



PA FR

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024 | LEHI CITY CORPORATION, STATE OF UTAH

TABLE OF CONTENTS

ABOUT THIS REPORT 1

INDEPENDENT AUDIT OPINION 2

MANAGEMENT OVERVIEW 3

ABOUT LEHI CITY 4

LEHI BY THE NUMBERS..... 6

REVENUE AND TAXATION..... 8

MUNICIPAL SERVICES 9

GOVERNMENTAL ACTIVITIES 10

BUSINESS-TYPE ACTIVITIES 11

CAPITAL ASSETS AND DEBT 12

BUDGET TIMELINE 14

GLOSSARY OF TERMS 15



ELECTED POSITIONS

Mayor Mark Johnson

City Council Member Chris Condie

City Council Member Michelle Stallings

City Council Member Heather Newall

City Council Member Paige Albrecht

City Council Member Paul Hancock

FINANCE AND ADMINISTRATION

City Administrator..... Jason Walker

Assistant City Administrator.. Cameron Boyle

Deputy City Administrator..... Beau Thomas

Finance Director Dean Lundell

Assistant Finance Director Karma Bentson

Treasurer..... Alyson Alger



ABOUT THIS REPORT

The Popular Annual Financial Report (PAFR) is designed to provide residents and other interested parties with a simple and concise overview of Lehi City's independently-audited Annual Comprehensive Financial Report (ACFR). This report contains a brief summary of the City's governmental and business-type activities for the fiscal year (FY) which ended June 30, 2024.

In accordance with state law, the ACFR is published within six months of the close of the fiscal year. The ACFR presents a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) and is audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The Government Finance Officers Association of the United States and Canada (GFOA) has an Award for Outstanding Achievement in Popular Financial Reporting. In order to receive the award, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. This prestigious national award recognizes conformance with the highest standards for preparation of state and local government popular reports.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Lehi City has received a Popular Award for the last thirteen consecutive years (fiscal years ended 2011-2023). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

For complete, more detailed financial information, individuals may obtain a copy of the ACFR online at www.lehi-ut.gov/departments/finance or by contacting the Finance Department at (385) 201-1000.

PHOTOGRAPHY

Earlier this year, Lehi City resident photographers participated in the 2024 Lehi Photo Contest and submitted pictures highlighting life, landmarks, and landscapes throughout our community. Contest winners were selected by the Mayor, city staff, and by public choice. We are pleased to present some of those photos throughout this report. The photo on the front cover was taken by Elisa Mahe, and the photo on the back cover was taken by Rohit Rawat.

INDEPENDENT AUDIT OPINION

Each year the ACFR is audited by an independent certified public accounting firm. This firm conducts an 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.” The audit does not express an opinion on the effectiveness of the City’s internal control of the budget, but rather expresses whether or not the preparation and presentation of financial statements is fair.

The FY 2024 audit was performed by **Osborne, Robbins & Buhler, P.L.L.C.**

In their opinion, “the financial statements [contained within the ACFR] present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City...” The auditor also stated that the changes in financial position, cash flows, and budgetary comparison for the General Fund and the Redevelopment Agency are also fairly represented.

The complete opinion of the auditor is available in the ACFR, which can be found at www.lehi-ut.gov/departments/finance.



Photo credit: Shauna Fuller

MANAGEMENT OVERVIEW

NET POSITION

The net position of the City is defined as the difference between the City's assets and liabilities. Assets include land, water rights, buildings, infrastructure, office furniture, equipment, etc. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial state of the City is improving or deteriorating.

At the close of the most recent fiscal year, the assets of the City exceeded liabilities by \$903,245,283. This is an increase of approximately 3.8% over the previous year.

	2024	2023
Governmental Activities	\$ 405,534,018	\$ 396,125,017
Business Activities	\$ 497,711,265	\$ 474,188,383
Total	\$ 903,245,283	\$ 870,313,400

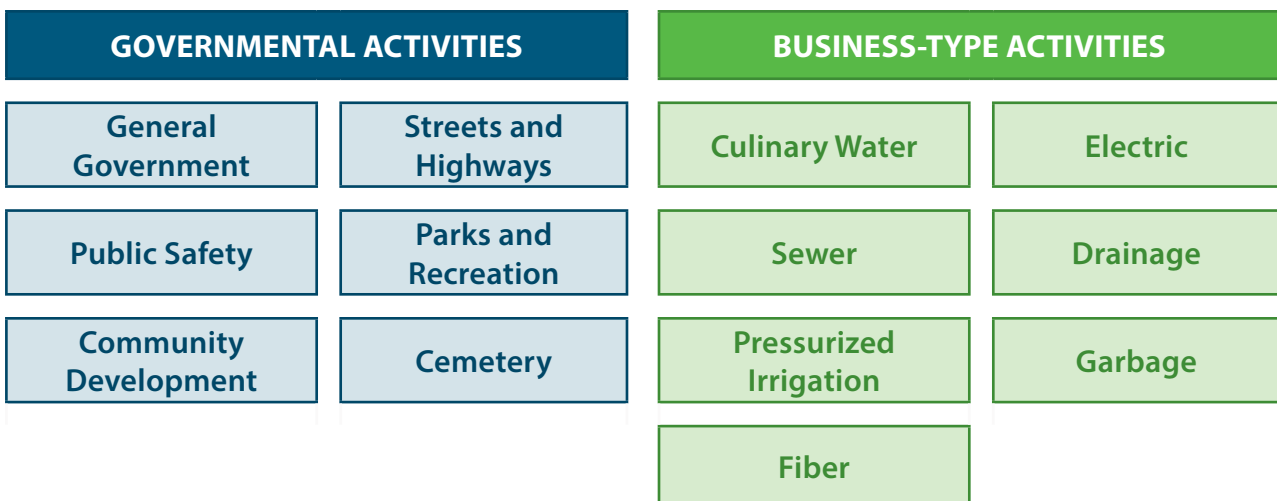
A large portion of the City's increase is related to capital grants and developer contributions of infrastructure. The City's net position also reflects its investment in capital assets (e.g. land, intangible assets, buildings, equipment).

OVERVIEW OF FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements provide a broad overview of the City's finances, in a manner similar to a private-sector business. These statements distinguish between functions that are principally supported by taxes and intergovernmental revenue (governmental activities) and those that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities).

This report focuses on providing a summary of the government-wide analysis, governmental activities, and business-type activities. Information on the fund financial statements and notes to the financial statements may be found in the ACFR.





LEHI CITY

PIONEERING UTAH'S FUTURE

Photo credit: Sandy McAvoy

Originally settled by pioneers, Lehi has been known as Sulphur Springs, Snow's Springs, Dry Creek, and Evansville. It was incorporated as Lehi City in 1852. The Overland Stagecoach Route, the Pony Express Trail, and the Transcontinental Telegraph all passed through or near Lehi during the peak of their use.

Lehi has more than doubled in size since 2000, with population estimates over 90,000 residents. Lehi is quickly becoming a premier technology and commercial center along the Wasatch Front. Several landmark companies call Lehi home, including Adobe, Texas Instruments (formerly Micron), Xactware, Microsoft, Vivint, and Xango. Lehi is also home to a wide variety of retail stores and restaurants. Thanksgiving Point, a unique destination offering museums, botanical gardens, shopping, restaurants, and other entertainment options, highlights all that Lehi has to offer.

Lehi is a beautiful place to live and work. Utah Lake is located just to the south, with the picturesque Jordan River running through the City. Lehi is surrounded by the Wasatch Mountains on the East and the White Mountains and Oquirrh Mountains on the West. Lehi's beautiful natural surroundings provide easy access to hiking, mountain biking, fishing, camping, skiing, hunting, and many other outdoor activities.

Lehi operates under a six-member council form of government. Policy making and legislative authority are vested in a governing council consisting of the mayor and five city council members, each elected at large to serve four-year, staggered terms. The governing council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the City's administrator, recorder, and treasurer. The City's administrator is



Photo credit: Shauna Fuller

responsible for working with the mayor to carry out the policies and ordinances of the governing council, overseeing the day-to-day operations of the government, and appointing heads of the City's operational departments.

The City provides a full range of services, including police and fire protection, construction and maintenance of roads, power department, parks, commercial and residential building inspection, recreational opportunities (including a recreation center, indoor pool, and outdoor pool, and the newly-built Curtis Center), and many cultural events. The City also owns and operates a culinary water system, a secondary water system, a wastewater system, a storm water system, an electrical distribution system, a fiber network, a solid waste collection, and an emergency medical service.

Indeed, Lehi City is pioneering Utah's future!



LEHI

BY THE NUMBERS

(Data from 2023 U.S. Census Estimates and the American Community Survey)



Photo credit: Sandy McAvoy



90,227
Population

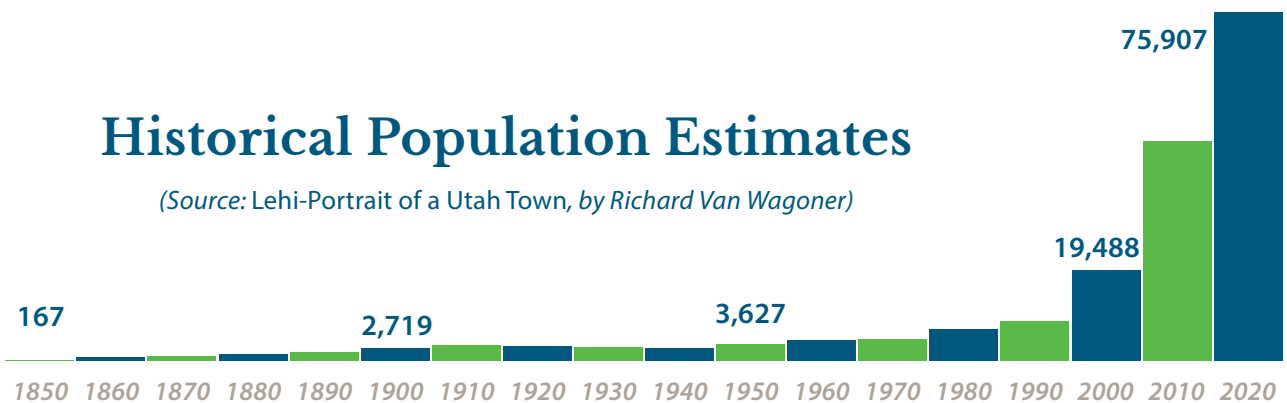
30.6
Square Miles

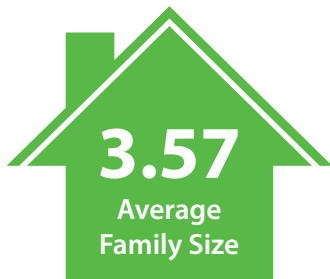
25.2
Median Age

23,586
Housing Units

Historical Population Estimates

(Source: Lehi-Portrait of a Utah Town, by Richard Van Wagoner)





616
Lane Miles
4
State Roads
(Timpanogos Highway, 2100 North, State Street, Pioneer Crossing)

\$117,005
Median Income



323 acres
Developed Parks

1168 acres
City Open Space

Principal Employers

- | | |
|---------------------------|---------------------------------|
| 1. Texas Instrument | 6. Weave |
| 2. Adobe | 7. Xactware |
| 3. Ancestry | 8. Thanksgiving Point Institute |
| 4. Entrata | 9. Nexeo Staffing |
| 5. Mountain Point Medical | 10. Hadco |

REVENUE AND TAXATION

Government-wide activities are funded through two general types of revenue: (1) program revenues and (2) general revenues.

PROGRAM REVENUES

Program revenues include charges for services, grants, and contributions. These are typically restricted to a specific program and service.

GRANTS

The City receives grants every year from the federal, state, and county governments. These grants fund different projects including energy efficiency, library, parks, public safety, or transit programs.

FEES

Fees are assessed for various services including business licenses, recreation, building, power, and water. All municipal fees are reviewed annually, ensuring that charges for services are based upon costs associated with providing that service and current market conditions.

GENERAL REVENUES

General revenues are revenues that are collected from the general public, including property taxes, sales and other taxes, and impact fees.

PROPERTY TAX

Utah County assesses the taxable value of property and collects all property taxes. Primary residences are taxed at 55% of their assessed value. Other property is taxed at 100% of the assessed value.

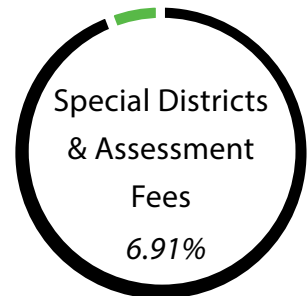
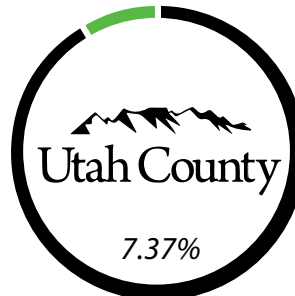
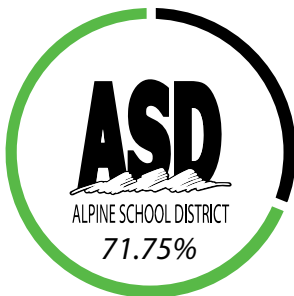
Property taxes paid by Lehi residents are divided among a number of tax-collecting entities, including: Alpine School District, Lehi City, Utah County, Central Utah Water Conservation District, Timpanogos Special Service District, and the Lehi Metropolitan Water District.

SALES TAX

The total sales tax is made up of several rates levied by the State, County, and City. Of the 7.45% tax on general purchases, the City levies in total about 1% (\$1.00 per \$100 spent by consumers). Beginning in April 2022, the PARC (Parks, Arts, Recreation, and Culture) tax, which was approved by the voters, went into effect and brought the tax rate to 7.25%.

MUNICIPAL BONDS

Some of the City's capital projects are funded through debt. A detailed section on the City's debt administration can be found on page 13 of this document.



PROPERTY TAX DISTRIBUTION

Property tax is distributed to various taxing entities. The largest portion of the tax (just under 72%) goes to Alpine School District. Lehi's portion is about 14% of the taxable value.

MUNICIPAL SERVICES

Generally speaking, Lehi City uses tax dollars and fee revenue in two ways: (1) provide municipal services and (2) fund capital projects.

MUNICIPAL SERVICES

Lehi City offers a variety of services to residents and visitors. These services generally fit into one of six categories: public safety, public works, leisure services, administrative services, community development, and non-departmental. The table below further explains these categories.

CAPITAL PROJECTS

The second way the City spends revenue includes the purchasing, construction, and/or maintenance of roads, public buildings, and infrastructure. The Mayor and City Council

direct staff on which services to provide and to what level. The Mayor and staff then submit a budget to the City Council for approval.

FUND STRUCTURE

Lehi City uses fund accounting to ensure compliance with finance-related legal requirements. All of the City’s funds are divided into two categories: (1) Governmental Funds and (2) Proprietary Funds. Governmental funds include governmental activities. Proprietary funds include business-type activities (enterprise funds) and internal revenue funds.

The next sections will summarize financial data for governmental activities and business-type activities. Other fund information can be found in the FY 2024 ACFR online at www.lehi-ut.gov/departments/finance.

SERVICE	FUNCTION	DEPARTMENTS
Public Safety	Provides high-quality services to protect life, property, and the environment	Animal Control, Emergency Medical Services, Fire, Justice Court, Neighborhood Preservation, Police
Public Works	Provides services for the City’s infrastructure and facilities	Cemetery, Culinary Water, Fiber, Parks, Power, Pressurized Irrigation, Sewer, Storm Drain, Streets
Leisure Services	Provides educational, recreational, and social services	Library, Literacy Center, Legacy Center, Outdoor Pool, Senior Center
Administrative Services	Provides administrative support and oversight to all city services	Administration, Emergency Management, Finance, Fleet, Human Resources, Information Center, IT, Legal, Risk Management, Utility Billing
Community Development	Provides services for environmental, economic, and community development	Building and Safety, Economic Development, Engineering, Planning and Zoning
Non-Departmental	Expenses for activities that are not specifically related to a department	Money set aside for contingencies, “rainy days,” inter-governmental agreements

GOVERNMENTAL ACTIVITIES

Governmental activities are accounted for under four main governmental funds (general fund, capital projects fund, special revenue fund, and redevelopment agency fund) and internal service funds for buildings and grounds, information technology, fleet, and risk management.

During FY 2024, governmental activities increased the City's net position by approximately \$9 million. Capital grants and contributions were lower than FY 2023

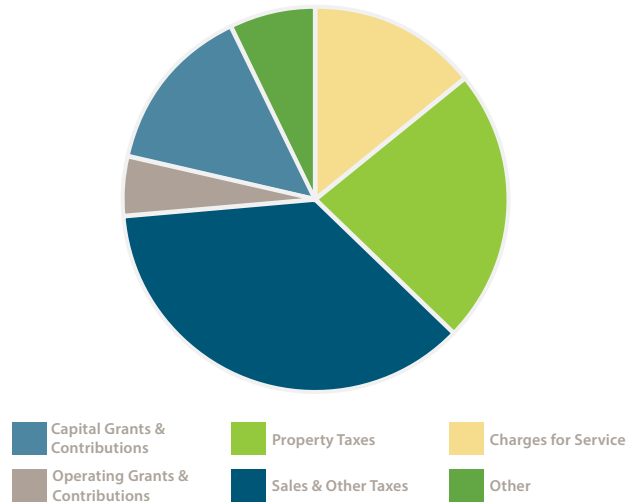
by approximately \$2.1 million. The decline in revenue was related to a leveling off of development, resulting in a decrease of developer-installed infrastructure. Property, sales, and other taxes were higher than in FY 2023 by approximately \$1.7 million.

Expenses increased by approximately \$7.8 million with the largest increases occurring in public safety and community development expenditures.

ACTIVITIES AT A GLANCE

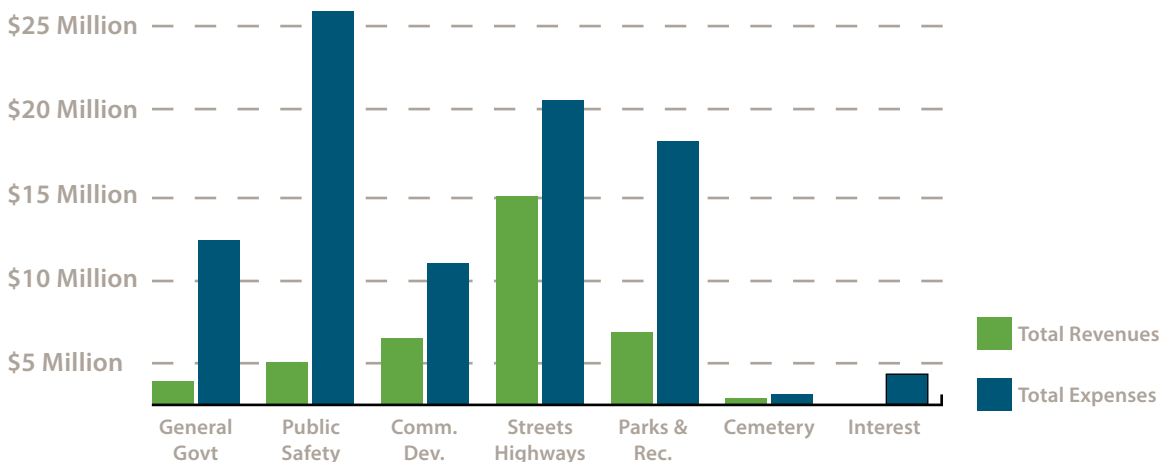
Total Revenues	\$ 92,126,141
<i>Grants/Contributions</i>	\$ 13,204,965
Total Expenditures	\$ 82,717,140
Increase in Net Position	\$ 9,409,001

Revenues by Source



Governmental Activities

Expenses and Program Revenues



BUSINESS-TYPE ACTIVITIES

During FY 2024, business-type activities increased the City's net position by approximately \$24 million. At the end of the fiscal year, all of the City's major business-type activities reported a positive net position, meaning that assets exceed liabilities, with the exception of the City's new fiber fund.

As part of the budget process, utility rates are reviewed annually. Rates are adjusted based on direct costs as well as capital needs. For the 2025 fiscal year, pressurized irrigation rates were increased by 5%, while culinary rates were not changed. Storm drain rates increased at the same time from \$5.25 to \$5.50 per month. The electricity rate study implemented a power purchase adjustment clause (PPAC),

which adjusts rates automatically based on the wholesale cost of power. Due to dramatic increases in the market price of wholesale power and natural gas, a PPAC of \$0.017 per kWh was implemented February 2023. This PPAC will be evaluated and adjusted annually.

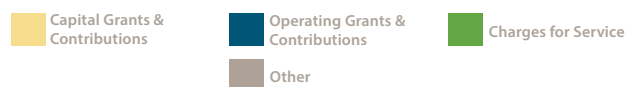
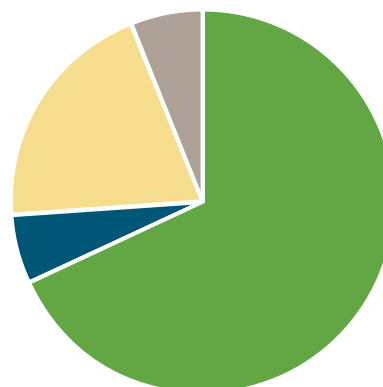
Capital grants and contributions added \$25.5 million to the total revenues of the City. This amount was higher than in 2023, indicative of a leveling off of development in 2024.

Business-like expenses decreased by \$4.5 million from the prior year. This is primarily the result of a decrease in the cost of wholesale power purchased by the City.

ACTIVITIES AT A GLANCE

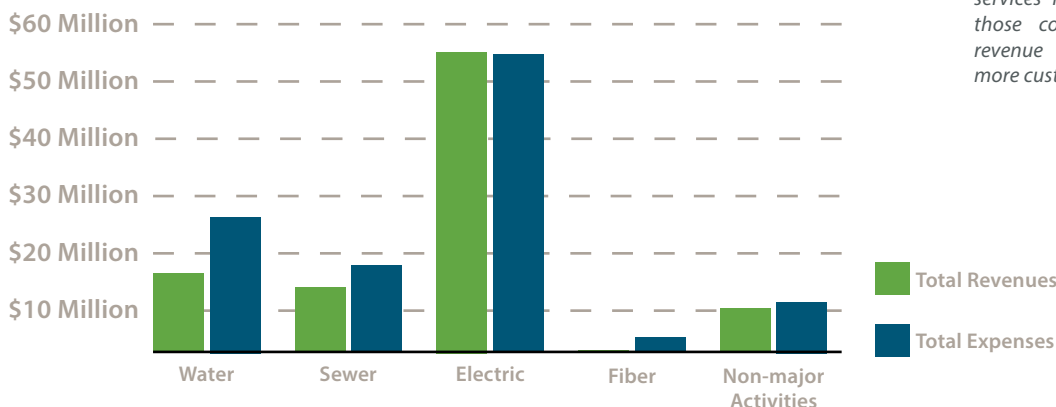
Total Revenues	\$127,901,253
Grants/Contributions	\$25,518,235
Total Expenditures	\$104,378,371
Increase in Net Position	\$23,522,882

Revenues by Source



Business-Type Activities

Expenses and Program Revenues



The continual growth of the city means that the cost to provide services has increased. However, those costs are offset by new revenue generated from serving more customers.

CAPITAL ASSETS AND DEBT

CAPITAL ASSETS

During FY 2024, the City continued to make investment in the development and maintenance of infrastructure a top priority. The total investment in capital assets, as of June 30, 2024, amounts to \$899,512,848 (net of accumulated depreciation). This investment includes land, buildings, improvements (including infrastructure and distribution systems), machinery and equipment, vehicles, and office furniture and equipment.

Major capital asset activity during FY 2024 included the following:

DEVELOPER CONTRIBUTIONS: Developers donated about \$20.3 million in infrastructure, land, and water rights to the City for governmental and business-type activities.

LARGE PROJECTS:

- \$4.2 million for a new parks department building
- \$14.7 million for the Family Park construction
- \$8.5 million for a new fire station
- \$3.1 million for the new Civic Center campus

Capital Assets

(Governmental and Business-Like Activities Combined)

	2023	2024	Percent Change
Land	\$ 178,183,067	\$ 182,165,739	2%
Intangibles	61,360,305	61,923,345	1%
Construction in Progress	28,167,872	97,188,079	245%
Buildings & Structures	41,344,069	38,778,790	-6%
Improvements (incl. Infrastructure)	501,809,921	507,246,195	1%
Machinery, Equipment, Vehicles	10,705,899	11,969,268	12%
Office Furniture & Equipment	29,846	22,982	-23%
Right to Use Leased Assets	22,688	218,450	10%
Total	\$ 821,623,667	\$ 899,512,848	9%



Photo credit: Oksana Melnyk



DEBT

Since 1998, the City has used bonds for the acquisition of substations, water storage facilities, the building of the new Joseph D. Adams Public Safety Building, and drainage facilities. The City has also bonded to improve roads, expand the library and city hall, and incentivize economic development. In FY 2024, Lehi City had a total bonded debt outstanding of \$178.5 million. Additionally, the City’s long-term obligations increased by \$15.3 million due primarily to regularly scheduled debt service requirement, electric revenue bonds, and an increase in net pension liability.

PENSION LIABILITY: At June 30, 2024, the City had reported, in accordance with the requirements of GAAP, net pension liability totaling \$5,933,021, compared to a net pension liability of \$4,331,229 at June 30, 2023.

The City has no general obligation debt.

Outstanding Debt

(Governmental and Business-Like Activities Combined)

	2023	2024	Percent Change
Tax Increment Note (Payable to Developer)	\$ 37,912,094	\$ 36,121,828	-5%
Other Notes Payable	4,799,772	3,910,108	-19%
Revenue Bonds	162,852,334	178,540,566	10%
Capital Lease Obligations	36,438	232,548	538%
Other Liabilities	10,414,442	12,570,213	21%
Total	\$ 216,015,080	\$ 231,375,263	7%

BUDGET TIMELINE

Lehi City adopts an annual budget following an ongoing process that combines citizen input, City Council direction, and staff recommendations to meet community needs. Residents can provide input by participating in the Citizen Survey and attending public meetings and budget hearings. The Citizen Survey measures resident satisfaction with administrative performance and the quality of city services. Public meetings are held regularly

and provide residents the opportunity to discuss services and community issues with the City Council. Both forums are tools in the budget-planning process and help toward enhancing current services and projects.

Contact the Finance Department at (385) 201-1000 with questions or for a copy of the budget, or visit the Department's webpage here: <https://www.lehi-ut.gov/departments/finance/>

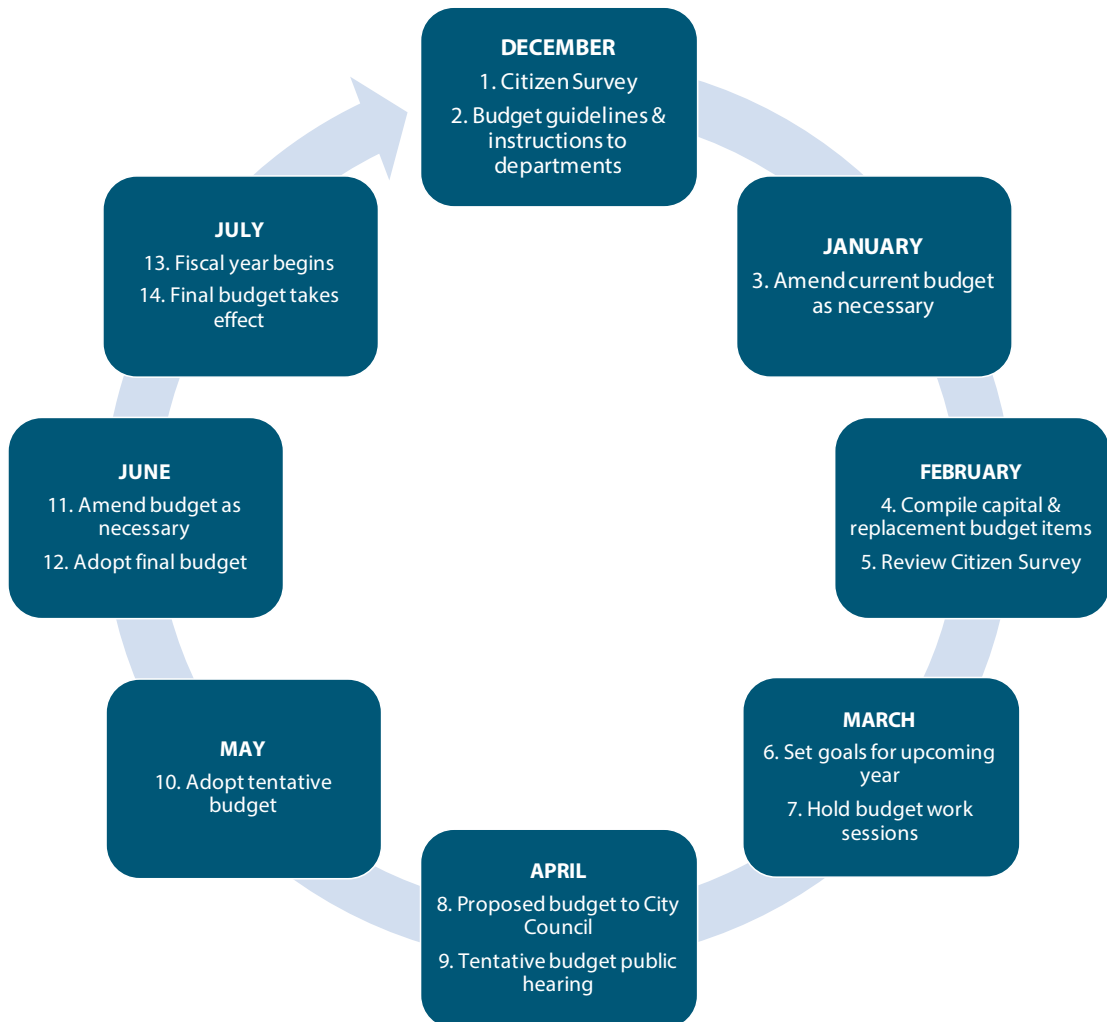




Photo credit: Gaajidmaa Sukhbaatar

GLOSSARY

BUSINESS-TYPE ACTIVITIES: Activities funded in whole or part by fees charged for goods or services usually reported in enterprise funds.

CAPITAL ASSETS: The City's property, including land, water rights, buildings, infrastructure, office furniture, equipment, etc.

CAPITAL LEASE OBLIGATIONS: The amount due for long-term asset lease agreements.

DEFERRED INFLOW OF RESOURCES: An acquisition of net assets by the government that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES: A consumption of net assets by the government that is applicable to a future reporting period.

EXCISE TAX BONDS: Taxes collected on a specific purchase (e.g. gas, alcohol, and cigarettes, and tobacco). An excise tax bond is supported by the revenue collected from excise taxes.

FUND BALANCE: The accrual in excess of a fund's assets over its liabilities.

GENERAL REVENUES: Revenues that are not matched to specific program expenses.

GRANT: A financial award given by the federal or state government to an eligible grantee. Government grants are not expected to be repaid by the recipient.

GOVERNMENTAL ACTIVITIES: Activities generally funded through taxes and intergovernmental revenues; usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS: Funds that account for most governmental functions. These include: the General Fund, Special Revenue funds, Capital Project Funds, and Redevelopment Agency Funds.

NET ASSETS/NET POSITION: The City's assets minus the City's liabilities.

NET OF ACCUMULATED DEPRECIATION: The total investment in capital assets minus the accumulated depreciation of those assets.

PROGRAM REVENUES: Revenues that derive directly from the program itself and may include parties outside the City's citizenry.

REVENUE BOND: A bond that is supported by the revenue from an income-producing project. Revenue may include an increase sales tax and charges for services due to the completion of the project.

TAX INCREMENT NOTE: A payment due to a developer to subsidize the cost of economic development. The increase in tax revenue (tax increment) caused by the development is used to finance the debt.

