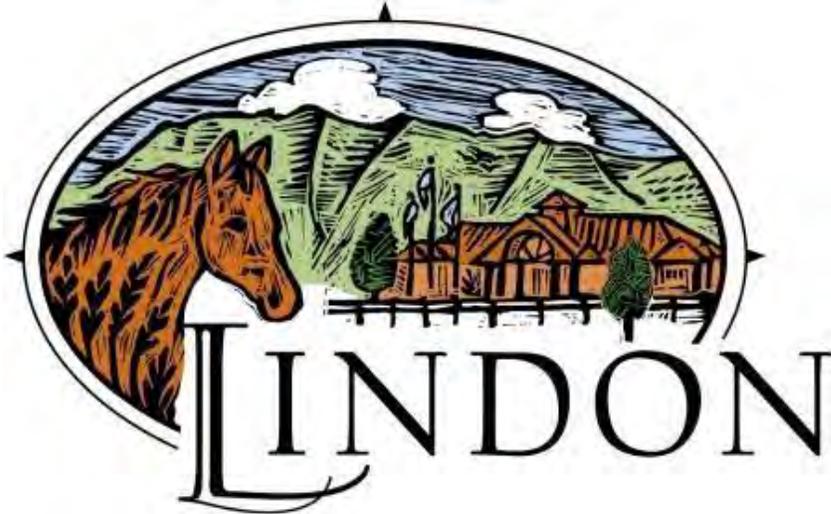


# Lindon City Council Staff Report



Prepared by Lindon City  
Administration

December 16, 2014



# Notice of Meeting of the Lindon City Council

The Lindon City Council will hold a regularly scheduled meeting beginning at **7:00 p.m.** on **Tuesday, December 16, 2014** in the Lindon City Center council chambers, 100 North State Street, Lindon, Utah. The agenda will consist of the following:

Scan or click here for link to download agenda & staff report materials:



*(Review times are estimates only)*

## **REGULAR SESSION – 7:00 P.M.** - Conducting: Mayor Jeff Acerson

Pledge of Allegiance: By Invitation  
Invocation: Carolyn Lundberg

- 1. Call to Order / Roll Call** *(5 minutes)*
- 2. Presentations and Announcements** *(5 minutes)*
  - a) Comments / Announcements from Mayor and Council members.
  - b) Presentation: Lindon Character Connection – Kathy Allred will present to the Mayor and City Council the accomplishments and activities that have occurred during the 2014 Lindon Character Connection program.
- 3. Approval of minutes:** November 18, 2014 and December 2, 2014 *(5 minutes)*
- 4. Consent Agenda – No Items**
- 5. Open Session for Public Comment** *(For items not on the agenda)* *(10 minutes)*
- 6. Action Item: Financial Audit Report for Fiscal Year 2013-14** *(45 minutes)*  
Representatives from Keddington & Christensen, LLP and Lindon City Finance Director, Kristen Colson, will present for the **Mayor and Council’s** acceptance **the city’s** annual financial audit report, included as part of the Comprehensive Annual Financial Report (CAFR), for fiscal year ended June 30, 2014.
- 7. Discussion Item — 2014 Wage & Benefit Study** *(60 minutes)*  
The Council will discuss findings of the 2014 Wage and Benefit study to provide Staff with direction and recommendations that will be brought back to the Council in January for adoption. No motions will be made.
- 8. Discussion Item — Ivory Homes / Anderson Farms concept plan** *(30 minutes)*  
Lindon City Planning Director, Hugh Van Wagenen, requests general feedback on the most recent concept plan presented by Ivory Homes for the Anderson Farm property located west of Geneva Road. No motions will be made.
- 9. Review & Action — 2015 Mayor pro tem appointments (Resolution #2014-15-R)** *(5 minutes)*  
This is a request for the Council’s consent and approval of the recommended 2015 Mayor pro tem appointment. This appointment will rotate quarterly among City Council members as listed in Resolution #2014-15-R.
- 10. Review & Action —2015 Mayor & Councilmember Assignments** *(5 minutes)*  
This is a request for the Council’s consent and approval of the recommended 2015 Mayor and Councilmember Assignments.
- 11. Review & Action —2015 Public Meeting Schedule** *(5 minutes)*  
This is a request by Staff for City Council review and approval of the proposed 2015 Public Meeting Schedule for City Council and Planning Commission meetings. The Planning Commission recommended approval.
- 12. Council Reports:** *(20 minutes)*
  - A) MAG, COG, UIA, Utah Lake, ULCT, Budget Committee - Jeff Acerson
  - B) Public Works, Irrigation/water, City Buildings - Van Broderick
  - C) Planning, BD of Adjustments, General Plan, Budget Committee - Matt Bean
  - D) Parks & Recreation, Trails, Tree Board, Cemetery - Carolyn Lundberg
  - E) Administration, Com Center Board, Lindon Days, Chamber of Commerce - Randi Powell
  - F) Public Safety, Court, Animal Control, Historic Commission, Budget Committee - Jacob Hoyt

## **13. Administrator’s Report** *(20 minutes)*

## Adjourn

This meeting may be held electronically to allow a council member to participate by video conference or teleconference.

Staff Reports and application materials for the agenda items above are available for review at the Lindon City Offices, located at 100 N. State Street, Lindon, UT. For specific questions on agenda items our staff may be contacted directly at (801)785-5043. City Codes and ordinances are available on the City web site found at [www.lindoncity.org](http://www.lindoncity.org). The City of Lindon, in compliance with the Americans with Disabilities Act, provides accommodations and auxiliary communicative aids and services for all those citizens in need of assistance. Persons requesting these accommodations for city-sponsored public meetings, services programs or events should call Kathy Moosman at 801-785-5043, giving at least 24 hours notice.

**Posted By:** Kathy Moosman

**Date:** December 15, 2014

**Time:** ~9:00 a.m.

**Place:** Lindon City Center, Lindon Police Dept, Lindon Community Center

## **REGULAR SESSION – 7:00 P.M.** - Conducting: Mayor Jeff Acerson

Pledge of Allegiance: By Invitation

Invocation: Carolyn Lundberg

### **Item 1 – Call to Order / Roll Call**

December 16, 2014 Lindon City Council meeting.

Jeff Acerson  
Matt Bean  
Van Broderick  
Jake Hoyt  
Carolyn Lundberg  
Randi Powell

*Staff present:* \_\_\_\_\_

### **Item 2 – Presentations and Announcements**

- a) Comments / Announcements from Mayor and Council members.
- b) **Presentation:** Lindon Character Connection – Kathy Allred will present to the Mayor and City Council the accomplishments and activities that have occurred during the 2014 Lindon Character Connection program.

### **Item 3 – Approval of Minutes**

- Review and approval of City Council minutes: ***November 18, 2014 and December 2, 2014***

2 The Lindon City Council held a regularly scheduled meeting on **Tuesday, November 18,**  
4 **2014, beginning with a work session at 6:00 pm** in the Lindon City Center, City  
Council Chambers, 100 North State Street, Lindon, Utah.

6 **WORK SESSION** – 6:00 P.M.

8 Conducting: Jeff Acerson, Mayor

10 **PRESENT** **ABSENT**

- 12 Jeff Acerson, Mayor
- 12 Matt Bean, Councilmember
- 12 Randi Powell, Councilmember
- 14 Van Broderick, Councilmember
- 14 Jacob Hoyt, Councilmember
- 16 Carolyn Lundberg, Councilmember
- 16 Adam Cowie, City Administrator
- 18 Kathy Moosman, City Recorder

20 **DISCUSSION ITEM:** Lindon City Council will meet with Public Works Director, Don  
22 Peterson, and Parks & Recreation Director, Heath Bateman, to review past department  
activities and upcoming projects. No motions will be made as this is for discussion only.

24 Mr. Cowie along with Brian Lloyd representing Don Peterson and the Public  
26 Works Department addressed the Council to review department activities and upcoming  
projects. Mr. Cowie gave a quick overview of the Public Works Department employees  
and their duties. He then presented photos showing sites and projects followed by  
28 discussion.

30 Mr. Cowie and Mr. Lloyd then presented the Public Works upcoming projects for  
the 2014-15 Budget year followed by discussion:

32 Storm Water Division:

- 34 • Enlarge the state detention basin on 1400 west. This will consist of installing a  
box, adding some 30" piping and cleaning out the existing basin (spring project)

36 Water Division:

Water Line Replacements (JUB Engineers will be drawing these up):

- 38 • Geneva Road from Center Street to 200 South - 10" line for 1800 feet
- 200 South west of freeway to 1500 West - 12" line for 1600 feet (spring project)

40 Secondary Water Projects:

- Maintenance on pumps and discharge piping in the 1200 East pump station

42 Road Projects:

- Locust Avenue rebuild
- Replace sidewalk on State Street
- 44 • Install sidewalk on Main Street at east end of arena

46 Waste Water Division:

- Install 1,900 feet of conduit and power cable on 200 North from the animal  
shelter to sewer lift station #5

- 2       • Cleaning 18" sewer main on 800 West, the main outfall line

4       Mayor Acerson thanked Mr. Lloyd for his presentation and valuable information and service to the city.

6

8       Heath Bateman, Parks & Recreation Director, was also in attendance to give an update on the Parks & Recreation Department activities and upcoming projects. Mr. Bateman commented that he has a great department and gave a quick overview of the Parks and Recreation Department employees and their duties. He noted he will be covering the aquatics center, the PARC tax and upcoming projects and activities tonight. He noted the Parks Department consists of two full time employees and two seasonal employees (April/May-August). The staff serves approximately 55 acres of developed property comprised of 13 parks, 110 total acres of parks as well as the cemetery, and the Heritage Trail. Mr. Bateman then presented his prepared slideshow followed by discussion as follows:

18    New Parks Developments:

- 20    – Completion of the Sod at Lindon View Park. 2.3 Acres  
 20    – Addition of New Walking Trail at Fryer Park

22    The Parks Department has 2 main goals for 2014:

- 24    • (1) Improvements at Meadows Park (\$50,000)  
       – Installation of a new 30'x45' Pavilion at Meadows Park  
 26    • (2) Improvements at Fryer Park (\$50,000)  
       – Installation of a new playground at Fryer Park

28    Parks Needs:

- 30    • New Garbage Cans – City Wide \$438 each  
 30    • Preservation and care of the new pavilions wood structures  
 32    • New picnic tables at Main Park \$607 each (12)  
 32    • Slide at Creekside Park  
 34    • New Playground City Park

34

36    Still needed amenities priority list:

- 36    • Water Tank Park – Water Fountain  
 36    • Citizenship Park – 576 sq./ft. Pavilion (Gazebo)  
 38    • City Center Park – New Playground, Restroom concessions stand upgrade, arena bleachers, Baseball scoreboard.  
 40    • Creekside Park New Play Structure, drinking fountain  
 40    • Meadow Park – Pavilion, restroom, walking path, sports court.  
 42    • Hollow Park Tennis Court with lights, Sand volleyball area, lighted trail.  
 42    • Fryer Park – Playground, Tennis/Basketball Court, 1 large pavilion, 1 small pavilion, 6 picnic tables on pads, water fountain.  
 44    • Pheasant Brook Park – Tennis Court with lights, 2 ball fields, Concessions stand, tot lot playground, Sand volleyball pit.  
 46    • Lindon View Park - Picnic tables, Playground, exercise equip.

2 Mr. Bateman then referenced the Senior Center Programs. He noted the average  
 4 lunch attendance at the Senior Center is around 25 People. He also reported that the Utah  
 6 County Community Development Block Grant program has granted up to \$19,987.00 for  
 8 the Lindon Senior Center Computer Lab Project in the 2014 funding cycle. He noted these  
 10 funds are provided by the U.S. Department of Housing and Urban Development's (HUD)  
 12 Community Development Block Grant (CDBG) program to Utah County, which is  
 contracted with Mountainland Association of Governments to administer the local grant  
 program. The funds do not have to be repaid, except in the event that a future HUD  
 monitoring visit finds non-compliance in any part of the grant process and subsequently  
 requires a portion or all of the grand funds be returned. Mr. Bateman also reported on  
 other Community Center updates as follows:

14 Current Groups using the Community Center:

- 16 • TOPS (Take Off Pounds Sensibly)
- 18 • Basting Buddies
- 20 • Utah Valley Quilt Guild
- 22 • Daughters of the Utah Pioneers Lindon Camp
- 24 • Daughters of the Utah Pioneers Curly Springs
- 26 • Utah Valley Skyline Choir

28 Mr. Bateman then covered the current Recreation classes and programs and yearly  
 30 special events including the Easter Egg Hunt, Christmas Tree Lighting Ceremony,  
 32 Volunteer Appreciation Banquet and the Hallows Eve Carnival. He also covered the  
 Recreation Sports Programs and gave the 2014 enrollment numbers as follows:

- 34 • Soccer –783 (2013 =704; 2012 = 646)
- 36 •Basketball –233 (2013 = 196; 2011-12 =141)
- 38 •Baseball –171 (2013 = 187; 2012 = 174)

40 Mr. Bateman then discussed the Aquatics Center stating there was 51,039 visits in  
 42 2014 (down 5,460), and there was \$22,030 brought in by the flow rider in 2014 with  
 44 2,203 riders (down 894). He also gave updates as follows:

46 Aquatics Center Needs:

- 48 • Re-stain wood
- 50 • Huck hideout
- 52 • Paint poles
- 54 • New Awnings
- 56 • Resurface the Pirate Ship
- 58 • New Rope for Bridge
- 60 • Cement Repairs
- 62 • Stairs Replacements
- 64 • Re-grout the Hot Tub
- 66 • Tile Cracks

- 2 • Fix Waterfall concrete
- Fix Jet Covers Lazy River
- 4 • Reattach wood siding
- Eyewash station replace (2)
- 6 • 2 Boilers repaired/replaced
- Replace UV lamps
- 8 • Chlorine lines replaced
- Re-stain wood
- 10 • Huck hideout

12 Mr. Bateman then gave an update on the Lindon Days activities and presented  
 14 reports followed by some general discussion. Mr. Cowie expressed his appreciation for  
 the Public Works Department and the Parks and Recreation Department and for all the  
 service and knowledge they bring to the City.

16 Mayor Acerson called for any further comments or discussion from the Council.  
 Hearing none he adjourned the work session at 7:05 p.m.

18 **REGULAR SESSION** – 7:00 P.M.

20 Conducting: Jeff Acerson, Mayor  
 22 Pledge of Allegiance: Cody Cullimore, Chief of Police  
 Invocation: Jeff Acerson

24 **PRESENT** **ABSENT**

- 26 Jeff Acerson, Mayor
- Randi Powell, Councilmember
- 28 Matt Bean, Councilmember
- Van Broderick, Councilmember
- 30 Jacob Hoyt, Councilmember
- Carolyn Lundberg, Councilmember
- 32 Adam Cowie, City Administrator
- Cody Cullimore, Chief of Police
- 34 Kathy Moosman, City Recorder

- 36 1. **Call to Order/Roll Call** – The meeting was called to order at 7:15 p.m.
- 38 2. **Presentations/Announcements** –
- 40 a) **Mayor/Council Comments** – There were no announcements at this time.
- 42 3. **Approval of Minutes** – The minutes of the regular meeting of the City Council of  
 44 November 5, 2014 were reviewed and the work session minutes from August 26,  
 2014 were reviewed.

46 COUNCILMEMBER LUNDBERG MOVED TO APPROVE THE MINUTES  
 OF THE REGULAR MEETING OF NOVEMBER 5, 2014 AS AMENDED.

2 COUNCILMEMBER BRODERICK SECONDED THE MOTION. THE VOTE WAS  
RECORDED AS FOLLOWS:

4 COUNCILMEMBER BEAN AYE  
COUNCILMEMBER POWELL AYE  
6 COUNCILMEMBER BRODERICK AYE  
COUNCILMEMBER HOYT AYE  
8 COUNCILMEMBER LUNDBERG AYE  
THE MOTION CARRIED UNANIMOUSLY.

10

COUNCILMEMBER HOYT MOVED TO APPROVE THE MINUTES OF THE  
12 WORK SESSION MEETING OF AUGUST 26, 2014 AS WRITTEN.

COUNCILMEMBER POWELL SECONDED THE MOTION. THE VOTE WAS  
14 RECORDED AS FOLLOWS:

16 COUNCILMEMBER BEAN AYE  
COUNCILMEMBER POWELL AYE  
COUNCILMEMBER BRODERICK AYE  
18 COUNCILMEMBER HOYT AYE  
COUNCILMEMBER LUNDBERG AYE  
20 THE MOTION CARRIED UNANIMOUSLY.

22

4. **Consent Agenda** – No items.

24

5. **Open Session for Public Comment** – Mayor Acerson called for any public  
comment not listed as an agenda item. Val Killian, Lindon resident, addressed the  
26 Council at this time. Mr. Killian inquired if he could comment on an item the  
Council will be discussing in the closed session that is an agenda item. He noted  
28 that he does understand that would be a variation to the rule. Mayor Acerson  
stated that this body will be the body that will hear any appeal from the decision  
30 made by the Planning Commission at their last meeting and it would be in the best  
interest of the Council, as well as those wanting to appeal the decision, to do it in  
32 a session where the topic is noticed. Mr. Cowie added that we are unable to  
disclose or discuss anything in a closed session, otherwise that information is  
34 subject to public record. Mayor Acerson confirmed, per legal counsel, that is  
what is recommended and such counsel will be taken at this time.

36

### **CURRENT BUSINESS**

38

6. **Continued Item: Review & Action** – *Waste Disposal Contract Addendum and  
40 Service Extension with Republic Services.* This item was continued from the  
October 7, 2014 meeting. Reece DeMille, with Republic Services, requests  
42 approval of a 3-year extension to the current waste disposal contract (residential  
garbage & recycling) which expires June 30, 2015. The current contract  
44 contemplates extensions that may be granted upon approval of both parties. An  
addendum to the current contract has been prepared to clarify price increase  
46 limitations and other minor issues as part of the requested extension which will  
run through June 30, 2018.



2 COUNCILMEMBER BEAN AYE  
 COUNCILMEMBER BRODERICK AYE  
 4 COUNCILMEMBER HOYT AYE  
 COUNCILMEMBER LUNDBERG AYE  
 6 THE MOTION CARRIED UNANIMOUSLY.

8 7. **Review & Action** – *Little Miss Lindon: Parade Float Funding*. Representatives  
 from the Little Miss Lindon organization will present to the Council a request for  
 10 increased funding for the Lindon City parade float used by little Miss Lindon  
 royalty. For the 2014-2015 fiscal year the City has budgeted \$750 for parade  
 12 float expenses and \$5,000 for Little Miss Lindon pageant and program funding.

14 Mr. Cowie led the discussion by stating representatives from the Little Miss  
 Lindon organization are in attendance to present to the Council their request for increased  
 16 funding for the Lindon City parade float used by little Miss Lindon royalty. He noted for  
 the 2014-2015 fiscal year the City has budgeted \$750 for parade float expenses and  
 18 \$5,000 for the Little Miss Lindon pageant and program funding.

Mr. Cowie then gave some background stating Lindon City has historically  
 20 funded the Little Miss Lindon program by providing \$5,000 towards the program and  
 pageant expenses, and an additional \$5,000 towards the parade float funding. The float is  
 22 only used by Little Miss Lindon royalty. He noted that due to budgetary constraints in  
 July 2014 the City Council reduced the float funding to \$750 with the idea that he float  
 24 could be maintained and operated, but would not need to be fully re-built each year. He  
 also mentioned that many other budget reductions were also made to other programs and  
 26 services offered through the city.

Mr. Cowie commented that representatives from the Little Miss Lindon  
 28 organization appeared at a recent budget amendment public hearing to request additional  
 funding be added back to the parade float budget and at that time the Council asked for  
 30 additional information on how much is needed to annually reconstruct the float, and what  
 standard is expected for floats from year-to-year. He noted that the Little Miss Lindon  
 32 representatives have provided information and will explain their proposals for funding to  
 the City Council. Mr. Cowie stated if the Council amends the funding level for the float,  
 34 staff will present the formal budgetary adjustments during the next budget amendment  
 hearing. Mr. Cowie then turned the time over to the representatives of the Little Miss  
 36 Lindon program who presented their proposal for funding. There was then some general  
 discussion regarding the proposal. Following some additional discussion the Council was  
 38 in agreement to increase the funding for the Lindon City parade float used by little Miss  
 Lindon royalty.

Mr. Cowie confirmed that the budget will need to be adjusted as the funds will be  
 40 from the general fund but can be offset in some other ways with the PARC tax. Mayor  
 42 Acerson commented that with this action the focus will be on the Royalty and their  
 service and will not require so much time and energy spent on the float.

44 Mayor Acerson called for any further comments or questions from the Council.  
 Hearing none he called for a motion.  
 46

2 COUNCILMEMBER POWELL MOVED TO APPROVE THE FUNDING  
4 REQUEST FOR THE PARADE FLOAT IN THE AMOUNT OF \$10,000 FOR FISCAL  
6 YEAR 2014-15, AND RECOMMEND THE CHANGE BE AMENDED AT THE NEXT  
8 AVAILABLE BUDGET HEARING WITH THE CONDITION THAT THIS BE A  
10 SUSTAINABLE FLOAT FOR UP TO THREE YEARS. COUNCILMEMBER  
12 LUNDBERG SECONDED THE MOTION. THE VOTE WAS RECORDED AS  
14 FOLLOWS:

COUNCILMEMBER POWELL AYE  
10 COUNCILMEMBER BEAN AYE  
COUNCILMEMBER BRODERICK AYE  
12 COUNCILMEMBER HOYT AYE  
COUNCILMEMBER LUNDBERG AYE  
14 THE MOTION CARRIED UNANIMOUSLY.

16 8. **Public Hearing** – *Fee Schedule Change: Community Center Rental Rates for*  
18 *Commercial Uses (Resolution #2014-14-R).* At the request of the Mayor and  
20 Council, the Parks & Recreation Director, Heath Bateman, is presenting changes  
to the fee schedule to allow commercial activities & rentals in the Community  
Center. Proposed changes are outlined in Resolution #2014-14-R.

22 COUNCILMEMBER BEAN MOVED TO OPEN THE PUBLIC HEARING.  
24 COUNCILMEMBER BRODERICK SECONDED THE MOTION. ALL PRESENT  
VOTED IN FAVOR. THE MOTION CARRIED.

26 Heath Bateman was in attendance to address the Council at this time regarding  
28 changes to the fee schedule to allow commercial activities & rentals in the Community  
Center. Mr. Cowie referenced the Resolution and materials provided by Mr. Bateman.  
30 He noted that based on past direction from the Council, Mr. Bateman has provided  
recommended rates for commercial rentals at the Lindon City Community Center. He  
32 added that the Council previously requested information on how much it costs to operate  
the Community Center per day/hour. He explained that for hours that the center is  
34 typically open staff estimates it costs the city a minimum of about \$48 per hour to open  
the community center, plus programming costs. He noted that whether fees are adjusted  
36 to fully cover costs is up to the Council’s direction, and any increase in rates for  
commercial uses will help to offset the operating costs.

38 Mr. Bateman addressed the Council at this time and referenced the proposed fee  
schedule. He noted that he added \$10 per rental category and 20% off for non-profit. He  
40 stated that he feels at these rates he didn’t put in a daily ceiling for rental cost like a \$300  
limit per day as he thinks this rental rate is fair and it will be tough to find multiple days  
42 in a row that a person can rent the Gym or CCA without displacing other programs (the  
exception might be in the summertime) but it still would be hard. There was then some  
general discussion regarding this issue.

44 Mayor Acerson called for any public comments. Hearing none he called for a  
46 motion to close the public hearing.

2 A resident in attendance asked if there would there be guidelines in place as to the  
 4 type of operations that could take place at the Center. Mr. Bateman stated they are under  
 6 certain obligations and standards from the LDS Church, per the agreement, as to what  
 8 events can take place at the Community Center. He noted there will be general outlines  
 and guidelines in place for commercial use at the Community Center and will be  
 consistent with the agreement in place.

10 COUNCILMEMBER POWELL MOVED TO CLOSE THE PUBLIC HEARING.  
 COUNCILMEMBER LUNDBERG SECONDED THE MOTION. ALL PRESENT  
 VOTED IN FAVOR. THE MOTION CARRIED.

12 Mayor Acerson called for any further comments or questions from the Council.  
 14 Hearing none he called for a motion.

16 COUNCILMEMBER BRODERICK MOVED TO APPROVE RESOLUTION  
 #2014-14-R OUTLINING THE UPDATED FEES FOR COMMERCIAL RENTAL  
 18 RATES AT THE LINDON CITY COMMUNITY CENTER WITH THE CONDITION  
 OF ADDING THE TERMS OF HAVING THE BUILDING AS PART OF A  
 20 COMMERCIAL RENTAL. COUNCILMEMBER HOYT SECONDED THE MOTION.  
 THE VOTE WAS RECORDED AS FOLLOWS:

22 COUNCILMEMBER POWELL AYE  
 COUNCILMEMBER BEAN AYE  
 24 COUNCILMEMBER BRODERICK AYE  
 COUNCILMEMBER HOYT AYE  
 26 COUNCILMEMBER LUNDBERG AYE  
 THE MOTION CARRIED UNANIMOUSLY.

- 28  
 30 9. **Discussion Item – Closed Session to Discuss Pending or Reasonably  
 Imminent Litigation per UCA 52-4-205.** The City Council will enter into a  
 32 closed executive session to discuss pending or reasonable imminent litigation per  
 UCA 52-4-205. This session is closed to the general public.

34 COUNCILMEMBER HOYT MOVED TO RECESS INTO A CLOSED  
 EXECUTIVE SESSION TO DISCUSS PENDING OR REASONABLE IMMINENT  
 36 LITIGATION AT 8:05 P.M. COUNCILMEMBER LUNDBERG SECONDED THE  
 MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

38  
 40 COUNCILMEMBER BRODERICK MOVED TO CLOSE THE EXECUTIVE  
 SESSION AND RE-ENTER THE CITY COUNCIL MEETING AT 9:25 P.M.  
 COUNCILMEMBER POWELL SECONDED THE MOTION. ALL PRESENT  
 42 VOTED IN FAVOR. THE MOTION CARRIED.

44 **10. COUNCIL REPORTS:**

46 **Councilmember Powell** – Councilmember Powell gave an update on names for the  
 Community Center Advisory Board. She then presented the names of Jenni Allred  
 48 Anderson (801-836-7727) and Steven Barsh (801-224-5350) for approval. The Council

2 was in agreement to approve Ms. Anderson and Mr. Barsh. Mr. Cowie noted they will  
take official action at the next meeting. Councilmember Powell stated that both  
4 candidates are eager and willing to serve. Councilmember Powell also mentioned that  
the power plant had a very loud blow-off early Saturday morning. Chief Cullimore stated  
6 that Don Peterson had been notified of the blow-off and stated that he has not heard of  
any complaints. He noted that the Everbridge program would be an effective way to  
8 notify residents that this will be happening. Councilmember Powell also mentioned the  
“Gala” that never happened and asked for an update. Chief Cullimore stated that he will  
10 contact the promoter (Frank Anderson) again and get back to the Council with an update  
on that issue.

12 **Councilmember Bean** – Councilmember Bean had nothing to report at this time.

14 **Chief Cullimore** – Chief Cullimore reported that he put out a Facebook post reminding  
16 residents of winter parking hours for snow removal and they may be red-tagging vehicles.  
He also mentioned that the Everbridge program was approved several weeks ago by the  
18 Council and noted that 4 or 5 other cities in the county have also purchased the program  
including the county which should drop the costs and result in a cost reduction to the city  
20 next year. He noted they will be rolling out the training tomorrow on Everbridge. Chief  
Cullimore also reported that the Lindon Drill Down for Safety program has been selected  
22 for recognition for our community concept and the success of the program and was  
presented at the International Association of Emergency Managers Conference in Texas  
24 which is quite an honor. Chief Cullimore thanked the Council for all their support each  
year with the drill.

26 **Councilmember Hoyt** – Councilmember Hoyt reported on the upcoming Tree Lighting  
28 Ceremony hosted by the Historical Preservation Commission to be held at the  
Community Center on December 1<sup>st</sup> at 6:30 pm. He noted the Police department will be  
30 providing hot chocolate and the Little Miss Lindon Royalty will be handing out candy  
canes.

32 **Councilmember Broderick** – Councilmember Broderick gave some information from  
34 Provo River Water users association meeting noting they received the assessment for the  
year and the city has a credit due to an accounting error.

36 **Councilmember Lundberg** – Councilmember Lundberg had nothing to report at this  
38 time.

40 **Mayor Acerson** – Mayor Acerson reported that a security business (ADT) is closing and  
questioned if there are any concerns. Chief Cullimore stated that he will monitor the  
42 situation and let them know the police department is available if needed. Mayor Acerson  
inquired when UDOT will be taking possession of 700 north. Mr. Cowie stated they will  
44 vote on it December 5<sup>th</sup>. He noted they believe they will be rebuilding the roadway as  
soon as possible. Mayor Acerson reported that Walmart currently does not have a  
46 manager and he will be notified when new manager is in place. He noted when following  
up on the Thanksgiving grant they indicated the grant was prepared by the previous

2 manager but he was reassured that the grant money will still come in. Mayor Acerson  
 4 mentioned that John Williams wants to expand on his building (Intermountain Precision  
 Casting) and asked Mr. Cowie to help facilitate some options with this issue. Mr. Cowie  
 stated that he will check with the Planning Department and get back to him.

6  
**Administrator's Report:**

8 Mr. Cowie reported on the following items followed by discussion.

10 **Misc. Updates:**

- 12 • November City newsletter
- 12 • Land Use Project Tracking List
- 12 • Ivory Homes development
  - 14 ○ Task Force Meeting (DRC) – Thursday, November 20<sup>th</sup> at 1:00pm
  - 14 ○ Joint PC/CC plan review meeting: Tuesday, December 9<sup>th</sup>, 6-8pm
  - 16 ○ Amenities desired
- 18 • Fire/EMS call report
- 18 • Center Street lift station project on hold with new information: Ivory Homes participation.
- 20 • Employee compensation study – progress report
- 22 • 60 North cell tower – lease extension request from AT&T (see attached memo from Kristen)
- 24 • Please turn in annual conflict of interest disclosure statements
- 24 • Utah Transportation coalition – Road funding initiative.
- 26 • Legislative Policy Committee meetings – ULCT email updates
- 26 • Request from PG Mayor Daniels for joint Lindon/PG coordination meetings
- 28 • 700 North CDA – Alpine SD Board meeting
- 28 • Misc. Items

30 **Upcoming Meetings & Events:**

- 32 • Newsletter Assignment: Mayor Acerson - January newsletter article. *Due by last week in December.*
- 34 • November 18<sup>th</sup> – 6:00 pm work session. Annual Department reviews with Public Works and Parks Department
- 36 • November 20<sup>th</sup> – Ivory Homes Task Force meeting. Community Development conference room 1-3 pm. Mayor Acerson, Councilmember Bean and Councilmember Lundberg will attend
- 38 • November 27<sup>th</sup> – Community Thanksgiving Dinner at Community Center
- 40 • December 1<sup>st</sup> – Tree Lighting Ceremony at Community Center
- 42 • December 8<sup>th</sup> at Noon (special Monday meeting) – Engineering Coordination meeting at Public Works. Mayor Acerson and Councilmember Broderick will attend
- 44 • December 9<sup>th</sup> – Joint PC/CC work session with Ivory Homes, 6-8pm

46 **Future items:**

- Employee Policy Manual updates
- Performance evaluations, compensation, and benefit studies

2 Mayor Acerson called for any further comments or discussion from the Council.  
Hearing none he called for a motion to adjourn.

4 **Adjourn** –

6 COUNCILMEMBER BRODERICK MOVED TO ADJOURN THE MEETING  
8 AT 10:15 PM. COUNCILMEMBER POWELL SECONDED THE MOTION. ALL  
PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

10 Approved – December 2, 2014

12  
14 \_\_\_\_\_  
Kathryn Moosman, City Recorder

16  
18 \_\_\_\_\_  
Jeff Acerson, Mayor

2 The Lindon City Council held a regularly scheduled meeting on **Tuesday, December 2,**  
 4 **2014, beginning with a work session at 6:00 pm** in the Lindon City Center, City  
 Council Chambers, 100 North State Street, Lindon, Utah.

6 **WORK SESSION** – 6:00 P.M.

8 Conducting: Jeff Acerson, Mayor

10 **PRESENT** **ABSENT**

Jeff Acerson, Mayor  
 12 Matt Bean, Councilmember  
 Randi Powell, Councilmember  
 14 Van Broderick, Councilmember  
 Jacob Hoyt, Councilmember  
 16 Carolyn Lundberg, Councilmember  
 Adam Cowie, City Administrator  
 18 Cody Cullimore, Chief of Police  
 Kathy Moosman, City Recorder

20 **DISCUSSION ITEM:** Lindon City Council will meet with the Employee Benefits  
 22 Committee to discuss findings of the 2014 wage and benefit study and to review  
 committee recommendations for changes in order to facilitate a more sustainable City  
 24 budget. No motions will be made.

26 Adam Cowie, City Administrator, opened the discussion by stating the purpose of  
 this work session tonight is to review and get feedback from the City Council on the  
 28 wage and benefits compensation package the city currently has. Mr. Cowie noted he sent  
 a prepared Power Point presentation and several other informational items to the Council  
 30 to look through and also the end proposals from the committee for a full in-depth review  
 of the total wage and benefits compensation package currently offered. He gave a quick  
 32 summary, based on Council feedback and direction in June of this year, when the budget  
 was adopted, asked for a full, in-depth review of total compensation (wage and benefits).  
 34 He pointed out that there has not been an exact dollar figure given by the Council  
 regarding the potential cuts, but there was direction to do a full comparison and to  
 36 recommend any changes if necessary. Mr. Cowie noted that he talked with the  
 department heads and to involve more employees in this conversation they formed an  
 38 employee benefits committee (non-management) who were individuals of various  
 positions and the committee reviewed the findings on the wage and benefit comparisons.

40 Mr. Cowie stated what is being shown as a recommendation based on the findings  
 that the committee felt was a middle ground on some of these items for the employees to  
 42 participate financially in helping the city be sustainable. Mr. Cowie reviewed some of  
 the recommendations at this time.

44 Mayor Acerson asked Mr. Cowie if he felt, while interacting with the committee,  
 if they felt like they had to make the recommendations. Mr. Cowie confirmed that  
 46 statement adding it was from the direction and conversations with the City Council that  
 they were instructed to come back with options to save the City financially. Mr. Cowie

2 asked Mayor Acerson if that assumption is accurate. The Mayor confirmed that is a  
correct assumption.

4 Mr. Cowie then reviewed the recommendations in detail. He also referenced the  
memo included in the packets. He reviewed the background and list of goals the  
6 committee tried to establish as follows.

8 **Goal #1:**

- Update merit pay & performance system
- Reward better performance
- Increase employee productivity
- Improve supervisor/employee communication
- Reduce financial impact on City

14 **Goal #2:**

- Perform total compensation study
- Evaluate all wages & benefits
- Maintain competitive benefit package
- Reduce financial impact on City

16 Mr. Cowie noted with the recommendations it was difficult to find other cities (11  
22 primary cities contacted) that offered the 401k packages without a match (Alpine School  
District does the match). What they are proposing is that the current contribution of 4.5%  
24 of employee wages be put into a 401k without a match and that the city considers  
reducing that to 1.5% contributed without a match and provide the opportunity for  
26 employees to contribute an additional 1.5% that the city would match. The committee felt  
this was a reasonable alternative. What is listed on the table (in the packet) is the range of  
28 potential cost and savings to the city.

30 Mr. Cowie stated the next recommendation being looking at is the benefit  
coverages. He noted in the study there are a few outliers that looked like the committee  
needed to make some recommended changes. What is being proposed as part of the  
32 change is a shift to cover just the insurance cost and take out the surplus amount. The  
committee felt this was a reasonable suggestion. Another part of this change is the opt-  
34 out option where employees can opt out of the insurance. The city has a payment in lieu  
of insurance program to provide some offering (for the benefit) to not take the insurance  
36 (for those who have available other coverage). With these changes it has been a  
challenge for the employees to provide suggestions and still feel appreciated. He believes  
38 these are legitimate proposals and the employees understand and see the need to  
participate in the big financial picture of the city.

40 Mr. Cowie further explained that some findings on the wage study show minor  
adjustments that need to occur for a few positions. A significant change to the current  
42 merit pay system is proposed as a subset to this study. He noted that final adjustments to  
the wage study are being completed and recommendations for changes to specific  
44 positions that warrant wage adjustments, pay range adjustments, etc. will be provided. He  
noted that no decrease in current pay is proposed for any position.

46 Mr. Cowie pointed out for these individuals there is an opinion that for them to  
get the same coverage prior to the study is something they will have to pay out of their

2 paychecks. There is an in-depth wage study still being worked on and needs to be  
4 finalized and they expect to bring that back before the council as they are looking for  
6 feedback from the Council on the benefit section tonight. This has been put on hold  
8 because of the group home issue so they will be realistically looking at January before  
10 finalize recommendations will come before the council. They do request that any benefit  
12 changes not be effective until July 1, 2015 to allow time for employees to choose a  
different plan etc. These recommendations provide likely annual savings to the City  
while still allowing for a high- quality benefit package to attract and retain employees. By  
providing 100% coverage on health insurance premiums this proposal limits the amount  
of impact to current employee pay checks, thus allowing more flexibility in whether or not  
to participate in other benefit offerings such as the proposed 401k match program.

Mr. Cowie commented that there are very dedicated employees in Lindon City  
with many that have worked, or hope to work, their entire career for Lindon. This process  
of discussing and recommending benefit reductions has been difficult for many staff and  
their families. For some it's created feelings of anxiety and fear for what the future holds  
as an employee of Lindon City. He noted the Committee was mindful of these concerns  
and they showed great resolve and willingness to support the City and the Council by  
recommending reasonable adjustments to the current benefit package. He expressed his  
appreciation for their efforts and for their desire to see Lindon City prosper. Mr. Cowie  
called for any questions or comments from the Council at this time.

Councilmember Broderick asked if this information (from other cities) was made  
available to the committee. Mr. Cowie confirmed that statement noting his intent is to  
publish that as a final document and present it. Councilmember Broderick also asked if  
Mr. Cowie anticipates sending that information to the City Council as well. Mr. Cowie  
confirmed that statement. Councilmember Broderick stated that he is wanting to gain  
more information and would like to see what the committee looked at as well.

Councilmember Broderick also inquired about high deductible health plans and  
traditional plans and if there are choices in the amounts. Mr. Cowie stated that he will  
forward that information to him. Mr. Cowie explained that every year the insurance  
coverage is bid out through First West Insurance Benefit Solutions. Councilmember  
Broderick commented that his philosophy is that he wants to be consistent with pay  
studies but to also look at benefit packages and do comparisons. He noted the Council  
wants to make sure employees are taken care of yet to also be sustainable and to not  
cause too much of a burden to the citizens of Lindon. He concluded that gathering the  
information is his ultimate goal.

Councilmember Hoyt stated that he sympathizes with each of the employees. He  
noted that he is employed at a bank that changed ownership several years ago and he  
knows what it is like to have to make changes and the anxiety it causes. He also  
mentioned that the rumors going around the city are completely untrue and stated the  
Council wants to be a part of the team. He apologized for the stress this is causing the  
employees and their families. He emphasized that the priority of the City Council is to try  
to avoid raising taxes. He noted that over the last 10 years there have been some changes  
and decisions that have caused a heavy financial burden to the city, i.e., utopia, aquatics  
center, community center, etc., and a lot of them are not the most responsible thing to do  
financially as a city. The Council feels this burden and they have to look at ways to cut  
spending to avoid passing this burden on to the citizens of Lindon. Councilmember Hoyt

2 hopes the employees understand that the Council is not trying to put this burden  
 4 completely on the employees as they are trying to find ways to pay for the debts the city  
 6 has. He re-iterated that the top propriety is to try not to raise taxes and to also take care of  
 8 the employees. He noted that when the Cola and Merit issues came up in the budget they  
 10 were not willing to cut them. They are committed to make sure wages are taken care of  
 12 and he understands the concerns and the low morale this causes and he hopes everyone is  
 14 not too antagonized by them. He commented that no decisions have been made yet and  
 16 noted he had the opportunity to talk to several department heads and it was an eye  
 opening conversation for him to know what they are thinking. It is his hope that they  
 don't throw the Council under the bus yet and to please express their opinions to them  
 and they will do their best. He appreciates all the employees and Lindon is known for  
 being a great town, and there is nothing wrong with being known as a City with great  
 benefits and great pay. Councilmember Hoyt concluded by stating he loses sleep at night  
 to find ways to straighten the ship financially and they are looking at all aspects and all  
 opinions are appreciated.

Councilmember Lundberg complemented Councilmember Hoyt on his comments.  
 Councilmember Lundberg stated that the Council loves all the employees and she  
 recognizes how hard everyone works and she is proud of Lindon City and it is because of  
 the employees. The Council is trying to do some token things as well (buying own  
 apparel etc.) which is a pittance to what is being looked at here, but they are trying to be  
 consistent and to be fair all around. She mentioned that citizens have approached her and  
 the Council has a fiduciary responsibility to the citizens in the community. She  
 mentioned that some people unfairly complain about financial obligations or things that  
 are happening in the city. One thing brought up is that a 401k or pension doesn't exist  
 and 100% health coverage doesn't exist and there is no job security. These are things  
 that people outside see and they look at the rich benefits the City offers and she would  
 say to them that the employees deserve a lot of what is here. Councilmember Lundberg  
 stated in gathering this information they want to be fair and reasonable and to look at  
 certain areas that are outside of the norm. She did state that we don't need to look at this  
 like the City is in a dire situation and make the employees carry all the load with a huge  
 amount of cuts; she is not going to go for that at all. She would hope they can look and  
 things and just taper it but still keep what the employees have really nice and full and if  
 it's a little bit above average that is alright, but to ensure that is not outside the norm of  
 other government entities. They never intended for this to message out to the employees  
 that this is something reflective on job performance or dedication. She made it clear that  
 the Council is not unhappy with employee job duties.

*Councilmember Lundberg excused herself from the meeting at this time as she  
 had a prior commitment and will return at a later time. She mentioned that she will read  
 and review all comments made tonight.*

Councilmember Powell expressed that this issue is very emotional for her as all of  
 the employees mean a great deal to her. Councilmember Powell stated that Lindon's  
 biggest asset is the employees and they are what makes Lindon what it is. The citizens  
 feel comfortable because they are serviced by you. Councilmember Powell commented  
 that she thinks it is prudent that the Council look at benefits and what the line items are of  
 what they employees are given, but the employees won't find a bigger supporter of the  
 jobs and what they do for the City than her. She is willing to look at some of these things

2 but she is not willing to cause stress into the lives of the people who make Lindon what it  
 4 is. She knows what it is like to live pay check to pay check and will not take from the  
 6 pockets of the employees. She will look at the line items but we need to be prudent and  
 8 careful but she may be the most difficult to sway on cuts as some employees are even  
 underpaid. She realizes her responsibility to the citizens but one of those responsibilities  
 is to make sure they are taken care of by the employees and we need to take care of the  
 employees.

10 Councilmember Bean commented that this is a tough situation and he appreciates  
 the comments and the involvement of the benefits committee and the extent involved. He  
 12 also appreciates the fact that Mr. Cowie is willing to look at these issues straight up  
 which is what we need in the city. Sometimes the Council has not always had the  
 14 transparency to see all of the cities expenses, obligations and commitments. There has  
 been much more transparency over the past couple of years than in the past and that  
 16 works both ways as there can be too much and not enough which can be detrimental to  
 employees or a benefit if you look at comparisons; it can work both ways. It is tough to  
 know what the comparisons are and if they are correct but he appreciates the information.  
 18 He expressed that he has been concerned as to not impact employees take home pay. It is  
 hard to do this in both the public and private sector and the City Council wants to  
 20 minimize that.

22 Mayor Acerson commented that when he first volunteered to do this position he  
 was quoted saying that he was here to serve and so are the employees here to serve but to  
 24 also be compensated as that is how you make your living. Mayor Acerson expressed his  
 opinion that he feels the employees are always, unfortunately, underpaid and they need to  
 find a way to make that up to the employees. He added that the only vote he has would be  
 26 to break a tie.

28 Mayor Acerson opened the meeting to public comment at this time. Several  
 employees in attendance addressed the Council as follows:

30 **Jake Woodcox:** Mr. Woodcox stated he honestly feels that the 401k hybrid program the  
 committee concocted is a good industry standard across the board. He expressed that he  
 32 is grateful they will still have the opportunity to get a 401k and a match (if so inclined to  
 do so) and overall he feels that it is competitive number.

34 **Gary Taylor:** Mr. Taylor commented that insurance costs keep going up as we age the  
 36 impact of insurance hits half of us more than the others and as we age we use the  
 insurance more.

38 **Judy Taylor:** Ms. Taylor mentioned the savings HSA for an individual and a family per  
 40 month and because of health issues they have paid a lot of out of pocket money. If the  
 surplus is taken away it will be a big chunk out of their pocket.

42 **Brian Lloyd:** Mr. Lloyd stated that he lost his 401k (contribution) from Pleasant Grove  
 44 City and if they implement this the city may lose good quality people. He came to Lindon  
 City because of the good benefit package.

46

2            *Councilmember Bean provided a little background of the 401K program and*  
 4 *noted it is in place for employees to build their own retirement plan where the employee*  
 6 *contribution is tax deferred. He noted the match only occurs on the employer's side.*  
 8 *That was never the intent although it happens sometimes. Lindon city for years has been*  
 10 *turned on its head because the employee never contributed at all and it is very unusual to*  
 12 *have an employer contribute at some level when the employee never has. It seems to be*  
 14 *most common in the private sector that employers contribute up to about 3% which is*  
 16 *pretty common. Looking at the proposed hybrid program this is still a good approach as*  
 18 *they are getting the contribution doubled.*

12            *Councilmember Powell agreed that this is the area that she is most interested in*  
 14 *tweaking and something she may agree with. The transparency and things have changed*  
 16 *over the years and other municipalities have done this. She likes the idea of this hybrid as*  
 18 *a transitional win that would bring us more in line. This is the one area she is willing to*  
 20 *look at if we are trying to get more in line and she likes this hybrid.*

18            **Don Peterson:** Mr. Peterson commented that this is a hard decision for both sides and the  
 20 bottom line is that we need to bring the budget more in line. He questioned if there are  
 22 other ways to bring this in line and leave these other things alone. He asked the Council  
 24 and employees to consciously think of other options and ideas and bring them together as  
 26 there may be other areas (things at the community center for example) to make cuts  
 28 rather than on the employees backs. This may help bring things back into balance a little  
 30 more.

26            *Mayor Acerson stated the balance is to trying to evaluate all of the information.*  
 28 *Mr. Peterson commented that he wonders if the best way is by comparing Lindon to other*  
 30 *cities with wages and benefits.*

30            **Matt Barlow:** Mr. Barlow stated that he enjoys the benefits of working and living in  
 32 Lindon because it brings everyone up and that reflects in the kind of employees we have  
 34 in Lindon City and it increases the satisfaction of the employees and the residents. Mr.  
 36 Barlow noted that each time there is a financial pinch the last thing any of us want to do  
 38 is make hard decision and reach into our pockets (which is what the employees are being  
 40 asked to do). He inquired what the Council is doing to lay groundwork for the city,  
 42 residents and employees (raise the tax base and bring more business in) as to avoid  
 44 having to do this again in the future.

40            *Mayor Acerson commented that none of us can control the economy and because*  
 42 *of the decisions made in the past, some good and some bad, is why we are discussing this*  
 44 *issue; we do not have a crystal ball and we have to deal with that. The economy is the*  
 46 *reflection of what the City Council is dealing with and how to increase development and*  
 48 *the sales tax base.*

46            **Julie Sutch:** Ms. Sutch expressed that she has heard words like “this is just a drop in the  
 48 bucket” and “this is just a little bit, but it won't solve the problem”. She stated the  
 50 employees want to be a team and contribute but we feel this will make a huge dent in

2 some of our lives and some will take a larger pay cut than others and it feels lopsided and  
it is not across the board. Ms. Sutch voiced her concerns that this is very frustrating; she  
4 feels everyone is willing to contribute and put forth an effort but it will certainly affect  
every single employee's paycheck.

6  
**Phil Brown:** Mr. Brown commented that the 401k hybrid proposal affects everyone  
8 equally, but pointed out that the insurance compensation affects people differently and it  
is not equitable. This has been tough and it will affect everyone and it is a morale buster  
10 and the ripple effect goes through families.

12 **Robyn Cooper:** Ms. Cooper stated that she understands the need to make cuts, but the  
problem is that we will never get this back even when the city has good years. This is a  
14 huge impact and she understands that but what happens down the road when the city has  
some good financial years and the employees have taken the big hit that we won't get it  
16 back. She would suggest the Council be careful in making such huge cuts. The employees  
want to balance things too but they shouldn't have to bear the entire burden.

18  
**Hannah Silvey:** Ms. Silvey commented that out of 45 employees only 16 are getting  
20 hammered on the medical insurance. She feels like a percentage or dollar amount would  
make it more equitable for everyone.

22  
**Judy Taylor:** Ms. Taylor commented that some of these employees are citizens of  
24 Lindon too and the Council needs to understand what these employees do for the City  
and the citizens need to be aware of what these guys do for them too.

26  
**Doug Eastman:** Mr. Eastman expressed that he understands that the employees are  
28 willing to look at this and help out where we can, but he has heard talk tonight that we  
should just be a little bit above average. Mr. Eastman voiced his opinion that none of  
30 Lindon's employees are average employees and you are paying for what you are getting.  
If you start cutting things you don't want to see the police department turn into a training  
32 ground for other cities because no one wants to work here. The reason he came to Lindon  
is because this is a great community and he lives and works here along with all here in  
34 this room tonight. His fear is that he does not want to see Lindon turn into a training  
ground for other cities.

36  
**Gary Hoglund:** Mr. Hoglund stated that Lindon has a great reputation and is a great  
38 place to live as he also lives and works in Lindon. He is impressed with every one of the  
employees here at the city. He noted that us, as a team, are willing to do things to help,  
40 but Lindon City is no better than the people in this room as far as service and what we  
represent to the county. The service given by the people in this room is important and the  
42 benefit package is an important part to attract these types of people to Lindon City.

44 Mayor Acerson concluded that he appreciates what has been said tonight and the  
Council will take the comments into account and will mull them over and decide what  
46 direction to go and what action should be taken. The voices and comments heard tonight  
are enlightening and no one on the Council wants anyone to walk out this room tonight

2 feeling like you have not been heard and that the Council has not listened. He would  
 4 invite any of the employees to come to the Council and communicate any concerns. The  
 6 objective here was to review and look at the information on behalf of the employees and  
 the city and we are doing that and we are doing our homework, and at the end of the day  
 the decision will be going in the right direction. Mayor Acerson concluded by stating the  
 City functions well because of you.

8  
 10 **REGULAR SESSION** – 7:00 P.M.

12 Conducting: Jeff Acerson, Mayor  
 12 Pledge of Allegiance: Eli Jonghorst, Boy Scout  
 14 Invocation: Jake Hoyt, Councilmember

16 **PRESENT**

**ABSENT**

16 Jeff Acerson, Mayor  
 18 Randi Powell, Councilmember  
 18 Matt Bean, Councilmember  
 20 Van Broderick, Councilmember  
 20 Jacob Hoyt, Councilmember  
 22 Carolyn Lundberg, Councilmember - excused  
 22 Adam Cowie, City Administrator  
 24 Cody Cullimore, Chief of Police  
 24 Kathy Moosman, City Recorder

- 26 1. **Call to Order/Roll Call** – The meeting was called to order at 7:10 p.m.  
 28 2. **Presentations/Announcements** –  
 30 a) **Mayor/Council Comments** – There were no announcements at this time.  
 32 3. **Approval of Minutes** – There were no minutes approved at this meeting.  
 34 4. **Consent Agenda** – No items.  
 36 5. **Open Session for Public Comment** – Mayor Acerson called for any public  
 38 comment not listed as an agenda item. There were no public comments.

40 **CURRENT BUSINESS**

- 42 6. **Public Hearing** – *Ordinance Amendment: LCC 17.72 Care Facility Overlay.*  
 Russ Watts of Watts Enterprises proposes an amendment to Lindon City Code  
 44 (LCC) 17.72, Care Facility Overlay, to allow additional related occupants in some  
 rooms. The proposed amendment would raise the total allowable occupancy of a  
 46 large care facility from 90 to 105 residents. The Planning Commission  
 recommends approval of the change.

2 COUNCILMEMBER POWELL MOVED TO OPEN THE PUBLIC HEARING.  
3 COUNCILMEMBER BRODERICK SECONDED THE MOTION. ALL PRESENT  
4 VOTED IN FAVOR. THE MOTION CARRIED.

6 Mr. Van Wagenen opened this discussion by giving a brief overview of this  
7 agenda item. He explained this is a request by Russ Watts of Watts (who is attendance)  
8 Enterprises who is proposing an amendment to Lindon City Code (LCC) 17.72, Care  
9 Facility Overlay, to allow additional, related occupants in women rooms. He noted this  
10 proposed amendment would raise the total allowable occupancy to a large care facility  
11 from 90 to 105 residents. He added that recommendations will be made to the city  
12 Council at the next available meeting after Planning Commission review tonight.

13 Mr. Van Wagenen explained Mr. Watts is requesting an amendment to the  
14 definitions section of the Care Facility Overlay Zone. He explained that in the coming  
15 months, the applicant will present to the Commission a site plan (the site plan application  
16 will not go before the City Council) for approval of an assisted living facility at  
17 approximately 700 North and 800 West, which is in the General Commercial (CG) zone.  
18 Currently, the Lindon City Code allows assisted living facilities to accommodate up to 90  
19 residents that require assistance with daily living activities. Mr. Van Wagenen stated the  
20 applicant would like to provide accommodations for up to 15 additional residents who are  
21 related to the facility residents, but that do not require care themselves. He noted that  
22 currently, the Code does not permit such living arrangements.

23 He further explained the proposed amendment keeps the maximum number of  
24 residents requiring care in a large care facility at 90, but increases the overall allowable  
25 occupancy of a large care facility to accommodate up to 15 additional live in residents, as  
26 long as they are relatives of, and live with, the care facility patients. Mr. Van Wagenen  
27 then presented the proposed amendment, the applicant's submitted request and photos of  
28 their Heber City facility followed by some general discussion.

29 Russ Watts and Ken Berg were in attendance as representatives of this agenda  
30 item for discussion. Mr. Watts noted it has been their experience that there are situations  
31 where there is a need for family members to reside with their loved ones in assisted care  
32 facilities, as this population is growing. Mr. Watts noted they are requesting this change  
33 to Chapter 17.72- Care Facility Overlay of the Lindon City Code. He stated their  
34 business model is that they will provide care for individuals and also accommodations for  
35 spouses or other related family members that will reside in the same room; they will  
36 follow all state requirements. They will also provide very nice activities and amenities to  
37 help increase the life and social structure and the experience of living. He noted the  
38 proposed amendment would keep the maximum number of rooms in a care facility at  
39 ninety (90) but would also allow for some rooms to be double occupied to let married  
40 couples or immediate family relatives live together, which is a definite growing need in  
41 the community.

42 Mr. Watts expressed his appreciation for the Council's consideration of this code  
43 amendment. He re-iterated that the demand for assisted care facility accommodations  
44 that allow married couples to live together is growing and will be needed in this proposed  
45 Lindon facility. There was then some general discussion by the Council regarding this  
46 requested amendment. Councilmember Broderick inquired if the increase of 15 is  
enough. Mr. Watts feels this is adequate at this time, however it may change in the

2 future. Councilmember Powell asked what age bracket this includes. Mr. Watts stated  
4 that the age is based on a needs driven basis. Councilmember Hoyt inquired if the market  
6 is becoming saturated and asked for a general overview of the market. Mr. Watts replied  
8 that they are always watching the market and feels there will be a day when the market is  
10 saturated but with Utah demographics that is still a long way off and the population  
continues to grow and there is a strong demand. Mayor Acerson asked about costs. Mr.  
Watts stated the costs run from \$2,400 to \$5,000 depending on the room size which  
includes food, laundry facilities, medical services and all other activities. They add \$600  
for the second occupant. Mr. Van Wagenen concluded by noting staff has no real  
concerns with this proposed amendment.

12 Mayor Acerson called for any public comment at this time. Several residents  
addressed the Council as follows:

14  
16 **Benjamin Heward:** Mr. Heward commented that he likes this idea and feels it would be  
a beneficial change and in that situation he would love to stay with his loved ones.

18 **Mike Mansfield:** Mr. Mansfield commented that the prices are competitive and it looks  
like a great facility and there are waiting lists at other similar facilities.

20  
22 Mayor Acerson called for any further public comments. Hearing none he called  
for a motion to close the public hearing.

24 COUNCILMEMBER HOYT MOVED TO CLOSE THE PUBLIC HEARING.  
26 COUNCILMEMBER BRODERICK SECONDED THE MOTION. ALL PRESENT  
VOTED IN FAVOR. THE MOTION CARRIED.

28 Mayor Acerson called for any further comments or questions from the Council.  
Hearing none he called for a motion.

30  
32 COUNCILMEMBER HOYT MOVED TO APPROVE ORDINANCE #2014-19-  
O ORDINANCE AMENDMENT TO 17.72.010 AS PRESENTED.  
34 COUNCILMEMBER POWELL SECONDED THE MOTION. THE VOTE WAS  
RECORDED AS FOLLOWS:

- 36 COUNCILMEMBER BEAN AYE
  - 38 COUNCILMEMBER POWELL AYE
  - COUNCILMEMBER BRODERICK AYE
  - COUNCILMEMBER HOYT AYE
- THE MOTION CARRIED UNANIMOUSLY.

40  
42 7. **Major Subdivision** – *Lexington Cove, 650 North Locust Avenue.* Jason Brown  
44 requests preliminary approval of a nine (9) lot residential subdivision including  
dedication of public streets, at approximately 650 North Locust Ave. in the single  
family residential (R1-20) zone. The Planning Commission recommends  
46 approval of the subdivision.

2 Mr. Van Wagenen led the discussion by stating Jason Brown requests preliminary  
4 approval of a nine (9) lot residential subdivision including dedication of public streets, at  
6 approximately 650 North Locust Ave. in the single family residential (R1-20) zone  
(known locally as the Fryer piece). He noted that the Planning Commission recommends  
approval of this subdivision.

8 Mr. Van Wagenen then gave some background stating this is a request to create  
9 nine lots and dedicate a new public street in the Single Family Residential (R1-20) zone.  
10 Mr. Van Wagenen explained the minimum lot size in the R1-20 zone is 20,000 square  
11 feet (.46 acre). He noted each lot in the proposed subdivision will satisfy the minimum  
12 area requirement. He discussed that staff has determined that the proposed subdivision  
13 complies, or will be able to comply before final approval, with all remaining land use  
14 standards in LCC 17.32. Mr. Van Wagenen then presented an aerial photo of the  
proposed subdivision, photographs of the existing site and the preliminary plan followed  
by some general discussion.

16 Mr. Van Wagenen stated as far as code requirements are concerned this is a  
17 master planned street and from a city perspective it preserves access and meets the intent.  
18 Mr. Van Wagenen stated all lots meet frontage and area requirements. He added because  
19 this is a downhill subdivision there will be an easement for sewer and storm drainage.  
20 Mr. Van Wagenen stated the City Engineer is addressing engineering issues with the  
applicant and all engineering issues will be resolved before final approval is granted.

22 Roger Dudley, engineer for the project was in attendance representing this  
23 application. He noted that Mr. Brown will be building his own home on the larger lot and  
24 bought the property from the Fryer's. He feels this will be a good project and feels it is  
25 pretty straightforward. Councilmember Bean commented, from his experience, this is a  
26 little uncommon to change a subdivision alignment although this sounds like it will work  
27 fine as long as they have everyone's acquiescence. Councilmember Powell feels this new  
28 design will make it a part of the neighborhood with the connection. Mr. Van Wagenen  
29 noted the neighbors were approached by Mr. Brown and he has been in contact with the  
30 Planning Department. Councilmember added that a submitted letter from Mr. Fowles,  
(neighbor) was read at by the Planning Commission and his issues have been addressed.

32 Mayor Acerson called for any further comments or questions from the Council.  
33 Hearing none he called for a motion.

34  
35 COUNCILMEMBER BRODERICK MOVED TO APPROVE THE  
36 APPLICANT'S REQUEST FOR APPROVAL OF A NINE LOT RESIDENTIAL  
37 SUBDIVISION AS PRESENTED. COUNCILMEMBER POWELL SECONDED THE  
38 MOTION. THE VOTE WAS RECORDED AS FOLLOWS:

39 COUNCILMEMBER BEAN AYE  
40 COUNCILMEMBER POWELL AYE  
41 COUNCILMEMBER BRODERICK AYE  
42 COUNCILMEMBER HOYT AYE  
43 THE MOTION CARRIED UNANIMOUSLY.

44  
45 8. **Concept Review** – *Lindon Washburn Jewel, 550 North Geneva Road.* Paul  
46 Muerian request feedback on a planned development proposal. At approximately  
550 North Geneva Road. Currently, the majority of the parcel is zoned Mixed

2 Commercial (MC). A strip on the east side of the parcel is zoned Single Family  
Residential (R1-20). No official motions will be made.

4

6 Mr. Van Wagenen led the discussion by giving a brief overview of this agenda  
item. He explained this is a request by Paul Mugerian, who is requesting feedback on a  
8 planned development proposal at approximately 550 North Geneva road. He noted that  
currently, the majority of the parcel is zoned Mixed Commercial (MC) with a strip on the  
10 east side of the parcel being zoned Single Family Residential (R1-20). Mr. Van Wagenen  
stated that no official motions will be made as this is Concept review and for feedback  
only.

12 Mr. Van Wagenen summarized this item by stating this is a great concept project  
and a place where Lindon's young families can make a start and move forward in their  
14 lives. This is a unique Lindon housing proposal that fills a need and is located in the right  
place. He noted the applicant has brought materials involving their proposal to present to  
16 the Planning Commission tonight. Mr. Van Wagenen then presented an aerial photo of  
the land involved in the concept review.

18 Paul Mugerian and Jeff Hill, representatives of the project, addressed the Council  
at this time noting they have made a few changes since their meeting with the Planning  
20 Commission. Mr. Hill stated they feel the 700 north corridor has presented an  
opportunity to facilitate new growth on the west side of State Street. They would like to  
22 propose to create a community style feeling on the west side of State Street and still keep  
some commercial on the west side of Geneva road. They would like to create high density  
24 housing on the separation between 60 west and Geneva road. They would also propose  
some town homes to buffer the higher density to the commercial and allow a residential  
26 feel to the whole 22 acers as it sits right now. Mr. Hill noted as a major corridor through  
the west side of what is now zoned mixed commercial and propose to change it to a high  
28 density application (zone change). He stated there is a demand for this type of concept  
that creates a community feel with a green space feel. He added that in this industry they  
30 have built many of these projects and to consider the front of the Geneva road piece and  
then keep the mixed commercial use and in the middle have a residential feel. He noted  
32 that a concept drawing was provided to them today from Roger Dudley of which Mr. Van  
Wagenen provided it on the screen. There was then some general discussion regarding  
34 this agenda item.

36 Mr. Hill stated they would propose a general layout with no underground parking  
that would exit the piece in a couple of ways as follows: 1. Allow people to have  
affordable living and 2. Allow various access to 700 north and the business support 3.  
38 Add some new addition of youth and new life to the west side of State Street. He went on  
to say the frontage would consider having commercial space different from the south of  
40 the area with an inter mix of light uses that would fulfill the needs of the community and  
feed an Instacare on the northwest corner of 600 north. This would create in the  
42 commercial corridor businesses that may otherwise locate in other areas. He noted that  
part of the design is to create a green space where the corridor will be an artery.

44 He further stated they would plan on changing the entrance from 500 north to 600  
north with the access off of Geneva road into that community so it would have a direct  
46 feed for those who live there to promote commercial use as to have a long time visible  
frontage. He commented that they do recognize this is a complete change of venue from

2 what this piece has been designed for and used in the past. Ultimately their goal is to  
 4 create a community feel with green space on the west side of State Street that is  
 6 affordable. They would also possibly incorporate a splash pad with a clubhouse feel to  
 enhance the green space that would draw other community members into the surrounding  
 areas. There was then some additional discussion regarding this concept review.

8 Mr. Hill stated that he is aware of other proposed high density developments. He  
 10 stated this building concept has a lot to consider as it would meet Lindon's needs for  
 12 nicely done, affordable housing and would be done all at one time (not in bits and pieces).  
 14 They have found there is a need and there is a large issue right now that needs the options  
 16 of new life and growth and new business potential on the west side. He would propose  
 18 this concept not to be as condensed as Pleasant Grove's areas but with green and open  
 space. Mr. Mugerian stated if you want to live in Lindon you have to buy a home, they  
 would like to give the opportunities to others to have all the amenities and wonderful  
 things that go in a thriving community for younger families that are affordable without  
 having to buy a home. He noted they are proposing a three story not a four story building.  
 Their hope is also to be considerate to the existing residents in the area. There was then  
 some additional discussion regarding this concept review.

20 Mr. Mugerian stated they are not looking at sheer numbers for the investors but  
 22 for a community environment. It would be managed professionally as to be accountability  
 which is critical. Mr. Dudley stated the main idea is to get a perception of where Lindon  
 City feels would be a great place for affordable housing in Lindon to allow residents to  
 stay close to families; which opportunity is not here now; which is a challenge.

24 Mr. Mugerian stated that is something to consider and they may find some  
 26 common ground to find some transition. He added that he could see this at 90% capacity  
 after being built within 6 months. There was then some additional general discussion by  
 the Council regarding this concept. Mayor Acerson commented that the Council has  
 28 given them some feedback and stated if they have additional thoughts or comments to  
 funnel them through the planning department. Mr. Hill stated that they recognize they are  
 30 treading new waters. At this time, the applicants thanked the Council for their input and  
 consideration in this matter.

32 Mayor Acerson called for any further comments or questions from the Council.  
 Hearing none he moved on to the next agenda item.

34  
 36 9. **Action Item:** *Appointment to the Community Center Advisory Board.* The City  
 Council will review and consider recommendations to appoint Jenni Anderson  
 and Steven Barsh to the Community Center Advisory Board (CCAB). If  
 38 appointed both individuals will serve a three-year term on the CCAB.

40 Mr. Cowie explained at the November 18, 2014 City Council meeting two  
 42 individuals, Jenni Anderson and Steven Barsh were recommended to be appointed to the  
 Community Center Advisory Board and both are willing to serve. He noted that upon  
 approval signed letters of appointment will be sent to the individuals.

44  
 46 COUNCILMEMBER POWELL MOVED TO APPROVE THE  
 APPOINTMENTS OF JENNI ANDERSON AND STEVEN BARSH TO THREE-  
 YEAR TERMS ON THE COMMUNITY CENTER ADVISORY BOARD (CCAB).

2 COUNCILMEMBER BRODERICK SECONDED THE MOTION. THE VOTE WAS  
RECORDED AS FOLLOWS:

4 COUNCILMEMBER BEAN AYE  
COUNCILMEMBER POWELL AYE  
6 COUNCILMEMBER BRODERICK AYE  
COUNCILMEMBER HOYT AYE

8 THE MOTION CARRIED UNANIMOUSLY.

10 10. **Action Item:** *Bid Award, West Side RDA Detention Basin.* The City Council will  
review and consider awarding of the bid for reconstruction of the West Side RDA  
12 storm water detention basin to the lowest bidder, Johnston & Phillips Inc., in the  
amount of \$18,355.00.

14  
16 Mr. Cowie led the discussion by stating the City Council will review and consider  
awarding the bid for reconstruction of the West Side RDA storm water detention basin to  
the lowest bidder, Johnston & Phillips Inc., in the amount of \$18,355.00. He noted the  
18 City invited three different contractors to bid on this project.

20 Mr. Cowie explained this invitational type bid process is permitted by our  
purchasing policies for the dollar estimate that this project was expected to cost. He added  
that the engineers estimate for the project was \$21,035.00. Bid tallies and bid award form  
22 is included in the packets. He noted this project will be funded through the remaining  
funds in the now expired West Side RDA. Mr. Cowie explained that after completion of  
24 the project, any remaining funds in the RDA will be utilized for road improvement work  
in the District area. He also showed a photo depicting the area in question followed by  
26 discussion.

28 Mayor Acerson called for any further comments or questions from the Council.  
Hearing none he called for a motion.

30 COUNCILMEMBER BRODERICK MOVED TO AWARD THE LOW BID  
FOR THE WESTSIDE RDA STORM WATER DETENTION BASIN PROJECT TO  
32 JOHNSTON & PHILLIPS INC., IN THE AMOUNT OF \$18,355.00.

34 COUNCILMEMBER HOYT SECONDED THE MOTION. THE VOTE WAS  
RECORDED AS FOLLOWS:

36 COUNCILMEMBER BEAN AYE  
COUNCILMEMBER POWELL AYE  
COUNCILMEMBER BRODERICK AYE  
38 COUNCILMEMBER HOYT AYE

THE MOTION CARRIED UNANIMOUSLY.

40

***Councilmember Lundberg re-joined the meeting at this time: 8:30 pm.***

42

44 11. **Discussion Item:** *Utility & Fee Waivers for Active Military Personnel.* The City  
Council will review current policies for waivers of fees and utilities for deployed  
military personnel who reside within Lindon City limits, and will provide  
46 direction on whether policies need to be amended.

2 Mr. Cowie led the discussion by stating the utility fee waiver resolutions (copies  
 4 in packets) for active duty military personnel were passed in 2003, 2004, and updated in  
 6 2011 to allow waivers other city fees (recreation programs, aquatics center passes, etc.).  
 He noted the primary purpose of the initial waivers appears to have been a desire to  
 8 accommodate larger deployments of military personnel during the Iraq War. He  
 mentioned that the utilities staff recalls that the City had as many as 6-10 waivers early  
 10 on in the program. Mr. Cowie stated the City currently has one waiver that has recently  
 submitted documentation to request another year of utility waivers and the monthly cost  
 of supporting the single current waiver is approximately \$85.00.

12 Mr. Cowie explained that it is unclear whether this program was intended for all  
 military personnel (including career service military), or only individuals called up to  
 14 active duty who are not career military staff (National Guard). Mr. Cowie stated this topic  
 was briefly discussed last year by the City Council with no action taken. He noted that  
 staff is looking for direction from the Council regarding continuation of this program. If  
 16 modification of the program is wanted, staff will prepare a new resolution to reflect  
 updates to the program and bring it back for approval. He added that no motion is needed  
 18 tonight as this is for discussion only. There was then some general discussion regarding  
 this issue. Following discussion it was agreed that there needs to be a defined hardship  
 20 and a reduction in income because of active deployment. Mr. Cowie stated they will look  
 further into this issue and bring it back.

22 Mayor Acerson called for any further comments or questions from the Council.  
 Hearing none he moved on to the next agenda item.

## 24 12. COUNCIL REPORTS:

26 **Councilmember Powell** – Councilmember Powell reported that she attended the North  
 28 County Outreach meeting where the discussion was on depression during the holidays  
 and what resources are available. She noted they are in their new facility. She mentioned  
 30 she was approached at the Community Center by a resident who suggested shifting the  
 “leaf away” program a week towards December to allow all fallen leaves to be picked up.  
 32 Councilmember Powell inquired about some new asphalt on 600 north. Mr. Cowie stated  
 that particular asphalt project is being done by Pleasant Grove City.

34 **Councilmember Bean** – Councilmember Bean nothing to report.

36 **Chief Cullimore** – Chief Cullimore gave a summary on the Thanksgiving dinner. He  
 38 noted that approximately total of 460 meals were served at the dinner (all facilitated by  
 donated funds). He noted it averages out to \$4.20 per person for the meal. He noted there  
 40 are still some committed donations coming in and around \$750 of the donated money will  
 be carried over to next year which will also be used to buy some necessary equipment for  
 42 next year. He also reported that the Tree Lighting Ceremony went well and there was a  
 good turnout.

44 **Councilmember Hoyt** – Councilmember Hoyt nothing to report.

2 **Councilmember Broderick** – Councilmember Broderick mentioned the electrical line  
going to the animal shelter.

4

6 **Mayor Acerson** – Mayor Acerson reported that he had a conversation with  
Commissioner Ellertson and they are waiting for the legal description (from the city) of  
8 the land on 700 north and then it will be deeded to the county and then turned over to  
UDOT. Mayor Acerson also reported the County Health Department passed a resolution  
10 to put into place the controlling of E-cigarettes as there are currently not any guidelines in  
place. He also reported he will be attending the upcoming Utah Lake Commission  
meeting.

12

14 **Councilmember Lundberg** – Councilmember Lundberg stated that she attended some of  
the recent events noting they were great. She also apologized for her absence during this  
meeting but she had an obligation she could not delegate or get out of tonight. She did  
16 mention that she would like to have another work session for more opportunity for  
discussion amongst the Council the feedback on the benefits study. Mr. Cowie stated that  
18 he will schedule another work session for further discussion as he feels he needs more  
direction or talk more about it tonight.

20

22 At this time there was some additional discussion regarding the proposed wage  
and benefit study. Councilmember Hoyt stated that he agreed with Councilmember  
24 Broderick’s suggestion of obtaining more information to review. Mr. Cowie stated he  
will be forwarding more spreadsheets and additional informational documents to the  
Council.

26

28 Mayor Acerson mentioned his feelings on this issue stating he would suggest  
initially adjusting the 401k and leave everything else the same. Councilmember Powell  
agreed with the Mayors suggestion. Mayor Acerson stated he is feeling a lot of push back  
and concerns and feels it is hard to take from people the things they have become  
30 dependent upon. Councilmember Powell stated she wouldn’t mind seeing a cap on new  
hires and a new set of rules going forward. Councilmember Bean agreed with  
32 Councilmember Powell and Mayor Acerson but stated the reason they are not looking at  
issues other than benefits is because they don’t appear to be so far out of line with other  
34 cities or other entities; the issue of benefits fell into that area or they wouldn’t be looking  
at it and he is hesitant to leave everything as is. Councilmember Lundberg commented  
36 there are things she would like to discuss and look at more closely. Mayor Acerson  
commented that the longer we wait the more challenging it will become because the  
38 uneasiness of not knowing will be hard on the employees. Mr. Cowie agreed stating  
there is a serious morale issue among the employees and there are rumors (untrue)  
40 circulating through the departments.

42

44 Councilmember Bean agreed that uncertainty is a tough thing and we all deal with  
it, but while we are evaluating and making an analysis there will be uncertainty and he is  
sensitive to that; the alternative is we don’t do anything or do something drastic without  
46 the proper information. Councilmember Bean stated he is not going to challenge any  
employee’s statements on numbers in a meeting but he would like to see exact numbers  
and specific instances of perhaps 3 or 4 employees to see if the numbers are accurate and

2 true; that would help him make a decision. Mr. Cowie stated he is hoping for January to  
come to a conclusion.

4 Mayor Acerson directed Mr. Cowie to ask the Council what they need to know to  
make a choice or decision to give clarification. Councilmember Broderick stated from  
6 his standpoint he wants to see the data that Mr. Cowie will be forwarding to help him  
make his decision. He feels that there may be more suggested cuts than what he would  
8 do, but he needs to see that information.

10 Chief Cullimore commented at this time. He noted in the interest of clarity and  
easing the minds of some of the employees, that he is a little confused from the message  
given tonight from the Council. When the employees were all here it was indicated that  
12 this was just a “fact finding” mission, wanting to know what the numbers are and now he  
is hearing that the Council is looking at things to cut. Councilmember Lundberg  
14 commented that the committee had suggestions and they are looking at where they fall.

16 Mr. Cowie pointed out that clearly the suggestions are not representative of  
everyone. Councilmember Broderick stated that he feels the comments from Chief  
Cullimore may be accurate, but he had no idea where the benefits were when they started  
18 this process. Chief Cullimore commented that he believes the employees left here tonight  
thinking the Council was just looking at the numbers and may not do anything and that is  
20 not what he is hearing now. Councilmember Broderick stated that in his mind they have  
asked for a little more information and they will process it. His goal is to do something  
22 sustainable to avoid financial trouble in the future with the worst alternative being to cut  
jobs. Chief Cullimore stated he understands that but was just asking for some clarity as  
24 that is where all of the rumors are coming from; the unknown and the uncertainty. Mayor  
Acerson commented that he feels the conversation on the 401k was clear and understood  
26 and there is some willingness on the part of the employees to support that change. Chief  
Cullimore agreed with that statement.

28 Councilmember Bean pointed out that fact finding and potential for something  
down the road would go hand in hand; he doesn't feel that anyone wanted to get too  
30 specific tonight because we weren't to that point yet and it may not be the right forum to  
do that. Councilmember Lundberg asked when can we discuss specifics and flesh it out  
32 as it needs to be done in a timely fashion. She feels she has some good information and  
would like to continue to hear feedback from staff and feels the only things on the table  
34 are the 401k and the health benefits with everything else being left alone; except how to  
distribute the merit in a fashion that benefits everybody. Councilmember Hoyt asked if  
36 there has been much kickback on the merit issue. Mr. Cowie stated that he feels in  
general it has gone over pretty well, however, there are certainly some concerns because  
38 it is unknown and it is not finalized yet.

40 Councilmember Lundberg mentioned that she talked to a handful of employees  
on her way back in to the meeting and they indicated that some of the employees were  
intimidated to speak up in the meeting but they would encourage the Councilmembers to  
42 meet with all the departments so they can know what they do and get a feel for where  
they are at; she feels this is a great idea to gain a better connection with them. From that  
44 conversation she felt that there was no objection to the merit issue and it may need to be  
looked at differently. Mr. Cowie stated the biggest issue and concern from the employees  
46 are the medical benefits. Councilmember Lundberg stated that for her, the biggest issue  
on the medical benefits is that a lot of people were getting extra cash (take home pay) if

2 they didn't take the benefit. Mr. Cowie clarified that it is not take home pay on their  
 4 paycheck but that it is to goes for other insurance or other things paid through payroll; it  
 6 is not a take home cash amount. He then explained how this benefit works and showed  
 8 the spreadsheet on the screen. Councilmember Powell voiced her concerns that she sees  
 10 the inequality of an employee who has the ability to take the full benefit amount because  
 they have a spouse who has insurance etc., versus a single employee with that being the  
 only option they have because they don't have a spouse or other options, so they put that  
 money towards their future in a 401k or other areas. She added there is a feeling of  
 inequality between co-workers regarding the benefit.

12 Councilmember Lundberg stated in the business world there is a "use it or lose it"  
 14 composition and that's how organizations work. If someone doesn't need the benefit  
 16 why should the organization pay for it because they don't have a whole family to support  
 18 and dependents then why should they get an extra \$1,000 or \$1,400 dollars per month of  
 extra spending income? Because the family that is using the full benefit is using it for  
 their medical coverage and it is not coming back to them where the single individual only  
 needs it for themselves, so why should that individual get a big windfall of extra money  
 to tuck away. Councilmember Powell commented that she sees this as a use for their  
 future family.

20 Councilmember Bean stated that he agrees with Councilmember Lundberg's  
 22 comments noting the practice in private industry is generally exactly as she depicts. He  
 24 does not know of one organization that gives back any un-allotted amount of the  
 premium to the employee to use for other areas. The other side of this is that they are not  
 26 asking the employees to contribute to the premium. Not only are we giving them extra  
 money but we are not asking them to contribute. He noted that he feels it is strange that  
 28 the employees are saying if they knew and appreciated what they did more that the  
 Council would not be considering these changes, which is not true and it does not change  
 the fact that things are outside of the normal practices to some degree. He realizes the  
 employees have needs but it is a practice that is not sustainable. Mr. Cowie referenced  
 30 First West Benefits and quoted the defined contribution and noted that 67% don't offer an  
 opt-out benefit plan (he will forward the Council this information).

32 Mayor Acerson pointed out that he sees the options on the table are status quo,  
 34 make changes in the health benefit area to make it more in line with what the business  
 community does or make the changes effective going forward (more of a gradual change  
 than immediate change). Councilmember Powell suggested perhaps a hybrid of that could  
 36 make it a stepped program. Mayor Acerson agreed that stages would allow some  
 adjustment time to get in line with the direction moving forward. Councilmember  
 38 Lundberg doesn't want to make the employees feel that it is cut 100% but something  
 tapered may work. She is not open to leaving it as is, because she feels it is too much and  
 40 not traditional even in government not only the private sector. Councilmember Bean  
 would agree to a tapered approach.

42 Councilmember Lundberg suggested for those who are seeing the big change  
 44 from those who opt-out of the medical insurance and those who receive the surplus to  
 perhaps soften it somehow to allow some type of benefit for those who don't use the  
 entire benefit and to have some cushion. She noted there is a rich benefit here but to take  
 46 all of that extra amount she doesn't feel good about it and she has not seen anything like  
 that before as she has talked to a lot of different people and entities. Councilmember

2 Hoyt asked about the Mayor's idea of doing a percentage and if that thought has any  
 4 merit. Mr. Cowie stated that doing a percentage across the board without changing those  
 6 numbers the only people impacted will be the 25 who don't take the coverage unless it  
 8 was made mandatory. He noted that in the end the Committee was trying to achieve a fair  
 equation but there are outliers. Councilmember Bean stated if the greatest impact is on  
 10 10 out of 45 employees then maybe they should look at ways to lessen that impact over  
 time.

10 Mr. Van Wagenen commented that they are faced with a difficult challenge as all  
 12 individual situations are different and trying to make something equitable in cuts across  
 14 the board there is really no such thing, and he doesn't see a way to make the cuts  
 16 equitable for everyone. There is a philosophical standpoint and the practical standpoint  
 and the employees are not sure where the Council is and there is a conflict there and he  
 understands that. He can see both sides of the equation and it will not be equitable and to  
 make the decision based on practicality or on the philosophical sense is a decision the  
 Council must make.

18 Councilmember Powell shared that she is quite rigid on this issue and she feels  
 20 these employees hired on with this plan and she is grateful that the Council is looking at  
 22 this now, but she does not feel like it should be corrected on the backs of people who  
 24 hired on with the wage and benefit package in place. Now we are asking to change the  
 26 rules of what they hired on for and that is why the morale is low and the rumors are going  
 28 around because this is not what they signed up for. Granted this is a rich package, but she  
 does not think that correcting it right away is in the best interest of the citizens and it will  
 affect the quality of people hired. She would suggest implementing this with new hires  
 moving forward with a new set of rules and the existing employees being grandfathered  
 in and to perhaps phase out some of these things in a doable way. She noted that she has  
 had employers reach into her pocket to make their budget work and knows the stress and  
 anxiety it can cause and she does not want to see this happen here.

30 Councilmember Lundberg stated that she has experienced that too and  
 32 unfortunately that is the real world today as there are no guarantees and something as rich  
 34 as this that is out of line even with government standards and within government entities  
 36 she feels it is fair to make an adjustment. She has seen this many times in private  
 organizations. You can't say that no changes are ever warranted just because this is what  
 they have had in the past. She does not feel good about someone getting \$1,450.00 per  
 month extra to use for their own benefit that is beyond what is really needed and is out of  
 line; she is open to some cushion in areas and not to slash and burn and to give back in  
 some direction.

38 Following some additional discussion, Mr. Cowie stated he is hearing the Council  
 40 is in agreement to the following recommendations:

- 42 • \$1,224 opt-out reduced to \$500 (4 of 5 Councilmembers in agreement)
- 44 • Flat insurance coverage for new hires
- 46 • 401k match

Mr. Cowie stated he will meet with the benefits committee again and make some  
 recommendations based on this discussion and will bring back an amended proposal.

2 **Administrator's Report:**

Mr. Cowie reported on the following items followed by discussion.

4

6 **Misc. Updates:**

6

- November City newsletter

- Land Use Project Tracking List

8

- Ivory Homes development

- Joint Planning Commission/City Council plan review meeting: Tuesday, Dec 9<sup>th</sup>, 6-8pm

10

- Public Safety Building –

12

- Utilities / Monthly operating cost study in progress

- Discussion on how to proceed

14

- Misc. Items

16

**Upcoming Meetings & Events:**

- Newsletter Assignment: Mayor Acerson - January newsletter article. *Due by last week in December.*

18

- Dec 8<sup>th</sup> at Noon (special Monday meeting) – Engineering Coordination meeting at Public Works. Mayor Acerson and Councilmember Broderick will attend.

20

- Dec 9<sup>th</sup> – Joint PC/CC work session with Ivory Homes, 6-8 pm. All Council members will attend.

22

24

**Future items:**

- Fiscal Year 2013-14 Financial Audit Report (Dec 19<sup>th</sup>)

26

- Employee Policy Manual updates

28

- Performance evaluations, compensation, and benefit studies

Mayor Acerson called for any further comments or discussion from the Council.

30

Hearing none he called for a motion to adjourn.

32

**Adjourn –**

34

COUNCILMEMBER BRODERICK MOVED TO ADJOURN THE MEETING AT 10:05 PM. COUNCILMEMBER POWELL SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

36

38

Approved – December 16, 2014

40

42

\_\_\_\_\_  
Kathryn Moosman, City Recorder

44

46

\_\_\_\_\_  
Jeff Acerson, Mayor

**Item 4 – Consent Agenda** – *(Consent agenda items are only those which have been discussed beforehand and do not require further discussion)*

- No Items.

**Item 5 – Open Session for Public Comment** *(For items not on the agenda)*

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**6. Action Item: Financial Audit Report for Fiscal Year 2013-14***(45 minutes)*

Representatives from Keddington & Christensen, LLC and Lindon City Finance Director, Kristen Colson, will present for the **Mayor and Council's acceptance the city's annual** financial audit report, included as part of the Comprehensive Annual Financial Report (CAFR), for fiscal year ended June 30, 2014.

In accordance with State law, the City is required to have a complete financial audit performed by an independent auditing firm on an annual basis. Over the last few months the accounting firm of Keddington & Christensen, LLC has reviewed the City's financial records from the 2013-14 fiscal year and has completed their audit. All of the audit information is included in the Comprehensive Annual Financial Report (CAFR) with their specific findings and opinions at the end of the report.

No significant findings were identified with the exception of one over-expenditure of PARC tax funds that exceeded the budgeted amount by \$7,612. The City agreed that expenditures should not exceed the budgeted appropriation. This was a new fund and a new tax and the City was fortunate to have this funding for an unexpected pool repair. The City will strive in future years to only incur expenditures for which it has properly budgeted.

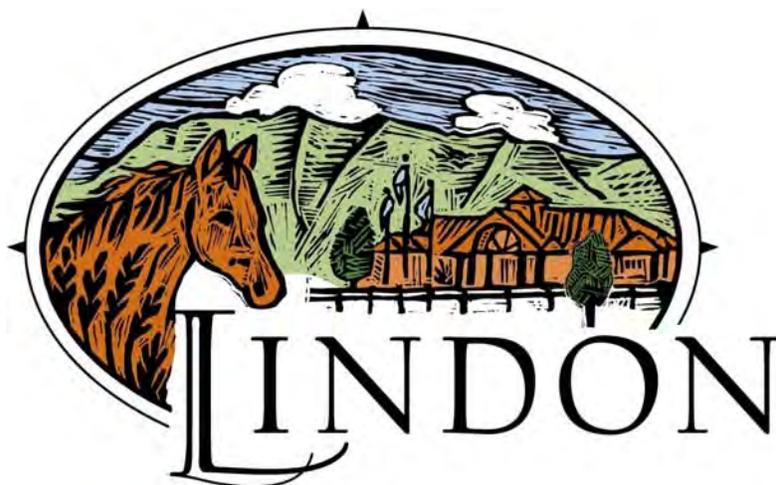
Representatives from Keddington & Christensen will be available to answer any questions you may have on the audit.

**Sample Motion:** I move to accept the audit as presented for the fiscal year ended June 30, 2014.

# LINDON CITY CORPORATION STATE OF UTAH

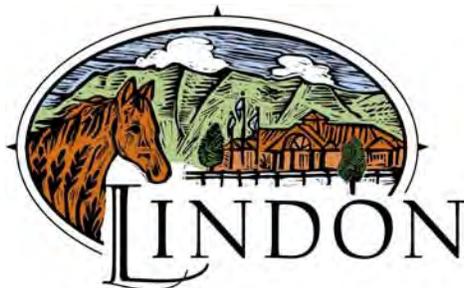
100 NORTH STATE STREET  
LINDON, UT 84042  
[WWW.LINDONCITY.ORG](http://WWW.LINDONCITY.ORG)

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2014

Prepared By:  
Kristen Colson, Finance Director



## **Principal Officials**

**For the Fiscal Year  
July 1, 2013 - June 30, 2014**

**Jeff Acerson**  
Mayor

**Matt Bean**  
Councilperson

**Van Broderick**  
Councilperson

**Jake Hoyt**  
Councilperson

**Carolyn Lundberg**  
Councilperson

**Randi Powell**  
Councilperson

**Adam Cowie**  
City Administrator

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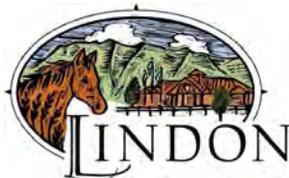
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# **INTRODUCTORY SECTION**

Lindon City  
100 N State St  
Lindon, UT 84057



phone: 801-785-5043  
fax: 801-785-4510  
[www.lindoncity.org](http://www.lindoncity.org)

December 5, 2014

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, 2014.

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, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to

accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



Lindon City Center, built 1997

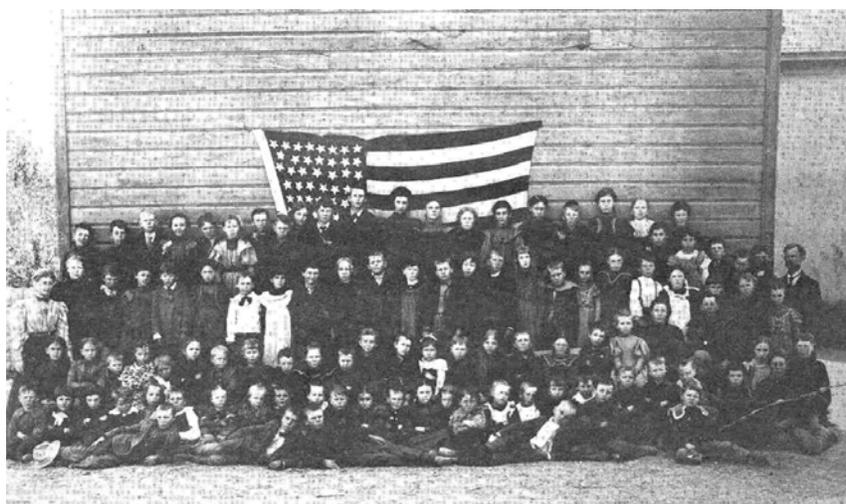
### **Profile of the Government**

Lindon is located in 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's administrator is responsible for carrying out policies and ordinances of the governing council and for overseeing the day-to-day operations of the government. The mayor and city council are elected on a non-partisan basis. City Council members serve four-year staggered

terms. The mayor is elected to serve a four-year term. The mayor and all five city council seats are elected at large.

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



Elementary children at Lindon Amusement Hall, early 1900's

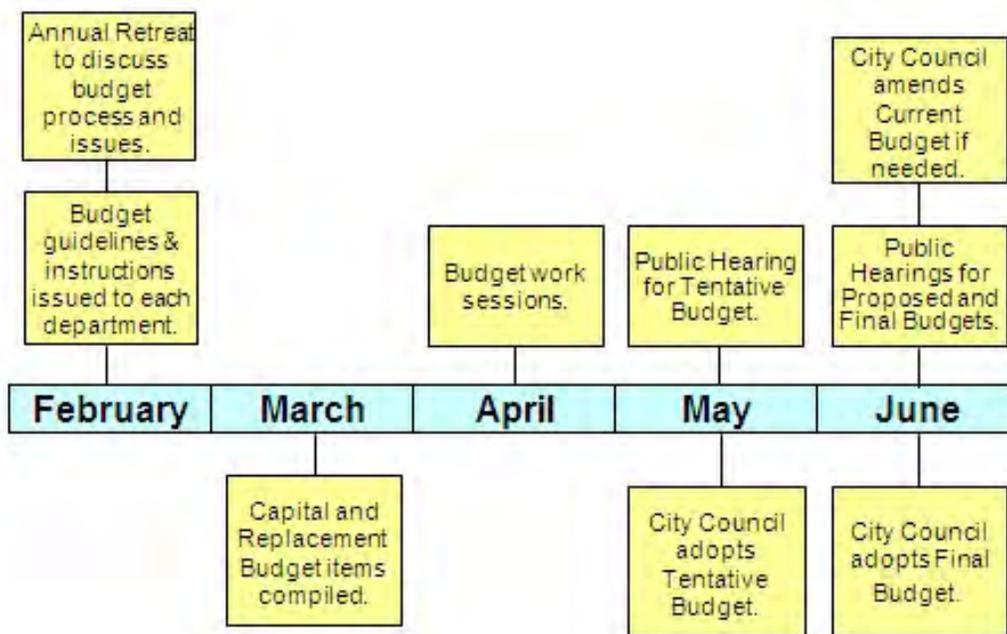
Lindon City is a beautiful place to live. Lindon shares a boundary with Orem City on the south and Pleasant Grove City and American Fork City on the north. To the west is Utah Lake with the Lindon Marina, which is used for boating and fishing. The City extends east to the Wasatch Mountains where Lindon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

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

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

The City provides a full range of services, including public safety (police and fire), highways and streets, sanitation, public improvements, planning and zoning, both commercial and residential building inspections, general administrative services, a wide variety of recreation programs, cultural events, and an Aquatics Center among other things. Some of these services are provided under contract with other entities. The City recently purchased and renovated a former church building to serve as the Lindon Community and Senior Center. The City also owns and operates a culinary water system, a secondary water system, a waste water collection system, and a storm water drainage system.

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



The City holds two public hearings on the budget. These public hearings are held in June for the proposed and final budgets. Utah State law requires that the final budget public hearing must be held before June 22 for the adoption of the final budget.

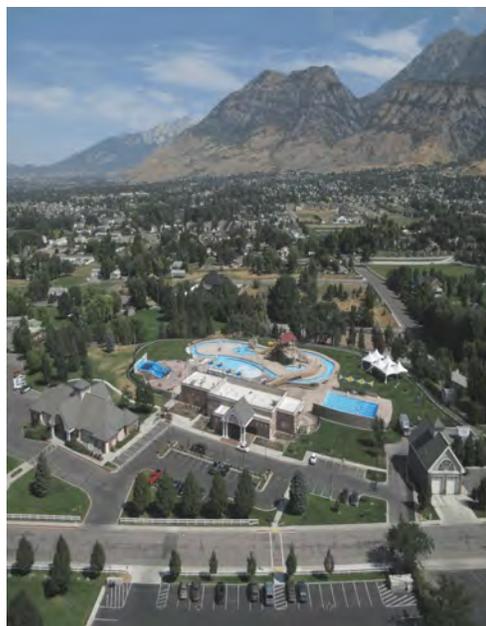
Within the existing budget, department heads ensure that the department’s total appropriation is not over-expended. Transfers of appropriations between departments require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a

project-length budget has been adopted (i.e., the special revenue funds and the capital project fund).

### **Factors Affecting Financial Condition**

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

Utah is coming out of the recession more rapidly than the U.S., as has been the case with every downturn since World War II. Job growth from June 2013 to June 2014 in Utah County, the county in which the City is located, increased 5.0%, which is better than Utah State's increase of 3.5% and the nation's increase of 1.9%.



Aerial photo of Lindon City Aquatics Center

Retail sales plummeted 2007-2010 causing a reduction of sales tax collections in the General Fund which is substantially supported by these revenues. Since 2010, retail sales have slowly increased and the City's local economy continues to show indications of improvement. Lindon City maintains an optimistic outlook that consumer confidence will continue to improve and sales tax revenue will continue to increase. The commercial development already present in the City adds to both the sales and property tax base of the community. Major retailers in Lindon include Wal-Mart Supercenter, Murdock Hyundai, Home Depot, Sunroc Corp., Mercedes Benz and Lexus.

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 2014, Utah County had an unemployment rate of 3.6%, which is slightly higher than the State of Utah's rate of 3.5%. These both compare favorably to the national unemployment rate of 6.1%.

### **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 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 a decade ago to more than sixteen major facilities today, we have successfully transformed our community's park system and created exceptional open spaces for our citizens' enjoyment. The strategic planning for parks has been expanded to include a trail system that will allow joggers, walkers, bicyclists and horse riders to enjoy the Heritage Trail, which runs under State Street and will eventually connect to the west side trail system, including Utah Lake.

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. 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.

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. This has been a great partnership, and the improved response time to accidents and fires has made every resident feel safer within our City.

As a long-term goal, it is clear that a sense of safety must be maintained if our citizens are to enjoy the wide array of programs and activities being provided in the community. Lindon and Orem's strategic plan has identified the need for a Fire Station to be built by 2018. Studies are being done to evaluate whether this should be a Public Safety Building that will house our Police Department as well.

### **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 2014. The recommended rate changes are being implemented in the 2014-2015 fiscal year.

### **Acknowledgements**

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.

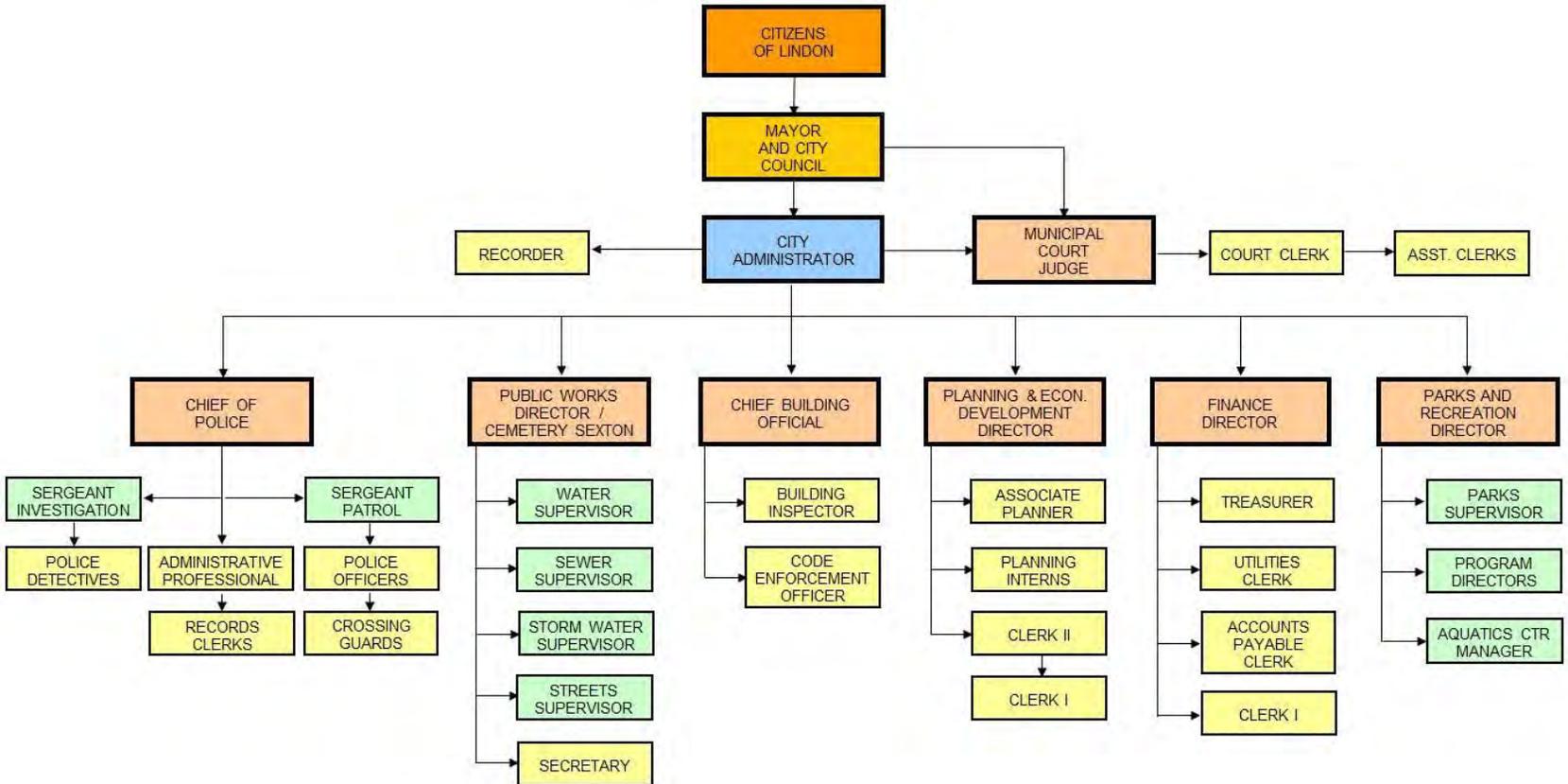
Respectfully submitted,



Kristen Colson  
Finance Director

# LINDON CITY ORGANIZATIONAL CHART

## Fiscal Year 2013-2014



Contract Services:  
 Attorney  
 Engineer  
 Fire & Emergency Medical  
 Water Reclamation

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

## **FINANCIAL SECTION**



**Keddington & Christensen, LLC**  
 Certified Public Accountants

Gary K. Keddington, CPA  
 Phyl R. Warnock, CPA  
 Marcus K. Arbuckle, CPA  
 Tyson C. Beck, 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, 2014, 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, 2014, 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.

***Change in Accounting Principle***

As described in Note 14 to the financial statements, in 2014, the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lindon City Corporation's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund statements, including the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Major Governmental Fund and the schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Nonmajor Governmental Funds listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Report Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2014, on our consideration of Lindon City Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Keddington & Christensen, LLC*

December 4, 2014

**LINDON CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2014

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, 2014. 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, 2014 by \$64,073,499 (net position). Of this amount, \$3,588,984 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$739. Net position of our business-type activities increased \$886,026 and the net position of our governmental activities decreased \$885,287.

**Fund Level**

- Lindon City's governmental funds reported combined ending fund balances this year of \$3,821,946, a decrease of \$557,926, most of which was due to road improvement projects.
- The unassigned fund balance for the general fund ended at \$1,049,337, or 13.8% of total general fund expenditures.

**Long-term Debt**

- Lindon City's long-term liabilities had a net decrease of \$1,095,729 (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 balance sheet 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, 2014

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 22-24 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 five 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 two non-major funds account for the special improvement district and capital projects.

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

June 30, 2014

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 25-30 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 32-37 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 38-62 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 64-71 of this report.

**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 \$64,073,499 as of June 30, 2014.

As indicated in Table A-1, the largest portion of Lindon City's net position (90.6%) 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.

LINDON CITY CORPORATION  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 June 30, 2014

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

	Governmental Activities		Business-Type Activities		Total		% Change 2013-2014
	2013	2014	2013	2014	2013	2014	
Current and other assets	\$ 7,496	\$ 7,728	\$ 3,228	\$ 3,376	\$ 10,724	\$ 11,104	3.5%
Capital assets	29,672	28,885	49,268	49,217	78,940	78,102	-1.1%
<b>Total Assets</b>	<b>37,168</b>	<b>36,613</b>	<b>52,496</b>	<b>52,593</b>	<b>89,664</b>	<b>89,206</b>	-0.5%
Long-term debt outstanding	3,479	3,023	18,297	17,657	21,776	20,680	-5.0%
Other liabilities	3,132	1,270	683	534	3,815	1,804	-52.7%
<b>Total Liabilities</b>	<b>6,611</b>	<b>4,293</b>	<b>18,980</b>	<b>18,191</b>	<b>25,591</b>	<b>22,484</b>	-12.1%
<b>Deferred inflows of resources</b>	-	2,648	-	-	-	2,648	n/a
Net Position							
Net investment in capital assets	26,314	26,013	31,433	32,040	57,747	58,053	0.5%
Restricted	1,099	1,243	1,189	1,189	2,288	2,432	6.3%
Unrestricted	3,144	2,416	894	1,173	4,038	3,589	-11.1%
<b>Total Net Position</b>	<b>\$ 30,557</b>	<b>\$ 29,672</b>	<b>\$ 33,516</b>	<b>\$ 34,402</b>	<b>\$ 64,073</b>	<b>\$ 64,074</b>	<b>0.0%</b>

An additional portion of Lindon City's net position (3.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$3,588,984 may be used to meet the government's ongoing obligations to citizens and creditors.

Lindon City's net position increased 0%. 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 held true for the prior fiscal year.

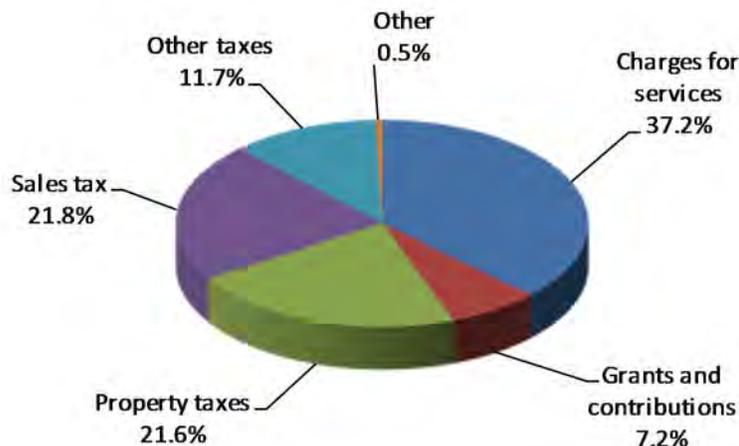
### Changes in net position

Sales and property taxes account for 43.4% of the City's revenue (see Figure A-1) with 55 cents of every dollar raised coming from some type of tax. Grants and contributions amounted to 7.2% of this year's changes in net position. Another 37.2% 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)**

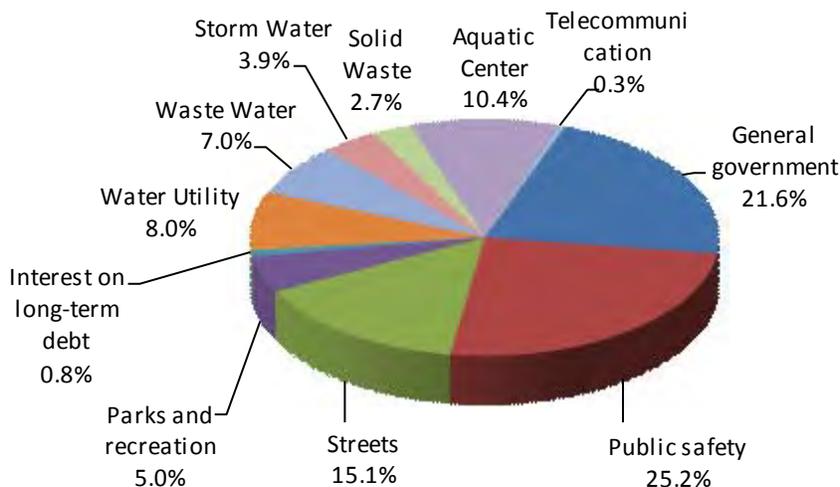
June 30, 2014

Figure A-1  
Lindon City  
Sources of Revenue for Fiscal Year 2014



The City's expenses cover a range of services, with 67.7% from governmental activities and 32.3% from business-type activities. Public safety, a major portion of general government activities, encompassed 25.2% of the City's total expenses. (See Figure A-2.)

Figure A-2  
Lindon City  
Functional Expenses for Fiscal Year 2014



### Governmental Activities

As indicated in Table A-2, the cost of all governmental activities this year was \$9,907,703. Some of the costs were paid by those who directly benefitted from the City's services (\$1,173,188), or other governmental organizations that subsidized certain programs with grants and contributions (\$439,807). However, the amount of taxes that were required to subsidize these activities was \$8,294,708, the net cost of the governmental functions. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. The City paid for the remaining "public benefit" portion with tax revenue.

LINDON CITY CORPORATION  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 June 30, 2014

Property tax revenue increased by 1.2%. Sales tax revenue increased by 6.9% compared to the prior year.

**Business-type Activities**

The cost of all business-type activities this year was \$4,720,089. The program revenues exceeded costs by \$156,151. Net program revenues plus other revenues totaled \$202,578, before transfers.

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

	Governmental Activities		Business-Type Activities		Total		% Change 2013-2014
	2013	2014	2013	2014	2013	2014	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 1,018	\$ 1,173	\$ 4,160	\$ 4,269	\$ 5,178	\$ 5,442	5.1%
Grants and contributions	1,046	440	1,041	607	2,087	1,047	-49.8%
General revenues							
Property taxes	3,125	3,164	-	-	3,125	3,164	1.2%
Sales tax	2,989	3,194	-	-	2,989	3,194	6.9%
Other taxes	1,548	1,706	-	-	1,548	1,706	10.2%
Other revenues	27	30	2	47	29	77	165.5%
<b>Total revenues</b>	<b>9,753</b>	<b>9,707</b>	<b>5,203</b>	<b>4,923</b>	<b>14,956</b>	<b>14,630</b>	<b>-2.2%</b>
<b>Expenses</b>							
General government	2,904	3,158	-	-	2,904	3,158	8.7%
Public safety	3,719	3,686	-	-	3,719	3,686	-0.9%
Streets	2,250	2,210	-	-	2,250	2,210	-1.8%
Parks and recreation	491	736	-	-	491	736	49.9%
Interest on long-term debt	130	119	-	-	130	119	-8.5%
Water Utility	-	-	1,175	1,174	1,175	1,174	-0.1%
Waste Water	-	-	960	1,028	960	1,028	7.1%
Storm Water	-	-	775	568	775	568	-26.7%
Solid Waste	-	-	339	386	339	386	13.9%
Aquatic Center	-	-	1,370	1,520	1,370	1,520	10.9%
Telecommunication	-	-	44	44	44	44	0.0%
<b>Total expenses</b>	<b>9,494</b>	<b>9,909</b>	<b>4,663</b>	<b>4,720</b>	<b>14,157</b>	<b>14,629</b>	<b>3.3%</b>
Excess (deficiency) before transfers	259	(202)	540	203	799	1	-99.9%
Transfers	(223)	(683)	223	683	-	-	n/a
<b>Increase (decrease) in net position</b>	<b>\$ 36</b>	<b>\$ (885)</b>	<b>\$ 763</b>	<b>\$ 886</b>	<b>\$ 799</b>	<b>\$ 1</b>	<b>-99.9%</b>

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

June 30, 2014

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental funds**

The largest changes in major funds were:

- The General Fund's fund balance was decreased by \$537,370, most of which was due to road improvement projects.
- The Redevelopment Agency's fund balance decreased by \$294,644, most of which is due to improvements to RDA districts.

**Proprietary funds**

The changes in major funds were:

- The Water Fund's fund balance increased by \$537,292, due in part to capital contributions of \$282,085.
- The Waste Water's fund balance increased by \$108,909, due in part to capital contributions of \$17,954.
- The Storm Water's fund balance decreased by \$189,475, due to operating expenses that exceed the operating revenues.
- The Recreation fund balance increased by \$412,930, due to transfers into the fund to subsidize the fund's activities.

**General Fund Budgetary Highlights**

- The General Fund amended budget was \$119,393 less than the original budget.
- The General Fund amended budget showed an increase in sales tax revenue of \$100,000.
- The General Fund amended budget showed an increase in the amount budgeted for transfer to the Recreation fund of \$252,855.
- Additional minor variances between the General Fund's original budget and amended budgets may be seen on page 29.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As indicated in Table A-3, at the end of fiscal 2014, the City had invested \$78,101,784 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.

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

June 30, 2014

This year's major capital asset additions included:

- Subdivision and infrastructure contributions amounted to \$72,286 in the governmental funds and \$310,984 in the business-type funds.
- The waste water collection system was upgraded, increasing the fund's assets by \$3,473,549.
- A new street sweeper was purchased in the Storm Water fund for \$242,750.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2013	2014	2013	2014	2013	2014	2013-2014
Land	\$ 6,034	\$ 6,034	\$ 1,359	\$ 1,359	\$ 7,393	\$ 7,393	0.0%
Water Stock	-	-	9,890	10,131	9,890	10,131	2.4%
Buildings	2,637	2,546	9,338	9,079	11,975	11,625	-2.9%
Infrastructure	16,273	15,657	-	-	16,273	15,657	-3.8%
Water System	-	-	9,240	9,405	9,240	9,405	1.8%
Sewage System	-	-	7,144	10,324	7,144	10,324	44.5%
Storm Drain System	-	-	8,489	8,538	8,489	8,538	0.6%
Net investment in capital assets	3,658	3,778	-	-	3,658	3,778	3.3%
Equipment	239	197	62	309	301	506	68.1%
Vehicles	451	385	30	68	481	453	-5.8%
Construction in Progress	380	288	3,715	4	4,095	292	-92.9%
<b>Total</b>	<b>\$ 29,672</b>	<b>\$ 28,885</b>	<b>\$ 49,267</b>	<b>\$ 49,217</b>	<b>\$ 78,939</b>	<b>\$ 78,102</b>	<b>-1.1%</b>

### Long-term Debt

As indicated in Table A-4, at the year-end the City had \$20,464,233 in bonds (including unamortized premiums), notes, and capital leases outstanding. Accruals for compensated absences total \$215,450, making total long-term liabilities \$20,679,683. 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 three bonds which are paid with sales tax revenue. The first was issued in June 2005 for \$3.7 million and secured by sales tax revenue for the extension of 700 North. The other two, totaling \$10,365,000 were issued in 2008 and 2009 for the construction of the Aquatics Center.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2013	2014	2013	2014	2013	2014	2013-2014
Revenue Bonds	\$ 2,902	\$ 2,465	\$ 15,490	\$ 14,821	\$ 18,392	\$ 17,286	-6.0%
Notes Payable	90	80	2,513	2,411	2,603	2,491	-4.3%
Leases	365	327	239	360	604	687	13.7%
Compensated absences	121	151	56	65	177	216	22.0%
<b>Total</b>	<b>\$ 5,491</b>	<b>\$ 3,023</b>	<b>\$ 18,298</b>	<b>\$ 17,657</b>	<b>\$ 21,776</b>	<b>\$ 20,680</b>	<b>-5.0%</b>

Lindon City's total long-term liabilities had a net decrease of \$1,095,729 (5%) during the current fiscal year. The major factor for changes in debt was regularly scheduled principal payments on existing debt.

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

June 30, 2014

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- For June 2014, the unemployment rate for Utah County was 3.6%, which is slightly higher than the state average of 3.5%, but significantly lower than the national average of 6.1%.
- A 1.4% average annual increase in the Consumer Price Index from March 2013 to February 2014, provided by the U.S. Department of Labor, was considered in preparing the 2015 budget.

These indicators were taken into account when adopting the budget for fiscal 2015. 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, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,628,121	\$ 438,099	\$ 4,066,220
Receivables:			
Accounts, net	80,881	373,219	454,100
Taxes	2,670,462	-	2,670,462
Intergovernmental	591,458	-	591,458
Other	245,432	-	245,432
Prepays	37,154	6,150	43,304
Internal balances	(768,913)	768,913	-
Note receivable	-	415,147	415,147
Restricted assets:			
Cash and cash equivalents	1,242,928	1,374,317	2,617,245
Capital assets not being depreciated:			
Land and collectibles	6,034,419	1,359,243	7,393,662
Water stock and rights	-	10,130,906	10,130,906
Construction in progress	287,717	3,991	291,708
Capital assets, net of accumulated depreciation:			
Buildings	2,546,293	9,078,956	11,625,249
Infrastructure	15,657,485	-	15,657,485
Water distribution system	-	9,404,934	9,404,934
Waste water collection system	-	10,323,997	10,323,997
Storm water drainage system	-	8,537,435	8,537,435
Improvements other than buildings	3,777,599	-	3,777,599
Machinery and equipment	196,557	309,402	505,959
Vehicles	385,170	67,680	452,850
<b>Total Assets</b>	<b>\$ 36,612,763</b>	<b>\$ 52,592,389</b>	<b>\$ 89,205,152</b>

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

LINDON CITY CORPORATION  
**STATEMENT OF NET POSITION (Continued)**

June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Liabilities:</b>			
Accounts payable	\$ 844,716	\$ 245,425	\$ 1,090,141
Accrued liabilities	115,065	36,739	151,804
Accrued interest payable	12,820	48,100	60,920
Retainage payable	3,507	-	3,507
Liabilities payable from restricted assets	-	185,428	185,428
Unearned revenue	3,066	7,130	10,196
Developer and customer deposits	291,305	10,750	302,055
Noncurrent liabilities			
Due within one year	935,593	986,242	1,921,835
Due in more than one year	2,086,940	16,670,908	18,757,848
<b>Total Liabilities</b>	<u>4,293,012</u>	<u>18,190,722</u>	<u>22,483,734</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	2,647,919	-	2,647,919
<b>Total Deferred Inflows of Resources</b>	<u>2,647,919</u>	<u>-</u>	<u>2,647,919</u>
<b>Net Position:</b>			
Net investment in capital assets	26,013,206	32,039,492	58,052,698
Restricted for:			
Impact fees	422,795	723,243	1,146,038
Debt Service	329,060	465,646	794,706
Future development	491,073	-	491,073
Unrestricted	2,415,698	1,173,286	3,588,984
<b>Total Net Position</b>	<u>29,671,832</u>	<u>34,401,667</u>	<u>64,073,499</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 36,612,763</u>	<u>\$ 52,592,389</u>	<u>\$ 89,205,152</u>

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

**LINDON CITY CORPORATION**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

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
<b>Governmental Activities:</b>							
General government	\$ 3,158,062	\$ 1,069,810	\$ -	\$ -	\$ (2,088,252)	\$ -	\$ (2,088,252.00)
Public safety	3,685,970	-	23,578	-	(3,662,392)	-	(3,662,392)
Highway and public improvements	2,209,585	-	72,286	343,943	(1,793,356)	-	(1,793,356)
Parks and recreation	735,528	103,378	-	-	(632,150)	-	(632,150)
Interest and issuance costs on long-term debt	118,558	-	-	-	(118,558)	-	(118,558)
<b>Total Governmental Activities</b>	<b>9,907,703</b>	<b>1,173,188</b>	<b>95,864</b>	<b>343,943</b>	<b>(8,294,708)</b>	<b>-</b>	<b>(8,294,708)</b>
<b>Business-type Activities:</b>							
Water utility	1,174,078	1,664,217	-	342,910	-	833,049	833,049
Waster water	1,028,189	1,264,370	-	148,372	-	384,553	384,553
Storm water	568,308	424,247	-	52,207	-	(91,854)	(91,854)
Solid Waste	385,960	415,724	63,401	-	-	93,165	93,165
Recreation	1,519,649	454,749	-	-	-	(1,064,900)	(1,064,900)
Telecommunications	43,905	46,043	-	-	-	2,138	2,138
<b>Total Business-type Activities</b>	<b>4,720,089</b>	<b>4,269,350</b>	<b>63,401</b>	<b>543,489</b>	<b>-</b>	<b>156,151</b>	<b>156,151</b>
<b>Total Government</b>	<b>\$ 14,627,792</b>	<b>\$ 5,442,538</b>	<b>\$ 159,265</b>	<b>\$ 887,432</b>	<b>(8,294,708)</b>	<b>156,151</b>	<b>(8,138,557)</b>
General Revenues:							
Property taxes					3,164,300	-	3,164,300
Sales taxes					3,193,638	-	3,193,638
Franchise taxes					1,587,931	-	1,587,931
Other taxes					117,404	-	117,404
Unrestricted investment earnings					18,320	1,427	19,747
Gain on disposition of capital assets					6,448	45,000	51,448
Other revenues					4,828	-	4,828
Transfers					(683,448)	683,448	-
<b>Total General Revenues and Transfers</b>					<b>7,409,421</b>	<b>729,875</b>	<b>8,139,296</b>
Changes in Net Position					(885,287)	886,026	739
Net Position, Beginning, Restated					30,557,119	33,515,641	64,072,760
Net Position, Ending					<b>\$ 29,671,832</b>	<b>\$ 34,401,667</b>	<b>\$ 64,073,499</b>

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

**LINDON CITY CORPORATION**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
June 30, 2014

	General	Redevelopment Agency	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 864,108	\$ 2,764,013	\$ -	\$ -	\$ 3,628,121
Receivables:					
Accounts, net	100,478	-	-	80,881	181,359
Property tax	1,615,462	1,055,000	-	-	2,670,462
Sales tax	591,458	-	-	-	591,458
Franchise tax	144,954	-	-	-	144,954
Prepays	2,897	-	34,257	-	37,154
Due from other funds	2,031,475	-	-	-	2,031,475
Restricted cash and cash equivalents	522,458	309,500	-	410,970	1,242,928
<b>Total Assets</b>	<b>\$ 5,873,290</b>	<b>\$ 4,128,513</b>	<b>\$ 34,257</b>	<b>\$ 491,851</b>	<b>\$ 10,527,911</b>
<b>Liabilities</b>					
Accounts payable	\$ 516,983	\$ 322,822	\$ -	\$ 4,910	\$ 844,715
Accrued liabilities	115,065	-	-	-	115,065
Unearned revenue	3,066	-	-	-	3,066
Developer and customer deposits	291,305	-	-	-	291,305
Retainage payable	-	3,507	-	-	3,507
Due to other funds	1,779,260	968,216	34,257	18,655	2,800,388
<b>Total Liabilities</b>	<b>2,705,679</b>	<b>1,294,545</b>	<b>34,257</b>	<b>23,565</b>	<b>4,058,046</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	1,592,919	1,055,000	-	-	2,647,919
<b>Total Deferred Inflows of Resources</b>	<b>1,592,919</b>	<b>1,055,000</b>	<b>-</b>	<b>-</b>	<b>2,647,919</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	2,897	-	-	-	2,897
Restricted for:					
Impact fees	11,825	-	-	410,970	422,795
Debt service	19,560	309,500	-	-	329,060
Future development	491,073	-	-	-	491,073
Assigned for:					
Redevelopment agency	-	1,469,468	-	-	1,469,468
P.A.R.C tax fund	-	-	-	73,268	73,268
Unassigned:					
General fund	1,049,337	-	-	-	1,049,337
Capital projects	-	-	-	(15,952)	(15,952)
<b>Total Fund Balances</b>	<b>1,574,692</b>	<b>1,778,968</b>	<b>-</b>	<b>468,286</b>	<b>3,821,946</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,873,290</b>	<b>\$ 4,128,513</b>	<b>\$ 34,257</b>	<b>\$ 491,851</b>	<b>\$ 10,527,911</b>

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

LINDON CITY CORPORATION  
**REONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET POSITION**  
 June 30, 2014

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

<b>Total Fund Balance - Governmental Funds</b>	\$	3,821,946
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		28,885,240
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(12,820)
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.		(3,022,534)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>29,671,832</u></b>

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 Year Ended June 30, 2014

	General	Redevelopment Agency	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 6,801,716	\$ 1,157,638	\$ -	\$ 117,404	\$ 8,076,758
Licenses and permits	278,381	-	-	-	278,381
Intergovernmental	354,048	-	-	-	354,048
Charges for services	154,908	-	-	-	154,908
Fines and forfeitures	355,214	-	-	-	355,214
Impact fees	9,566	-	-	223,500	233,066
Interest	8,571	14,651	-	1,332	24,554
Miscellaneous	150,201	-	-	-	150,201
<b>Total Revenues</b>	<b>8,112,605</b>	<b>1,172,289</b>	<b>-</b>	<b>342,236</b>	<b>9,627,130</b>
<b>Expenditures:</b>					
Current:					
General government	1,959,142	-	403,029	-	2,362,171
Public safety	3,638,227	-	-	-	3,638,227
Highways and public improvements	1,375,298	-	-	-	1,375,298
Parks and recreation	527,477	-	-	12,003	539,480
Redevelopment Agency	-	686,848	-	-	686,848
Debt service:					
Principal	112,032	-	447,236	-	559,268
Interest	8,162	-	113,484	-	121,646
Capital outlay	-	292,961	-	46,145	339,106
<b>Total Expenditures</b>	<b>7,620,338</b>	<b>979,809</b>	<b>963,749</b>	<b>58,148</b>	<b>9,622,044</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>492,267</b>	<b>192,480</b>	<b>(963,749)</b>	<b>284,088</b>	<b>5,086</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of new debt	73,436	-	-	-	73,436
Sale of capital assets	47,000	-	-	-	47,000
Transfers in	880,290	-	963,749	-	1,844,039
Transfers out	(2,030,363)	(487,124)	-	(10,000)	(2,527,487)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,029,637)</b>	<b>(487,124)</b>	<b>963,749</b>	<b>(10,000)</b>	<b>(563,012)</b>
<b>Net Change in Fund Balances</b>	<b>(537,370)</b>	<b>(294,644)</b>	<b>-</b>	<b>274,088</b>	<b>(557,926)</b>
<b>Fund Balances, Beginning, Restated</b>	<b>2,112,062</b>	<b>2,073,612</b>	<b>-</b>	<b>194,198</b>	<b>4,379,872</b>
<b>Fund Balances, Ending</b>	<b>\$ 1,574,692</b>	<b>\$ 1,778,968</b>	<b>\$ -</b>	<b>\$ 468,286</b>	<b>\$ 3,821,946</b>

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 Year Ended June 30, 2014

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (557,926)
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.	(1,730,076)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.	984,061
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.	(40,552)
In the Statement of Activities interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.	3,088
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	559,268
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.	(73,436)
Some expenses, including accrued termination benefits, 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.	(29,714)
<b>Change in Net Position - Governmental Activities</b>	<u>\$ (885,287)</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 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,327,407	\$ 6,601,807	\$ 6,801,716	\$ 199,909
Licenses and permits	214,300	274,800	278,381	3,581
Intergovernmental	367,000	367,100	354,048	(13,052)
Charges for services	79,500	128,200	154,908	26,708
Fines and forfeitures	350,000	350,000	355,214	5,214
Impact fees	1,850	9,500	9,566	66
Interest	10,800	6,800	8,571	1,771
Miscellaneous	96,000	119,300	150,201	30,901
<b>Total Revenues</b>	<b>7,446,857</b>	<b>7,857,507</b>	<b>8,112,605</b>	<b>255,098</b>
<b>Expenditures:</b>				
Current:				
General government:				
Mayor and council	98,572	97,617	91,199	6,418
Judicial	466,255	472,770	454,018	18,752
Administrative	851,200	845,700	814,225	31,475
Elections	9,600	8,050	8,017	33
Buildings	116,800	117,400	99,221	18,179
Planning and zoning	515,607	444,550	414,167	30,383
Grants and contributions	151,144	78,695	78,295	400
Public Safety:				
Law enforcement	2,241,702	2,313,390	2,208,330	105,060
Fire protection	1,293,913	1,270,749	1,163,777	106,972
Protective inspections	242,840	241,870	246,359	(4,489)
Animal controls	19,250	20,400	19,761	639
Highways and public improvements				
Streets	988,265	953,325	1,023,066	(69,741)
Public works administration	342,575	338,695	352,232	(13,537)
Parks and recreation				
Parks	488,570	475,270	491,078	(15,808)
Cemetery	10,810	9,810	7,009	2,801
Recreation and culture	27,000	30,000	29,390	610
Debt service:				
Principal	106,000	120,500	112,032	8,468
Interest	-	-	8,162	(8,162)
<b>Total Expenditures</b>	<b>7,970,103</b>	<b>7,838,791</b>	<b>7,620,338</b>	<b>218,453</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(523,246)</b>	<b>18,716</b>	<b>492,267</b>	<b>473,551</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from issuance of debt	-	(73,435)	73,436	146,871
Transfers in	(1,865,656)	(1,544,066)	880,290	2,424,356
Transfers out	(1,778,508)	(2,031,363)	(2,030,363)	1,000
Sale of capital assets	20,352	(47,000)	47,000	94,000
<b>Total Other Financing Sources (Uses)</b>	<b>(3,623,812)</b>	<b>(3,695,864)</b>	<b>(1,029,637)</b>	<b>2,666,227</b>
<b>Net Change in Fund Balances</b>	<b>(4,147,058)</b>	<b>(3,677,148)</b>	<b>(537,370)</b>	<b>3,139,778</b>
<b>Fund Balances, Beginning, Restated</b>	<b>2,112,062</b>	<b>2,112,062</b>	<b>2,112,062</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ (2,034,996)</b>	<b>\$ (1,565,086)</b>	<b>\$ 1,574,692</b>	<b>\$ 3,139,778</b>

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 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ (1,070,000)	\$ (1,156,350)	\$ 1,157,638	\$ -
Interest	(10,000)	(10,800)	14,651	25,451
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>(1,080,000)</b>	<b>(1,167,150)</b>	<b>1,172,289</b>	<b>25,451</b>
<b>Expenditures:</b>				
Materials, supplies and services	277,800	709,500	686,848	22,652
Capital outlay	662,436	357,366	292,961	64,405
<b>Total Expenditures</b>	<b>940,236</b>	<b>1,066,866</b>	<b>979,809</b>	<b>87,057</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,020,236)</b>	<b>(2,234,016)</b>	<b>192,480</b>	<b>112,508</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(487,124)	(487,124)	(487,124)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(487,124)</b>	<b>(487,124)</b>	<b>(487,124)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(2,507,360)</b>	<b>(2,721,140)</b>	<b>(294,644)</b>	<b>2,426,496</b>
<b>Fund Balances, Beginning</b>	<b>2,073,612</b>	<b>2,073,612</b>	<b>2,073,612</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ (433,748)</b>	<b>\$ (647,528)</b>	<b>\$ 1,778,968</b>	<b>\$ 2,426,496</b>

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

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LINDON CITY CORPORATION  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
 June 30, 2014

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 363,076	\$ -	\$ -	\$ 10,175	\$ 64,848	\$ 438,099
Accounts receivable, net	167,985	121,525	38,799	305	44,605	373,219
Prepays	-	-	-	6,150	-	6,150
Due from other funds	700,000	1,079,260	-	-	-	1,779,260
Restricted cash and cash equivalents	510,697	212,278	3,303	648,039	-	1,374,317
<b>Total Current Assets</b>	<b>1,741,758</b>	<b>1,413,063</b>	<b>42,102</b>	<b>664,669</b>	<b>109,453</b>	<b>3,971,045</b>
<b>Noncurrent Assets:</b>						
Notes receivable	-	-	-	-	415,147	415,147
Capital assets, net of accumulated depreciation:						
Land	428,610	107,392	823,241	-	-	1,359,243
Water stock and rights	10,130,906	-	-	-	-	10,130,906
Construction in Process	-	-	3,991	-	-	3,991
Buildings	-	-	-	9,078,956	-	9,078,956
Water distribution system	9,404,934	-	-	-	-	9,404,934
Waste water collection system	-	10,323,997	-	-	-	10,323,997
Storm water drainage system	-	-	8,537,435	-	-	8,537,435
Machinery and equipment	14,764	46,697	214,247	33,694	-	309,402
Vehicles	7,126	-	17,216	43,338	-	67,680
Capital assets, net	19,986,340	10,478,086	9,596,130	9,155,988	-	49,216,544
<b>Total Noncurrent Assets</b>	<b>19,986,340</b>	<b>10,478,086</b>	<b>9,596,130</b>	<b>9,155,988</b>	<b>415,147</b>	<b>49,631,691</b>
<b>Total Assets</b>	<b>\$ 21,728,098</b>	<b>\$ 11,891,149</b>	<b>\$ 9,638,232</b>	<b>\$ 9,820,657</b>	<b>\$ 524,600</b>	<b>\$ 53,602,736</b>

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, 2014

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 73,164	\$ 86,845	\$ 10,060	\$ 42,826	\$ 32,530	\$ 245,425
Accrued liabilities	2,969	2,222	2,907	28,641	-	36,739
Accrued interest payable	48,100	-	-	-	-	48,100
Liabilities payable from restricted assets	-	-	3,035	182,393	-	185,428
Unearned revenue	-	-	-	7,130	-	7,130
Developer and customer deposits	10,750	-	-	-	-	10,750
Due to other funds	-	103,264	309,144	593,322	4,617	1,010,347
Compensated absences	14,733	18,276	10,948	8,891	-	52,848
Current portion of long-term debt	167,998	236,778	63,930	449,000	15,688	933,394
<b>Total Current Liabilities</b>	<u>317,714</u>	<u>447,385</u>	<u>400,024</u>	<u>1,312,203</u>	<u>52,835</u>	<u>2,530,161</u>
<b>Noncurrent Liability:</b>						
Compensated absences, net	7,891	2,335	1,214	663	-	12,103
Long-term debt, net of current portion	3,081,389	4,398,907	485,259	8,293,791	399,459	16,658,805
<b>Total Noncurrent Liability</b>	<u>3,089,280</u>	<u>4,401,242</u>	<u>486,473</u>	<u>8,294,454</u>	<u>399,459</u>	<u>16,670,908</u>
<b>Total Liabilities</b>	<u>3,406,994</u>	<u>4,848,627</u>	<u>886,497</u>	<u>9,606,657</u>	<u>452,294</u>	<u>19,201,069</u>
<b>Net Position:</b>						
Net investment in capital assets	16,736,953	5,842,401	9,046,941	413,197	-	32,039,492
Restricted for:						
Impact fees	510,697	212,278	268	-	-	723,243
Debt service reserves	-	-	-	465,646	-	465,646
Unrestricted	1,073,454	987,843	(295,474)	(664,843)	72,306	1,173,286
<b>Total Net Position</b>	<u>18,321,104</u>	<u>7,042,522</u>	<u>8,751,735</u>	<u>214,000</u>	<u>72,306</u>	<u>34,401,667</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 21,728,098</u>	<u>\$ 11,891,149</u>	<u>\$ 9,638,232</u>	<u>\$ 9,820,657</u>	<u>\$ 524,600</u>	<u>\$ 53,602,736</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 Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
<b>Operating Revenues:</b>						
Service fees	\$ 1,457,013	\$ 1,256,141	\$ 424,103	\$ 454,749	\$ 461,767	\$ 4,053,773
Other fees	8,444	2,456	-	-	-	10,900
Miscellaneous	198,760	5,773	144	-	-	204,677
<b>Total Operating Revenues</b>	<u>1,664,217</u>	<u>1,264,370</u>	<u>424,247</u>	<u>454,749</u>	<u>461,767</u>	<u>4,269,350</u>
<b>Operating Expenses:</b>						
Salaries and wages	131,901	93,307	114,983	407,364	-	747,555
Employee benefits	68,093	47,311	62,638	56,109	-	234,151
Materials, supplies and services	550,424	528,931	89,716	390,053	429,865	1,988,989
Depreciation	314,534	289,565	284,982	270,051	-	1,159,132
<b>Total Operating Expenses</b>	<u>1,064,952</u>	<u>959,114</u>	<u>552,319</u>	<u>1,123,577</u>	<u>429,865</u>	<u>4,129,827</u>
<b>Operating Income (Loss)</b>	<u>\$ 599,265</u>	<u>\$ 305,256</u>	<u>\$ (128,072)</u>	<u>\$ (668,828)</u>	<u>\$ 31,902</u>	<u>\$ 139,523</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 Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
<b>Nonoperating Income (Expense):</b>						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 63,401	\$ -	\$ 63,401
Gain on sale of capital assets	-	-	45,000	-	-	45,000
Interest income	710	226	-	491	-	1,427
Interest expense	(109,126)	(69,075)	(15,989)	(396,072)	-	(590,262)
<b>Total Nonoperating Income (Expense)</b>	<b>(108,416)</b>	<b>(68,849)</b>	<b>29,011</b>	<b>(332,180)</b>	<b>-</b>	<b>(480,434)</b>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	<b>490,849</b>	<b>236,407</b>	<b>(99,061)</b>	<b>(1,001,008)</b>	<b>31,902</b>	<b>(340,911)</b>
<b>Capital contributions</b>	282,085	17,954	10,945	-	-	310,984
<b>Impact fee contributions</b>	60,825	130,418	41,262	-	-	232,505
<b>Transfers in</b>	-	-	-	1,413,938	-	1,413,938
<b>Transfers out</b>	(296,467)	(275,870)	(142,621)	-	(15,532)	(730,490)
<b>Changes in Net Position</b>	<b>537,292</b>	<b>108,909</b>	<b>(189,475)</b>	<b>412,930</b>	<b>16,370</b>	<b>886,026</b>
<b>Net Position, Beginning, Restated</b>	<b>17,783,812</b>	<b>6,933,613</b>	<b>8,941,210</b>	<b>(198,930)</b>	<b>55,936</b>	<b>33,515,641</b>
<b>Net Position, Ending</b>	<b>\$ 18,321,104</b>	<b>\$ 7,042,522</b>	<b>\$ 8,751,735</b>	<b>\$ 214,000</b>	<b>\$ 72,306</b>	<b>\$ 34,401,667</b>

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 Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
<b>Cash Flows From Operating Activities:</b>						
Receipts from customers and users	\$ 1,709,088	\$ 1,283,340	\$ 424,000	\$ 453,601	\$ 459,139	\$ 4,329,168
Payments to suppliers	(628,896)	(526,675)	(59,904)	(303,524)	(427,557)	(1,946,556)
Payments to employees and related benefits	(198,723)	(135,962)	(179,095)	(455,322)	-	(969,102)
Deposits received (refunded)	1,850	-	-	-	-	1,850
<b>Net cash from operating activities</b>	<b>883,319</b>	<b>620,703</b>	<b>185,001</b>	<b>(305,245)</b>	<b>31,582</b>	<b>1,415,360</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Purchase of property and equipment	(274,528)	(176,082)	(268,101)	(78,051)	-	(796,762)
Proceeds from issuance of debt	-	-	197,750	-	-	197,750
Receipt of impact fees	60,825	130,418	41,262	-	-	232,505
Principal paid on bonds and capital lease	(162,002)	(233,778)	(25,411)	(432,000)	-	(853,191)
Interest paid on bonds and capital lease	(113,399)	(69,075)	(15,989)	(398,633)	-	(597,096)
Proceeds from sale of capital assets	-	-	45,000	-	-	45,000
<b>Net cash from capital and related financing activities</b>	<b>(489,104)</b>	<b>(348,517)</b>	<b>(25,489)</b>	<b>(908,684)</b>	<b>-</b>	<b>(1,771,794)</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Cash subsidy from federal grants	-	-	-	63,401	-	63,401
Loans from (payments to) other funds	-	(72,468)	(16,883)	(262,120)	(5,554)	(357,025)
Payments received on note from residents	-	-	-	-	25,116	25,116
Principal paid on note for residential connections	-	-	-	-	(25,116)	(25,116)
Transfers from (to) other funds	(296,467)	(275,870)	(142,621)	1,413,938	(15,532)	683,448
<b>Net cash from non-capital financing activities</b>	<b>\$ (296,467)</b>	<b>\$ (348,338)</b>	<b>\$ (159,504)</b>	<b>\$ 1,215,219</b>	<b>\$ (21,086)</b>	<b>\$ 389,824</b>

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 Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Total
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	
<b>Cash Flows From Investing Activity:</b>						
Interest on investments	\$ 710	\$ 226	\$ -	\$ 491	\$ -	\$ 1,427
<b>Net cash from investing activity</b>	<u>710</u>	<u>226</u>	<u>-</u>	<u>491</u>	<u>-</u>	<u>1,427</u>
<b>Net Increase (Decrease) In Cash</b>	98,458	(75,926)	8	1,781	10,496	34,817
<b>Cash and Cash Equivalents At Beginning of Year</b>	<u>775,315</u>	<u>288,204</u>	<u>3,295</u>	<u>656,433</u>	<u>54,352</u>	<u>1,777,599</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 873,773</u>	<u>\$ 212,278</u>	<u>\$ 3,303</u>	<u>\$ 658,214</u>	<u>\$ 64,848</u>	<u>\$ 1,812,416</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>						
Operating income (loss)	\$ 599,265	\$ 305,256	\$ (128,072)	\$ (668,828)	\$ 31,902	\$ 139,523
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	314,534	289,565	284,982	270,051	-	1,159,132
(Increase) Decrease in accounts receivables	44,871	18,970	(247)	3,337	(2,628)	64,303
(Increase) Decrease in prepaids	52,287	29,602	40,048	62,857	3,513	188,307
Increase (Decrease) in accounts payable	(130,759)	(27,346)	(10,236)	23,672	(1,205)	(145,874)
Increase (Decrease) in accrued liabilities	(323)	79	125	3,416	-	3,297
Increase (Decrease) in compensated absences	1,594	4,577	(1,599)	4,735	-	9,307
Increase (Decrease) in deferred revenue	-	-	-	(4,485)	-	(4,485)
Increase (Decrease) in deposits	1,850	-	-	-	-	1,850
<b>Net cash from operating activities</b>	<u>\$ 883,319</u>	<u>\$ 620,703</u>	<u>\$ 185,001</u>	<u>\$ (305,245)</u>	<u>\$ 31,582</u>	<u>\$ 1,415,360</u>
<b>Noncash investing, capital, and financing activities:</b>						
Contributions from developers	\$ 282,085	\$ 17,954	\$ 10,945	\$ -	\$ -	\$ 310,984
Increase to UIA notes payable and receivable	-	-	-	-	34,200	-

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, as a fourth class city, 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 year ended June 30, 2014.

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

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

**Component Units**

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

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

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 an other 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.

**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)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

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

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

The Debt Service fund reports the payments of long term debt. The City has opted 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 P.A.R.C Tax special revenue fund records the receipts and use of tax the P.A.R.C. tax.

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

E. Assets, Liabilities, and Net Position

1. Deposits and Investments

Cash and cash equivalents consists of amounts in demand and certificates of deposit and all highly liquid investments maturing within three months. Cash balances are invested to the extent available. Investments are held in Utah Public Treasurers' Investment Fund (PTIF). Investments are stated at cost.

2. Prepaid Items

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

3. Receivables and Payables

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

All trade receivables are shown net of an allowance for uncollectible. The allowance for doubtful accounts for all funds is \$6,400 and is concentrated in the enterprise funds.

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. Restricted Assets**

Cash and investments are often restricted to a particular use due to statutory, budgetary or legal requirements and are therefore classified as “restricted” on the City’s balance sheets. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

**5. Capital Assets**

Capital assets, which include property, land, buildings, water/sewer/storm systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000. Purchased or constructed assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

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

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

**6. Unearned Revenue**

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

**7. Deposits**

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

LINDON CITY CORPORATION  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 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.

LINDON CITY CORPORATION  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

F. Taxes

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

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

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

G. Estimates

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

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

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

- The City prepares its budgets on a GAAP basis.
- On or before the first regularly scheduled meeting of the Mayor and City Council in May, the finance director prepares a tentative budget for the ensuing fiscal year.
- The tentative budget as adopted by the Mayor and City Council is then made available to the public for inspection for a period of at least ten days prior to the adoption of the final budget.
- Prior to June 22, the budget is legally enacted through passage of a resolution.
- The City Council approves, by resolution, total budget appropriations only. The finance director is authorized to transfer any unexpended appropriation balances from one expenditure account to another within departments during the budget year. The originally adopted budget may be amended during the year. The City Council by resolution may transfer any unexpended appropriation balance from one department to another within the same fund. In order to increase expenditures in any fund the City must hold a public hearing in addition to passing a resolution.
- Unused appropriations for all annually budgeted funds lapse at the end of the fiscal year on June 30.
- Unused capital project fund appropriations are carried into the subsequent fiscal year.

For the year ended June 30, 2014, the following funds reported expenditures in excess of budgeted appropriations of the following amounts:

P.A.R.C Tax Special Revenue Fund	\$	7,612
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LINDON CITY CORPORATION  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

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

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

*Deposits - Custodial Credit Risk* – The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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, 2014 were \$2,221,098. Of these, \$1,721,098 were exposed to custodial credit risk because they were uninsured and uncollateralized.

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

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

*Investments – Credit Risk* – The City follows the requirements of the Utah Money Management Act (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurer’s Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. Agency Issues, high-grade commercial paper, bankers’ acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The City has no other investment policy that would further limit its investment choices.

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

As of June 30, 2014, 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	\$ 2,284,932	\$ 2,284,932	N/A	N/A
Cash on Hand	2,650	2,650		
Total cash on hand and deposit	<u>\$ 2,287,582</u>	<u>\$ 2,287,582</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 4,417,958	\$ 4,395,883	N/A	NA
Total investments	<u>\$ 4,417,958</u>	<u>\$ 4,395,883</u>		
Total cash and cash equivalents	<u>\$ 6,705,540</u>	<u>\$ 6,683,465</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 \$415,147 at June 30, 2014.

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**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, 2014 due to and due from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
<b>Governmental Activities</b>		
General Fund	\$ 2,031,475	\$ 1,779,260
Redevelopment Agency	-	968,216
Debt Service	-	34,257
Non major governmental funds	-	18,655
<b>Business-type Activities</b>		
Water	700,000	-
Waste Water	1,079,260	103,264
Storm Water	-	309,144
Recreation	-	593,322
Non major business-type funds	-	4,617
	<u>\$ 3,810,735</u>	<u>\$ 3,810,735</u>

All loans are either payable or receivable to the General Fund. The above amounts will be repaid by the respective funds, with exception of the amounts payable by the General Fund to the Water and Waste Water Fund as repayment has not yet been determined.

**Transfers Between Funds**

The City's interfund transfers for the year ended June 30, 2014 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Activities</b>		
General Fund	\$ 880,290	\$ 2,030,363
Redevelopment Agency	-	487,124
Debt Service	963,749	-
Non major governmental funds	-	10,000
<b>Business-type Activities</b>		
Water	-	296,467
Waste Water	-	275,870
Storm Water	-	142,621
Recreation	1,413,938	-
Non major business-type funds	-	15,532
	<u>\$ 3,257,977</u>	<u>\$ 3,257,977</u>

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

The City's interfund transfers are the result of the allocation of administrative costs from the general fund to the other funds, in addition to transfers to the Debt Service fund to meet debt service obligations.

**NOTE 6 – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2014:

	<b>Balance June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and collectibles	\$ 6,034,419	\$ -	\$ -	\$ 6,034,419
Construction in progress	380,367	274,073	(366,723)	287,717
Total capital assets, not being depreciated	6,414,786	274,073	(366,723)	6,322,136
Capital assets, being depreciated:				
Buildings	3,522,731	-	-	3,522,731
Infrastructure	32,895,850	583,609	-	33,479,459
Improvements other than buildings	4,922,347	371,906	-	5,294,253
Machinery and equipment	1,684,849	47,762	(137,600)	1,595,011
Vehicles	881,010	73,434	(34,294)	920,150
Total capital assets, being depreciated	43,906,787	1,076,711	(171,894)	44,811,604
Less accumulated depreciation for:				
Buildings	(885,945)	(90,493)	-	(976,438)
Infrastructure	(16,622,954)	(1,199,020)	-	(17,821,974)
Improvements other than buildings	(1,264,756)	(251,898)	-	(1,516,654)
Machinery and equipment	(1,445,677)	(65,894)	113,117	(1,398,454)
Vehicles	(430,434)	(122,771)	18,225	(534,980)
Total accumulated depreciation	(20,649,766)	(1,730,076)	131,342	(22,248,500)
Total capital assets being depreciated, net	23,257,021	(653,365)	(40,552)	22,563,104
Governmental Activities capital assets, net	<u>\$ 29,671,807</u>	<u>\$ (379,292)</u>	<u>\$ (407,275)</u>	<u>\$ 28,885,240</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2014 is as follows:

Governmental Activities:	
General government	\$ 134,172
Public safety	109,156
Highways and public improvements	1,247,146
Parks and recreation	239,602
Total depreciation expense - governmental activities	<u>\$ 1,730,076</u>

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 – CAPITAL ASSETS (Continued)**

	<b>Balance June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,359,243	\$ -	\$ -	\$ 1,359,243
Water Stock	9,889,901	241,005	-	10,130,906
Construction in progress	3,714,596	-	(3,710,605)	3,991
	<u>14,963,740</u>	<u>241,005</u>	<u>(3,710,605)</u>	<u>11,494,140</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	10,376,893	-	-	10,376,893
Water system	14,566,256	478,358	-	15,044,614
Waste water system	10,072,799	3,473,549	-	13,546,348
Storm water system	11,138,956	300,758	-	11,439,714
Equipment	897,879	274,686	(109,275)	1,063,290
Vehicles	258,592	49,995	-	308,587
	<u>47,311,375</u>	<u>4,577,346</u>	<u>(109,275)</u>	<u>51,779,446</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(1,038,514)	(259,423)	-	(1,297,937)
Water system	(5,326,169)	(313,511)	-	(5,639,680)
Waste water system	(2,928,563)	(293,788)	-	(3,222,351)
Storm water system	(2,650,104)	(252,175)	-	(2,902,279)
Equipment	(835,671)	(27,492)	109,275	(753,888)
Vehicles	(228,164)	(12,743)	-	(240,907)
	<u>(13,007,185)</u>	<u>(1,159,132)</u>	<u>109,275</u>	<u>(14,057,042)</u>
Total accumulated depreciation				
	<u>34,304,190</u>	<u>3,418,214</u>	<u>-</u>	<u>37,722,404</u>
Total capital assets being depreciated, net				
Business-type Activities capital assets, net	<u>\$ 49,267,930</u>	<u>\$ 3,659,219</u>	<u>\$ (3,710,605)</u>	<u>\$ 49,216,544</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2014 is as follows:

Business-type Activities	
Water	\$ 314,534
Waste water	289,565
Storm water	284,982
Recreation	270,051
	<u>1,159,132</u>
Total depreciation expense - business-type activities	<u>\$ 1,159,132</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 \$1,592,919 and \$1,055,000, respectively.

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the June 30, 2014:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
Revenue bonds payable	\$ 2,902,432	\$ -	\$ (437,236)	\$ 2,465,196	\$ 722,813
Total bonds payable	<u>2,902,432</u>	<u>-</u>	<u>(437,236)</u>	<u>2,465,196</u>	<u>722,813</u>
Notes payable and capital leases:					
Notes payable	90,000		(10,000)	80,000	10,000
Capital leases	<u>365,434</u>	<u>73,436</u>	<u>(112,032)</u>	<u>326,838</u>	<u>98,215</u>
Total notes payable and capital leases	<u>455,434</u>	<u>73,436</u>	<u>(122,032)</u>	<u>406,838</u>	<u>108,215</u>
Other liabilities:					
Compensated absences	<u>120,785</u>	<u>119,908</u>	<u>(90,194)</u>	<u>150,499</u>	<u>104,565</u>
Total other liabilities	<u>120,785</u>	<u>119,908</u>	<u>(90,194)</u>	<u>150,499</u>	<u>104,565</u>
Total Governmental activities long-term liabilities	<u>3,478,651</u>	<u>193,344</u>	<u>(649,462)</u>	<u>3,022,533</u>	<u>935,593</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Revenue bonds	15,433,292	-	(665,485)	14,767,807	689,833
Plus: unamortized premiums	<u>56,351</u>	<u>-</u>	<u>(2,561)</u>	<u>53,790</u>	<u>-</u>
Total bonds payable	<u>15,489,643</u>	<u>-</u>	<u>(668,046)</u>	<u>14,821,597</u>	<u>689,833</u>
Notes payable and capital leases:					
Notes payable	2,512,531	34,200	(135,898)	2,410,833	126,466
Capital leases	<u>238,943</u>	<u>197,750</u>	<u>(76,924)</u>	<u>359,769</u>	<u>117,095</u>
Total notes payable and capital leases	<u>2,751,474</u>	<u>231,950</u>	<u>(212,822)</u>	<u>2,770,602</u>	<u>243,561</u>
Other liabilities:					
Compensated absences	<u>55,644</u>	<u>29,333</u>	<u>(20,026)</u>	<u>64,951</u>	<u>52,848</u>
Total other liabilities	<u>55,644</u>	<u>29,333</u>	<u>(20,026)</u>	<u>64,951</u>	<u>52,848</u>
Total Business-type activities long-term liabilities	<u>18,296,761</u>	<u>261,283</u>	<u>(900,894)</u>	<u>17,657,150</u>	<u>986,242</u>
Total long-term Liabilities	<u>\$ 21,775,412</u>	<u>\$ 454,627</u>	<u>\$ (1,550,356)</u>	<u>\$ 20,679,683</u>	<u>\$ 1,921,835</u>

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 – LONG-TERM DEBT (Continued)**

Long-term debt at June 30, 2014 consists of the following:

**Governmental Activities:**

**Revenue Bonds**

The Lindon City Redevelopment Agency, Utah Neighborhood Redevelopment Tax Increment Revenue Bonds, Series 2005 were issued by the Lindon City Redevelopment Agency in the amount of \$3,095,000 with a coupon rate of 3.92%. Debt service payments are made semi-annually beginning December 2005, with the final payment due in June 2015. The proceeds were deposited in an escrow account to be used to refund the Series 1999 bonds per their bond call requirements. The bonds are repaid from the tax increment revenue of the Redevelopment Agency.

\$ 581,000

The Sales Tax Revenue Bonds Series 2005 was 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 paid from sales tax revenues of the City.

1,884,196

Total Revenue Bonds - Governmental Activities

\$ 2,465,196

**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 general fund revenues.

\$ 80,000

Total Notes Payable - Governmental Activities

\$ 80,000

**Capital Leases**

2013 Police Vehicle Lease, original amount of \$428,029, lease payments due in annual installments of \$85,096 including interest at 2.38% beginning October 2012, with the final payment due October 2016. 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. Payments will be funded by the General Fund revenues.

\$ 266,000

2014 Police Vehicle Lease, original amount of \$73,436, lease payments due in annual installments ranging from \$12,598 to \$16,931 including interest at 1.6% beginning March 2014, with the final payment due March 2018. 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. Payments will be funded by the General Fund revenues.

60,838

Total Capital Leases - Governmental Activities

\$ 326,838

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 – LONG-TERM DEBT (Continued)**

**Business-type Activities**

**Revenue Bonds**

The Water Revenue Bonds Series 2006 consisted of \$256,000 with interest at 5.0%. The bonds were issued to finance replacement of the waterline along 400 North Street. Debt service payments are made annually beginning September 2006 with the final payment due September 2016. Debt service payments are made from the revenues of the Water fund. \$ 90,284

The City entered into an agreement with the Central Utah Water Conservancy District (CUWCD), Central Utah Project (CUP), in August of 1997 for rights to 1,425 acre feet of water per year for 50 years starting in 1998. In January 2000, Lindon City received a grant of \$1,899,011 from CUWCD. As part of the terms of the grant, the City gave back rights to 500 acre feet, leaving the City with rights to 925 acre feet per year. Lindon City had deferred payments for 10 years. Debt service payments are made annually with an interest at 3.222% beginning February 2008 with the final payment due February 2047. 2,867,718

The Sales Tax Revenue Bonds Series 2005 was 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. 480,805

The Sales Tax Revenue Bonds, Series 2008, were issued in the amount of \$9,565,000 with a coupon rate which is currently 3.75% and which will increase to 5.0%. Debt service is due in semi-annual installments beginning in July 2009 with the final payment due July 2033. This bond was issued to pay for the Aquatics Center. Debt service payments are expected to be made from sales tax revenues of the City. 8,515,000

The Sales Tax Revenue Bonds, Series 2009, were issued in the amount of \$800,000 with a coupon rate of 3.88%. Debt service is due in semi-annual installments beginning July 2010 with the final payment due July 2014. This bond was issued as an additional funding source for the construction of the Aquatics Center which opened Memorial weekend 2009. The unused bond proceeds were applied to the principal balance. Debt service payments are expected to be made from sales tax revenues of the City. 174,000

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 Water fund revenues. 2,640,000

Total Revenue Bonds - Business-type Activities \$ 14,767,807

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 – LONG-TERM DEBT (Continued)**

**Business-type Activities (Continued)**

**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.

\$ 1,995,686

The UIA Notes Payable consists of \$406,063 of debt payable to UIA for hookup costs to 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. \$147,300 of new notes were added during the year under the same terms. The last note comes due in May 2032. The amounts payable to UIA are paid by Lindon City residents.

415,147

Total Notes Payable - Business-type Activities

\$ 2,410,833

**Capital Leases**

2011 Water Meter Lease, original amount of \$385,075, lease payments due in annual installments totaling \$85,287 including interest at 3.5% with payments beginning July 2011, with the final payment due July 2015. The principal and interest payments are made from the Water fund revenues.

\$ 162,019

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

197,750

Total Capital Leases - Business-type Activities

\$ 359,769

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

Year Ending June 30,	<b>Governmental Activities</b>	
	<b>Revenue Bonds</b>	
	Principal	Interest
2015	\$ 722,813	\$ 93,433
2016	146,593	65,339
2017	152,170	59,842
2018	157,747	54,136
2019	164,120	48,221
2020-2024	917,002	144,005
2025	204,751	7,679
Total	<u>\$ 2,465,196</u>	<u>\$ 472,654</u>

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 – LONG-TERM DEBT (Continued)**

Year Ending June 30,	<b>Governmental Activities</b>	
	<b>Notes Payable</b>	
	Principal	Interest
2015	\$ 10,000	\$ -
2016	10,000	-
2017	10,000	-
2018	10,000	-
2019	10,000	-
2020-2022	30,000	-
Total	<u>\$ 80,000</u>	<u>\$ -</u>

Year Ending June 30,	<b>Governmental</b>	
	<b>Activities</b>	
	<b>Capital Leases</b>	
2015	\$ 105,523	
2016	109,852	
2017	109,852	
2018	16,932	
Total minimum lease payments	342,159	
Less: amount representing interest	(15,321)	
Present value of net minimum lease payments	<u>\$ 326,838</u>	

Year Ending June 30,	<b>Business-type Activities</b>	
	<b>Revenue Bonds</b>	
	Principal	Interest
2015	\$ 689,833	\$ 570,359
2016	534,095	548,576
2017	551,685	529,159
2018	541,251	508,982
2019	558,649	489,701
2020-2024	3,123,487	2,124,604
2025-2029	3,549,429	1,481,416
2030-2034	3,726,100	677,570
2035-2039	502,830	209,190
2040-2044	589,226	122,794
2045-2047	401,222	26,132
	14,767,807	<u>\$ 7,288,483</u>
Plus: unamortized premium	53,790	
Total	<u>\$ 14,821,597</u>	

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 – LONG-TERM DEBT (Continued)**

Year Ending June 30,	<b>Business-type Activities</b>	
	<b>Notes Payable</b>	
	Principal	Interest
2015	\$ 126,466	\$ 29,851
2016	127,628	28,767
2017	128,878	27,600
2018	130,223	26,344
2019	131,669	24,992
2020-2024	664,767	102,081
2025-2029	674,355	61,377
2030-2034	426,847	11,976
	<u>\$ 2,410,833</u>	<u>\$ 312,988</u>

Year Ending June 30,	<b>Business-type</b>
	<b>Activities</b>
	Capital Leases
2015	\$ 128,085
2016	128,085
2017	42,798
2018	42,798
2019	42,798
Total minimum lease payments	384,564
Less: amount representing interest	(24,795)
Present value of net minimum lease payments	<u>\$ 359,769</u>

Assets acquired by capital lease for the year ended June 30, 2014, are as follows:

	<b>Governmental</b>
	<b>Activities</b>
Asset:	
Vehicles	\$ 501,465
Less: accumulated depreciation	(149,487)
Total	<u>\$ 351,978</u>
	<b>Business-Type</b>
	<b>Activities</b>
Asset:	
Water Meters	\$ 385,078
Less: accumulated depreciation	(28,849)
Total	<u>\$ 356,229</u>

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 – LONG-TERM DEBT (Continued)**

**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, 2014:

	<u>Sales Taxes</u>	<u>RDA Tax Increment</u>	<u>Water Revenues</u>	<u>Sewer Revenues</u>
Total future revenues pledged over the life of the debts	\$ 16,318,232	\$ 603,775	\$ 4,798,933	\$ 3,273,200
Revenues for the year ended June 30, 2014	\$ 3,193,638	\$ 1,157,638	\$ 1,664,217	\$ 1,264,370
Payments on debt from pledged revenues for the year ended June 30, 2014	\$ 1,104,259	\$ 335,574	\$ 175,557	\$ 192,075
Percent of current year revenues to total pledged revenues	20%	192%	35%	39%

**Conduit Debt**

Lindon City has issued two industrial development revenue bonds. These limited-obligation bonds are for the express purpose of providing capital financing for the third parties 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.

**Mountain States Project** Mountain States Steel borrowed \$1,500,000 at an interest rate of 5.07% on May 1, 2008 to fund purchase of equipment. The amount of principal outstanding as of June 30, 2014 based on the amortization schedule is \$406,720. These bonds mature on February 1, 2016.

**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, 2014 based on the amortization schedule is \$2,831,141. These bonds mature on December 10, 2018.

**NOTE 9 - RETIREMENT PLANS**

**Cost-Sharing Multi-Employer Defined Benefits Pension Plan**

**Plan Description**

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

**LINDON CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 - RETIREMENT PLANS (Continued)

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

Funding Policy

The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board. The City is required to contribute a percent of covered salary to the respective Systems as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate
Contributory System:			
Local Government Division Tier 2	-	-	13.990%
Noncontributory System:			
Local Government Division Tier 1	-	-	17.290%
Public Safety System:			
Other Division A Noncontributory Tier 1	-	-	32.140%

The contributions were equal to the required contributions for each year. The following illustrates the three year trend analysis of employer and employee contributions to the Utah Retirement System:

System	Year Ended June 30,	Employee paid Contributions	Employer paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
Contributory System:					
Local Government Division	2014	\$ -	\$ -	\$ 7,432	\$ 87,438
	2013	-	-	2,969	34,687
	2012	-	-	1,755	23,117
Noncontributory System:					
Local Government Division Tier 1	2014	-	-	268,608	1,525,782
	2013	-	-	246,507	1,527,793
	2012	-	-	207,373	1,505,980
Public Safety System:					
Other Division A Noncontributory Tier 1	2014	-	-	243,650	919,147
	2013	-	-	224,368	881,038
	2012	-	-	178,721	797,285

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 9 - RETIREMENT PLANS (Continued)

Deferred Compensation Plans

The City sponsors a defined contribution deferred compensation plan administered by Utah Retirement Systems under the Internal Revenue Code Section 401(k). All full-time regular employees are eligible to participate in this plan. Although not required by the Systems to contribute to the 401(k), the City contributed 4.5% of salaries for the year ended June 30, 2014. The rate of City participation is determined by the City Council.

The City sponsors a defined contribution deferred compensation plan administered by Utah Retirement Systems under the Internal Revenue Code Section 457. All full-time regular employees are eligible to participate in this plan.

The City sponsors a Roth Individual Retirement Account (Roth IRA) deferred compensation plan administered by Utah Retirement Systems. All full-time regular employees are eligible to participate in this plan.

The following illustrates the three year trend analysis of employer and employee contributions to the Utah Retirement System for deferred compensation plans:

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid for Employee Contributions</u>
Defined Contribution System:			
457 Plan	2014	\$ 50,597	\$ -
	2013	51,698	-
	2012	42,779	-
401(k) Plan	2014	118,447	145,149
	2013	140,225	140,224
	2012	130,563	129,433
Roth IRA Plan	2014	12,857	-
	2013	9,015	-
	2012	2,417	-

**LINDON CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 – REDEVELOPMENT AGENCY REQUIRED DISCLOSURES**

For the year ended June 30, 2014, the following activity occurred in the Lindon City Redevelopment Agency:

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

State Street	\$	332,249
District #3		825,389
		825,389
Total tax increment collected	\$	1,157,638

Amounts expended for:

Site improvements and preparation costs	\$	292,961
Administrative costs		206,489
Tax increment paid to other entities		630,159
Debt service		337,324
		337,324
Total amounts expended by RDA	\$	1,466,933

Outstanding bonds and loans to finance RDA projects	\$	581,000
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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The City has active construction projects as of June 30, 2014 for RDA district 3 landscaping and the Fryer Park walking path. At year end the City's commitments with contractors for the improvements totaled \$112,206.

**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 is jointly owned by the members. No equity investment has been recorded by the City since UTOPIA had a net position deficit balance as of year-end. 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 3.071% with a yearly liability limit set at a maximum of \$403,029 for the coming year ended June 30, 2014. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

**LINDON CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 12 – INTERLOCAL AGREEMENTS (Continued)**

The City has made the pledged payments to UTOPIA for debt service beginning in fiscal year 2010. Pledge payments made during the years ended June 30, 2014 and 2013, totaled \$403,029 and \$395,781 respectively. The aggregate amount of pledges paid to UTOPIA totals \$1,695,134 as of June 30, 2014. This amount (plus accrued interest of \$21,249) has been recorded as a note payable by UTOPIA to the City. The City believes that repayment is unlikely and has expensed the amounts as incurred.

The City is also one of eight founding members of the Utah Infrastructure Agency (UIA), an interlocal cooperative agreement organized in July of 2010 under the laws of the State of Utah. Like UTOPIA, UIA was organized to provide for acquisition, construction, and installation of advanced communication lines, improvements, and facilities. The City has pledged franchise tax revenues to ensure that UIA fulfills its revenue requirement from the bond agreements, which is that UIA must have revenue equal to the operations and maintenances expenses and the capital costs in a fiscal year. In the event that there is a 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. During fiscal year 2013, the City 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, 2014 and 2013 totaled \$62,345 and \$55,810, respectively. The aggregate amount of OpEx pledges paid to UIA totals \$118,155 as of June 30, 2014. This amount has been recorded as a note payable by UIA to the City. The City believes that repayment is unlikely and has expensed the amounts as incurred. UIA's annual audited financial statements are available either from UIA or the Utah State Auditor.

**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of loss including third party claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured through the Utah Risk Management Mutual Association (URMMA) for liability and claims. The State of Utah Insurance Department regulates URMMA to ensure sound actuarial standards are used. While URMMA pays for any liability and property claims exceeding the deductible amount, these claims are repaid by the City through a five year recapture program. Thus, each year the City pays its annual premium plus a recapture component. There were no settlements in excess of the insurance coverage in any of the three prior years.

Real property is either self-insured or insured through commercial policies. Some vehicles are self-insured (generally those valued at less than \$50,000) while the police fleet and those valued over \$50,000 are typically insured commercially. 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

LINDON CITY CORPORATION  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

During the year, the City implemented GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidelines to standardize the presentation of deferred outflows of resources and deferred inflows of resources, and their effects on a government's net position. As required by the provisions of the statement, the provisions of the standard have been applied retroactively, resulting in an adjustment to previously reported net position of \$34,121 and \$215,551 of the governmental activities and business-type activities of the City, respectively.

NOTE 15 – SUBSEQUENT EVENTS

On December 9, 2014, Lindon City entered into a capital lease contract for \$480,520 to purchase 13 police vehicles. The interest rate is 2.15 percent and matures on December 9, 2018.

## **SUPPLEMENTAL INFORMATION**

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

June 30, 2014

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	P.A.R.C. Tax Fund	General Capital Projects	
<b>ASSETS</b>			
Accounts receivable	\$ 80,881	\$ -	\$ 80,881
Restricted cash and cash equivalents	36,528	374,442	410,970
<b>Total Assets</b>	<u>\$ 117,409</u>	<u>\$ 374,442</u>	<u>\$ 491,851</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 4,910	\$ 4,910
Due to other funds	7,613	11,042	18,655
<b>Total Liabilities</b>	<u>7,613</u>	<u>15,952</u>	<u>23,565</u>
<b>Fund Balances:</b>			
Restricted for:			
Future development	36,528	374,442	410,970
Assigned, reported in:			
P.A.R.C. tax fund	73,268	-	73,268
Unassigned	-	(15,952)	(15,952)
<b>Total Fund Balances</b>	<u>109,796</u>	<u>358,490</u>	<u>468,286</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 117,409</u>	<u>\$ 374,442</u>	<u>\$ 491,851</u>

LINDON CITY CORPORATION  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – NON-MAJOR  
GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2014

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	P.A.R.C. Tax Fund	General Capital Projects	
<b>Revenues:</b>			
Impact fees	\$ -	\$ 223,500	\$ 223,500
PARC Tax	117,404	-	117,404
Interest	4	1,328	1,332
<b>Total Revenues</b>	<u>117,408</u>	<u>224,828</u>	<u>342,236</u>
<b>Expenditures:</b>			
Current:			
Parks and recreation	7,612	4,391	12,003
Capital outlay	-	46,145	46,145
<b>Total Expenditures</b>	<u>7,612</u>	<u>50,536</u>	<u>58,148</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>109,796</u>	<u>174,292</u>	<u>284,088</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	-	(10,000)	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
<b>Net Change in Fund Balances</b>	109,796	164,292	274,088
<b>Fund Balances, Beginning</b>	<u>-</u>	<u>194,198</u>	<u>194,198</u>
<b>Fund Balances, Ending</b>	<u>\$ 109,796</u>	<u>\$ 358,490</u>	<u>\$ 468,286</u>

LINDON CITY CORPORATION  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES – BUDGET AND ACTUAL – MAJOR  
 GOVERNMENTAL FUND – DEBT SERVICE FUND**  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures:</b>				
General government	403,029	403,029	403,029	-
Debt service:				
Principal	437,236	447,236	447,236	-
Interest	113,484	113,484	113,484	-
<b>Total Expenditures</b>	953,749	963,749	963,749	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(953,749)	(963,749)	(963,749)	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	(953,749)	(963,749)	963,749	1,927,498
<b>Total Other Financing Sources (Uses)</b>	(953,749)	(963,749)	963,749	1,927,498
<b>Net Change in Fund Balances</b>	(1,907,498)	(1,927,498)	-	1,927,498
<b>Fund Balances, Beginning</b>	-	-	-	-
<b>Fund Balances, Ending</b>	\$ (1,907,498)	\$ (1,927,498)	\$ -	\$ 1,927,498

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 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
<b>Revenues:</b>				
Annual passes and activity fees				
Fees				
PARC Tax	\$ -	\$ 75,000	\$ 117,404	\$ -
Interest	-	-	4	-
<b>Total Revenues</b>	-	75,000	117,408	-
<b>Expenditures:</b>				
Parks and recreation	-	-	7,612	(7,612)
<b>Total Expenditures</b>	-	-	7,612	(7,612)
<b>Net Change in Fund Balances</b>	-	75,000	109,796	34,796
<b>Fund Balances, Beginning</b>	-	-	-	-
<b>Fund Balances, Ending</b>	\$ -	\$ 75,000	\$ 109,796	\$ 34,796

LINDON CITY CORPORATION  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE – BUDGET AND ACTUAL – NON-MAJOR  
 GOVERNMENTAL FUND – CAPITAL PROJECTS FUND**  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
<b>Revenues:</b>				
Impact Fees	\$ 70,000	\$ 215,000	\$ 223,500	\$ (8,500)
Interest	500	1,000	1,328	(328)
<b>Total Revenues</b>	<u>70,500</u>	<u>216,000</u>	<u>224,828</u>	<u>(8,828)</u>
<b>Expenditures:</b>				
Current:				
Parks and recreation	-	-	4,391	(4,391)
Capital outlay	70,000	55,700	46,145	9,555
<b>Total Expenditures</b>	<u>70,000</u>	<u>55,700</u>	<u>50,536</u>	<u>5,164</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>500</u>	<u>160,300</u>	<u>174,292</u>	<u>(3,664)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	10,000	(10,000)	20,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>20,000</u>
<b>Net Change in Fund Balances</b>	500	170,300	164,292	16,336
<b>Fund Balances, Beginning</b>	<u>194,198</u>	<u>194,198</u>	<u>194,198</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 194,698</u>	<u>\$ 364,498</u>	<u>\$ 358,490</u>	<u>\$ 16,336</u>

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

June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Proprietary Funds</b>
	<b>Waste Collection Fund</b>	<b>Telecommunications Fund</b>	
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 64,848	\$ -	\$ 64,848
Accounts receivable, net	39,994	4,611	44,605
<b>Total Current Assets</b>	<b>104,842</b>	<b>4,611</b>	<b>109,453</b>
<b>Noncurrent Assets:</b>			
Notes receivable	-	415,147	415,147
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>415,147</b>	<b>415,147</b>
<b>Total Assets</b>	<b>\$ 104,842</b>	<b>\$ 419,758</b>	<b>\$ 524,600</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 32,530	\$ -	\$ 32,530
Due to other funds	-	4,617	4,617
Current portion of long-term debt	-	15,688	15,688
<b>Total Current Liabilities</b>	<b>32,530</b>	<b>20,305</b>	<b>52,835</b>
<b>Noncurrent Liability</b>			
Long-term debt, net of current portion	-	399,459	399,459
<b>Total Noncurrent Liability</b>	<b>-</b>	<b>399,459</b>	<b>399,459</b>
<b>Total Liabilities</b>	<b>32,530</b>	<b>419,764</b>	<b>452,294</b>
<b>Net Position:</b>			
Unrestricted	72,312	(6)	72,306
<b>Total Net Position</b>	<b>72,312</b>	<b>(6)</b>	<b>72,306</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 104,842</b>	<b>\$ 419,758</b>	<b>\$ 524,600</b>

LINDON CITY CORPORATION  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET POSITION – NON-MAJOR PROPRIETARY FUNDS**  
 For the Year Ended June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Proprietary Funds</b>
	<u>Waste Collection Fund</u>	<u>Telecommunications Fund</u>	
<b>Operating Revenues:</b>			
Service fees	\$ 415,724	\$ 46,043	\$ 461,767
<b>Total Operating Revenues</b>	<u>415,724</u>	<u>46,043</u>	<u>461,767</u>
<b>Operating Expenses:</b>			
Materials, supplies, and services	<u>385,960</u>	<u>43,905</u>	<u>429,865</u>
<b>Total Operating Expenses</b>	<u>385,960</u>	<u>43,905</u>	<u>429,865</u>
<b>Operating Income (loss)</b>	<u>29,764</u>	<u>2,138</u>	<u>31,902</u>
<b>Transfers in (out)</b>	<u>(15,532)</u>	<u>-</u>	<u>(15,532)</u>
<b>Changes in Net Position</b>	14,232	2,138	16,370
<b>Net Position, Beginning</b>	<u>58,080</u>	<u>(2,144)</u>	<u>55,936</u>
<b>Net Position, Ending</b>	<u>\$ 72,312</u>	<u>\$ (6)</u>	<u>\$ 72,306</u>

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Proprietary Funds</b>
	<b>Waste Collection Fund</b>	<b>Telecommunications Fund</b>	
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 413,193	\$ 45,946	\$ 459,139
Payments to suppliers	(387,165)	(40,392)	(427,557)
<b>Net cash from operating activities</b>	<b>26,028</b>	<b>5,554</b>	<b>31,582</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Loans from (payments to) other funds	-	(5,554)	(5,554)
Payments received on note from residents	-	25,116	25,116
Principal paid on note for residential connections	-	(25,116)	(25,116)
Transfers from other funds	(15,532)	-	(15,532)
<b>Net cash from non-capital financing activities</b>	<b>(15,532)</b>	<b>(5,554)</b>	<b>(21,086)</b>
<b>Net Increase (Decrease) In Cash</b>	<b>10,496</b>	<b>-</b>	<b>10,496</b>
<b>Cash and Cash Equivalents At Beginning of Year</b>	<b>54,352</b>	<b>-</b>	<b>54,352</b>
<b>Cash and Cash Equivalents At End of Year</b>	<b>\$ 64,848</b>	<b>\$ -</b>	<b>\$ 64,848</b>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income (loss)	\$ 29,764	\$ 2,138	\$ 31,902
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
(Increase) Decrease in accounts receivable	(2,531)	(97)	(2,628)
(Increase) Decrease in prepaids	-	3,513	3,513
Increase (Decrease) in accounts payable	(1,205)	-	(1,205)
<b>Net cash from operating activities</b>	<b>\$ 26,028</b>	<b>\$ 5,554</b>	<b>\$ 31,582</b>
<b>Noncash investing, capital, and financing activities:</b>			
Increase to UIA notes payable and receivable	\$ -	\$ 34,200	\$ -

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# **STATISTICAL SECTION**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 7,283,663	\$ 8,518,176	\$ 15,326,513	\$ 23,800,677	\$ 24,554,661	\$ 25,173,729	\$ 26,642,523	\$ 25,894,349	\$ 26,348,062	\$ 26,013,206
Restricted	3,721,466	4,808,015	2,300,938	2,160,894	1,919,213	3,681,647	3,288,071	3,337,296	1,099,461	1,242,928
Unrestricted	3,921,233	5,080,790	3,233,932	3,804,641	2,717,139	974,579	801,307	762,567	3,143,717	2,415,698
Total governmental activities net assets	<u>14,926,362</u>	<u>18,406,981</u>	<u>20,861,383</u>	<u>29,768,220</u>	<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>
Business-type activities										
Invested in capital assets, net of related debt	18,668,195	21,252,007	23,070,795	27,429,937	28,615,934	29,147,158	28,625,987	29,440,855	31,648,427	32,039,492
Restricted	948,218	417,698	744,096	1,169,959	1,277,978	1,142,918	1,265,871	984,830	1,189,253	1,188,889
Unrestricted	1,747,212	1,484,041	1,696,585	1,871,422	988,636	1,283,993	2,687,594	2,542,313	893,512	1,173,286
Total business-type activities net assets	<u>21,363,625</u>	<u>23,153,746</u>	<u>25,511,476</u>	<u>30,471,318</u>	<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>
Primary government										
Invested in capital assets, net of related debt	25,951,858	29,770,183	38,397,308	51,230,614	53,170,595	54,320,887	55,268,510	55,335,204	57,996,489	58,052,698
Restricted	4,669,684	5,225,713	3,045,034	3,330,853	3,197,191	4,824,565	4,553,942	4,322,126	2,288,714	2,431,817
Unrestricted	5,668,445	6,564,831	4,930,517	5,676,063	3,705,775	2,258,572	3,488,901	3,304,880	4,037,229	3,588,984
Total primary government net assets	<u>\$ 36,289,987</u>	<u>\$ 41,560,727</u>	<u>\$ 46,372,859</u>	<u>\$ 60,237,530</u>	<u>\$ 60,073,561</u>	<u>\$ 61,404,024</u>	<u>\$ 63,311,353</u>	<u>\$ 62,962,210</u>	<u>\$ 64,322,432</u>	<u>\$ 64,073,499</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,720,498	\$ 2,010,929	\$ 2,333,583	\$ 2,336,916	\$ 2,290,386	\$ 2,557,443	\$ 2,379,690	\$ 2,739,323	\$ 2,903,618	\$ 3,158,062
Public Safety	1,276,569	1,497,376	1,757,197	2,564,032	3,620,281	3,463,961	3,443,846	3,570,719	3,718,666	3,685,970
Streets and Highways	1,473,488	1,407,783	1,689,359	1,837,792	2,945,905	2,291,864	2,235,869	2,329,918	2,250,021	2,209,585
Parks and recreation	464,659	468,314	471,751	637,136	490,080	456,958	476,011	469,752	490,908	735,528
Interest on long-term debt	419,526	582,756	402,629	269,622	235,390	207,195	178,414	164,534	130,456	118,558
Total governmental activities expenses	<u>5,354,740</u>	<u>5,967,158</u>	<u>6,654,519</u>	<u>7,645,498</u>	<u>9,582,042</u>	<u>8,977,420</u>	<u>8,713,830</u>	<u>9,274,246</u>	<u>9,493,669</u>	<u>9,907,703</u>
Business-type activities:										
Water Utility	952,187	940,942	1,034,574	1,166,207	1,128,159	1,070,405	1,118,571	1,032,175	1,175,460	1,174,078
Waste Water	742,949	750,043	856,342	891,194	912,420	892,513	774,933	943,929	959,522	1,028,189
Storm Water	284,916	340,384	396,846	471,950	462,119	525,849	512,750	492,691	775,143	568,308
Solid Waste	268,193	269,768	285,343	306,921	340,770	340,546	370,620	354,845	338,739	385,960
Aquatics Center	-	-	-	-	495,790	1,199,893	1,225,602	1,297,679	1,369,782	1,519,649
Telecommunications	-	-	-	-	-	-	-	-	44,421	43,905
Total business-type activities expenses	<u>2,248,245</u>	<u>2,301,137</u>	<u>2,573,105</u>	<u>2,836,272</u>	<u>3,339,258</u>	<u>4,029,206</u>	<u>4,002,476</u>	<u>4,121,319</u>	<u>4,663,067</u>	<u>4,720,089</u>
Total primary government expenses	<u>\$ 7,602,985</u>	<u>\$ 8,268,295</u>	<u>\$ 9,227,624</u>	<u>\$ 10,481,770</u>	<u>\$ 12,921,300</u>	<u>\$ 13,006,626</u>	<u>\$ 12,716,306</u>	<u>\$ 13,395,565</u>	<u>\$ 14,156,736</u>	<u>\$ 14,627,792</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,008,209	\$ 1,124,967	\$ 1,151,140	\$ 1,057,794	\$ 768,689	\$ 911,640	\$ 852,252	\$ 769,361	\$ 956,700	\$ 1,069,810
Parks and recreation	-	-	-	-	-	-	-	-	60,870	103,378
Operating grants and contributions	10,906	7,221	168,544	3,359,115	25,403	-	146,049	71,974	686,319	95,864
Capital grants and contributions	654,574	812,990	1,006,332	5,432,836	925,187	973,749	1,823,781	625,029	360,096	343,943
Total governmental activities revenues	<u>1,673,689</u>	<u>1,945,178</u>	<u>2,326,016</u>	<u>9,849,745</u>	<u>1,719,279</u>	<u>1,885,389</u>	<u>2,822,082</u>	<u>1,466,364</u>	<u>2,063,985</u>	<u>1,612,995</u>
Business-type activities:										
Charges for services:										
Water Utility	1,378,048	1,538,415	2,028,148	1,560,716	1,513,091	1,580,249	1,573,510	1,555,430	1,625,822	1,664,217
Waste Water	994,778	1,025,889	1,091,071	1,183,022	965,448	987,338	1,020,119	1,122,403	1,211,931	1,264,370
Storm Water	311,985	307,503	323,626	337,311	352,574	366,028	415,227	443,198	415,580	424,247
Solid Waste	285,357	278,122	295,887	316,397	354,429	366,157	369,809	391,982	382,234	415,724
Aquatics Center	-	-	-	-	151,055	478,506	451,196	464,650	483,042	454,749
Telecommunications	-	-	-	-	-	-	-	-	41,869	46,043
Operating grants and contributions	-	-	-	-	-	560,000	87,850	11,210	-	63,401
Capital grants and contributions	891,326	939,044	1,054,720	4,400,922	1,087,238	511,953	900,476	270,673	1,040,780	543,489
Total business-type activities revenues	<u>3,861,494</u>	<u>4,088,973</u>	<u>4,793,452</u>	<u>7,798,368</u>	<u>4,423,835</u>	<u>4,850,231</u>	<u>4,818,187</u>	<u>4,259,546</u>	<u>5,201,258</u>	<u>4,876,240</u>
Total primary government program revenues	<u>\$ 5,535,183</u>	<u>\$ 6,034,151</u>	<u>\$ 7,119,468</u>	<u>\$ 17,648,113</u>	<u>\$ 6,143,114</u>	<u>\$ 6,735,620</u>	<u>\$ 7,640,269</u>	<u>\$ 5,725,910</u>	<u>\$ 7,265,243</u>	<u>\$ 6,489,235</u>
Net (Expense)/Revenue										
Governmental activities	\$ (3,681,051)	\$ (4,021,980)	\$ (4,328,503)	\$ 2,204,247	\$ (7,862,763)	\$ (7,092,031)	\$ (5,891,748)	\$ (7,807,882)	\$ (7,429,684)	\$ (8,294,708)
Business-type activities	1,613,249	1,787,836	2,220,347	4,962,096	1,084,577	821,025	815,711	138,227	538,191	156,151
Total primary govt net (expense)/revenue	<u>\$ (2,067,802)</u>	<u>\$ (2,234,144)</u>	<u>\$ (2,108,156)</u>	<u>\$ 7,166,343</u>	<u>\$ (6,778,186)</u>	<u>\$ (6,271,006)</u>	<u>\$ (5,076,037)</u>	<u>\$ (7,669,655)</u>	<u>\$ (6,891,493)</u>	<u>\$ (8,138,557)</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,846,207	\$ 1,971,395	\$ 1,961,186	\$ 2,020,414	\$ 2,119,754	\$ 2,973,029	\$ 2,880,001	\$ 2,930,475	\$ 3,124,819	\$ 3,164,300
Sales taxes	2,306,639	3,109,624	3,253,435	3,067,758	2,543,777	2,346,438	2,485,410	2,770,958	2,989,353	3,193,638
Franchise taxes	793,980	980,467	1,056,906	1,080,511	1,197,828	1,397,295	1,436,983	1,471,554	1,547,616	1,587,931
Other taxes	-	-	-	-	-	-	-	-	-	117,404
Earnings on investments	126,050	413,022	470,503	259,195	103,487	34,396	21,463	31,045	21,727	18,320
Miscellaneous	109,711	912,705	114,609	217,535	628,442	840,397	161,294	126,334	5,641	4,828
Gain (loss) on disposal of capital assets	-	12,576	18,249	12,254	-	8,230	(6,788)	(19,826)	-	6,448
Transfers In (Out)	300,483	102,810	(91,084)	42,914	685,097	130,603	(184,668)	(244,051)	(222,780)	(683,448)
Total governmental activities	<u>5,483,070</u>	<u>7,502,599</u>	<u>6,783,804</u>	<u>6,700,581</u>	<u>7,278,385</u>	<u>7,730,388</u>	<u>6,793,695</u>	<u>7,066,489</u>	<u>7,466,376</u>	<u>7,409,421</u>
Business-type activities										
Earnings on investments	9,097	37,345	36,301	40,660	33,512	5,113	5,004	6,265	2,223	1,427
Gain (loss) on disposal of capital assets	-	67,749	10,000	-	-	-	-	-	-	45,000
Transfers In (Out)	(300,483)	(102,810)	91,084	(42,914)	(685,097)	(130,603)	184,668	244,051	222,780	683,448
Total business-type activities	<u>(291,386)</u>	<u>2,284</u>	<u>137,385</u>	<u>(2,254)</u>	<u>(651,585)</u>	<u>(125,490)</u>	<u>189,672</u>	<u>250,316</u>	<u>225,003</u>	<u>729,875</u>
Total primary government	<u>\$ 5,191,684</u>	<u>\$ 7,504,883</u>	<u>\$ 6,921,189</u>	<u>\$ 6,698,327</u>	<u>\$ 6,626,800</u>	<u>\$ 7,604,898</u>	<u>\$ 6,983,367</u>	<u>\$ 7,316,805</u>	<u>\$ 7,691,379</u>	<u>\$ 8,139,296</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 1,802,019	\$ 3,480,619	\$ 2,455,301	\$ 8,904,828	\$ (584,378)	\$ 638,357	\$ 901,947	\$ (741,393)	\$ 36,692	\$ (885,287)
Business-type activities	1,321,863	1,790,120	2,357,732	4,959,842	432,992	695,535	1,005,383	388,543	763,194	886,026
Total primary government	<u>\$ 3,123,882</u>	<u>\$ 5,270,739</u>	<u>\$ 4,813,033</u>	<u>\$ 13,864,670</u>	<u>\$ (151,386)</u>	<u>\$ 1,333,892</u>	<u>\$ 1,907,330</u>	<u>\$ (352,850)</u>	<u>\$ 799,886</u>	<u>\$ 739</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,228	\$ 21,199	\$ 57,285	\$ 2,897
Restricted	3,247,845	1,806,498	892,026	959,114	423,343	1,790,155	1,358,910	1,103,557	732,703	522,458
Unassigned	1,982,079	2,349,087	2,082,918	2,967,147	2,178,775	860,501	762,679	991,942	1,322,074	1,049,337
Total general fund	<u>5,229,924</u>	<u>4,155,585</u>	<u>2,974,944</u>	<u>3,926,261</u>	<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>
All Other Governmental Funds										
Restricted	1,016,872	4,072,535	1,408,912	1,201,780	1,495,870	1,891,492	1,929,161	2,233,739	382,666	720,470
Committed	-	-	-	-	-	-	17,071	-	-	-
Assigned	-	-	-	-	-	-	-	-	1,885,144	1,542,736
Unassigned	1,463,780	1,726,134	1,229,826	925,887	648,446	227,818	-	18,571	-	(15,952)
Total all other governmental funds	<u>2,480,652</u>	<u>5,798,669</u>	<u>2,638,738</u>	<u>2,127,667</u>	<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>
Total governmental funds	<u>\$ 7,710,576</u>	<u>\$ 9,954,254</u>	<u>\$ 5,613,682</u>	<u>\$ 6,053,928</u>	<u>\$ 4,746,434</u>	<u>\$ 4,769,966</u>	<u>\$ 4,218,049</u>	<u>\$ 4,369,008</u>	<u>\$ 4,379,872</u>	<u>\$ 3,821,946</u>

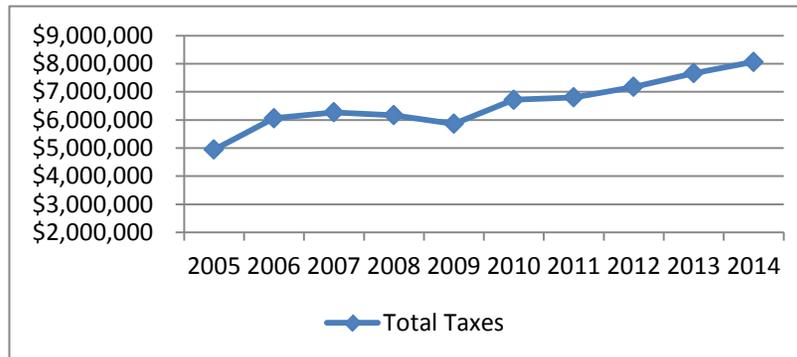
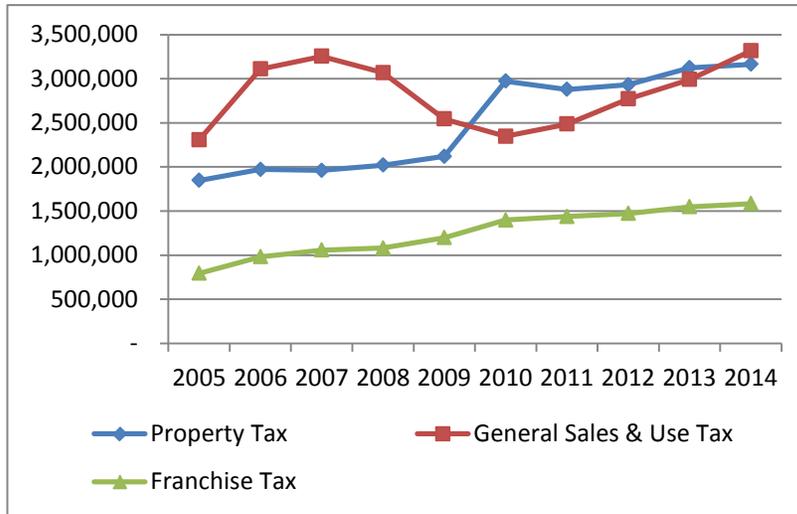
**Schedule 4**  
**Lindon City Corporation**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 4,946,826	\$ 6,061,486	\$ 6,271,527	\$ 6,168,683	\$ 5,861,359	\$ 6,716,762	\$ 6,802,394	\$ 7,172,987	\$ 7,662,067	\$ 8,076,758
Licenses, fees and permits	310,621	305,638	395,342	450,350	219,475	227,804	226,138	199,211	224,767	278,381
Intergovernmental	226,100	319,543	529,058	3,730,952	373,920	355,764	525,982	434,963	370,826	354,048
Charges for services	79,320	97,181	110,645	121,493	92,221	133,246	95,683	80,254	105,761	154,908
Fines and forfeitures	463,295	626,720	573,741	412,485	415,898	496,903	436,573	400,540	339,795	355,214
Impact fees	154,973	95,428	71,412	73,466	41,095	53,687	93,858	89,356	143,260	233,066
Miscellaneous revenue	395,183	1,339,836	619,800	497,203	731,929	900,783	182,757	157,379	231,284	174,755
Total revenues	<u>6,576,318</u>	<u>8,845,832</u>	<u>8,571,525</u>	<u>11,454,632</u>	<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>
<b>Expenditures</b>										
General government	1,501,807	1,804,893	2,090,154	2,022,439	2,108,076	2,375,009	2,213,932	2,583,957	2,786,458	3,049,019
Public Safety	1,276,569	1,494,314	1,754,723	2,559,545	3,491,239	3,310,791	3,310,792	3,427,846	3,999,640	3,638,227
Streets and public works	707,639	598,888	671,138	747,968	1,567,055	905,282	927,415	988,713	1,324,125	1,375,298
Parks and recreation	464,659	468,195	471,568	642,646	488,217	457,402	476,217	467,133	496,469	539,480
Capital outlay	832,136	3,026,483	3,753,886	3,822,209	1,381,344	724,246	1,175,916	126,842	474,506	339,106
Debt Service										
Principal retirement	776,586	3,103,639	3,826,164	936,148	891,651	996,074	868,256	527,273	788,873	559,268
Interest and fiscal charges	341,376	608,920	416,357	279,203	244,971	230,435	174,707	162,134	131,423	121,646
Cost of issuance	-	62,100	-	-	-	-	-	-	-	-
Total expenditures	<u>5,900,772</u>	<u>11,167,432</u>	<u>12,983,990</u>	<u>11,010,158</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>675,546</u>	<u>(2,321,600)</u>	<u>(4,412,465)</u>	<u>444,474</u>	<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>
<b>Other Financing Sources (Uses)</b>										
Other financing sources (uses)	2,649,200	4,587,000	298,590	-	425,305	6,633	416,601	34,295	528,029	73,436
Sale of capital assets	-	-	-	-	-	-	-	-	234,763	47,000
Transfers in	3,480,663	3,253,786	3,774,749	2,237,405	2,811,530	1,958,819	2,699,894	1,781,997	1,835,947	1,844,039
Transfers out	(3,180,179)	(3,150,977)	(3,865,833)	(2,194,491)	(2,126,433)	(1,828,216)	(2,884,562)	(2,026,048)	(2,058,727)	(2,527,487)
Grants and contributions	(127,484)	(124,532)	(135,612)	(47,143)	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,822,200</u>	<u>4,565,277</u>	<u>71,894</u>	<u>(4,229)</u>	<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>
Net change in fund balances	<u>\$ 3,497,746</u>	<u>\$ 2,243,677</u>	<u>\$ (4,340,571)</u>	<u>\$ 440,245</u>	<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>
Debt service as a percentage of noncapital expenditures	22.1%	46.4%	46.0%	16.9%	12.9%	14.8%	13.1%	8.5%	9.7%	7.3%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>General Sales &amp; Use Tax</b>	<b>Franchise Tax</b>	<b>Total Taxes</b>
2005	1,846,207	2,306,639	793,980	\$ 4,946,826
2006	1,971,395	3,109,624	980,467	\$ 6,061,486
2007	1,961,186	3,253,436	1,056,907	\$ 6,271,528
2008	2,020,414	3,067,758	1,080,511	\$ 6,168,683
2009	2,119,755	2,543,776	1,197,828	\$ 5,861,359
2010	2,973,030	2,346,438	1,397,295	\$ 6,716,763
2011	2,878,835	2,485,409	1,436,983	\$ 6,801,227
2012	2,930,474	2,770,958	1,471,554	\$ 7,172,986
2013	3,124,819	2,989,633	1,547,626	\$ 7,662,078
2014	3,164,300	3,314,644	1,584,339	\$ 8,063,283

Growth  
2005-2014                      71.4%                      43.7%                      99.5%                      63.0%



**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 <sup>(1) (2)</sup>	PARC Tax Rate <sup>(3)</sup>	State of Utah	Utah County	Mass Transit	
2005	1.0%	0.0%	4.75%	0.25%	0.25%	6.25%
2006	1.0%	0.0%	4.75%	0.25%	0.25%	6.25%
2007	1.0%	0.0%	4.75%	0.25%	0.25%	6.25%
2008	1.0%	0.0%	4.75%	0.25%	0.50%	6.50%
2009	1.0%	0.0%	4.65%	0.25%	0.55%	6.45%
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%

Source: Utah State Tax Commission

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

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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**

<b>Fiscal Year</b>	<b>Category</b>				<b>Total</b>	<b>City Direct Sales Tax Rate <sup>(1)</sup></b>
	<b>Retail</b>	<b>Services</b>	<b>Manufacturing &amp; Construction</b>	<b>Other</b>		
2005	\$ 208,764,624	\$ 28,783,228	\$ 33,710,729	\$ 23,390,167	\$ 294,648,748	1%
2006	264,942,741	44,906,864	48,110,898	43,249,973	\$ 401,210,476	1%
2007	280,607,724	49,471,674	49,718,319	62,548,252	\$ 442,345,969	1%
2008	256,024,717	56,551,923	46,944,458	50,740,470	\$ 410,261,568	1%
2009	218,810,059	45,984,925	60,869,742	30,776,417	\$ 356,441,143	1%
2010	216,897,067	64,638,082	28,835,790	30,533,444	\$ 340,904,383	1%
2011	223,198,565	64,910,551	39,324,699	32,026,714	\$ 359,460,529	1%
2012	249,327,384	68,335,065	49,508,795	29,203,084	\$ 396,374,328	1%
2013	285,626,210	78,171,468	40,215,298	37,243,410	\$ 441,256,386	1%
2014	311,749,521	91,164,931	33,762,415	38,560,217	\$ 475,237,084	1%

Source: Utah State Tax Commission

<sup>(1)</sup> 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	2014			2005		
	Sales Tax <sup>(1)</sup>	Rank	% of Total Sales Tax <sup>(1)</sup>	Sales Tax <sup>(1)</sup>	Rank	% of Total Sales Tax <sup>(1)</sup>
Walmart Supercenter	N/A	1	N/A	N/A	1	N/A
Murdock Hyundai	N/A	2	N/A	N/A		-
Home Depot	N/A	3	N/A	N/A	2	N/A
Mercedes Benz of Lindon	N/A	4	N/A	N/A		-
Burton Lumber	N/A	5	N/A	N/A	3	N/A
Sunroc Corp.	N/A	6	N/A	N/A	4	N/A
Stock Building Supply West	N/A	7	N/A	N/A	7	N/A
Low Book Sales	N/A	8	N/A	N/A		-
Larry H. Miller Lexus of Lindon	N/A	9	N/A	N/A	6	N/A
Timpanogos Harley Davidson	N/A	10	N/A	N/A		-
Utah Auto Sales	N/A		-	N/A	5	N/A
Wheeler Machinery	N/A		-	N/A	8	N/A
Roofers Supply Inc.	N/A		-	N/A	9	N/A
BMC West Corp.	N/A		-	N/A	10	N/A
<b>Total</b>	<b>\$1,730,424</b>		<b>54.18%</b>	<b>\$1,729,480</b>		<b>74.98%</b>

Source: Utah State Tax Commission

<sup>(1)</sup> 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 <sup>(1)</sup>	Lindon City <sup>(2)</sup>			Alpine School District	Utah County	Central Utah Water Conservancy District	Other	Total for District 80 <sup>(3)</sup>	Northern Utah County Water Conservancy District	Total for District 85 <sup>(3)</sup>
	General Fund	Debt Service Fund	Total							
2001	2.018	-	2.018	6.769	1.038	0.369	0.366	10.560	0.037	10.597
2002	1.880	-	1.880	6.953	1.034	0.358	0.348	10.573	0.036	10.609
2003	1.874	-	1.874	7.884	1.053	0.358	0.358	11.527	0.036	11.563
2004	1.837	-	1.837	8.119	1.065	0.353	0.360	11.734	0.035	11.769
2005	1.862	-	1.862	8.082	1.040	0.400	0.351	11.735	0.033	11.768
2006	1.702	-	1.702	6.883	1.079	0.357	0.183	10.204	0.028	10.232
2007	1.390	-	1.390	6.937	0.843	0.302	0.157	9.629	0.022	9.651
2008	1.296	-	1.296	7.057	0.809	0.286	0.296	9.744	0.022	9.766
2009	1.686	-	1.686	7.541	0.878	0.400	0.325	10.830	0.024	10.854
2010	1.873	-	1.873	8.220	1.108	0.421	0.186	11.808	0.026	11.834
2011	2.080	-	2.080	8.812	1.143	0.436	0.199	12.670	0.028	12.698
2012	2.107	-	2.107	8.828	1.324	0.455	0.000	12.714	0.029	12.743
2013	2.043	-	2.043	8.699	1.259	0.446	0.000	12.447	0.028	12.475
2014	1.862	-	1.862	8.096	1.149	0.422	0.000	11.529	0.025	11.554

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.

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

<sup>(2)</sup> 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.

<sup>(3)</sup> There are two taxing districts in Lindon City. Most of the city is comprised of District 80 with a portion of the west side in District 85, which has an additional assessment from the 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 <sup>(1)</sup>										% of T.V.
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
<b>Real Property</b>											
Primary residential	283,453,700	296,503,945	339,486,276	463,722,212	499,930,257	397,920,733	383,047,566	349,532,361	349,642,818	374,446,395	37.5%
Secondary residential	-	-	-	723,014	1,658,538	34,144,657	28,864,361	25,277,602	5,045,997	4,631,800	0.5%
Commercial and industrial	203,307,367	240,990,138	258,612,454	313,642,919	379,072,017	505,386,753	470,496,111	442,362,264	408,776,653	415,871,293	41.7%
Farmland Assessment Act (FAA) and agricultural	1,363,716	16,842,785	1,193,566	919,745	900,361	832,467	709,632	1,134,946	1,146,035	648,024	0.1%
Unimproved non FAA	17,085,266	383,090	12,133,974	15,779,000	10,780,850	9,184,064	5,315,664	5,385,709	61,446,839	63,479,353	6.4%
Total real property	<u>505,210,049</u>	<u>554,719,958</u>	<u>611,426,270</u>	<u>794,786,890</u>	<u>892,342,023</u>	<u>947,468,674</u>	<u>888,433,334</u>	<u>823,692,882</u>	<u>826,058,342</u>	<u>859,076,865</u>	<u>86.1%</u>
<b>Personal Property</b>											
Primary mobile homes	395,496	352,906	330,119	295,702	278,505	270,124	283,776	259,513	159,917	156,705	0.0%
Secondary mobile homes	-	-	-	-	-	-	-	-	-	-	0.0%
Other business	64,263,443	64,750,941	75,049,840	87,506,535	116,602,566	122,686,607	101,773,831	104,021,873	117,538,872	114,538,534	11.5%
SCME	-	-	-	-	-	-	-	-	-	-	0.0%
Total personal property	<u>64,658,939</u>	<u>65,103,847</u>	<u>75,379,959</u>	<u>87,802,237</u>	<u>116,881,071</u>	<u>122,956,731</u>	<u>102,057,607</u>	<u>104,281,386</u>	<u>117,698,789</u>	<u>114,695,239</u>	<u>11.5%</u>
Centrally Assessed	10,264,093	9,772,281	10,077,174	12,962,836	13,281,661	13,281,661	13,242,831	13,488,692	13,601,195	15,116,696	1.5%
Motor Vehicle Value	7,871,533	7,817,434	8,221,383	7,960,263	7,816,003	8,606,176	8,141,246	7,877,813	7,965,637	8,335,007	0.8%
<b>Total Taxable Assessed Value</b>	<u>588,004,614</u>	<u>637,413,520</u>	<u>705,104,786</u>	<u>903,512,226</u>	<u>1,030,320,758</u>	<u>1,092,313,242</u>	<u>1,011,875,018</u>	<u>949,340,773</u>	<u>965,323,963</u>	<u>997,223,807</u>	<u>100.0%</u>
Estimated Actual Value	820,244,865	880,296,398	983,136,382	1,283,163,247	1,439,582,472	1,418,105,761	1,325,509,752	1,235,534,124	1,251,526,201	1,303,717,252	
Assessed Value as a % of Actual Value	71.7%	72.4%	71.7%	70.4%	71.6%	77.0%	76.3%	76.8%	77.1%	76.5%	
Total Direct Tax Rate	0.001837	0.001862	0.001702	0.001390	0.001296	0.001686	0.001873	0.002080	0.002107	0.002043	

Source: Utah State Tax Commission - Property Tax Division

<sup>(1)</sup> 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**

<b>Calendar Year<sup>(1)</sup></b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Taxes Collected</b>
2004	937,662	860,249	91.74%	54,197	914,446	97.52%
2005	1,018,990	944,223	92.66%	104,401	1,048,624	102.91%
2006	1,066,862	987,293	92.54%	80,749	1,068,042	100.11%
2007	1,148,235	1,036,773	90.29%	68,743	1,105,516	96.28%
2008	1,197,213	1,052,432	87.91%	71,723	1,124,155	93.90%
2009	1,549,138	1,380,012	89.08%	102,110	1,482,122	95.67%
2010	1,671,383	1,472,780	88.12%	108,380	1,581,160	94.60%
2011	1,755,106	1,563,596	89.09%	155,669	1,719,265	97.96%
2012	1,828,894	1,624,324	88.81%	177,117	1,801,441	98.50%
2013	1,841,495	1,669,184	90.64%	259,754	1,928,938	104.75%

Source: Utah County Treasurer

<sup>(1)</sup> 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**

<b>Property Owner<sup>(2)</sup></b>	<b>2013<sup>(1)</sup></b>			<b>2004</b>		
	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percent of Total Assessed Valuation</b>	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percent of Total Assessed Valuation</b>
Mecca Holdings LLC	\$ 37,456,200	1	3.85%			0.00%
Stag II Lindon LLC	\$ 16,738,100	2	1.72%			0.00%
Walmart Stores Inc.	\$ 15,313,600	3	1.57%	\$ 3,106,800	9	0.55%
M S Industrial Properties LLC	\$ 14,659,400	4	1.51%			0.00%
MS Business Properties Group	\$ 9,152,015	5	0.94%			0.00%
Network (UT) LLC	\$ 8,740,600	6	0.90%	\$ 4,900,000	7	0.86%
BAT Investments LC	\$ 8,442,400	7	0.87%	\$ 7,200,029	3	1.26%
Gateway Technology Center LLC	\$ 8,332,200	8	0.86%	\$ 6,300,000	5	1.11%
HD Development of Maryland Inc.	\$ 8,100,000	9	0.83%	\$ 6,600,000	4	1.16%
Utah Pacific Investment	\$ 7,924,278	10	0.81%			0.00%
Canopy Properties Inc.				\$ 13,384,000	1	2.35%
Novell Inc.				\$ 10,555,250	2	1.85%
Olsen Enterprises Inc.				\$ 5,923,175	6	1.04%
Snow, Martin				\$ 3,776,220	8	0.66%
Alexanders Holdings LC				\$ 3,089,751	10	0.54%
<b>Total</b>	<b>\$ 134,858,793</b>		<b>13.85%</b>	<b>64,835,225</b>		<b>6.45%</b>

Source: Utah County Clerk/Auditor

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

<sup>(2)</sup> The information provided by the Utah County Clerk/Auditor is on a per lot basis. Property owners are not grouped and reported in culmination.

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

<b>Fiscal Year Ending</b>	<b>Taxable Value<sup>(1)</sup></b>	<b>Debt Limit (4%)</b>	<b>Total debt applicable to limit<sup>(2)</sup></b>	<b>Legal debt margin</b>	<b>Percentage of Debt to Debt Limit</b>
2005	569,868,988	\$ 22,794,760	-	\$ 22,794,760	0.00%
2006	619,823,805	\$ 24,792,952	-	\$ 24,792,952	0.00%
2007	686,806,229	\$ 27,472,249	-	\$ 27,472,249	0.00%
2008	885,495,386	\$ 35,419,815	-	\$ 35,419,815	0.00%
2009	1,012,970,225	\$ 40,518,809	-	\$ 40,518,809	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%

Source: Utah State Tax Commission - Property Tax Division

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

<sup>(2)</sup> 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
RDA Revenue Bonds	2,986,000	2,805,000	2,555,000	2,294,000	2,024,000	1,743,000	1,450,000	1,171,000	882,000	581,000
MBA Revenue Bonds	272,000	1,631,000	1,215,000	927,000	629,000	320,000	-	-	-	-
Sales Tax Revenue Bonds	2,947,790	2,845,812	2,740,648	2,631,500	2,518,369	2,400,457	2,278,562	2,151,887	2,020,431	1,884,196
Road Excise Tax Revenue Bonds	566,000	400,000	226,000	46,000	-	-	-	-	-	-
Special Assessment Bonds	1,328,000	591,000	470,000	372,000	301,000	90,000	60,000	30,000	-	-
Notes Payable	58,039	-	-	-	-	-	-	-	90,000	80,000
Capital Leases	-	-	-	-	331,785	261,256	341,694	262,171	365,434	326,838
<b>Total Governmental Activities Debt</b>	<b>8,157,829</b>	<b>8,272,812</b>	<b>7,206,648</b>	<b>6,270,500</b>	<b>5,804,154</b>	<b>4,814,713</b>	<b>4,130,256</b>	<b>3,615,058</b>	<b>3,357,865</b>	<b>2,872,034</b>
<b>Business-Type Activities</b>										
Water Revenue Bonds	4,794,423	4,713,421	4,349,201	4,023,950	3,780,470	3,499,261	3,333,281	3,254,377	3,172,442	3,087,368
Sewer Revenue Bonds	-	-	-	-	-	-	3,000,000	2,883,000	2,763,000	2,640,000
Storm Water Revenue Bonds	549,820	530,799	511,184	490,826	469,725	447,732	424,996	401,369	376,850	351,439
Aquatics Center Bonds	-	-	-	-	10,365,000	10,054,000	9,819,000	9,537,000	9,121,000	8,689,000
Notes Payable	-	-	-	-	-	-	2,217,241	2,217,241	2,095,367	1,973,492
Capital Leases	-	177,915	120,902	61,549	-	-	385,075	313,266	238,943	359,769
<b>Total Business-Type Activities Debt</b>	<b>5,344,243</b>	<b>5,422,136</b>	<b>4,981,287</b>	<b>4,576,325</b>	<b>14,615,194</b>	<b>14,000,993</b>	<b>19,179,593</b>	<b>18,606,252</b>	<b>17,767,601</b>	<b>17,101,068</b>
<b>Total Primary Government</b>	<b>\$ 13,502,072</b>	<b>\$ 13,694,948</b>	<b>\$ 12,187,935</b>	<b>\$ 10,846,825</b>	<b>\$ 20,419,348</b>	<b>\$ 18,815,706</b>	<b>\$ 23,309,849</b>	<b>\$ 22,221,310</b>	<b>\$ 21,125,466</b>	<b>\$ 19,973,102</b>
<b>% of Personal Income<sup>(1)</sup></b>	<b>7.04%</b>	<b>7.10%</b>	<b>6.03%</b>	<b>4.79%</b>	<b>8.71%</b>	<b>7.78%</b>	<b>10.45%</b>	<b>9.31%</b>	<b>8.30%</b>	<b>8.16%</b>
<b>Debt Per Capita<sup>(1)</sup></b>	<b>\$ 1,435</b>	<b>\$ 1,423</b>	<b>\$ 1,249</b>	<b>\$ 1,053</b>	<b>\$ 1,951</b>	<b>\$ 1,758</b>	<b>\$ 2,315</b>	<b>\$ 2,177</b>	<b>\$ 2,042</b>	<b>\$ 1,913</b>

N/A=Not Available

<sup>(1)</sup> 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, 2014**

<b>Entity</b>	<b>2013 Taxable Assessed Property Value</b>	<b>Percentage Applicable to Lindon Citizens<sup>(1)</sup></b>	<b>Entity's Governmental Activities Debt Outstanding</b>	<b>Amount Applicable to Lindon Citizens</b>
Direct Debt:				
Lindon City	\$ 982,107,111	100.00%	\$ 2,872,034	\$ 2,872,034
Overlapping Debt:				
Central Utah Water Conservancy District	113,060,664,007	0.87%	259,970,000	\$ 2,258,242
Alpine School District	16,245,007,528	6.05%	438,582,678	\$ 26,514,926
Total Overlapping Debt				<u>\$ 28,773,168</u>
Total Direct and Overlapping Debt				<u>\$ 31,645,202</u>
Total Direct and Overlapping Debt Per Capita				<u>\$ 3,030.57</u>

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

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.

<sup>(1)</sup> 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.

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

<b>Fiscal Year</b>	<b>Sales Tax Revenue</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2005	N/A	\$ -	\$ -	\$ -	-
2006	\$ 3,109,284	\$ 128,000	\$ 138,750	\$ 266,750	11.66
2007	\$ 3,253,040	\$ 132,000	\$ 133,950	\$ 265,950	12.23
2008	\$ 3,067,413	\$ 137,000	\$ 129,000	\$ 266,000	11.53
2009	\$ 2,543,455	\$ 142,000	\$ 123,863	\$ 265,863	9.57
2010	\$ 2,346,215	\$ 459,000	\$ 738,705	\$ 1,197,705	1.96
2011	\$ 2,485,202	\$ 388,000	\$ 571,960	\$ 959,960	2.59
2012	\$ 2,770,804	\$ 441,000	\$ 542,737	\$ 983,737	2.82
2013	\$ 2,989,353	\$ 581,000	\$ 523,558	\$ 1,104,558	2.71
2014	\$ 3,193,638	\$ 603,000	\$ 501,257	\$ 1,104,257	2.89

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

**Schedule 17**  
**Lindon City Corporation**  
**Pledged-Revenue Coverage**  
**Excise Tax Road Bonds**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Excise Tax Revenue</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
1998	\$ 236,443	\$ 106,000	\$ 34,520	\$ 140,520	1.68
1999	\$ 240,505	\$ 130,000	\$ 57,021	\$ 187,021	1.29
2000	\$ 271,505	\$ 137,000	\$ 51,578	\$ 188,578	1.44
2001	\$ 280,549	\$ 142,000	\$ 45,889	\$ 187,889	1.49
2002	\$ 305,205	\$ 148,000	\$ 39,955	\$ 187,955	1.62
2003	\$ 326,788	\$ 155,000	\$ 33,794	\$ 188,794	1.73
2004	\$ 359,853	\$ 161,000	\$ 27,347	\$ 188,347	1.91
2005	\$ 215,194	\$ 166,000	\$ 20,674	\$ 186,674	1.15
2006	\$ 312,322	\$ 174,000	\$ 13,745	\$ 187,745	1.66
2007	\$ 354,028	\$ 180,000	\$ 6,529	\$ 186,529	1.90
2008	\$ 365,709	\$ 46,000	\$ 472	\$ 46,472	7.87
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-

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

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses<sup>(1)</sup></b>	<b>Net Revenue Available</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2000	\$ 417,652	\$ 229,181	\$ 188,471	\$ 140,000	\$ 120,750	\$ 260,750	0.72
2001	\$ 483,687	\$ 82,225	\$ 401,462	\$ 189,000	\$ 260,514	\$ 449,514	0.89
2002	\$ 708,981	\$ 78,816	\$ 630,165	\$ 207,000	\$ 248,715	\$ 455,715	1.38
2003	\$ 749,318	\$ 128,121	\$ 621,198	\$ 223,000	\$ 235,788	\$ 458,788	1.35
2004	\$ 724,892	\$ 117,218	\$ 607,674	\$ 243,000	\$ 221,848	\$ 464,848	1.31
2005	\$ 783,089	\$ 117,627	\$ 665,463	\$ 258,000	\$ 206,645	\$ 464,645	1.43
2006	\$ 781,665	\$ 161,338	\$ 620,327	\$ 290,000	\$ 91,330	\$ 381,330	1.63
2007	\$ 753,791	\$ 98,257	\$ 655,535	\$ 250,000	\$ 109,956	\$ 359,956	1.82
2008	\$ 756,636	\$ 103,889	\$ 652,747	\$ 261,000	\$ 100,156	\$ 361,156	1.81
2009	\$ 904,738	\$ 144,054	\$ 760,685	\$ 270,000	\$ 89,925	\$ 359,925	2.11
2010	\$ 1,313,465	\$ 663,535	\$ 649,930	\$ 281,000	\$ 79,341	\$ 360,341	1.80
2011	\$ 1,130,505	\$ 699,333	\$ 431,172	\$ 293,000	\$ 68,326	\$ 361,326	1.19
2012	\$ 1,085,568	\$ 513,413	\$ 572,154	\$ 279,000	\$ 56,840	\$ 335,840	1.70
2013	\$ 1,169,443	\$ 527,502	\$ 641,940	\$ 289,000	\$ 45,903	\$ 334,903	1.92
2014	\$ 1,157,638	\$ 836,648	\$ 320,990	\$ 301,000	\$ 34,574	\$ 335,574	0.96

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

<sup>(1)</sup> Total operating expenses exclusive of depreciation.

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses <sup>(1)</sup></b>	<b>Net Revenue Available</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2000	1,326,000	\$ 524,680	\$ 801,320	\$ 42,000	\$ 33,150	\$ 75,150	10.66
2001	1,284,000	\$ 605,656	\$ 678,344	\$ 54,000	\$ 32,100	\$ 86,100	7.88
2002	1,133,488	\$ 634,743	\$ 498,745	\$ 66,000	\$ 30,750	\$ 96,750	5.15
2003	1,119,175	\$ 688,319	\$ 430,856	\$ 79,000	\$ 29,100	\$ 108,100	3.99
2004	1,236,474	\$ 714,008	\$ 522,466	\$ 92,000	\$ 27,125	\$ 119,125	4.39
2005	1,378,048	\$ 791,504	\$ 586,544	\$ 107,000	\$ 24,825	\$ 131,825	4.45
2006	1,538,415	\$ 791,107	\$ 747,308	\$ 122,000	\$ 22,150	\$ 144,150	5.18
2007	2,028,148	\$ 906,935	\$ 1,121,213	\$ 138,000	\$ 22,869	\$ 160,869	6.97
2008	1,560,716	\$ 816,064	\$ 744,652	\$ 317,757	\$ 28,450	\$ 346,207	2.15
2009	1,513,091	\$ 1,156,765	\$ 356,326	\$ 235,713	\$ 124,619	\$ 360,332	0.99
2010	1,580,249	\$ 1,004,598	\$ 575,651	\$ 273,113	\$ 117,894	\$ 391,007	1.47
2011	1,573,510	\$ 997,009	\$ 576,501	\$ 157,610	\$ 110,197	\$ 267,807	2.15
2012	1,555,430	\$ 898,983	\$ 656,447	\$ 70,207	\$ 105,350	\$ 175,557	3.74
2013	1,625,822	\$ 1,044,656	\$ 581,166	\$ 72,909	\$ 102,648	\$ 175,557	3.31
2014	1,664,217	\$ 1,036,714	\$ 627,503	\$ 75,720	\$ 99,837	\$ 175,557	3.57

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

<sup>(1)</sup> Total operating expenses exclusive of depreciation.

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses <sup>(1)</sup></b>	<b>Net Revenue Available</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	\$ 1,020,119	\$ 720,937	\$ 299,182	\$ -	\$ 8,410	\$ 8,410	35.58
2012	\$ 1,122,403	\$ 787,362	\$ 335,041	\$117,000	\$ 75,000	\$ 192,000	1.75
2013	\$ 1,211,931	\$ 893,941	\$ 317,990	\$120,000	\$ 72,075	\$ 192,075	1.66
2014	\$ 1,264,370	\$ 896,697	\$ 367,673	\$123,000	\$ 69,075	\$ 192,075	1.91

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

<sup>(1)</sup> Total operating expenses exclusive of depreciation.

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses <sup>(1)</sup></b>	<b>Net Revenue Available</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2005	1,525,456	811,368	714,088	737,000	74,368	811,368	0.88
2006	714,088	154,096	559,992	121,000	33,096	154,096	3.63
2007	559,992	124,320	435,672	98,000	26,320	124,320	3.50
2008	435,672	91,832	343,840	71,000	20,832	91,832	3.74
2009	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	-	-	-	-	-	-	-

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

<sup>(1)</sup> Total operating expenses exclusive of depreciation.

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Total Personal Income<sup>(1)</sup></b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate<sup>(2)</sup></b>		
				<b>Utah County</b>	<b>State of Utah</b>	<b>United States</b>
2005	9,410	\$ 191,747,570	\$ 20,377	4.0%	4.2%	5.0%
2006	9,627	\$ 193,002,096	\$ 20,048	2.9%	3.0%	4.6%
2007	9,758	\$ 202,244,308	\$ 20,726	2.4%	2.6%	4.6%
2008	10,300	\$ 226,229,200	\$ 21,964	3.2%	3.2%	5.6%
2009	10,466	\$ 234,469,798	\$ 22,403	7.3%	7.9%	9.5%
2010	10,700	\$ 241,852,100	\$ 22,603	7.9%	8.1%	9.4%
2011	10,070	\$ 223,070,640	\$ 22,152	6.7%	7.0%	9.1%
2012	10,209	\$ 238,625,166	\$ 23,374	5.3%	5.5%	8.2%
2013	10,348	\$ 254,653,932	\$ 24,609	4.3%	4.6%	7.5%
2014	10,442	\$ 244,697,828	\$ 23,434	3.6%	3.5%	6.1%

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

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

**Sources:**

Population information provided by the Lindon Planning Department and updated with the 2010 U.S. Census.

Per capita personal income information provided by the Governor's office of Planning & Budget and U.S. Census Bureau.

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

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

<u>Employer DBA</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment<sup>(1)</sup></u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment<sup>(1)</sup></u>
Vivint Inc.	500	1	N/A			
Teleperformance USA	467	2	N/A			
Accessdata Group LLC	370	3	N/A	N/A	7	N/A
Walmart Supercenter	324	4	N/A			
Symantec Corporation	281	5	N/A	N/A	3	N/A
Niels Fugal Sons Comp. LLC	227	6	N/A	N/A	4	N/A
Boostability	185	7	N/A			
Ace Disposal Inc.	170	8	N/A			
Mountain State Steel	160	9	N/A	N/A	5	N/A
Home Depot	158	10	N/A	N/A	6	N/A
Modus Link				N/A	1	N/A
Professional Marketing				N/A	2	N/A
Lindon Care and Training Ctr				N/A	8	N/A
Hansen All Seasons Insulation				N/A	9	N/A
Direct Pointe Inc				N/A	10	N/A

N/A = Not Available

<sup>(1)</sup> Businesses are encouraged, but not required, to submit their number of employees when completing their business license applications, thus the total number of people employed in Lindon is not known.

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General government	24	24	25	26	25	24	23	23	23	23
Public safety	0	0	0	0	19	18	17	17	18	18
Highways and streets	3	3	3	3	2	1	2	2	2	2
Park, recreation and culture	2	2	2	2	2	45	47	47	47	47
Water	3	3	3	3	3	3	2	2	2	2
Sewer	2	2	2	2	2	2	1	2	2	2
Storm Water Drainage	1	1	1	1	2	2	2	3	3	3
<b>Total</b>	<b>35</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>55</b>	<b>95</b>	<b>94</b>	<b>96</b>	<b>97</b>	<b>97</b>

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community development										
Residential building permits issued	149	163	176	199	110	113	126	108	118	137
Commercial building permits issued	68	74	67	82	46	58	49	37	36	44
Court										
Traffic and Misdemeanor cases handled	3,176	4,418	3,468	2,327	2,795	2,192	1,883	2,054	1,524	1,677
Police <sup>(1)</sup>										
Calls for service	N/A	N/A	N/A	N/A	11,604	10,709	9,153	9,228	8,467	8,410
Offenses	N/A	N/A	N/A	N/A	6,630	5,357	3,632	2,473	2,451	2,302
Arrests	N/A	N/A	N/A	N/A	1,253	849	638	787	735	605
Traffic Accidents	N/A	N/A	N/A	N/A	285	295	338	323	262	321
Recreation										
Recreation programs	3	3	3	3	3	3	3	3	5	5
Number of participants	593	612	631	650	1,692	2,009	1,668	1,066	1,181	1,298
Aquatics Center programs <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	6	7	7	6	5
Number of program participants	N/A	N/A	N/A	N/A	N/A	910	1,309	1,253	1,380	1,296
Number of Aquatics Center admissions	N/A	N/A	N/A	N/A	N/A	50,158	62,885	50,520	43,780	44,583
Community Center programs <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	13	12
Number of participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,220	857	252
Senior Center programs <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	31	23
Number of participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	194	150	579
Cemetery										
Acres maintained	3	3	3	3	3	3	3	3	3	3
Total gravesites	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Culinary Water										
Connections	2,571	2,618	2,787	2,814	2,515	2,624	2,748	2,775	2,818	2,847
Average daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A	1,245	1,131	1,140	1,605	1,200	1,030
Sewer										
Sewer lines miles inspected	7.3	4.6	4.2	10.4	10.0	2.3	1.0	4.0	3.7	1.5

<sup>(1)</sup> Lindon City established its own Police Department beginning July 1, 2008.

<sup>(2)</sup> 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, 2013 pool season is reported in the 2014 fiscal year.

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Streets and Highways										
Street lights	N/A	294	308	322	322	322	323	323	323	323
Street miles	50	51	54	54	54	54	55	55	55	55
Public works										
Incorporated area in square miles	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
City Center in square feet	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Parks and recreation										
Community Center in square feet	0	0	0	0	0	0	19,850	19,850	19,850	19,850
Park acreage	103	103	107	111	112	112	112	112	114	114
Baseball/softball diamonds	5	7	7	4	4	4	4	4	4	4
Soccer fields	2	2	2	2	2	2	2	2	2	3
Culinary water										
Water main line miles	67	67	69	71	71	71	71	71	71	71
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	52	52	55	56	56	56	56	59	61	61
Secondary water										
Secondary water main line miles	44	45	45	46	46	46	46	46	46	46

N/A = Not available

**LINDON CITY CORPORATION  
LINDON CITY, UTAH**

**SUPPLEMENTARY REPORTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



**Keddington & Christensen, LLC**  
Certified Public Accountants

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**LINDON CITY CORPORATION  
SUPPLEMENTARY REPORTS  
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For the Fiscal Year Ended June 30, 2014**

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**Keddington & Christensen, LLC**  
Certified Public Accountants

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA  
Tyson C. Beck, CPA

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lindon City Corporation (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 4, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Keddington & Christensen, LLC*

December 4, 2014



**Keddington & Christensen, LLC**  
 Certified Public Accountants

Gary K. Keddington, CPA  
 Phyl R. Warnock, CPA  
 Marcus K. Arbuckle, CPA  
 Tyson C. Beck, CPA

**INDEPENDENT AUDITOR'S REPORT IN  
 ACCORDANCE WITH THE STATE COMPLIANCE  
 AUDIT GUIDE ON COMPLIANCE WITH GENERAL  
 STATE COMPLIANCE REQUIREMENTS AND  
 ON INTERNAL CONTROL OVER COMPLIANCE**

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

**Report on Compliance with General State Compliance Requirements**

We have audited Lindon City Corporation's (the City) compliance with the applicable general and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditors, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Conflicts of Interest
- Nepotism

The City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2014.

**Management's Responsibility**

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a direct and material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion**

In our opinion, the City complied, in all material respects, with the general compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which is described in the accompanying *Schedule of Findings and Recommendations* as item 1.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying *Schedule of Findings and Recommendations*.

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying *Schedule of Responses to Auditor's Findings*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

### **Purpose of Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Keddington & Christensen, LLC*

December 4, 2014

**LINDON CITY CORPORATION  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
For the Fiscal Year Ended June 30, 2014**

***FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS FINDINGS***

No findings to report

***STATE OF UTAH LEGAL COMPLIANCE FINDINGS***

**1. EXPENDITURES IN EXCESS OF BUDGET**

Finding

Utah Code 10-6-123 states that officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any fund.

During our audit, we noted that the City had expenditures in excess of budgeted appropriations in the following funds:

P.A.R.C Tax Special Revenue Fund	\$7,612
----------------------------------	---------

Recommendation

We recommend that the City only incur expenditures for which it has legally budgeted in order to be in compliance with Utah State Code.

**LINDON CITY CORPORATION**  
**SCHEDULE OF RESPONSES TO AUDITOR'S FINDINGS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

*STATE OF UTAH LEGAL COMPLIANCE FINDINGS*

**1. EXPENDITURES IN EXCESS OF BUDGET**

The City agreed that expenditures should not exceed the budgeted appropriation. This was a new fund and a new tax and the City was fortunate to have this funding for an unexpected pool repair. The City will strive in future years to only incur expenditures for which it has legally budgeted.

**7. Discussion Item — 2014 Wage & Benefit Study***(60 minutes)*

The Council will discuss findings of the 2014 Wage and Benefit study to provide Staff with direction and recommendations that will be brought back to the Council in January for adoption. No motions will be made.

See attached summary of the benefits comparison study. A DRAFT proposal of the Benefit Committee recommendations was presented to you at our last meeting. The Council requested that staff bring back some variations to the proposed changes, specifically options for those with double and single coverage. A list of various options that may be considered is attached.

Management feels that given our growing and potentially unsustainable long-term recurring costs for total employee compensation, it is appropriate to target between \$100,000 and \$125,000 of reductions in recurring compensation costs. This amount could save the City approximately one million dollars over a 10-year period and will help to stabilize annually recurring budget expenses. Actual savings for the city will vary based on insurance premiums, number of employee who take insurance, growth in number of employees, etc. Various potential saving amounts are provided in the options presented. We will discuss fully in the meeting.

This information is specific only to the current benefit package and does not yet include final findings or recommendations on the wage study. However, Staff hopes to discuss specific aspects of the wage study with the Council and receive specific feedback on a few items, including merit pay, so that financial implications can then be prepared and brought back to the Council for review in January.

Management appreciates the employee's willingness to offer and discuss multiple options for reducing city expenditures, including benefit reductions, in order to improve the long-term financial sustainability of the City.

No motion needed.



## Memo

**Date:** Nov. 26, 2014

**To:** Mayor & City Council

**From:** Adam Cowie, City Administrator

**Subject:** DRAFT Benefit Study Recommendations

---

In June 2014 the City Council asked Management to perform a comprehensive wage and benefit study to determine if there were any areas of current total compensation that needed to be adjusted in order for the wage and benefits offered by Lindon City to be more in line with total compensation packages offered by other cities. Additional emphasis and study was desired for merit pay and performance evaluation programs.

With this direction, non-management employees were selected to represent each department and formed an Employee Benefits Committee to review and evaluate findings of the wage and benefit study. The Committee has invested significant time and effort to carefully discuss and recommend changes to the total compensation package that will reduce financial impacts on the City while still providing an excellent total compensation package. The Employee Benefits Committee agreed upon the following goals:

**Goal #1:** Update merit pay & performance system

- Reward better performance
- Increase employee productivity
- Improve supervisor/employee communication
- Reduce financial impact on City

**Goal #2:** Perform total compensation study

- Evaluate all wages & benefits
- Maintain competitive benefit package
- Reduce financial impact on City

Some findings on the wage study show minor adjustments need to occur for a few positions. A significant change to the current merit pay system is proposed as a subset to this study. Final adjustments to the wage study are being completed and will be accompanied by recommendations for changes to specific positions that warrant wage adjustments, pay range adjustments, etc. No decrease in current pay is proposed for any position.

While final adjustments to the wage and merit pay study are continuing, the Committee did feel ready to discuss specific recommendations for benefit reductions with the City Council. In our research and comparison studies a few specific benefit offerings were found to be higher than what appears to be currently offered in other similar cities. The committee felt it prudent to offer suggestions to the Council for consideration of possible reductions in these benefits.

We have wonderful, dedicated employees in Lindon City. Many have worked, or hope to work, their entire career for Lindon. This process of discussing and recommending benefit reductions has been difficult for many staff and their families. For some it's created feelings of anxiety and fear for what the future holds as an employee of Lindon City. The Committee was mindful of these concerns and I feel they showed great resolve and willingness to support the City and you as Councilmembers by recommending reasonable adjustments to the current benefit package. I applaud their efforts and am grateful for their desire to see Lindon City prosper.

### CONTRIBUTIONS TO 401(k), 457 OR IRA ACCOUNTS

**Current Benefit:** Lindon City currently contributes 4.5% of full-time employees' salaries and wages to their choice of 401(k), 457 or IRA account, regardless of whether employees contribute or not.

**Proposed Change:** Lindon City will contribute 1.5% of full-time employees' salaries and wages to their choice of 401(k), 457 or IRA account, regardless of whether employees contribute or not. If an employee decides to contribute to their retirement account, Lindon City will match up to an additional 1.5%. The maximum Lindon City will contribute is 3.0% for employees contributing 1.5% or more. An employee contribution of 1.5% on a biweekly paycheck of \$1,500 would be a payroll deduction of \$22.50.

**Potential Savings:** Based on budgeted payroll for the 2014-2015 fiscal year, the annual savings to Lindon City would be \$41,660 - \$83,320 depending on employee participation. Below are some examples of possible employee participation and associated costs/savings to the City.

<u>Employee Participation</u>	<u>City's Contribution</u>	<u>Cost to City</u>	<u>Savings to City</u>
0.0%	1.5%	\$41,659.33	\$83,318.66
0.5%	2.0%	\$55,545.78	\$69,432.22
1.0%	2.5%	\$69,432.22	\$55,545.78
1.5%	3.0%	\$83,318.66	\$41,659.33

### BENEFIT ALLOWANCE

**Current Benefit:** Lindon City currently allocates a benefit allowance to all full-time benefitted employees. The benefit allowance is calculated as the cost of the traditional family coverage, plus the cost of family dental coverage, less a calculated employee contribution based on the previous year's contribution. The current monthly benefit allowance amounts are as follows.

If electing medical insurance through Lindon City:	\$1,450.93
If not electing medical insurance and	
Employed prior to 7/01/2007	\$1,224.79
Employed after 7/01/2007	\$500.00

This benefit allowance may be used for medical premiums, contributions to a Health Savings Account, dental premiums, other optional insurance premiums, and contributions to Flexible Spending Accounts. Expenses in excess of the benefit allowance are withheld from an employee's paycheck. Any unused benefit allowance is paid into the employee's retirement account less FICA taxes.

**Proposed Changes:** Lindon City will provide a benefit allowance to all full-time benefitted employees. The benefit allowance will be calculated as the full cost of the traditional medical plan for which they qualify (family, double, or single) plus ½ of the cost of their dental premium. Using Lindon City's insurance premiums for the 2014-2015 fiscal year, the monthly amounts would be as follows.

If enrolling in medical insurance - Family coverage	\$1,458.10
If enrolling in medical insurance - Double coverage	\$1,074.15
If enrolling in medical insurance - Single coverage	\$526.83
If not electing medical insurance	\$500.00

If an employee decides to enroll in the high deductible health plan (HDHP) instead of the traditional health plan, the difference in the medical premiums will be deposited into the employee’s Health Savings Account (HSA). Premiums in excess of the benefit allowance will be withheld from an employee’s paycheck. Below is an illustration of the monthly benefit allocations.

<u>Coverage</u>	<u>Health Plan</u>	<u>Health Premium</u>	<u>HSA Payment</u>	<u>Dental Premium</u>	<u>Employee Participation</u> 50% of Dental Premium
Family	Traditional	\$1,409.70	\$0.00	\$96.79	\$48.40
Family	HDHP/HSA	\$1,279.96	\$129.74	\$96.79	\$48.40
Double	Traditional	\$1,042.18	\$0.00	\$63.94	\$31.97
Double	HDHP/HSA	\$946.28	\$95.90	\$63.94	\$31.97
Single	Traditional	\$503.46	\$0.00	\$46.74	\$23.37
Single	HDHP/HSA	\$457.12	\$46.34	\$46.74	\$23.37

Any unused portion of the benefit allowance will no longer be provided with the exception of the benefit allowance for employees not electing medical insurance. This incentive for not enrolling in medical insurance, also known as a benefit in lieu of insurance, may be used for other benefit premiums or investments that can be processed through an employee’s paycheck. (Examples include payments for additional life or accident insurance; dental or vision insurance premiums; deposits into an FSA or HSA account; or a deposit into a 401(k), 457 or IRA account.) This incentive is only available when the employee has documented insurance coverage through another source. This is not intended to be an incentive to go without medical insurance.

**Potential Savings:** Based on current Lindon City employee enrollment in medical and dental insurance and the 2014-2015 fiscal year premiums, the annual savings to Lindon City could be as high as \$114,951. This amount could fluctuate if the ten employees currently waiving medical insurance decided to enroll in medical insurance. We assume that the 4 employees who are receiving the \$500/month incentive will continue to waive insurance from Lindon City. If the 6 employees who are receiving the \$1,224.79 incentive, decided to get insurance through the City, the annual savings will decrease to \$64,397.

These recommendations provide likely annual savings to the City while still allowing for a high-quality benefit package to attract and retain employees. By providing 100% coverage on health insurance premiums this proposal limits the amount of impact to current employee pay checks, thus allowing more flexibility in whether or not to participate in other benefit offerings such as the proposed 401k match program.

## BENEFIT ALLOWANCE SCENERIOS

**SCENARIO 12:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,042.18	63.94	1,106.12	-	-	-	7	92,914.08
Single	503.46	46.74	550.20	-	-	-	3	19,807.20
Incentive			500.00				10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>610,151.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>111,424.20</b>

**SCENARIO 13:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional \$100/mo. to employees with double medical coverage & \$50/mo. to employees with single medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,142.18	63.94	1,206.12	(100.00)	-	(100.00)	7	101,314.08
Single	553.46	46.74	600.20	(50.00)	-	(50.00)	3	21,607.20
Incentive			500.00				10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>620,351.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>101,224.20</b>

**SCENARIO 14:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional \$150/mo. to employees with double medical coverage & \$75/mo. to employees with single medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,192.18	63.94	1,256.12	(150.00)	-	(150.00)	7	105,514.08
Single	578.46	46.74	625.20	(75.00)	-	(75.00)	3	22,507.20
Incentive			500.00				10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>625,451.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>96,124.20</b>

**SCENARIO 15:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional \$200/mo. to employees with double medical coverage & \$100/mo. to employees with single medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,242.18	63.94	1,306.12	(200.00)	-	(200.00)	7	109,714.08
Single	603.46	46.74	650.20	(100.00)	-	(100.00)	3	23,407.20
Incentive			500.00				10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>630,551.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>91,024.20</b>

**SCENARIO 16:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional \$50/mo. to employees with double medical coverage & \$100/mo. to employees with single medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,092.18	63.94	1,156.12	(50.00)	-	(50.00)	7	97,114.08
Single	603.46	46.74	650.20	(100.00)	-	(100.00)	3	23,407.20
Incentive			500.00				10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>617,951.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>103,624.20</b>

## BENEFIT ALLOWANCE SCENERIOS

**SCENARIO 17:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional \$75/mo. to employees with double medical coverage & \$150/mo. to employees with single medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,117.18	63.94	1,181.12	(75.00)	-	(75.00)	7	99,214.08
Single	653.46	46.74	700.20	(150.00)	-	(150.00)	3	25,207.20
Incentive			500.00			-	10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>621,851.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>99,724.20</b>

**SCENARIO 18:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional \$100/mo. to employees with double medical coverage & \$200/mo. to employees with single medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,142.18	63.94	1,206.12	(100.00)	-	(100.00)	7	101,314.08
Single	703.46	46.74	750.20	(200.00)	-	(200.00)	3	27,007.20
Incentive			500.00			-	10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>625,751.28</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>95,824.20</b>

**SCENARIO 19:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional 50% of current excess defined benefit /mo. to employees with single/double medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,214.59	63.94	1,278.53	(172.41)	-	(172.41)	7	107,396.10
Single	953.83	46.74	1,000.57	(450.37)	-	(450.37)	3	36,020.34
Incentive			500.00			-	10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>640,846.44</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>80,729.04</b>

**SCENARIO 20:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional 15% of current excess defined benefit /mo. to employees with single/double medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,093.90	63.94	1,157.84	(51.72)	-	(51.72)	7	97,258.69
Single	638.57	46.74	685.31	(135.11)	-	(135.11)	3	24,671.14
Incentive			500.00			-	10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>619,359.83</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>102,215.65</b>

**SCENARIO 21:** City pays 100% of medical premiums and 50% of family and 100% of single/double dental premiums  
 City pays an incentive in lieu of insurance of \$500  
 City pays an additional 10% of current excess defined benefit /mo. to employees with single/double medical coverage  
 Assumptions: Everyone who is currently waiving insurance, continues to waive insurance

Type	Monthly Participation						# of Emp	Annual Total
	City			Employee				
	Medical	Dental	Total	Medical	Dental	Total		
Family	1,409.70	48.40	1,458.10	-	48.39	48.39	25	437,430.00
Double	1,076.66	63.94	1,140.60	(34.48)	-	(34.48)	7	95,810.48
Single	593.53	46.74	640.27	(90.07)	-	(90.07)	3	23,049.83
Incentive			500.00			-	10	60,000.00
								<b>TOTAL ANNUAL COST TO CITY</b>
								<b>616,290.31</b>
								<b>TOTAL ANNUAL SAVINGS TO CITY COMPARED TO CURRENT SCENARIO</b>
								<b>105,285.17</b>

## 2014 Lindon City Benefit Comparison & Findings - Summary Chart.12.05.2014

Comparison Data based upon the following: \*FirstWest Benefit Solutions 2014 Utah Employee Benefit Study (FWB Study) w/56 Government Sector Respondents along Wasatch Front; and \*\*Lindon City Compensation Studies (CC Study) consisting of various comparisons of city benefits across the State.

Current Benefit	Comparison Data	Adjustments Needed?	Recommendation
<b>Health Insurance</b>	\$1,450.93 / month Defined Contribution (DC) provided for all full-time employees (can be used to cover premiums for medical, dental, vision, & supplementary insurance with any surplus going to retirement plans, HSA, etc)	<b>FWB Study*:</b> Defined contribution not typical (68.6% do not offer this type of benefit). Of those that do offer DC, only 12% provide the same DC dollar amount for all eligible employees (single, double, family). <b>FWB Study:</b> 42% cover all of insurance premium on <i>least expensive</i> plan. <b>CC Study**:</b> 9 out of 11 cities require a percentage participation on health premiums, therefore have no surplus from DC type plan.	Yes Discontinue DC type plan. Cover 100% of insurance premiums with discontinued or reduced surplus amounts depending on single, double, or family plan.
<b># of health insurance plans offered</b>	2 plans offered. Traditional; High Deductible Health Plan (HDHP) w/ Health Savings Account contributions made by City.	<b>FWB Study:</b> 79% offer two or more plans	No No Change.
<b>Health Insurance Opt-out (Waiver)</b>	Employees not electing insurance and employed prior to July 1, 2007 = \$1,224.79	<b>FWB Study:</b> 63.5% do not offer this type of benefit. Of those that do, the majority offer \$300 or less. <b>CC Study:</b> Average of 16 reporting cities = \$331	Yes Reduce to \$500/month regardless of hire date.
	Employees not electing insurance and employed after July 1, 2007 = \$500	See above.	No No Change. Staying at \$500/mo waiver is anticipated to incent those w/waiver to continue waiving - thus saving the City money. Reduction may reduce annual savings due to paying additional premiums for coverage if opt-out employees decide to sign up for full health coverage.
<b>Dental Insurance</b>	\$1,450.93 / mo defined contribution (can be used for medical, dental, vision, and supplementary). All employees have had enough DC money to pay, at minimum, about half of the dental premium. 10 of 35 have dental fully covered by DC money.	<b>FWB Study:</b> Only 27% cover all of dental premium. However, a majority cover half or more of premium.	Yes Cover 50% of dental premiums for all employees (single, double, family).

<b>Retirement</b>	City participates in Utah Retirement System (URS) pension plan w/rates set by URS. Lindon mostly has Tier 1 non-public safety employees = 18.47% of salary contributed to pension plan. Higher amounts for public safety. Lesser amounts for Tier 2 employees.	<b>URS:</b> Nearly all Utah cities participate in a URS pension plan. Very common among other gov sector entities. <b>CC Study:</b> All 11 cities participate with a URS pension program. <b>FWB Study:</b> 62.3% report contributing more than 15% of employee income into retirement plans.	No	No change.
<b>401k Supplemental Retirement</b>	City contributes 4.5% of employee wages into choice of 401k, 457, IRA, etc. No employee contribution (match) is required	<b>CC Study:</b> 3 of 11 cities offer supplemental 401k. All 3 cities require some level of employee contribution. Alpine School District also provides 1.5% w/no employee contribution required.	Yes	City contribute 1.5% w/out employee contribution, then will match an additional 1.5% (if employee contributes 1.5%)
<b>Life &amp; Disability Insurance</b>	\$50,000 life insurance policy for employee, spouse (\$5k), kids(\$2.5k). AD&D Ins = \$50k employee only. Long Term Disability Insurance for employee only.	<b>FWB Study:</b> More than 75% offer employer-paid life insurance of \$50k or higher, including smaller amounts of spouse/child coverage. 75% offer fully-covered employer paid long-term disability	No	No change.
<b>Vision</b>	\$1,450.93 / mo defined contribution (can be used for medical, dental, vision, and supplementary). Typically, those with family insurance plans exceed DC amount and pay for vision out-of-pocket. Those with double, single, and waiver options may be able to utilize surplus DC money towards vision premiums.	<b>FWB Study:</b> 75% of respondents reported offering vision coverage. Of employers that offer vision coverage, 17% cover a portion of vision premium, with only 9.6% paying all of the vision premium.	No	No change. If DC surplus money is reduced, it may not be sufficient to cover Vision premium for some employees that have had it fully covered in the past, thus requiring out-of-pocket participation. This is typical with majority of FWB Study respondents.
<b>Sick Leave</b>	All employees earn 96 hours (12 days) per year	<b>CC Study:</b> 96 hrs/year comparable to most cities	No	No change.
<b>Vacation time &amp; Holidays</b>	40 to 160 hrs/year based on years of employment or management position. The City also has 11 paid holidays w/each employee getting one paid personal holiday.	<b>CC Study:</b> Comparisons are typical of Lindon's current vacation times offered based on years of service. <b>FWB Study:</b> 68.5% have 11 or more paid holidays per year.	No	No change.
<b>Sick Leave Buy-back</b>	City allows an employee to sell back up to 48 hours of sick time if they've accumulated 500 hours or more of sick leave. Intent is to incent employees to save at least 3-months of sick leave. (Most disability insurances don't start until 3-months of being disabled). Currently there are six employees who have accumulated 500 hours or more of sick time.	<b>CC Study:</b> Very common program among cities. Hours needed to accumulate before sell-back and hours that can be sold back vary greatly. However, Lindon is the most restrictive in time needed before being able to sell back (500 hrs).	Maybe	Decreasing the amount of time needed before being able to sell back excess sick time could help incent more participation in the program, thus protecting employees from financial losses if faced w/ severe illness. Financial implications on the city will need to be evaluated.

**8. Discussion Item — Ivory Homes / Anderson Farms concept plan***(30 minutes)*

Lindon City Planning Director, Hugh Van Wagenen, requests general feedback on the most recent concept plan presented by Ivory Homes for the Anderson Farm property located west of Geneva Road. No motions will be made.

See attached concept plan. Director Van Wagenen is looking for general feedback and input from the Council that may not have been fully discussed in the joint Planning Commission/City Council meeting last week.

No motion needed.

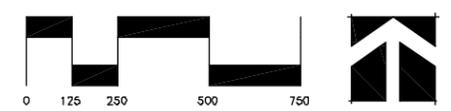


**Site Summary**

9K Lots	79
6K Lots	192
4K Lots	12
Townhomes	35
Multi-family	905
<b>Total</b>	<b>1,223 Units</b>



December 5, 2014



**Anderson Farms**  
 Concept Plan  
 Lehi, Utah

**9. Review & Action — 2015 Mayor pro tem appointments (Resolution #2014-15-R) (5 minutes)**

This is a request for the Council's consent and approval of the recommended 2015 Mayor pro tem appointment. This appointment will rotate quarterly among City Council members as listed in Resolution #2014-15-R.

See attached resolution.

**Sample Motion:** I move to (approve, deny, continue) Resolution #2014-15-R outlining the 2015 Mayor pro tem appointments.

**RESOLUTION NO. 2014-15-R**

**A RESOLUTION APPROVING THE 2015 LINDON CITY MAYOR PRO TEM APPOINTMENTS AND SERVICE DATES AND SETTING AN EFFECTIVE DATE.**

WHEREAS, the Municipal Council of Lindon City has need of appointing a Mayor pro tem to fill in for the Mayor when the Mayor is absent or otherwise unavailable; and

WHEREAS, the City Council and Mayor find it is appropriate to rotate the appointment of Mayor pro tem on a quarterly basis and that it is prudent to appoint such positions by resolution; and

WHEREAS, the current Mayor Jeff Acerson recommends appointment of the following Council members to serve in the position of Mayor pro tem as needed; and

WHEREAS, approval of the proposed resolution will ratify the desire of the Mayor and Council and will benefit the public by providing an acting Mayor pro tem in the absence of the Mayor.

THEREFORE, BE IT RESOLVED by the Lindon City Council as follows:

1. That the identified City Council members (and secondary City Council members if the first Council members are unavailable) are appointed to fill the position of Mayor pro tem during the following dates:
  - a. Jacob Hoyt (secondary Matt Bean), January 1, 2015 – March 31, 2015
  - b. Carolyn Lundberg (secondary Randi Powell), April 1, 2015 – June 30, 2015
  - c. Matt Bean (secondary Van Broderick), July 1, 2015 – September 30, 2015
  - d. Randi Powell (secondary Carolyn Lundberg), October 1, 2015 – December 31, 2015
  
2. That the appointments contained herein are effective immediately upon passage.

Adopted and approved this 16th day of December, 2014.

By \_\_\_\_\_  
Jeff Acerson, Mayor

Attest:

By \_\_\_\_\_  
Kathryn A. Moosman, City Recorder

SEAL:

**10. Review & Action —2015 Mayor & Councilmember Assignments***(5 minutes)*

This is a request for the Council's consent and approval of the recommended 2015 Mayor and Councilmember Assignments.

See attached assignment list. No change is presented from current councilmember assignments. If there is desire or need for any changes, please bring this to the Mayor's attention prior to a motion on this item.

**Sample Motion:** I move to (approve, continue) the 2015 Mayor & Councilmember Assignments, with the following recommendations:

## LINDON CITY MAYOR AND COUNCIL ASSIGNMENTS - 2015

### MAYOR JEFF ACERSON

1. Mountainland Association of Governments (MAG) / Metropolitan Planning Organization (MPO)
2. Utah County Council of Governments (COG)
3. Utah Lake Commission Governing Board
4. Utah Infrastructure Agency (UIA) Board Member
5. Utah League of Cities and Towns Representative
6. Utah County Board of Health
7. Thanksgiving Dinner
8. Little Miss Lindon
9. Public Relations – (media contact as needed)
10. Budget/Audit Committee

### COUNCILMEMBER JAKE HOYT (Secondary – Matt Bean)

1. Police/Fire and EMS
2. Emergency Management
3. Neighborhood Watch
4. Animal Shelter Board
5. Legal Council and Justice Court
6. Youth Court
7. Historic Preservation Commission / Tree Lighting Ceremony
8. Budget/Audit Committee
9. Other Duties as assigned

### COUNCILMEMBER CAROLYN LUNDBERG (Secondary – Randi Powell)

1. Parks and Recreation
2. Cemetery
3. Aquatics Center
4. Trails
5. Tree Advisory Board
6. County Fair and Strawberry Days Representative
7. Easter Egg Hunt
8. Other Duties as assigned

### COUNCILMEMBER MATT BEAN (Secondary – Van Broderick)

1. Planning Commission
2. General Plan
3. Planning and Zoning
4. Board of Adjustment
5. Alternate UTOPIA & UIA Board member
6. Budget/Audit Committee
7. Education Grants
8. Other Duties as assigned

### COUNCILMEMBER RANDI POWELL (Secondary – Carolyn Lundberg)

1. Administration, Payroll, Personnel and Office Support
2. Lindon Days
3. Community Center Advisory Board
4. Character Connection
5. Utah Valley Chamber of Commerce
6. Healthy Lindon
7. IHC Outreach Committee
8. Other Duties as assigned

### COUNCILMEMBER VAN BRODERICK (Secondary – Jake Hoyt)

1. Public Buildings
2. Building Construction and Inspection
3. Culinary and Secondary Water
4. Sewer and Storm Water
5. Streets and Sidewalks
6. Engineering (Bi-monthly Engineering Coordination meetings)
7. Irrigation Companies Representative / Board member
8. Other Duties as assigned

### At Large Citizen Representation (Secondary – Van Broderick)

1. Jerald Hatch – Transfer Station and Solid Waste Board

### MAYOR PRO-TEM – 2015

Jan. – March	Jake Hoyt
April – June	Carolyn Lundberg
July – Sept.	Matt Bean
Oct. – Dec.	Randi Powell

*Secondary fills in if Mayor Pro-Tem is unavailable.*

**II. Review & Action —2015 Public Meeting Schedule***(5 minutes)*

This is a request by Staff for City Council review and approval of the proposed 2015 Public Meeting Schedule for City Council and Planning Commission meetings. The Planning Commission recommended approval.

Please review the attached 2015 meeting schedule. We will not be holding Council meetings during the week of Lindon Days or during the week of the 2015 Elections. Other meeting dates on or near holidays have been flagged and/or removed.

With proper public notice, the Council has the ability to add, delete, or change any of the meetings on this proposed schedule once it has been approved.

**Sample Motion:** I move to approve the 2015 Lindon City public meeting schedule for the Lindon City Council and Planning Commission.

## LINDON CITY PUBLIC MEETING SCHEDULE 2015

ALL MEETINGS TO BE HELD AT THE LINDON CITY CENTER, 100 NORTH STATE STREET, LINDON UNLESS POSTED OTHERWISE

The following chart should be used as a guide when submitting applications for City Council, Planning Commission, and Board of Adjustment review. The City assumes no liability for a missed meeting. “The City of Lindon, in compliance with the Americans with Disabilities Act, provides accommodations and auxiliary communicative aids and services for all those citizens in need of assistance. Persons requesting these accommodations for City sponsored public meetings, services, programs or events should call the City Recorder, Kathy Moosman, at 801-785-5043, giving at least 24 hours notice.”

**Applications can be filed at any time. The application will be reviewed for completeness and conformance with City standards. When the application is considered complete and major issues have been addressed, it will then be scheduled for the next available meeting. Typical time frame for processing applications is 6 to 8 weeks. It is the applicant’s responsibility to contact the City and inquire as to the status of the application and when it will be scheduled for a particular meeting.**

Business requiring Planning Commission, City Council and/or Board of Adjustment review will be heard on the dates listed below.

CITY COUNCIL	PLANNING COMMISSION	BOARD OF ADJUSTMENT
7:00 P.M. 1 <sup>st</sup> & 3 <sup>rd</sup> Tuesday	7:00 P.M. 2 <sup>nd</sup> & 4 <sup>th</sup> Tuesday	
JANUARY 6, 2015 JANUARY 20, 2015 FEBRUARY 3, 2015 FEBRUARY 17, 2015 MARCH 3, 2015 MARCH 17, 2015 APRIL 7, 2015 APRIL 21, 2015 MAY 5, 2015 MAY 19, 2015 JUNE 2, 2015 JUNE 16, 2015 JULY 7, 2015 JULY 21, 2015 AUGUST 18, 2015 SEPTEMBER 1, 2015 SEPTEMBER 15, 2015 OCTOBER 6, 2015 OCTOBER 20, 2015 NOVEMBER 17, 2015 DECEMBER 1, 2015 DECEMBER 15, 2015	JANUARY 13, 2015 JANUARY 27, 2015 FEBRUARY 10, 2015 FEBRUARY 24, 2015 MARCH 10, 2015 MARCH 24, 2015 APRIL 14, 2015 APRIL 28, 2015 MAY 12, 2015 MAY 26, 2015 JUNE 9, 2015 JUNE 23, 2015 JULY 14, 2015 JULY 28, 2015 AUGUST 11, 2015 AUGUST 25, 2015 SEPTEMBER 8, 2015 SEPTEMBER 22, 2015 OCTOBER 13, 2015 OCTOBER 27, 2015 NOVEMBER 10, 2015 **NOVEMBER 24, 2015 DECEMBER 8, 2015	Board of Adjustment meets on an as needed basis.

The City Council will meet as the Redevelopment Agency and Municipal Building Authority on an as needed basis on the same date as its regularly scheduled meetings.

**NOTE:** The Board of Adjustment will meet on an as needed basis. Meeting times and dates are subject to change.

**NOTE:** Meeting dates may be canceled at the discretion of the City Council and Planning Commission due to holidays, municipal elections, or other unforeseen conflicts.

**NOTE:** Special meetings, as needed to serve the public needs, may be added throughout the year for any of the above groups - with a minimum 24 hours public notice.

**\*\***Meeting is subject to cancellation

## 12. **Council Reports:**

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*(20 minutes)*

- |  |                    |
|--|--------------------|
| A) MAG, COG, UIA, Utah Lake, ULCT, Budget Committee                            | - Jeff Acerson     |
| B) Public Works, Irrigation/water, City Buildings                              | - Van Broderick    |
| C) Planning, BD of Adjustments, General Plan, Budget Committee                 | - Matt Bean        |
| D) Parks & Recreation, Trails, Tree Board, Cemetery                            | - Carolyn Lundberg |
| E) Administration, Com Center Board, Lindon Days, Chamber of Commerce          | - Randi Powell     |
| F) Public Safety, Court, Animal Control, Historic Commission, Budget Committee | - Jacob Hoyt       |

### **13. Administrator's Report:**

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*(20 minutes)*

#### **Misc Updates:**

- December City newsletter: <http://siterepository.s3.amazonaws.com/442/december14final.pdf>
- Misc. Items:

#### **Upcoming Meetings & Events:**

- Newsletter Assignment: **Mayor Acerson** - January newsletter article. *Due by last week in December.*
- Wednesday, Dec 24th @ Noon – City Christmas party at Community Center. City offices close at noon.
- Dec 25-26<sup>th</sup> – City offices closed.
- Jan 1<sup>st</sup> – City offices closed.

#### **Future items:**

- Employee Policy Manual updates

# **Adjourn**

<b>Lindon Calls for Service</b>								
<b>Monthly Statistics - 2014</b>								
	<b>Engine 35 Responses in Lindon</b>	<b>Rescue 35 Responses in Lindon</b>	<b>Engine 35 Responses in Orem</b>	<b>Rescue 35 Responses in Orem</b>	<b>Mutual Aid - Engine 35</b>	<b>Mutual Aid - Rescue 35</b>	<b>Orem Sta. Responses in Lindon</b>	<b>Total Calls</b>
<i>January</i>	23	22	33	41	1	1	20	<b>141</b>
<i>February</i>	20	21	28	37	0	0	7	<b>113</b>
<i>March</i>	38	36	28	30	1	1	25	<b>159</b>
<i>April</i>	31	30	28	34	0	0	10	<b>133</b>
<i>May</i>	36	32	19	29	2	1	12	<b>131</b>
<i>June</i>	36	32	21	34	1	1	13	<b>138</b>
<i>July</i>	28	27	25	33	4	2	22	<b>141</b>
<i>August</i>	33	32	26	37	1	1	10	<b>140</b>
<i>September</i>	37	40	14	27	0	0	12	<b>130</b>
<i>October</i>	39	41	26	16	2	3	17	<b>144</b>
<i>November</i>	28	25	16	22	1	4	15	<b>111</b>
<i>December</i>								
<b>Total Calls</b>	<b>349</b>	<b>338</b>	<b>264</b>	<b>340</b>	<b>13</b>	<b>14</b>	<b>163</b>	

# Orem Fire

Orem, UT

This report was generated on 12/12/2014 8:50:23 AM



## Incidents for Zone for Date Range

Zone: Station 5 Lindon Response - Responses in Lindon Boundaries | Start Date: 11/01/2014 | End Date: 11/30/2014

INCIDENT NUMBER	INCIDENT TYPE	DATE	LOCATION	APPARATUS
2014-04489	321 - EMS call, excluding vehicle accident with injury	11/02/2014	680 N State	E-35,R-35
2014-04500	321 - EMS call, excluding vehicle accident with injury	11/03/2014	385 W 800	E-35,R-35
2014-04508	700 - False alarm or false call, other	11/03/2014	MM 273 I-15 NB	BC-32,E-33,R-33
2014-04515	322 - Motor vehicle accident with injuries	11/04/2014	200 S 1060	E-35,R-35
2014-04519	321 - EMS call, excluding vehicle accident with injury	11/04/2014	1703 N Meadowlark RD	BC-32,R-33
2014-04525	321 - EMS call, excluding vehicle accident with injury	11/05/2014	167 S 300	E-35,R-35
2014-04541	321 - EMS call, excluding vehicle accident with injury	11/06/2014	550 N 120	E-35,R-35
2014-04553	321 - EMS call, excluding vehicle accident with injury	11/07/2014	345 S Geneva RD	E-35,R-35
2014-04558	321 - EMS call, excluding vehicle accident with injury	11/07/2014	106 W 725	E-35,R-35
2014-04577	322 - Motor vehicle accident with injuries	11/08/2014	700 N Geneva RD	E-32,R-32
2014-04579	321 - EMS call, excluding vehicle accident with injury	11/08/2014	1975 N State ST	E-32,R-35
2014-04584	412 - Gas leak (natural gas or LPG)	11/08/2014	680 N STATE ST	E-35,R-35
2014-04588	321 - EMS call, excluding vehicle accident with injury	11/08/2014	555 S Geneva RD	E-35,R-35
2014-04601	321 - EMS call, excluding vehicle accident with injury	11/10/2014	45 N 400	E-35,R-35
2014-04610	321 - EMS call, excluding vehicle accident with injury	11/10/2014	550 N 120	E-35,R-35
2014-04624	321 - EMS call, excluding vehicle accident with injury	11/11/2014	141 N Dry Canyon DR	BR-33,E-35,R-35
2014-04628	700 - False alarm or false call, other	11/12/2014	141 N Dry Canyon DR	E-35
2014-04646	322 - Motor vehicle accident with injuries	11/13/2014	199 S State ST	E-35,R-35
2014-04648	321 - EMS call, excluding vehicle accident with injury	11/13/2014	380 W 40	E-35,R-32

Only REVIEWED incidents included.

INCIDENT NUMBER	INCIDENT TYPE	DATE	LOCATION	APPARATUS
2014-04664	321 - EMS call, excluding vehicle accident with injury	11/14/2014	780 W 100	E-35,R-35
2014-04702	321 - EMS call, excluding vehicle accident with injury	11/18/2014	693 W 20	E-35,R-35
2014-04708	321 - EMS call, excluding vehicle accident with injury	11/19/2014	500 S 500	E-35,R-35
2014-04709	322 - Motor vehicle accident with injuries	11/19/2014	445 N 1030	E-35,R-32
2014-04710	600 - Good intent call, other	11/19/2014	400 N main ST	E-32
2014-04724	321 - EMS call, excluding vehicle accident with injury	11/20/2014	814 N 2800	E-35,R-35
2014-04727	745 - Alarm system activation, no fire - unintentional	11/20/2014	111 S Eagles Nest AVE	E-32,E-35,R-35,T-31
2014-04761	743 - Smoke detector activation, no fire - unintentional	11/22/2014	325 N Canal DR	E-35,R-35
2014-04765	445 - Arcing, shorted electrical equipment	11/22/2014	30 N Main ST	E-35,R-35
2014-04795	321 - EMS call, excluding vehicle accident with injury	11/24/2014	275 W 200	E-35,R-35
2014-04830	736 - CO detector activation due to malfunction	11/26/2014	391 E 600	E-35
2014-04840	321 - EMS call, excluding vehicle accident with injury	11/27/2014	520 N LOCUST AVE	E-35,R-35
2014-04865	480 - Attempted burning, illegal action, other	11/28/2014	1700 W 450	E-35
2014-04869	321 - EMS call, excluding vehicle accident with injury	11/28/2014	814 N 2800	E-35,R-35
2014-04883	321 - EMS call, excluding vehicle accident with injury	11/29/2014	419 N 400	R-35

**Total # Incidents: 34**

Only REVIEWED incidents included.