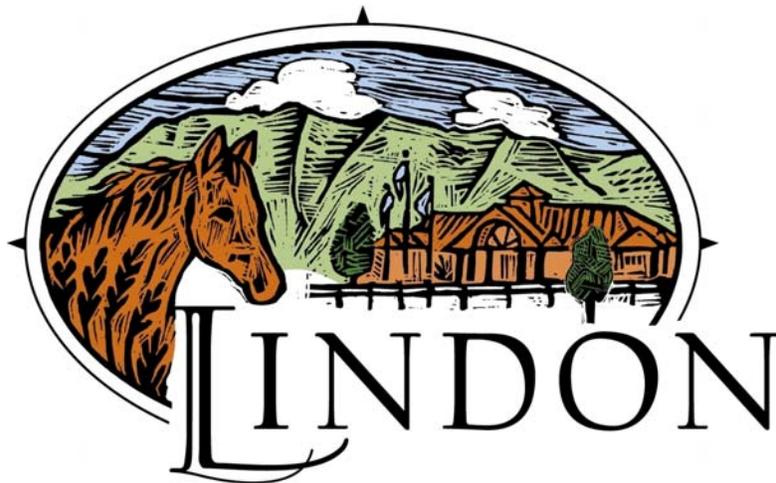


LINDON CITY CORPORATION STATE OF UTAH

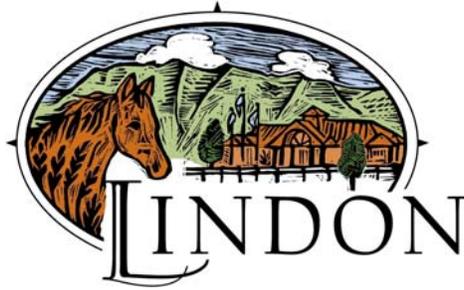
100 NORTH STATE STREET
LINDON, UT 84042
WWW.LINDONCITY.ORG

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2018

Prepared By:
Kristen Colson, Finance Director



Principal Officials

**For the Fiscal Year
July 1, 2017 - June 30, 2018**

Jeff Acerson
Mayor

Matt Bean
Councilperson

Van Broderick
Councilperson

Jake Hoyt
Councilperson

Carolyn Lundberg
Councilperson

Daril Magleby
Councilperson

Adam Cowie
City Administrator

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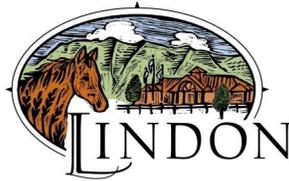
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INTRODUCTORY SECTION

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Lindon City
100 N State St
Lindon, UT 84057



phone: 801-785-5043
fax: 801-785-4510
www.lindoncity.org

December 4, 2018

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, 2018.

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, 2018 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 that the City's financial statements for the fiscal year June 30, 2018, 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 and Vineyard 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.

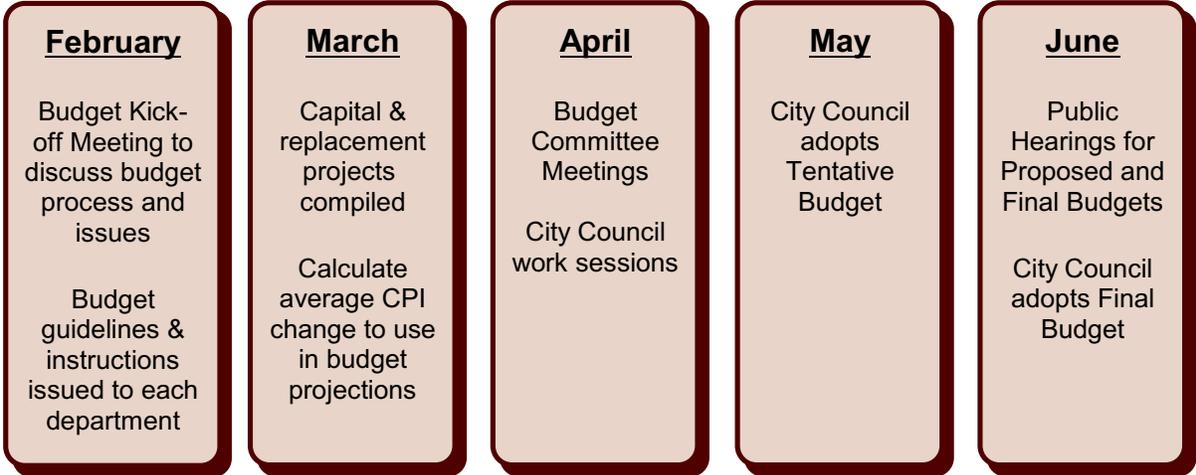
A variety of activities, including hiking, mountain biking, swimming, fishing, camping and skiing, are available within thirty minutes of Lindon.

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 pool activities, 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 before 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 2017 to June 2018 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 1.7% (*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, Home Depot, Murdock Hyundai, Sunroc, Burton Lumber, Wheeler Machinery, Lexus of Lindon, Roofers Supply, BMC West, and Low Book Sales.

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 2018, Utah County had an unemployment rate of 2.8%, which is lower than the State of Utah's rate of 3.0%. These both compare favorably to the national unemployment rate of 4.0% (*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.

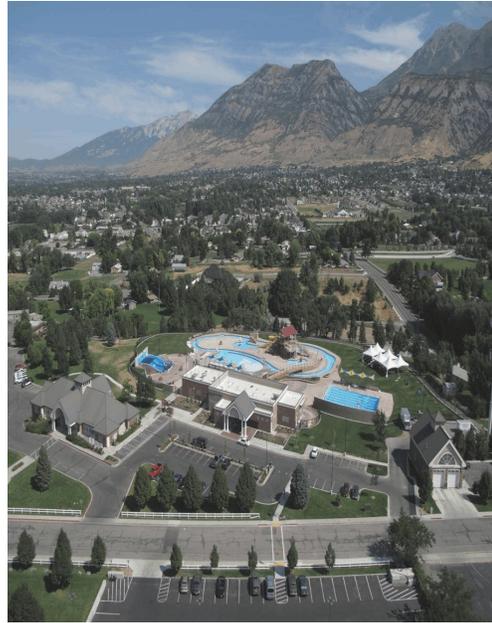
Impact fees also help the City fund the capital improvements that are needed to accommodate new growth. Existing impact fees include public safety; parks, recreation and trails; streets; water; sewer; and storm drainage.

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 2018-2019 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, 2017. This was the ninth 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, 2017 and submitted the July 1, 2018 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

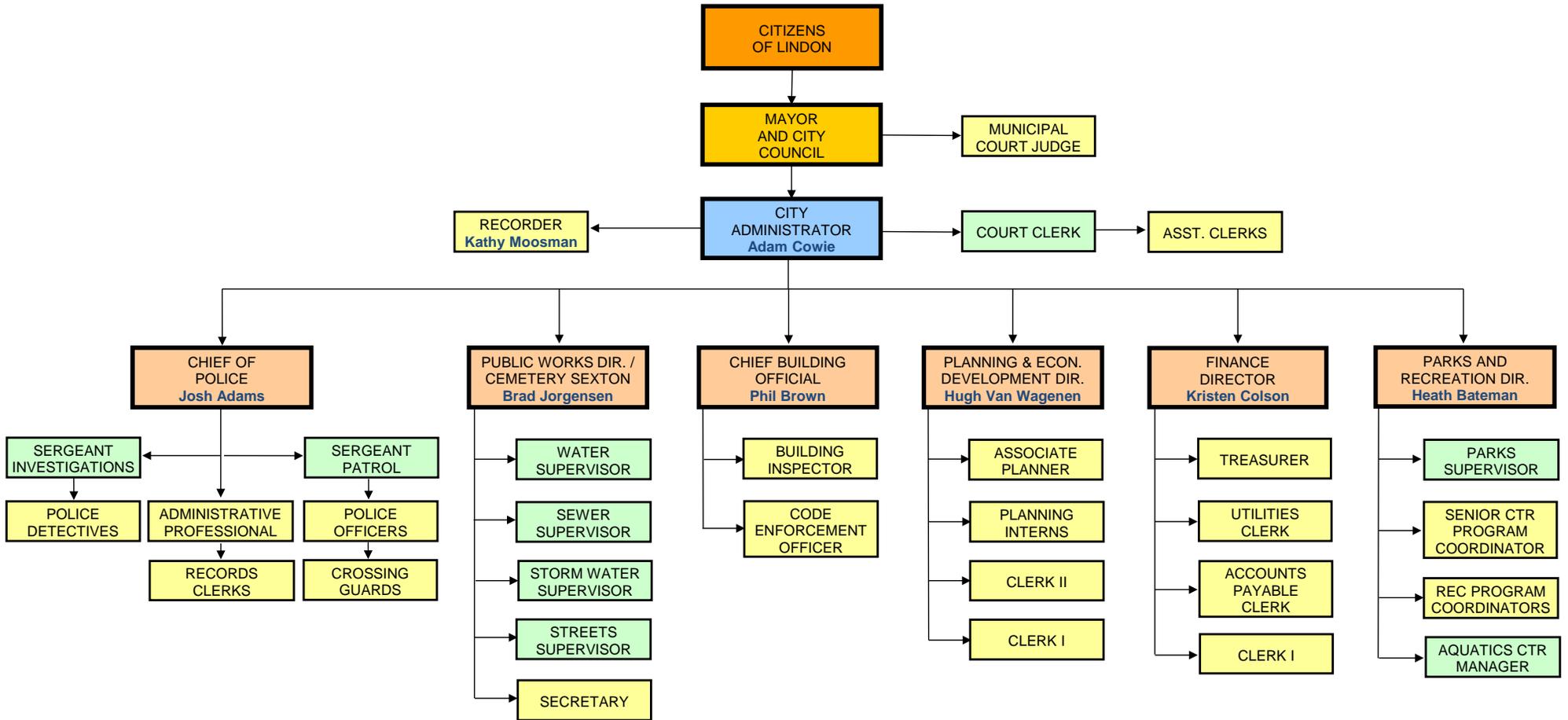
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

LINDON CITY ORGANIZATIONAL CHART

Fiscal Year 2017-2018



Contract Services:
 Attorney
 Engineer
 Fire & Emergency Medical
 Garbage Collection
 Water Reclamation

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

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FINANCIAL SECTION

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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, 2018, 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, 2018, 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 basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2018, 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 effectiveness Lindon City Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Keddington & Christensen, LLC

November 30, 2018

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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, 2018. 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, 2018 by \$78,387,775 (net position). Of this amount, \$6,380,746 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$6,876,804. Net position of our business-type activities increased \$4,643,961 and the net position of our governmental activities increased \$2,232,843.

Fund Level

- Lindon City's governmental funds reported combined ending fund balances this year of \$7,658,429, an increase of \$2,056,191, most of which was due to increased revenue due to the growth of the local economy and construction.
- The unassigned fund balance for the general fund ended at \$2,503,966, or 35.1% of total general fund expenditures.

Long-term Debt

- Lindon City's long-term liabilities had a net increase of \$95,314 (0.5%) 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, 2018

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 six 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 three major funds are the general fund, the redevelopment fund, and the debt service fund. 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, 2018

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 40-73 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 75-77 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 \$78,387,775 as of June 30, 2018.

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

June 30, 2018

As indicated in Table A-1, the largest portion of Lindon City's net position (87.0%) 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 2017-2018
	2017	2018	2017	2018	2017	2018	
Current and other assets	\$ 8,772	\$ 10,236	\$ 4,876	\$ 6,657	\$ 13,648	\$ 16,893	23.8%
Capital assets	<u>31,583</u>	<u>32,210</u>	<u>50,678</u>	<u>54,038</u>	<u>82,261</u>	<u>86,248</u>	4.8%
Total Assets	40,355	42,446	55,554	60,695	95,909	103,141	7.5%
Deferred outflows of resources	1,047	1,299	873	810	1,920	2,109	9.8%
Long-term debt outstanding	4,582	4,191	16,033	16,519	20,615	20,710	0.5%
Other liabilities	<u>3,249</u>	<u>2,290</u>	<u>1,044</u>	<u>883</u>	<u>4,293</u>	<u>3,173</u>	-26.1%
Total Liabilities	7,831	6,481	17,077	17,402	24,908	23,883	-4.1%
Deferred inflows of resources	2,200	2,819	50	160	2,250	2,979	32.4%
Net Position							
Net investment in capital assets	27,190	28,302	35,133	39,913	62,323	68,215	9.5%
Restricted	1,377	1,846	1,246	1,947	2,623	3,793	44.6%
Unrestricted	2,804	4,297	2,921	2,083	5,725	6,380	11.4%
Total Net Position	\$ 31,371	\$ 34,445	\$ 39,300	\$ 43,943	\$ 70,671	\$ 78,388	10.9%

An additional portion of Lindon City's net position (4.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$6,380,746 (8.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in net position

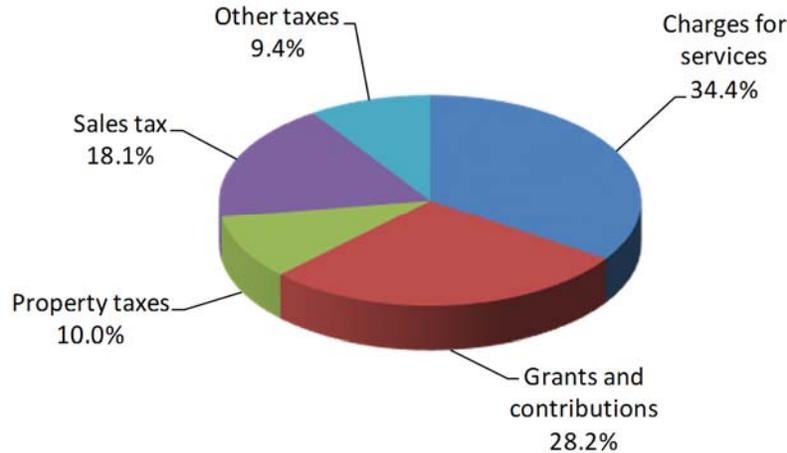
Lindon City's net position increased 10.9%. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation is true for the prior fiscal year.

Sales and property taxes account for 28.1% of the City's revenue (see Figure A-1) with 37½ cents of every dollar raised coming from some type of tax. Grants and contributions amounted to 28.2% of this year's changes in net position. Another 34.4% 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)**

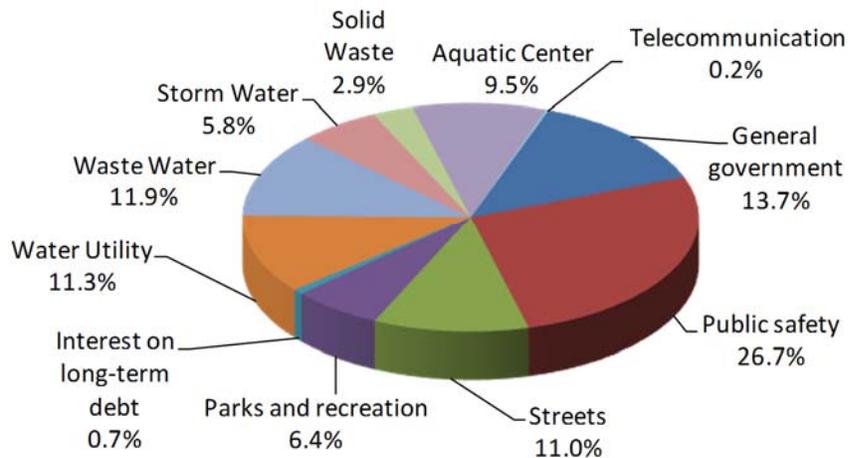
June 30, 2018

Figure A-1
Lindon City
Sources of Revenue for Fiscal Year 2018



The City's expenses cover a range of services, with 58.4% from governmental activities and 41.6% 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 2018



Governmental Activities

As indicated in Table A-2, the cost of all governmental activities this year was \$9,466,026. Some of the costs were paid by those who directly benefitted from the City's services (\$1,587,239), or other entities and governmental organizations that subsidized certain programs with grants and contributions (\$2,734,285). However, the amount of taxes that were required to subsidize these activities was \$5,144,502, the net cost of the governmental functions. The net cost shows the financial burden that was placed on the City's

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

June 30, 2018

taxpayers by each of these functions. The City paid for the remaining "public benefit" portion with tax revenue.

Property tax revenue increased by 5.3% and sales tax revenue increased by 8.7% compared to the prior year.

Business-type Activities

The cost of all business-type activities this year was \$6,731,152. The program revenues exceeded costs by \$3,644,675. Net program revenues and expenses plus other revenues totaled \$3,667,661, before transfers.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2017	2018	2017	2018	2017	2018	2017-2018
Revenues							
Program revenues							
Charges for services	\$ 1,286	\$ 1,587	\$ 5,597	\$ 6,491	\$ 6,883	\$ 8,078	17.4%
Grants and contributions	2,667	2,734	1,933	3,886	4,600	6,620	43.9%
General revenues							
Property taxes	2,234	2,353	-	-	2,234	2,353	5.3%
Sales tax	3,905	4,243	-	-	3,905	4,243	8.7%
Other taxes	2,184	2,202	-	-	2,184	2,202	0.8%
Other revenues	231	397	5	23	236	420	78.0%
Total revenues	12,507	13,516	7,535	10,400	20,042	23,916	19.3%
Expenses							
General government	2,488	2,220	-	-	2,488	2,220	-10.8%
Public safety	4,231	4,327	-	-	4,231	4,327	2.3%
Streets	2,207	1,774	-	-	2,207	1,774	-19.6%
Parks and recreation	276	1,038	-	-	276	1,038	276.1%
Interest on long-term debt	105	107	-	-	105	107	1.9%
Water Utility	-	-	1,850	1,824	1,850	1,824	-1.4%
Waste Water	-	-	1,878	1,923	1,878	1,923	2.4%
Storm Water	-	-	823	933	823	933	13.4%
Solid Waste	-	-	431	452	431	452	4.9%
Aquatic Center	-	-	1,500	1,548	1,500	1,548	3.2%
Telecommunication	-	-	57	52	57	52	-8.8%
Total expenses	9,307	9,466	6,539	6,732	15,846	16,198	2.2%
Excess (deficiency) before transfers	3,469	4,050	996	3,668	4,196	7,718	83.9%
Transfers	(1,591)	(976)	1,591	976	-	-	n/a
Increase (decrease) in net position	1,878	3,074	2,587	4,644	4,196	7,718	83.9%
Beginning Net Position	30,602	32,480	36,713	39,300	67,315	71,780	6.6%
Total Net Position	\$ 32,480	\$ 35,554	\$ 39,300	\$ 43,944	\$ 71,511	\$ 79,498	1.4%

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

June 30, 2018

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 funds were:

- The General Fund's fund balance increased by \$54,878, mainly due to increased revenue.
- The non-major fund balances increased by \$2,000,937, most of which is due to interfund transfers and an increase in impact fee revenue.

Proprietary funds

The changes in major funds were:

- The Water Fund's fund balance increased by \$2,498,645, mostly due to infrastructure improvements contributed by developers.
- The Waste Water's fund balance increased by \$694,637, mostly due to infrastructure improvements contributed by developers.
- The Storm Water's fund balance increased by \$460,890, mostly due infrastructure improvements contributed by developers.
- The Recreation fund balance increased by \$1,011,585, due to increased transfers into the fund to subsidize the fund's activities.

General Fund Budgetary Highlights

- The General Fund amended budget was \$1,099,043 more than the original budget.
- The General Fund amended budget showed increases in tax revenue (\$419,668), fines and forfeitures (\$50,000), impact fees (\$22,000), and miscellaneous revenues (\$176,700).
- The General Fund amended budget showed an increase in transfers to other funds of \$1,370,000.
- 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 2018, the City had invested \$86,247,858 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:

- Subdivision and infrastructure contributions amounted to \$1,511,375 in the governmental funds and \$3,498,606 in the business-type funds.

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

June 30, 2018

- The water system, the waste water collection system, and the storm water collection system were upgraded (net of developer contributions) by \$340,140, \$902,024, and 51,581, respectively.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2017	2018	2017	2018	2017	2018	2017-2018
Land	\$ 5,975	\$ 5,825	\$ 1,359	\$ 1,509	\$ 7,334	\$ 7,334	0.0%
Water Stock	70	70	10,840	10,995	10,910	11,065	1.4%
Buildings	5,873	5,034	8,438	8,883	14,311	13,917	-2.8%
Infrastructure	15,658	16,059	131	146	15,789	16,205	2.6%
Water System	-	-	10,015	11,580	10,015	11,580	15.6%
Sewage System	-	-	9,756	10,009	9,756	10,009	2.6%
Storm Drain System	-	-	9,078	9,254	9,078	9,254	1.9%
Net investment in capital assets	3,351	3,133	-	-	3,351	3,133	-6.5%
Equipment	449	363	677	596	1,126	959	-14.8%
Vehicles	582	625	69	69	651	694	6.6%
Construction in Progress	465	1,101	315	997	780	2,098	169.0%
Total	\$ 32,423	\$ 32,210	\$ 50,678	\$ 54,038	\$ 83,101	\$ 86,248	3.8%

Long-term Debt

As indicated in Table A-4, at the year-end the City had \$20,399,432 in bonds (including unamortized premiums), notes, and capital leases outstanding. Accruals for compensated absences total \$310,423, making total long-term liabilities \$20,709,855. 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
	2017	2018	2017	2018	2017	2018	2017-2018
Revenue Bonds	\$ 3,887	\$ 3,572	\$ 13,800	\$ 14,444	\$ 17,687	\$ 18,016	1.9%
Notes Payable	50	40	2,055	1,920	2,105	1,960	-6.9%
Leases	456	382	82	42	538	424	-21.2%
Compensated absences	189	197	96	113	285	310	8.8%
Total	\$ 4,582	\$ 4,191	\$ 16,033	\$ 16,519	\$ 20,615	\$ 20,710	0.5%

Lindon City's total long-term liabilities had a net increase of \$95,314 (0.5%) during the current fiscal year.

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

June 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- For June 2018, the unemployment rate for Utah County was 2.8%, which is lower than the state average of 3.0%, and significantly lower than the national average of 4.0%.
- A 2.1% average annual increase in the Consumer Price Index from March 2017 to February 2018, provided by the U.S. Department of Labor, was considered in preparing the 2019 budget.

These indicators were taken into account when adopting the budget for fiscal 2019. 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, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,633,187	\$ 3,711,774	\$ 8,344,961
Receivables:			
Accounts, net	-	608,394	608,394
Taxes	1,881,573	-	1,881,573
Intergovernmental	911,528	-	911,528
Other	297,380	-	297,380
Prepaid assets	39,854	12,465	52,319
Internal balances	(8,872)	8,872	-
Note receivable	-	367,257	367,257
Restricted assets:			
Cash and cash equivalents	2,480,548	1,947,002	4,427,550
Capital assets not being depreciated:			
Land and collectibles	5,825,114	1,509,243	7,334,357
Water stock and rights	69,550	10,995,043	11,064,593
Construction in progress	1,101,208	996,715	2,097,923
Capital assets, net of accumulated depreciation:			
Buildings	5,034,045	8,882,763	13,916,808
Infrastructure	16,058,566	145,735	16,204,301
Water distribution system	-	11,580,757	11,580,757
Waste water collection system	-	10,008,519	10,008,519
Storm water drainage system	-	9,254,085	9,254,085
Improvements other than buildings	3,133,537	-	3,133,537
Machinery and equipment	363,180	596,363	959,543
Vehicles	624,840	68,595	693,435
Total Assets	42,445,238	60,693,582	103,138,820
Deferred Outflows of Resources			
Deferred outflows relating to pensions	1,298,804	177,034	1,475,838
Deferred charge on bond refunding	-	633,355	633,355
Total Assets and Deferred Outflows of Resources	\$ 43,744,042	\$ 61,503,971	\$ 105,248,013

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

LINDON CITY CORPORATION
STATEMENT OF NET POSITION (Continued)

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 104,758	\$ 345,542	\$ 450,300
Accrued liabilities	212,331	81,307	293,638
Accrued interest payable	21,417	186,937	208,354
Retainage payable	13	-	13
Unearned revenue	-	275	275
Developer and customer deposits	420,059	16,200	436,259
Noncurrent liabilities			
Due within one year	585,977	787,075	1,373,052
Due in more than one year	3,605,003	15,731,800	19,336,803
Net pension liability	1,531,766	250,420	1,782,186
Total Liabilities	6,481,324	17,399,556	23,880,880
Deferred Inflows of Resources:			
Deferred inflows for property taxes	1,839,607	-	1,839,607
Deferred inflows relating to pensions	979,299	160,452	1,139,751
Total Deferred Inflows of Resources	2,818,906	160,452	2,979,358
Net Position:			
Net investment in capital assets	28,301,517	39,912,738	68,214,255
Restricted for:			
Impact fees/expansion of systems	1,778,532	647,830	2,426,362
P.A.R.C. taxes	-	-	-
Debt service	67,240	1,299,172	1,366,412
Unrestricted	4,296,523	2,084,223	6,380,746
Total Net Position	34,443,812	43,943,963	78,387,775
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 43,744,042	\$ 61,503,971	\$ 105,248,013

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, 2018

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	\$ 2,219,582	\$ 1,536,810	\$ 211,820	\$ -	\$ (470,952)	\$ -	\$ (470,952.00)
Public safety	4,326,768	-	45,928	67,986	(4,212,854)	-	(4,212,854)
Highway and public improvements	1,773,931	-	-	2,021,551	247,620	-	247,620
Parks and recreation	1,038,256	50,429	-	387,000	(600,827)	-	(600,827)
Interest and issuance costs on long-term debt	107,489	-	-	-	(107,489)	-	(107,489)
Total Governmental Activities	<u>9,466,026</u>	<u>1,587,239</u>	<u>257,748</u>	<u>2,476,537</u>	<u>(5,144,502)</u>	<u>-</u>	<u>(5,144,502)</u>
Business-type Activities:							
Water utility	1,823,380	2,595,887	-	1,723,353	-	2,495,860	2,495,860
Waste water	1,923,435	1,898,866	-	701,212	-	676,643	676,643
Storm water	932,635	799,344	-	594,043	-	460,752	460,752
Solid waste	451,649	415,471	5,000	-	-	(31,178)	(31,178)
Recreation	1,548,176	735,474	-	840,918	-	28,216	28,216
Telecommunications	51,877	45,055	-	21,204	-	14,382	14,382
Total Business-type Activities	<u>6,731,152</u>	<u>6,490,097</u>	<u>5,000</u>	<u>3,880,730</u>	<u>-</u>	<u>3,644,675</u>	<u>3,644,675</u>
Total Government	<u>\$ 16,197,178</u>	<u>\$ 8,077,336</u>	<u>\$ 262,748</u>	<u>\$ 6,357,267</u>	<u>(5,144,502)</u>	<u>3,644,675</u>	<u>(1,499,827)</u>
			General Revenues:				
			Property taxes	2,352,961	-	2,352,961	
			Sales taxes	4,242,568	-	4,242,568	
			Franchise taxes	1,606,531	-	1,606,531	
			Other taxes	595,280	-	595,280	
			Unrestricted investment earnings	155,500	22,986	178,486	
			Gain on disposition of capital assets	(3,013)	-	(3,013)	
			Other revenues	244,736	-	244,736	
			Transfers	(976,300)	976,300	-	
			Total General Revenues and Transfers	<u>8,218,263</u>	<u>999,286</u>	<u>9,217,549</u>	
			Changes in Net Position	3,073,761	4,643,961	7,717,722	
			Net Position, Beginning	32,210,969	39,300,002	71,510,971	
			Prior Period Adjustment	(840,918)		(840,918)	
			Net Position, Ending	<u>\$ 34,443,812</u>	<u>\$ 43,943,963</u>	<u>\$ 78,387,775</u>	

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

LINDON CITY CORPORATION
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2018

	General	Redevelopment Agency	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,969,470	\$ 607,170	\$ -	\$ 2,056,547	\$ 4,633,187
Receivables:					
Accounts, net	18,159	-	-	79,520	97,679
Property tax	1,851,573	30,000	-	-	1,881,573
Sales tax	797,311	-	-	114,217	911,528
Franchise tax	199,701	-	-	-	199,701
Prepaid assets	3,500	-	36,354	-	39,854
Due from other funds	120,397	-	-	24,993	145,390
Restricted cash and cash equivalents	67,240	-	-	2,413,308	2,480,548
Total Assets	\$ 5,027,351	\$ 637,170	\$ 36,354	\$ 4,688,585	\$ 10,389,460
Liabilities					
Accounts payable	\$ 61,721	\$ -	\$ -	\$ 43,038	\$ 104,759
Accrued liabilities	212,331	-	-	-	212,331
Developer and customer deposits	368,289	-	-	51,770	420,059
Retainage payable	13	-	-	-	13
Due to other funds	684	24,309	36,354	92,915	154,262
Total Liabilities	643,038	24,309	36,354	187,723	891,424
Deferred Inflows of Resources					
Unavailable revenue - property taxes	1,809,607	30,000	-	-	1,839,607
Total Deferred Inflows of Resources	1,809,607	30,000	-	-	1,839,607
Fund Balances:					
Nonspendable:					
Prepaid items	3,500	-	-	-	3,500
Restricted for:					
Impact fees/expansion of systems	-	-	-	1,778,532	1,778,532
Debt service	67,240	-	-	-	67,240
Assigned for:					
Redevelopment agency functions	-	582,861	-	-	582,861
P.A.R.C. tax fund	-	-	-	639,338	639,338
Capital projects	-	-	-	2,082,992	2,082,992
Unassigned:					
General fund	2,503,966	-	-	-	2,503,966
Total Fund Balances	2,574,706	582,861	-	4,500,862	7,658,429
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,027,351	\$ 637,170	\$ 36,354	\$ 4,688,585	\$ 10,389,460

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, 2018

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

Total Fund Balance - Governmental Funds	\$ 7,658,429
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,210,040
Interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(21,417)
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.	(1,212,260)
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.	(4,190,980)
Total Net Position - Governmental Activities	<u>\$ 34,443,812</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, 2018

	General	Redevelopment Agency	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 8,131,845	\$ 64,066	\$ -	\$ 595,280	\$ 8,791,191
Licenses and permits	531,077	-	-	-	531,077
Intergovernmental	45,928	211,820	-	444,465	702,213
Charges for services	260,027	-	-	-	260,027
Fines and forfeitures	523,011	-	-	-	523,011
Impact fees	67,986	-	-	452,711	520,697
Interest	116,977	11,387	-	33,845	162,209
Miscellaneous	272,564	-	-	244,736	517,300
Total Revenues	9,949,415	287,273	-	1,771,037	12,007,725
Expenditures:					
Current:					
General government	1,750,900	-	436,251	-	2,187,151
Public safety	4,171,033	-	-	-	4,171,033
Highways and public improvements	525,378	-	-	719,649	1,245,027
Parks and recreation	514,267	-	-	308,020	822,287
Redevelopment Agency	-	86,897	-	-	86,897
Debt service:					
Principal	155,590	-	324,747	-	480,337
Interest	10,586	-	97,373	-	107,959
Capital outlay	-	-	-	1,785	1,785
Total Expenditures	7,127,754	86,897	858,371	1,029,454	9,102,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,821,661	200,376	(858,371)	741,583	2,905,249
Other Financing Sources (Uses):					
Issuance of new debt	81,344	-	-	-	81,344
Sale of capital assets	45,898	-	-	-	45,898
Transfers in	-	-	858,371	1,700,000	2,558,371
Transfers out	(2,894,025)	(200,000)	-	(440,646)	(3,534,671)
Total Other Financing Sources (Uses)	(2,766,783)	(200,000)	858,371	1,259,354	(849,058)
Net Change in Fund Balances	54,878	376	-	2,000,937	2,056,191
Fund Balances, Beginning	2,519,828	582,485	-	2,499,925	5,602,238
Fund Balances, Ending	\$ 2,574,706	\$ 582,861	\$ -	\$ 4,500,862	\$ 7,658,429

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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ 2,056,191
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.	(1,749,325)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.	2,426,155
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.	(48,911)
In the Statement of Activities, interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.	471
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	480,336
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.	(81,344)
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.	(9,812)
Change in Net Position - Governmental Activities	<u>\$ 3,073,761</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, 2018

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,488,082	\$ 7,907,750	\$ 8,131,845	\$ 224,095
Licenses and permits	565,775	533,775	531,077	(2,698)
Intergovernmental	58,500	45,925	45,928	3
Charges for services	256,700	242,200	260,027	17,827
Fines and forfeitures	470,000	520,000	523,011	3,011
Impact fees	45,000	67,000	67,986	986
Interest	68,000	110,000	116,977	6,977
Miscellaneous	127,900	262,600	272,564	9,964
Total Revenues	9,079,957	9,689,250	9,949,415	260,165
Expenditures:				
Current:				
General government:				
Mayor and council	103,365	103,765	101,862	1,903
Judicial	532,165	565,765	552,216	13,549
Administrative	368,162	360,552	328,366	32,186
Elections	15,600	8,700	8,476	224
Buildings	344,625	267,765	246,183	21,582
Planning and zoning	443,625	546,940	501,178	45,762
Grants and contributions	13,000	13,000	12,619	381
Public Safety:				
Law enforcement	2,443,385	2,468,405	2,379,493	88,912
Fire protection	1,480,282	1,480,282	1,480,200	82
Protective inspections	389,330	303,100	293,222	9,878
Animal controls	25,450	19,340	18,118	1,222
Highways and public improvements				
Streets	(29,394)	(27,035)	(60,816)	33,781
Public works administration	610,630	601,100	586,194	14,906
Parks and recreation				
Parks	487,475	496,555	487,692	8,863
Cemetery	17,850	19,850	12,912	6,938
Recreation and culture	16,000	16,000	13,663	2,337
Debt service:				
Principal	269,000	164,900	155,590	9,310
Interest	1,492	11,040	10,586	454
Total Expenditures	7,532,042	7,420,024	7,127,754	292,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,547,915	2,269,226	2,821,661	552,435
Other Financing Sources (Uses):				
Proceeds from issuance of debt	82,000	81,500	81,344	(156)
Transfers in	-	-	-	-
Transfers out	(1,524,025)	(2,894,025)	(2,894,025)	-
Sale of capital assets	45,900	45,900	45,898	(2)
Total Other Financing Sources (Uses)	(1,396,125)	(2,766,625)	(2,766,783)	(158)
Net Change in Fund Balances	151,790	(497,399)	54,878	552,277
Fund Balances, Beginning	2,519,828	2,519,828	2,519,828	-
Fund Balances, Ending	\$ 2,671,618	\$ 2,022,429	\$ 2,574,706	\$ 552,277

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, 2018

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 191,000	\$ 275,880	\$ 64,066	\$ (211,814)
Intergovernmental	-	-	211,820	211,820
Interest	5,500	11,190	11,387	197
Total Revenues	<u>196,500</u>	<u>287,070</u>	<u>287,273</u>	<u>203</u>
Expenditures:				
Materials, supplies and services	39,510	91,510	86,897	4,613
Capital outlay	-	-	-	-
Total Expenditures	<u>39,510</u>	<u>91,510</u>	<u>86,897</u>	<u>4,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>156,990</u>	<u>195,560</u>	<u>200,376</u>	<u>4,816</u>
Other Financing Sources (Uses):				
Transfers out	-	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balances	156,990	(4,440)	376	4,816
Fund Balances, Beginning	<u>582,485</u>	<u>582,485</u>	<u>582,485</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 739,475</u>	<u>\$ 578,045</u>	<u>\$ 582,861</u>	<u>\$ 4,816</u>

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, 2018

	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	\$ 2,134,678	\$ 1,392,618	\$ 129,042	\$ 1,508	\$ 53,928	\$ 3,711,774
Accounts receivable, net	291,814	199,893	74,177	-	42,510	608,394
Other receivables	-	-	-	-	-	-
Prepaid assets	-	-	-	12,465	-	12,465
Due from other funds	-	-	-	92,915	-	92,915
Restricted cash and cash equivalents	644,297	799,544	3,402	499,759	-	1,947,002
Total Current Assets	3,070,789	2,392,055	206,621	606,647	96,438	6,372,550
Noncurrent Assets:						
Notes receivable	-	-	-	-	367,257	367,257
Capital assets, net of accumulated depreciation:						
Land	428,610	107,392	823,241	150,000	-	1,509,243
Water stock and rights	10,995,043	-	-	-	-	10,995,043
Construction in Process	71,937	807,212	51,581	65,985	-	996,715
Buildings	-	-	-	8,882,763	-	8,882,763
Telecom Infrastructure	-	-	-	-	145,735	145,735
Water distribution system	11,580,757	-	-	-	-	11,580,757
Waste water collection system	-	10,008,519	-	-	-	10,008,519
Storm water drainage system	-	-	9,254,085	-	-	9,254,085
Machinery and equipment	12,544	436,071	79,253	68,495	-	596,363
Vehicles	65,253	-	-	3,342	-	68,595
Capital assets, net	23,154,144	11,359,194	10,208,160	9,170,585	145,735	54,037,818
Total Noncurrent Assets	23,154,144	11,359,194	10,208,160	9,170,585	512,992	54,405,075
Deferred Outflows of Resources						
Deferred outflows relating to pensions	53,550	52,074	40,868	30,542	-	177,034
Deferred charge on bond refunding	-	-	-	633,355	-	633,355
Total Assets and Deferred Outflows of Resources	\$ 26,278,483	\$ 13,803,323	\$ 10,455,649	\$ 10,441,129	\$ 609,430	\$ 61,588,014

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					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
Liabilities and Deferred Inflows of Resources						
Current Liabilities:						
Accounts payable	\$ 78,056	\$ 120,634	\$ 17,767	\$ 87,960	\$ 41,125	\$ 345,542
Accrued liabilities	8,169	5,068	5,254	62,816	-	81,307
Accrued interest payable	35,991	3,008	891	147,047	-	186,937
Liabilities payable from restricted assets	-	-	-	-	-	-
Unearned revenue	-	-	-	275	-	275
Developer and customer deposits	16,200	-	-	-	-	16,200
Due to other funds	-	-	-	82,425	1,618	84,043
Compensated absences	28,486	27,394	18,964	8,966	-	83,810
Current portion of long-term debt	68,037	178,778	72,289	360,000	24,161	703,265
Deposit	-	-	-	-	-	-
Total Current Liabilities	<u>234,939</u>	<u>334,882</u>	<u>115,165</u>	<u>749,489</u>	<u>66,904</u>	<u>1,501,379</u>
Noncurrent Liability:						
Compensated absences, net	17,636	688	9,550	1,736	-	29,610
Long-term debt, net of current portion	2,678,066	4,750,794	209,228	7,721,006	343,096	15,702,190
Net pension liability	81,454	66,887	54,167	47,912	-	250,420
Total Noncurrent Liability	<u>2,777,156</u>	<u>4,818,369</u>	<u>272,945</u>	<u>7,770,654</u>	<u>343,096</u>	<u>15,982,220</u>
Deferred Inflows of Resources:						
Deferred inflows relating to pensions	52,190	42,856	34,706	30,700	-	160,452
Total Liabilities and Deferred Inflows of Resources	<u>3,064,285</u>	<u>5,196,107</u>	<u>422,816</u>	<u>8,550,843</u>	<u>410,000</u>	<u>17,644,051</u>
Net Position:						
Net investment in capital assets	20,409,293	7,204,972	9,930,045	2,222,693	145,735	39,912,738
Restricted for:						
Impact fees/expansion of systems	644,297	131	3,402	-	-	647,830
Debt service reserves	-	799,413	-	499,759	-	1,299,172
Unrestricted	2,160,608	602,700	99,386	(832,166)	53,695	2,084,223
Total Net Position	<u>23,214,198</u>	<u>8,607,216</u>	<u>10,032,833</u>	<u>1,890,286</u>	<u>199,430</u>	<u>43,943,963</u>
Total Liabilities and Net Position	<u>\$ 26,278,483</u>	<u>\$ 13,803,323</u>	<u>\$ 10,455,649</u>	<u>\$ 10,441,129</u>	<u>\$ 609,430</u>	<u>\$ 61,588,014</u>

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, 2018

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
Operating Revenues:						
Service fees	\$ 2,242,003	\$ 1,773,733	\$ 799,344	\$ 733,842	\$ 460,526	\$ 6,009,448
Other fees	104,051	57,550	-	-	-	161,601
Miscellaneous	249,833	67,583	-	1,632	-	319,048
Total Operating Revenues	<u>2,595,887</u>	<u>1,898,866</u>	<u>799,344</u>	<u>735,474</u>	<u>460,526</u>	<u>6,490,097</u>
Operating Expenses:						
Salaries and wages	601,895	523,817	377,598	464,425	18,940	1,986,675
Employee benefits	102,349	78,121	60,980	94,405	-	335,855
Materials, supplies and services	635,942	703,553	150,604	379,817	478,158	2,348,074
Depreciation	392,808	542,720	333,029	317,067	6,428	1,592,052
Total Operating Expenses	<u>1,732,994</u>	<u>1,848,211</u>	<u>922,211</u>	<u>1,255,714</u>	<u>503,526</u>	<u>6,262,656</u>
Operating Income (Loss)	<u>\$ 862,893</u>	<u>\$ 50,655</u>	<u>\$ (122,867)</u>	<u>\$ (520,240)</u>	<u>\$ (43,000)</u>	<u>\$ 227,441</u>

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, 2018

	Business-type Activities - Enterprise Funds				Non-major Funds	Total
	Water	Waste Water	Storm Water	Recreation		
Nonoperating Income (Expense):						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Gain on sale of capital assets	-	-	-	-	-	-
Interest income	2,785	17,994	138	2,069	-	22,986
Interest expense	(90,386)	(75,224)	(10,424)	(292,462)	-	(468,496)
Total Nonoperating Income (Expense)	<u>(87,601)</u>	<u>(57,230)</u>	<u>(10,286)</u>	<u>(285,393)</u>	<u>-</u>	<u>(440,510)</u>
Income (Loss) Before Transfers and Capital Contributions	775,292	(6,575)	(133,153)	(805,633)	(43,000)	(213,069)
Capital contributions	1,566,847	600,452	469,185	840,918	21,204	3,498,606
Impact fee contributions	156,506	100,760	124,858	-	-	382,124
Transfers in	-	-	-	976,300	-	976,300
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	2,498,645	694,637	460,890	1,011,585	(21,796)	4,643,961
Net Position, Beginning	<u>\$ 20,715,553</u>	<u>\$ 7,912,579</u>	<u>\$ 9,571,943</u>	<u>\$ 878,701</u>	<u>221,226</u>	<u>39,300,002</u>
Net Position, Ending	<u>\$ 23,214,198</u>	<u>\$ 8,607,216</u>	<u>\$ 10,032,833</u>	<u>\$ 1,890,286</u>	<u>\$ 199,430</u>	<u>\$ 43,943,963</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, 2018

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 2,539,396	\$ 1,990,016	\$ 788,034	\$ 733,726	\$ 460,121	\$ 6,511,293
Payments to suppliers	(692,002)	(705,759)	(188,156)	(352,858)	(497,811)	(2,436,586)
Payments to employees and related benefits	(689,511)	(597,486)	(429,567)	(543,083)	(18,940)	(2,278,587)
Deposits received (refunded)	1,700	-	-	-	-	1,700
Net cash from operating activities	1,159,583	686,771	170,311	(162,215)	(56,630)	1,797,820
Cash Flows From Capital and Related Financing Activities:						
Purchase of property and equipment	(365,686)	(902,024)	(51,581)	(134,300)	-	(1,453,591)
Proceeds from issuance of debt	-	1,262,000	-	-	-	1,262,000
Receipt of impact fees	156,506	100,760	124,858	-	-	382,124
Principal paid on bonds and capital lease	(65,827)	(246,778)	(70,008)	(350,000)	-	(732,613)
Interest paid on bonds and capital lease	(91,124)	(72,216)	(12,310)	(286,850)	-	(462,500)
Net cash from capital and related financing activities	(366,131)	141,742	(9,041)	(771,150)	-	(1,004,580)
Cash Flows From Non-Capital Financing Activities:						
Cash subsidy from federal grants	-	-	-	5,000	-	5,000
Payments on long-term pension obligation	10,854	5,325	(1,095)	7,795	-	22,879
Payments from (to) other funds on loans	-	-	(31,172)	(50,479)	101	(81,550)
Payments received on notes from residents	-	-	-	-	47,094	47,094
Principal paid on notes for residential connections	-	-	-	-	(47,094)	(47,094)
Transfers from (to) other funds	-	-	-	976,300	-	976,300
Net cash from non-capital financing activities	\$ 10,854	\$ 5,325	\$ (32,267)	\$ 938,616	\$ 101	\$ 922,629

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					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
Cash Flows From Investing Activity:						
Interest on investments	\$ 2,785	\$ 17,994	\$ 138	\$ 2,069	\$ -	\$ 22,986
Net cash from investing activity	<u>2,785</u>	<u>17,994</u>	<u>138</u>	<u>2,069</u>	<u>-</u>	<u>22,986</u>
Net Increase (Decrease) In Cash	807,091	851,832	129,141	7,320	(56,529)	1,738,855
Cash and Cash Equivalents At Beginning of Year	<u>1,971,884</u>	<u>1,340,330</u>	<u>3,303</u>	<u>493,947</u>	<u>110,457</u>	<u>3,919,921</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,778,975</u>	<u>\$ 2,192,162</u>	<u>\$ 132,444</u>	<u>\$ 501,267</u>	<u>\$ 53,928</u>	<u>\$ 5,658,776</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 862,893	\$ 50,655	\$ (122,867)	\$ (520,240)	\$ (43,000)	\$ 227,441
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	392,808	542,720	333,029	317,067	6,428	1,592,052
(Increase) Decrease in accounts receivables	(56,491)	91,150	(11,310)	-	(405)	22,944
(Increase) Decrease in prepaid assets	-	-	-	(6,600)	-	(6,600)
Increase (Decrease) in accounts payable	(56,060)	(2,206)	(37,552)	33,559	(19,653)	(81,912)
Increase (Decrease) in accrued liabilities	4,856	1,391	2,414	18,156	-	26,817
Increase (Decrease) in compensated absences	9,877	3,061	6,597	(2,409)	-	17,126
Increase (Decrease) in deferred revenue	-	-	-	(1,748)	-	(1,748)
Increase (Decrease) in deposits	1,700	-	-	-	-	1,700
Net cash from operating activities	<u>\$ 1,159,583</u>	<u>\$ 686,771</u>	<u>\$ 170,311</u>	<u>\$ (162,215)</u>	<u>\$ (56,630)</u>	<u>\$ 1,797,820</u>
Noncash investing, capital, and financing activities:						
Contributions from developers	\$ 1,566,847	\$ 600,452	\$ 469,185	\$ -	\$ 21,204	\$ 2,657,688
Increase to UIA notes payable and receivable	-	-	-	-	22,800	\$ 22,800

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, 2018.

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)

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. 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.

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)

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 government reports the following major proprietary funds:

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

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

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

The 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.

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 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.

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, 2018, of \$11,659,523 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".

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Receivables and Payables (Continued)

All trade receivables are shown net of an allowance for uncollectible. The allowance for doubtful accounts at June 30, 2018 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. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

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:

Assets	Years
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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- 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.

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

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2018 were \$1,040,933. Of these, \$540,933 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, 2018 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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2018, the City had the following deposits and investments:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Cash on Deposit	\$ 1,154,474	\$ 1,154,474	N/A	N/A
Cash on Hand	2,513	2,513		
Total cash on hand and deposit	<u>\$ 1,156,987</u>	<u>\$ 1,156,987</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 11,659,523	\$ 11,615,524	N/A	NA
Total investments	<u>\$ 11,659,523</u>	<u>\$ 11,615,524</u>		
Total cash and cash equivalents	<u>\$ 12,816,510</u>	<u>\$ 12,772,511</u>		
Portfolio weighted average maturity				N/A

- (1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.
- (2) **Interest Rate Risk** is estimated using the weighted average days to maturity.
- (3) All investments are considered cash equivalents on the financial statements.

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 \$367,257 at June 30, 2018.

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, 2018 due to and due from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Activities		
General Fund	\$ 120,397	\$ 684
Redevelopment Agency	-	24,309
Debt Service	-	36,354
Non major governmental funds	24,993	92,915
Business-type Activities		
Recreation	92,915	82,425
Non major business-type funds	-	1,618
	<u>\$ 238,305</u>	<u>\$ 238,305</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from Other Funds (Continued)

The due to/from other funds are the result of individual funds’ cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Position). The above amounts will be repaid by the respective funds.

Transfers Between Funds

The City’s interfund transfers for the year ended June 30, 2018 were:

	Transfers In	Transfers Out
Governmental Activities		
General Fund	\$ -	\$ 2,894,025
Redevelopment Agency	-	200,000
Debt Service	858,371	-
Non major governmental funds	1,700,000	440,646
Business-type Activities		
Recreation	976,300	-
	\$ 3,534,671	\$ 3,534,671

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, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land and collectibles	\$ 5,975,114	\$ -	\$ (150,000)	\$ 5,825,114
Water stock and rights	69,550	-	-	69,550
Construction in progress	464,674	801,396	(164,862)	1,101,208
	<u>6,509,338</u>	<u>801,396</u>	<u>(314,862)</u>	<u>6,995,872</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	7,135,222	12,019	(829,582)	6,317,659
Infrastructure	34,933,357	1,511,375	-	36,444,732
Improvements other than buildings	5,628,768	44,956	-	5,673,724
Machinery and equipment	1,985,790	13,741	(22,507)	1,977,024
Vehicles	1,042,732	207,530	(79,894)	1,170,368
	<u>50,725,869</u>	<u>1,789,621</u>	<u>(931,983)</u>	<u>51,583,507</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(1,262,075)	(160,203)	138,664	(1,283,614)
Infrastructure	(19,274,741)	(1,111,425)	-	(20,386,166)
Improvements other than buildings	(2,277,172)	(263,015)	-	(2,540,187)
Machinery and equipment	(1,536,960)	(99,391)	22,507	(1,613,844)
Vehicles	(461,220)	(115,291)	30,983	(545,528)
	<u>(24,812,168)</u>	<u>(1,749,325)</u>	<u>192,154</u>	<u>(26,369,339)</u>
Total accumulated depreciation				
	<u>25,913,701</u>	<u>40,296</u>	<u>(739,829)</u>	<u>25,214,168</u>
Total capital assets being depreciated, net				
Governmental Activities capital assets, net	<u>\$ 32,423,039</u>	<u>\$ 841,692</u>	<u>\$ (1,054,691)</u>	<u>\$ 32,210,040</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2018 is as follows:

Governmental Activities:	
General government	\$ 70,999
Public safety	243,357
Highways and public improvements	1,174,429
Parks and recreation	260,540
	<u>1,749,325</u>
Total depreciation expense - governmental activities	<u>\$ 1,749,325</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,359,243	\$ 150,000	\$ -	\$ 1,509,243
Water Stock	10,839,813	155,230	-	10,995,043
Construction in progress	315,218	996,000	(314,503)	996,715
	<u>12,514,274</u>	<u>1,301,230</u>	<u>(314,503)</u>	<u>13,501,001</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	10,515,322	870,967	-	11,386,289
Telecom Infrastructure	136,206	21,204	-	157,410
Water system	16,655,452	1,946,210	-	18,601,662
Waste water system	14,390,928	744,092	-	15,135,020
Storm water system	12,784,453	469,185	-	13,253,638
Equipment	1,595,386	26,930	-	1,622,316
Vehicles	357,885	25,546	-	383,431
	<u>56,435,632</u>	<u>4,104,134</u>	<u>-</u>	<u>60,539,766</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(2,076,897)	(287,965)	(138,664)	(2,503,526)
Telecom Infrastructure	(5,247)	(6,428)	-	(11,675)
Water system	(6,640,024)	(380,881)	-	(7,020,905)
Waste water system	(4,635,147)	(491,354)	-	(5,126,501)
Storm water system	(3,706,900)	(292,653)	-	(3,999,553)
Equipment	(918,857)	(107,096)	-	(1,025,953)
Vehicles	(289,161)	(25,675)	-	(314,836)
	<u>(18,272,233)</u>	<u>(1,592,052)</u>	<u>(138,664)</u>	<u>(20,002,949)</u>
Total accumulated depreciation				
	<u>38,163,399</u>	<u>2,512,082</u>	<u>(138,664)</u>	<u>40,536,817</u>
Total capital assets being depreciated, net				
Business-type Activities capital assets, net	<u>\$ 50,677,673</u>	<u>\$ 3,813,312</u>	<u>\$ (453,167)</u>	<u>\$ 54,037,818</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2018 is as follows:

Business-type Activities	
Water	\$ 392,808
Waste water	542,720
Storm water	333,029
Recreation	317,067
Telecommunications	6,428
	<u>1,592,052</u>
Total depreciation expense - business-type activities	<u>\$ 1,592,052</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 \$1,809,607 and \$30,000, respectively.

NOTE 8 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the June 30, 2018:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Revenue bonds payable	\$ 3,886,620	\$ -	\$ (314,746)	\$ 3,571,874	\$ 323,120
Total bonds payable	<u>3,886,620</u>	<u>-</u>	<u>(314,746)</u>	<u>3,571,874</u>	<u>323,120</u>
Notes payable and capital leases:					
Notes payable	50,000		(10,000)	40,000	10,000
Capital leases	<u>456,347</u>	<u>81,344</u>	<u>(155,590)</u>	<u>382,101</u>	<u>107,196</u>
Total notes payable and capital leases	<u>506,347</u>	<u>81,344</u>	<u>(165,590)</u>	<u>422,101</u>	<u>117,196</u>
Other liabilities:					
Compensated absences	<u>188,674</u>	<u>180,114</u>	<u>(171,783)</u>	<u>197,005</u>	<u>145,661</u>
Total other liabilities	<u>188,674</u>	<u>180,114</u>	<u>(171,783)</u>	<u>197,005</u>	<u>145,661</u>
Total Governmental activities long-term liabilities	<u>4,581,641</u>	<u>261,458</u>	<u>(652,119)</u>	<u>4,190,980</u>	<u>585,977</u>
Business-type Activities:					
Bonds payable:					
Revenue bonds	13,257,196	1,262,000	(581,251)	13,937,945	526,649
Plus: unamortized premiums	<u>542,247</u>	<u>-</u>	<u>(36,241)</u>	<u>506,006</u>	<u>-</u>
Total bonds payable	<u>13,799,443</u>	<u>1,262,000</u>	<u>(617,492)</u>	<u>14,443,951</u>	<u>526,649</u>
Notes payable and capital leases:					
Notes payable	2,054,901	22,800	(157,872)	1,919,829	134,939
Capital leases	<u>82,262</u>	<u>-</u>	<u>(40,585)</u>	<u>41,677</u>	<u>41,677</u>
Total notes payable and capital leases	<u>2,137,163</u>	<u>22,800</u>	<u>(198,457)</u>	<u>1,961,506</u>	<u>176,616</u>
Other liabilities:					
Compensated absences	<u>96,294</u>	<u>43,562</u>	<u>(26,438)</u>	<u>113,418</u>	<u>83,810</u>
Total other liabilities	<u>96,294</u>	<u>43,562</u>	<u>(26,438)</u>	<u>113,418</u>	<u>83,810</u>
Total Business-type activities long-term liabilities	<u>16,032,900</u>	<u>1,328,362</u>	<u>(842,387)</u>	<u>16,518,875</u>	<u>787,075</u>
Total long-term Liabilities	<u>\$ 20,614,541</u>	<u>\$ 1,589,820</u>	<u>\$ (1,494,506)</u>	<u>\$ 20,709,855</u>	<u>\$ 1,373,052</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

Long-term debt at June 30, 2018 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. \$ 1,285,874

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. 2,286,000

Total Revenue Bonds - Governmental Activities \$ 3,571,874

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. \$ 40,000

Total Notes Payable - Governmental Activities \$ 40,000

Capital Leases

2018 Police Vehicle Lease was issued for original amount of \$81,344, with lease payments due in annual installments ranging from \$6,542 to \$22,659 including interest at 3.97% beginning March 2018, with the final payment due March 2022. 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. \$ 71,949

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. 310,152

Total Capital Leases - Governmental Activities \$ 382,101

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES

Revenue Bonds

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. 2,657,818

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. 328,127

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. 320,000

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. 2,115,000

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. 7,255,000

The Sewer Revenue Bonds Series 2017 consisted of \$1,262,000 with interest at 2.86%. The bonds were issued to finance additions and improvements to the sewer system. Debt service payments are made annually beginning December 2018 with the final payment due December 2032. Debt service payments are expected to be made from the Sewer fund revenues and impact fees. \$ 1,262,000

Total Revenue Bonds - Business-type Activities \$ 13,937,945

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. \$ 1,552,572

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. \$22,800 of new notes were added during the year under the same terms. The last note comes due in July 2039. The amounts payable to UIA are paid by Lindon City residents. 367,257

Total Notes Payable - Business-type Activities \$ 1,919,829

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 \$ 41,677

Total Capital Leases - Business-type Activities \$ 41,677

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
2019	\$ 323,120	\$ 86,775
2020	331,494	78,776
2021	339,867	70,273
2022	348,241	61,228
2023	357,615	51,535
2024-2028	1,295,536	114,876
2029-2033	576,001	17,138
Total	<u>\$ 3,571,874</u>	<u>\$ 480,601</u>

Year Ending June 30,	Governmental Activities Notes Payable	
	Principal	Interest
2019	\$ 10,000	\$ -
2020	10,000	-
2021	10,000	-
2022	10,000	-
2023	-	-
Total	<u>\$ 40,000</u>	<u>\$ -</u>

Year Ending June 30,	Governmental Activities Capital Leases
2018	\$ 116,282
2019	130,331
2020	130,787
2021	14,311
Total minimum lease payments	391,711
Less: amount representing interest	(9,610)
Present value of net minimum lease payments	<u>\$ 382,101</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
2019	\$ 526,649	\$ 467,586
2020	687,105	441,862
2021	705,618	423,288
2022	726,194	402,269
2023	744,833	380,655
2024-2028	3,950,215	1,520,946
2029-2033	4,387,706	787,974
2034-2038	1,112,134	237,386
2039-2043	570,834	155,663
2044-2048	526,657	63,985
	<u>13,937,945</u>	<u>\$ 4,881,614</u>
Plus: unamortized premium	<u>506,006</u>	
Total revenues bonds	<u>\$ 14,443,951</u>	

Year Ending June 30,	Business-type Activities Notes Payable	
	Principal	Interest
2019	\$ 134,939	\$ 27,314
2020	136,669	25,533
2021	138,526	23,620
2022	138,327	21,605
2023	136,088	19,685
2024-2028	674,775	70,901
2029-2033	551,874	21,884
2034-2038	8,632	600
	<u>\$ 1,919,829</u>	<u>\$ 211,141</u>

Year Ending June 30,	Business-type Activities Capital Leases
2019	\$ 42,798
2020	-
Total minimum lease payments	42,798
Less: amount representing interest	<u>(1,121)</u>
Present value of net minimum lease payments	<u>\$ 41,677</u>

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, 2018, are as follows:

	Governmental Activities
Asset:	
Vehicles	\$ 603,210
Less: accumulated depreciation	(110,508)
Total	\$ 492,702
	Business-Type Activities
Asset:	
Water Meters	\$ 450,159
Less: accumulated depreciation	(78,741)
Total	\$ 371,418

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, 2018:

	Sales Taxes	Water Revenues	Sewer Revenues
Total future revenues pledged over the life of the debts	\$ 14,598,087	\$ 4,165,219	\$ 4,108,727
Revenues for the year ended June 30, 2018	\$ 4,242,568	\$ 2,595,887	\$ 1,898,866
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	29%	62%	46%

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, 2018 based on the amortization schedule is \$2,240,006. 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 Utah State Retirement 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 for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

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, 2018 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</u>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	15.11%	1.58%
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	22.57%	1.26%
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, 2018, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 338,551	N/A
Public Safety System	323,266	\$ -
Tier 2 Public Employees System	37,108	-
Total Contributions	<u>\$ 698,925</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.

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

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

At June 30, 2018, we reported a net pension asset of \$0 and a net pension liability of \$1,782,186.

	(Measurement Date): December 31, 2017				
	<u>Net Pension</u> <u>Asset</u>	<u>Net Pension</u> <u>Liability</u>	<u>Proportionate</u> <u>Share</u>	<u>Proportionate</u> <u>Share December</u> <u>31, 2016</u>	<u>Change</u> <u>(Decrease)</u>
Noncontributory System	\$ -	\$ 865,882	0.1976314%	0.1863255%	0.0113059%
Public Safety System	-	914,277	0.5828402%	0.5484060%	0.0344342%
Tier 2 Public Employees System	-	2,027	0.0229866%	0.2271810%	0.0002685%
Total Net Pension Asset / Liabi	<u>\$ -</u>	<u>\$ 1,782,186</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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, 2018, we recognized pension expense of \$723,419.

At June 30, 2018 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 19,391	\$ 188,983
Changes in assumptions	650,419	33,034
Net difference between projected and actual earnings on pension plan investments	351,549	915,295
Changes in proportion and differences between contributions and proportionate share of contributions	100,917	2,439
Contributions subsequent to the measurement date	<u>353,562</u>	<u>-</u>
Total	<u>\$ 1,475,838</u>	<u>\$ 1,139,751</u>

\$353,562 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:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2018	\$ 138,691
2019	172,551
2020	(131,196)
2021	(199,297)
2022	(430)
Thereafter	2,206

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

For the year ended June 30, 2018, we recognized pension expense of \$325,159.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

<u></u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,315	\$ 52,991
Changes in assumptions	311,021	20,231
Net difference between projected and actual earnings on pension plan investments	186,419	489,503
Changes in proportion and differences between contributions and proportionate share of contributions	45,407	2,439
Contributions subsequent to the measurement date	<u>170,989</u>	<u>-</u>
Total	<u>\$ 733,151</u>	<u>\$ 565,164</u>

\$170,989 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, 2017.

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:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2018	\$ 63,075
2019	85,800
2020	(45,177)
2021	(106,700)
2022	-
Thereafter	-

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

For the year ended June 30, 2018, we recognized pension expense of \$378,790.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 134,094
Changes in assumptions	336,671	12,598
Net difference between projected and actual earnings on pension plan investments	164,495	422,844
Changes in proportion and differences between contributions and proportionate share of contributions	53,183	-
Contributions subsequent to the measurement date	<u>162,440</u>	<u>-</u>
Total	<u>\$ 716,789</u>	<u>\$ 569,536</u>

\$162,440 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, 2017.

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:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2018	\$ 75,790
2019	86,926
2020	(85,814)
2021	(92,089)
2022	-
Thereafter	-

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

For the year ended June 30, 2018, we recognized pension expense of \$19,469.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 76	\$ 1,898
Changes in assumptions	2,727	205
Net difference between projected and actual earnings on pension plan investments	635	2,948
Changes in proportion and differences between contributions and proportionate share of contributions	2,327	-
Contributions subsequent to the measurement date	<u>20,132</u>	<u>-</u>
Total	<u>\$ 25,897</u>	<u>\$ 5,051</u>

\$20,132 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, 2017.

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:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2018	\$ (175)
2019	(175)
2020	(205)
2021	(508)
2022	(430)
Thereafter	2,206

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actual experience study for the five year period ending December 31, 2016. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
		Inflation	2.50%
		Expected arithmetic nominal return	7.25%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 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 6.95 percent from 7.20 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 calculated using the discount rate of 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 2,341,753	\$ 865,882	\$ (361,230)
Public Safety System	2,303,567	914,277	(211,727)
Tier 2 Public Employees System	23,863	2,027	(14,812)
<u>Total</u>	<u>\$ 4,669,183</u>	<u>\$ 1,782,186</u>	<u>\$ (587,769)</u>

Pension plan fiduciary net position: Detailed information about the pension plans 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

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

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

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid Contributions</u>
Defined Contribution System:			
457 Plan	2018	\$ 30,944	\$ -
	2017	32,106	-
	2016	43,517	-
401(k) Plan	2018	118,380	102,566
	2017	116,011	113,579
	2016	126,100	116,591
Roth IRA Plan	2018	4,110	N/A
	2017	500	N/A
	2016	4,097	N/A
Traditional IRA Plan	2018	6,229	N/A
	2017	6,771	N/A
	2016	4,062	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	\$ 202,928
700 N CDA	<u>72,958</u>
Total tax increment collected	<u><u>\$ 275,886</u></u>

Amounts expended for:

Site improvements and preparation costs	\$ -
Installation of public utilities and improvements	
Administrative costs	86,897
Tax increment paid to other entities	-
Transfers out for capital improvements	<u>200,000</u>
Total amounts expended by RDA	<u><u>\$ 286,897</u></u>

Outstanding bonds and loans to finance RDA projects	<u><u>\$ -</u></u>
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LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The City had two outstanding commitments as of June 30, 2018. The first is with Ivory Homes for the construction of sewer lift building with an estimated cost to the City of \$500,000. The second is with the U.S. Bureau of Reclamation. The City has committed to spend \$652,000 to pipe part of the North Union Canal in exchange for receiving a grant of \$300,000.

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.

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 \$445,718 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, 2018 totaled \$436,978. The aggregate amount of pledges paid to UTOPIA totals \$3,390,922 as of June 30, 2018. This amount (plus accrued interest of \$141,299) 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.

NOTE 12 – INTERLOCAL AGREEMENTS (Continued)

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, 2018 and 2017 totaled \$0 and \$0, respectively. The aggregate amount of OpEx pledges paid to UIA totals \$118,155 as of June 30, 2018. This amount (plus accrued interest of \$5,319) 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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

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.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The City's management noted that a building which should have been recorded in the Recreation fund was included in the general fixed asset in the past. The transfer from one fund to the other has no effect other than the adjustment to the beginning balance of governmental activities net position. In addition, it was noted that an adjusting entry was inadvertently posted twice during the prior year. To correct this, an adjustment has been made to the beginning balance of governmental activities net position.

REQUIRED SUPPLEMENTARY INFORMATION

LINDON CITY CORPORATION
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY

June 30, 2018
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%
	2017	0.1976314%	0.5828402%	0.0229866%
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
	2017	\$ 865,882	\$ 914,277	\$ 2,027
Covered 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
	2017	\$ 1,764,344	\$ 1,001,735	\$ 225,153
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%
	2017	49.08%	91.27%	0.90%
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%
	2017	91.9%	90.2%	97.4%

* 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, 2018
 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%
	2018	338,551	338,551	-	1,858,157	18.22%
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%
	2018	323,266	323,266	-	1,017,388	31.77%
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%
	2018	37,108	37,108	-	245,265	15.13%

* 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, 2018

Changes of Assumptions

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.2% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

SUPPLEMENTAL INFORMATION

LINDON CITY CORPORATION
COMBINING BALANCE SHEET – NON-MAJOR
GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue	Capital Projects		Total Nonmajor Governmental Funds
	Fund	Funds		
	P.A.R.C. Tax Fund	Road Capital Projects	General Capital Projects	
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,056,547	\$ -	\$ 2,056,547
Accounts receivable	-	79,520	-	79,520
PARC Tax receivable	114,217			114,217
Restricted cash and cash equivalents	634,776	792,868	985,664	2,413,308
Due from other funds	-	24,993	-	24,993
Total Assets	\$ 748,993	\$ 2,953,928	\$ 985,664	\$ 4,688,585
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 16,740	\$ 26,298	\$ -	\$ 43,038
Developer and customer deposits	-	51,770	-	51,770
Due to other funds	92,915	-	-	92,915
Total Liabilities	109,655	78,068	-	187,723
Fund Balances:				
Restricted for:				
Impact fees and future development	-	792,868	985,664	1,778,532
Assigned, reported in:				
P.A.R.C. tax fund	639,338	-	-	639,338
Capital projects	-	2,082,992	-	2,082,992
Total Fund Balances	639,338	2,875,860	985,664	4,500,862
Total Liabilities and Fund Balances	\$ 748,993	\$ 2,953,928	\$ 985,664	\$ 4,688,585

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

For the Fiscal Year Ended June 30, 2018

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	P.A.R.C. Tax Fund	Road Capital Projects	General Capital Projects	
Revenues:				
Intergovernmental	\$ -	\$ 444,465	\$ -	\$ 444,465
Impact fees	-	65,711	387,000	452,711
P.A.R.C. Tax	595,280	-	-	595,280
Interest	10,839	10,498	12,508	33,845
Miscellaneous	-	244,736	-	244,736
Total Revenues	606,119	765,410	399,508	1,771,037
Expenditures:				
Current:				
Highways and public improvements	-	719,649	-	719,649
Parks and recreation	308,020	-	-	308,020
Capital outlay	-	-	1,785	1,785
Total Expenditures	308,020	719,649	1,785	1,029,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	298,099	45,761	397,723	741,583
Other Financing Sources (Uses):				
Transfers in	-	1,700,000	-	1,700,000
Transfers out	(217,250)	(213,396)	(10,000)	(440,646)
Total Other Financing Sources (Uses)	(217,250)	1,486,604	(10,000)	1,259,354
Net Change in Fund Balances	80,849	1,532,365	387,723	2,000,937
Fund Balances, Beginning	558,489	1,343,495	597,941	2,499,925
Fund Balances, Ending	\$ 639,338	\$ 2,875,860	\$ 985,664	\$ 4,500,862

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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Difference from Final Budget
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government	436,251	436,251	436,251	-
Debt service:				
Principal	324,747	324,747	324,747	-
Interest	97,374	97,374	97,373	1
Total Expenditures	<u>858,372</u>	<u>858,372</u>	<u>858,371</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(858,372)</u>	<u>(858,372)</u>	<u>(858,371)</u>	<u>1</u>
Other Financing Sources (Uses):				
Transfers in	858,372	858,372	858,371	(1)
Total Other Financing Sources (Uses)	<u>858,372</u>	<u>858,372</u>	<u>858,371</u>	<u>(1)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2018

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
P.A.R.C. Tax	\$ 525,000	\$ 600,000	\$ 595,280	\$ (4,720)
Interest	5,750	9,000	10,839	1,839
Total Revenues	<u>530,750</u>	<u>609,000</u>	<u>606,119</u>	<u>(2,881)</u>
Expenditures:				
Parks and recreation	377,550	451,775	308,020	143,755
Total Expenditures	<u>377,550</u>	<u>451,775</u>	<u>308,020</u>	<u>143,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>153,200</u>	<u>157,225</u>	<u>298,099</u>	<u>140,874</u>
Other Financing Sources (Uses):				
Transfers out	(82,950)	(210,305)	(217,250)	6,945
Total Other Financing Sources (Uses)	<u>(82,950)</u>	<u>(210,305)</u>	<u>(217,250)</u>	<u>6,945</u>
Net Change in Fund Balances	70,250	(53,080)	80,849	133,929
Fund Balances, Beginning	<u>558,489</u>	<u>558,489</u>	<u>558,489</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 628,739</u>	<u>\$ 505,409</u>	<u>\$ 639,338</u>	<u>\$ 133,929</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, 2018

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 415,000	\$ 445,000	\$ 444,465	\$ (535)
Impact fees	55,000	60,975	65,711	4,736
Interest	2,600	7,250	10,498	3,248
Miscellaneous	-	113,830	244,736	130,906
Total Revenues	472,600	627,055	765,410	138,355
Expenditures:				
Current:				
Highways and public improvements	664,000	627,000	719,649	(92,649)
Total Expenditures	664,000	627,000	719,649	(92,649)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(191,400)	55	45,761	45,706
Other Financing Sources (Uses):				
Transfers in	200,000	1,700,000	1,700,000	-
Transfers out	(213,396)	(213,397)	(213,396)	1
Total Other Financing Sources (Uses)	(13,396)	1,486,603	1,486,604	1
Net Change in Fund Balances	(204,796)	1,486,658	1,532,365	45,707
Fund Balances, Beginning	1,343,495	1,343,495	1,343,495	-
Fund Balances, Ending	\$ 1,138,699	\$ 2,830,153	\$ 2,875,860	\$ 45,707

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, 2018

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Impact Fees	\$ 159,000	\$ 120,000	\$ 387,000	\$ 267,000
Interest	7,500	10,000	12,508	2,508
Total Revenues	<u>166,500</u>	<u>130,000</u>	<u>399,508</u>	<u>269,508</u>
Expenditures:				
Capital outlay	-	-	1,785	(1,785)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,785</u>	<u>(1,785)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>166,500</u>	<u>130,000</u>	<u>397,723</u>	<u>267,723</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balances	156,500	120,000	387,723	267,723
Fund Balances, Beginning	<u>597,941</u>	<u>597,941</u>	<u>597,941</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 754,441</u>	<u>\$ 717,941</u>	<u>\$ 985,664</u>	<u>\$ 267,723</u>

LINDON CITY CORPORATION
COMBINING STATEMENT OF NET POSITION – NON-MAJOR
PROPRIETARY FUNDS

June 30, 2018

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 53,928	\$ -	\$ 53,928
Accounts receivable, net	38,060	4,450	42,510
Total Current Assets	91,988	4,450	96,438
Noncurrent Assets:			
Notes receivable	-	367,257	367,257
Capital assets, net of accumulated depreciation: Telecom Infrastructure	-	145,735	145,735
Total Noncurrent Assets	-	512,992	512,992
Total Assets	\$ 91,988	\$ 517,442	\$ 609,430
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 41,125	\$ -	\$ 41,125
Due to other funds	-	1,618	1,618
Current portion of long-term debt	-	24,161	24,161
Total Current Liabilities	41,125	25,779	66,904
Noncurrent Liability			
Long-term debt, net of current portion	-	343,096	343,096
Total Noncurrent Liability	-	343,096	343,096
Total Liabilities	41,125	368,875	410,000
Net Position:			
Net investment in capital assets	-	145,735	145,735
Unrestricted	50,863	2,832	53,695
Total Net Position	50,863	148,567	199,430
Total Liabilities and Net Position	\$ 91,988	\$ 517,442	\$ 609,430

LINDON CITY CORPORATION
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION – NON-MAJOR PROPRIETARY FUNDS**
 For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Operating Revenues:			
Service fees	\$ 415,471	\$ 45,055	\$ 460,526
Total Operating Revenues	<u>415,471</u>	<u>45,055</u>	<u>460,526</u>
Operating Expenses:			
Salaries and wages	16,240	2,700	18,940
Materials, supplies, and services	435,409	42,749	478,158
Depreciation expense	<u>-</u>	<u>6,428</u>	<u>6,428</u>
Total Operating Expenses	<u>451,649</u>	<u>51,877</u>	<u>503,526</u>
Operating Income (loss)	<u>(36,178)</u>	<u>(6,822)</u>	<u>(43,000)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(36,178)</u>	<u>(6,822)</u>	<u>(43,000)</u>
Capital contributions	<u>-</u>	<u>21,204</u>	<u>21,204</u>
Changes in Net Position	<u>(36,178)</u>	<u>14,382</u>	<u>(21,796)</u>
Net Position, Beginning	<u>87,041</u>	<u>134,185</u>	<u>221,226</u>
Net Position, Ending	<u><u>\$ 50,863</u></u>	<u><u>\$ 148,567</u></u>	<u><u>\$ 199,430</u></u>

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

For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 414,773	\$ 45,348	\$ 460,121
Payments to suppliers	(455,062)	(42,749)	(497,811)
Payments to employees and related benefits	(16,240)	(2,700)	(18,940)
Net cash from operating activities	(56,529)	(101)	(56,630)
Cash Flows From Non-Capital Financing Activities:			
Loans from (payments to) other funds	-	101	101
Payments received on note from residents	-	47,094	47,094
Principal paid on note for residential connections	-	(47,094)	(47,094)
Net cash from non-capital financing activities	-	101	101
Net Increase (Decrease) In Cash	(56,529)	-	(56,529)
Cash and Cash Equivalents At Beginning of Year	110,457	-	110,457
Cash and Cash Equivalents At End of Year	\$ 53,928	\$ -	\$ 53,928
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (36,178)	\$ (6,822)	\$ (43,000)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	-	6,428	6,428
(Increase) Decrease in accounts receivable	(698)	293	(405)
Increase (Decrease) in accounts payable	(19,653)	-	(19,653)
Net cash from operating activities	\$ (56,529)	\$ (101)	\$ (56,630)
Noncash investing, capital, and financing activities:			
Contributions from developers	\$ -	\$ 21,204	\$ 21,204
Increase to UIA notes payable and receivable	-	22,800	22,800

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STATISTICAL SECTION

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 28,301,517
Restricted	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	1,845,772
Unrestricted	2,717,139	974,579	801,307	762,567	3,143,717	2,415,698	2,266,253	2,645,842	2,804,238	4,296,523
Total governmental activities net assets	<u>29,191,013</u>	<u>29,829,955</u>	<u>30,731,901</u>	<u>29,994,212</u>	<u>30,591,240</u>	<u>29,671,832</u>	<u>27,988,888</u>	<u>30,601,685</u>	<u>32,210,969</u>	<u>34,443,812</u>
Business-type activities										
Net investment in capital assets	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	39,912,738
Restricted	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	1,947,002
Unrestricted	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	2,084,223
Total business-type activities net assets	<u>30,882,548</u>	<u>31,574,069</u>	<u>32,579,452</u>	<u>32,967,998</u>	<u>33,731,192</u>	<u>34,401,667</u>	<u>35,374,046</u>	<u>36,713,223</u>	<u>39,300,002</u>	<u>43,943,963</u>
Primary government										
Net investment in capital assets	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	68,214,255
Restricted	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	3,792,774
Unrestricted	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	6,380,746
Total primary government net assets	<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>	<u>\$ 78,387,775</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,219,582
Public Safety	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	4,326,768
Streets and Highways	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	1,773,931
Parks and recreation	490,080	456,958	476,011	469,752	490,908	735,528	857,127	871,990	275,909	1,038,256
Interest on long-term debt	235,390	207,195	178,414	164,534	130,456	118,558	95,433	148,817	104,902	107,489
Total governmental activities expenses	<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>	<u>9,466,026</u>
Business-type activities:										
Water Utility	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	1,823,380
Waste Water	912,420	892,513	774,933	943,929	959,522	1,028,189	1,307,048	1,654,403	1,878,391	1,923,435
Storm Water	462,119	525,849	512,750	492,691	775,143	568,308	640,826	782,488	823,354	932,635
Solid Waste	340,770	340,546	370,620	354,845	338,739	385,960	388,263	406,167	430,985	451,649
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	1,548,176
Telecommunications	-	-	-	-	44,421	43,905	43,066	55,452	56,730	51,877
Total business-type activities expenses	<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>	<u>6,731,152</u>
Total primary government expenses	<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>	<u>\$ 16,197,178</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 768,689	\$ 911,640	\$ 852,252	\$ 769,361	\$ 956,700	\$ 1,069,810	\$ 1,528,161	\$ 1,401,679	\$ 1,231,826	\$ 1,536,810
Parks and recreation	-	-	-	-	60,870	103,378	60,005	82,515	53,860	50,429
Operating grants and contributions	25,403	-	146,049	71,974	686,319	95,864	1,911,409	893,566	191,151	257,748
Capital grants and contributions	925,187	973,749	1,823,781	625,029	360,096	343,943	362,702	1,895,402	2,475,644	2,476,537
Total governmental activities revenues	<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>	<u>4,321,524</u>
Business-type activities:										
Charges for services:										
Water Utility	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	2,595,887
Waste Water	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	1,898,866
Storm Water	352,574	366,028	415,227	443,198	415,580	424,247	489,124	582,808	686,357	799,344
Solid Waste	354,429	366,157	369,809	391,982	382,234	415,724	420,807	431,193	404,744	415,471
Recreation	151,055	478,506	451,196	464,650	483,042	454,749	504,725	536,940	673,586	735,474
Telecommunications	-	-	-	-	41,869	46,043	49,051	53,818	52,614	45,055
Operating grants and contributions	-	560,000	87,850	11,210	-	63,401	5,835	24,357	5,450	5,000
Capital grants and contributions	1,087,238	511,953	900,476	270,673	1,040,780	543,489	1,492,425	1,469,940	1,927,297	3,880,730
Total business-type activities revenues	<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>	<u>10,375,827</u>
Total primary government program revenues	<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>	<u>\$ 14,697,351</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (5,144,502)
Business-type activities	1,084,577	821,025	815,711	138,227	538,191	156,151	862,785	480,718	991,627	3,644,675
Total primary govt net (expense)/revenue	<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>	<u>\$ (1,499,827)</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 2,352,961
Sales taxes	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	4,242,568
Franchise taxes	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	1,606,531
Other taxes	-	-	-	-	-	117,404	475,198	497,163	545,149	595,280
Earnings on investments	103,487	34,396	21,463	31,045	21,727	18,320	16,548	61,268	103,850	155,500
Miscellaneous	628,442	840,397	161,294	126,334	5,641	4,828	-	-	3,451	244,736
Gain (loss) on disposal of capital assets	-	8,230	(6,788)	(19,826)	-	6,448	(2,063,907)	56,495	123,575	(3,013)
Transfers In (Out)	685,097	130,603	(184,668)	(244,051)	(222,780)	(683,448)	(346,722)	(856,010)	(1,590,503)	(976,300)
Total governmental activities	<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>	<u>8,218,263</u>
Business-type activities										
Earnings on investments	33,512	5,113	5,004	6,265	2,223	1,427	959	2,449	4,649	22,986
Gain (loss) on disposal of capital assets	-	-	-	-	-	45,000	-	-	-	-
Transfers In (Out)	(685,097)	(130,603)	184,668	244,051	222,780	683,448	346,722	856,010	1,590,503	976,300
Total business-type activities	<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>	<u>999,286</u>
Total primary government	<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>	<u>\$ 9,217,549</u>
Change in Net Position										
Governmental activities	\$ (584,378)	\$ 638,357	\$ 901,947	\$ (741,393)	\$ 36,692	\$ (885,287)	\$ (347,981)	\$ 2,612,797	\$ 1,609,284	\$ 3,073,761
Business-type activities	432,992	695,535	1,005,383	388,543	763,194	886,026	1,210,466	1,339,177	2,586,779	4,643,961
Total primary government	<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>	<u>\$ 7,717,722</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ 150,228	\$ 21,199	\$ 57,285	\$ 2,897	\$ 35,053	\$ 3,500	\$ 3,500	\$ 3,500
Restricted	423,343	1,790,155	1,358,910	1,103,557	732,703	522,458	388,727	330,843	422,839	67,240
Assigned	-	-	-	-	-	-	-	490,959	-	-
Unassigned	2,178,775	860,501	762,679	991,942	1,322,074	1,049,337	1,733,178	2,404,141	2,093,489	2,503,966
Total general fund	<u>2,602,118</u>	<u>2,650,656</u>	<u>2,271,817</u>	<u>2,116,698</u>	<u>2,112,062</u>	<u>1,574,692</u>	<u>2,156,958</u>	<u>3,229,443</u>	<u>2,519,828</u>	<u>2,574,706</u>
All Other Governmental Funds										
Restricted	1,495,870	1,891,492	1,929,161	2,233,739	382,666	720,470	766,449	2,376,321	953,820	1,778,532
Committed	-	-	17,071	-	-	-	-	-	-	-
Assigned	-	-	-	-	1,885,144	1,542,736	1,829,089	2,681,822	2,128,590	3,305,191
Unassigned	648,446	227,818	-	18,571	-	(15,952)	-	-	-	-
Total all other governmental funds	<u>2,144,316</u>	<u>2,119,310</u>	<u>1,946,232</u>	<u>2,252,310</u>	<u>2,267,810</u>	<u>2,247,254</u>	<u>2,595,538</u>	<u>5,058,143</u>	<u>3,082,410</u>	<u>5,083,723</u>
Total governmental funds	<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>	<u>\$ 7,658,429</u>

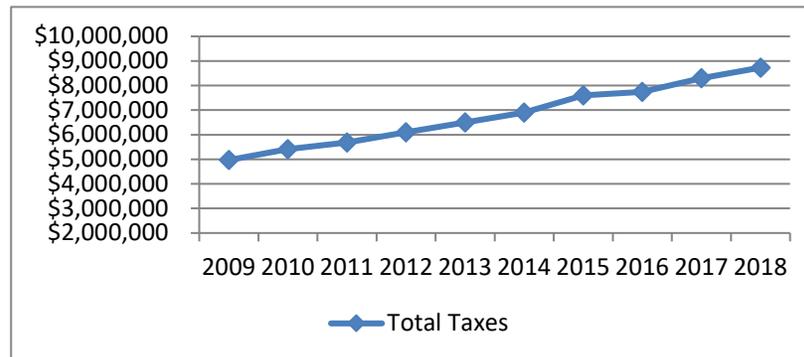
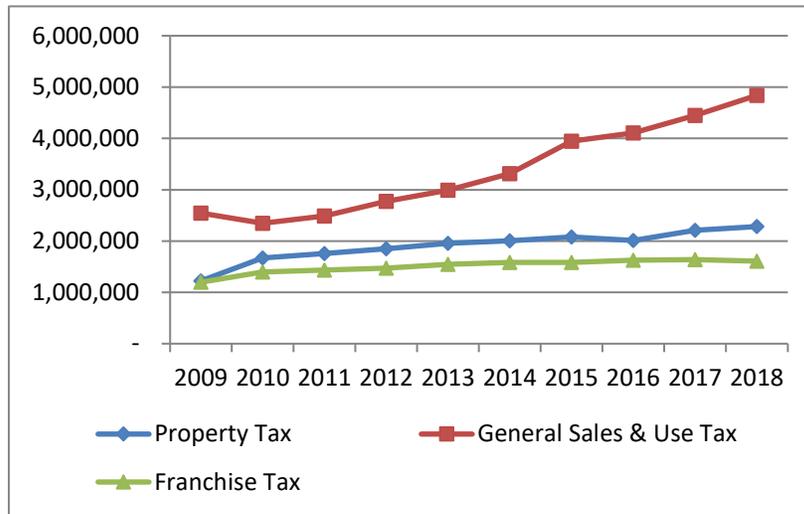
Schedule 4
Lindon City Corporation
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 8,791,191
Licenses, fees and permits	219,475	227,804	226,138	199,211	224,767	278,381	494,080	638,662	465,618	531,077
Intergovernmental	373,920	355,764	525,982	434,963	370,826	354,048	1,261,905	1,279,570	633,199	702,213
Charges for services	92,221	133,246	95,683	80,254	105,761	154,908	217,809	343,158	215,113	260,027
Fines and forfeitures	415,898	496,903	436,573	400,540	339,795	355,214	346,747	360,413	477,913	523,011
Impact fees	41,095	53,687	93,858	89,356	143,260	233,066	390,718	345,051	267,168	520,697
Miscellaneous revenue	731,929	900,783	182,757	157,379	231,284	174,755	155,360	203,118	235,290	679,509
Total revenues	<u>7,735,897</u>	<u>8,884,949</u>	<u>8,363,385</u>	<u>8,534,690</u>	<u>9,077,760</u>	<u>9,627,130</u>	<u>10,644,220</u>	<u>11,070,697</u>	<u>10,617,207</u>	<u>12,007,725</u>
Expenditures										
General government	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	2,274,048
Public Safety	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	4,171,033
Streets and public works	1,567,055	905,282	927,415	988,713	1,324,125	1,375,298	1,150,542	610,688	1,182,290	1,245,027
Parks and recreation	488,217	457,402	476,217	467,133	496,469	539,480	670,526	669,161	780,411	822,287
Capital outlay	1,381,344	724,246	1,175,916	126,842	474,506	339,106	119,007	1,728,490	3,236,657	1,785
Debt Service										
Principal retirement	891,651	996,074	868,256	527,273	788,873	559,268	1,111,604	316,303	733,098	480,337
Interest and fiscal charges	244,971	230,435	174,707	162,134	131,423	121,646	97,820	74,967	105,354	107,959
Cost of issuance	-	-	-	-	-	-	-	62,200	-	-
Total expenditures	<u>10,172,553</u>	<u>8,999,239</u>	<u>9,147,235</u>	<u>8,283,898</u>	<u>10,001,494</u>	<u>9,622,044</u>	<u>10,139,268</u>	<u>9,542,240</u>	<u>12,641,429</u>	<u>9,102,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,436,656)</u>	<u>(114,290)</u>	<u>(783,850)</u>	<u>250,792</u>	<u>(923,734)</u>	<u>5,086</u>	<u>504,952</u>	<u>1,528,457</u>	<u>(2,024,222)</u>	<u>2,905,249</u>
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	81,344
Sale of capital assets	-	-	-	-	234,763	47,000	291,800	182,749	407,597	45,898
Transfers in	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	2,558,371
Transfers out	(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)	(3,534,671)
Grants and contributions	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,110,402</u>	<u>137,236</u>	<u>231,933</u>	<u>(209,756)</u>	<u>540,012</u>	<u>(563,012)</u>	<u>425,598</u>	<u>2,006,633</u>	<u>(661,126)</u>	<u>(849,058)</u>
Net change in fund balances	<u>\$(1,326,254)</u>	<u>\$ 22,946</u>	<u>\$ (551,917)</u>	<u>\$ 41,036</u>	<u>\$ (383,722)</u>	<u>\$ (557,926)</u>	<u>\$ 930,550</u>	<u>\$ 3,535,090</u>	<u>\$(2,685,348)</u>	<u>\$ 2,056,191</u>
Ratio of total debt service to noncapital expenditures	12.9%	14.8%	13.1%	8.5%	9.7%	7.3%	14.7%	6.0%	12.8%	8.8%

**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
2009	1,224,730	2,543,776	1,197,828	\$ 4,966,334
2010	1,667,224	2,346,438	1,397,295	\$ 5,410,957
2011	1,755,960	2,485,409	1,436,983	\$ 5,678,352
2012	1,851,663	2,770,958	1,471,554	\$ 6,094,175
2013	1,957,461	2,989,633	1,547,626	\$ 6,494,720
2014	2,006,662	3,314,644	1,584,339	\$ 6,905,646
2015	2,078,798	3,942,822	1,582,143	\$ 7,603,762
2016	2,011,630	4,109,422	1,625,446	\$ 7,746,498
2017	2,209,078	4,450,674	1,637,937	\$ 8,297,689
2018	2,282,186	4,839,409	1,605,530	\$ 8,727,125

Growth
2009-2018 86.3% 90.2% 34.0% 75.7%



**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	
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%
2018	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		
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%
2018	423,457,234	88,213,935	44,289,717	89,807,325	\$ 645,768,211	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	2018			2009		
	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
Home Depot	N/A	2	N/A	N/A	2	-
Murdock Hyundai	N/A	3	N/A	N/A		N/A
Sunroc Corp.	N/A	4	N/A	N/A	3	-
Burton Lumber	N/A	5	N/A	N/A		N/A
Wheeler Machinery	N/A	6	N/A	N/A		N/A
Larry H. Miller Lexus of Lindon	N/A	7	N/A	N/A	7	N/A
Roofers Supply	N/A	8	N/A	N/A	10	-
BMC West	N/A	9	N/A	N/A		N/A
Low Book Sales	N/A	10	N/A	N/A	9	-
Mercedes Benz of Lindon	N/A		-	N/A	4	N/A
Tupelo/Timpanogos Harley David	N/A		-	N/A	5	
Pacific Coast Steel	N/A		-	N/A	6	
Utah Power & Light	N/A		-	N/A	8	N/A
Total	<u>\$2,134,223</u>		<u>50.31%</u>	<u>\$ 1,293,643</u>		<u>51.65%</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							
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
2018	1.392	-	1.392	7.033	0.902	0.400	0.009	9.736	0.019	9.755

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.
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Real Property											
Primary residential	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	565,570,869	39.9%
Secondary residential	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	3,770,800	0.3%
Commercial and industrial	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	594,263,700	41.9%
Farmland Assessment Act (FAA) and agricultural	900,361	832,467	709,632	1,134,946	1,146,035	648,024	937,943	1,156,431	1,195,899	1,266,579	0.1%
Unimproved non FAA	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	93,747,355	6.6%
Total real property	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	1,258,619,303	88.7%
Personal Property											
Primary mobile homes	278,505	270,124	283,776	259,513	159,917	156,705	154,176	154,176	154,176	154,176	0.0%
Secondary mobile homes	-	-	-	-	-	-	-	-	-	-	0.0%
Other business	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	126,508,181	8.9%
SCME	-	-	-	-	-	-	828	828	-	-	0.0%
Total personal property	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	126,662,357	8.9%
Centrally Assessed	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	25,240,829	1.8%
Motor Vehicle Value	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	8,719,194	0.6%
Total Taxable Assessed Value	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	1,419,241,683	100.0%
Estimated Actual Value	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	1,882,107,629	
Assessed Value as a % of Actual Value	71.6%	77.0%	76.3%	76.8%	77.1%	76.5%	75.8%	75.4%	75.1%	75.4%	
Total Direct Tax Rate	0.001296	0.001686	0.001873	0.002080	0.002107	0.002043	0.001862	0.001741	0.001630	0.001451	

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
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%
2017	2,069,341	1,883,128	91.00%	245,455	2,128,583	102.86%

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

Property Owner ⁽²⁾	2017 ⁽¹⁾			2008 ⁽¹⁾		
	Rank	Assessed Valuation	Percent of Total Assessed Valuation	Rank	Assessed Valuation	Percent of Total Assessed Valuation
Mecca Holdings LLC	1	\$ 45,737,500	3.30%			
WICP West Lindon LLC	2	\$ 22,377,900	1.62%			
Lindon 1600 East LLC	3	\$ 19,282,700	1.39%			
MS Business Properties Group	4	\$ 19,208,700	1.39%			
Walmart Stores Inc.	5	\$ 18,401,400	1.33%	2	\$ 16,215,100	1.61%
M S Industrial Properties LLC	6	\$ 18,185,100	1.31%			
ESNET Properties L C	7	\$ 10,670,700	0.77%			
WICP West Orem LLC	8	\$ 10,470,900	0.76%			
Building One Lindon LLC	9	\$ 10,172,900	0.73%			
Pacificorp	10	\$ 9,840,504	0.71%			
Canopy Properties Inc.				1	\$ 37,572,200	3.72%
Stag II Lindon LLC				3	\$ 12,348,000	1.22%
Olsen Enterprises Inc.				4	\$ 10,949,700	1.08%
Miller Family Real Estate LLC				5	\$ 9,272,500	0.92%
BAT Investments LC				6	\$ 8,819,100	0.87%
HD Development of Maryland Inc.				7	\$ 8,584,800	0.85%
Gateway Technology Center LLC				8	\$ 7,456,600	0.74%
Fieldstone Homes Utah LLC				9	\$ 6,882,927	0.68%
Ivory Development LLC				10	\$ 6,540,157	0.65%
Total		\$ 184,348,304	13.31%		124,641,084	12.35%

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
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%
2018	1,385,281,660	\$ 55,411,266	-	\$ 55,411,266	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
General Obligation Debt	-	-	-	-	-	-	-	-	-	-
RDA Revenue Bonds	2,024,000	1,743,000	1,450,000	1,171,000	882,000	581,000	-	-	-	-
MBA Revenue Bonds	629,000	320,000	-	-	-	-	-	-	-	-
Sales Tax Revenue Bonds	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	3,571,874
Road Excise Tax Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Special Assessment Bonds	301,000	90,000	60,000	30,000	-	-	-	-	-	-
Notes Payable	-	-	-	-	90,000	80,000	70,000	60,000	50,000	40,000
Capital Leases	331,785	261,256	341,694	262,171	365,434	326,838	428,568	348,496	456,347	382,101
Total Governmental Activities Debt	<u>5,804,154</u>	<u>4,814,713</u>	<u>4,130,256</u>	<u>3,615,058</u>	<u>3,357,865</u>	<u>2,872,034</u>	<u>2,240,951</u>	<u>4,604,286</u>	<u>4,392,967</u>	<u>3,993,975</u>
Business-Type Activities										
Water Revenue Bonds	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	2,746,104
Sewer Revenue Bonds	-	-	3,000,000	2,883,000	2,763,000	2,640,000	2,514,000	2,384,000	2,251,000	3,377,000
Storm Water Revenue Bonds	469,725	447,732	424,996	401,369	376,850	351,439	324,988	297,646	269,263	239,840
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	7,575,000
Notes Payable	-	-	2,217,241	2,217,241	2,512,526	2,410,832	2,313,835	2,181,512	2,054,900	1,919,829
Capital Leases	-	-	385,075	313,266	238,943	359,769	242,674	121,784	82,262	41,677
Total Business-Type Activities Debt	<u>14,615,194</u>	<u>14,000,993</u>	<u>19,179,593</u>	<u>18,606,252</u>	<u>18,184,761</u>	<u>17,538,408</u>	<u>17,074,483</u>	<u>16,152,176</u>	<u>15,394,357</u>	<u>15,899,450</u>
Total Primary Government	<u>\$ 20,419,348</u>	<u>\$ 18,815,706</u>	<u>\$ 23,309,849</u>	<u>\$ 22,221,310</u>	<u>\$ 21,542,626</u>	<u>\$ 20,410,441</u>	<u>\$ 19,315,434</u>	<u>\$ 20,756,462</u>	<u>\$ 19,787,324</u>	<u>\$ 19,893,425</u>
% of Personal Income⁽¹⁾	10.44%	9.05%	10.36%	9.48%	9.46%	9.15%	7.99%	8.08%	7.96%	7.70%
Debt Per Capita⁽¹⁾	\$ 2,093	\$ 1,877	\$ 2,275	\$ 2,123	\$ 2,139	\$ 2,027	\$ 1,867	\$ 1,988	\$ 1,865	\$ 1,855

⁽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, 2018

Entity⁽¹⁾	2017 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⁾	\$ 152,417,079,569	0.93%	213,942,622	\$ 1,979,902
Alpine School District	24,885,671,615	5.67%	506,360,000	\$ 28,700,538
Subtotal, Overlapping Debt				<u>\$ 30,680,440</u>
Lindon City Direct Debt	1,410,522,489	100.00%		<u>\$ 3,993,975</u>
Total Direct and Overlapping Debt				<u><u>\$ 34,674,415</u></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 schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lindon. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

⁽¹⁾ The State of Utah's general obligation debt is not included in overlapping debt because the State does not currently levy property tax for payment of its general obligation bonds.

⁽²⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed value by each overlapping unit's total taxable assessed value.

⁽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	
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
2018	\$ 4,242,568	\$ 705,000	\$ 393,324	\$ 1,098,324	3.86

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
Redevelopment Agency Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-

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 18
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	
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	\$ 1,400,022	\$ 654,871	\$ 84,854	\$ 90,703	\$ 175,557	3.73
2018	2,595,887	\$ 1,329,333	\$ 1,266,554	\$ 54,997	\$ 87,407	\$ 142,404	8.89

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
Sewer Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	\$ 1,307,670	\$ 417,448	\$133,000	\$ 59,600	\$ 192,600	2.17
2018	\$ 1,898,866	\$ 1,284,967	\$ 613,899	\$136,000	\$ 56,275	\$ 192,275	3.19

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
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	
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	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-

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
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
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%	4.3%
2018	10,968	\$ 277,347,816	\$ 25,287	2.8%	3.0%	4.0%

⁽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 22
Lindon City Corporation
Principal Employers
Current Year and Nine Years Ago**

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Alpine School District	500 - 999	1	4.4% - 8.9%	500 - 999	1	5.5% - 11.0%
Response Marketing Group	500 - 999	2	4.4% - 8.9%			
Bamboo HR LLC	250 - 499	3	2.2% - 4.4%			
Wal-Mart	250 - 499	4	2.2% - 4.4%	250 - 499	2	2.8% - 5.5%
Frontier Communications	250 - 499	5	2.2% - 4.4%			
Cascade Stucco and Exteriors	250 - 499	6	2.2% - 4.4%			
Boostability	100 - 249	7	0.9% - 2.2%			
Pharmatech Inc.	100 - 249	8	0.9% - 2.2%			
IMS Masonry Inc.	100 - 249	9	0.9% - 2.2%			
Schuff Steel Company	100 - 249	10	0.9% - 2.2%			
Altris Inc				250 - 499	3	2.8% - 5.5%
Modus Link				100 - 249	4	1.1% - 2.8%
Mountain States Steel				100 - 249	5	1.1% - 2.8%
Arteis Inc				100 - 249	6	1.1% - 2.8%
Direct Point Inc				100 - 249	7	1.1% - 2.8%
Home Depot				100 - 249	8	1.1% - 2.8%
For Every Body Wholesale				100 - 249	9	1.1% - 2.8%
TCI Cablevision of Utah				100 - 249	10	1.1% - 2.8%
Average Employment in Lindon City ⁽¹⁾	<u>11,285</u>			<u>9,054</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 average employment for the 2016CY.

Schedule 23
Lindon City Corporation
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	24	20	20	21	21	21	21	21	23	25
Public safety	18	17	17	18	19	19	19	19	19	19
Highways and streets	2	2	2	2	2	2	2	2	2	2
Park, recreation and culture	41	45	46	48	48	48	49	52	52	52
Water	3	2	2	2	2	2	3	3	4	4
Sewer	2	1	1	2	2	2	2	2	3	3
Storm Water Drainage	2	2	2	3	3	3	2	2	2	2
Total	92	89	90	96	97	97	98	101	105	107

Schedule 24
Lindon City Corporation
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Community development										
Residential building permits issued	110	113	126	108	118	137	170	221	204	257
Commercial building permits issued	46	58	49	37	36	44	53	70	53	48
Court										
Traffic and Misdemeanor cases handled	2,795	2,192	1,883	2,054	1,524	1,677	1,437	1,923	2,423	2,677
Police										
Calls for service	11,604	10,709	9,153	9,228	8,467	8,410	8,685	5,285	10,897	7,818
Offenses	6,630	5,357	3,632	2,473	2,451	2,302	3,914	6,510	1,257	6,757
Arrests	1,253	849	638	787	735	605	510	775	764	563
Traffic Accidents	285	295	338	323	262	321	292	371	363	334
Recreation										
Recreation programs	3	3	3	3	5	5	5	6	5	5
Number of participants	1,692	2,009	1,668	1,066	1,181	1,298	1,425	1,564	1,698	1,525
Aquatics Center programs ⁽¹⁾	N/A	6	7	7	6	5	8	6	10	6
Number of program participants	N/A	910	1,309	1,253	1,380	1,463	1,219	1,404	1,372	1,475
Number of Aquatics Center admissions	N/A	50,158	62,885	50,520	43,780	44,583	37,318	39,643	63,949	76,619
Community Center programs ⁽²⁾	N/A	N/A	N/A	5	13	12	14	15	31	22
Number of participants	N/A	N/A	N/A	1,220	857	252	465	487	748	398
Senior Center programs ⁽²⁾	N/A	N/A	N/A	6	31	23	13	14	17	17
Number of participants	N/A	N/A	N/A	194	150	579	345	110	145	453
Cemetery										
Burials	27	21	18	31	32	26	39	45	36	25
Culinary Water										
Connections	2,515	2,624	2,748	2,775	2,818	2,847	2,896	2,923	2,986	3,050
Average daily consumption (thousands of gallons)	1,245	1,131	1,140	1,605	1,200	1,030	1,034	1,004	1,108	1,280
Sewer										
Sewer lines miles inspected	10.0	2.3	1.0	4.0	3.7	1.5	6.0	5.0	5.0	4.0

N/A = Not Available

⁽¹⁾ 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.

⁽²⁾ The Community and Senior Center began operating in the 2011-2012 fiscal year.

Schedule 25
Lindon City Corporation
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Streets and Highways										
Street lights	322	322	322	270	275	246	253	258	286	286
Street miles	54	54	55	55	55	55	54	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	19,850	19,850	19,850	19,850	19,850	19,850	19,850	19,850
Park acreage	112	112	112	112	114	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	3	5	5	5	5
Culinary water										
Water main line miles	71	71	71	71	71	75	77	80	85	86
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	59	61	61	61	71	75	75
Secondary water										
Secondary water main line miles	46	46	46	46	46	47	49	49	49	49