	\$29,191	\$29,830	\$30,883	\$31,574	\$60,074	\$61,404	2.2%

An additional portion of Lindon City's net assets (7.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$2,258,572 may be used to meet the government's ongoing obligations to citizens and creditors.

Lindon City's net assets increased 2.2%. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in net assets. Sales and property taxes account for thirty seven percent of the City's revenue (see figure A-1) with 47 cents of every dollar raised coming from some type of tax. Grants and contributions amounted to 14%

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2010

of this year's changes in net assets. Another 33 percent comes from fees charged for services, and most of the remaining miscellaneous revenue is made up of impact fees and assessments.

The City's expenses cover a range of services, with 69 percent from general government activities and 31 percent from business-type activities. Public safety, a major portion of general government activities, encompassed 27 percent of the City's total expenses. (See Figure A-2.)

Figure A-1
 Lindon City
 Sources of Revenue for Fiscal Year 2010

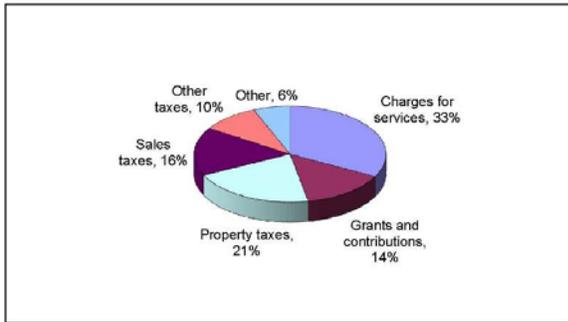
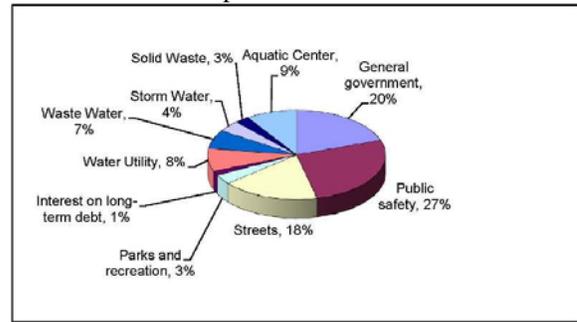


Figure A-2
 Lindon City
 Functional Expenses for Fiscal Year 2010



Governmental Activities. As indicated in Table A-2, the cost of all governmental activities this year was \$8,977,420. However, the amount that taxes required to subsidize these activities was \$7,092,031, the net cost of the governmental functions. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. Some of the cost was paid by those who directly benefited from the City's services (\$911,640), or other governmental organizations that subsidized certain programs with grants and contributions (\$973,749). The City paid for the remaining "public benefit" portion with tax revenue.

Property tax revenue increased by 40.2% and sales tax revenue declined by 7.8% compared to the prior year.

Business-type Activities. The cost of all business-type activities this year was \$4,029,206. The revenues exceeded costs by \$821,025. A major financial event was a decline of the capital contributions by developers from \$4,400,922 in 2007-08 to \$1,087,238 in 2008-09 to \$511,953 for 2009-2010.

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LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2010

Table A-2
 Lindon City's Changes in Net Assets
 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change 2009-2010
	2009	2010	2009	2010	2009	2010	
Revenues							
Program revenues							
Charges for services	\$ 769	\$ 912	\$ 3,336	\$ 3,779	\$ 4,105	\$ 4,691	14.3%
Grants and contributions	951	974	1,087	1,072	2,038	2,046	-.4%
General revenues							
Property taxes	2,120	2,973	0	0	2,120	2,973	40.2%
Sales tax	2,544	2,346	0	0	2,544	2,346	-7.8%
Other taxes	1,239	1,397	0	0	1,239	1,397	12.8%
Other	691	881	34	5	725	886	22.2%
Total revenues	8,314	9,483	4,457	4,856	12,771	14,339	12.3%
Expenses							
General government	2,290	2,557	0	0	2,290	2,557	11.7%
Public safety	2,620	3,463	0	0	3,620	3,463	-4.3%
Streets	2,946	2,292	0	0	2,946	2,292	-22.2%
Parks and recreation	490	457	0	0	490	457	-6.7%
Interest on long-term debt	235	207	0	0	235	207	-11.9%
Water Utility	0	0	1,128	1,070	1,128	1,070	-5.1%
Waste Water	0	0	912	892	912	892	-2.2%
Storm Water	0	0	462	526	462	526	13.9%
Solid Waste	0	0	307	341	341	341	0.0%
Aquatic Center	0	0	496	1,200	496	1,200	141.9%
Total expenses	9,581	8,976	3,339	4,029	12,920	13,005	24.1%
Excess (deficiency) before transfers	(1,267)	507	1,118	827	(149)	1,334	NA
Transfers	685	131	(685)	(131)	0	0	0
Increase (decrease) in net assets	\$ (582)	\$ 638	\$ 433	\$ 696	\$ (149)	\$ 1,334	NA

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LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, Lindon City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The largest changes in major funds were:

The Lindon City R.D.A. Fund's fund balance was increased by \$307,573.

The S.I.D.'s fund balance decreased by \$194,465.

Proprietary funds. The largest changes in major funds were:

The Water Fund's fund balance increased by \$462,685; largely due to capital contributions of \$267,809.

The Aquatic Center's fund balance decreased by only \$85,355 due to a transfer of \$634,689 from the general fund.

General Fund Budgetary Highlights

The General Fund amended budget showed a shift in tax revenue. Budgeted property tax increased \$355,811 while budgeted sales tax decreased \$549,147.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in Table A-3, at the end of fiscal 2010, the City had invested \$62,142,307 in a broad range of capital assets, including land, buildings, improvements, equipment, roads, sidewalks, water, sewer and storm water lines. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

This year's major capital asset additions included:

- Subdivision and infrastructure contributions amounted to \$617,985 in the governmental funds and \$402,256 in the business-type funds.
- The Heritage Trail amounted to land addition of \$65,390 and UDOT contribution of \$157,742.
- LDS Church / Community Center acquisition current year payment amounted to \$275,000.

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LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2010

Table A-3
 Lindon City's Capital Assets
 (net of depreciation, in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2009	2010	2009	2010	2009	2010	2009-2010
Land	\$ 5,277	\$ 5,564	\$ 1,329	\$ 1,329	\$ 6,606	\$ 6,893	4.3%
Water Stock	0	0	9,677	9,786	9,677	9,786	1.1%
Buildings	2,067	2,288	10,191	10,117	12,258	12,405	1.2%
Infrastructure	18,320	17,581	0	0	18,320	17,581	-4.0%
Water System	0	0	8,652	8,565	8,652	8,565	-1.0%
Sewage System	0	0	4,691	4,842	4,691	4,842	3.2%
Storm Drain System	0	0	8,411	8,332	8,411	8,332	-0.9%
Improvements	3,785	3,848	0	0	3,785	3,848	1.7%
Equipment	507	406	274	176	781	582	-25.5%
Vehicles	402	301	70	63	473	364	-23.0%
Construction in Progress	0	0	0	0	0	0	NA
Total	\$30,358	\$29,988	\$43,295	\$43,210	\$73,653	\$73,198	-0.6%

Long-term Debt

As indicated in Table A-4, at the year-end the City had \$18,548,000 in bonds and notes outstanding. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements. Lindon City does not have any general obligation bonds. We would like to point out that most of the City's debt is backed by specific revenue streams. There are three bonds which are secured by sales tax revenue. The first was issued in June 2005 for \$3.7 million the extension of 700 North. The second and third were issued in August 2008 for \$9,565,000 and May 2009 for \$800,000 for the construction of the Aquatics Center

Table A-4
 Lindon City's Outstanding Debt
 (In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2009	2010	2009	2010	2009	2010	2009-2010
Revenue Bonds	\$5,171	\$4,463	\$14,679	\$14,085	\$20,152	\$18,548	-8.0%
Notes Payable	0	0	0	0	0	0	NA
S.I.D. Bonds	301	90	0	0	301	90	-70.1%
Total	\$5,472	\$5,773	\$14,679	\$14,085	\$20,453	\$18,638	-8.9%

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Lindon City's total debt decreased \$1,815,000 (8.9percent) during the current fiscal year. The major factors for changes in debt are:

- Unscheduled pay down of S.I.D. bonds in the amount of \$211,000.
- Regularly scheduled principal payments on existing debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- For June 2010, the unemployment rate for Utah County is 6.8 percent, lower than the state average of 7.2 percent and the national average of 9.5 percent.
- A 2.2 percent increase in the Consumer Price Index, provided by the U.S. Department of Labor as of April 2010, was considered in preparing the 2011 budget.

These indicators were taken into account when adopting the budget for fiscal 2011. Sales and property tax revenues are still expected to increase due to new growth that continues to come to Lindon. The increased tax revenues will be used for capital projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Lindon City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Lindon City, 100 North State Street, Lindon, UT 84042.

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LIDON CITY CORPORATION
STATEMENT OF NET ASSETS
 JUNE 30, 2010

<u>Assets</u>	Governmental Activities	Primary Government Business-type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 4,049,529	\$ 25,095	\$ 4,074,624
Cash and cash equivalents-restricted	1,175,856	2,162,821	3,338,677
Accounts receivable - net	0	317,042	317,042
Grants receivable	0	0	0
Property taxes receivable	1,635,543	0	1,635,543
Sales taxes receivable	229,294	0	229,294
Other receivables	162,900	180	163,080
Deposits and prepaids	131,042	0	131,042
Internal balances	(279,399)	279,399	0
Total current assets	7,104,765	2,784,537	9,889,302
Noncurrent assets:			
Capital assets:			
Non-depreciable			
Land	5,563,963	1,328,605	6,892,568
Water stock	0	9,786,414	9,786,414
Depreciable (net of accumulated depreciation)			
Buildings	2,287,891	10,116,645	12,404,536
Improvements	3,847,772	0	3,847,772
Equipment	406,734	176,167	582,901
Vehicles	301,336	63,040	364,376
Infrastructure	17,580,746	0	17,580,746
Water distribution system	0	8,564,749	8,564,749
Waste water collection system	0	4,841,881	4,841,881
Storm water drainage system	0	8,332,128	8,332,128
Construction in progress	0	0	0
Net capital assets	29,988,442	43,209,629	73,198,071
Costs of issuance	39,861	236,409	276,270
Total noncurrent assets	30,028,303	43,446,038	73,474,341
Total assets	\$ 37,133,068	\$ 46,230,575	\$ 83,363,643

<u>Liabilities and Net Assets</u>	Governmental Activities	Primary Government Business-type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 302,251	\$ 249,891	\$ 552,142
Deposits and retainage	332,112	12,286	344,398
Accrued interest payable	21,214	254,579	275,793
Compensated absences	102,523	29,894	132,417
Deferred revenue	1,597,913	0	1,597,913
Current portion of long term debt	847,994	423,715	1,271,709
Total current liabilities	<u>3,204,007</u>	<u>970,365</u>	<u>4,174,372</u>
Noncurrent liabilities:			
Bonds payable	3,788,562	13,638,751	17,427,313
Compensated absences	132,387	47,390	179,777
Capital leases	178,157	0	178,157
Total noncurrent liabilities	<u>4,099,106</u>	<u>13,686,141</u>	<u>17,785,247</u>
Total liabilities	<u>7,303,113</u>	<u>14,656,506</u>	<u>21,959,619</u>
Net Assets:			
Invested in capital assets, net of related debt	25,173,729	29,147,158	54,320,887
Restricted for:			
Roads	1,753,880	0	1,753,880
Debt service	348,406	0	348,406
Impact fees	203,289	1,142,918	1,346,207
RDA	1,376,072	0	1,376,072
Unrestricted	974,579	1,283,993	2,258,572
Total net assets	<u>29,829,955</u>	<u>31,574,069</u>	<u>61,404,024</u>
Total Liabilities and Net Assets	<u>\$ 37,133,068</u>	<u>\$ 46,230,575</u>	<u>\$ 83,363,643</u>

LINDON CITY CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Function/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,557,443	\$ 911,640	\$ 0	\$ 0	\$ (1,645,803)	\$ (1,645,803)	\$ (1,645,803)
Public safety	3,463,961	0	0	0	(3,463,961)	(3,463,961)	(3,463,961)
Highways and public works	2,291,864	0	0	961,015	(1,330,849)	(1,330,849)	(1,330,849)
Parks and recreation	456,958	0	0	12,734	(444,224)	(444,224)	(444,224)
Interest on long-term debt	207,195	0	0	0	(207,195)	(207,195)	(207,195)
Total governmental activities	8,977,420	911,640	0	973,749	(7,092,031)	(7,092,031)	(7,092,031)
Business-type activities:							
Water Utility	1,070,405	1,580,249	0	267,869		\$ 777,713	777,713
Waste Water	892,513	987,338	0	129,906		224,731	224,731
Storm Water	525,849	366,028	560,000	114,178		514,357	514,357
Solid Waste	340,546	366,157	0	0		25,611	25,611
Aquatic Center	1,199,893	478,506	0	0		(721,387)	(721,387)
Total business-type activities	4,029,206	3,778,278	560,000	511,953		821,025	821,025
Total primary government	\$ 13,006,626	\$ 4,689,918	\$ 560,000	\$ 1,485,702	(7,092,031)	821,025	(6,271,006)
General revenues:							
Property taxes					2,973,029	0	2,973,029
General sales and use tax					2,346,438	0	2,346,438
Franchise tax					1,397,295	0	1,397,295
Unrestricted investment earnings					34,396	5,113	39,509
Miscellaneous					840,397	0	840,397
Gain (loss) on disposal of capital assets					8,230	0	8,230
Transfers In (Out)					130,603	(130,603)	0
Total general revenues and transfers					7,730,388	(125,490)	7,604,898
Change in net assets					638,357	695,535	1,333,892
Net assets - beginning					29,191,598	30,878,534	60,070,132
Net assets - ending					\$ 29,829,955	\$ 31,574,069	\$ 61,404,024

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LINDON CITY CORPORATION
BALANCE SHEET GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General Fund	Special Revenue R.D.A.	Debt Service Fund	Special Improvement District
<u>Assets</u>				
Cash and cash equivalents	\$ 2,256,142	\$ 1,377,259	\$ 0	\$ 30,966
Cash and cash equivalents-restricted	660,436	309,500	0	38,906
Receivables (net):				
Property tax	1,635,543	0	0	0
Sales tax	229,294	0	0	0
Franchise tax	94,116	0	0	0
Grants	0	0	0	0
Other	26,802	0	0	41,982
Deposits and prepaids	131,042	0	0	0
Due from other funds	1,688,171	0	0	0
Total assets	<u>\$ 6,721,546</u>	<u>\$ 1,686,759</u>	<u>\$ 0</u>	<u>\$ 111,854</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable & accrued liab	\$ 403,587	\$ 1,187	\$ 0	\$ 0
Deposits and bonds	252,558	0	0	0
Retainage	79,554	0	0	0
Deferred revenue	1,555,931	0	0	41,982
Unearned revenue	0	0	0	0
Due to other funds	1,779,260	0	0	0
Total liabilities	<u>4,070,890</u>	<u>1,187</u>	<u>0</u>	<u>41,982</u>
Fund Balances:				
Fund balances reserved for:				
B&C Roads	1,753,880	0	0	0
Improvements	0	1,376,072	0	0
Debt service	0	309,500	0	38,906
Road impact fees	36,275	0	0	0
Park impact fees	0	0	0	0
Unreserved, reported in:				
General Fund	860,501	0	0	0
Capital Improvement Funds	0	0	0	30,966
Total fund balances	<u>2,650,656</u>	<u>1,685,572</u>	<u>0</u>	<u>69,872</u>
Total liabilities and fund balances	<u>\$ 6,721,546</u>	<u>\$ 1,686,759</u>	<u>\$ 0</u>	<u>\$ 111,854</u>

Other Governmental Capital Projects	Total Governmental Funds
\$ 385,162	\$ 4,049,529
167,014	1,175,856
0	1,635,543
0	229,294
0	94,116
0	0
0	68,784
0	131,042
0	1,688,171
<u>\$ 552,176</u>	<u>\$ 9,072,335</u>

\$ 0	\$ 404,774
0	252,558
0	79,554
0	1,597,913
0	0
188,310	1,967,570
<u>188,310</u>	<u>4,302,369</u>

0	1,753,880
0	1,376,072
0	348,406
0	36,275
167,014	167,014
0	860,501
196,852	227,818
<u>363,866</u>	<u>4,769,966</u>
<u>\$ 552,176</u>	<u>\$ 9,072,335</u>

Fund balances reported for governmental activities in the entity wide balance sheet are different because:

Fund balances--total governmental funds (see above)	\$ 4,769,966
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,988,442
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,968,314)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	39,861
Net assets of governmental activities (page 11)	<u>\$ 29,829,955</u>

LINDON CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue R.D.A.	Debt Service Fund	Special Improvement District
<u>Revenues</u>				
Taxes	\$ 5,403,297	\$ 1,313,465	\$ 0	\$ 0
Licenses and permits	227,804	0	0	0
Intergovernmental	355,764	0	0	0
Charges for services	133,246	0	0	0
Fines and forfeitures	496,903	0	0	0
Impact fees	(698)	0	0	0
Miscellaneous revenue	852,759	12,075	0	35,047
	7,469,075	1,325,540	0	35,047
<u>Expenditures</u>				
Current:				
General government	1,719,786	608,767	0	235
Public safety	3,310,791	0	0	0
Streets & public works	905,282	0	0	0
Parks and recreation	454,976	0	0	0
Grants & contributions	46,221	0	0	0
Capital Outlay	533,270	0	0	0
Debt service:				
Principal retirement	77,162	0	918,912	0
Interest and fiscal charges	19,635	0	210,800	0
Cost of issuance	0	0	0	0
	7,067,123	608,767	1,129,712	235
Excess revenues over (under) expenditures	401,952	716,773	(1,129,712)	34,812
<u>Other financing sources (uses)</u>				
Other financing sources (uses)	6,633	0	0	0
Transfers in	821,448	7,659	1,129,712	0
Transfers out	(1,182,080)	(416,859)	0	(229,277)
	(353,999)	(409,200)	1,129,712	(229,277)
Net change in fund balances	47,953	307,573	0	(194,465)
Fund balances - beginning	2,602,703	1,377,999	0	264,337
Fund balances - end	\$ 2,650,656	\$ 1,685,572	\$ 0	\$ 69,872

<u>Other Governmental</u>		<u>Total Governmental Funds</u>
Capital Projects General		
\$ 0	\$	6,716,762
0		227,804
0		355,764
0		133,246
0		496,903
54,385		53,687
902		900,783
<u>55,287</u>		<u>8,884,949</u>

0	2,328,788
0	3,310,791
0	905,282
2,426	457,402
0	46,221
190,976	724,246
0	996,074
0	230,435
0	0
<u>193,402</u>	<u>8,999,239</u>

<u>(138,115)</u>	<u>(114,290)</u>
------------------	------------------

0	6,633
0	1,958,819
0	(1,828,216)
<u>0</u>	<u>137,236</u>

(138,115)	22,946
<u>501,981</u>	<u>4,747,020</u>
<u>\$ 363,866</u>	<u>\$ 4,769,966</u>

LINDON 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, 2010

Amounts reported for governmental activities in the statement of activities (page 24) are different because:

Net change in fund balance--total governmental funds (page 26)	\$ 22,946
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(988,357)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	617,985
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,010,029
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(24,246)
Change in net assets of governmental activities (page 24)	\$ 638,357

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LINDON CITY CORPORATION
GENERAL FUND
BUDGETARY COMPARISON STATEMENT – REVENUES & EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
Revenues	\$ 6,956,178	\$ 6,740,618	\$ 7,469,075	\$ 728,457
Expenditures	(8,180,212)	(7,098,802)	(7,067,123)	31,679
Excess of revenues over expenditures	(1,224,034)	(358,184)	401,952	760,136
Other Financing Sources and (Uses)				
Other financing sources (uses)	1,779,260	1,785,893	6,633	(1,779,260)
Operating transfers in	656,771	821,449	821,448	(1)
Operating transfers out	(1,211,997)	(1,270,166)	(1,182,080)	88,086
Total other financing sources and (uses)	1,224,034	1,337,176	(353,999)	(1,691,175)
Net change in fund balances	<u>\$ 0</u>	<u>\$ 978,992</u>	47,953	<u>\$ (931,039)</u>
Fund balance, July 1			<u>2,602,703</u>	
Fund balance, June 30			<u>\$ 2,650,656</u>	

See detail budgetary comparison statement revenues at page 37 and expenditures at 38 and 39.

LINDON CITY CORPORATION
GENERAL FUND
BUDGETARY COMPARISON STATEMENT - REVENUES
FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
Revenues				
Taxes:				
Property tax	\$ 993,000	\$ 1,360,000	\$ 1,407,868	\$ 47,868
Fee in lieu	98,000	133,219	135,294	2,075
Tax redemption	95,000	48,592	116,402	67,810
Sales and use	2,700,000	2,150,943	2,346,215	195,272
Franchise	1,146,000	1,181,624	1,306,002	124,378
Innkeepers	300	210	223	13
Telephone tax	92,000	89,956	91,293	1,337
	<u>5,124,300</u>	<u>4,964,544</u>	<u>5,403,297</u>	<u>438,753</u>
Licenses and Permits:				
Business licenses	71,500	75,000	69,461	(5,539)
Building permits	110,000	98,500	111,204	12,704
Plan checking fees	50,000	42,000	45,019	3,019
Other licenses and permits	2,650	2,275	2,120	(155)
	<u>234,150</u>	<u>217,775</u>	<u>227,804</u>	<u>10,029</u>
Intergovernmental Revenue:				
Federal grants	0	0	0	0
Class "C" road fund allotment	395,000	300,000	343,030	43,030
State liquor fund allotment	9,000	11,734	11,734	0
Other state grants	0	0	0	0
Other grants	0	1,000	1,000	0
	<u>404,000</u>	<u>312,734</u>	<u>355,764</u>	<u>43,030</u>
Charges for Services:				
Zoning and development fees	19,300	21,450	35,464	14,014
Parks and recreation	6,800	7,500	6,960	(540)
Weed abatement	0	0	0	0
Burial and assessments	26,000	30,320	89,245	58,925
Traffic control signs	500	1,650	1,577	(73)
	<u>52,600</u>	<u>60,920</u>	<u>133,246</u>	<u>72,326</u>
Miscellaneous Revenue:				
Fines and forfeitures	440,000	456,000	496,903	40,903
Impact fees	26,150	10,000	(698)	(10,698)
Interest earnings	92,200	22,720	21,419	(1,301)
Proceeds from sale of property	10,000	0	0	0
Miscellaneous	572,778	695,925	831,340	135,415
	<u>1,141,128</u>	<u>1,184,645</u>	<u>1,348,964</u>	<u>164,319</u>
Total revenues	<u>6,956,178</u>	<u>6,740,618</u>	<u>7,469,075</u>	<u>728,457</u>
Other Financing Sources				
Other financing sources (uses)	1,779,260	1,785,893	6,633	(1,779,260)
Operating transfers in	656,771	821,449	821,448	(1)
Total other financing sources	<u>2,436,031</u>	<u>2,607,342</u>	<u>828,081</u>	<u>(1,779,261)</u>
Total revenue & other financing sources	<u>\$ 9,392,209</u>	<u>\$ 9,347,960</u>	<u>\$ 8,297,156</u>	<u>\$ (1,050,804)</u>

LINDON CITY CORPORATION
GENERAL FUND
BUDGETARY COMPARISON STATEMENT – EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

General Fund by Character

	Current				
	Salaries & Wages	Employee Benefits	Materials, Supplies & Services	Capital Outlay	Debt Service
<u>Expenditures</u>					
General Government:					
Mayor and council	\$ 45,554	\$ 28,353	\$ 20,096	\$ 0	\$ 0
Judicial	106,327	35,727	379,412	0	0
Administrative	337,356	176,698	155,286	0	0
Elections	0	0	7,687	0	0
Buildings	0	0	96,960	421,350	0
Planning and zoning	134,611	79,186	116,533	0	0
	<u>623,848</u>	<u>319,964</u>	<u>775,974</u>	<u>421,350</u>	<u>0</u>
Public Safety:					
Law enforcement	1,011,877	603,449	254,989	35,731	96,797
Fire protection	0	0	1,181,404	0	0
Protective inspections	145,765	78,013	14,795	0	0
Animal control	0	0	20,499	0	0
	<u>1,157,642</u>	<u>681,462</u>	<u>1,471,687</u>	<u>35,731</u>	<u>96,797</u>
Street and Public Improvement:					
Streets	67,108	34,960	412,066	0	0
Public works administration	253,545	138,208	(605)	0	0
	<u>320,653</u>	<u>173,168</u>	<u>411,461</u>	<u>0</u>	<u>0</u>
Parks & Recreation:					
Parks	120,932	56,541	244,090	76,189	0
Cemetery	0	0	6,427	0	0
Recreation and culture	0	0	26,986	0	0
	<u>120,932</u>	<u>56,541</u>	<u>277,503</u>	<u>76,189</u>	<u>0</u>
Grants & Contributions					
Grants	0	0	0	0	0
Contributions	0	0	46,221	0	0
	<u>0</u>	<u>0</u>	<u>46,221</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>2,223,075</u>	<u>1,231,135</u>	<u>2,982,846</u>	<u>533,270</u>	<u>96,797</u>
<u>Other Financing Uses</u>					
Transfer to other funds	0	0	1,182,080	0	0
Total other financing uses	<u>0</u>	<u>0</u>	<u>1,182,080</u>	<u>0</u>	<u>0</u>
Total expenditures & other financing uses	<u>\$ 2,223,075</u>	<u>\$ 1,231,135</u>	<u>\$ 4,164,926</u>	<u>\$ 533,270</u>	<u>\$ 96,797</u>

General Fund Totals

Budget		Actual	Variance
Original	Final		
\$ 99,658	\$ 110,883	\$ 94,003	\$ 16,880
508,452	532,634	521,466	11,168
627,296	677,131	669,340	7,791
6,100	7,687	7,687	0
597,100	521,898	518,310	3,588
490,494	320,722	330,330	(9,608)
<u>2,329,100</u>	<u>2,170,955</u>	<u>2,141,136</u>	<u>29,819</u>
1,978,913	2,019,053	2,002,843	16,210
1,333,163	1,093,277	1,181,404	(88,127)
264,970	243,569	238,573	4,996
22,185	19,979	20,499	(520)
<u>3,599,231</u>	<u>3,375,878</u>	<u>3,443,319</u>	<u>(67,441)</u>
700,723	539,744	514,134	25,610
392,917	403,589	391,148	12,441
<u>1,093,640</u>	<u>943,333</u>	<u>905,282</u>	<u>38,051</u>
601,446	520,736	497,752	22,984
11,700	6,350	6,427	(77)
30,000	25,000	26,986	(1,986)
<u>643,146</u>	<u>552,086</u>	<u>531,165</u>	<u>20,921</u>
0	0	0	0
515,095	56,550	46,221	10,329
<u>515,095</u>	<u>56,550</u>	<u>46,221</u>	<u>10,329</u>
<u>8,180,212</u>	<u>7,098,802</u>	<u>7,067,123</u>	<u>31,679</u>
1,211,997	1,270,166	1,182,080	88,086
<u>1,211,997</u>	<u>1,270,166</u>	<u>1,182,080</u>	<u>88,086</u>
<u>\$ 9,392,209</u>	<u>\$ 8,368,968</u>	<u>\$ 8,249,203</u>	<u>\$ 119,765</u>

LINDON CITY CORPORATION
SPECIAL REVENUE REDEVELOPMENT AGENCY (R.D.A.) FUND
BUDGETARY COMPARISON STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Tax increment	\$ 907,000	\$ 1,313,464	\$ 1,313,465	\$ 1
Interest income	27,800	11,350	12,075	725
Other income	0	0	0	0
	<u>934,800</u>	<u>1,324,814</u>	<u>1,325,540</u>	<u>726</u>
<u>Expenditures</u>				
Salaries & wages	0	0	0	0
Employee benefits	0	0	0	0
Materials, supplies & services	900,280	727,107	608,767	118,340
Capital outlay	0	0	0	0
Debt service				
Principal	0	0	0	0
Interest	0	0	0	0
Cost of issuance	0	0	0	0
	<u>900,280</u>	<u>727,107</u>	<u>608,767</u>	<u>118,340</u>
Excess (deficit) of revenues over expenditures	<u>34,520</u>	<u>597,707</u>	<u>716,773</u>	<u>119,066</u>
<u>Other Financing Sources and (uses)</u>				
Bond refunding proceeds	0	0	0	0
Operating transfers in	9,713	9,713	7,659	(2,054)
Operating transfers out	0	(416,859)	(416,859)	0
	<u>9,713</u>	<u>(407,146)</u>	<u>(409,200)</u>	<u>(2,054)</u>
Excess (deficit) of revenues & other financing sources over expenditures	<u>\$ 44,233</u>	<u>\$ 190,561</u>	307,573	<u>\$ 117,012</u>
Fund balance, July 1			<u>1,377,999</u>	
Fund balance, June 30			<u>\$ 1,685,572</u>	

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LINDON CITY CORPORATION
BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities – Enterprise Funds			
	Water	Waste Water	Storm Water	Recreation
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0
Cash and cash equivalents-restricted	812,007	769,925	3,301	577,588
Accounts receivable - net	146,652	104,142	29,716	0
Other receivables	0	0	180	0
Loan to other funds	700,000	1,079,260	0	0
Total current assets	<u>1,658,659</u>	<u>1,953,327</u>	<u>33,197</u>	<u>577,588</u>
Noncurrent assets:				
Capital Assets				
Land	428,610	107,392	792,603	0
Water stock and rights	9,786,414	0	0	0
Water distribution system	13,049,345	0	0	0
Waste water collection system	0	7,272,428	0	0
Storm water drainage system	0	0	10,284,496	0
Machinery and equipment	107,062	654,094	11,616	0
Vehicles	167,737	40,577	19,851	0
Aquatic Center	0	0	0	10,376,893
Less: Accumulated depreciation	(4,725,520)	(2,928,820)	(1,974,906)	(260,248)
Net capital assets	<u>18,813,648</u>	<u>5,145,671</u>	<u>9,133,660</u>	<u>10,116,645</u>
Costs of issuance	5,335	0	11,132	219,942
Total noncurrent assets	<u>18,818,983</u>	<u>5,145,671</u>	<u>9,144,792</u>	<u>10,336,587</u>
Total assets	<u>\$20,477,642</u>	<u>\$ 7,098,998</u>	<u>\$ 9,177,989</u>	<u>\$ 10,914,175</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 61,869	\$ 86,887	\$ 21,957	\$ 29,210
Accrued payroll	4,022	1,513	2,108	12,937
Accrued compensated absences	13,304	12,246	3,570	774
Deposits	12,286	0	0	0
Due to other funds	372,579	450,239	9,360	667,683
Accrued interest payable	52,416	0	1,399	200,764
Current portion of long term debt	165,979	0	22,736	235,000
Total current liabilities	<u>682,455</u>	<u>550,885</u>	<u>61,130</u>	<u>1,146,368</u>
Noncurrent liabilities:				
Accrued compensated absences	15,177	25,522	6,691	0
Bonds payable	3,333,281	0	424,996	9,880,474
Total noncurrent liabilities	<u>3,348,458</u>	<u>25,522</u>	<u>431,687</u>	<u>9,880,474</u>
Total liabilities	<u>4,030,913</u>	<u>576,407</u>	<u>492,817</u>	<u>11,026,842</u>
Net Assets:				
Invested in capital assets, net of related debt	15,314,388	5,145,671	8,685,928	1,171
Restricted for impact fees	372,993	769,925	0	0
Unrestricted	759,348	606,995	(756)	(113,838)
Total net assets	<u>16,446,729</u>	<u>6,522,591</u>	<u>8,685,172</u>	<u>(112,667)</u>
Total Liabilities and Net Assets	<u>\$20,477,642</u>	<u>\$ 7,098,998</u>	<u>\$ 9,177,989</u>	<u>\$ 10,914,175</u>

Non-major funds Solid Waste	Total
\$ 25,095	\$ 25,095
0	2,162,821
36,532	317,042
0	180
0	1,779,260
<u>61,627</u>	<u>4,284,398</u>

0	1,328,605
0	9,786,414
0	13,049,345
0	7,272,428
0	10,284,496
0	772,772
0	228,165
0	10,376,893
0	(9,889,494)
<u>0</u>	<u>43,209,624</u>
<u>0</u>	<u>236,409</u>
<u>0</u>	<u>43,446,033</u>
<u>\$ 61,627</u>	<u>\$ 47,730,431</u>

\$ 29,383	\$ 229,306
0	20,580
0	29,894
0	12,286
0	1,499,861
0	254,579
0	423,715
<u>29,383</u>	<u>2,470,221</u>

0	47,390
<u>0</u>	<u>13,638,751</u>
<u>0</u>	<u>13,686,141</u>
<u>29,383</u>	<u>16,156,362</u>

0	29,147,158
0	1,142,918
<u>32,244</u>	<u>1,283,993</u>
<u>32,244</u>	<u>31,574,069</u>
<u>\$ 61,627</u>	<u>\$ 47,730,431</u>

LINDON CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities – Enterprise Funds</u>			
	<u>Water</u>	<u>Waste Water</u>	<u>Storm Water</u>	<u>Recreation</u>
<u>Operating revenues</u>				
Service fees	\$ 0	\$ 888,423	\$ 315,572	\$ 478,506
Service fees - pledged as security for revenue bonds	1,399,511	0	0	0
Other fees	119,258	16,907	0	0
Impact fees	33,527	76,060	33,700	0
Impact fees - interest	2,372	5,948	0	0
Miscellaneous	25,581	0	16,756	0
	<u>1,580,249</u>	<u>987,338</u>	<u>366,028</u>	<u>478,506</u>
<u>Operating expenses</u>				
Salaries and wages	149,609	72,120	68,313	240,462
Employee benefits	84,882	33,751	32,018	31,215
Materials, supplies and services	451,476	552,612	193,362	197,907
Depreciation and amortization	263,560	234,030	214,610	264,687
	<u>949,527</u>	<u>892,513</u>	<u>508,303</u>	<u>734,271</u>
Operating income	<u>630,722</u>	<u>94,825</u>	<u>(142,275)</u>	<u>(255,765)</u>
<u>Nonoperating revenues (expenses)</u>				
Intergovernmental	0	0	560,000	0
Interest revenue	3,602	119	49	1,343
Interest expense	(120,878)	0	(17,546)	(465,622)
Gain (loss) on disposal of fixed assets	0	0	0	0
Total nonoperating revenue(expenses)	<u>(117,276)</u>	<u>119</u>	<u>542,503</u>	<u>(464,279)</u>
Income before contributions and transfers	513,446	94,944	400,228	(720,044)
Capital contributions	267,869	129,906	114,178	0
Transfers in	0	0	0	634,689
Transfers out	(318,630)	(259,245)	(178,617)	0
Change in net assets	462,685	(34,395)	335,789	(85,355)
Total net assets - beginning	15,984,044	6,556,986	8,349,383	(27,312)
Total net assets - ending	<u>\$16,446,729</u>	<u>\$ 6,522,591</u>	<u>\$ 8,685,172</u>	<u>\$ (112,667)</u>

Non-major Funds Solid Waste	Total
\$ 366,157	\$ 2,048,658
0	1,399,511
0	136,165
0	143,287
0	8,320
0	42,337
<u>366,157</u>	<u>3,778,278</u>
0	530,504
0	181,866
340,546	1,735,903
0	976,887
<u>340,546</u>	<u>3,425,160</u>
<u>25,611</u>	<u>353,118</u>
0	560,000
0	5,113
0	(604,046)
0	0
<u>0</u>	<u>(38,933)</u>
25,611	314,185
0	511,953
0	634,689
(8,800)	(765,292)
<u>16,811</u>	<u>695,535</u>
15,433	30,878,534
<u>\$ 32,244</u>	<u>\$ 31,574,069</u>

LINDON CITY CORPORATION
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Storm Water	Recreation
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,567,064	\$ 988,891	\$ 444,644	\$ 478,506
Payments to suppliers	(463,828)	(587,168)	(197,601)	(205,295)
Payments to employees	(238,592)	(100,138)	(99,518)	(265,615)
Deposits received (refunded)	12,286	0	0	0
Net cash provided (used) by operating activities	<u>876,930</u>	<u>301,585</u>	<u>147,525</u>	<u>7,596</u>
Cash Flows From Noncapital Financing Activities				
Proceeds from grants and contributions	0	0	560,000	0
Loans from (payments to) other funds	(415,021)	(541,421)	(473,651)	80,884
Transfers from (to) other funds	(318,630)	(259,245)	(178,617)	634,689
Net cash provided (used) by noncapital financing activities	<u>(733,651)</u>	<u>(800,666)</u>	<u>(92,268)</u>	<u>715,573</u>
Cash Flows From Capital and Related Financing Activities				
Purchases of capital assets	0	(173,132)	(15,698)	(275,615)
Proceeds from issuance of debt	0	0	0	0
Cost of issuance of debt	0	0	0	0
Principal paid on capital debt	(281,210)	0	(21,993)	(311,000)
Interest paid on capital debt	(124,377)	0	(17,615)	(620,167)
Interfund bond reallocation	0	0	0	0
Proceeds from the sale of capital assets	0	0	0	0
Net cash provided (used) by capital and related financing activities	<u>(405,587)</u>	<u>(173,132)</u>	<u>(55,306)</u>	<u>(1,206,782)</u>
Cash Flows From Investing Activities				
Purchase of property and equipment	0	0	0	0
Interest and dividends received	3,602	119	49	1,343
Purchase of investments	0	0	0	0
Net cash provided (used) by investing activities	<u>3,602</u>	<u>119</u>	<u>49</u>	<u>1,343</u>
Net increase (decrease) in cash and cash equivalents	(258,706)	(672,094)	0	(482,270)
Cash and cash equivalents - beginning	<u>1,070,713</u>	<u>1,442,019</u>	<u>3,301</u>	<u>1,059,858</u>
Cash and cash equivalents (deficit) - end	<u>\$ 812,007</u>	<u>\$ 769,925</u>	<u>\$ 3,301</u>	<u>\$ 577,588</u>
Cash and cash equivalents:				
Unrestricted	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	<u>812,007</u>	<u>769,925</u>	<u>3,301</u>	<u>577,588</u>
Total	<u>\$ 812,007</u>	<u>\$ 769,925</u>	<u>\$ 3,301</u>	<u>\$ 577,588</u>
Noncash Investing and Financing Activities:				
Developer Contributions	\$ 267,869	\$ 129,906	\$ 114,178	\$ 0

Non-Major Funds Solid Waste	Total
\$ 365,435	\$ 3,844,540
(339,056)	(1,792,948)
0	(703,863)
0	12,286
<u>26,379</u>	<u>1,360,015</u>
0	560,000
0	(1,349,209)
<u>(8,800)</u>	<u>(130,603)</u>
<u>(8,800)</u>	<u>(919,812)</u>
0	(464,445)
0	0
0	0
0	(614,203)
0	(762,159)
0	0
<u>0</u>	<u>0</u>
<u>0</u>	<u>(1,840,807)</u>
0	0
0	5,113
<u>0</u>	<u>0</u>
<u>0</u>	<u>5,113</u>
17,579	(1,395,491)
<u>7,516</u>	<u>3,583,407</u>
<u>\$ 25,095</u>	<u>\$ 2,187,916</u>
\$ 25,095	\$ 25,095
0	\$ 2,162,821
<u>\$ 25,095</u>	<u>\$ 2,187,916</u>
\$ 0	\$ 511,953

LINDON CITY CORPORATION
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(continued from page 46 and 47)

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Storm Water	Recreation
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 630,722	\$ 94,825	\$ (142,275)	\$ (255,765)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	263,560	234,030	214,610	264,687
(Inc)/decrease in accounts rec.	(6,524)	724	(4,917)	0
(Inc)/decrease in other receiv.	0	829	83,533	0
Increase (decr.) in accounts payable	(12,351)	(34,556)	(4,239)	(7,388)
Increase (decr.) in accrued payroll	(4,101)	5,733	813	6,062
Increase (decr.) in deposits	12,286	0	0	0
Increase (decr.) in deferred revenue	(6,662)	0	0	0
Total adjustments	<u>246,208</u>	<u>206,760</u>	<u>289,800</u>	<u>263,361</u>
Net cash provided (used) by operating activities	<u>\$ 876,930</u>	<u>\$ 301,585</u>	<u>\$ 147,525</u>	<u>\$ 7,596</u>

<u>Non-Major Solid Waste</u>	<u>Total</u>
<u>\$ 25,611</u>	<u>\$ 353,118</u>
0	976,887
(722)	(11,439)
0	84,362
1,490	(57,044)
0	8,507
0	12,286
0	(6,662)
<u>768</u>	<u>1,006,897</u>
<u><u>\$ 26,379</u></u>	<u><u>\$ 1,360,015</u></u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Lindon City Corporation was incorporated on November 8, 1951, as a third class city, under the provisions of the Utah State Code.

The City operates under a Mayor-Council form of government and provides services authorized by its charter, including public safety, (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Some of these services are provided under contract with other entities.

B. Reporting Entity

Lindon City Corporation is a political subdivision of the State of Utah. It is governed by an elected mayor and five council members. The accompanying financial statements present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of and for the year ended June 30, 2010.

For financial reporting purposes, Lindon City Corporation has included all funds, account groups, and component units. The City has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria in GASB Statement No. 14 to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the City.

As required by generally accepted accounting principles, this report presents the financial information of both Lindon City Corporation (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of the component unit's operational or financial relationships with the City.

Blended Component Units

These component units are entities, which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They have the same governing board and provides services almost entirely to Lindon City. They are reported as funds of the City. These organizations for which Lindon City is financially accountable, and the relationship with Lindon City is significant enough that exclusion would possibly lead to misleading or incomplete financial statements. To obtain separate individual component unit financial statements please send requests to Lindon City, c/o the City Administrator, 100 North State Street, Lindon, Utah 84042.

LINDON CITY CORPORATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lindon City Redevelopment Agency. The Agency was established for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment and economic development projects within the area in which it is authorized to act. The Agency is reported as a special revenue fund.

Municipal Building Authority of Lindon City, Utah. The building authority was created on March 14, 1997 under the provisions of the Utah Municipal Building Authority Act. The object and purposes are to acquire, improve, or extend one or more projects and to finance their costs on behalf of the City in accordance and subject to the limitations of the Utah Municipal Building Authority Act and subject to prior authorization by the governing body of the City. The Building Authority activity is reported in the debt service fund.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of balance sheet and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The state of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

For this purpose, the government considers revenues to be available if they are collected within 30 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Redevelopment Agency special revenue fund reports the activities of the Agency as described above.

The Debt Service fund reports the payments of long term debt.

The Special Improvement District capital projects fund reports the projects of the S.I.D.

The government reports the following major proprietary funds:

The Water Fund accounts for the activities of the city's water utility. The city operates a water distribution system.

The Waste Water Fund accounts for the activities of the city's sewer utility.

The Storm Water Fund accounts for the activities of the city's storm drain utility.

The Aquatic Fund accounts for the activities at the city's swimming pool.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and various other functions of the government. Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

LINDON CITY CORPORATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water enterprise fund and the ice sheet enterprise fund are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, and Net Assets

1. Deposits and Investments

Cash and cash equivalents consists of amounts in demand and certificates of deposit and all highly liquid investments maturing within three months. Cash balances are invested to the extent available.

Investments include obligations of the U.S. Treasury, commercial paper, corporate bonds and purchase agreements. Investments are stated at cost or amortized cost.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible.

3. Restricted Assets

Cash and investments are often restricted to a particular use due to statutory, budgetary or legal requirements and are therefore classified as "restricted" on the City's balance sheets.

4. Capital Assets

Capital assets, which include property, land, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Assets (Continued)

more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (equipment 5-50 years).

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the income for the period.

5. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported on the government wide financial statements for governmental funds and as long term debt for the enterprise funds. No expenditure is reported for these amounts. Vested or accumulated vacation leave for proprietary funds is recorded as an expense and a liability as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose or tentative management plans that are subject to change.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax

Property taxes are levied on January 1, giving the City legal claim on that date. The taxes are due on November 1 and are delinquent after November 30 of each year. Property taxes are collected by the Utah County Treasurer and remitted to the City shortly after collection. The uncollected, measurable amounts have been accrued as deferred revenue.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The Governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference of \$ (4,968,314) are as follows:

Accrued interest	\$ (21,214)
Current portion of long-term debt	(847,994)
Bonds payable	(3,788,562)
Capital leases	(178,157)
Accrued compensated absences	(132,387)
Total	\$ (4,968,314)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(988,357) difference are as follows:

Capital outlay	\$ 724,246
Depreciation expense	(1,694,843)
Disposals	(17,760)
Total	\$ (988,357)

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. The Money Management Act also defined the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2010 the City had the following deposits and investments

Amounts per Financial Institution and Reconciling Items

Deposits

Bank balance	\$ 1,768,382
Deposits in transit	31,548
Outstanding checks	(121,804)
Cash on hand	2,260
Deposits carrying amount	1,680,386
Investment in State Treasurer's Pool – carrying amount	5,732,915
Total	\$ 7,413,301

Amounts per Balance Sheet

Cash and cash equivalents	\$ 4,074,624
Cash and cash equivalents - restricted	3,338,677
Total	\$ 7,413,301

Deposits

Depository Accounts	Bank Balance	Book Balance	Insured Amount
Lindon City Corporation	\$ 1,768,382	\$ 1,685,472	\$ 553,329

Deposits - Custodial Credit Risk

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 that deposits be in a qualified depository whose deposits are insured by an agency of the 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. The deposits for the primary government at June 30, 2010 were \$1,768,382. Of these, \$1,215,053 were exposed to custodial credit risk as uninsured and uncollateralized.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of June 30, 2010 the city had the following investments

	Investment Maturities (in years)		
	Fair Value	Less Than 1	More Than 1
Utah Public Treasurer's Investment Fund	\$ 5,755,023	\$ 5,755,023	\$ 0
	\$ 5,755,023	\$ 5,755,023	\$ 0

The difference between the fair values and carrying amounts of the State Treasurer's Pool is \$22,108. (at June 30, 2010 fair value per share factor is 1.00385638).

Investments – Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk

The City follows the requirements of the Utah Money Management Act (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurer's Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. Agency Issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The City's investment in the PTIF is not rated. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The City has no other investment policy that would further limit its investment choices.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 – RECEIVABLES – OTHER

Other receivables at June 30, 2010 consists of the following:

	Governmental Activities	Business type Activities	Total 2009
Franchise taxes	\$ 94,116	\$ 0	\$ 94,116
Cemetery	4,525	0	4,525
Miscellaneous	17,739	180	17,919
S.I.D. assessments	41,982	0	41,982
Weed abatement	3,558	0	3,558
Lease revenue	980	0	980
	<u>\$ 162,900</u>	<u>\$ 180</u>	<u>\$ 163,080</u>

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in the governmental activities:

	Beginning Balance 7/1/2009	Additions	Retirements	Accumulated Depreciation	Ending Balance 6/30/2010
Capital assets not being depreciated:					
Land	\$ 5,277,447	\$ 286,515	\$ 0	\$ 0	\$ 5,563,962
	<u>5,277,447</u>	<u>286,515</u>	<u>0</u>	<u>0</u>	<u>5,563,962</u>
Capital assets being depreciated:					
Buildings	2,643,373	276,350	0	(631,831)	2,287,892
Infrastructure	30,041,045	544,163	0	(13,004,461)	17,580,747
Improvements	4,494,322	157,742	0	(804,293)	3,847,771
Equipment	1,595,887	41,729	0	(1,230,883)	406,733
Vehicles	810,408	35,731	(25,990)	(518,813)	301,336
	<u>39,585,035</u>	<u>1,055,715</u>	<u>(25,990)</u>	<u>(16,190,281)</u>	<u>24,424,479</u>
Total	<u>\$ 44,862,482</u>	<u>\$ 1,342,230</u>	<u>\$ (25,990)</u>	<u>\$ (16,190,281)</u>	<u>\$ 29,988,441</u>
Depreciation:					
Buildings	(576,307)	(55,524)	0	(631,831)	
Infrastructure	(11,721,314)	(1,283,147)	0	(13,004,461)	
Improvements	(709,051)	(95,242)	0	(804,293)	
Equipment	(1,088,891)	(150,222)	8,230	(1,230,883)	
Vehicles	(408,105)	(110,708)	0	(518,813)	
	<u>(14,503,668)</u>	<u>(1,694,843)</u>	<u>8,230</u>	<u>(16,190,281)</u>	
Total	<u>\$ 30,358,814</u>	<u>\$ (352,613)</u>	<u>\$ (17,760)</u>	<u>\$ 0</u>	

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 – CAPITALASSETS (continued)

The following is a summary of changes in the business-type activities:

	Beginning Balance 7/1/2009	Additions	Retirements	Accumulated Depreciation	Ending Balance 6/30/2010
Capital assets not being depreciated:					
Land	\$ 1,328,605	\$ 0	\$ 0	\$ 0	\$1,328,605
Water Stock	9,676,717	109,697	0	0	9,786,414
	<u>11,005,322</u>	<u>109,697</u>	<u>0</u>	<u>0</u>	<u>11,115,019</u>
Capital assets being depreciated:					
Buildings	10,193,285	183,608	0	(260,248)	10,116,645
Water System	12,891,173	158,172	0	(4,484,596)	8,564,749
Sewage System	6,969,389	303,038	0	(2,430,547)	4,841,880
Drain System	10,154,619	129,876	0	(1,952,368)	8,332,127
Equipment	772,772	0	0	(596,605)	176,167
Vehicles	228,164	0	0	(165,125)	63,039
	<u>41,209,402</u>	<u>774,694</u>	<u>0</u>	<u>(9,889,489)</u>	<u>32,094,607</u>
Total	<u>\$ 52,214,724</u>	<u>\$ 884,391</u>	<u>\$ 0</u>	<u>\$ (9,889,489)</u>	<u>\$43,209,626</u>
Depreciation:					
Buildings	(2,164)	(258,084)	0	(260,248)	
Water System	(4,239,219)	(245,377)	0	(4,484,596)	
Sewage System	(2,278,265)	(152,282)	0	(2,430,547)	
Drain System	(1,743,388)	(208,980)	0	(1,952,368)	
Equipment	(498,835)	(97,770)	0	(596,605)	
Vehicles	(157,688)	(7,437)	0	(165,125)	
	<u>(8,919,559)</u>	<u>(969,930)</u>	<u>0</u>	<u>(9,889,489)</u>	
Total	<u>\$ 32,289,843</u>	<u>\$ (195,236)</u>	<u>\$ 0</u>	<u>\$ 0</u>	

Depreciation expense by function as of June 30, 2010 is as follows:

Governmental activities:	
General government	\$ 178,632
Public safety	132,997
Public works	1,383,215
Total	<u>\$ 1,694,843</u>
Business-type activities:	
Water	\$ (263,207)
Waste Water	(234,030)
Storm Water	(214,610)
Recreation	(258,083)
Total	<u>\$ (969,930)</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - LONG-TERM DEBT

Descriptions of long-term debt follow:

Governmental activities.

The Lindon City Redevelopment Agency, Utah Neighborhood Redevelopment Tax Increment Revenue Bonds, Series 2005 were issued by the Lindon City Redevelopment Agency in the amount of \$3,095,000 with a coupon rate of 3.92%. The proceeds were deposited in an escrow account to be used to refund the Series 1999 bonds per their bond call requirements. The principal outstanding on the Series 2005 bonds at June 30, 2010 was \$1,743,000 with interest requirements totaling \$228,418. Although it is included in the general long-term debt account group of Lindon City for reporting purposes, Lindon City has no obligation to repay these bonds. The bonds are repaid from the tax increment revenue of the Redevelopment Agency.

The Municipal Building Authority of Lindon City, Utah Lease Revenue Refunding Bonds, Series 2005 were issued in the amount of \$1,492,000 with a coupon rate of 3.58%. The proceeds were used to refund the Municipal Building Authority of Lindon City, Utah Lease Revenue Bond (Capital Appreciation Bond) Series 2000B which were issued in exchange for right-of-way property for a new interchange constructed by Utah Department of Transportation on Interstate 15. The principal outstanding at June 30, 2010 was \$320,000 with interest requirements totaling \$5,728.

The Special Improvement District Bonds (Lindon Gateway Project) No. 00-01 Series 2001 in the amount of \$2,400,000 were issued in July 2001 with a coupon rate of 5.60%. The proceeds were used to fund special improvements that benefited property owners in the Lindon Gateway Project area. The property owners are assessed annually to retire the bonds. The principal outstanding at June 30, 2010 was \$90,000 with interest requirements totaling \$10,080.

The Sales Tax Revenue Bonds Series 2005 was issued for \$3,700,000. Debt service payments are made annually with interest at 3.75%. The liability is split between Governmental and Proprietary funds in order to help finance the road, water and storm drain improvements of 700 North west of Geneva Road. The principal outstanding at June 30, 2010 for the Road portion of this debt was \$2,400,457 with interest requirements totaling \$781,802.

Business type activities.

The Water Revenue Bonds Series 1994 consisted of \$1,404,000 in debt issued to finance additions and improvements to the culinary water system. Debt service payments are made annually with interest at 2.5%. The principal outstanding at June 30, 2010 was \$90,000 with interest requirements totaling \$2,250.

The Water Revenue Bonds Series 2006 consisted of \$256,000 in debt issued to finance replacement of the waterline along 400 North Street. Debt service payments are made annually with interest at 5.0%. The principal amount outstanding at June 30, 2010 was \$191,837, with interest requirements totaling \$40,236.

The City entered into an agreement with the Central Utah Water Conservancy District (CUWCD), Central Utah Project (CUP), in August of 1997 for rights to 1,425 acre feet of water per year for 50 years starting in 1998. In January 2000, Lindon City received a grant of \$1,899,011 from CUWCD. As part of the terms of the grant, the City gave back rights to 500 acre feet, leaving the City with rights to 925 acre feet per year. Lindon City had deferred payments for 10 years. Debt service payments are made annually with an interest at 3.222%. The principal outstanding at June 30, 2010 was \$3,052,613 with interest requirements totaling \$2,216,477.

The Sales Tax Revenue Bonds Series 2005 was issued for \$3,700,000. Debt service payments are made annually with interest at 3.75%. The liability is split between Governmental and Proprietary funds in order to help finance the road, water and storm drain improvements of 700 North west of Geneva Road. The principal outstanding at June 30, 2010 for the Water portion of this debt was \$164,811 with interest requirements totaling \$53,677 and for the Storm Water portion was \$447,732 with interest requirements totaling \$145,821.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - LONG-TERM DEBT (Continued)

The Sales Tax Revenue Bond, Series 2008, was issued in the amount of \$9,565,000 with a coupon rate which is currently 3.75% and which will increase to 5.0%. This bond was issued to pay for a much requested Aquatics Center, complete with a flow-rider, for the enjoyment of the residents and surrounding communities. The principal outstanding at June 30, 2010 was \$9,515,000 with interest requirements totaling \$6,337,839.

The Sales Tax Revenue Bond, Series 2009, was issued in the amount of \$800,000 with a coupon rate of 3.88%. This bond was issued as an additional funding source for the construction of the Aquatics Center which opened Memorial weekend 2009. The unused bond proceeds were applied to the principal balance. The principal outstanding at June 30, 2010 was \$539,000 with interest requirements totaling \$60,373.

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term debt consists of the following at June 30, 2010:

Governmental activities:

Revenue Bonds		
RDA Revenue - Series 2005		
Dist. 3		\$ 1,743,000
MBA Revenue - Series 2005		320,000
Sales Tax Revenue Bonds - Series 2005		2,400,457
		4,463,457
Notes Payable		
SID 2000-1 - Gateway		90,000
Total Bonds and Notes Payable		4,553,457
Capital Leases		261,256
Accrued Compensated Absences		234,910
Total		\$ 5,049,623

Business-type activities:

	Principal	Premium	Total
Revenue Bonds			
Culinary Water Revenue Bonds	\$ 90,000		\$ 90,000
Water Revenue Bond 2006	191,837		191,837
CUP Revenue Bonds	3,052,613		3,052,613
Sales Tax Revenue Bonds - Water portion	164,811		164,811
Sales Tax Revenue Bonds - Storm Water portion	447,732		447,732
Sales Tax Revenue Bonds - Series 2009	9,515,000		9,515,000
Bond Premium		61,474	61,474
Sales Tax Revenue Bonds - Series 2010	539,000		539,000
Total Bonds and Notes Payable	14,000,993	61,474	14,062,467
Accrued Compensated Absences			77,283
Total			\$ 14,139,750

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 6 – LONG-TERM DEBT (Continued)

The following is a schedule of bond & note maturities by year:

Governmental activities:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2011	\$169,111	\$ 764,895	\$ 934,006
2012	145,646	435,675	581,321
2013	128,279	450,456	578,735
2014	110,341	437,236	547,577
2015	93,433	722,812	816,245
2016-2020	269,603	791,123	1,060,726
2021-2025	109,617	951,259	1,060,876
Total	<u>\$ 1,026,030</u>	<u>\$ 4,553,456</u>	<u>\$ 5,579,486</u>

Business-type activities:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2011	\$ 567,915	\$ 423,715	\$ 991,630
2012	562,640	384,532	947,172
2013	545,510	522,454	1,067,964
2014	525,328	542,484	1,067,812
2015	504,359	563,832	1,068,191
2016-2020	2,264,974	2,083,785	4,348,759
2021-2025	1,816,396	2,470,298	4,286,694
2026-2030	1,242,953	2,767,980	4,010,933
2031-2035	516,594	2,842,926	3,359,520
2036-2040	192,989	519,031	712,020
2041-2045	103,809	608,211	712,020
2046-2050	13,205	271,745	284,950
Total	<u>\$ 8,856,672</u>	<u>\$ 14,000,993</u>	<u>\$ 22,857,665</u>

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 6 – LONG-TERM DEBT (Continued)

During the year ended June 30, 2010 the following changes occurred in liabilities reported in the:

	Beginning Balance 7/1/2009	Additions	Retirements	Ending Balance 6/30/2010
Governmental activities:				
Bonds	\$ 5,472,369	\$ 0	\$ (918,912)	\$ 4,553,457
Notes payable	0	0	0	0
Subtotal	5,472,369	0	(918,912)	4,553,457
Capital leases	331,785	6,633	(77,162)	261,256
Accrued compensated absences	201,735	200,599	(167,424)	234,910
Total	\$ 6,005,889	\$ 207,232	\$ (1,163,498)	\$ 5,049,623
Business-type activities:				
Revenue bonds	\$ 14,679,230	\$ 0	\$ (616,764)	\$ 14,062,466
Notes payable	0	0	0	0
Subtotal	14,679,230	0	(616,764)	14,062,466
Accrued compensated absences	79,629	40,827	(43,172)	77,284
Total	\$ 14,758,859	\$ 40,827	\$ (659,936)	\$ 14,139,750
Accrued compensated absences , by fund:				
Governmental activities:				
General Fund	\$ 201,735	\$ 200,599	\$ (167,424)	\$ 234,910
	201,735	200,599	(167,424)	234,910
Business-type activities:				
Water Fund	35,370	24,807	(31,695)	28,481
Waste Water Fund	33,074	11,913	(7,219)	37,768
Storm Water Fund	11,185	3,333	(4,258)	10,261
Recreation Fund	0	774	0	774
	79,629	40,827	(43,172)	77,284
	\$ 281,364	\$ 241,426	\$ (210,596)	\$ 312,194

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 – LONG-TERM DEBT (Continued)

Obligations Under Capital Lease

In fiscal year 2010 Lindon City had two lease agreements as lessee for financing the acquisition of police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Police Vehicle Leases:

Year ending June 30	Governmental Activities
2011	\$ 104,490
2012	104,490
2013	89,351
Total minimum lease payments	298,331
Less: amount representing interest	(37,075)
Present value of minimum lease payments	<u>\$ 261,256</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 7 - RESTRICTED NET ASSETS AND RESERVED FUND BALANCES

Restricted Net Assets

Governmental activities restrictions on net assets:

Unspent B&C Road funds	\$ 624,089
Road Impact Fees	\$ 36,275
Park Impact Fees	<u>\$ 167,014</u>
Total Impact Fees	<u>\$ 203,289</u>

Business type activities restrictions on net assets:

Water Impact Fees	\$ 372,993
Waste Water Impact Fees	<u>\$ 769,925</u>
Total Impact Fees	<u>\$ 1,142,918</u>

Governmental Funds Reserved Fund Balances

Class C Road Fund Reservations	
Unspent B&C Road funds	\$ 1,753,880
Road Impact Fees	\$ 36,275
Special Revenue Fund Reservations	
RDA improvements State Street, West Side, and District 3	\$ 1,376,072
Debt Service	\$ 348,406
Capital Projects Fund Reservations	
Park Impact Fees	\$ 167,014

NOTE 8 - RETIREMENT PLANS

Cost-Sharing Multi-Employer Defined Benefits Pension Plan

Plan Description

The City contributes to the Local Government Noncontributory Retirement System (Noncontributory System) and the Public Safety Retirement System (Public Safety System), both of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost-of-living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with statutes established and amended by the Utah State Legislature.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8 - RETIREMENT PLANS (Continued)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

In the Noncontributory System, the City is required to contribute 11.660% of their annual covered salary. In the Public Safety System, the City is required to contribute 23.340% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the various systems for the years ending June 30, 2010, 2009, and 2008 respectively were; for the Noncontributory System, \$170,979, \$174,547, and \$157,972; for the Public Safety Noncontributory, \$152,233, \$154,729, and \$10,054. The contributions were equal to the required contributions for each year.

Defined Contribution Plan

The City participates in a 401(k) plan managed by the Utah State Retirement System (Systems). All full-time regular employees are eligible to participate in this plan. Although not required by the Systems to contribute to the 401(k), the City contributed 4.5% of salaries for the year ended June 30, 2010. The City contributions for the years ending June 30, 2010, 2009 and 2008 respectively were \$124,979, \$127,833, and \$72,410. Employee contributions for the years ending June 30, 2010, 2009 and 2008 respectively were \$120,338, \$145,618, and \$116,356.

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City follows these procedures in accordance with Utah Code in establishing the budgetary data reflected in the financial statements:

The City prepares its budgets on a GAAP basis.

On or before the first regularly scheduled meeting of the Mayor and City Council in May, the finance director prepares a tentative budget for the ensuing fiscal year.

The tentative budget as adopted by the Mayor and City Council is then made available to the public for inspection for a period of at least ten days prior to the adoption of the final budget.

Prior to June 22, the budget is legally enacted through passage of a resolution.

The City Council approves, by resolution, total budget appropriations only. The city finance director is authorized to transfer any unexpended appropriation balances from one expenditure account to another within departments during the budget year. The originally adopted budget may be amended during the year. The City Council by resolution may transfer any unexpended appropriation balance from one department to another within the same fund. In order to increase expenditures in any fund the City must hold a public hearing in addition to passing a resolution.

Unused appropriations for all annually budgeted funds lapse at the end of the fiscal year on June 30.

Unused capital project fund appropriations are carried into the subsequent fiscal year.

NOTE 10 – REDEVELOPMENT AGENCY REQUIRED DISCLOSURES

For the year ended June 30, 2010, the following activity occurred in the Lindon City Redevelopment Agency:

Tax increment collected from other taxing agencies for Project Area:	
State Street	\$ 209,896
West Side	181,311
District # 3	922,258
Total	<u>\$ 1,313,465</u>
Tax increment remitted to other taxing agencies	\$ 0
Tax increment remitted to private parties	\$ 575,818
Outstanding loans to finance RDA projects	\$ 1,743,000
Amounts expended for acquisition of property	\$ 0
Amounts expended for site improvements and preparation costs	\$ 0
Amounts expended for installation of public utilities or other public improvements	\$ 0
Amounts expended for administrative costs	\$ 54,768
Amounts expended for technical and professional services	\$ 32,949
Amounts expended for debt service	\$ 362,091

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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 11 – INTERGOVERNMENTAL TRANSFERS

The City's intergovernmental transfers for the year ended June 30, 2010 were:

Transfers Out		Transfers In				Total
		GF 10	RDA 22	Debt 33	Aquatic 55	
GF	10	\$ 0	\$ 7,659	\$ 325,987	\$ 634,689	\$ 968,335
RDA	22	54,768	0	362,091	0	416,859
SID	81	1,388	0	227,889	0	229,277
Road	11	0	0	213,745	0	213,745
Parks	47	0	0	0	0	0
Water	51	318,630	0	0	0	318,630
WW	52	259,245	0	0	0	259,245
Solid Waste	53	8,800	0	0	0	8,800
Storm	54	178,617	0	0	0	178,617
Total		<u>\$ 821,448</u>	<u>\$ 7,659</u>	<u>\$ 1,129,712</u>	<u>\$ 634,689</u>	<u>\$ 2,593,509</u>

NOTE 12 – POST EMPLOYMENT BENEFITS

As of June 30, 2010 the City did not have a post employment benefit program.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated items for disclosure as subsequent events through December 21, 2010, the date on which financial statements were issued.

NOTE 14 – PROPRIETARY FUND ACCOUNTS RECEIVABLE

Proprietary fund accounts receivable at June 30, 2010 consist of the following:

	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Water	\$ 169,993	\$ (23,341)	\$ 146,652
Waste Water	110,988	(6,846)	104,142
Storm Water	31,330	(1,614)	29,716
Solid Waste	38,800	(2,268)	36,532
	<u>\$ 351,111</u>	<u>\$ (34,069)</u>	<u>\$ 317,042</u>

LINDON CITY CORPORATION
DEBT SERVICE
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Tax increment	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures</u>				
Salaries & wages	0	0	0	0
Employee benefits	0	0	0	0
Materials, supplies & services	0	0	0	0
Capital outlay	0	0	0	0
Debt service:				
Principal	843,912	918,912	918,912	0
Interest	783,634	212,195	210,800	1,395
	<u>1,627,546</u>	<u>1,131,107</u>	<u>1,129,712</u>	<u>1,395</u>
Excess (deficit) of revenues over expenditures	<u>(1,627,546)</u>	<u>(1,131,107)</u>	<u>(1,129,712)</u>	<u>1,395</u>
<u>Other Financing Sources and (uses)</u>				
Other financing sources (uses)	0	0	0	0
Operating transfers in	1,627,546	1,131,107	1,129,712	(1,395)
Operating transfers out	0	0	0	0
	<u>1,627,546</u>	<u>1,131,107</u>	<u>1,129,712</u>	<u>(1,395)</u>
Excess (deficit) of revenues & other financing sources over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	0	<u>\$ 0</u>
Fund balance, July 1			<u>0</u>	
Fund balance, June 30			<u>\$ 0</u>	

LINDON CITY CORPORATION
SPECIAL IMPROVEMENTS DISTRICT
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
SID proceeds	\$ 0	\$ 42,371	\$ 35,047	\$ (7,324)
SID interest	0	550	0	(550)
	<u>0</u>	<u>42,921</u>	<u>35,047</u>	<u>(7,874)</u>
<u>Expenditures</u>				
Materials, supplies & services	0	251,000	235	250,765
	<u>0</u>	<u>251,000</u>	<u>235</u>	<u>250,765</u>
Excess (deficit) of revenues over expenditures	<u>0</u>	<u>(208,079)</u>	<u>34,812</u>	<u>242,891</u>
<u>Other Financing Sources and (uses)</u>				
Operating transfers in	0	0	0	0
Operating transfers out	0	(230,672)	(229,277)	1,395
	<u>0</u>	<u>(230,672)</u>	<u>(229,277)</u>	<u>1,395</u>
Excess (deficit) of revenues & other financing sources over expenditures	<u>\$ 0</u>	<u>\$ (438,751)</u>	<u>(194,465)</u>	<u>\$ 244,286</u>
Fund balance, July 1			<u>264,337</u>	
Fund balance, June 30			<u>\$ 69,872</u>	

LINDON CITY CORPORATION
CAPITAL PROJECTS
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Impact fees	\$ 15,000	\$ 25,000	\$ 54,385	\$ 29,385
Impact fees - interest	2,500	600	902	302
	<u>17,500</u>	<u>25,600</u>	<u>55,287</u>	<u>29,687</u>
<u>Expenditures</u>				
Materials, supplies & services	5,000	3,000	2,426	574
Capital outlay:				
Parks and recreation	5,000	20,000	33,234	(13,234)
Lindon heritage trail	0	0	157,742	(157,742)
	<u>10,000</u>	<u>23,000</u>	<u>193,402</u>	<u>(170,402)</u>
Excess (deficit) of revenues over expenditures	<u>7,500</u>	<u>2,600</u>	<u>(138,115)</u>	<u>(140,715)</u>
<u>Other Financing Sources and (uses)</u>				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficit) of revenues & other financing sources over expenditures	<u>\$ 7,500</u>	<u>\$ 2,600</u>	(138,115)	<u>\$ (140,715)</u>
Fund balance, July 1			<u>501,981</u>	
Fund balance, June 30			<u>\$ 363,866</u>	

LINDON CITY CORPORATION
IMPACT FEE SUMMARY
 JUNE 30, 2010

Lindon City collects five different impact fees. Park impact fees are collected for new residential developments and road, culinary water, sewer and storm water drainage impact fees are collected from all new developments. Below is a list of impact fees collected and still unexpended.

	Roads	Parks	Culinary Water	Waste Water	Storm Drain
FY-06					
Beginning	\$169,461	\$41,493	\$256,651	\$691,567	\$177,425
Fees collected	25,311	70,117	78,201	179,275	73,624
Expenditures	(190,993)	(26,517)	(282,443)	(526,548)	(251,049)
Interest earned	7,326	1,652	2,845	18,150	0
Ending balance	<u>11,104</u>	<u>86,745</u>	<u>55,254</u>	<u>362,444</u>	<u>0</u>
FY-07					
Beginning	11,104	86,745	55,254	362,444	0
Fees collected	20,410	51,002	102,774	223,916	93,055
Expenditures	0	0	(5,821)	(19,302)	(93,055)
Interest earned	923	5,183	3,862	21,624	0
Ending balance	<u>32,437</u>	<u>142,929</u>	<u>156,069</u>	<u>588,681</u>	<u>0</u>
FY-08					
Beginning	32,437	142,929	156,069	588,681	0
Fees collected	26,591	46,875	130,213	266,223	98,709
Expenditures	0	(96,687)	(5,117)	(10,244)	(98,709)
Interest earned	2,156	3,603	10,458	33,675	0
Ending balance	<u>61,184</u>	<u>96,720</u>	<u>291,623</u>	<u>878,336</u>	<u>0</u>
FY-09					
Beginning	61,184	96,720	291,623	878,336	0
Fees collected	25,327	15,768	39,865	37,748	24,177
Expenditures	0	0	0	0	(24,177)
Interest earned	1,726	2,235	6,475	18,941	0
Ending balance	<u>88,238</u>	<u>114,723</u>	<u>337,963</u>	<u>935,024</u>	<u>0</u>
FY-10					
Beginning	88,238	114,723	337,963	935,024	0
Fees collected	(698)	54,385	33,527	76,060	33,700
Expenditures	(51,672)	(2,996)	(870)	(247,107)	(33,700)
Interest earned	407	902	2,372	5,948	0
Ending balance	<u>\$36,275</u>	<u>\$167,014</u>	<u>\$372,993</u>	<u>\$769,925</u>	<u>\$0</u>

Unexpended Impact Fee Balance by Year:

2006	0	0	43,446	85,790	0
2007	0	43,246	106,636	245,539	0
2008	9,512	50,478	140,671	299,899	0
2009	27,053	18,003	46,340	56,689	0
2010	(291)	55,287	35,899	82,008	0
Total	<u>\$36,275</u>	<u>\$167,014</u>	<u>\$372,993</u>	<u>\$769,925</u>	<u>\$0</u>

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STATISTICAL SECTION



STATISTICAL SECTION

This section of the City's Comprehensive Annual Financial Report presents detailed information as a context to better understand the information in the financial statements, not disclosures, and required supplementary information.

Financial Trends (pages 77-81)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (pages 82-89)

These schedules contain information to help the reader assess the City's most significant revenue sources.

Debt Capacity (pages 90-100)

These schedules present 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 (pages 101-102)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (pages 103-105)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Schedule 1
Lindon City Corporation
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 7,368,576	\$ 7,283,663	\$ 8,518,176	\$ 15,326,513	\$ 23,800,677	\$ 24,554,661	\$ 25,173,729
Restricted	730,150	3,721,466	4,808,015	2,300,938	2,160,894	1,919,213	3,681,647
Unrestricted	5,025,617	3,921,233	5,080,790	3,233,932	3,804,641	2,717,139	974,579
Total governmental activities net assets	13,124,343	14,926,362	18,406,981	20,861,383	29,768,220	29,191,013	29,829,955
Business-type activities							
Invested in capital assets, net of related debt	18,786,660	18,668,195	21,252,007	23,070,795	27,429,937	28,615,934	29,147,158
Restricted	589,795	948,218	417,698	744,096	1,169,959	1,277,978	1,142,918
Unrestricted	665,304	1,747,212	1,484,041	1,696,585	1,871,422	988,636	1,283,993
Total business-type activities net assets	20,041,759	21,363,625	23,153,746	25,511,476	30,471,318	30,882,548	31,574,069
Primary government							
Invested in capital assets, net of related debt	26,155,236	25,951,858	29,770,183	38,397,308	51,230,614	53,170,595	54,320,887
Restricted	1,319,945	4,669,684	5,225,713	3,045,034	3,330,853	3,197,191	4,824,565
Unrestricted	5,690,921	5,668,445	6,564,831	4,930,517	5,676,063	3,705,775	2,258,572
Total primary government net assets	\$ 33,166,102	\$ 36,289,987	\$ 41,560,727	\$ 46,372,859	\$ 60,237,530	\$ 60,073,561	\$ 61,404,024

Note: This data starts when Lindon City implemented GASB Statement No. 34 in the fiscal year ending June 30, 2004.

Schedule 2
Lindon City Corporation
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 1,302,925	\$ 1,720,498	\$ 2,010,929	\$ 2,333,583	\$ 2,336,916	\$ 2,290,386	\$ 2,557,443
Public Safety	1,198,629	1,276,569	1,497,376	1,757,197	2,564,032	3,620,281	3,463,961
Streets and Highways	1,239,867	1,473,488	1,407,783	1,689,359	1,837,792	2,945,905	2,291,864
Parks, recreation, and culture	412,889	464,659	468,314	471,751	637,136	490,080	456,958
Interest on long-term debt	452,662	419,526	582,756	402,629	269,622	235,390	207,195
Total governmental activities expenses	<u>4,606,972</u>	<u>5,354,740</u>	<u>5,967,158</u>	<u>6,654,519</u>	<u>7,645,498</u>	<u>9,582,042</u>	<u>8,977,420</u>
Business-type activities:							
Water Utility	905,542	952,187	940,942	1,034,574	1,166,207	1,128,159	1,070,405
Waste Water	679,737	742,949	750,043	856,342	891,194	912,420	892,513
Storm Water	215,337	284,916	340,384	396,846	471,950	462,119	525,849
Solid Waste	261,288	268,193	269,768	285,343	306,921	340,770	340,546
Aquatics Center	-	-	-	-	-	495,790	1,199,893
Total business-type activities expenses	<u>2,061,904</u>	<u>2,248,245</u>	<u>2,301,137</u>	<u>2,573,105</u>	<u>2,836,272</u>	<u>3,339,258</u>	<u>4,029,206</u>
Total primary government expenses	<u>\$ 6,668,876</u>	<u>\$ 7,602,985</u>	<u>\$ 8,268,295</u>	<u>\$ 9,227,624</u>	<u>\$ 10,481,770</u>	<u>\$ 12,921,300</u>	<u>\$ 13,006,626</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 900,896	\$ 1,008,209	\$ 1,124,967	\$ 1,151,140	\$ 1,057,794	\$ 768,689	\$ 911,640
Operating grants and contributions	3,908	10,906	7,221	168,544	3,359,115	25,403	-
Capital grants and contributions	371,873	654,574	812,990	1,006,332	5,432,836	925,187	973,749
Total governmental activities revenues	<u>1,276,677</u>	<u>1,673,689</u>	<u>1,945,178</u>	<u>2,326,016</u>	<u>9,849,745</u>	<u>1,719,279</u>	<u>1,885,389</u>
Business-type activities:							
Charges for services:							
Water Utility	1,236,474	1,378,048	1,538,415	2,028,148	1,560,716	1,513,091	1,580,249
Waste Water	967,192	994,778	1,025,889	1,091,071	1,183,022	965,448	987,338
Storm Water	355,529	311,985	307,503	323,626	337,311	352,574	366,028
Solid Waste	270,593	285,357	278,122	295,887	316,397	354,429	366,157
Aquatics Center	-	-	-	-	-	151,055	478,506
Operating grants and contributions	-	-	-	-	-	-	560,000
Capital grants and contributions	337,290	891,326	939,044	1,054,720	4,400,922	1,087,238	511,953
Total business-type activities revenues	<u>3,167,078</u>	<u>3,861,494</u>	<u>4,088,973</u>	<u>4,793,452</u>	<u>7,798,368</u>	<u>4,423,835</u>	<u>4,850,231</u>
Total primary government program revenues	<u>\$ 4,443,755</u>	<u>\$ 5,535,183</u>	<u>\$ 6,034,151</u>	<u>\$ 7,119,468</u>	<u>\$ 17,648,113</u>	<u>\$ 6,143,114</u>	<u>\$ 6,735,620</u>

Schedule 2
Lindon City

Changes in Net Assets (continued)

Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue							
Governmental activities	\$ (3,330,295)	\$ (3,681,051)	\$ (4,021,980)	\$ (4,328,503)	\$ 2,204,247	\$ (7,862,763)	\$ (7,092,031)
Business-type activities	1,105,174	1,613,249	1,787,836	2,220,347	4,962,096	1,084,577	821,025
Total primary government net (expense)/revenue	\$ (2,225,121)	\$ (2,067,802)	\$ (2,234,144)	\$ (2,108,156)	\$ 7,166,343	\$ (6,778,186)	\$ (6,271,006)

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes:

Property taxes	\$ 1,779,182	\$ 1,846,207	\$ 1,971,395	\$ 1,961,186	\$ 2,020,414	\$ 2,119,754	\$ 2,973,029
Sales taxes	1,636,666	2,306,639	3,109,624	3,253,435	3,067,758	2,543,777	2,346,438
Franchise taxes	625,724	793,980	980,467	1,056,906	1,080,511	1,197,828	1,397,295
Earnings on investments	118,867	126,050	413,022	470,503	259,195	103,487	34,396
Miscellaneous	921,780	109,711	912,705	114,609	217,535	628,442	840,397
Gain (loss) on disposal of capital assets	-	-	12,576	18,249	12,254	-	8,230
Transfers In (Out)	239,909	300,483	102,810	(91,084)	42,914	685,097	130,603
Total governmental activities	5,322,128	5,483,070	7,502,599	6,783,804	6,700,581	7,278,385	7,730,388

Business-type activities

Earnings on investments	5,748	9,097	37,345	36,301	40,660	33,512	5,113
Gain (loss) on disposal of capital assets	-	-	67,749	10,000	-	-	-
Transfers In (Out)	(239,909)	(300,483)	(102,810)	91,084	(42,914)	(685,097)	(130,603)
Total business-type activities	(234,161)	(291,386)	2,284	137,385	(2,254)	(651,585)	(125,490)
Total primary government	\$ 5,087,967	\$ 5,191,684	\$ 7,504,883	\$ 6,921,189	\$ 6,698,327	\$ 6,626,800	\$ 7,604,898

Change in Net Assets

Governmental activities	\$ 1,991,833	\$ 1,802,019	\$ 3,480,619	\$ 2,455,301	\$ 8,904,828	\$ (584,378)	\$ 638,357
Business-type activities	871,013	1,321,863	1,790,120	2,357,732	4,959,842	432,992	695,535
Total primary government	\$ 2,862,846	\$ 3,123,882	\$ 5,270,739	\$ 4,813,033	\$ 13,864,670	\$ (151,386)	\$ 1,333,892

Note: This data starts when Lindon City implemented GASB Statement No. 34 in the fiscal year ending June 30, 2004.

Schedule 3
Lindon City Corporation
Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 1,438,993	\$ 3,247,845	\$ 1,806,498	\$ 892,026	\$ 963,811	\$ 423,343	\$ 1,790,155
Unreserved	1,121,981	1,982,079	2,349,087	2,082,918	1,252,175	782,113	860,501
Total general fund	2,560,974	5,229,924	4,155,585	2,974,944	2,215,986	1,205,456	2,650,656
All Other Governmental Funds							
Reserved	1,327,762	1,016,872	4,072,535	1,408,912	1,201,780	1,495,870	1,891,492
Unreserved, reported in:							
Capital projects funds	324,094	1,463,780	1,726,134	1,229,826	2,636,162	2,045,108	227,818
Total all other governmental funds	1,651,856	2,480,652	5,798,669	2,638,738	3,837,942	3,540,978	2,119,310
Total governmental funds	\$ 4,212,830	\$ 7,710,576	\$ 9,954,254	\$ 5,613,682	\$ 6,053,928	\$ 4,746,434	\$ 4,769,966

Note: This data starts when Lindon City implemented GASB Statement No. 34 in the fiscal year ending June 30, 2004.

Schedule 4
Lindon City Corporation
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Revenues							
Taxes	\$ 4,041,572	\$ 4,946,826	\$ 6,061,486	\$ 6,271,527	\$ 6,168,683	\$ 5,861,359	\$ 6,716,762
Licenses, fees and permits	316,117	310,621	305,638	395,342	450,350	219,475	227,804
Intergovernmental	375,781	226,100	319,543	529,058	3,730,952	373,920	355,764
Charges for services	82,949	79,320	97,181	110,645	121,493	92,221	133,246
Fines and forfeitures	283,423	463,295	626,720	573,741	412,485	415,898	496,903
Impact fees	218,407	154,973	95,428	71,412	73,466	41,095	53,687
Miscellaneous revenue	1,040,647	395,183	1,339,836	619,800	497,203	731,929	900,783
Total revenues	6,358,896	6,576,318	8,845,832	8,571,525	11,454,632	7,735,897	8,884,949
Expenditures							
General government	1,174,368	1,501,807	1,804,893	2,090,154	2,022,439	2,056,643	2,328,788
Public Safety	1,195,885	1,276,569	1,494,314	1,754,723	2,559,545	3,491,239	3,310,791
Streets and public works	432,231	707,639	598,888	671,138	747,968	1,567,055	905,282
Parks and recreation	411,874	464,659	468,195	471,568	642,646	488,217	457,402
Grants and Contributions	-	-	-	-	-	51,433	46,221
Capital outlay	1,012,304	832,136	3,026,483	3,753,886	3,822,209	1,381,344	724,246
Debt Service							
Principal retirement	1,525,868	776,586	3,103,639	3,826,164	936,148	891,651	996,074
Interest and fiscal charges	423,368	341,376	608,920	416,357	279,203	244,971	230,435
Cost of issuance	-	-	62,100	-	-	-	-
Total expenditures	6,175,898	5,900,772	11,167,432	12,983,990	11,010,158	10,172,553	8,999,239
Excess (deficiency) of revenues over (under) expenditures	182,998	675,546	(2,321,600)	(4,412,465)	444,474	(2,436,656)	(114,290)
Other Financing Sources (Uses)							
Other Financing Sources (Uses)							
Transfers in	-	2,649,200	4,587,000	298,590	-	425,305	6,633
Transfers out	2,840,719	3,480,663	3,253,786	3,774,749	2,237,405	2,811,530	1,958,819
Grants and Contributions	(2,600,810)	(3,180,179)	(3,150,977)	(3,865,833)	(2,194,491)	(2,126,433)	(1,828,216)
Total other financing sources (uses)	(29,193)	(127,484)	(124,532)	(135,612)	(47,143)	-	-
Net change in fund balances	210,716	2,822,200	4,565,277	71,894	(4,229)	1,110,402	137,236
Debt service as a percentage of noncapital expenditures	37.7%	22.1%	45.6%	46.0%	16.9%	12.9%	14.8%

Notes:
This data starts when Lindon City implemented GASB Statement No. 34 in the fiscal year ending June 30, 2004.
Noncapital expenditures are total expenditures less capital outlay and expenditures for capitalized assets included within the functional expenditure categories.

Schedule 5
Lindon City Corporation
Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Tax	General Use & Sales Tax	Franchise Tax	Other Taxes	Total
2001	\$ 731,759	\$ 1,355,327	\$ 394,390	\$ 243,286	\$ 2,724,761
2002	775,291	1,541,565	401,536	233,810	\$ 2,952,202
2003	778,940	1,545,006	403,051	207,793	\$ 2,934,789
2004	782,366	1,636,317	540,744	318,284	\$ 3,277,711
2005	863,188	2,306,639	749,673	244,237	\$ 4,163,737
2006	956,974	3,109,284	921,057	292,506	\$ 5,279,821
2007	977,187	3,253,040	977,112	310,398	\$ 5,517,737
2008	1,060,356	3,067,413	990,981	293,297	\$ 5,412,047
2009	1,027,118	2,543,455	1,105,895	280,154	\$ 4,956,621
2010	1,407,868	2,346,215	1,306,002	343,213	\$ 5,403,298
Growth 2001-2010	92.4%	73.1%	231.1%	41.1%	98.3%

Schedule 6
Lindon City Corporation
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Sales Tax Rate ⁽¹⁾⁽²⁾	Overlapping Rates			Total
		State of Utah	Utah County	Mass Transit	
2001	1.0%	4.75%	0.25%	0.25%	6.25%
2002	1.0%	4.75%	0.25%	0.25%	6.25%
2003	1.0%	4.75%	0.25%	0.25%	6.25%
2004	1.0%	4.75%	0.25%	0.25%	6.25%
2005	1.0%	4.75%	0.25%	0.25%	6.25%
2006	1.0%	4.75%	0.25%	0.25%	6.25%
2007	1.0%	4.75%	0.25%	0.25%	6.25%
2008	1.0%	4.65%	0.25%	0.55%	6.45%
2009	1.0%	4.70%	0.25%	0.80%	6.75%
2010	1.0%	4.70%	0.25%	0.80%	6.75%

Note: Overlapping rates are those of other governments and agencies that apply to taxable sales within the City.

⁽¹⁾ Of the City direct sales tax assessed by municipalities within the state, 50 percent is distributed by the State of Utah based on point of sale and 50 percent is pooled and distributed to municipalities based on population. Because Lindon has a high sales tax base, but a relatively lower population, Lindon City actually receives less than 1% of the sales tax assessed locally.

⁽²⁾ The State of Utah determines the City's direct sales tax rate. The Utah State Tax Commission collects and distributes sales tax.

Source: Utah State Tax Commission

Schedule 7
Lindon City Corporation
Direct Taxable Sales by Category
Last Ten Years

Fiscal Year	Category					Total	City Direct Sales Tax Rate ⁽¹⁾
	Retail	Services	Manufacturing	Other			
2001	\$ 83,209,265	\$ 16,180,308	\$ 28,423,607	\$ 19,390,021	\$ 147,203,201	1%	
2002	103,723,891	13,218,278	17,216,761	22,781,330	\$ 156,940,260	1%	
2003	121,773,668	12,482,422	16,581,036	23,979,751	\$ 174,816,877	1%	
2004	120,075,253	14,880,875	20,649,195	40,481,831	\$ 196,087,154	1%	
2005	208,764,624	24,285,168	30,168,882	31,430,074	\$ 294,648,748	1%	
2006	264,942,741	37,513,127	43,092,828	55,661,780	\$ 401,210,476	1%	
2007	280,607,724	43,940,084	41,045,022	76,753,139	\$ 442,345,969	1%	
2008	256,024,717	46,943,421	31,936,028	75,357,401	\$ 410,261,568	1%	
2009	218,810,059	45,984,925	22,289,423	69,356,736	\$ 356,441,143	1%	
2010	216,897,067	45,506,439	18,445,737	60,055,140	\$ 340,904,383	1%	

Source: Utah State Tax Commission

⁽¹⁾ Of the City direct sales tax assessed by municipalities within the state, 50 percent is distributed by the State of Utah based on point of sale and 50 percent is pooled and distributed to municipalities based on population. Because Lindon has a high sales tax base, but a relatively lower population, Lindon City actually receives less than 1% of the sales tax assessed locally. Lindon City's actual sales tax collection is illustrated below. See Schedule 23 for information on Lindon's population.

Schedule 8
Lindon City Corporation
Principal Sales Tax Payers
Current Year and Four Years Ago

Taxpayer	2010			2006		
	Sales Tax ⁽¹⁾	Rank	Percentage of Total Sales Tax ⁽¹⁾	Sales Tax ⁽¹⁾	Rank	Percentage of Total Sales Tax ⁽¹⁾
Walmart Supercenter	N/A	1	N/A	N/A	1	N/A
Home Depot	N/A	2	N/A	N/A	3	N/A
Sunroc Corp	N/A	3	N/A	N/A	2	N/A
Murdock Hyundai	N/A	4	N/A	N/A		-
Larry H. Miller Lexus of Lindon	N/A	5	N/A	N/A	6	N/A
Mercedes Benz of Lindon	N/A	6	N/A	N/A	10	N/A
Timpanogos Harley Davidson	N/A	7	N/A	N/A		-
Low Book Sales	N/A	8	N/A	N/A	9	N/A
Wheeler Machinery	N/A	9	N/A	N/A	5	N/A
Goodfellow Corp	N/A	10	N/A	N/A		-
Burton Lumber	N/A		-	N/A	4	N/A
Stock Building Supply West	N/A		-	N/A	7	N/A
Utah Auto Sales	N/A		-	N/A	8	N/A
Total	<u>\$ 1,704,511</u>		<u>72.65%</u>	<u>\$ 2,486,228</u>		<u>79.96%</u>

Notes: Sales tax information for nine years ago is not available.

⁽¹⁾ Sales tax information is considered proprietary and cannot be shown by individual payer, so the group is shown in the aggregate.

N/A = Not applicable

Source: Utah State Tax Commission

Schedule 9
Lindon City Corporation
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$1000 of assessed value

Fiscal Year	Lindon City ⁽¹⁾		Alpine School District	Utah County	Central Utah Water Conservancy District		Other	Northern Utah Water Conservancy District		Total for District 85 ⁽²⁾
	General Fund	Debt Service Fund			Total	Conservancy District		Water	Conservancy District	
2001	2.018	-	2.018	1.038	0.369	0.366	10.560	0.037	10.597	
2002	1.880	-	1.880	1.034	0.358	0.348	10.573	0.036	10.609	
2003	1.874	-	1.874	1.053	0.358	0.358	11.527	0.036	11.563	
2004	1.837	-	1.837	1.065	0.353	0.360	11.734	0.035	11.769	
2005	1.862	-	1.862	1.040	0.400	0.351	11.735	0.033	11.768	
2006	1.702	-	1.702	1.079	0.357	0.183	10.204	0.028	10.232	
2007	1.390	-	1.390	0.843	0.302	0.157	9.629	0.022	9.651	
2008	1.296	-	1.296	0.809	0.286	0.296	9.744	0.022	9.766	
2009	1.686	-	1.686	0.878	0.400	0.325	10.830	0.024	10.854	
2010	1.873	-	1.873	1.108	0.421	0.186	11.808	0.026	11.834	

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

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

⁽²⁾ There are two taxing districts in Lindon City. Most of the city is comprised of District 80 with a portion of the west side in District 85, which has an additional assessment from the Utah County Water Conservancy District.

Source: Utah County Treasurer

Schedule 10
Lindon City Corporation
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Calendar Year	Real Property	Personal Property ⁽¹⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2000	379,666,215	56,456,171	436,122,386	0.010911	475,853,135	91.7%
2001	434,683,078	60,935,381	495,618,459	0.002018	523,373,093	94.7%
2002	505,754,572	59,925,767	565,680,339	0.001880	598,093,822	94.6%
2003	486,091,219	64,574,252	550,665,471	0.001874	634,752,088	86.8%
2004	509,104,740	71,092,111	580,196,851	0.001837	680,802,985	85.2%
2005	553,316,514	71,128,467	624,444,981	0.001862	732,786,185	85.2%
2006	612,452,842	80,543,182	692,996,024	0.001702	707,133,143	98.0%
2007	801,564,878	90,223,232	891,788,110	0.001390	977,658,387	91.2%
2008	902,568,692	123,094,412	1,025,663,104	0.001296	1,125,603,717	91.1%
2009	985,817,132	116,881,071	1,102,698,203	0.001686	1,194,222,154	92.3%

Note: Values were obtained from the Utah County Auditor and do not include properties which are taxed separately under tax increment programs.

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

Source: Utah County Treasurer

Schedule 11
Lindon City Corporation
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2000	754,797	677,320	89.74	44,638	721,957	95.65%
2001	822,039	734,578	89.36	79,077	813,655	98.98%
2002	874,982	775,582	88.64	85,673	861,255	98.43%
2003	878,756	765,803	87.15	93,486	859,289	97.78%
2004	907,378	816,545	89.99	103,811	920,356	101.43%
2005	935,742	860,249	91.93	54,197	914,446	97.72%
2006	1,020,361	944,223	92.54	104,401	1,048,624	102.77%
2007	1,056,587	987,293	93.44	80,749	1,068,042	101.08%
2008	1,124,010	1,036,773	92.24	72,017	1,108,790	98.65%
2009	1,187,103	1,052,432	88.66	76,059	1,128,491	95.06%
2010	1,592,925	1,380,012	86.63	102,110	1,482,122	93.04%

Source: Utah County Treasurer

Schedule 12
Lindon City Corporation
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2010			2000		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Canopy Properties Inc.	\$ 27,484,500	1	23.45%			
Stag IT Lindon, LLC	17,307,685	2	14.77%			
Walmart Stores Inc.	16,317,546	3	13.92%			
Olsen Enterprises	11,204,018	4	9.56%			
Network LLC	10,725,294	5	9.15%			
Canopy Properties Inc. ⁽¹⁾	9,963,646	6	8.50%	\$ 6,288,131	2	16.12%
HD Development of Maryland	9,142,489	7	7.80%	2,970,422	5	7.61%
Bat Investments LC	5,277,676	8	4.50%			
Lindon View LLC	4,964,631	9	4.24%			
MS Industrial Properties	4,804,500	10	4.10%	2,730,000	7	7.00%
Novell Inc.				9,019,914	1	23.12%
PacificCorp				4,174,774	3	10.70%
Utah Pacific Investment				3,152,196	4	8.08%
Lindon Gateway LC				2,772,145	6	7.10%
US West Com				2,724,744	8	6.98%
Alexanders Holdings LC				2,615,708	9	6.70%
Mountain States Steel				2,571,667	10	6.59%
Total	\$ 117,191,985		76.55%	39,019,701		69.28%

⁽¹⁾ Canopy Properties is duplicated here because of two different locations within the City that produce two different amounts in property taxes.

Source: Utah County Assessor

Schedule 13
Lindon City Corporation
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 15,186,649	\$ 17,387,323	\$ 20,230,183	\$ 19,443,649	\$ 20,364,190	\$ 22,132,661	\$ 24,498,114	\$ 32,062,595	\$ 36,102,748	\$ 39,432,685
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 15,186,649</u>	<u>\$ 17,387,323</u>	<u>\$ 20,230,183</u>	<u>\$ 19,443,649</u>	<u>\$ 20,364,190</u>	<u>\$ 22,132,661</u>	<u>\$ 24,498,114</u>	<u>\$ 32,062,595</u>	<u>\$ 36,102,748</u>	<u>\$ 39,432,685</u>

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

Legal Debt Margin Calculation for Fiscal Year 2010

Estimated market value	\$ 985,817,132
Debt limit (4% of market value)	39,432,685
Debt applicable to limit	-
Legal debt margin	<u>\$ 39,432,685</u>

Note: Debt margin applies only to general obligation bonds, which Lindon City does not have.

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

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Schedule 14
Lindon City Corporation
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	RDA Revenue Bonds	MBA Revenue Bonds	Sales Tax Revenue Bonds	Excise Tax Road Bonds	Special Assessment Bonds	Notes Payable	Capital Leases
2001	\$ 3,953,075	\$ 1,839,832	\$ -	\$ 1,172,000	\$ 13,000	\$ 83,316	\$ 287,833
2002	3,710,000	1,811,110	-	1,030,000	2,400,000	77,451	223,199
2003	3,487,000	1,766,614	-	882,000	2,400,000	71,294	151,199
2004	3,244,000	1,720,473	-	727,000	1,475,000	64,828	76,797
2005	2,986,000	1,673,952	2,649,200	566,000	1,328,000	58,039	-
2006	5,565,000	1,631,000	2,557,552	400,000	591,000	-	-
2007	2,555,000	1,215,000	2,740,648	226,000	470,000	-	-
2008	2,294,000	927,000	2,631,500	46,000	372,000	-	-
2009	2,024,000	629,000	2,518,369	-	301,000	-	331,785
2010	1,743,000	320,000	2,400,457	-	90,000	-	261,256

N/A=Not Available

⁽¹⁾ See Schedule 22 for personal income and population data.

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

Schedule 14
Lindon City
Ratio of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

<u>Business-Type Activities</u>				<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>	<u>Per Capita ⁽¹⁾</u>
<u>Water Revenue Bonds</u>	<u>Storm Water Revenue Bonds</u>	<u>Aquatics Center Bonds</u>	<u>Capital Leases</u>			
\$ 5,668,033	\$ -	\$ -	\$ 45,523	\$ 13,062,612	N/A	\$ 1,510
5,437,333	-	-	-	\$ 14,689,093	N/A	\$ 1,634
5,178,533	-	-	-	\$ 13,936,640	8.00%	\$ 1,531
4,897,533	-	-	-	\$ 12,205,631	6.58%	\$ 1,297
4,947,233	695,600	-	-	\$ 14,904,024	7.90%	\$ 1,548
4,860,945	671,536	-	177,915	\$ 16,454,948	8.25%	\$ 1,686
4,349,201	511,184	-	120,902	\$ 12,187,935	5.69%	\$ 1,183
4,023,950	490,826	-	61,549	\$ 10,846,825	4.70%	\$ 1,036
3,780,470	469,725	10,365,000	-	\$ 20,419,349	8.63%	\$ 1,908
3,499,261	447,732	10,054,000	-	\$ 18,815,706	7.94%	\$ 1,750

Schedule 15
Lindon City Corporation
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Lindon ⁽¹⁾</u>	<u>Estimated Amount Applicable to Lindon</u>
Lindon City	\$ 18,815,706	100.00%	\$ 18,815,706
State of Utah	2,299,300,000	0.58%	13,335,940
Utah County	173,395,813	4.45%	7,716,114
Alpine School District	399,426,802	7.97%	31,834,316
Central Utah Water Conservancy District	302,900,000	0.83%	2,514,070
Total			<u><u>\$ 74,216,146</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lindon. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

Sources: Utah Property Tax Division and entities' financial statements filed with the Utah State Auditor's Office.

Schedule 16
Lindon City Corporation
Pledged-Revenue Coverage
Water Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			Coverage
				Principal	Interest	Total	
2001	1,284,000	86,100	1,197,900	54,000	32,100	86,100	13.91
2002	1,230,000	96,750	1,133,250	66,000	30,750	96,750	11.71
2003	1,164,000	108,100	1,055,900	79,000	29,100	108,100	9.77
2004	1,085,000	119,125	965,875	92,000	27,125	119,125	8.11
2005	993,000	131,825	861,175	107,000	24,825	131,825	6.53
2006	886,000	144,150	741,850	122,000	22,150	144,150	5.15
2007	764,000	157,100	606,900	138,000	19,100	157,100	3.86
2008 ⁽⁴⁾	3,762,629	313,054	3,449,575	297,404	15,650	313,054	11.02
2009	3,566,287	327,179	3,239,108	214,342	112,837	327,179	9.90
2010	3,350,613	357,854	2,992,759	250,674	107,180	357,854	8.36

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

⁽¹⁾ Total revenue (including interest and impact fees). Amounts shown are for culinary water and secondary water combined.

⁽²⁾ Total operating expenses exclusive of depreciation. Amounts shown are for culinary water and secondary water combined.

⁽³⁾ Amounts shown are for culinary water and secondary water.

⁽⁴⁾ In 2008, the City added the CUP Water Bond, yearly payments of \$142,404.

Schedule 17
Lindon City Corporation
Pledged-Revenue Coverage
Sales Tax Revenue Bond 2005
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Road ⁽¹⁾	Sales Tax Revenue Water ⁽²⁾	Sales Tax Revenue Storm ⁽³⁾	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	2,947,790	202,390	549,820	-	-	-	-
2006	2,735,270	187,799	510,181	128,000	138,750	266,750	10.25
2007	2,523,388	173,251	470,661	132,000	133,950	265,950	9.49
2008	2,311,466	158,701	431,133	137,000	129,000	266,000	8.69
2009	2,099,653	144,158	391,626	142,000	123,863	265,863	7.90
2010	1,887,303	129,579	352,019	148,000	118,538	266,538	7.08

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

- ⁽¹⁾ Road portion contributes 79.67% towards debt service requirements
- ⁽²⁾ Water portion contributes 5.47% towards debt service requirements
- ⁽³⁾ Storm portion contributes 14.86% towards debt service requirements

Schedule 18
Lindon City Corporation
Pledged-Revenue Coverage
Sales Tax Revenue Bonds 2008/2009
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenues⁽¹⁾	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	9,702,372	50,000	612,628	662,628	14.64
2010	8,851,380	378,000	472,992	850,992	10.40

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

⁽¹⁾ The City issued two new Sales Tax Revenue Bonds for Fiscal Year 2008-2009. The City was only required to make debt service payments on the 2008 Sales Tax Revenue Bond. The first payment due on the Sales Tax 2009 Bond is due July 15, 2010, and will be included in the 2010-2011 CAFR.

Schedule 19
Lindon City Corporation
Pledged-Revenue Coverage
Excise Tax Road Bonds
Last Ten Fiscal Years

Fiscal Year	Excise Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	1,360,405	142,000	45,889	187,889	7.24
2002	1,172,516	148,000	39,955	187,955	6.24
2003	984,562	155,000	33,794	188,794	5.21
2004	795,767	161,000	27,347	188,347	4.23
2005	607,420	166,000	20,674	186,674	3.25
2006	420,746	174,000	13,745	187,745	2.24
2007	233,001	180,000	6,529	186,529	1.25
2008	46,472	46,000	472	46,472	1.00
2009 ⁽¹⁾	-	-	-	-	-
2010	-	-	-	-	-

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

⁽¹⁾ The City paid off the Excise Tax Road Bond in fiscal year 2008-2009.

Schedule 20
Lindon City Corporation
Pledged-Revenue Coverage
Revenue Refunding 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	
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	5,450,346	174,738	5,275,608	-	57,523	57,523	91.71
2006	5,392,823	910,791	4,482,031	567,000	169,054	736,054	6.09
2007	4,656,769	681,398	3,975,371	538,000	143,398	681,398	5.83
2008	3,975,371	681,893	3,293,478	559,000	122,893	681,893	4.83
2009	3,293,478	685,912	2,607,567	579,000	106,912	685,912	3.80
2010 ⁽³⁾	2,607,567	686,069	1,921,498	601,000	85,069	686,069	2.80

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 and debt service funded by the RDA).

⁽²⁾ Total operating expenses exclusive of depreciation.

⁽³⁾ The City paid off the MBA Lease Revenue Series 2005 Bond in 2010.

Schedule 21
Lindon City Corporation
Pledged-Revenue Coverage
Gateway SID Series 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	
2000	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2002	2,965,283	150,827	2,814,456	-	150,827	150,827	18.66
2003	2,814,456	1,059,400	1,755,056	925,000	134,400	1,059,400	1.66
2004	1,755,056	229,600	1,525,456	147,000	82,600	229,600	6.64
2005	1,525,456	811,368	714,088	737,000	74,368	811,368	0.88
2006	714,088	154,096	559,992	121,000	33,096	154,096	3.63
2007	559,992	124,320	435,672	98,000	26,320	124,320	3.50
2008	435,672	91,832	343,840	71,000	20,832	91,832	3.74
2009 ⁽³⁾	184,173	87,856	96,317	211,000	16,856	227,856	0.42
2010	91,293	33,786	57,507	30,000	3,786	33,786	1.70

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

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

⁽²⁾ Total operating expenses exclusive of depreciation.

⁽³⁾ Bond Call of \$140,000

Schedule 22
Limdon City Corporation
Demographic and Economic Statics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income⁽¹⁾	Per Capita		Unemployment Rate⁽³⁾	
			Personal Income⁽²⁾		County	State
2001	8,653	N/A	N/A		3.3%	3.5%
2002	8,990	N/A	N/A		5.3%	5.2%
2003	9,101	174,244,180	19,382		5.6%	5.7%
2004	9,410	185,451,077	20,377		5.1%	5.2%
2005	9,627	188,651,680	20,048		4.4%	4.5%
2006	9,758	199,529,202	20,726		3.4%	3.5%
2007	10,300	214,324,712	21,964		2.5%	2.6%
2008	10,466	230,750,900	22,403		3.0%	3.1%
2009	10,700	236,562,998	22,603		5.1%	5.3%
2010	10,750	237,026,400	22,152		6.7%	6.9%

N/A = Not available

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

⁽²⁾ Per capita personal income amounts are for Utah County. The amounts shown are for the calendar year that ended during the specified fiscal year, e.g., amounts for calendar year 2005 are shown in fiscal year 2006.

⁽³⁾ Unemployment rates are for Utah County and the state of Utah. The rates shown are an average of the 12 months ending in June.

Sources:

Population information provided by the Lindon Planning Department.

Per capita personal income information provided by the Governor's office of Planning & Budget.

Unemployment rates provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Schedule 23
Lindon City Corporation
Principal Employers
Current Year and Ten Years Ago

Employer	2010 ⁽¹⁾			2000 ⁽¹⁾			Percentage of Total City Employment
	Estimated Employees	Rank	Employment	Employer ⁽²⁾	Employees	Rank	
Walmart Supercenter	367	1	N/A	Home Depot	N/A	1	N/A
Home Depot	150	2	N/A	Burton Lumber	N/A	2	N/A
Sunroc Corp	248	3	N/A	Utah Auto Sales	N/A	3	N/A
Hyundai	45	4	N/A	Voest Alpine Services	N/A	4	N/A
Larry H Miller Lexus	38	5	N/A	Whitewater Whirlpool	N/A	5	N/A
Mercedes Benz of Lindon	33	6	N/A	ICM Equipment Co.	N/A	6	N/A
Low Book Sales	30	7	N/A	Universal Industrial	N/A	7	N/A
Goodfellow Corp	25	8	N/A	Roofers Supply	N/A	8	N/A
Roofers Supply Inc.	14	9	N/A	Fireside Pizzeria	N/A	9	N/A
Pacific Coast Steel	7	10	N/A	Utah Pacific Bridge	N/A	10	N/A

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

⁽²⁾ The City did not have the same principal employers in 2000 as in 2010, which is why we list employer again in 2000.

N/A = Not Available

Schedule 24
Lindon City Corporation
Full-time Equivalent City Government Employees by Function/Program
Last Three Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government			
Court	3	3	2
Administrative	3	3	2
Treasury	0	0	0
Finance	5	5	4
Legislative ⁽¹⁾	6	6	6
Public safety			
Police	1	18.5	17.5
Fire ⁽²⁾	0	0	0
Animal Control	0	0	0
Community development			
Public Works Administration	5	5	3
Planning and Zoning	7	4	4
Inspections	3	3	3
Streets and Highways			
Streets and Public Improvements	3	2	2
Park, recreation and culture			
Parks	1.5	2	2
Senior Citizens	0	0	0
Recreation	0.5	0.5	0.5
Library	0	0	0
Cemetery	0	0	0
Culinary Water	3	3	2
Sewer	2	2	1
Garbage ⁽³⁾	0	0	0
Secondary Water	1	2	1
Drainage ⁽⁴⁾	0	0	2
Total	<u>44</u>	<u>59</u>	<u>52</u>

Note: Full-time equivalent employees shown are based on authorized positions as determined by the salary schedule and the personnel budgets for the specified year.

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

⁽²⁾ Fire Department is contracted with Orem City.

⁽³⁾ Garbage service is contracted out to a private hauler.

⁽⁴⁾ Before personnel were hired for this specific division, the cleaning and necessary repairs were done by personnel in the other public works divisions.

Schedule 25
Lindon City Corporation
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Community development											
Residential building permits issued	181	149	142	137	177	149	163	176	199	110	113
Commercial building permits issued	49	48	44	39	56	68	74	67	82	46	58
Court											
Traffic and Misdemeanor cases handled	1,510	1,626	1,485	1,243	1,349	3,176	4,418	3,468	2,327	2,795	2,192
Police											
Calls for service	9,103	10,110	N/A	4,673	8,234	9,234	12,616	10,245	**	11,604	10,709
Offenses	778	822	N/A	4,616	4,931	4,647	4,265	4,011	**	6,630	5,357
Arrests	420	358	N/A	580	694	715	939	713	**	1,253	849
Traffic Accidents	234	260	N/A	263	271	352	389	356	**	285	295
Fire											
Fire/Medical responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**	232	632
Recreation											
Recreation programs	3	3	3	3	3	3	3	3	3	6	6
Participants in recreation programs	509	525	541	558	575	593	612	631	650	1,692	2,009
Cemetery											
Acres maintained	3	3	3	3	3	3	3	3	3	3	3
Total gravesites	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Culinary Water											
Residential units serviced	2,167	2,242	2,217	2,239	2,479	2,571	2,618	2,787	2,814	2,515	2,624
Average daily consumption (thousands of gallons)	404	432	347	347	356	384	401	417	433	472	684
Sewer											
Sewer lines miles inspected	4.1	5.0	3.5	3.1	5.7	7.3	4.6	4.2	10.4	10.0	2.3

**Police and Fire services were contracted out from 1998 to 2008. The police contract provider refused to provide statistics for their last year of service. Lindon City Corporation set up its own Police and Fire Departments beginning July 1, 2008. Subsequent Police and Fire statistics are internally generated.

Schedule 26
Lindon City Corporation
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Streets and Highways										
Street lights	N/A	N/A	N/A	N/A	N/A	294	308	322	322	326
Street miles	47	48	49	49	50	51	54	54	54	54
Public works										
Incorporated area in square miles	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
City building in square feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14,400	14,400
Parks and recreation										
Park acreage	66	66	66	67	103	103	107	111	112	112
Baseball/softball diamonds	5	5	5	5	5	7	7	7	7	7
Soccer fields	2	2	2	2	2	2	2	2	2	2
Culinary water										
Water main line miles	63	64	66	66	67	67	69	71	71	71
Storage capacity (thousands of gallons)	3830	3830	3830	3830	3830	3830	3830	3830	3830	3830
Sewer										
Sewer line miles	50	51	52	52	52	52	55	56	56	56
Secondary water										
Secondary water main line miles	43	44	44	44	44	45	45	46	46	46

N/A = Not available