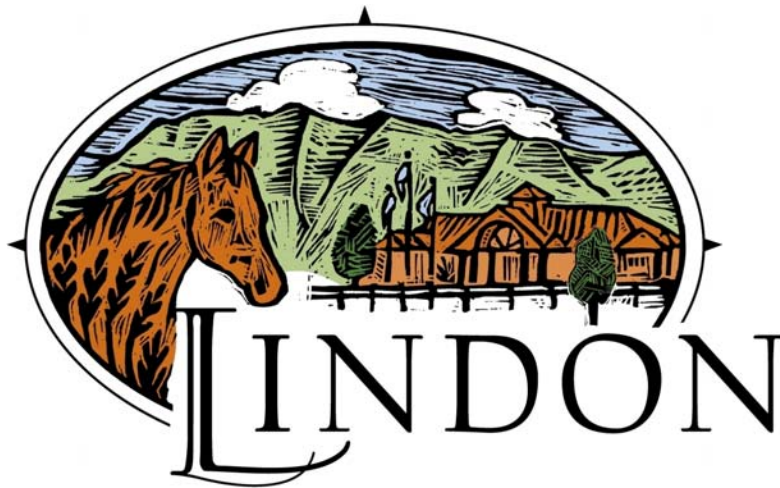


LINDON CITY CORPORATION STATE OF UTAH

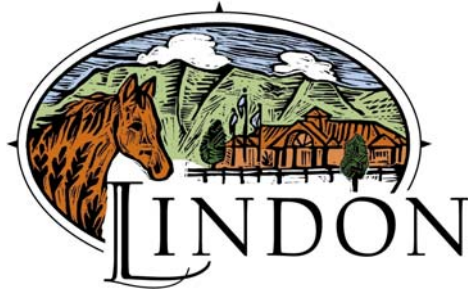
100 NORTH STATE STREET
LINDON, UT 84042
WWW.LINDONCITY.ORG

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2017

Prepared By:
Kristen Colson, Finance Director



Principal Officials

**For the Fiscal Year
July 1, 2016 - June 30, 2017**

Jeff Acerson
Mayor

Matt Bean
Councilperson

Van Broderick
Councilperson

Jake Hoyt
Councilperson

Carolyn Lundberg
Councilperson

Dustin Sweeten
Councilperson

Adam Cowie
City Administrator

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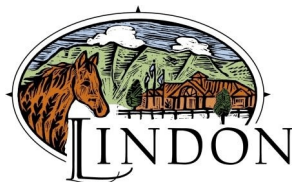
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INTRODUCTORY SECTION



December 5, 2017

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, we hereby issue the comprehensive annual financial report of Lindon City (the City) for the fiscal year ended June 30, 2017.

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 Keddington & Christensen LLC, 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, 2017 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, 2017, 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 the 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

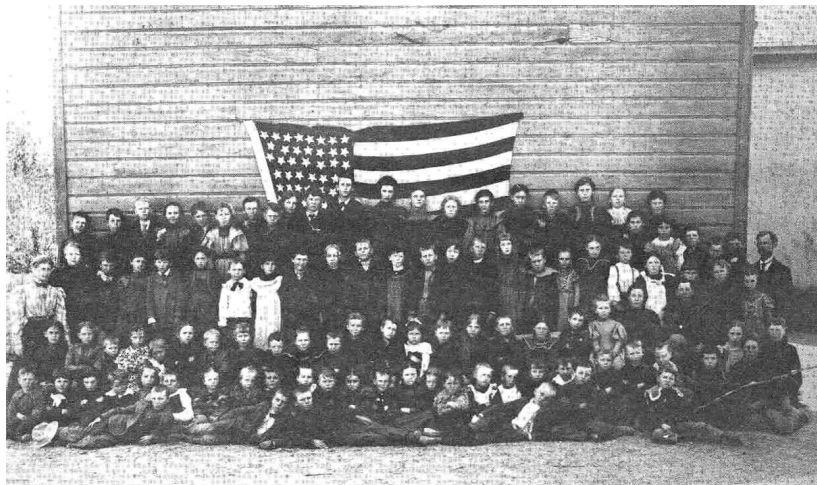
Profile of the Government

Lindon is located in the north of Utah County, 33 miles south of Salt Lake City, and 10 miles north of Provo, the County Seat. 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 was inspired by an old linden tree growing in the town in 1901. 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 March of 1924 with a population of “458 souls.”

Lindon is a fourth class city and operates under a six member form of government. 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 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.



Elementary children at Lindon Amusement Hall, early 1900's

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.

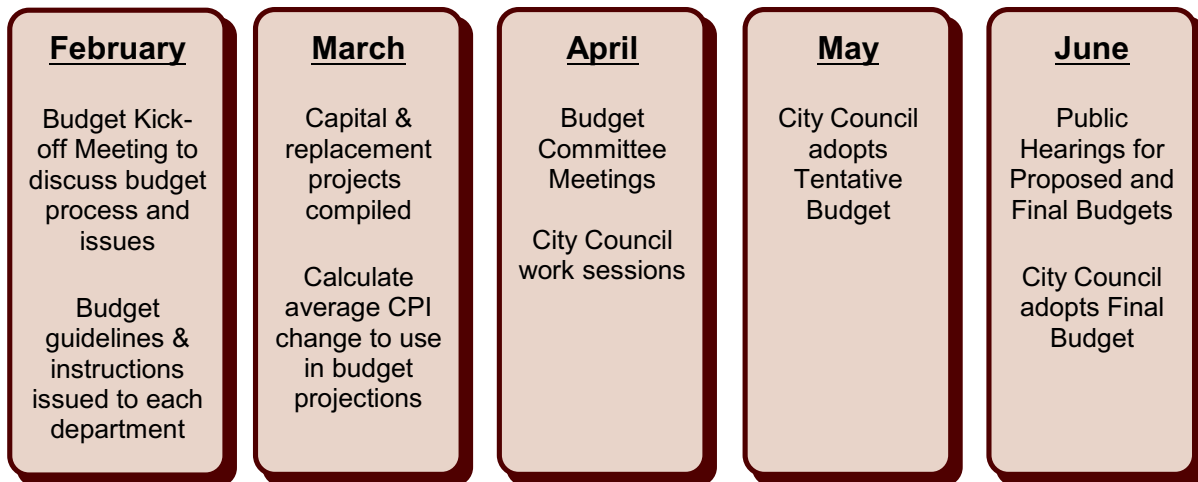
A variety of activities, including hiking, mountain biking, swimming, fishing, camping and skiing, are available within thirty minutes of Lindon.

The City has a very western feel with large animal rights throughout Lindon. Lindon Days is a week long 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 public safety (police and fire), highways and streets, sanitation, public improvements, planning and zoning, both

commercial and residential building inspections, general administrative services, a wide variety of recreation programs, cultural events, an Aquatics Center, and a Recreation Center among other things. Some of these services are provided under contract with other entities. The City also owns and operates a culinary water system, a secondary water system, a waste water collection system, and a storm water drainage system.

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. Utah State law requires that the final budget public hearing must be held before 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. 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).

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.

Job growth (nonfarm employment) from June 2016 to June 2017 in Utah County, the county in which the City is located, increased 4.9%, which is better than Utah State's increase of 3.3% and the nation's increase of 1.5% (*Utah Dept of Workforce Services*).

Lindon City maintains an optimistic outlook that consumer confidence will continue to improve and sales tax revenue will continue to increase. The commercial development already present in the City adds to both the sales and property tax base of the community. Major retailers in Lindon include Wal-Mart Supercenter, Murdock Hyundai, Home Depot, Sunroc, Mercedes Benz, Burton Lumber, Lexus of Lindon, BMC West, Roofers Supply, and Wheeler Machinery.

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 20,000 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 2017, Utah County had an unemployment rate of 3.0%, which is lower than the State of Utah's rate of 3.4%. These both compare favorably to the national unemployment rate of 4.4% (*Utah Dept of Workforce Services*).

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 maintains capital facilities plans which, combined with maintenance schedules of existing infrastructure, helps the City plan for the needs of current and future citizens. When considering a new project, such as the Aquatics Center or Community Center, years of preparation begin with surveys. Lindon officials want to make sure that the majority of citizens support these endeavors. Lindon officials also maintain fiscal responsibility in building reserves, and when necessary, seeking other funding.

Impact fees also help the City fund the capital improvements that are needed to accommodate new growth. Existing impact fees include public safety; parks, recreation and trails; streets; water; sewer; and storm drainage.

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 three parks fifteen 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 from the hillside, under State Street, to Utah Lake.

Other facilities available to the citizens are the Veteran's Memorial Hall, the City Center, the Community Center and the Aquatics Center. The Veteran's Hall and Community Center can be reserved and rented for wedding receptions, social gatherings and meetings. The Aquatics Center provides a variety of amenities and can also be reserved and rented. 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 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.



Aerial photo of Lindon City Aquatics Center

Our sewer system plans have included ambitious expansions 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 recently updated 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 its very own police department and contracted with Orem City for full time fire and emergency medical 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. Lindon City constructed a Public Safety Building to house police, fire and EMS services. This partnership along with the new building has improved response time to accidents and fires, making 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.

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 and sporadic increases over 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 2015. The recommended rate changes span several years and are being implemented in the 2017-2018 fiscal year.

Awards and Acknowledgements

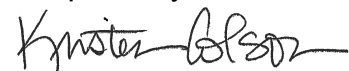
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lindon City for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the eighth year the City has received 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, 2016 and submitted the July 1, 2017 budget document for consideration of this award. 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 department heads and staff throughout the City 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,



Kristen Colson
Finance Director



Government Finance Officers Association

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

Presented to

**Lindon City Corporation
Utah**

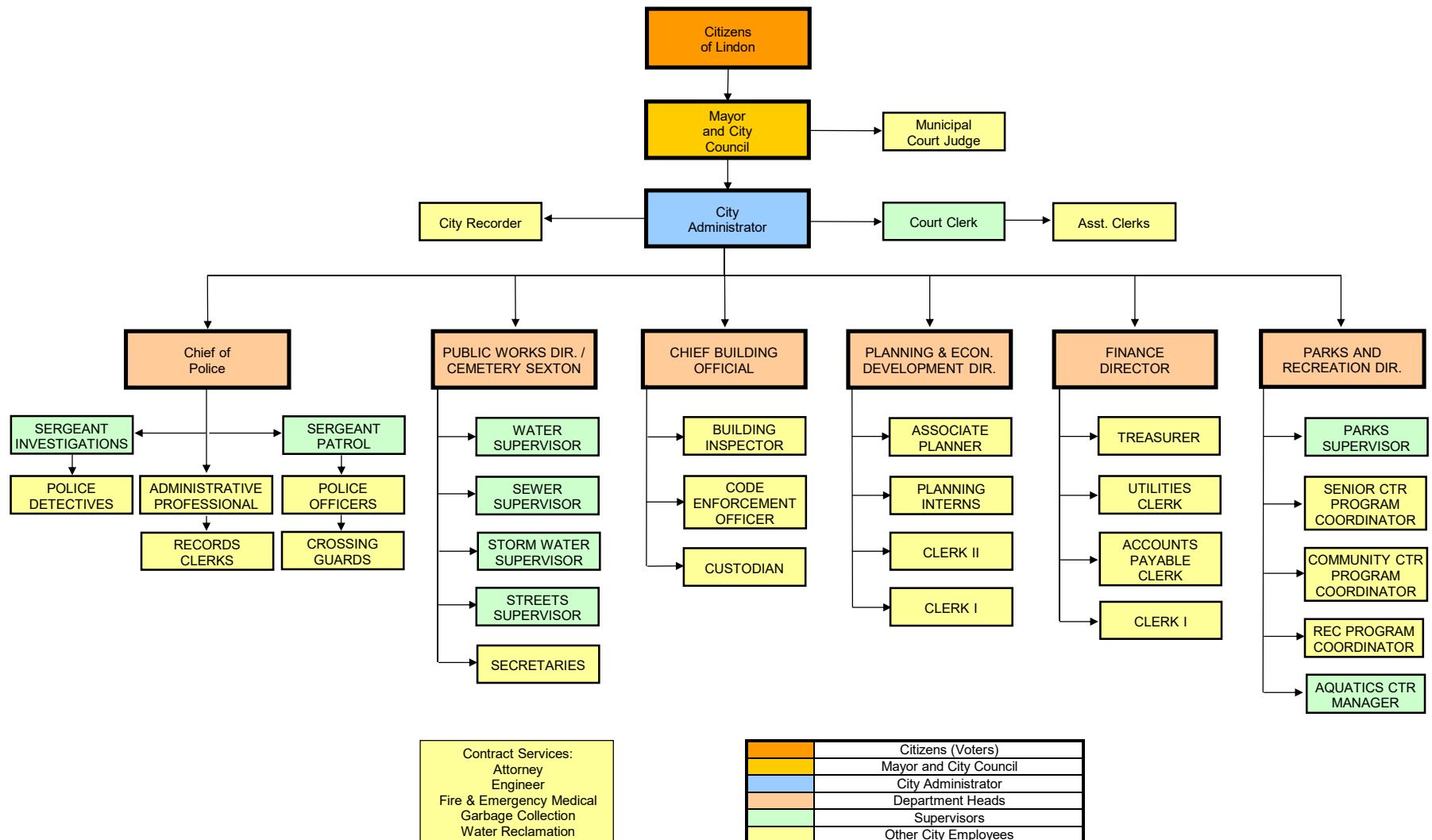
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

LINDON CITY ORGANIZATIONAL CHART

Fiscal Year 2016-2017



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FINANCIAL SECTION



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lindon City Corporation as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of Lindon City Corporation as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions, and the related notes to the required supplementary information, as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

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

The combining and individual nonmajor fund statements and budgetary comparison schedules 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 as a whole.

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

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2017, on our consideration of Lindon City Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Keddington & Christensen, LLC

December 1, 2017

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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, 2017. 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, 2017 by \$71,510,971 (net position). Of this amount, \$5,725,889 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$4,196,063. Net position of our business-type activities increased \$2,586,779 and the net position of our governmental activities increased \$1,609,284.

Fund Level

- Lindon City's governmental funds reported combined ending fund balances this year of \$5,602,238, a decrease of \$2,685,348, most of which was due to the use of bond money for the new Public Safety building.
- The unassigned fund balance for the general fund ended at \$2,093,489, or 27.3% of total general fund expenditures.

Long-term Debt

- Lindon City's long-term liabilities had a net decrease of \$1,105,308 (5.1%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this report have been prepared in compliance with generally accepted accounting principles. 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 statement of net position presents information on all of Lindon City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the 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.

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2017

The statement of activities presents information showing how Lindon City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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; operating the aquatics and community centers; and managing utility accounts for customers paying for telecommunication access through a fiber optic network operated by Utah Infrastructure Agency (UIA).

The government-wide financial statements can be found on pages 24-27 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 seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for each major governmental fund and summarized for the non-major funds. Simply put, a non-major fund is less than 10% of all of the governmental funds combined. The four major funds are the general fund, the redevelopment fund, the debt service fund, and the capital projects public safety building. The three non-major funds account for the P.A.R.C tax, road capital projects, and general capital projects.

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2017

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 28-33 of this report.

Proprietary funds. Lindon City maintains six 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, operation of the aquatics center and pass-through billing for the UTOPIA fiber optic telecommunications network.

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 of the four major funds (water, sewer, storm water drainage and aquatics center) and combined information for the non-major funds (solid waste collection and telecommunications).

The basic proprietary fund financial statements can be found on pages 34-39 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-68 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 70-72 of this report.

Statistical Section

The statistical section offers operational, economic, and historical data that provide a context for assessing Lindon City's economic condition. That data includes:

- Information on financial trends;
- Information on revenue capacity;
- Information on debt capacity;
- Demographic and economic information; and
- Operating information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lindon City, assets exceeded liabilities by \$71,510,971 as of June 30, 2017.

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2017

As indicated in Table A-1, the largest portion of Lindon City's net position (88.3%) 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 Position
 (Stated in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		% Change 2016-2017
	2016	2017	2016	2017	2016	2017	
Current and other assets	\$ 11,775	\$ 8,772	\$ 4,993	\$ 4,876	\$ 16,768	\$ 13,648	-18.6%
Capital assets	28,207	32,423	49,055	50,678	77,262	83,101	7.6%
Total Assets	39,982	41,195	54,048	55,554	94,030	96,749	2.9%
Deferred outflows of resources	820	1,047	869	873	1,689	1,920	13.7%
Long-term debt outstanding	4,768	4,582	16,952	16,033	21,720	20,615	-5.1%
Other liabilities	3,461	3,249	1,214	1,044	4,675	4,293	-8.2%
Total Liabilities	8,229	7,831	18,166	17,077	26,395	24,908	-5.6%
Deferred inflows of resources	1,971	2,200	38	50	2,009	2,250	12.0%
Net Position							
Net investment in capital assets	25,249	28,030	32,658	35,133	57,907	63,163	9.1%
Restricted	2,707	1,377	1,142	1,246	3,849	2,623	-31.9%
Unrestricted	2,646	2,804	2,913	2,921	5,559	5,725	3.0%
Total Net Position	\$ 30,602	\$ 32,211	\$ 36,713	\$ 39,300	\$ 67,315	\$ 71,511	6.2%

An additional portion of Lindon City's net position (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$5,725,889 (8.0%) may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in net position

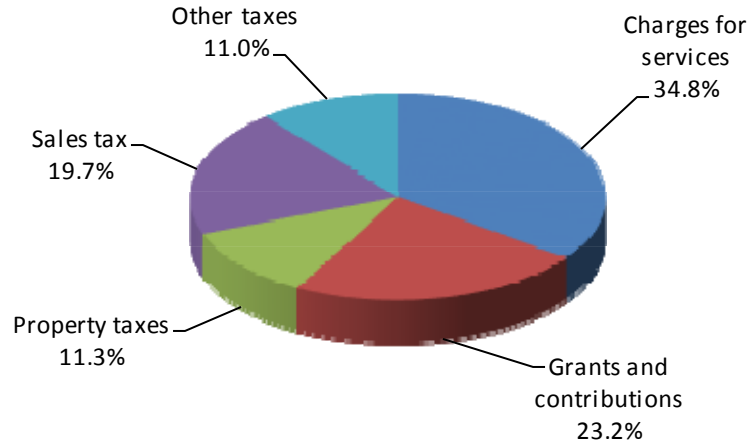
Lindon City's net position increased 6.2%. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation is true for the prior fiscal year.

Sales and property taxes account for 31% of the City's revenue (see Figure A-1) with 42 cents of every dollar raised coming from some type of tax. Grants and contributions amounted to 23.2% of this year's changes in net position. Another 34.8% comes from fees charged for services, and most of the remaining miscellaneous revenue is made up of impact fees and interest earnings.

LINDON CITY CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

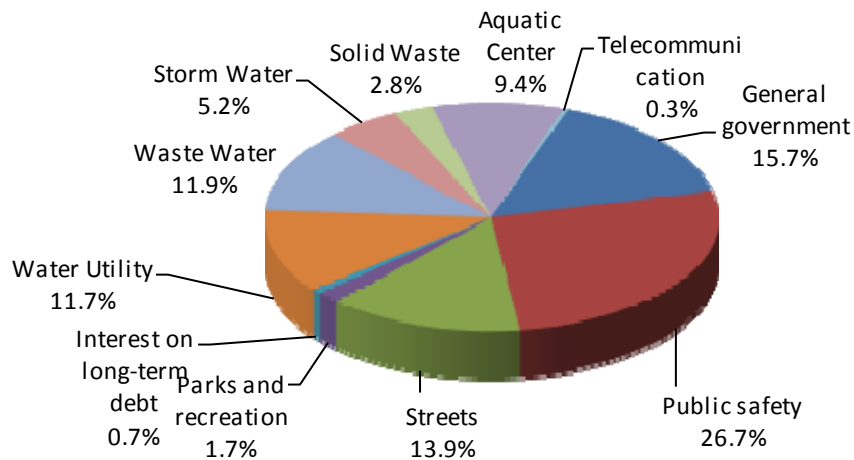
June 30, 2017

Figure A-1
Lindon City
Sources of Revenue for Fiscal Year 2017



The City's expenses cover a range of services, with 58.7% from governmental activities and 41.3% from business-type activities. Public safety, a major portion of general government activities, encompassed 26.7% of the City's total expenses. (See Figure A-2.)

Figure A-2
Lindon City
Functional Expenses for Fiscal Year 2017



Governmental Activities

As indicated in Table A-2, the cost of all governmental activities this year was \$9,306,113. Some of the costs were paid by those who directly benefitted from the City's services (\$1,285,686), or other entities and governmental organizations that subsidized certain programs with grants and contributions (\$2,666,795). However, the amount of taxes that were required to subsidize these activities was \$5,353,622, 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. The City paid for the remaining "public benefit" portion with tax revenue.

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2017

Property tax revenue increased by 3.1% and sales tax revenue increased by 8.1% compared to the prior year.

Business-type Activities

The cost of all business-type activities this year was \$6,538,432. The program revenues exceeded costs by \$991,627. Net program revenues and expenses plus other revenues totaled \$996,276, before transfers.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2016	2017	2016	2017	2016	2017	2016-2017
Revenues							
Program revenues							
Charges for services	\$ 1,484	\$ 1,286	\$ 5,009	\$ 5,597	\$ 6,493	\$ 6,883	6.0%
Grants and contributions	2,789	2,667	1,494	1,933	4,283	4,600	7.4%
General revenues							
Property taxes	2,166	2,234	-	-	2,166	2,234	3.1%
Sales tax	3,612	3,905	-	-	3,612	3,905	8.1%
Other taxes	2,123	2,184	-	-	2,123	2,184	2.9%
Other revenues	118	231	2	5	120	236	96.7%
Total revenues	12,292	12,507	6,505	7,535	18,797	20,042	6.6%
Expenses							
General government	2,219	2,488	-	-	2,219	2,488	12.1%
Public safety	3,980	4,231	-	-	3,980	4,231	6.3%
Streets	1,603	2,207	-	-	1,603	2,207	37.7%
Parks and recreation	872	276	-	-	872	276	-68.3%
Interest on long-term debt	149	105	-	-	149	105	-29.5%
Water Utility	-	-	1,645	1,850	1,645	1,850	12.5%
Waste Water	-	-	1,654	1,878	1,654	1,878	13.5%
Storm Water	-	-	782	823	782	823	5.2%
Solid Waste	-	-	406	431	406	431	6.2%
Aquatic Center	-	-	1,480	1,500	1,480	1,500	1.4%
Telecommunication	-	-	55	57	55	57	3.6%
Total expenses	8,823	9,307	6,022	6,539	14,845	15,846	6.7%
Excess (deficiency) before transfers	3,469	3,200	483	996	3,952	4,196	6.2%
Transfers	(856)	(1,591)	856	1,591	-	-	n/a
Increase (decrease) in net position	2,613	1,609	1,339	2,587	3,952	4,196	6.2%
Beginning Net Position	27,989	30,602	35,374	36,713	63,363	67,315	6.2%
Total Net Position	\$ 30,602	\$ 32,211	\$ 36,713	\$ 39,300	\$ 67,315	\$ 71,511	1.4%

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2017

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 General Fund's fund balance decreased by \$709,615, mainly due to transfers out of the fund.
- The Redevelopment Agency's fund balance decreased by \$596,793, most of which is due to interfund transfers for debt service.
- The Capital Projects Public Safety Building fund was reduced to \$0 from \$2,728,437 because the new public safety building was completed.

Proprietary funds

The changes in major funds were:

- The Water Fund's fund balance increased by \$898,798, mostly due to infrastructure improvements contributed by developers.
- The Waste Water's fund balance increased by \$367,972, mostly due to infrastructure improvements contributed by developers.
- The Storm Water's fund balance increased by \$575,287, mostly due to infrastructure improvements contributed by developers.
- The Recreation fund balance increased by \$720,879, due to increased transfers into the fund to subsidize the fund's activities.

General Fund Budgetary Highlights

- The General Fund amended budget was \$470,618 more than the original budget.
- The General Fund amended budget showed increases in sales tax revenue (\$74,300), fines and forfeitures (\$139,000), impact fees (\$76,830), and miscellaneous revenues (\$93,590).
- The General Fund amended budget showed an increase in transfers to other funds of \$1,453,943.
- Additional minor variances between the General Fund's original budget and amended budgets may be seen on page 32.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in Table A-3, at the end of fiscal year 2017, the City had invested \$83,100,712 net of accumulated depreciation 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 6 to the financial statements.

This year's major capital asset additions included:

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2017

- Subdivision and infrastructure contributions amounted to \$1,765,108 in the governmental funds and \$1,730,133 in the business-type funds.
- The water system, the waste water collection system, and the storm water collection system were upgraded, increasing the funds' assets (net of developer contributions) by \$430,061, \$66,496, and 148,128, respectively.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2016	2017	2016	2017	2016	2017	2016-2017
Land	\$ 5,984	\$ 5,975	\$ 1,359	\$ 1,359	\$ 7,343	\$ 7,334	-0.1%
Water Stock	70	70	10,456	10,840	10,526	10,910	3.6%
Buildings	2,287	5,873	8,575	8,438	10,862	14,311	31.8%
Infrastructure	14,186	15,658	80	131	14,266	15,789	10.7%
Water System	-	-	9,483	10,015	9,483	10,015	5.6%
Sewage System	-	-	9,876	9,756	9,876	9,756	-1.2%
Storm Drain System	-	-	8,664	9,078	8,664	9,078	4.8%
Net investment in capital assets	3,516	3,351	-	-	3,516	3,351	-4.7%
Equipment	119	449	268	677	387	1,126	191.0%
Vehicles	423	582	36	69	459	651	41.8%
Construction in Progress	1,622	465	258	315	1,880	780	-58.5%
Total	\$ 28,207	\$ 32,423	\$ 49,055	\$ 50,678	\$ 77,262	\$ 83,101	7.6%

Long-term Debt

As indicated in Table A-4, at the year-end the City had \$20,329,573 in bonds (including unamortized premiums), notes, and capital leases outstanding. Accruals for compensated absences total \$284,968, making total long-term liabilities \$20,614,541. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements. Lindon City does not have any general obligation bonds. There are four bonds which are paid with sales tax revenue. More information about the bonds and the pledged revenues can be found in Note 8.

Table A-4
Lindon City's Long-term Liabilities
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		% Change
	2016	2017	2016	2017	2016	2017	2016-2017
Revenue Bonds	\$ 4,196	\$ 3,887	\$ 14,557	\$ 13,800	\$ 18,753	\$ 17,687	-5.7%
Notes Payable	348	50	2,182	2,055	2,530	2,105	-16.8%
Leases	60	456	122	82	182	538	195.6%
Compensated absences	164	189	91	96	255	285	11.8%
Total	\$ 4,768	\$ 4,582	\$ 16,952	\$ 16,033	\$ 21,720	\$ 20,615	-5.1%

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2017

Lindon City's total long-term liabilities had a net decrease of \$1,105,308 (5.1%) during the current fiscal year. The major factor for changes in debt was issuing the new bond for the new Public Safety Building.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- For June 2017, the unemployment rate for Utah County was 3.0%, which is lower than the state average of 3.4%, and significantly lower than the national average of 4.4%.
- A 1.5% average annual increase in the Consumer Price Index from March 2016 to February 2017, provided by the U.S. Department of Labor, was considered in preparing the 2018 budget.

These indicators were taken into account when adopting the budget for fiscal 2018. Sales and property tax revenues are still expected to increase due to increasing consumer confidence and 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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BASIC FINANCIAL STATEMENTS

LINDON CITY CORPORATION
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,098,800	\$ 2,760,389	\$ 6,859,189
Receivables:			
Accounts, net	109,877	541,832	651,709
Taxes	1,924,374	-	1,924,374
Intergovernmental	760,354	-	760,354
Other	298,616	-	298,616
Prepaid assets	3,500	5,865	9,365
Internal balances	72,678	(72,678)	-
Note receivable	-	391,550	391,550
Restricted assets:			
Cash and cash equivalents	1,504,421	1,249,038	2,753,459
Capital assets not being depreciated:			
Land and collectibles	5,975,114	1,359,243	7,334,357
Water stock and rights	69,550	10,839,813	10,909,363
Construction in progress	464,674	315,218	779,892
Capital assets, net of accumulated depreciation:			
Buildings	5,873,147	8,438,425	14,311,572
Infrastructure	15,658,616	130,959	15,789,575
Water distribution system	-	10,015,428	10,015,428
Waste water collection system	-	9,755,781	9,755,781
Storm water drainage system	-	9,077,553	9,077,553
Improvements other than buildings	3,351,596	-	3,351,596
Machinery and equipment	448,830	676,529	1,125,359
Vehicles	581,512	68,724	650,236
Total Assets	41,195,659	55,553,669	96,749,328
Deferred Outflows of Resources			
Deferred outflows relating to pensions	1,046,674	197,338	1,244,012
Deferred charge on bond refunding	-	675,579	675,579
Total Assets and Deferred Outflows of Resources	<u>\$ 42,242,333</u>	<u>\$ 56,426,586</u>	<u>\$ 98,668,919</u>

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF NET POSITION (Continued)
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 455,654	\$ 427,454	\$ 883,108
Accrued liabilities	208,498	54,490	262,988
Accrued interest payable	21,888	186,920	208,808
Unearned revenue	-	2,023	2,023
Developer and customer deposits	609,716	14,500	624,216
Noncurrent liabilities			
Due within one year	571,316	692,579	1,263,895
Due in more than one year	4,010,325	15,340,321	19,350,646
Net pension liability	1,953,591	358,248	2,311,839
Total Liabilities	<u>7,830,988</u>	<u>17,076,535</u>	<u>24,907,523</u>
Deferred Inflows of Resources:			
Deferred inflows for property taxes	1,896,514	-	1,896,514
Deferred inflows relating to pensions	303,862	50,049	353,911
Total Deferred Inflows of Resources	<u>2,200,376</u>	<u>50,049</u>	<u>2,250,425</u>
Net Position:			
Net investment in capital assets	28,030,072	35,132,617	63,162,689
Restricted for:			
Impact fees/expansion of systems	1,034,416	460,844	1,495,260
Debt service	83,818	784,890	868,708
Future development	258,425	-	258,425
Unrestricted	2,804,238	2,921,651	5,725,889
Total Net Position	<u>32,210,969</u>	<u>39,300,002</u>	<u>71,510,971</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 42,242,333</u></u>	<u><u>\$ 56,426,586</u></u>	<u><u>\$ 98,668,919</u></u>

The notes to the basic financial statements are an integral part of this statement.

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LINDON CITY CORPORATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,488,369	\$ 1,231,826	\$ 182,623	\$ -	\$ (1,073,920)	\$ -	\$ (1,073,920.00)
Public safety	4,231,015	-	8,528	51,693	(4,170,794)	-	(4,170,794)
Highway and public improvements	2,205,908	-	-	2,269,451	63,543	-	63,543
Parks and recreation	275,909	53,860	-	154,500	(67,549)	-	(67,549)
Interest and issuance costs on long-term debt	104,902	-	-	-	(104,902)	-	(104,902)
Total Governmental Activities	9,306,103	1,285,686	191,151	2,475,644	(5,353,622)	-	(5,353,622)
Business-type Activities:							
Water utility	1,849,385	2,054,893	-	909,961	-	1,115,469	1,115,469
Waste water	1,878,391	1,725,118	-	372,115	-	218,842	218,842
Storm water	823,354	686,357	-	591,021	-	454,024	454,024
Solid waste	430,985	404,744	5,450	-	-	(20,791)	(20,791)
Recreation	1,499,587	673,586	-	-	-	(826,001)	(826,001)
Telecommunications	56,730	52,614	-	54,200	-	50,084	50,084
Total Business-type Activities	6,538,432	5,597,312	5,450	1,927,297	-	991,627	991,627
Total Government	\$ 15,844,535	\$ 6,882,998	\$ 196,601	\$ 4,402,941	(5,353,622)	991,627	(4,361,995)
General Revenues:							
Property taxes					2,234,295	-	2,234,295
Sales taxes					3,904,527	-	3,904,527
Franchise taxes					1,638,562	-	1,638,562
Other taxes					545,149	-	545,149
Unrestricted investment earnings					103,850	4,649	108,499
Gain on disposition of capital assets					123,575	-	123,575
Other revenues					3,451	-	3,451
Transfers					(1,590,503)	1,590,503	-
Total General Revenues and Transfers					6,962,906	1,595,152	8,558,058
Changes in Net Position					1,609,284	2,586,779	4,196,063
Net Position, Beginning					30,601,685	36,713,223	67,314,908
Net Position, Ending					\$ 32,210,969	\$ 39,300,002	\$ 71,510,971

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2017

	General	Redevelopment Agency	Debt Service	Capital Projects Public Safety Building	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 2,218,946	\$ 582,485	\$ -	\$ -	\$ 1,297,369	\$ 4,098,800
Receivables:						
Accounts, net	36,169	-	-	-	218,563	254,732
Property tax	1,896,374	28,000	-	-	-	1,924,374
Sales tax	760,354	-	-	-	-	760,354
Franchise tax	153,761	-	-	-	-	153,761
Prepaid assets	3,500	-	-	-	-	3,500
Due from other funds	75,178	-	-	-	-	75,178
Restricted cash and cash equivalents	66,960	-	-	-	1,437,461	1,504,421
Total Assets	\$ 5,211,242	\$ 610,485	\$ -	\$ -	\$ 2,953,393	\$ 8,775,120
Liabilities						
Accounts payable	\$ 136,337	\$ -	\$ -	\$ -	\$ 319,317	\$ 455,654
Accrued liabilities	208,498	-	-	-	-	208,498
Developer and customer deposits	478,065	-	-	-	131,651	609,716
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	2,500	2,500
Total Liabilities	822,900	-	-	-	453,468	1,276,368
Deferred Inflows of Resources						
Unavailable revenue - property taxes	1,868,514	28,000	-	-	-	1,896,514
Total Deferred Inflows of Resources	1,868,514	28,000	-	-	-	1,896,514
Fund Balances:						
Nonspendable:						
Prepaid items	3,500	-	-	-	-	3,500
Restricted for:						
Impact fees/expansion of systems	80,596	-	-	-	953,820	1,034,416
Debt service	83,818	-	-	-	-	83,818
Future development	258,425	-	-	-	-	258,425
Assigned for:						
Redevelopment agency functions	-	582,485	-	-	-	582,485
P.A.R.C. tax fund	-	-	-	-	558,489	558,489
Capital projects	-	-	-	-	987,616	987,616
Unassigned:						
General fund	2,093,489	-	-	-	-	2,093,489
Total Fund Balances	2,519,828	582,485	-	-	2,499,925	5,602,238
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,211,242	\$ 610,485	\$ -	\$ -	\$ 2,953,393	\$ 8,775,120

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION**
June 30, 2017

Amounts reported for governmental activities in the statement of net position are

Total Fund Balance - Governmental Funds	\$ 5,602,238
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,423,039
Interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(21,888)
Pension obligations and assets, including deferred inflows and outflows relating to pensions, are not obligations in the current period and, therefore, are not reported in the funds.	(1,210,779)
Long-term liabilities, including bonds, capital leases, notes, termination benefits, workers' compensation, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,581,641)</u>
Total Net Position - Governmental Activities	<u><u>\$ 32,210,969</u></u>

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General	Redevelopment Agency	Debt Service	Capital Projects Public Safety Building	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 7,752,540	\$ 25,217	\$ -	\$ -	\$ 545,149	\$ 8,322,906
Licenses and permits	465,618	-	-	-	-	465,618
Intergovernmental	8,528	181,303	-	-	443,368	633,199
Charges for services	215,113	-	-	-	-	215,113
Fines and forfeitures	477,913	-	-	-	-	477,913
Impact fees	51,693	-	-	-	215,475	267,168
Interest	70,178	12,775	-	4,891	16,006	103,850
Miscellaneous	127,989	-	-	-	3,451	131,440
Total Revenues	9,169,572	219,295	-	4,891	1,223,449	10,617,207
Expenditures:						
Current:						
General government	1,601,213	-	427,697	-	-	2,028,910
Public safety	4,516,973	-	-	-	-	4,516,973
Highways and public improvements	664,914	-	-	-	517,376	1,182,290
Parks and recreation	478,487	-	-	-	301,924	780,411
Redevelopment Agency	-	57,736	-	-	-	57,736
Debt service:						
Principal	413,928	-	319,170	-	-	733,098
Interest	1,492	-	103,862	-	-	105,354
Capital outlay	-	316,342	-	2,672,228	248,087	3,236,657
Total Expenditures	7,677,007	374,078	850,729	2,672,228	1,067,387	12,641,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,492,565	(154,783)	(850,729)	(2,667,337)	156,062	(2,024,222)
Other Financing Sources (Uses):						
Issuance of new debt	521,780	-	-	-	-	521,780
Sale of capital assets	407,597	-	-	-	-	407,597
Transfers in	150,171	-	850,729	-	1,568,332	2,569,232
Transfers out	(3,281,728)	(442,010)	-	(61,100)	(374,897)	(4,159,735)
Total Other Financing Sources (Uses)	(2,202,180)	(442,010)	850,729	(61,100)	1,193,435	(661,126)
Net Change in Fund Balances	(709,615)	(596,793)	-	(2,728,437)	1,349,497	(2,685,348)
Fund Balances, Beginning	3,229,443	1,179,278	-	2,728,437	1,150,428	8,287,586
Fund Balances, Ending	\$ 2,519,828	\$ 582,485	\$ -	\$ -	\$ 2,499,925	\$ 5,602,238

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (2,685,348)
Governmental funds have reported capital outlays, past and present, 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.	(1,606,514)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.	6,106,404
The Statement of Activities reports the gain or loss on the disposal of capital assets, while the governmental funds report the proceeds from the disposal of capital assets.	(284,022)
In the Statement of Activities, interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.	451
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	733,099
Net proceeds from issuance of noncurrent liabilities is recorded as income in the governmental funds. However, the issuance of noncurrent liabilities is recorded as a liability in the Statement of Net Position.	(521,780)
Some expenses, including accrued termination benefits and the difference between the actuarially calculated pension expense and retirement contributions, 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.	(133,006)
Change in Net Position - Governmental Activities	<u><u>\$ 1,609,284</u></u>

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,315,827	\$ 7,390,127	\$ 7,752,540	\$ 362,413
Licenses and permits	566,700	511,500	465,618	(45,882)
Intergovernmental	58,500	8,530	8,528	(2)
Charges for services	270,700	236,700	215,113	(21,587)
Fines and forfeitures	331,000	470,000	477,913	7,913
Impact fees	15,700	51,555	51,693	138
Interest	30,000	68,000	70,178	2,178
Miscellaneous	115,620	121,480	127,989	6,509
Total Revenues	8,704,047	8,857,892	9,169,572	311,680
Expenditures:				
Current:				
General government:				
Mayor and council	92,465	103,235	99,548	3,687
Judicial	441,785	520,690	524,599	(3,909)
Administrative	1,569,470	1,569,450	311,758	1,257,692
Elections	8,350	-	433	(433)
Buildings	233,500	154,000	129,844	24,156
Planning and zoning	515,557	547,000	525,441	21,559
Grants and contributions	8,750	13,000	9,590	3,410
Public Safety:				
Law enforcement	2,779,153	2,793,183	2,779,554	13,629
Fire protection	1,442,320	1,443,920	1,443,775	145
Protective inspections	348,410	282,580	269,329	13,251
Animal controls	19,450	25,450	24,315	1,135
Highways and public improvements				
Streets	838,712	828,722	317,339	511,383
Public works administration	305,075	365,800	347,575	18,225
Parks and recreation				
Parks	451,055	458,745	450,838	7,907
Cemetery	16,850	23,160	13,609	9,551
Recreation and culture	16,000	16,000	14,040	1,960
Debt service:				
Principal	396,500	414,085	413,928	157
Interest	1,492	1,492	1,492	-
Total Expenditures	9,484,894	9,560,512	7,677,007	1,883,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	(780,847)	(702,620)	1,492,565	2,195,185
Other Financing Sources (Uses):				
Proceeds from issuance of debt	500,000	521,780	521,780	-
Transfers in	72,000	150,297	150,171	(126)
Transfers out	(1,614,453)	(2,468,396)	(3,281,728)	(813,332)
Sale of capital assets	286,500	407,753	407,597	(156)
Total Other Financing Sources (Uses)	(755,953)	(1,388,566)	(2,202,180)	(813,614)
Net Change in Fund Balances	(1,536,800)	(2,091,186)	(709,615)	1,381,571
Fund Balances, Beginning	3,229,443	3,229,443	3,229,443	-
Fund Balances, Ending	\$ 1,692,643	\$ 1,138,257	\$ 2,519,828	\$ 1,381,571

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT
AGENCY SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 191,000	\$ 206,500	\$ 25,217	\$ (181,283)
Intergovernmental	-	-	181,303	181,303
Interest	3,000	12,000	12,775	775
Total Revenues	194,000	218,500	219,295	795
Expenditures:				
Materials, supplies and services	44,347	61,787	57,736	4,051
Capital outlay	200,000	575,401	316,342	259,059
Total Expenditures	244,347	637,188	374,078	263,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,347)	(418,688)	(154,783)	263,905
Other Financing Sources (Uses):				
Transfers out	(367,010)	(442,010)	(442,010)	-
Total Other Financing Sources (Uses)	(367,010)	(442,010)	(442,010)	-
Net Change in Fund Balances	(417,357)	(860,698)	(596,793)	263,905
Fund Balances, Beginning	1,179,278	1,179,278	1,179,278	-
Fund Balances, Ending	\$ 761,921	\$ 318,580	\$ 582,485	\$ 263,905

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2017

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
Assets and Deferred Outflows of Resources						
Current Assets:						
Cash and cash equivalents	\$ 1,511,139	\$ 1,138,793	\$ -	\$ -	\$ 110,457	\$ 2,760,389
Accounts receivable, net	235,323	201,537	62,867	-	42,105	541,832
Prepaid assets	-	-	-	5,865	-	5,865
Restricted cash and cash equivalents	460,745	291,043	3,303	493,947	-	1,249,038
Total Current Assets	2,207,207	1,631,373	66,170	499,812	152,562	4,557,124
Noncurrent Assets:						
Notes receivable	-	-	-	-	391,550	391,550
Capital assets, net of accumulated depreciation:						
Land	428,610	107,392	823,241	-	-	1,359,243
Water stock and rights	10,839,813	-	-	-	-	10,839,813
Construction in Process	266,390	48,828	-	-	-	315,218
Buildings	-	-	-	8,438,425	-	8,438,425
Telecom Infrastructure	-	-	-	-	130,959	130,959
Water distribution system	10,015,428	-	-	-	-	10,015,428
Waste water collection system	-	9,755,781	-	-	-	9,755,781
Storm water drainage system	-	-	9,077,553	-	-	9,077,553
Machinery and equipment	13,099	487,437	115,325	60,668	-	676,529
Vehicles	51,079	-	4,304	13,341	-	68,724
Capital assets, net	21,614,419	10,399,438	10,020,423	8,512,434	130,959	50,677,673
Total Noncurrent Assets	21,614,419	10,399,438	10,020,423	8,512,434	522,509	51,069,223
Deferred Outflows of Resources						
Deferred outflows relating to pensions	60,422	57,598	41,145	38,173	-	197,338
Deferred charge on bond refunding	-	-	-	675,579	-	675,579
Total Assets and Deferred Outflows of Resources	\$ 23,882,048	\$ 12,088,409	\$ 10,127,738	\$ 9,725,998	\$ 675,071	\$ 56,499,264

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2017

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Liabilities and Deferred Inflows of Resources						
Current Liabilities:						
Accounts payable	\$ 134,116	\$ 122,840	\$ 55,319	\$ 54,401	\$ 60,778	\$ 427,454
Accrued liabilities	3,313	3,677	2,840	44,660	-	54,490
Accrued interest payable	36,729	-	2,777	147,414	-	186,920
Unearned revenue	-	-	-	2,023	-	2,023
Developer and customer deposits	14,500	-	-	-	-	14,500
Due to other funds	-	-	31,172	39,989	1,517	72,678
Compensated absences	23,840	23,485	17,196	10,932	-	75,453
Current portion of long-term debt	65,828	110,778	70,008	350,000	20,512	617,126
Total Current Liabilities	278,326	260,780	179,312	649,419	82,807	1,450,644
Noncurrent Liability:						
Compensated absences, net	12,405	1,536	4,721	2,179	-	20,841
Long-term debt, net of current portion	2,746,102	3,803,572	281,517	8,117,251	371,038	15,319,480
Net pension liability	113,768	96,466	79,183	68,831	-	358,248
Total Noncurrent Liability	2,872,275	3,901,574	365,421	8,188,261	371,038	15,698,569
Deferred Inflows of Resources:						
Deferred inflows relating to pensions	15,894	13,476	11,062	9,617	-	50,049
Total Liabilities and Deferred Inflows of Resources	3,166,495	4,175,830	555,795	8,847,297	453,845	17,199,262
Net Position:						
Net investment in capital assets	18,802,489	6,485,088	9,668,898	45,183	130,959	35,132,617
Restricted for:						
Impact fees/expansion of systems	460,745	99	-	-	-	460,844
Debt service reserves	-	290,943	-	493,947	-	784,890
Unrestricted	1,452,319	1,136,449	(96,955)	339,571	90,267	2,921,651
Total Net Position	20,715,553	7,912,579	9,571,943	878,701	221,226	39,300,002
Total Liabilities and Net Position	\$ 23,882,048	\$ 12,088,409	\$ 10,127,738	\$ 9,725,998	\$ 675,071	\$ 56,499,264

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS**
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Operating Revenues:						
Service fees	\$ 1,838,454	\$ 1,561,189	\$ 686,372	\$ 661,096	\$ 457,358	\$ 5,204,469
Other fees	54,493	9,892	-	-	-	64,385
Miscellaneous	161,946	154,037	(15)	12,490	-	328,458
Total Operating Revenues	2,054,893	1,725,118	686,357	673,586	457,358	5,597,312
Operating Expenses:						
Salaries and wages	516,769	445,675	289,233	473,663	18,500	1,743,840
Employee benefits	102,387	75,899	67,252	95,240	-	340,778
Materials, supplies and services	780,865	801,295	136,973	367,260	465,497	2,551,890
Depreciation	356,615	495,922	316,528	284,131	3,718	1,456,914
Total Operating Expenses	1,756,636	1,818,791	809,986	1,220,294	487,715	6,093,422
Operating Income (Loss)	\$ 298,257	\$ (93,673)	\$ (123,629)	\$ (546,708)	\$ (30,357)	\$ (496,110)

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS (Continued)**
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
Nonoperating Income (Expense):						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 5,450	\$ -	\$ 5,450
Interest income	1,329	3,130	10	180	-	4,649
Interest expense	(92,749)	(59,600)	(13,368)	(279,293)	-	(445,010)
Total Nonoperating Income (Expense)	<u>(91,420)</u>	<u>(56,470)</u>	<u>(13,358)</u>	<u>(273,663)</u>	<u>-</u>	<u>(434,911)</u>
Income (Loss) Before Transfers and Capital Contributions	206,837	(150,143)	(136,987)	(820,371)	(30,357)	(931,021)
Capital contributions	840,758	293,629	541,545	-	54,200	1,730,132
Impact fee contributions	69,203	78,486	49,476	-	-	197,165
Transfers in	-	164,000	121,253	1,541,250	-	1,826,503
Transfers out	<u>(218,000)</u>	<u>(18,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,000)</u>
Changes in Net Position	898,798	367,972	575,287	720,879	23,843	2,586,779
Net Position, Beginning	<u>\$ 19,816,755</u>	<u>\$ 7,544,607</u>	<u>\$ 8,996,656</u>	<u>\$ 157,822</u>	<u>197,383</u>	<u>36,713,223</u>
Net Position, Ending	<u><u>\$ 20,715,553</u></u>	<u><u>\$ 7,912,579</u></u>	<u><u>\$ 9,571,943</u></u>	<u><u>\$ 878,701</u></u>	<u><u>\$ 221,226</u></u>	<u><u>\$ 39,300,002</u></u>

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 2,004,823	\$ 1,705,973	\$ 679,123	\$ 665,849	\$ 460,727	\$ 5,516,495
Payments to suppliers	(866,038)	(899,114)	(97,322)	(368,426)	(442,056)	(2,672,956)
Payments to employees and related benefits	(624,300)	(519,271)	(351,542)	(570,707)	(18,500)	(2,084,320)
Deposits received (refunded)	(3,775)	-	-	-	-	(3,775)
Net cash from operating activities	510,710	287,588	230,259	(273,284)	171	755,444
Cash Flows From Capital and Related Financing Activities:						
Purchase of property and equipment	(487,656)	(572,139)	(148,128)	(141,971)	-	(1,349,894)
Receipt of impact fees	69,203	78,486	49,476	-	-	197,165
Principal paid on bonds and capital lease	(95,303)	(373,778)	(67,905)	(335,000)	-	(871,986)
Interest paid on bonds and capital lease	(94,813)	(122,456)	(14,437)	(299,750)	-	(531,456)
Net cash from capital and related financing activities	(608,569)	(989,887)	(180,994)	(776,721)	-	(2,556,171)
Cash Flows From Non-Capital Financing Activities:						
Cash subsidy from federal grants	-	-	-	5,450	-	5,450
Payments on long-term pension obligation	8,401	7,123	5,848	5,084	-	26,456
Payments from (to) other funds on loans	-	-	(176,368)	(496,213)	1,517	(671,064)
Payments received on notes from residents	-	-	-	-	37,734	37,734
Principal paid on notes for residential connections	-	-	-	-	(37,734)	(37,734)
Transfers from (to) other funds	(218,000)	146,000	121,253	1,541,250	-	1,590,503
Net cash from non-capital financing activities	\$ (209,599)	\$ 153,123	\$ (49,267)	\$ 1,055,571	\$ 1,517	\$ 951,345

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Cash Flows From Investing Activity:						
Interest on investments	\$ 1,329	\$ 3,130	\$ 10	\$ 180	\$ -	\$ 4,649
Net cash from investing activity	<u>1,329</u>	<u>3,130</u>	<u>10</u>	<u>180</u>	<u>-</u>	<u>4,649</u>
Net Increase (Decrease) In Cash	(306,129)	(546,046)	8	5,746	1,688	(844,733)
Cash and Cash Equivalents At Beginning of Year	<u>2,278,013</u>	<u>1,975,882</u>	<u>3,295</u>	<u>488,201</u>	<u>108,769</u>	<u>4,854,160</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,971,884</u>	<u>\$ 1,429,836</u>	<u>\$ 3,303</u>	<u>\$ 493,947</u>	<u>\$ 110,457</u>	<u>\$ 4,009,427</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 298,257	\$ (93,673)	\$ (123,629)	\$ (546,708)	\$ (30,357)	\$ (496,110)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	356,615	495,922	316,528	284,131	3,718	1,456,914
(Increase) Decrease in accounts receivables	(50,070)	(19,145)	(7,234)	-	3,369	(73,080)
(Increase) Decrease in prepaid assets	-	-	-	1,124	-	1,124
Increase (Decrease) in accounts payable	(85,173)	(97,819)	39,651	(2,290)	23,441	(122,190)
Increase (Decrease) in accrued liabilities	(2,402)	(270)	(729)	(1,451)	-	(4,852)
Increase (Decrease) in compensated absences	(2,742)	2,573	5,672	(353)	-	5,150
Increase (Decrease) in deferred revenue	-	-	-	(7,737)	-	(7,737)
Increase (Decrease) in deposits	(3,775)	-	-	-	-	(3,775)
Net cash from operating activities	<u>\$ 510,710</u>	<u>\$ 287,588</u>	<u>\$ 230,259</u>	<u>\$ (273,284)</u>	<u>\$ 171</u>	<u>\$ 755,444</u>
Noncash investing, capital, and financing activities:						
Contributions from developers	\$ 840,758	\$ 293,629	\$ 541,545	\$ -	\$ 54,200	\$ 1,730,132
Increase to UIA notes payable and receivable	-	-	-	-	21,900	\$ 21,900

The notes to the basic financial statements are an integral part of this statement.

LINDON CITY CORPORATION NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Lindon City Corporation (the City) was incorporated in March of 1924, under the provisions of the Utah State Code. Lindon City Corporation is a political subdivision of the State of Utah. The City operates under a six member 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

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 fiscal year ended June 30, 2017.

For financial reporting purposes, Lindon City Corporation has included all funds, 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.

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 boards or are responsible for appointing the members of the governing boards and provide services almost entirely to Lindon City. As such, they are accounted for as blended component units and 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 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 members of the City Council are also members of the Redevelopment Agency's Board of Directors and, as such, are authorized to transact the business and exercise their power to plan, engineer, and carry out projects of the Redevelopment Agency. The Agency is reported as a special revenue fund.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting Entity (Continued)

Component Units (Continued)

Southfield Metropolitan Water District. The District was established for the purpose of acquiring, holding, selling, trading, and/or leasing, shares of the Spring Ditch and South Field Irrigation Company, with the sole intent of providing a mechanism through which members of the District will be enabled to use their shares in the water company to satisfy the development requirements of the Lindon City Development Code and to allow the Water District to convert such shares into assets that will be used for the sole purpose of helping and benefiting Lindon City in meeting its needs in providing water to its citizens. The Lindon City Public Works Director is a member of the Water District's Board of Trustees and the City Council appoints the other two members, and as such, are authorized to transact the business and exercise their power to plan, engineer, and carry out projects of the Water District. The District's only assets are contributed water shares which are reported in the Statement of Net Position.

C. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental services, public safety, highways and streets, planning and engineering, parks, and redevelopment are classified as governmental activities. The City's water, waste water, storm water, recreation, waste collection, and telecommunication funds are classified as business-type activities.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its blended component units. 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 user fees and charges for support.

The statement 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 which 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 revenue in the year for which they became available.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants 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. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (generally within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

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 previously. The City has elected to report this as a major fund.

The Debt Service fund reports the payments of long term debt. The City has elected to report this as a major fund.

The Capital Projects Public Safety Building fund reports the activities of the construction of the new Public Safety Building.

The government reports the following major proprietary funds:

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

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Recreation Fund accounts for the activities at the city's swimming pool and community center.

Additionally, the City reports the following non-major funds:

The Parks, Arts, Recreation, and Culture (P.A.R.C.) Tax special revenue fund records the receipts and use of tax the P.A.R.C. tax.

The Road Capital Projects Fund accounts for the financial resources to be used for the city's roads.

The General Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government.

The Waste Collection Fund (an enterprise fund) accounts for the service fees and expenses associated with garbage collection in the City.

The Telecommunications Fund (an enterprise fund) accounts for the receivables and associated debt and the collections on those receivables for resident connections to the Utah Infrastructure Agency fiber optic network.

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 to the General Fund by various enterprise funds for providing administrative and billing services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues 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 enterprise funds and of the City's internal service funds are charges to customers. Operating expenses for enterprise funds and the internal service 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.

E. Assets, Liabilities, and Net Position

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 are held in Utah Public Treasurers' Investment Fund (PTIF). Investments are stated at cost, which approximates fair value.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments (Continued)

The City categorizes the fair value measurements of its investments based on the hierarchy established by general accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs. Fair value measurements of the City's investments in PTIF at June 30, 2017, or \$8,933,015 are based on significant other observable inputs (Level 2 inputs).

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "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 receivables are shown net of an allowance for uncollectible. The allowance for doubtful accounts at June 30, 2017 for all funds is \$6,403 and is concentrated in the enterprise funds.

4. 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. 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.

5. Capital Assets

Capital assets, which include property, land, buildings, water/sewer/storm systems, 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 more than \$5,000. Purchased or constructed assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. 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 as follows:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets (Continued)

<u>Assets</u>	<u>Years</u>
Buildings	20 to 40
Infrastructure	20 to 40
Water distribution system	25 to 50
Waste water collection system	3 to 10
Storm water drainage system	5 to 10
Improvements other than buildings	5 to 20
Machinery and equipment	5 to 10
Vehicles	5

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.

6. Unearned Revenue

Unearned revenue arises when resources are received by the City before it has earned them, as when grant monies or donations are received prior to the incurrence of qualifying expenditures. In subsequent periods when the City has earned the resources, the revenue is recognized.

7. Deposits

Developer and customer deposits are principally deposits from developers that are held by the City until building projects and developments receive the required City inspections and are in compliance with all City ordinances.

8. Compensated Absences

Accumulated vacation leave that is due and payable at year-end is reported as an expenditure and a fund liability for governmental funds. Amounts of accumulated vacation leave that are not reported as a current period expenditure in the governmental funds are reported on the government-wide financial statements as a noncurrent liability. Accumulated vacation in business-type funds is recorded as an expense and a liability as employees earn these benefits. 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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. 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 position. Bond premiums and discounts 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 expensed as incurred.

In the fund financial statements, governmental fund types recognize other financing sources or uses for 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.

10. Pensions

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

11. Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports a separate section from assets for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charges on bond refundings and deferred outflows of resources relating to pensions. In addition, the statement of net position reports a separate section from liabilities for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources relating to pensions and for property taxes received in future periods.

12. Fund Balances

In the fund financial statements, governmental funds report classifications of fund balances based on a hierarchy that shows the level or form of constraints on fund balance resources, and the extent to which the City is bound to honor those constraints. Fund balance classifications are:

Nonspendable – includes fund balance amounts that cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact. Fund balances related to inventory, long term portions of notes receivable and prepaid expenditures are classified as nonspendable.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Fund Balances (Continued)

Restricted – includes fund balance amounts that are subject to external constraints that have been placed on the use of the resources imposed by either a) creditors, grantors, contributors, or laws and regulations of other governments, or b) law through constitutional provisions or enabling legislation. Restricted fund balances include unspent tax revenues for specific purposes.

Committed – the portion of unrestricted fund balance that can only be used for specific purposes as established by formal action of the Mayor and City Council. Fund balance commitments can only be removed or changed by the same action of the mayor and city council. Committed resources also include any contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – the portion of unrestricted fund balance that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. It includes all remaining positive fund balance amounts that are reported in governmental funds, other than the General Fund, which have specific purposes and that are not classified as one of the previous classifications.

Unassigned – remaining unrestricted funds in excess of other categories in the General Fund and any residual deficits in any fund.

F. Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Utah County.

Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of General Fund balance until unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) exceeds 5% of the General Fund revenues. Additionally, unrestricted fund balance is limited to 25% of the current year revenues not including any appropriations of fund balance. 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 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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments – The City's investment policies are governed by State statutes. 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 defines 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.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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 City at June 30, 2017 were \$1,768,385. Of these, \$1,268,385 were exposed to custodial credit risk because they were uninsured and uncollateralized.

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. The City's weighted average maturity for investments as of June 30, 2017 was less than one year.

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 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.

As of June 30, 2017, the City had the following deposits and investments:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on Deposit	\$ 718,792	\$ 718,792	N/A	N/A
Cash on Hand	2,800	2,800		
Total cash on hand and deposit	<u>\$ 721,592</u>	<u>\$ 721,592</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 8,933,015	\$ 8,891,056	N/A	NA
Total investments	<u>\$ 8,933,015</u>	<u>\$ 8,891,056</u>		
Total cash and cash equivalents	<u>\$ 9,654,607</u>	<u>\$ 9,612,648</u>		
Portfolio weighted average maturity				N/A

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – NOTES RECEIVABLE

Notes receivable consist of many individual notes with residents who have financed installation of fiber optic lines to their home from Utah Infrastructure Agency (UIA). Notes between the residents and the City were signed simultaneously with notes between the City and UIA. The notes receivable from the residents and the notes payable to UIA were both \$391,550 at June 30, 2017.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from Other Funds

Loans made between funds are reflected as "due to" or "due from" on the respective funds' Balance Sheet (governmental funds) and/or Statement of Net Position (business-type funds). As of June 30, 2017 due to and due from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Activities		
General Fund	\$ 75,178	\$ -
Non major governmental funds	-	2,500
Business-type Activities		
Storm Water	-	31,172
Recreation	-	39,989
Non major business-type funds	-	1,517
	<u>\$ 75,178</u>	<u>\$ 75,178</u>

All loans are either payable or receivable to the General Fund. The above amounts will be repaid by the respective funds.

Transfers Between Funds

The City's interfund transfers for the year ended June 30, 2017 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General Fund	\$ 150,171	\$ 3,281,728
Redevelopment Agency	-	442,010
Debt Service	850,729	-
Capital Projects Fund Public Safety Building	-	61,100
Non major governmental funds	1,568,332	374,897
Business-type Activities		
Water	-	218,000
Waste Water	164,000	18,000
Storm Water	121,253	-
Recreation	1,541,250	-
	<u>\$ 4,395,735</u>	<u>\$ 4,395,735</u>

The City's interfund transfers are the result of transfers to the various funds to meet debt service obligations and fund capital acquisitions.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land and collectibles	\$ 5,984,493	\$ -	\$ (9,379)	\$ 5,975,114
Water stock and rights	69,550	-	-	69,550
Construction in progress	1,621,957	270,767	(1,428,050)	464,674
	<u>7,676,000</u>	<u>270,767</u>	<u>(1,437,429)</u>	<u>6,509,338</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	3,422,527	3,712,695	-	7,135,222
Infrastructure	32,409,817	2,523,540	-	34,933,357
Improvements other than buildings	5,536,248	92,520	-	5,628,768
Machinery and equipment	1,595,011	390,779	-	1,985,790
Vehicles	979,099	544,153	(480,520)	1,042,732
	<u>43,942,702</u>	<u>7,263,687</u>	<u>(480,520)</u>	<u>50,725,869</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(1,135,694)	(126,381)	-	(1,262,075)
Infrastructure	(18,224,634)	(1,050,107)	-	(19,274,741)
Improvements other than buildings	(2,019,759)	(257,413)	-	(2,277,172)
Machinery and equipment	(1,475,521)	(61,439)	-	(1,536,960)
Vehicles	(555,923)	(111,174)	205,877	(461,220)
	<u>(23,411,531)</u>	<u>(1,606,514)</u>	<u>205,877</u>	<u>(24,812,168)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>20,531,171</u>	<u>5,657,173</u>	<u>(274,643)</u>	<u>25,913,701</u>
Governmental Activities capital assets, net	<u>\$ 28,207,171</u>	<u>\$ 5,927,940</u>	<u>\$ (1,712,072)</u>	<u>\$ 32,423,039</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2017 is as follows:

Governmental Activities:	
General government	\$ 68,691
Public safety	177,935
Highways and public improvements	1,108,336
Parks and recreation	<u>251,552</u>
Total depreciation expense - governmental activities	<u>\$ 1,606,514</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,359,243	\$ -	\$ -	\$ 1,359,243
Water Stock	10,456,195	383,618	-	10,839,813
Construction in progress	258,093	313,882	(256,757)	315,218
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	12,073,531	697,500	(256,757)	12,514,274
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings	10,392,350	122,972	-	10,515,322
Telecom Infrastructure	82,006	54,200	-	136,206
Water system	15,768,251	887,201	-	16,655,452
Waste water system	14,030,803	360,125	-	14,390,928
Storm water system	12,094,780	689,673	-	12,784,453
Equipment	1,119,572	475,814	-	1,595,386
Vehicles	308,587	49,298	-	357,885
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated	53,796,349	2,639,283	-	56,435,632
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:				
Buildings	(1,817,088)	(259,809)	-	(2,076,897)
Telecom Infrastructure	(1,529)	(3,718)	-	(5,247)
Water system	(6,285,746)	(354,278)	-	(6,640,024)
Waste water system	(4,155,217)	(479,930)	-	(4,635,147)
Storm water system	(3,430,748)	(276,152)	-	(3,706,900)
Equipment	(851,915)	(66,942)	-	(918,857)
Vehicles	(273,076)	(16,085)	-	(289,161)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(16,815,319)	(1,456,914)	-	(18,272,233)
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated, net	36,981,030	1,182,369	-	38,163,399
	<hr/>	<hr/>	<hr/>	<hr/>
Business-type Activities capital assets, net	<u>\$ 49,054,561</u>	<u>\$ 1,879,869</u>	<u>\$ (256,757)</u>	<u>\$ 50,677,673</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2017 is as follows:

Business-type Activities	
Water	\$ 356,615
Waste water	495,922
Storm water	316,528
Recreation	284,131
Telecommunications	3,718
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 1,456,914</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 – DEFERRED INFLOWS OF RESOURCES – PROPERTY TAXES

In conjunction with GASB pronouncement 33, “Accounting and Financial Reporting for Nonexchange Transactions” the City has accrued property tax receivable and a deferred property tax revenue in the General Fund and Redevelopment Agency in the amounts of \$1,868,514 and \$28,000, respectively.

NOTE 8 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the June 30, 2017:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Revenue bonds payable	\$ 4,195,790	\$ -	\$ (309,170)	\$ 3,886,620	\$ 314,747
Total bonds payable	<u>4,195,790</u>	<u>-</u>	<u>(309,170)</u>	<u>3,886,620</u>	<u>314,747</u>
Notes payable and capital leases:					
Notes payable	60,000		(10,000)	50,000	10,000
Capital leases	<u>348,496</u>	<u>521,780</u>	<u>(413,929)</u>	<u>456,347</u>	<u>115,229</u>
Total notes payable and capital leases	<u>408,496</u>	<u>521,780</u>	<u>(423,929)</u>	<u>506,347</u>	<u>125,229</u>
Other liabilities:					
Compensated absences	<u>163,748</u>	<u>129,276</u>	<u>(104,350)</u>	<u>188,674</u>	<u>131,340</u>
Total other liabilities	<u>163,748</u>	<u>129,276</u>	<u>(104,350)</u>	<u>188,674</u>	<u>131,340</u>
Total Governmental activities long-term liabilities	<u>4,768,034</u>	<u>651,056</u>	<u>(837,449)</u>	<u>4,581,641</u>	<u>571,316</u>
Business-type Activities:					
Bonds payable:					
Revenue bonds	13,978,880	-	(721,684)	13,257,196	445,251
Plus: unamortized premiums	<u>578,495</u>	<u>-</u>	<u>(36,248)</u>	<u>542,247</u>	<u>-</u>
Total bonds payable	<u>14,557,375</u>	<u>-</u>	<u>(757,932)</u>	<u>13,799,443</u>	<u>445,251</u>
Notes payable and capital leases:					
Notes payable	2,181,512	21,900	(148,511)	2,054,901	131,290
Capital leases	<u>121,784</u>	<u>-</u>	<u>(39,522)</u>	<u>82,262</u>	<u>40,585</u>
Total notes payable and capital leases	<u>2,303,296</u>	<u>21,900</u>	<u>(188,033)</u>	<u>2,137,163</u>	<u>171,875</u>
Other liabilities:					
Compensated absences	<u>91,144</u>	<u>34,992</u>	<u>(29,842)</u>	<u>96,294</u>	<u>75,453</u>
Total other liabilities	<u>91,144</u>	<u>34,992</u>	<u>(29,842)</u>	<u>96,294</u>	<u>75,453</u>
Total Business-type activities long-term liabilities	<u>16,951,815</u>	<u>56,892</u>	<u>(975,807)</u>	<u>16,032,900</u>	<u>692,579</u>
Total long-term Liabilities	<u>\$ 21,719,849</u>	<u>\$ 707,948</u>	<u>\$ (1,813,256)</u>	<u>\$ 20,614,541</u>	<u>\$ 1,263,895</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

Long-term debt at June 30, 2017 consists of the following:

GOVERNMENTAL ACTIVITIES

Revenue Bonds

The Sales Tax Revenue Bonds Series 2005 were issued for \$3,700,000 with interest at 3.75%. Debt service payments are made annually beginning December 2005 with the final payment due June 2025. 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 debt service is secured by sales tax revenues of the City but paid from road funds.

\$ 1,443,620

The Sales Tax Revenue Bonds Series 2016 were issued for \$2,600,000 with a rate between 1% and 2.45%. Debt service payments are made semi-annually beginning September 2016 with the final payment due March 2031. The liability is in the Governmental funds for the new Public Safety Building. The debt service is paid from sales tax revenues of the City and public safety impact fees.

2,443,000

Total Revenue Bonds - Governmental Activities

\$ 3,886,620

Notes Payable

The 2013 PRWUA Note Payable consisted of \$100,000 in debt issued for the purchase of Lindon View Park property. Debt service payments are made annually with interest at 0% from park impact fee revenues.

\$ 50,000

Total Notes Payable - Governmental Activities

\$ 50,000

Capital Leases

2016 Police Vehicle Lease was issued for original amount of \$79,894, with lease payments due in annual installments ranging from \$16,040 to \$17,743 including interest at 2.4% beginning March 2016, with the final payment due March 2020. The principal and interest payments are made from the General Fund revenues. The lease was used to finance police vehicles and replaced a prior police vehicle lease for vehicles that were traded in.

\$ 45,899

2017 Police Vehicle Lease was issued for original amount of \$521,780, with lease payments due in annual installments of \$108,997 including interest at 2.69% beginning February 2017, with the final payment due February 2021. The principal and interest payments are made from the General Fund revenues. The lease was used to finance police vehicles and replaced a prior police vehicle lease for vehicles that were traded in.

410,448

Total Capital Leases - Governmental Activities

\$ 456,347

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES

Revenue Bonds

The Water Revenue Bonds, Series 2006, were issued for \$256,000 with interest at 5.0%. The bonds were issued to finance replacement of the waterline along 400 North Street. Debt service payments are made annually beginning September 2006 with the final payment due September 2016. Debt service payments are made from the revenues of the Water fund. \$ -

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 interest at 3.222% beginning February 2008 with the final payment due February 2047. Debt service payments are made from the revenues of the Water fund. 2,712,815

The Sales Tax Revenue Bonds, Series 2005, were issued for \$3,700,000 with interest at 3.75%. Debt service payments are made annually beginning December 2005 with the final payment due June 2025. The liability is split between Governmental and Proprietary funds in order to help finance the road, water and storm water improvements of 700 North west of Geneva Road. The debt service is paid from sales tax revenues of the City and impact fees. 368,381

The Sales Tax Revenue Bonds, Series 2008, were issued in the amount of \$9,565,000 with coupon rates between 3.75% and 5.0%. Debt service is due in semi-annual installments beginning in July 2009 with the final payment due July 2033. Payments after July 2018 were refunded in advance using the proceeds of the Sales Tax Revenue Bonds, Series 2015. The principal portion refunded in advance and still outstanding as of the end of this fiscal year is \$7,030,000. Proceeds from the Series 2015 bond remain in escrow until the Series 2008 bonds can be called and refunded. This bond was issued to pay for the Aquatics Center. Debt service payments are made from sales tax revenues of the City. 630,000

The Waste Water Revenue Bonds Series 2011 consisted of \$3,000,000 with interest at 2.5%. The bonds were issued to finance additions and improvements to the waste water system. Debt service payments are made annually beginning July 2011 with the final payment due July 2031. Debt service payments are expected to be made from the Waste Water fund revenues and impact fees. 2,251,000

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Revenue Bonds (Continued)

The Sales Tax Revenue Refunding Bonds, Series 2015, were issued in the amount of \$7,470,000 with coupon rates between 2.0 and 4.0%. Debt service is due in semi-annual installments beginning July 2015 with the final payment due July 2033. This bond was issued to partially refund in advance the Sales Tax Revenue Bonds, Series 2008, which were originally issued to pay for the Aquatics Center. The total debt service refunded in advance was anticipated to be \$12,550,133, and total debt service for the new debt is \$12,065,423. The present value of debt service savings from the advance refunding is \$367,063. Debt service payments are expected to be made from the sales tax revenues of the City.

\$ 7,295,000

Total Revenue Bonds - Business-type Activities

\$ 13,257,196

Notes Payable

The 2010 Orem Sewer Expansion Note Payable consisted of \$2,217,241 principal with interest at 0%. The debt was issued to finance construction to increase waste water discharge capacity related to the expansion of the City of Orem's Water Reclamation Facility, with which the City contracts to process its waste water. Debt service payments are made annually beginning February 2013 with the final payment due February 2032. Debt service payments are made from the revenues of the Waste Water fund and impact fees.

\$ 1,663,351

The UIA Notes Payable consists of \$391,550 of debt payable to UIA for hookup costs of Lindon City residents to the fiber optic network, payable in monthly installments of \$25-\$30 over 10 or 20 years with interest between 6-8%. The City has recorded notes receivable from the Lindon City residents in the same amount. \$21,900 of new notes were added during the year under the same terms. The last note comes due in July 2036. The amounts payable to UIA are paid by Lindon City residents.

391,550

Total Notes Payable - Business-type Activities

\$ 2,054,901

Capital Leases

2014 Street Sweeper Lease was issued for original amount of \$197,750, with lease payments due in annual installments totaling \$42,798 including interest at 2.69% with payments beginning August 2014, with the final payment due August 2018. The principal and interest payments are made from the Storm Water fund revenues.

\$ 82,262

Total Capital Leases - Business-type Activities

\$ 82,262

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, both principal and interest, for long-term debt is as follows:

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2018	\$ 314,747	\$ 94,260
2019	323,120	86,775
2020	331,494	78,776
2021	339,867	70,273
2022-2026	1,632,392	202,375
2027-2031	945,000	42,402
Total	<u>\$ 3,886,620</u>	<u>\$ 574,861</u>

Year Ending June 30,	Governmental Activities Notes Payable	
	Principal	Interest
2018	\$ 10,000	\$ -
2019	10,000	-
2020	10,000	-
2021	10,000	-
2022	10,000	-
Total	<u>\$ 50,000</u>	<u>\$ -</u>

Year Ending June 30,	Governmental Activities Capital Leases
2018	\$ 127,372
2019	125,037
2020	125,037
2021	<u>108,997</u>
Total minimum lease payments	486,443
Less: amount representing interest	<u>(30,096)</u>
Present value of net minimum lease payments	<u>\$ 456,347</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

Year Ending June 30,	Business-type Activities	
	Revenue Bonds	
	Principal	Interest
2018	\$ 445,251	\$ 452,271
2019	594,649	432,465
2020	617,105	408,715
2021	633,618	392,171
2022-2026	3,411,559	1,656,788
2027-2031	3,807,159	1,034,661
2032-2036	2,446,197	369,548
2037-2041	535,754	176,266
2042-2046	627,807	84,213
2047	138,097	4,449
	13,257,196	\$ 5,011,547
Plus: unamortized premium	542,247	
Total revenues bonds	\$ 13,799,443	

Year Ending June 30,	Business-type Activities	
	Notes Payable	
	Principal	Interest
2018	\$ 131,290	\$ 28,973
2019	135,544	27,314
2020	137,325	25,533
2021	139,238	23,620
2022-2026	680,736	89,335
2027-2031	686,499	41,695
2032-2036	144,097	3,616
2037	172	28
	\$ 2,054,901	\$ 240,115

Year Ending June 30,	Business-type
	Activities
	Capital Leases
2018	\$ 42,798
2019	42,798
Total minimum lease payments	85,596
Less: amount representing interest	(3,334)
Present value of net minimum lease payments	\$ 82,262

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

Assets acquired by capital lease for the year ended June 30, 2017, are as follows:

	Governmental Activities
Asset:	
Vehicles	\$ 601,674
Less: accumulated depreciation	(50,832)
Total	<u>\$ 550,842</u>
	Business-Type Activities
Asset:	
Water Meters	\$ 450,159
Less: accumulated depreciation	(67,587)
Total	<u>\$ 382,572</u>

Pledges of future revenues

The City has pledged various revenues as part of debts issued by the City. Information concerning the pledge revenues, by type, is shown below for the year ended June 30, 2017:

	Sales Taxes	Water Revenues	Sewer Revenues
Total future revenues pledged over the life of the debts	\$ 15,702,612	\$ 4,272,262	\$ 2,755,350
Revenues for the year ended June 30, 2017	\$ 3,904,527	\$ 2,054,893	\$ 1,725,118
Payments on debt from pledged revenues for the year ended June 30, 2017	\$ 1,103,070	\$ 175,557	\$ 192,850
Percent of current year revenues to total pledged revenues	25%	48%	63%

Conduit Debt

Lindon City has issued one industrial development revenue bond. This limited-obligation bond is for the express purpose of providing capital financing for the third party listed below. Although conduit debt obligations bear the name of Lindon City, the City has no obligation for the debt. The debt service payments are made monthly by the borrower directly to the lender.

Interstate Gratings Project West Ridge Investments borrowed \$3,500,000 at an interest rate of 4.75% on December 19, 2008 to fund the acquisition, construction and equipment of property. The amount of principal outstanding as of June 30, 2017 based on the amortization schedule is \$2,400,729. These bonds mature on December 10, 2018.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS

Plan Description

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

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Benefits Provided

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

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

* With actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases no met may be carried forward to subsequent years.

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2017 are as follows:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Utah Retirement Systems	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	14.91%	1.78%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	N/A	22.50%	1.33%
Noncontributory			
43 - Other Division A with 2.5% COLA	N/A	34.04%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	11.83%	12.00%

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

For fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 312,054	N/A
Public Safety System	298,555	\$ -
Tier 2 Public Employees System	<u>32,573</u>	<u>-</u>
 Total Contributions	 <u>\$ 643,182</u>	 <u>\$ -</u>

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

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

At June 30, 2017, we reported a net pension asset of \$0 and a net pension liability of \$2,311,839.

	<u>(Measurement Date): December 31, 2016</u>			<u>Proportionate Share December 31, 2015</u>	<u>Change (Decrease)</u>
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>		
Noncontributory System	\$ -	\$ 1,196,438	0.1863255%	0.1868318%	(0.0005063)%
Public Safety System	-	1,112,867	0.5484060%	0.5285686%	0.0198374%
Tier 2 Public Employees System	<u>-</u>	<u>2,534</u>	0.0227181%	0.0286081%	(0.0058900)%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 2,311,839</u>			

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, we recognized pension expense of \$775,285.

At June 30, 2017 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,988	\$ 124,983
Changes in assumptions	356,296	77,967
Net difference between projected and actual earnings on pension plan	501,089	147,481
Changes in proportion and differences between contributions and	38,565	3,480
Contributions subsequent to the measurement date	<u>322,075</u>	<u>-</u>
Total	<u>\$ 1,244,013</u>	<u>\$ 353,911</u>

\$322,075 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2017	\$ 166,347
2018	193,636
2019	225,211
2020	(18,005)
2021	73
Thereafter	763

Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Inflation	2.60 Percent
Salary increases	3.35 – 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actual experience study for the five year period ending December 31, 2013. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.60%
	Expected arithmetic nominal return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 2,478,228	\$ 1,196,438	\$ 126,854
Public Safety System	2,314,512	1,112,867	136,094
Tier 2 Public Employees System	17,249	2,534	(8,660)
Total	<u>\$ 4,809,989</u>	<u>\$ 2,311,839</u>	<u>\$ 254,288</u>

Pension Plan Fiduciary Net Position

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

Defined Contributions Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457 (b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Lindon City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- * 401(k) Plan
- * 457 (b) Plan
- * Roth IRA Plan
- * Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid Contributions</u>
Defined Contribution System:			
457 Plan	2017	\$ 32,106	\$ -
	2016	43,517	-
	2015	56,681	-
401(k) Plan	2017	116,011	113,579
	2016	126,100	116,591
	2015	131,924	136,330
Roth IRA Plan	2017	500	N/A
	2016	4,097	N/A
	2015	10,273	N/A
Traditional IRA Plan	2017	6,771	N/A
	2016	4,062	N/A
	2015	-	N/A

NOTE 10 – REDEVELOPMENT AGENCY

For the year ended June 30, 2017, the following activity occurred in the Lindon City Redevelopment Agency:

Tax increment collected from taxing agencies for project areas as follows:

State Street	\$ 206,520
District #3	-
Total tax increment collected	<u><u>\$ 206,520</u></u>

Amounts expended for:

Site improvements and preparation costs	\$ 316,342
Administrative costs	57,736
Tax increment paid to other entities	-
Transfers out for capital improvements	442,010
Total amounts expended by RDA	<u><u>\$ 816,088</u></u>

Outstanding bonds and loans to finance RDA projects	<u><u>\$ -</u></u>
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NOTE 11 – COMMITMENTS AND CONTINGENCIES

The City had two outstanding commitments as of June 30, 2017. Those were with Ivory Homes for the construction of sewer lift building with an estimated cost to the City of \$1,200,000 and Staker Parsons Companies for street maintenance projects with a cost to the City of \$727,026 after year end.

NOTE 12 – INTERLOCAL AGREEMENTS

The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Agency (UTOPIA), an interlocal cooperative agreement organized under the laws of the State of Utah.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 – INTERLOCAL AGREEMENTS (Continued)

UTOPIA was created to design, finance, build, operate, and maintain an open, wholesale, public and telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA issues annual audited financial statements which are available either from UTOPIA or the Utah State Auditor.

The City is a pledging member who has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In December 2011, UTOPIA issued an \$185,000,000 revenue refunding bond, which will become due in June 2040. The debt service payments will be made by the 11 pledging members according to their respective percentages up to a specific dollar amount. The City's percentage of the Debt Service Reserve shortfall is 3.08% with a yearly liability limit set at a maximum of \$436,251 for the coming year ended June 30, 2018. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

The City has made the pledged payments to UTOPIA for debt service beginning in fiscal year 2010. Pledge payments made during the year ended June 30, 2017 totaled \$428,410. The aggregate amount of pledges paid to UTOPIA totals \$2,953,944 as of June 30, 2017. This amount (plus accrued interest of \$81,999) has been recorded as a note payable by UTOPIA to the City. The City believes that repayment is unlikely and has expensed the amounts as incurred.

The City is also one of eight founding members of the Utah Infrastructure Agency (UIA), an interlocal cooperative agreement organized in July of 2010 under the laws of the State of Utah. Like UTOPIA, UIA was organized to provide for acquisition, construction, and installation of advanced communication lines, improvements, and facilities. The City has pledged franchise tax revenues to ensure that UIA fulfills its revenue requirement from the bond agreements, which is that UIA must have revenue equal to the operations and maintenances expenses and the capital costs in a fiscal year. In the event that there is an operations expense (OpEx) shortfall, the City has agreed to lend UIA its franchise tax revenues. The percentage of the City's share of the shortfall pledge is 3.35% with a yearly liability limit set at a maximum of \$172,516. The City has agreed by resolution to loan some funding to UIA to cover a portion of their OpEx shortfall. Pledge payments made for the OpEx shortfall during the years ended June 30, 2017 and 2016 totaled \$0 and \$0, respectively. The aggregate amount of OpEx pledges paid to UIA totals \$118,155 as of June 30, 2017. This amount (plus accrued interest of \$3,137) has been recorded as a note payable by UIA to the City. The City believes that repayment is unlikely and has expensed the amounts as incurred. UIA's annual audited financial statements are available either from UIA or the Utah State Auditor.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss including third party claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured by Utah Local Government Trust for liability and property.

Real property is either self-insured or insured through commercial policies. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City.

The City is insured by Utah Local Government Trust for worker's compensation claims. The coverage is \$100,000 per incident with no deductible. No claims exceeded this coverage in any of the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

LINDON CITY CORPORATION
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
December 31, 2016
Last 10 Fiscal Years *

	Year Ended December 31,	Noncontributory Retirement System	Public Safety System	Tier 2 Public Employees Retirement
Proportion of the net pension liability (asset)	2014	0.1806246%	0.5264068%	0.0280976%
	2015	0.1868318%	0.5285686%	0.0286081%
	2016	0.1863255%	0.5484060%	0.0227181%
Proportionate share of the net pension liability (asset)	2014	\$ 784,315	\$ 662,000	\$ (851)
	2015	\$ 1,057,185	\$ 946,799	\$ (62)
	2016	\$ 1,196,438	\$ 1,112,867	\$ 2,534
Covered-employee payroll	2014	\$ 1,539,768	\$ 947,778	\$ 138,033
	2015	\$ 1,598,054	\$ 969,178	\$ 184,788
	2016	\$ 1,655,471	\$ 1,023,039	\$ 186,305
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2014	50.90%	69.80%	-0.60%
	2015	66.15%	97.69%	-0.03%
	2016	72.27%	108.78%	1.36%
Plan fiduciary net position as a percentage percentage of its covered-employee payroll	2014	90.2%	90.5%	103.5%
	2015	87.8%	87.1%	100.2%
	2016	87.3%	86.5%	95.1%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The schedule will need to be built prospectively.

LINDON CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2017
Last 10 Fiscal Years *

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 263,744	\$ 263,744	\$ -	\$ 1,531,094	17.23%
	2015	289,568	289,568	-	1,569,067	18.45%
	2016	301,261	301,261	-	1,631,346	18.47%
	2017	312,054	312,054	-	1,689,520	18.47%
Public Safety System	2014	\$ 243,575	\$ 243,575	\$ -	\$ 919,147	26.50%
	2015	271,983	271,983	-	966,099	28.15%
	2016	271,935	271,935	-	974,419	27.91%
	2017	298,555	298,555	-	1,034,039	28.87%
Tier 2 Public Employees System*	2014	\$ 12,233	\$ 12,233	\$ -	\$ 87,438	13.99%
	2015	26,830	26,830	-	179,586	14.94%
	2016	25,121	25,121	-	168,485	14.91%
	2017	32,573	32,573	-	218,462	14.91%

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The schedule will need to be built prospectively. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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

LINDON CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

Changes of Assumptions

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

SUPPLEMENTAL INFORMATION

LINDON CITY CORPORATION
**COMBINING BALANCE SHEET – NON-MAJOR
GOVERNMENTAL FUNDS**
June 30, 2017

	Special Revenue Fund	Capital Projects Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	P.A.R.C. Tax Fund	Road Capital Projects	General Capital Projects	
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,297,369	\$ -	\$ 1,297,369
Accounts receivable	109,877	108,686	-	218,563
Restricted cash and cash equivalents	474,833	355,879	606,749	1,437,461
Due from other funds	-	-	-	-
Total Assets	\$ 584,710	\$ 1,761,934	\$ 606,749	\$ 2,953,393
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,721	\$ 286,788	\$ 8,808	\$ 319,317
Developer and customer deposits	-	131,651	-	131,651
Due to other funds	2,500	-	-	2,500
Total Liabilities	26,221	418,439	8,808	453,468
Fund Balances:				
Restricted for:				
Impact fees and future development	-	355,879	597,941	953,820
Assigned, reported in:				
P.A.R.C. tax fund	558,489	-	-	558,489
Capital projects	-	987,616	-	987,616
Total Fund Balances	558,489	1,343,495	597,941	2,499,925
Total Liabilities and Fund Balances	\$ 584,710	\$ 1,761,934	\$ 606,749	\$ 2,953,393

LINDON CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NON-MAJOR
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2017

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	P.A.R.C. Tax Fund	Road Capital Projects	General Capital Projects	
Revenues:				
Intergovernmental	\$ -	\$ 443,368	\$ -	\$ 443,368
Impact fees	-	60,975	154,500	215,475
P.A.R.C. Tax	545,149	-	-	545,149
Interest	5,662	3,271	7,073	16,006
Miscellaneous	-	3,451	-	3,451
Total Revenues	550,811	511,065	161,573	1,223,449
Expenditures:				
Current:				
Highways and public improvements	-	517,376	-	517,376
Parks and recreation	301,924	-	-	301,924
Capital outlay	-	-	248,087	248,087
Total Expenditures	301,924	517,376	248,087	1,067,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	248,887	(6,311)	(86,514)	156,062
Other Financing Sources (Uses):				
Transfers in	-	1,563,332	5,000	1,568,332
Transfers out	(134,300)	(213,526)	(27,071)	(374,897)
Total Other Financing Sources (Uses)	(134,300)	1,349,806	(22,071)	1,193,435
Net Change in Fund Balances	114,587	1,343,495	(108,585)	1,349,497
Fund Balances, Beginning	443,902	-	706,526	1,150,428
Fund Balances, Ending	\$ 558,489	\$ 1,343,495	\$ 597,941	\$ 2,499,925

LINDON CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – MAJOR
GOVERNMENTAL FUND – DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Expenditures:				
General government	427,697	427,697	427,697	-
Debt service:				
Principal	319,170	319,170	319,170	-
Interest	104,162	103,862	103,862	-
Total Expenditures	851,029	850,729	850,729	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(851,029)	(850,729)	(850,729)	-
Other Financing Sources (Uses):				
Transfers in	851,029	850,729	850,729	-
Total Other Financing Sources (Uses)	851,029	850,729	850,729	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

LINDON CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – MAJOR
GOVERNMENTAL FUND – CAPITAL PROJECTS FUND PUBLIC
SAFETY BUILDING

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Interest	\$ -	\$ 4,840	\$ 4,891	\$ 51
Total Revenues	-	4,840	4,891	51
Expenditures:				
Capital outlay	2,949,235	2,672,050	2,672,228	(178)
Total Expenditures	2,949,235	2,672,050	2,672,228	(178)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,949,235)	(2,667,210)	(2,667,337)	(127)
Other Financing Sources (Uses):				
Transfers in	367,010	-	-	-
Transfers out	-	(61,227)	(61,100)	127
Total Other Financing Sources (Uses)	367,010	(61,227)	(61,100)	127
Net Change in Fund Balances	(2,582,225)	(2,728,437)	(2,728,437)	-
Fund Balances, Beginning	2,728,437	2,728,437	2,728,437	-
Fund Balances, Ending	\$ 146,212	\$ -	\$ -	\$ -

LINDON CITY CORPORATION
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACUTAL – NON-MAJOR
GOVERNMENTAL FUND – P.A.R.C. TAX SPECIAL REVENUE FUND**
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
P.A.R.C. Tax	\$ 510,000	\$ 510,000	\$ 545,149	\$ 35,149
Interest	2,400	5,600	5,662	62
Total Revenues	<u>512,400</u>	<u>515,600</u>	<u>550,811</u>	<u>35,211</u>
Expenditures:				
Parks and recreation	324,150	400,900	301,924	98,976
Total Expenditures	<u>324,150</u>	<u>400,900</u>	<u>301,924</u>	<u>98,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>188,250</u>	<u>114,700</u>	<u>248,887</u>	<u>134,187</u>
Other Financing Sources (Uses):				
Transfers out	(80,100)	(134,300)	(134,300)	-
Total Other Financing Sources (Uses)	<u>(80,100)</u>	<u>(134,300)</u>	<u>(134,300)</u>	<u>-</u>
Net Change in Fund Balances	108,150	(19,600)	114,587	134,187
Fund Balances, Beginning	<u>443,902</u>	<u>443,902</u>	<u>443,902</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 552,052</u>	<u>\$ 424,302</u>	<u>\$ 558,489</u>	<u>\$ 134,187</u>

LINDON CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – MAJOR
GOVERNMENTAL FUND – ROAD CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 415,000	\$ 400,000	\$ 443,368	\$ 43,368
Impact fees	20,000	60,975	60,975	-
Interest	1,500	3,000	3,271	271
Miscellaneous	-	87,730	3,451	(84,279)
Total Revenues	<u>436,500</u>	<u>551,705</u>	<u>511,065</u>	<u>(40,640)</u>
Expenditures:				
Current:				
Highways and public improvements	<u>664,000</u>	<u>1,059,000</u>	<u>517,376</u>	<u>541,624</u>
Total Expenditures	<u>664,000</u>	<u>1,059,000</u>	<u>517,376</u>	<u>541,624</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(227,500)</u>	<u>(507,295)</u>	<u>(6,311)</u>	<u>500,984</u>
Other Financing Sources (Uses):				
Transfers in	150,000	750,000	1,563,332	813,332
Transfers out	<u>(213,526)</u>	<u>(213,526)</u>	<u>(213,526)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(63,526)</u>	<u>536,474</u>	<u>1,349,806</u>	<u>813,332</u>
Net Change in Fund Balances	<u>(291,026)</u>	<u>29,179</u>	<u>1,343,495</u>	<u>1,314,316</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (291,026)</u>	<u>\$ 29,179</u>	<u>\$ 1,343,495</u>	<u>\$ 1,314,316</u>

LINDON CITY CORPORATION
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – NON-MAJOR
GOVERNMENTAL FUND – GENERAL CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Impact Fees	\$ 180,000	\$ 159,000	\$ 154,500	\$ (4,500)
Interest	4,000	7,000	7,073	73
Total Revenues	<u>184,000</u>	<u>166,000</u>	<u>161,573</u>	<u>(4,427)</u>
Expenditures:				
Capital outlay	<u>155,000</u>	<u>323,000</u>	<u>248,087</u>	<u>74,913</u>
Total Expenditures	<u>155,000</u>	<u>323,000</u>	<u>248,087</u>	<u>74,913</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,000</u>	<u>(157,000)</u>	<u>(86,514)</u>	<u>70,486</u>
Other Financing Sources (Uses):				
Transfers in	-	5,000	5,000	-
Transfers out	<u>(10,000)</u>	<u>(27,070)</u>	<u>(27,071)</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(22,070)</u>	<u>(22,071)</u>	<u>(1)</u>
Net Change in Fund Balances	19,000	(179,070)	(108,585)	70,485
Fund Balances, Beginning	<u>706,526</u>	<u>706,526</u>	<u>706,526</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 725,526</u></u>	<u><u>\$ 527,456</u></u>	<u><u>\$ 597,941</u></u>	<u><u>\$ 70,485</u></u>

LINDON CITY CORPORATION
**COMBINING STATEMENT OF NET POSITION – NON-MAJOR
 PROPRIETARY FUNDS**
 June 30, 2017

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 110,457	\$ -	\$ 110,457
Accounts receivable, net	37,362	4,743	42,105
Total Current Assets	147,819	4,743	152,562
Noncurrent Assets:			
Notes receivable	-	391,550	391,550
Capital assets, net of accumulated depreciation:			
Telecom Infrastructure	-	130,959	130,959
Total Noncurrent Assets	-	522,509	522,509
Total Assets	\$ 147,819	\$ 527,252	\$ 675,071
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 60,778	\$ -	\$ 60,778
Due to other funds	-	1,517	1,517
Current portion of long-term debt	-	20,512	20,512
Total Current Liabilities	60,778	22,029	82,807
Noncurrent Liability			
Long-term debt, net of current portion	-	371,038	371,038
Total Noncurrent Liability	-	371,038	371,038
Total Liabilities	60,778	393,067	453,845
Net Position:			
Net investment in capital assets	-	130,959	130,959
Unrestricted	87,041	3,226	90,267
Total Net Position	87,041	134,185	221,226
Total Liabilities and Net Position	\$ 147,819	\$ 527,252	\$ 675,071

LINDON CITY CORPORATION
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – NON-MAJOR PROPRIETARY FUNDS**
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Operating Revenues:			
Service fees	\$ 404,744	\$ 52,614	\$ 457,358
Total Operating Revenues	404,744	52,614	457,358
Operating Expenses:			
Salaries and wages	16,000	2,500	18,500
Materials, supplies, and services	414,985	50,512	465,497
Depreciation expense	-	3,718	3,718
Total Operating Expenses	430,985	56,730	487,715
Operating Income (loss)	(26,241)	(4,116)	(30,357)
Income (Loss) Before Transfers and Capital Contributions	(26,241)	(4,116)	(30,357)
Capital contributions	-	54,200	54,200
Changes in Net Position	(26,241)	50,084	23,843
Net Position, Beginning	113,282	84,101	197,383
Net Position, Ending	\$ 87,041	\$ 134,185	\$ 221,226

LINDON CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS – NON-MAJOR
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 408,203	\$ 52,524	\$ 460,727
Payments to suppliers	(388,811)	(53,245)	(442,056)
Payments to employees and related benefits	(16,000)	(2,500)	(18,500)
Net cash from operating activities	3,392	(3,221)	171
Cash Flows From Non-Capital Financing Activities:			
Loans from (payments to) other funds	-	1,517	1,517
Payments received on note from residents	-	37,734	37,734
Principal paid on note for residential connections	-	(37,734)	(37,734)
Net cash from non-capital financing activities	-	1,517	1,517
Net Increase (Decrease) In Cash	3,392	(1,704)	1,688
Cash and Cash Equivalents At Beginning of Year	107,065	1,704	108,769
Cash and Cash Equivalents At End of Year	\$ 110,457	\$ -	\$ 110,457
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (26,241)	\$ (4,116)	\$ (30,357)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	-	3,718	3,718
(Increase) Decrease in accounts receivable	3,459	(90)	3,369
Increase (Decrease) in accounts payable	26,174	(2,733)	23,441
Net cash from operating activities	\$ 3,392	\$ (3,221)	\$ 171
Noncash investing, capital, and financing activities:			
Contributions from developers	\$ -	\$ 54,200	\$ 54,200
Increase to UIA notes payable and receivable	-	21,900	21,900

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STATISTICAL SECTION

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 23,800,677	\$ 24,554,661	\$ 25,173,729	\$ 26,642,523	\$ 25,894,349	\$ 26,348,062	\$ 26,013,206	\$ 24,567,459	\$ 25,248,679	\$ 28,030,072
Restricted	2,160,894	1,919,213	3,681,647	3,288,071	3,337,296	1,099,461	1,242,928	1,155,176	2,707,164	1,376,659
Unrestricted	3,804,641	2,717,139	974,579	801,307	762,567	3,143,717	2,415,698	2,266,253	2,645,842	2,804,238
Total governmental activities net assets	29,768,220	29,191,013	29,829,955	30,731,901	29,994,212	30,591,240	29,671,832	27,988,888	30,601,685	32,210,969
Business-type activities										
Net investment in capital assets	27,429,937	28,615,934	29,147,158	28,625,987	29,440,855	31,648,427	32,039,492	31,811,173	32,657,968	35,132,617
Restricted	1,169,959	1,277,978	1,142,918	1,265,871	984,830	1,189,253	1,188,889	823,261	1,142,178	1,245,734
Unrestricted	1,871,422	988,636	1,283,993	2,687,594	2,542,313	893,512	1,173,286	2,739,612	2,913,077	2,921,651
Total business-type activities net assets	30,471,318	30,882,548	31,574,069	32,579,452	32,967,998	33,731,192	34,401,667	35,374,046	36,713,223	39,300,002
Primary government										
Net investment in capital assets	51,230,614	53,170,595	54,320,887	55,268,510	55,335,204	57,996,489	58,052,698	56,378,632	57,906,647	63,162,689
Restricted	3,330,853	3,197,191	4,824,565	4,553,942	4,322,126	2,288,714	2,431,817	1,978,437	3,849,342	2,622,393
Unrestricted	5,676,063	3,705,775	2,258,572	3,488,901	3,304,880	4,037,229	3,588,984	5,005,865	5,558,919	5,725,889
Total primary government net assets	<u>\$ 60,237,530</u>	<u>\$ 60,073,561</u>	<u>\$ 61,404,024</u>	<u>\$ 63,311,353</u>	<u>\$ 62,962,210</u>	<u>\$ 64,322,432</u>	<u>\$ 64,073,499</u>	<u>\$ 63,362,934</u>	<u>\$ 67,314,908</u>	<u>\$ 71,510,971</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 2,336,916	\$ 2,290,386	\$ 2,557,443	\$ 2,379,690	\$ 2,739,323	\$ 2,903,618	\$ 3,158,062	\$ 2,725,191	\$ 2,218,700	\$ 2,488,369
Public Safety	2,564,032	3,620,281	3,463,961	3,443,846	3,570,719	3,718,666	3,685,970	3,861,734	3,979,670	4,231,015
Streets and Highways	1,837,792	2,945,905	2,291,864	2,235,869	2,329,918	2,250,021	2,209,585	2,054,293	1,603,555	2,205,908
Parks and recreation	637,136	490,080	456,958	476,011	469,752	490,908	735,528	857,127	871,990	275,909
Interest on long-term debt	269,622	235,390	207,195	178,414	164,534	130,456	118,558	95,433	148,817	104,902
Total governmental activities expenses	<u>7,645,498</u>	<u>9,582,042</u>	<u>8,977,420</u>	<u>8,713,830</u>	<u>9,274,246</u>	<u>9,493,669</u>	<u>9,907,703</u>	<u>9,593,778</u>	<u>8,822,732</u>	<u>9,306,103</u>
Business-type activities:										
Water Utility	1,166,207	1,128,159	1,070,405	1,118,571	1,032,175	1,175,460	1,174,078	1,291,078	1,644,391	1,849,385
Waste Water	891,194	912,420	892,513	774,933	943,929	959,522	1,028,189	1,307,048	1,654,403	1,878,391
Storm Water	471,950	462,119	525,849	512,750	492,691	775,143	568,308	640,826	782,488	823,354
Solid Waste	306,921	340,770	340,546	370,620	354,845	338,739	385,960	388,263	406,167	430,985
Recreation	-	495,790	1,199,893	1,225,602	1,297,679	1,369,782	1,519,649	1,556,772	1,479,852	1,499,587
Telecommunications	-	-	-	-	-	44,421	43,905	43,066	55,452	56,730
Total business-type activities expenses	<u>2,836,272</u>	<u>3,339,258</u>	<u>4,029,206</u>	<u>4,002,476</u>	<u>4,121,319</u>	<u>4,663,067</u>	<u>4,720,089</u>	<u>5,227,053</u>	<u>6,022,753</u>	<u>6,538,432</u>
Total primary government expenses	<u>\$ 10,481,770</u>	<u>\$ 12,921,300</u>	<u>\$ 13,006,626</u>	<u>\$ 12,716,306</u>	<u>\$ 13,395,565</u>	<u>\$ 14,156,736</u>	<u>\$ 14,627,792</u>	<u>\$ 14,820,831</u>	<u>\$ 14,845,485</u>	<u>\$ 15,844,535</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,057,794	\$ 768,689	\$ 911,640	\$ 852,252	\$ 769,361	\$ 956,700	\$ 1,069,810	\$ 1,528,161	\$ 1,401,679	\$ 1,231,826
Parks and recreation	-	-	-	-	-	60,870	103,378	60,005	82,515	53,860
Operating grants and contributions	3,359,115	25,403	-	146,049	71,974	686,319	95,864	1,911,409	893,566	191,151
Capital grants and contributions	5,432,836	925,187	973,749	1,823,781	625,029	360,096	343,943	362,702	1,895,402	2,475,644
Total governmental activities revenues	<u>9,849,745</u>	<u>1,719,279</u>	<u>1,885,389</u>	<u>2,822,082</u>	<u>1,466,364</u>	<u>2,063,985</u>	<u>1,612,995</u>	<u>3,862,277</u>	<u>4,273,162</u>	<u>3,952,481</u>
Business-type activities:										
Charges for services:										
Water Utility	1,560,716	1,513,091	1,580,249	1,573,510	1,555,430	1,625,822	1,664,217	1,727,987	1,942,822	2,054,893
Waste Water	1,183,022	965,448	987,338	1,020,119	1,122,403	1,211,931	1,264,370	1,399,884	1,461,593	1,725,118
Storm Water	337,311	352,574	366,028	415,227	443,198	415,580	424,247	489,124	582,808	686,357
Solid Waste	316,397	354,429	366,157	369,809	391,982	382,234	415,724	420,807	431,193	404,744
Recreation	-	151,055	478,506	451,196	464,650	483,042	454,749	504,725	536,940	673,586
Telecommunications	-	-	-	-	-	41,869	46,043	49,051	53,818	52,614
Operating grants and contributions	-	-	560,000	87,850	11,210	-	63,401	5,835	24,357	5,450
Capital grants and contributions	4,400,922	1,087,238	511,953	900,476	270,673	1,040,780	543,489	1,492,425	1,469,940	1,927,297
Total business-type activities revenues	<u>7,798,368</u>	<u>4,423,835</u>	<u>4,850,231</u>	<u>4,818,187</u>	<u>4,259,546</u>	<u>5,201,258</u>	<u>4,876,240</u>	<u>6,089,838</u>	<u>6,503,471</u>	<u>7,530,059</u>
Total primary government program revenues	<u>\$ 17,648,113</u>	<u>\$ 6,143,114</u>	<u>\$ 6,735,620</u>	<u>\$ 7,640,269</u>	<u>\$ 5,725,910</u>	<u>\$ 7,265,243</u>	<u>\$ 6,489,235</u>	<u>\$ 9,952,115</u>	<u>\$ 10,776,633</u>	<u>\$ 11,482,540</u>
Net (Expense)/Revenue										
Governmental activities	\$ 2,204,247	\$ (7,862,763)	\$ (7,092,031)	\$ (5,891,748)	\$ (7,807,882)	\$ (7,429,684)	\$ (8,294,708)	\$ (5,731,501)	\$ (4,549,570)	\$ (5,353,622)
Business-type activities	4,962,096	1,084,577	821,025	815,711	138,227	538,191	156,151	862,785	480,718	991,627
Total primary govt net (expense)/revenue	<u>\$ 7,166,343</u>	<u>\$ (6,778,186)</u>	<u>\$ (6,271,006)</u>	<u>\$ (5,076,037)</u>	<u>\$ (7,669,655)</u>	<u>\$ (6,891,493)</u>	<u>\$ (8,138,557)</u>	<u>\$ (4,868,716)</u>	<u>\$ (4,068,852)</u>	<u>\$ (4,361,995)</u>

Schedule 2
Lindon City
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,020,414	\$ 2,119,754	\$ 2,973,029	\$ 2,880,001	\$ 2,930,475	\$ 3,124,819	\$ 3,164,300	\$ 2,252,637	\$ 2,165,857	\$ 2,234,295
Sales taxes	3,067,758	2,543,777	2,346,438	2,485,410	2,770,958	2,989,353	3,193,638	3,467,260	3,611,839	3,904,527
Franchise taxes	1,080,511	1,197,828	1,397,295	1,436,983	1,471,554	1,547,616	1,587,931	1,582,506	1,625,755	1,638,562
Other taxes	-	-	-	-	-	-	117,404	475,198	497,163	545,149
Earnings on investments	259,195	103,487	34,396	21,463	31,045	21,727	18,320	16,548	61,268	103,850
Miscellaneous	217,535	628,442	840,397	161,294	126,334	5,641	4,828	-	-	3,451
Gain (loss) on disposal of capital assets	12,254	-	8,230	(6,788)	(19,826)	-	6,448	(2,063,907)	56,495	123,575
Transfers In (Out)	42,914	685,097	130,603	(184,668)	(244,051)	(222,780)	(683,448)	(346,722)	(856,010)	(1,590,503)
Total governmental activities	<u>6,700,581</u>	<u>7,278,385</u>	<u>7,730,388</u>	<u>6,793,695</u>	<u>7,066,489</u>	<u>7,466,376</u>	<u>7,409,421</u>	<u>5,383,520</u>	<u>7,162,367</u>	<u>6,962,906</u>
Business-type activities										
Earnings on investments	40,660	33,512	5,113	5,004	6,265	2,223	1,427	959	2,449	4,649
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	45,000	-	-	-
Transfers In (Out)	(42,914)	(685,097)	(130,603)	184,668	244,051	222,780	683,448	346,722	856,010	1,590,503
Total business-type activities	<u>(2,254)</u>	<u>(651,585)</u>	<u>(125,490)</u>	<u>189,672</u>	<u>250,316</u>	<u>225,003</u>	<u>729,875</u>	<u>347,681</u>	<u>858,459</u>	<u>1,595,152</u>
Total primary government	<u>\$ 6,698,327</u>	<u>\$ 6,626,800</u>	<u>\$ 7,604,898</u>	<u>\$ 6,983,367</u>	<u>\$ 7,316,805</u>	<u>\$ 7,691,379</u>	<u>\$ 8,139,296</u>	<u>\$ 5,731,201</u>	<u>\$ 8,020,826</u>	<u>\$ 8,558,058</u>
Change in Net Position										
Governmental activities	\$ 8,904,828	\$ (584,378)	\$ 638,357	\$ 901,947	\$ (741,393)	\$ 36,692	\$ (885,287)	\$ (347,981)	\$ 2,612,797	\$ 1,609,284
Business-type activities	4,959,842	432,992	695,535	1,005,383	388,543	763,194	886,026	1,210,466	1,339,177	2,586,779
Total primary government	<u>\$ 13,864,670</u>	<u>\$ (151,386)</u>	<u>\$ 1,333,892</u>	<u>\$ 1,907,330</u>	<u>\$ (352,850)</u>	<u>\$ 799,886</u>	<u>\$ 739</u>	<u>\$ 862,485</u>	<u>\$ 3,951,974</u>	<u>\$ 4,196,063</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 150,228	\$ 21,199	\$ 57,285	\$ 2,897	\$ 35,053	\$ 3,500	\$ 3,500
Restricted	959,114	423,343	1,790,155	1,358,910	1,103,557	732,703	522,458	388,727	330,843	422,839
Assigned	-	-	-	-	-	-	-	-	490,959	-
Unassigned	2,967,147	2,178,775	860,501	762,679	991,942	1,322,074	1,049,337	1,733,178	2,404,141	2,093,489
Total general fund	3,926,261	2,602,118	2,650,656	2,271,817	2,116,698	2,112,062	1,574,692	2,156,958	3,229,443	2,519,828
All Other Governmental Funds										
Restricted	1,201,780	1,495,870	1,891,492	1,929,161	2,233,739	382,666	720,470	766,449	2,376,321	953,820
Committed	-	-	-	17,071	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,885,144	1,542,736	1,829,089	2,681,822	2,128,590
Unassigned	925,887	648,446	227,818	-	18,571	-	(15,952)	-	-	-
Total all other governmental funds	2,127,667	2,144,316	2,119,310	1,946,232	2,252,310	2,267,810	2,247,254	2,595,538	5,058,143	3,082,410
Total governmental funds	<u>\$ 6,053,928</u>	<u>\$ 4,746,434</u>	<u>\$ 4,769,966</u>	<u>\$ 4,218,049</u>	<u>\$ 4,369,008</u>	<u>\$ 4,379,872</u>	<u>\$ 3,821,946</u>	<u>\$ 4,752,496</u>	<u>\$ 8,287,586</u>	<u>\$ 5,602,238</u>

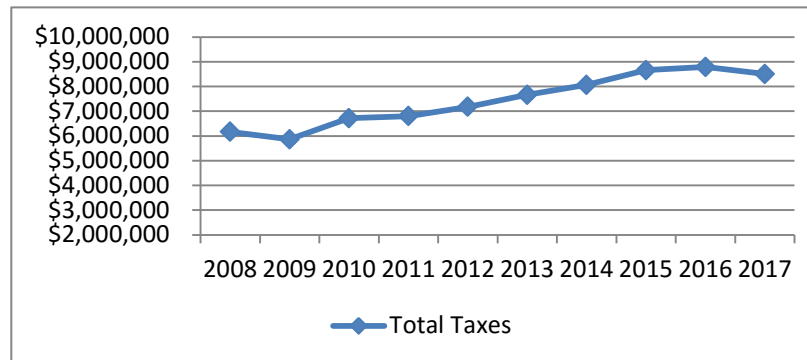
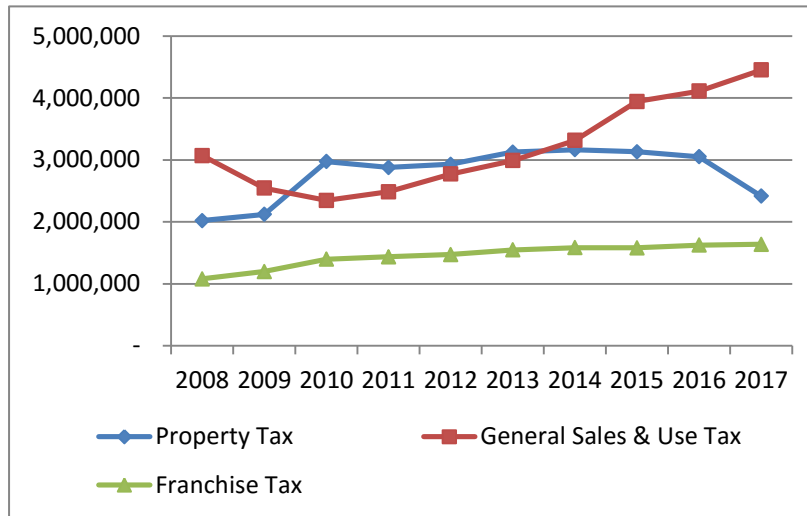
Schedule 4
Lindon City Corporation
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 6,168,683	\$ 5,861,359	\$ 6,716,762	\$ 6,802,394	\$ 7,172,987	\$ 7,662,067	\$ 8,076,758	\$ 7,777,601	\$ 7,900,725	\$ 8,322,906
Licenses, fees and permits	450,350	219,475	227,804	226,138	199,211	224,767	278,381	494,080	638,662	465,618
Intergovernmental	3,730,952	373,920	355,764	525,982	434,963	370,826	354,048	1,261,905	1,279,570	633,199
Charges for services	121,493	92,221	133,246	95,683	80,254	105,761	154,908	217,809	343,158	215,113
Fines and forfeitures	412,485	415,898	496,903	436,573	400,540	339,795	355,214	346,747	360,413	477,913
Impact fees	73,466	41,095	53,687	93,858	89,356	143,260	233,066	390,718	345,051	267,168
Miscellaneous revenue	497,203	731,929	900,783	182,757	157,379	231,284	174,755	155,360	203,118	235,290
Total revenues	11,454,632	7,735,897	8,884,949	8,363,385	8,534,690	9,077,760	9,627,130	10,644,220	11,070,697	10,617,207
Expenditures										
General government	2,022,439	2,108,076	2,375,009	2,213,932	2,583,957	2,786,458	3,049,019	2,677,529	2,171,958	2,086,646
Public Safety	2,559,545	3,491,239	3,310,791	3,310,792	3,427,846	3,999,640	3,638,227	4,312,240	3,908,473	4,516,973
Streets and public works	747,968	1,567,055	905,282	927,415	988,713	1,324,125	1,375,298	1,150,542	610,688	1,182,290
Parks and recreation	642,646	488,217	457,402	476,217	467,133	496,469	539,480	670,526	669,161	780,411
Capital outlay	3,822,209	1,381,344	724,246	1,175,916	126,842	474,506	339,106	119,007	1,728,490	3,236,657
Debt Service										
Principal retirement	936,148	891,651	996,074	868,256	527,273	788,873	559,268	1,111,604	316,303	733,098
Interest and fiscal charges	279,203	244,971	230,435	174,707	162,134	131,423	121,646	97,820	74,967	105,354
Cost of issuance	-	-	-	-	-	-	-	-	62,200	-
Total expenditures	11,010,158	10,172,553	8,999,239	9,147,235	8,283,898	10,001,494	9,622,044	10,139,268	9,542,240	12,641,429
Excess (deficiency) of revenues over (under) expenditures	444,474	(2,436,656)	(114,290)	(783,850)	250,792	(923,734)	5,086	504,952	1,528,457	(2,024,222)
Other Financing Sources (Uses)										
Issuance of new debt	-	425,305	6,633	416,601	34,295	528,029	73,436	480,520	2,679,894	521,780
Sale of capital assets	-	-	-	-	-	234,763	47,000	291,800	182,749	407,597
Transfers in	2,237,405	2,811,530	1,958,819	2,699,894	1,781,997	1,835,947	1,844,039	2,158,536	2,280,747	2,569,232
Transfers out	(2,194,491)	(2,126,433)	(1,828,216)	(2,884,562)	(2,026,048)	(2,058,727)	(2,527,487)	(2,505,258)	(3,136,757)	(4,159,735)
Grants and contributions	(47,143)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,229)	1,110,402	137,236	231,933	(209,756)	540,012	(563,012)	425,598	2,006,633	(661,126)
Net change in fund balances	\$ 440,245	\$ (1,326,254)	\$ 22,946	\$ (551,917)	\$ 41,036	\$ (383,722)	\$ (557,926)	\$ 930,550	\$ 3,535,090	\$ (2,685,348)
Ratio of total debt service to noncapital expenditures	16.9%	12.9%	14.8%	13.1%	8.5%	9.7%	7.3%	12.1%	5.0%	8.9%

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

Fiscal Year	Property Tax	General Sales & Use Tax	Franchise Tax	Total Taxes
2008	2,020,414	3,067,758	1,080,511	\$ 6,168,683
2009	2,119,755	2,543,776	1,197,828	\$ 5,861,359
2010	2,973,030	2,346,438	1,397,295	\$ 6,716,763
2011	2,878,835	2,485,409	1,436,983	\$ 6,801,227
2012	2,930,474	2,770,958	1,471,554	\$ 7,172,986
2013	3,124,819	2,989,633	1,547,626	\$ 7,662,078
2014	3,164,300	3,314,644	1,584,339	\$ 8,063,283
2015	3,131,900	3,942,822	1,582,143	\$ 8,656,865
2016	3,050,812	4,109,422	1,625,446	\$ 8,785,681
2017	2,415,598	4,450,674	1,637,937	\$ 8,504,209

Growth
2008-2017 19.6% 45.1% 51.6% 37.9%



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

Fiscal Year	Lindon City		Overlapping Rates			Total
	Direct Sales Tax Rate ^{(1) (2)}	PARC Tax Rate ⁽³⁾	State of Utah	Utah County	Mass Transit	
2008	1.0%	0.0%	4.65%	0.25%	0.55%	6.45%
2009	1.0%	0.0%	4.70%	0.25%	0.80%	6.75%
2010	1.0%	0.0%	4.70%	0.25%	0.80%	6.75%
2011	1.0%	0.0%	4.70%	0.25%	0.80%	6.75%
2012	1.0%	0.0%	4.70%	0.25%	0.80%	6.75%
2013	1.0%	0.0%	4.70%	0.25%	0.80%	6.75%
2014	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%
2015	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%
2016	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%
2017	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%

Source: Utah State Tax Commission

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.

⁽³⁾ Voters approved a 0.1% Park, Arts, Recreation and Cultural (PARC) Tax on November 5, 2013 that went into effect on April, 1, 2014.

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 & Construction	Other		
2008	256,024,717	56,551,923	46,944,458	50,740,470	\$ 410,261,568	1%
2009	218,810,059	45,984,925	60,869,742	30,776,417	\$ 356,441,143	1%
2010	216,897,067	64,638,082	28,835,790	30,533,444	\$ 340,904,383	1%
2011	223,198,565	64,910,551	39,324,699	32,026,714	\$ 359,460,529	1%
2012	249,327,384	68,335,065	49,508,795	29,203,084	\$ 396,374,328	1%
2013	285,626,210	78,171,468	40,215,298	37,243,410	\$ 441,256,386	1%
2014	311,749,521	91,164,931	33,762,415	38,560,217	\$ 475,237,084	1%
2015	319,110,005	104,604,811	40,837,189	52,218,615	\$ 516,770,620	1%
2016	324,193,529	113,830,281	43,740,546	62,012,789	\$ 543,777,145	1%
2017	383,722,565	99,735,831	36,438,104	63,178,993	\$ 583,075,493	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 Nine Years Ago

Taxpayer	2017			2008		
	Sales Tax⁽¹⁾	Rank	% of Total Sales Tax⁽¹⁾	Sales Tax⁽¹⁾	Rank	% of Total Sales Tax⁽¹⁾
Walmart Supercenter	N/A	1	N/A	N/A	1	N/A
Murdock Hyundai	N/A	2	N/A	N/A		-
Home Depot	N/A	3	N/A	N/A	2	N/A
Sunroc Corp.	N/A	4	N/A	N/A	4	-
Mercedes Benz of Lindon	N/A	5	N/A	N/A	5	N/A
Burton Lumber	N/A	6	N/A	N/A	6	N/A
Larry H. Miller Lexus of Lindon	N/A	7	N/A	N/A	7	N/A
BMC West	N/A	8	N/A	N/A		-
Roofers Supply	N/A	9	N/A	N/A	10	N/A
Wheeler Machinery	N/A	10	N/A	N/A	3	-
Low Book Sales	N/A		-	N/A	8	N/A
Utah Auto Sales	N/A		-	N/A	9	N/A
Total	<u>\$2,047,052</u>		<u>52.24%</u>	<u>\$ 1,561,793</u>		<u>51.75%</u>

Source: Utah State Tax Commission

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

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

Calendar Year ⁽¹⁾	Lindon City ⁽²⁾			Alpine School District	Utah County	Central Utah Water Conservancy District	Other	Total for District 80 ⁽³⁾	Northern Utah County Water Conservancy District	Total for District 85 ⁽³⁾
	General Fund	Debt Service Fund	Total							
2008	1.296	-	1.296	7.057	0.809	0.286	0.296	9.744	0.022	9.766
2009	1.686	-	1.686	7.541	0.878	0.400	0.325	10.830	0.024	10.854
2010	1.873	-	1.873	8.220	1.108	0.421	0.186	11.808	0.026	11.834
2011	2.080	-	2.080	8.812	1.143	0.436	0.199	12.670	0.028	12.698
2012	2.107	-	2.107	8.828	1.324	0.455	0.000	12.714	0.029	12.743
2013	2.043	-	2.043	8.699	1.259	0.446	0.000	12.447	0.028	12.475
2014	1.862	-	1.862	8.096	1.149	0.422	0.000	11.529	0.025	11.554
2015	1.741	-	1.741	8.177	0.870	0.405	0.000	11.193	0.024	11.217
2016	1.630	-	1.630	7.718	1.038	0.400	0.011	10.797	0.023	10.820
2017	1.451	-	1.451	7.167	0.959	0.400	0.010	9.987	0.021	10.008

Source: Utah County Treasurer

Note: Overlapping property tax rates are those of other governments and agencies that apply to property owners within the City. Property taxes are assessed, collected and distributed to the appropriate entities by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year. Property taxes are due in November each year.

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

⁽²⁾ 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.

⁽³⁾ There are two taxing districts in Lindon City. Most of the city is in District 80 with a portion of the west side in District 85, which has an additional assessment from the North Utah County Water Conservancy District.

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

	Taxable Value for Calendar Year ⁽¹⁾										% of T.V.
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Real Property											
Primary residential	463,722,212	499,930,257	397,920,733	383,047,566	349,532,361	349,642,818	374,446,395	413,684,962	470,173,498	511,671,710	40.4%
Secondary residential	723,014	1,658,538	34,144,657	28,864,361	25,277,602	5,045,997	4,631,800	4,382,400	3,337,600	3,430,100	0.3%
Commercial and industrial	313,642,919	379,072,017	505,386,753	470,496,111	442,362,264	408,776,653	415,871,293	438,947,092	464,981,771	511,085,281	40.4%
Farmland Assessment Act (FAA) and agricultural	919,745	900,361	832,467	709,632	1,134,946	1,146,035	648,024	937,943	1,156,431	1,195,899	0.1%
Unimproved non FAA	15,779,000	10,780,850	9,184,064	5,315,664	5,385,709	61,446,839	63,479,353	65,645,866	85,376,530	81,478,025	6.4%
Total real property	794,786,890	892,342,023	947,468,674	888,433,334	823,692,882	826,058,342	859,076,865	923,598,263	1,025,025,830	1,108,861,015	87.6%
Personal Property											
Primary mobile homes	295,702	278,505	270,124	283,776	259,513	159,917	156,705	154,176	154,176	154,176	0.0%
Secondary mobile homes	-	-	-	-	-	-	-	-	-	-	0.0%
Other business	87,506,535	116,602,566	122,686,607	101,773,831	104,021,873	117,538,872	114,538,534	107,342,224	122,122,996	125,902,594	9.9%
SCME	-	-	-	-	-	-	-	828	828	-	0.0%
Total personal property	87,802,237	116,881,071	122,956,731	102,057,607	104,281,386	117,698,789	114,695,239	107,497,228	122,278,000	126,056,770	10.0%
Centrally Assessed	12,962,836	13,281,661	13,281,661	13,242,831	13,488,692	13,601,195	15,116,696	18,539,075	20,776,923	22,849,698	1.8%
Motor Vehicle Value	7,960,263	7,816,003	8,606,176	8,141,246	7,877,813	7,965,637	8,335,007	8,366,295	8,535,556	8,535,344	0.7%
Total Taxable Assessed Value	903,512,226	1,030,320,758	1,092,313,242	1,011,875,018	949,340,773	965,323,963	997,223,807	1,058,000,861	1,176,616,309	1,266,302,827	100.0%
Estimated Actual Value	1,283,163,247	1,439,582,472	1,418,105,761	1,325,509,752	1,235,534,124	1,251,526,201	1,303,717,252	1,396,596,519	1,561,429,860	1,685,069,461	
Assessed Value as a % of Actual Value	70.4%	71.6%	77.0%	76.3%	76.8%	77.1%	76.5%	75.8%	75.4%	75.1%	
Total Direct Tax Rate	0.001390	0.001296	0.001686	0.001873	0.002080	0.002107	0.002043	0.001862	0.001741	0.001630	

Source: Utah State Tax Commission - Property Tax Division

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

Notes: Utah County reassesses property in Lindon every five years, on average. The county assesses property at approximately 55% of actual value for primary residential and mobile home property and 100% of actual value for all other categories. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages.

SCME = Semiconductor Manufacturing Equipment

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

Calendar Year⁽¹⁾	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Taxes Collected
2007	1,148,235	1,036,773	90.29%	68,743	1,105,516	96.28%
2008	1,197,213	1,052,432	87.91%	71,723	1,124,155	93.90%
2009	1,549,138	1,380,012	89.08%	102,110	1,482,122	95.67%
2010	1,671,383	1,472,780	88.12%	108,380	1,581,160	94.60%
2011	1,755,106	1,563,596	89.09%	155,669	1,719,265	97.96%
2012	1,828,894	1,624,324	88.81%	177,117	1,801,441	98.50%
2013	1,841,495	1,669,184	90.64%	259,754	1,928,938	104.75%
2014	1,973,877	1,836,385	93.03%	114,964	1,951,349	98.86%
2015	2,048,423	1,868,954	91.24%	141,044	2,009,998	98.12%
2016	2,064,153	1,751,086	84.83%	129,606	1,880,692	91.11%

Source: Utah County Treasurer

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

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

	2016 ⁽¹⁾			2007 ⁽¹⁾		
			Percent of Total Assessed Valuation			Percent of Total Assessed Valuation
Property Owner ⁽²⁾	Rank	Assessed Valuation		Rank	Assessed Valuation	
Mecca Holdings LLC	1	\$ 42,223,300	3.42%			
Lindon 1600 East LLC	2	\$ 19,056,000	1.54%			
Walmart Stores Inc.	3	\$ 17,938,900	1.45%	2	\$ 15,443,000	1.75%
M S Industrial Properties LLC	4	\$ 15,813,100	1.28%			
WICP West Lindon LLC	5	\$ 14,306,500	1.16%			
MS Business Properties Group	6	\$ 12,825,841	1.04%			
Shadow Mountain Industrial Prop.	7	\$ 9,602,466	0.78%	9	\$ 8,137,076	0.92%
Pacificorp	8	\$ 9,235,311	0.75%			
BAT Investments LC	9	\$ 9,064,100	0.73%	8	\$ 8,399,200	0.95%
Miller Family Real Estate LLC	10	\$ 8,843,800	0.72%	3	\$ 12,334,400	1.40%
Canopy Properties Inc.				1	\$ 17,254,000	1.95%
Stag II Lindon LLC				4	\$ 11,760,000	1.33%
RAI Corporation				5	\$ 10,800,000	1.22%
Olsen Enterprises Inc.				6	\$ 9,161,100	1.04%
Ivory Development LLC				7	\$ 8,834,037	1.00%
HD Development of Maryland Inc.				10	\$ 7,497,000	0.85%
Total		<u>\$ 158,909,318</u>	<u>12.87%</u>		<u>109,619,813</u>	<u>5.44%</u>

Source: Utah County Clerk/Auditor

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

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

Fiscal Year Ending	Taxable Value⁽¹⁾	Debt Limit (4%)	Total debt applicable to limit⁽²⁾	Legal debt margin	Percentage of Debt to Debt Limit
2008	882,589,127	\$ 35,303,565	-	\$ 35,303,565	0.00%
2009	1,009,223,094	\$ 40,368,924	-	\$ 40,368,924	0.00%
2010	1,070,425,405	\$ 42,817,016	-	\$ 42,817,016	0.00%
2011	990,490,941	\$ 39,619,638	-	\$ 39,619,638	0.00%
2012	927,974,268	\$ 37,118,971	-	\$ 37,118,971	0.00%
2013	943,757,131	\$ 37,750,285	-	\$ 37,750,285	0.00%
2014	973,772,104	\$ 38,950,884	-	\$ 38,950,884	0.00%
2015	1,031,095,491	\$ 41,243,820	-	\$ 41,243,820	0.00%
2016	1,147,303,830	\$ 45,892,153	-	\$ 45,892,153	0.00%
2017	1,234,917,785	\$ 49,396,711	-	\$ 49,396,711	0.00%

Source: Utah State Tax Commission - Property Tax Division

⁽¹⁾ Taxable values are for the calendar year ending within that fiscal year. For example, 2014FY has valuations for 2013CY.

⁽²⁾ Debt margin applies only to general obligation bonds, which Lindon City does not have.

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

	Fiscal Year Ending June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
General Obligation Debt	-	-	-	-	-	-	-	-	-	-
RDA Revenue Bonds	2,294,000	2,024,000	1,743,000	1,450,000	1,171,000	882,000	581,000	-	-	-
MBA Revenue Bonds	927,000	629,000	320,000	-	-	-	-	-	-	-
Sales Tax Revenue Bonds	2,631,500	2,518,369	2,400,457	2,278,562	2,151,887	2,020,431	1,884,196	1,742,383	4,195,790	3,886,620
Road Excise Tax Revenue Bonds	46,000	-	-	-	-	-	-	-	-	-
Special Assessment Bonds	372,000	301,000	90,000	60,000	30,000	-	-	-	-	-
Notes Payable	-	-	-	-	-	90,000	80,000	70,000	60,000	50,000
Capital Leases	-	331,785	261,256	341,694	262,171	365,434	326,838	428,568	348,496	456,347
Total Governmental Activities Debt	6,270,500	5,804,154	4,814,713	4,130,256	3,615,058	3,357,865	2,872,034	2,240,951	4,604,286	4,392,967
Business-Type Activities										
Water Revenue Bonds	4,023,950	3,780,470	3,499,261	3,333,281	3,254,377	3,172,442	3,087,368	2,998,986	2,907,234	2,811,931
Sewer Revenue Bonds	-	-	-	3,000,000	2,883,000	2,763,000	2,640,000	2,514,000	2,384,000	2,251,000
Storm Water Revenue Bonds	490,826	469,725	447,732	424,996	401,369	376,850	351,439	324,988	297,646	269,263
Aquatics Center Bonds	-	10,365,000	10,054,000	9,819,000	9,537,000	9,121,000	8,689,000	8,680,000	8,260,000	7,925,000
Notes Payable	-	-	-	2,217,241	2,217,241	2,512,526	2,410,832	2,313,835	2,181,512	2,054,900
Capital Leases	61,549	-	-	385,075	313,266	238,943	359,769	242,674	121,784	82,262
Total Business-Type Activities Debt	4,576,325	14,615,194	14,000,993	19,179,593	18,606,252	18,184,761	17,538,408	17,074,483	16,152,176	15,394,357
Total Primary Government	\$ 10,846,825	\$ 20,419,348	\$ 18,815,706	\$ 23,309,849	\$ 22,221,310	\$ 21,542,626	\$ 20,410,441	\$ 19,315,434	\$ 20,756,462	\$ 19,787,324
% of Personal Income⁽¹⁾	5.54%	9.83%	8.36%	9.94%	9.76%	9.66%	8.44%	7.52%	8.35%	7.66%
Debt Per Capita⁽¹⁾	\$ 1,112	\$ 2,036	\$ 1,836	\$ 2,227	\$ 2,207	\$ 2,139	\$ 1,972	\$ 1,850	\$ 1,956	\$ 1,845

⁽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 15
Lindon City Corporation
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Entity⁽¹⁾	2016 Taxable Assessed Property Value	Percentage Applicable to Lindon Citizens⁽²⁾	Entity's Outstanding General Obligation Debt	Amount Applicable to Lindon Citizens
Overlapping Debt:				
CUWCD ⁽³⁾	\$ 140,993,960,030	0.89%	225,509,359	\$ 2,011,706
Alpine School District	22,418,039,645	5.61%	375,435,000	\$ 21,063,837
Subtotal, Overlapping Debt				\$ 23,075,543
Lindon City Direct Debt	1,257,767,483	100.00%		\$ 4,581,641
Total Direct and Overlapping Debt				<u>\$ 27,657,184</u>

Sources: Property Tax Division of the Utah State Tax Commission and entities' financial records.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This

⁽¹⁾ The State of Utah's general obligation debt is not included in overlapping debt because the State does not currently levy

⁽²⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages

⁽³⁾ Central Utah Water Conservance District (CUWCD) encompasses all or a portion of ten counties in Utah.

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

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2008	\$ 3,067,413	\$ 137,000	\$ 129,000	\$ 266,000	11.53
2009	\$ 2,543,455	\$ 142,000	\$ 123,863	\$ 265,863	9.57
2010	\$ 2,346,215	\$ 459,000	\$ 738,705	\$ 1,197,705	1.96
2011	\$ 2,485,202	\$ 388,000	\$ 571,960	\$ 959,960	2.59
2012	\$ 2,770,804	\$ 441,000	\$ 542,737	\$ 983,737	2.82
2013	\$ 2,989,353	\$ 581,000	\$ 523,558	\$ 1,104,558	2.71
2014	\$ 3,193,638	\$ 603,000	\$ 501,257	\$ 1,104,257	2.89
2015	\$ 3,467,260	\$ 627,000	\$ 478,104	\$ 1,105,104	3.14
2016	\$ 3,611,839	\$ 604,000	\$ 298,960	\$ 902,960	4.00
2017	\$ 3,904,527	\$ 683,000	\$ 414,168	\$ 1,097,168	3.56

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

Schedule 17
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	
2008	\$ 365,709	\$ 46,000	\$ 472	\$ 46,472	7.87
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-

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

Schedule 18
Lindon City Corporation
Pledged-Revenue Coverage
Revenue Refunding Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 756,636	\$ 103,889	\$ 652,747	\$ 261,000	\$ 100,156	\$ 361,156	1.81
2009	\$ 904,738	\$ 144,054	\$ 760,685	\$ 270,000	\$ 89,925	\$ 359,925	2.11
2010	\$ 1,313,465	\$ 663,535	\$ 649,930	\$ 281,000	\$ 79,341	\$ 360,341	1.80
2011	\$ 1,130,505	\$ 699,333	\$ 431,172	\$ 293,000	\$ 68,326	\$ 361,326	1.19
2012	\$ 1,085,568	\$ 513,413	\$ 572,154	\$ 279,000	\$ 56,840	\$ 335,840	1.70
2013	\$ 1,169,443	\$ 527,502	\$ 641,940	\$ 289,000	\$ 45,903	\$ 334,903	1.92
2014	\$ 1,157,638	\$ 836,648	\$ 320,990	\$ 301,000	\$ 34,574	\$ 335,574	0.96
2015	\$ 1,053,102	\$ 448,312	\$ 604,791	\$ 581,000	\$ 22,775	\$ 603,775	1.00
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-

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

⁽¹⁾ Total operating expenses exclusive of depreciation.

Schedule 19
Lindon City Corporation
Pledged-Revenue Coverage
Water Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	1,560,716	\$ 816,064	\$ 744,652	\$ 317,757	\$ 28,450	\$ 346,207	2.15
2009	1,513,091	\$ 1,156,765	\$ 356,326	\$ 235,713	\$ 124,619	\$ 360,332	0.99
2010	1,580,249	\$ 1,004,598	\$ 575,651	\$ 273,113	\$ 117,894	\$ 391,007	1.47
2011	1,573,510	\$ 997,009	\$ 576,501	\$ 157,610	\$ 110,197	\$ 267,807	2.15
2012	1,555,430	\$ 898,983	\$ 656,447	\$ 70,207	\$ 105,350	\$ 175,557	3.74
2013	1,625,822	\$ 1,044,656	\$ 581,166	\$ 72,909	\$ 102,648	\$ 175,557	3.31
2014	1,664,217	\$ 1,036,713	\$ 627,504	\$ 75,720	\$ 99,837	\$ 175,557	3.57
2015	1,727,987	\$ 1,152,336	\$ 575,651	\$ 78,645	\$ 96,912	\$ 175,557	3.28
2016	1,942,822	\$ 1,178,246	\$ 764,576	\$ 81,688	\$ 93,869	\$ 175,557	4.36
2017	2,054,893	\$ 1,391,621	\$ 663,272	\$ 84,854	\$ 90,703	\$ 175,557	3.78

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

⁽¹⁾ Total operating expenses exclusive of depreciation.

Schedule 20
Lindon City Corporation
Pledged-Revenue Coverage
Sewer Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	\$ 1,020,119	\$ 720,937	\$ 299,182	\$ -	\$ 8,410	\$ 8,410	35.58
2012	\$ 1,122,403	\$ 787,362	\$ 335,041	\$117,000	\$ 75,000	\$ 192,000	1.75
2013	\$ 1,211,931	\$ 893,941	\$ 317,990	\$120,000	\$ 72,075	\$ 192,075	1.66
2014	\$ 1,264,370	\$ 896,694	\$ 367,676	\$123,000	\$ 69,075	\$ 192,075	1.91
2015	\$ 1,399,884	\$ 1,014,866	\$ 385,018	\$126,000	\$ 66,000	\$ 192,000	2.01
2016	\$ 1,461,593	\$ 1,102,683	\$ 358,910	\$130,000	\$ 62,850	\$ 192,850	1.86
2017	\$ 1,725,118	\$ 1,300,547	\$ 424,571	\$133,000	\$ 59,600	\$ 192,600	2.20

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

⁽¹⁾ Total operating expenses exclusive of depreciation.

Schedule 21
Lindon City Corporation
Pledged-Revenue Coverage
Gateway SID Series Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	435,672	91,832	343,840	71,000	20,832	91,832	3.74
2009	184,173	87,856	96,317	211,000	16,856	227,856	0.42
2010	91,293	33,786	57,507	30,000	5,040	35,040	1.64
2011	37,505	1,818	35,687	30,000	3,360	33,360	1.07
2012	33,983	195	33,788	30,000	1,680	31,680	1.07
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-

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

⁽¹⁾ Total operating expenses exclusive of depreciation.

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

Fiscal Year	Population	Total Personal Income⁽¹⁾	Per Capita Personal Income	Unemployment Rate⁽²⁾		
				Utah County	State of Utah	United States
2008	10,248	\$ 225,087,072	\$ 21,964	3.2%	3.2%	5.6%
2009	10,466	\$ 234,469,798	\$ 22,403	7.3%	7.9%	9.5%
2010	10,070	\$ 227,612,210	\$ 22,603	7.9%	8.1%	9.4%
2011	10,070	\$ 223,070,640	\$ 22,152	6.7%	7.0%	9.1%
2012	10,348	\$ 241,874,152	\$ 23,374	5.3%	5.5%	8.2%
2013	10,442	\$ 256,967,178	\$ 24,609	4.3%	4.6%	7.5%
2014	10,611	\$ 248,658,174	\$ 23,434	3.6%	3.5%	6.1%
2015	10,723	\$ 258,445,746	\$ 24,102	3.3%	3.5%	5.3%
2016	10,810	\$ 274,076,740	\$ 25,354	3.4%	4.0%	4.9%
2017	10,939	\$ 287,542,554	\$ 26,286	3.0%	3.4%	4.4%

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

⁽²⁾ Unemployment rates are seasonally adjusted. The rates shown are for June of the fiscal year.

Sources:

Population and Per capita personal income information provided by the U.S. Census Bureau.

Unemployment rates provided by the Utah Department of Workforce Services and U.S. Department of Labor, Bureau of Labor Statistics

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

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Alpine School District	500 - 999	1	4.6% - 9.1%	500 - 999	1	5.2% - 10.4%
Response Marketing Group	500 - 999	2	4.6% - 9.1%			
Citizen's Telecommunication	250 - 499	3	2.3% - 4.6%			
Wal-Mart	250 - 499	4	2.3% - 4.6%			
Bamboo HR LLC	250 - 499	5	2.3% - 4.6%			
IMS Masonry Inc	100 - 249	6	0.9% - 2.3%	100 - 249	7	1.0% - 2.6%
Universal Industrial Sales Inc	100 - 249	7	0.9% - 2.3%	100 - 249	9	1.0% - 2.6%
United Military Mortgage LLC	100 - 249	8	0.9% - 2.3%			
Home Depot	100 - 249	9	0.9% - 2.3%	250 - 499	3	2.6% - 5.2%
Pharmatech Inc	100 - 249	10	0.9% - 2.3%			
Altris Inc				250 - 499	2	2.6% - 5.2%
Modus Link				250 - 499	4	2.6% - 5.2%
Mountain States Steel				100 - 249	5	1.0% - 2.6%
For Every Body Wholesale				100 - 249	6	1.0% - 2.6%
Arteis Inc				100 - 249	8	1.0% - 2.6%
Direct Point Inc				100 - 249	10	1.0% - 2.6%
Average Employment in Lindon City ⁽¹⁾	<u>10,924</u>			<u>9,568</u>		

Source: Utah Department of Workforce Services

(1) The average employment in Lindon City is given for the calendar year which ends within that fiscal year. For example, 2017FY has the

Schedule 24
Lindon City Corporation
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	26	24	20	20	21	21	21	21	21	23
Public safety	0	18	17	17	18	19	19	19	19	19
Highways and streets	4	2	2	2	2	2	2	2	2	2
Park, recreation and culture	3	41	45	46	48	48	48	49	52	52
Water	3	3	2	2	2	2	2	3	3	4
Sewer	2	2	1	1	2	2	2	2	2	3
Storm Water Drainage	1	2	2	2	3	3	3	2	2	2
Total	39	92	89	90	96	97	97	98	101	105

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Community development										
Residential building permits issued	199	110	113	126	108	118	137	170	221	204
Commercial building permits issued	82	46	58	49	37	36	44	53	70	53
Court										
Traffic and Misdemeanor cases handled	2,327	2,795	2,192	1,883	2,054	1,524	1,677	1,437	1,923	2,423
Police ⁽¹⁾										
Calls for service	N/A	11,604	10,709	9,153	9,228	8,467	8,410	8,685	5,285	10,897
Offenses	N/A	6,630	5,357	3,632	2,473	2,451	2,302	3,914	6,510	1,257
Arrests	N/A	1,253	849	638	787	735	605	510	775	764
Traffic Accidents	N/A	285	295	338	323	262	321	292	371	363
Recreation										
Recreation programs	3	3	3	3	3	5	5	5	6	5
Number of participants	650	1,692	2,009	1,668	1,066	1,181	1,298	1,425	1,564	1,698
Aquatics Center programs ⁽²⁾	N/A	N/A	6	7	7	6	5	8	6	10
Number of program participants	N/A	N/A	910	1,309	1,253	1,380	1,463	1,219	1,404	1,372
Number of Aquatics Center admissions	N/A	N/A	50,158	62,885	50,520	43,780	44,583	37,318	39,643	63,949
Community Center programs ⁽³⁾	N/A	N/A	N/A	N/A	5	13	12	14	15	31
Number of participants	N/A	N/A	N/A	N/A	1,220	857	252	465	487	748
Senior Center programs ⁽³⁾	N/A	N/A	N/A	N/A	6	31	23	13	14	17
Number of participants	N/A	N/A	N/A	N/A	194	150	579	345	110	145
Cemetery										
Burials	15	27	21	18	31	32	26	39	45	36
Culinary Water										
Connections	2,814	2,515	2,624	2,748	2,775	2,818	2,847	2,896	2,923	2,986
Average daily consumption (thousands of gallons)	N/A	1,245	1,131	1,140	1,605	1,200	1,030	1,034	1,004	1,108
Sewer										
Sewer lines miles inspected	10.4	10.0	2.3	1.0	4.0	3.7	1.5	6.0	5.0	5.0

N/A = Not Available

⁽¹⁾ Lindon City established its own Police Department beginning July 1, 2008.

⁽²⁾ The Aquatics Center began operating May 23, 2009. The pool season (May-Sep) goes across fiscal years, but the statistics are reported here in the fiscal year that the pool closes for the season. For example, statistics for the May-Sep, 2009 pool season are reported in the 2010 fiscal year.

⁽³⁾ The Community and Senior Center began operating in the 2011-2012 fiscal year.

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Streets and Highways										
Street lights	322	322	322	322	270	275	246	253	258	286
Street miles	54	54	54	55	55	55	55	54	54	54
Cemetery										
Acres	3	3	3	3	3	3	3	3	3	3
Gravesites	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
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 Center in square feet	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Parks and recreation										
Community Center in square feet	0	0	0	19,850	19,850	19,850	19,850	19,850	19,850	19,850
Park acreage	111	112	112	112	112	114	114	114	114	114
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer fields	2	2	2	2	2	2	3	5	5	5
Culinary water										
Water main line miles	71	71	71	71	71	71	75	77	80	85
Storage capacity (thousands of gallons)	3,830	3,830	3,830	3,830	3,830	3,830	3,830	3,830	3,830	3,830
Sewer										
Sewer line miles	56	56	56	56	59	61	61	61	71	75
Secondary water										
Secondary water main line miles	46	46	46	46	46	46	47	49	49	49