

CITY OF OREM

STATE OF UTAH



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

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CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

Prepared by:
City of Orem, Administrative Services Department
Richard B. Manning, Administrative Services Director
Brandon C. Nelson, CPA, Accounting Division Manager

**City of Orem, Utah
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

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INTRODUCTORY SECTION



CITY OF OREM
OFFICE OF THE CITY MANAGER

December 15, 2009

To: Mayor and City Council

Subject: Comprehensive Annual Financial Report

In our ongoing efforts to provide more comprehensive financial information regarding the City, the Administrative Services Department has now completed its twenty-second Comprehensive Annual Financial Report.

The report contains critical financial information regarding the City's activities over the past year. The report of Wisan, Smith, Racker & Prescott, LLP resulting from their annual independent audit is included as a part of this annual report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

We believe that the data, as presented, is accurate in all material aspects and fairly sets forth the financial position and results of operations of the City as measured by the financial activities of its various funds. Disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have also been included.

The City concluded the year ended June 30, 2009, in sound financial condition. The following is an overview of the City's financial condition.

Operating Revenues

Even during the recent recession, property tax and franchise tax revenues remained stable. Unfortunately sales tax revenues and revenues related to the building industry, such as building permit fees, continued to trend downward similar to the experience of State government and other local governments. Consequently, revenue projections for FY 2009 were very conservative and caution was exercised in the development of the FY 2010 budget. The revenues for capital projects were reduced to avoid reductions in ongoing operational programs.

Revenues for the water, water reclamation, and storm sewer funds have provided a reasonable level of revenue in each of these areas to support both the operational and capital needs for these three critical services.

Revenues for other service areas such as residential solid waste collection, recreation programs, and street lighting are stable.

Expenditures

To balance the budget with the decrease in revenues, expenditures were reduced. Several vacant positions were not filled, training was reduced, and other expenses were reduced on a case-by-case basis. This not only led to a balanced budget, but there were savings in the personnel and operational accounts of the City.

The City's infrastructure is in good condition. Within the last year, several significant capital projects were completed and several other projects are underway. These projects include:

- Fire Station #2 was remodeled to provide improved seismic construction and to provide improved living quarters in the 30 year-old facility.
- Several large water projects were completed including new water mains in 800 North, 1600 South, 1200 West and replacement of several miles of old 4 inch water lines.
- The Road Bond projects were completed. In addition, several miles of new asphalt overlays, slurry seals, and crack sealing were applied.

Additional Capital Funding is needed:

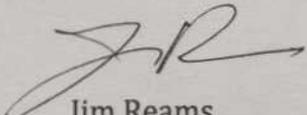
- To construct a new fire station to serve the growing population west of Interstate 15. This was included in the FY 2009 Budget, but was put on hold due to reduced revenues.
- To remodel the City Center and to provide office space for the City Attorney's offices. This will complete renovation of existing City facilities housing City services well into the future.
- To construct additional intersection signals and upgrade existing intersections with double left turn lanes.
- To install street lights in the portions of the City previously served by special lighting districts.
- To purchase additional open space for parks.
- To construct additional sidewalks.
- For continued road maintenance.
- To construct an urban trail system.
- To purchase and install a radio-read water meter system.

These projects will be funded over the next several years as opportunities for one-time monies, such as land sales, unanticipated revenue, grants, and other resources become available to the city.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of many individuals. In particular, the efforts of the Administrative Services Department staff have brought us to the point of having upgraded accounting and financial reporting systems which have improved the quality of information being reported to you, State oversight boards, and the citizens of the City of Orem.

If you have questions regarding the Comprehensive Annual Financial Report, please feel free to discuss them with Richard Manning, Brandon Nelson or me.

Yours truly,



Jim Reams
City Manager



CITY OF OREM

DEPARTMENT OF ADMINISTRATIVE SERVICES

December 15, 2009

Jim Reams
City Manager

City of Orem, Utah

The State of Utah requires that all local governments publish, within six months of the close of each year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This Comprehensive Annual Financial Report (CAFR) of the City of Orem, Utah for the fiscal year ended June 30, 2009, is hereby submitted to you, in accordance with these requirements.

This year's report has been prepared according to the guidelines set forth by the Governmental Accounting Standards Board's (GASB) Statement 34. This report consists of management's representations concerning the finances of the City of Orem. Consequently, management assumes full responsibility for completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of 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 internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

Wisan, Smith, Racker & Prescott, LLP, a firm of licensed certified public accountants, have audited the City of Orem's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Orem for the fiscal year ended June 30, 2009, 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 of Orem's financial statements for the fiscal year ended June 30, 2009, 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.

Generally accepted accounting principles require 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.

Economic Condition and Outlook

The City of Orem is located in north central Utah and is currently the sixth largest city in the state with a 2000 census population of 84,324 and an estimated current population of 93,225. Utah Valley University (UVU) is a major employer in the City with student enrollment in excess of 23,000. UVU became a university on July 1, 2008. With the change comes the addition of masters programs, a new state of the art library/digital learning center and the increased benefits that a university brings to any city.

The City has been involved in active economic development over the past two decades attracting stable industries and organizations. This economic development activity has directly led to the creation of approximately 7,000 non-retail jobs and thousands of retail jobs. The University Mall is the anchor to the largest retail area between Salt Lake County and Clark County, Nevada. The Mall was revitalized through a major remodeling project which attracted several large national retailers like Costco, Nordstrom's and Macy's. The City, like the rest of the country is in the midst of an economic recession brought on by the housing/credit crisis and has experienced a marked decline in sales tax revenues. Unemployment in the city and state has grown but is still far below the national average.

The recession has resulted in a decline in sales tax revenues, the City's chief source of general fund revenue, and building related revenues. To compensate for this revenue decline the City has made compensating operational budget cuts. During years of revenue growth the City has kept operational expansion to a minimum allowing the City to better weather this economic downturn.

Based on current projections, the population growth trend is expected to continue for the next few years. While having a positive impact, this growth also presents challenges for the City. If the present level of services is to be maintained, the City, in the future, will need to continue to be diligent in managing its resources.

Major Initiatives

For the Year

During the year, the City identified several projects needed to benefit the citizens and businesses of the community. These projects included, but were not

limited to the following:

- Completion or significant progress on City-wide road projects and other voter-approved road projects, including Sandhill Road
- Completion of missing sidewalk sections along all roads within 1/3 mile of each public school
- Installation of street lights in many City parks

The current master plans for the water, water reclamation, storm sewer, and road systems are being implemented.

For the Future

The City faces many challenges in the future, the most significant of which are:

- Continued road maintenance
- Completion of the storm sewer system
- City Center renovation
- Construction and staffing of a new fire station
- Treatment Plant expansion
- Completion of the City-wide sidewalk system

Cash Management

The City follows the requirements of the Utah Money Management Act (MM Act) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a *qualified depository*. The MM Act defines *qualified depository* as "any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council." The MM Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Allowable investments may consist of time certificates of deposit, repurchase agreements, commercial paper which is rated P-1 by Moodys Investor Services or A-1 by Standard and Poors Inc., banker's acceptances, obligations of the United States Treasury and various other obligations of state and local governments. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. The provisions of this act substantially protect the City from loss of investment principal; therefore, the City's investments are not collateralized and are not required to be collateralized by state law. The City has never lost any invested funds.

The law requires all securities to be delivered versus payment to the Treasurer's safekeeping bank. It also requires diversification of investments. The City is currently complying with all of the provisions of the MM Act for all City operating funds. Significant portions of the City's funds are invested in the Utah Public Treasurer's Investment Fund (PTIF). All deposits are held either by the City, its agent or a financial institution's trust department in the City's name.

Risk Management

The City provides for its general liability risks through a joint protection agreement with the Utah Risk Management Mutual Association (URMMA). URMMA provides for the City's lawful liabilities resulting from bodily injury, property damage, personal injury and/or public official's errors and omissions limited to \$6,000,000 per occurrence. The City maintains a Self-insurance Fund to account for and finance its uninsured risks of loss. Under this program, the Self-insurance Fund provides coverage for up to a maximum of \$400,000 for each worker's compensation claim, \$15,000 for general liability, and \$25,000 for property damage. Additional coverage for forgery, embezzlement and other potential internal losses is provided by commercial policies and is renewed annually. The City maintains a risk management office, which identifies areas of potential risk and provides training in risk avoidance and solutions to current risk concerns.

Other Information

Internal Audits

In 2005, the City Manager and Executive Staff contracted with Peterson, Allred and Jackson, CPAs for internal audit services on a quarterly basis. It was believed that improvements to the City's financial processes and procedures could be more readily identified by a third-party. These internal audits continued into calendar year 2008. The internal auditors focused on specified procedures within the City. Over the past three years they focused on cash handling, fixed asset verification, credit card usage, liability accounts procedures, and travel authorizations processing. These audits have helped City staff to improve processes in each of the above mentioned areas.

Awards

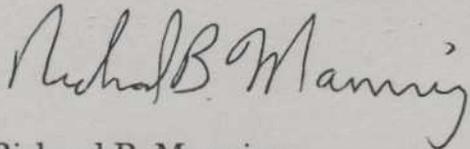
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twenty-first year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

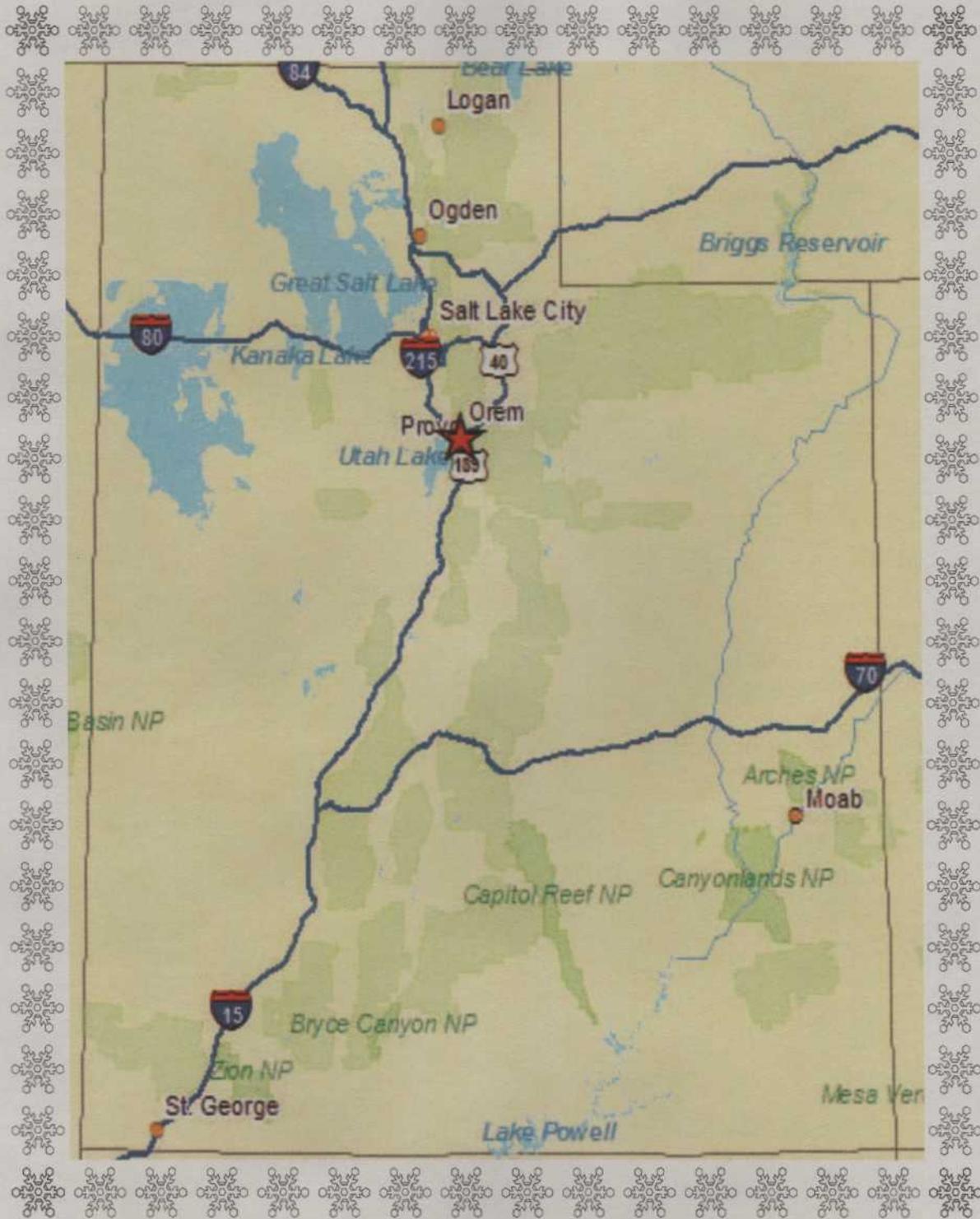
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation and to our auditors, Wisan, Smith, Racker & Prescott, LLP for their cooperation. I would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard B. Manning". The signature is written in dark ink and is positioned above the printed name and title.

Richard B. Manning
Administrative Services Director

STATE OF UTAH





CITY OF OREM

LISTING OF OFFICIALS ORGANIZED BY CLASSIFICATIONS

Chief Executive Officer

City Manager Jim Reams

Executive Staff

Assistant City Manager Jeffrey W. Pedersen

Director of Administrative Services Richard B. Manning

Director of Development Services Stanford Sainsbury

Director of Legal Services Paul B. Johnson

Director of Library Services Louise G. Wallace

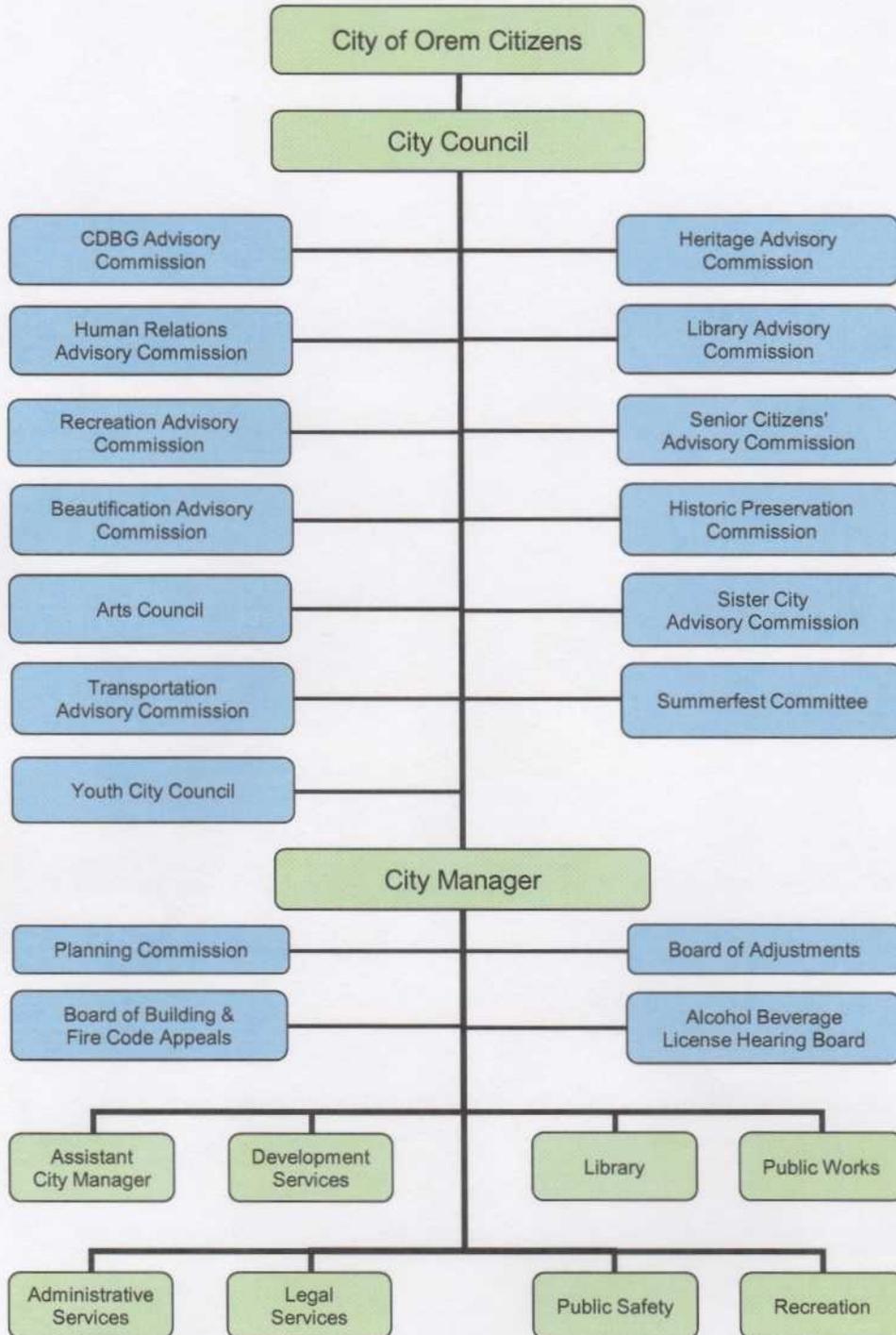
Director of Public Safety Michael J. Larsen

Director of Public Works Bruce W. Chesnut

Director of Recreational Services Karl R. Hirst

CITY OF OREM, UTAH

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orem
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

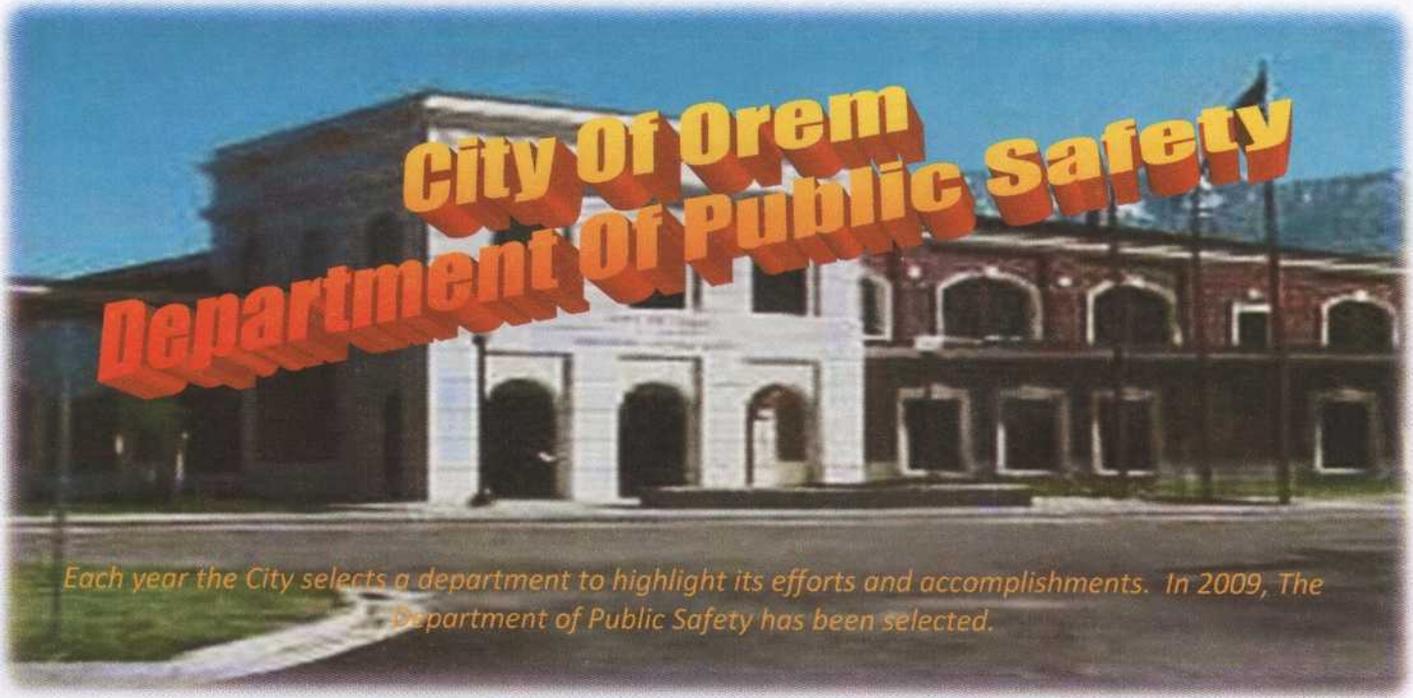


A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director



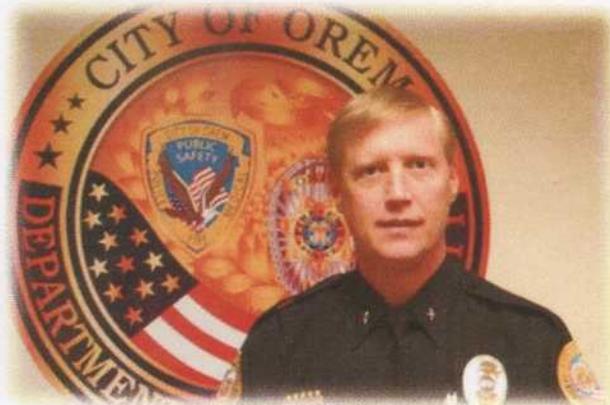
Each year the City selects a department to highlight its efforts and accomplishments. In 2009, The Department of Public Safety has been selected.

Mission Statement

In partnership with the community, provide professional, quality, and caring public safety services to produce a safe environment and a high quality of life for the citizens of Orem.

Members of the Orem Department of Public Safety value honesty, integrity and strive to create partnerships with the community. This bond is a primary goal of the department and it is necessary if we are to effectively meet the needs of the citizens and visitors of our community. These partnerships aid in protecting the community and providing caring public safety services to all.

The Department of Public Safety consists of four divisions: **Police Patrol, Investigations, Support Services,** and **Fire/Rescue.**



Director of Public Safety, Mike Larsen

Patrol Division

The Patrol Division is comprised of 54 sworn officers, divided into six patrol teams.



Patrol Division Commander
Captain Bob Conner

The patrol division is tasked with taking calls for service, proactive enforcement through visible patrol, and problem solving in partnership with the neighborhoods and business community. Patrol officers deal with a wide variety of issues including, traffic accidents, missing children, burglaries, thefts, medical emergencies, assaults and other crimes in progress. So far this year, the Department has received more than 42,000 calls for service and the Patrol Division responded to the majority of those calls.

The Patrol Division has six teams. The primary focus of five teams is taking calls for service and working to solve problems within their assigned patrol areas. The sixth team is the Selective Enforcement Team which has the responsibility for directed traffic enforcement and canine services. The Department currently has four dual purpose dogs for patrol use and narcotic detection.

Cpl. Art Lopez and K-9 Zorro



Cpl. Ryan Porter



Investigations Division

The Investigations Division is comprised of 23 sworn officers, and 4 non-sworn civilians, divided into six areas.



Investigations Division
Commander Captain Steve Clark

The Investigations Division is made up of sworn officers and civilian personnel with specialized training in different areas of public safety. The areas of experience range from investigating major crimes such as homicide, robbery, and burglary to computer crimes, drug investigations, white collar crime, crimes against children, nuisance ordinance violations, gang enforcement, and victim assistance.

Utah County Major Crimes officers are tasked with investigating any major or multijurisdictional crimes. This includes narcotic cases and complex investigations that span the county, state, or at times, across the country.

School Resource Officers are assigned to the high schools within the city limits. They have offices at the high schools and interact with the students and faculty daily.

Neighborhood Preservation Unit is a specialized group of officers that protects city homeowners and neighborhoods by enforcing code and nuisance ordinance violations.

Detectives within the Division are assigned cases that require a substantial amount of follow up. It is common for a detective to have an active case load of 20-30 cases at one time.

Victim Advocates are a great asset to the Division. They assist victims of abuse and crimes by providing them with information about gaining access to programs that can aid them. They also provide support throughout the investigation and prosecution process.

Support Services Division

The Support Services Division is comprised of 12 sworn officers and 39 non-sworn civilian employees, divided into eight areas.



Support Services Division Commander
Captain Ned Jackson

The Support Services Division is made up sworn officers and civilian personnel whose job is to support the other divisions within the department. Included within the division are the **Communications/911 Center, Evidence/Property Management, Animal Control, Community Service Specialists, Training Unit, Prisoner Transportation, Community Education, and Information Technology.**



ACO Officers
Rex Skinner and Terry Steele

Communications Center



Evidence Technician
Pat Pikus

Fire Division

The Fire Division is comprised of 71 sworn public safety officers.



Fire Division Chief
Scott Gurney

The Fire/Rescue Division provides fire suppression, emergency medical and fire prevention services. Orem participates in the multi-agency special response team. This consists of a team of fire personnel from throughout Utah County that specialize in hazardous materials, confined space, and high angle rescues. The division responds to more than 4,500 calls for service each year. Emergency medical transports total approximately 3,000 patient transports annually.



The Fire Division
trains for all types of
Emergency Incidents



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Orem, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Orem, Utah (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Orem, Utah, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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 considered in assessing the results of our audit.

The management's discussion and analysis and the schedule of funding progress on pages 19 through 34 and page 93, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Wilson Smith Racker & Purcell, LLP

Salt Lake City, Utah
December 15, 2009

MD & A

City of Orem
Management's Discussion and Analysis
June 30, 2009

As management of the City of Orem, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- As of the end of the current fiscal year, the government-wide assets of the City exceeded its liabilities by \$212,062,581 (total net assets). Of this amount, \$34,795,888 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net assets consist of \$172,344,972 in capital assets net of related debt and \$39,717,609 in other net assets.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,186,603. Of this amount, \$19,264,882 (79.65%) is available for spending at the government's discretion (unreserved fund balance) with the balance of \$4,921,721 reserved for capital projects, debt service, and prepaid expenditures.
- As of the end of the current fiscal year, the City's enterprise funds reported an increase in net assets of \$1,723,550 compared to the prior year's increase of \$3,479,166. The decrease was due primarily to decreased grants of \$866,900. The City received a federal water grant in the prior year that was not awarded to the city in the current year. Several large water and storm sewer projects were also completed early in the year which resulted in an increase in depreciation expense of \$390,875. Enterprise fund revenues increased by only 1.34%.
- The City issued general obligation refunding bonds in March of 2009 for \$2,865,000 to replace the existing 1998 Series bonds. This refunding took place in order to gain a more favorable interest rate saving the City \$194,716 in total debt service payments.
- The City issued special improvement district revenue bonds in February of 2009 for \$3,943,000 for property improvements.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Orem's finances, in a manner similar to a private-sector business.

City of Orem
Management's Discussion and Analysis
June 30, 2009

- The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the 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 the City include the general government, public safety, redevelopment, highways and public improvements, parks, recreation and arts (includes library), and economic and physical development. The business-type activities of the City include culinary water distribution, water reclamation, storm sewer operations, recreation (fitness center and outdoor pool), solid waste disposal, and street lighting.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate entity, the Commission for Economic Development in Orem (CEDO), for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

Fund financial 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. The 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 the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds.* These 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

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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*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects fund, which are considered major funds of the City. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

- *Proprietary funds.* The City of Orem maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Water Reclamation, Storm Sewer, Recreation, Solid Waste, and Street Lighting activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for servicing its fleet of vehicles, for providing self-insurance, and for procurement and warehousing. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 the Water, Water Reclamation, and Storm Sewer funds, which are considered major funds of the City. The Recreation, Solid Waste, and the Street Lighting funds are classified as nonmajor and are included in the *combining statements* within this report. Conversely, the three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provide in the form of *combining statements* within this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As mentioned in the highlights section, assets exceeded liabilities by \$212,062,581 at June 30, 2009.

By far the largest portion of the City's net assets (81.27%) is its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets) less any outstanding debt related to the acquisition of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the 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.

City of Orem's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 46,770,584	\$ 51,260,414	\$ 16,988,704	\$ 18,553,997	\$ 63,759,288	\$ 69,814,411
Capital Assets	161,459,199	162,846,732	73,714,789	71,664,090	235,173,988	234,510,822
Total Assets	208,229,783	214,107,146	90,703,493	90,218,087	298,933,276	304,325,233
Long-term Debt						
Outstanding	46,292,149	49,063,171	26,093,338	27,019,828	72,385,487	76,082,999
Other Liabilities	12,156,267	15,648,117	2,328,941	2,640,595	14,485,208	18,288,712
Total Liabilities	58,448,416	64,711,288	28,422,279	29,660,423	86,870,695	94,371,711
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	120,836,719	117,130,313	51,508,253	51,848,628	172,344,972	168,978,941
Restricted	4,921,721	4,701,465	-	-	4,921,721	4,701,465
Unrestricted	24,022,927	27,564,080	10,772,961	8,709,036	34,795,888	36,273,116
Total Net Assets	\$ 149,781,367	\$ 149,395,858	\$ 62,281,214	\$ 60,557,664	\$ 212,062,581	\$ 209,953,522

A portion of the City of Orem's net assets (2.32%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net assets (\$34,795,888) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Street Lighting Fund was the only fund reporting a deficit in unrestricted net assets (\$371,058). This deficit was created by timing differences between debt service payments on leases and the implementation of fees assessed to property owners and will eventually be eliminated when the debt is retired.

At the end of the current fiscal year, the City of Orem is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate business-type activities. In the prior year, the City of Orem was able to report positive balances in all three categories of

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net assets, for the government as a whole, as well as for its separate governmental and business-type activities.

Comparing the current fiscal year to the prior fiscal year, the government's net assets increased by \$2,109,059 (1.00%). Total revenues decreased by \$5,032,562 (5.83%), due in large part to decreases in federal and state capital grants of \$2,171,954 (42.98%) and sales taxes of \$2,627,320 (12.74%). The following is a summary of the changes in net assets:

City of Orem's Changes in Net Assets

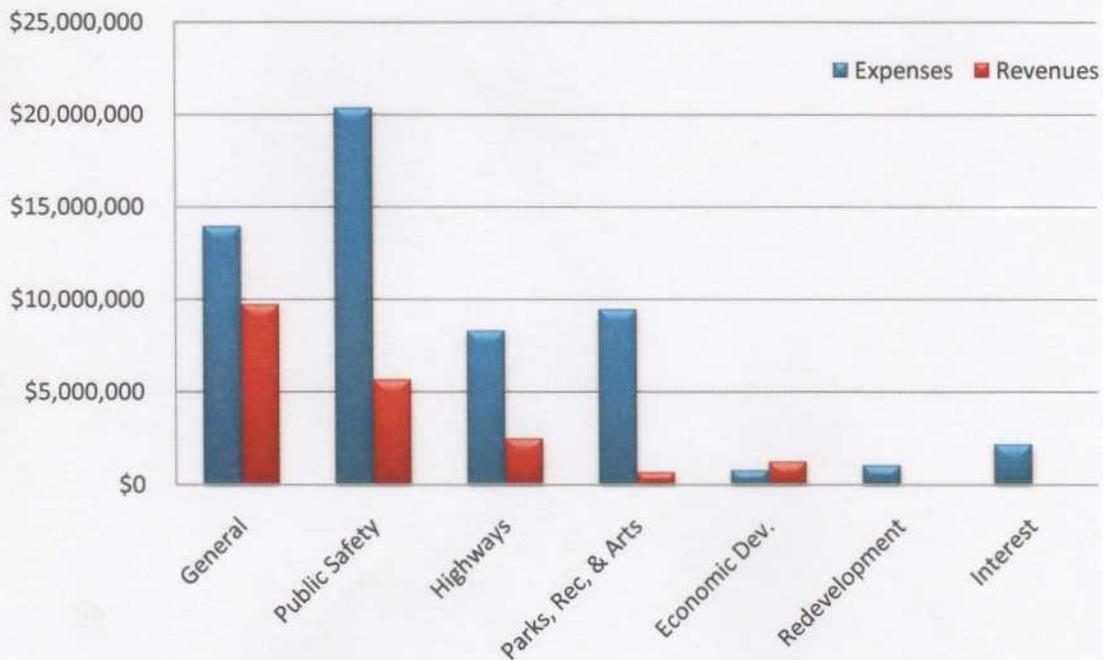
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,543,782	\$ 15,858,973	\$ 23,504,624	\$ 23,193,312	\$ 39,048,406	\$ 39,052,285
Operating Grants and Contributions	1,369,082	1,438,884	-	-	1,369,082	1,438,884
Capital Grants and Contributions	2,881,835	4,127,289	-	926,500	2,881,835	5,053,789
General Revenues:						
Sales Taxes	17,989,571	20,616,891	-	-	17,989,571	20,616,891
Property Taxes	10,243,876	9,082,992	-	-	10,243,876	9,082,992
Other Taxes	8,381,659	8,405,861	-	-	8,381,659	8,405,861
Other	1,026,283	2,134,577	386,979	574,974	1,413,262	2,709,551
Total Revenues	<u>57,436,088</u>	<u>61,665,467</u>	<u>23,891,603</u>	<u>24,694,786</u>	<u>81,327,691</u>	<u>86,360,253</u>
Expenses:						
General Government	13,961,604	15,187,762	-	-	13,961,604	15,187,762
Public Safety	20,352,956	19,491,191	-	-	20,352,956	19,491,191
Highways and Public Improvements	8,299,238	8,646,549	-	-	8,299,238	8,646,549
Parks, Recreation & Arts	9,474,718	9,416,719	-	-	9,474,718	9,416,719
Economic and Physical Development	761,214	2,096,573	-	-	761,214	2,096,573
Redevelopment	1,026,908	593,283	-	-	1,026,908	593,283
Interest on Long-Term Debt	2,171,793	2,217,525	-	-	2,171,793	2,217,525
Water	-	-	8,849,126	8,388,236	8,849,126	8,388,236
Water Reclamation	-	-	5,996,131	5,982,610	5,996,131	5,982,610
Storm Sewer	-	-	2,250,279	2,004,281	2,250,279	2,004,281
Recreation	-	-	1,695,721	1,617,587	1,695,721	1,617,587
Solid Waste	-	-	3,128,564	3,014,707	3,128,564	3,014,707
Street Lighting	-	-	1,250,380	1,244,305	1,250,380	1,244,305
Total Expenses	<u>56,048,431</u>	<u>57,649,602</u>	<u>23,170,201</u>	<u>22,251,726</u>	<u>79,218,632</u>	<u>79,901,328</u>
Increase (Decrease) in Net Assets before Transfers	1,387,657	4,015,865	721,402	2,443,060	2,109,059	6,458,925
Transfers In (Out)	(1,002,148)	(1,036,106)	1,002,148	1,036,106	-	-
Increase in Net Assets	<u>385,509</u>	<u>2,979,759</u>	<u>1,723,550</u>	<u>3,479,166</u>	<u>2,109,059</u>	<u>6,458,925</u>
Net Assets, Beginning - As Previously Reported	149,395,858	145,440,438	60,557,664	57,078,498	209,953,522	202,518,936
Prior Period Adjustment	-	975,661	-	-	-	975,661
Net Assets, Beginning - As Restated	<u>149,395,858</u>	<u>146,416,099</u>	<u>60,557,664</u>	<u>57,078,498</u>	<u>209,953,522</u>	<u>203,494,597</u>
Net Assets, Ending	<u>\$ 149,781,367</u>	<u>\$ 149,395,858</u>	<u>\$ 62,281,214</u>	<u>\$ 60,557,664</u>	<u>\$ 212,062,581</u>	<u>\$ 209,953,522</u>

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Governmental activities. Governmental activities increased the City of Orem's net assets by \$385,509 which represents 18.28% of the total growth of net assets of the City of Orem. Although the City increased its net assets in the current fiscal year, general revenues decreased by \$2,598,932 (6.46%). This decrease in revenues was partially offset by total expenses decreasing by \$1,601,171 (2.78%). The increase in net assets represents a 0.26% increase for the current year but is a decrease of 90.25% when compared to the prior year's net asset change.

The following graph displays the governmental activities reflected in the table "City of Orem's Changes in Net Assets". Note that the graph below does not include general revenues of \$37,641,389 because these revenues are not specific to a particular department.

**Program Expenses & Revenues - Governmental Activities
 For Fiscal Year Ending June 30, 2009**



Key elements affecting the change in governmental activities net assets are as follows:

- Total revenues decreased by \$4,229,379 (6.86%).
- General revenues decreased by \$2,598,932 (6.46%). This decrease is due in large part to a decrease in sales tax revenues of \$2,627,320

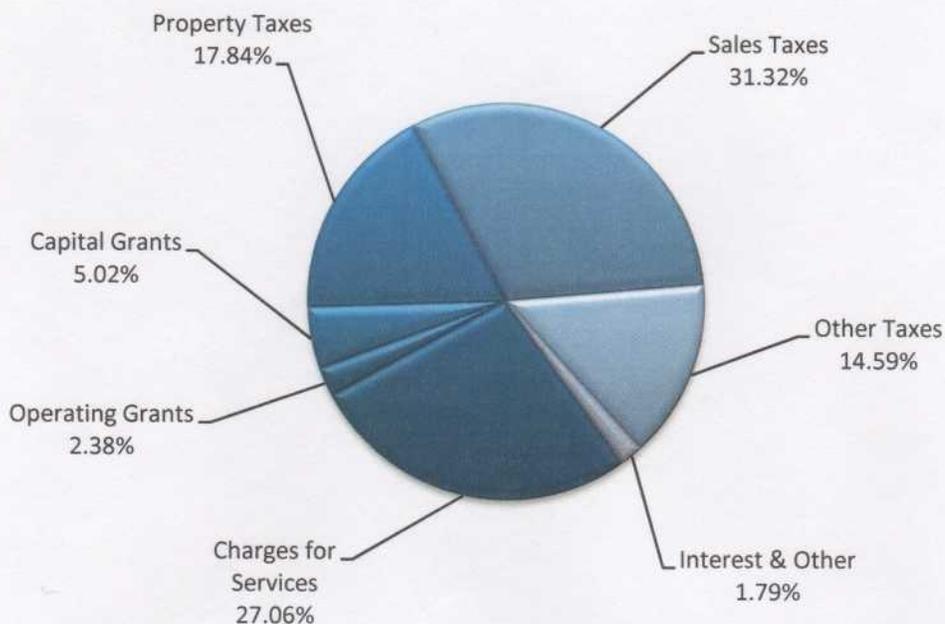
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(12.74%) which is a result of the recent economic downturn. Property tax revenues increased by \$1,160,884 (12.78%), although almost the entire increase is in the redevelopment fund which must be used for specific redevelopment areas. Other general revenues decreased by \$1,108,294 (51.92%) caused primarily by a decrease in interest earnings due to lower cash balances available to invest as well as poor investment earnings rates.

- Total expenses decreased by \$1,601,171 (2.78%). This decrease is primarily due to decreases in expenses for general government of \$1,226,158 (8.07%) and economic and physical development of \$1,335,359 (63.69%). The decrease in general government expenditures is due in large part to a decrease in liability and workers compensation claims. The decrease in economic and physical development expenditures is due primarily to the completion of a large economic development project in the prior year.

The following graph displays the governmental activities revenues by source. The information reflected in this graph comes from the "City of Orem's Changes in Net Assets" table previously shown.

**Revenues by Source - Governmental Activities
For Fiscal Year Ending June 30, 2009**

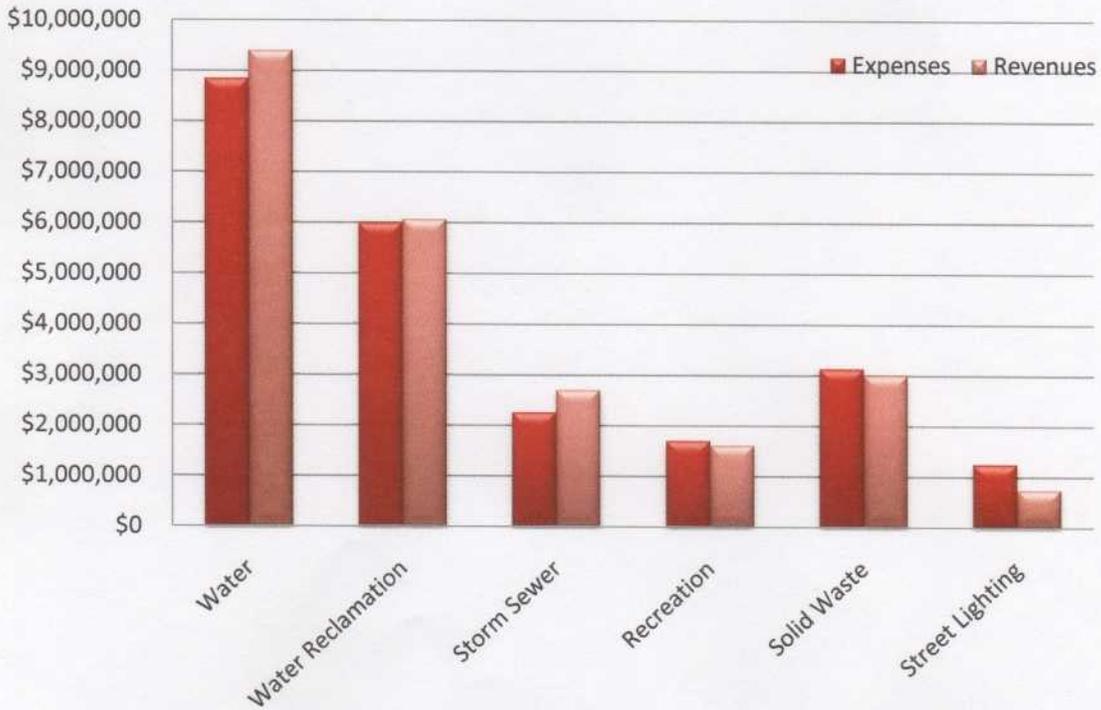


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Business-type activities. Business-type activities increased the City's net assets by \$1,723,550 which represents 81.72% of the total growth in net assets of the City of Orem. Although the City increased its net assets in the current fiscal year, total revenues decreased by \$803,183 (3.25%) and total expenses increased by \$918,475 (4.13%). The increase in net assets represents a 2.85% increase for the current year but is a decrease of 50.46% when compared to the prior year's net asset change. As of the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

The following graph displays the business-type activities for enterprise funds reflected in the table "City of Orem's Changes in Net Assets".

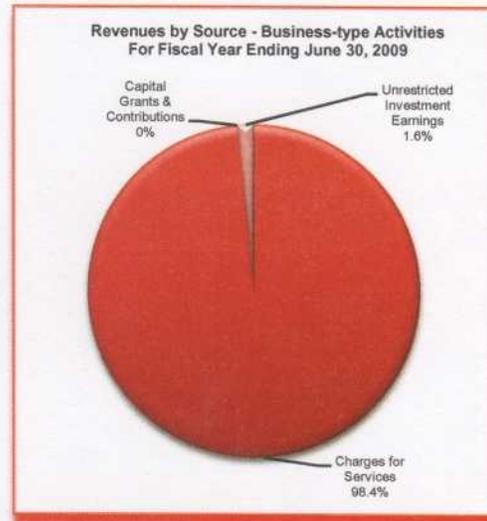
**Program Expenses & Revenues - Business-type Activities
For Fiscal Year Ending June 30, 2009**



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Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported decreased total revenues over the prior year of \$803,183 (3.25%). Total revenues increased or decreased as follows:
 - Water fund total operating revenues increased by \$71,764 or 0.77%. Despite a 2.50% increase in the base rate, operating revenues were basically flat due primarily to a wetter than average May and June which decreased water usage significantly for these two months. However, other program revenues decreased by \$926,500 because of a federal grant that was received in the prior year that was not awarded in the current year.
 - Water Reclamation fund contributions from developers decreased by \$48,000 or 100%, due primarily to the construction downturn that was previously mentioned.
 - Storm Sewer fund operating revenues increased by \$139,740 or 5.48%, primarily due to a \$0.25 increase in the storm water fee.
- Business-type activities reported an increase in total operating expenses from the prior year of \$918,475 or 4.13%. The increase is primarily due to an increase in water and storm sewer fund depreciation expense of \$239,541 (16.31%) and \$151,334 (36.16%), respectively, which was due to several large capital projects being completed early in the year. Also, the costs to treat the City's culinary water increased by \$199,245 or 23.04%. Personnel costs for all funds combined increased by \$217,670 (3.74%) primarily due to annual salary increases and the continued increase in the cost of healthcare.



The graph above displays the business-type activities revenues by source. The information reflected in this graph comes from the "City of Orem's Changes in Net Assets" table previously shown.

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Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,186,603. Of this total amount, \$19,264,882 (79.65%) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remaining fund balance of \$4,921,721 is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service or a variety of other restricted purposes.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,773,200 while total fund balance decreased to \$8,543,541. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.22% (prior year was 24.87%) of total general fund expenditures, while total fund balance represents 19.20% (prior year was 28.63%) of that same amount.

The General fund's total fund balance decreased by \$4,076,392 in the current fiscal year (the prior year had an increase of \$1,847,851). Thus, there was a negative variance from the prior year of \$5,924,243. The following elements were key factors contributing to this variance:

- Decreased taxes and special assessments revenues of \$2,279,534 are due to a decrease in sales taxes of 12.15%. This decrease is the result of the current economic downturn which is significantly affecting the City's large retail commercial center.
- Decreased licenses and permits revenues of \$569,784 are due to a decrease in building permits of 54.55%. This decrease is the result of the current economic downturn which is significantly affecting residential and commercial construction throughout the city.
- Decreased intergovernmental revenues in the form of federal, state, and local grants of \$635,176 (16.91%). The largest piece of this decrease is in state B&C road fund revenues which decreased by \$366,023 (13.53%). Due to the decline in gasoline sales and the general cost consciousness of our citizens, the revenues received through the sale of gasoline has declined significantly.

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- Decreased interest earnings on investments of \$498,119 (49.04%). This decrease is the result of federal economic stimulation efforts which reduced the federal borrowing rate to historic lows which also had the effect of lowering interest earnings rates. Due to the economic downturn, the City also had fewer available funds to invest.
- Decreased capital outlay expenditures of \$1,144,254 (30.31%). Due to the current economic downturn, many capital purchases and projects were put on hold.
- Increased personnel costs of approximately \$1,820,000 (6.04%) due to general salary increases and increased health benefit costs.
- Increased transfers out of \$2,337,265 (58.27%). The increase was due to a transfer to the Debt Service Fund for potential future UTOPIA debt coverage obligations.

The Capital Projects fund has a total fund balance of \$1,701,200, all of which is designated for the payment of capital improvement or economic and physical development projects. The net decrease in fund balance during the current year of \$2,613,358 represents a decrease of 60.57%. Due to the current economic downturn, potential capital projects were placed on hold. Thus, no new funds were transferred into the fund resulting in a decrease in fund balance as existing projects were completed.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water fund at the end of the year amounted to \$5,467,593. Total net assets increased by \$856,593 (3.04%) during the current fiscal year. However, this increase was a 60.01% decrease from the prior year. Operating revenues increased by \$71,764 (0.77%). Water operating revenues increased primarily due to a 2.50% increase in the meter base rate. Water consumption, however, decreased by 6.40% due to a wetter than normal May and June. This decrease in consumption decreased water revenues compared to the prior year. However, this loss in revenues was offset by an increase in the meter base rate for the current year. Operating expenses increased by \$275,681 (3.54%) in comparison with the prior year. The increase in expenses is primarily associated with an increase in depreciation expense (\$239,541 or 16.31%) and culinary water treatment costs (\$199,245 or 23.04%). The increase in depreciation expense was due to several large capital projects being completed early in the year.

Unrestricted net assets of the Water Reclamation fund at the end of the year amounted to \$2,761,012. Total net assets increased by \$23,140 (0.13%) during the current fiscal year. However, this increase was a 90.29% decrease from the prior year. Operating revenues decreased by \$13,556 (0.22%). Consumption revenues for the water reclamation fund will *generally* follow that of the water fund because the water reclamation fund computes the amount to bill the user based upon the amount of water the user consumes. Thus, the decrease in water consumption mentioned previously caused a corresponding decrease in water reclamation consumption which affected operating revenues for the current year. Operating expenses increased by

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\$20,169 (0.34%) in comparison with the prior year. The increase in expenses is primarily due to increases in personnel costs due to general salary increases and the increasing cost of healthcare benefits of approximately 8%.

Unrestricted net assets of the Storm Sewer fund at the end of the year amounted to \$1,715,151. Total net assets increased by \$511,514 (4.62%) during the current fiscal year. Operating revenues increased by \$139,740 (5.48%) primarily due to a \$0.25 increase in the storm sewer fee. Operating expenses increased by \$253,496 (14.39%) in comparison with the prior year. Depreciation expense increased by \$151,334 (36.16%) due to the completion of several large capital projects during the year. Personnel costs also increased by \$40,029 (6.31%) due to general salary increases and the increasing cost of healthcare benefits of approximately 8%.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total (including net transfers) of \$51,604,491 to a final budget of \$56,515,107, an increase of \$4,910,616. The increases to the General Fund budget are briefly summarized as follows:

- Various public safety grants received during the year totaled \$429,756. Public safety also purchased a server through a capital lease for \$34,977 and had a need to increase their subcontracted ambulance collection fees by \$20,000 due to an increase in actual cash collections.
- The library received several grants during the year totaling \$45,102. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$109,856.
- Various capital equipment and projects were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$591,931.
- Various outstanding purchases were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$453,729.
- A budgeted transfer out increased the budget by \$2,585,089. This transfer was to the Debt Service Fund for potential future UTOPIA debt coverage requirements.
- The budgeted amount for road improvement projects was increased by \$200,000 by appropriating unrestricted fund balance.

Several General Fund revenue and expenditure categories were significantly higher or lower than their final budgeted amounts. These variances are briefly summarized as follows:

- Taxes and Special Assessments – Revenues – Actual amount was lower than the budgeted amount by \$2,349,875 (7.41%). Sales tax revenues were lower than budgeted by \$2,162,622. The recent economic downturn significantly affected retail sales in the area.

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- Licenses and Permits – Revenues – Actual amount was lower than the budgeted amount by \$572,849 (35.80%). Building permit revenue was lower than budgeted by \$549,610. The recent economic downturn significantly affected residential and commercial construction.
- Interest Revenues – Revenues – Actual amount was lower than the budgeted amount by \$556,478 (51.81%). The federal government's attempts at stimulating the economy through federal borrowing rate reductions caused a corresponding reduction in rates being paid on the types of investment instruments the city invests in. Due to the economic downturn, the city also had less money to invest.
- General Government – Expenditures – Actual amounts were lower than budgeted by \$1,656,539 (12.65%). The Information Technology division, Administrative Services, did not upgrade as many computers or network servers as expected which created a positive variance of \$225,302. Various other personnel savings occurred through changes in positions to not filling vacated positions creating a positive variance of \$159,252. Various capital purchases and projects were postponed creating a positive variance of \$966,750.
- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$1,890,503 (8.61%). A large portion of the variance, \$987,835, is due to lower than expected overtime and fringe benefits. There were also four large projects totaling approximately \$375,000 that were budgeted that had yet to incur any costs.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$1,811,766 (24.30%). Most of this variance can be attributed to a street overlay/reconstruction project and a traffic signal project that were delayed and are expected to be completed in the next fiscal year.
- Parks, Recreation and Arts – Expenditures – Actual amounts were lower than budgeted by \$436,670 (5.69%). Personnel costs were lower than budgeted by approximately \$87,000 due primarily to not hiring as many part-time and/or seasonal employees. Many parks maintenance activities were reduced creating a positive variance of \$155,161. There were also several capital projects that had funds remaining totaling approximately \$106,000.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$235,173,988 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment (including vehicles), infrastructure, and construction in progress.

Major capital asset events during the current fiscal year include the following:

- Public safety purchased several new vehicles and replaced a number of aging police vehicles totaling \$237,581. The fire division purchased a new ambulance totaling \$113,834. The dispatch center completed a

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renovation of its work area at a cost of \$140,126. The City contracted with a nearby city to provide fire and dispatch services which created the need to purchase various capital items totaling \$137,102.

- The Parks division purchased a new riding lawn mower for \$73,500.
- The Library had \$222,477 of work completed on its RFID/Self-checkout project as well as \$62,237 in other equipment or improvements.
- Renovation or remodel work on the public library, cemetery, and fire station #2 & #4 was completed or in process with additional current year costs of approximately \$930,000.
- Various road and traffic signal projects completed or added to construction in process were approximately \$3,212,000.
- Construction or rehabilitation work on city wells was begun with current year additions totaling \$981,560.
- The water, water reclamation, and storm sewer divisions purchased new or replacement vehicles totaling \$939,975. A few of the major purchases included a new jet rodder vacuum truck costing \$320,864, a sweeper costing \$174,365, and a new dump truck costing \$134,530.
- Various structural renovations or new construction work at several city parks was completed or in process totaling approximately \$219,143.
- Various water, sewer, and storm sewer line improvements totaled approximately \$3,082,000.
- The City purchased a piece of property known as the Lindon Hollow Ditch for \$862,311. Since the creation of the City's storm sewer master plan in December of 1996, the City has had a desire to obtain this particular piece of property since 50% of the City's storm sewer drainage runs through it. During this last year, an opportunity arose whereby the City (along with the neighboring cities of Lindon and Pleasant Grove) could purchase the property and after some lengthy negotiations was able to do so. Thus, the City could better maintain the ability to monitor and control storm sewer runoff which runs through this natural wetland drainage area into Utah Lake.

City of Orem's Capital Assets
(Net of Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 59,017,375	\$ 59,007,221	\$ 1,753,750	\$ 891,439	\$ 60,771,125	\$ 59,898,660
Buildings and Systems	16,323,191	16,776,318	3,770,074	3,763,719	20,093,265	20,540,037
Improvements other than Buildings	15,702,457	16,843,514	9,825,320	10,103,082	25,527,777	26,946,596
Machinery and Equipment	5,338,305	5,337,653	2,532,387	1,828,953	7,870,692	7,166,606
Infrastructure	63,298,595	62,746,198	54,314,131	52,718,700	117,612,726	115,464,898
Construction in Progress	1,779,276	2,135,828	1,519,127	2,358,197	3,298,403	4,494,025
Total Capital Assets	\$ 161,459,199	\$ 162,846,732	\$ 73,714,789	\$ 71,664,090	\$ 235,173,988	\$ 234,510,822

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 70-73.

City of Orem
Management's Discussion and Analysis
June 30, 2009

Long-term debt. At the end on the current year, the City had total bonded debt outstanding of \$65,960,757. Of this amount, \$18,825,000 comprises debt backed by the full faith and credit of the government and \$47,135,757 is debt that is secured solely by specific revenue sources (i.e., revenue bonds) such as sales taxes, water revenues, and storm sewer revenues.

City of Orem's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
	General Obligation Bonds	\$ 18,825,000	\$ 19,960,000	\$ -	\$ -	\$ 18,825,000
Revenue Bonds	21,965,000	20,003,000	25,170,757	26,048,757	47,135,757	46,051,757
Total Bonds	\$ 40,790,000	\$ 39,963,000	\$ 25,170,757	\$ 26,048,757	\$ 65,960,757	\$ 66,011,757

The City's total bonded debt decreased by \$51,000 (0.08%) during the current fiscal year. During the year, \$2,865,000 in 2009 General Obligation Refunding bonds were issued and the remaining \$2,905,000 of outstanding 1998 General Obligation bonds were extinguished. The terms of the new bonds matches that of the refunded bonds which were to expire in December 2018. There were \$3,943,000 in new Midtown Village Special Improvement District bonds issued as well. These bonds were issued to provide permanent financing of the costs of acquisition and construction of an underground parking structure as well as all other miscellaneous work necessary to complete the project. They have a term of close to twenty years and are set to expire in December 2028.

The City of Orem maintains a "AA" rating from Fitch Ratings and from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$281,859,970, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer, or electrical projects is \$563,719,940, which again significantly exceeds the outstanding business-type activity debt.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 76-83.

City of Orem
 Management's Discussion and Analysis
 June 30, 2009

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Orem at June 30, 2009 was 6.0%. The City's unemployment rate compares favorably to the national rate and is relatively close to the county and state. The table below provides current year comparative information as well as a historical perspective. (Source: U.S. Bureau of Labor Statistics).

	HISTORICAL ANNUAL UNEMPLOYMENT RATES				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City	4.7%	3.1%	2.8%	3.7%	6.0%
County	4.7%	3.1%	2.8%	3.5%	5.5%
State	4.9%	3.3%	2.9%	3.5%	5.9%
Nation	5.0%	4.6%	4.5%	5.5%	9.5%

- The General Fund budget for the fiscal year ending June 30, 2010 reflects a decrease of 5.90% in revenues, excluding appropriations of surplus, compared to the final fiscal year ending June 30, 2009. This decrease in revenues is due primarily to a decrease in sales tax revenues. Budgeted expenditures decreased by 5.62% over the final fiscal year ending June 30, 2009 expenditures.
- Economic trends in the region compare favorably to national indices. However, sales tax revenues have been declining compared to equivalent prior year time periods. These declines are being monitored very closely so that the City can identify what future construction projects or anticipated spending may need to be modified or suspended should this trend continue.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

Request For Information

This financial report provides a general overview of the City of Orem's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Orem, Director of Administrative Services, 56 North State Street, Orem, UT 84057.

**BASIC
FINANCIAL
STATEMENTS**

City of Orem
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit CEDO
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 21,824,604	\$ 10,499,239	\$ 32,323,843	\$ 267,104
Receivables (Net of Allowance for Uncollectibles)	689,574	1,803,818	2,493,392	-
Property Taxes Receivable	4,426,919	-	4,426,919	-
Other Taxes Receivable	4,003,685	-	4,003,685	-
Special Assessments Receivable	8,631,280	-	8,631,280	-
Internal Balances	418,156	(418,156)	-	-
Inventory	364,475	-	364,475	-
Notes Receivable	434,598	-	434,598	776,832
Prepaid Expenses	26,745	-	26,745	-
Deferred Charges	481,649	352,785	834,434	-
Restricted Assets:				
Cash and Cash Equivalents:				
Debt Service	2,854,535	-	2,854,535	-
Capital Improvement Projects	2,614,364	4,751,018	7,365,382	-
Capital Assets:				
Non-depreciable Capital Assets	60,796,651	3,272,877	64,069,528	15,000
Depreciable Capital Assets (net)	100,662,548	70,441,912	171,104,460	93,016
Total Assets	<u>208,229,783</u>	<u>90,703,493</u>	<u>298,933,276</u>	<u>1,151,952</u>
LIABILITIES				
Accounts Payable	637,850	1,162,008	1,799,858	-
Customer Deposits	1,715,954	9,358	1,725,312	-
Accrued Liabilities	2,594,988	270,564	2,865,552	-
Unearned Revenue	6,204,271	373,496	6,577,767	776,832
Accrued Interest Payable	432,802	513,515	946,317	-
Liabilities Payable from Restricted Assets	570,402	-	570,402	-
Noncurrent Liabilities:				
Due within One Year	7,349,418	1,281,545	8,630,963	-
Due in more than One Year	38,942,731	24,811,793	63,754,524	-
Total Liabilities	<u>58,448,416</u>	<u>28,422,279</u>	<u>86,870,695</u>	<u>776,832</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	120,836,719	51,508,253	172,344,972	108,016
Restricted for:				
Debt Service	2,853,975	-	2,853,975	-
Construction	2,041,001	-	2,041,001	-
Other Purposes	26,745	-	26,745	-
Unrestricted	24,022,927	10,772,961	34,795,888	267,104
Total Net Assets	<u>\$ 149,781,367</u>	<u>\$ 62,281,214</u>	<u>\$ 212,062,581</u>	<u>\$ 375,120</u>

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

City of Orem
Statement of Activities
For The Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 13,961,604	\$ 9,687,642	\$ 65,477	\$ -
Public Safety	20,352,956	4,928,986	662,799	91,443
Highways and Public Improvements	8,299,238	-	-	2,472,049
Parks, Recreation and Arts	9,474,718	621,115	-	37,517
Economic and Physical Development	761,214	306,039	640,806	280,826
Redevelopment	1,026,908	-	-	-
Interest on Long-term Debt	2,171,793	-	-	-
Total Governmental Activities	56,048,431	15,543,782	1,369,082	2,881,835
Business-type Activities:				
Water	8,849,126	9,402,862	-	-
Water Reclamation	5,996,131	6,060,235	-	-
Storm Sewer	2,250,279	2,688,822	-	-
Recreation	1,695,721	1,610,947	-	-
Solid Waste	3,128,564	2,999,129	-	-
Street Lighting	1,250,380	742,629	-	-
Total Business-type Activities	23,170,201	23,504,624	-	-
Total Primary Government	\$ 79,218,632	\$ 39,048,406	\$ 1,369,082	\$ 2,881,835
Component Unit:				
CEDO	\$ 217,852	-	\$ 165,000	-
Total Component Unit	\$ 217,852	-	\$ 165,000	-

General Revenues:
Sales Taxes
Property Taxes
Franchise Taxes
Vehicle Taxes
Other Taxes
Grants and Contributions not restricted to specific programs
Unrestricted Investment Earnings
Gain (Loss) on Sale of Capital Assets
Transfers In (Out)
Total General Revenues and Transfers
Change in Total Net Assets
Total Net Assets - Beginning
Total Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component
Governmental Activities	Business-type Activities	Total	Unit CEDO
\$ (4,208,485)	\$ -	\$ (4,208,485)	\$ -
(14,669,728)	-	(14,669,728)	-
(5,827,189)	-	(5,827,189)	-
(8,816,086)	-	(8,816,086)	-
466,457	-	466,457	-
(1,026,908)	-	(1,026,908)	-
(2,171,793)	-	(2,171,793)	-
<u>(36,253,732)</u>	<u>-</u>	<u>(36,253,732)</u>	<u>-</u>
-	553,736	553,736	-
-	64,104	64,104	-
-	438,543	438,543	-
-	(84,774)	(84,774)	-
-	(129,435)	(129,435)	-
-	(507,751)	(507,751)	-
-	<u>334,423</u>	<u>334,423</u>	<u>-</u>
<u>\$ (36,253,732)</u>	<u>\$ 334,423</u>	<u>\$ (35,919,309)</u>	<u>-</u>
-	-	-	\$ (52,852)
-	-	-	\$ (52,852)
17,989,571	-	17,989,571	-
10,243,876	-	10,243,876	-
7,342,725	-	7,342,725	-
782,475	-	782,475	-
256,459	-	256,459	-
-	-	-	45,806
1,017,692	307,064	1,324,756	2,591
8,591	79,915	88,506	-
(1,002,148)	1,002,148	-	-
<u>36,639,241</u>	<u>1,389,127</u>	<u>38,028,368</u>	<u>48,397</u>
385,509	1,723,550	2,109,059	(4,455)
149,395,858	60,557,664	209,953,522	379,575
<u>\$ 149,781,367</u>	<u>\$ 62,281,214</u>	<u>\$ 212,062,581</u>	<u>\$ 375,120</u>

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City of Orem
Balance Sheet
Governmental Funds
June 30, 2009

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 6,926,653	\$ 1,866,309	\$ 11,079,488	\$ 19,872,450
Receivables (Net of Allowance for Uncollectibles)	368,529	-	-	368,529
Property Taxes Receivable	4,426,919	-	-	4,426,919
Other Taxes Receivable	3,756,097	-	247,588	4,003,685
Special Assessments Receivable	8,631,280	-	-	8,631,280
Due from Other Funds	418,156	-	-	418,156
Notes Receivable	-	-	434,598	434,598
Prepays	26,745	-	-	26,745
Restricted Cash and Cash Equivalents:				
Debt Service	-	-	2,854,535	2,854,535
Capital Improvement Projects	2,317,520	-	296,844	2,614,364
Total Assets	\$ 26,871,899	\$ 1,866,309	\$ 14,913,053	\$ 43,651,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	402,472	165,109	37,897	605,478
Customer Deposits	1,715,954	-	-	1,715,954
Accrued Liabilities	1,733,379	-	3,895	1,737,274
Due to Other Funds	-	-	-	-
Deferred Revenue	13,906,151	-	929,399	14,835,550
Liabilities Payable from Restricted Assets	570,402	-	-	570,402
Total Liabilities	18,328,358	165,109	971,191	19,464,658
Fund Balances:				
Reserved for:				
Class "C" Road	1,743,596	-	-	1,743,596
Debt Service and Capital Improvements	-	-	3,151,380	3,151,380
Prepays	26,745	-	-	26,745
Unreserved, reported in:				
General Fund	6,773,200	-	-	6,773,200
Capital Projects Funds	-	1,701,200	-	1,701,200
Debt Service Funds	-	-	3,284,265	3,284,265
Special Revenue Funds	-	-	7,506,217	7,506,217
Total Fund Balances	8,543,541	1,701,200	13,941,862	24,186,603
Total Liabilities and Fund Balances	\$ 26,871,899	\$ 1,866,309	\$ 14,913,053	

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

Capital assets used in governmental funds are not financial resources.	161,459,199
Other long-term assets are not available to pay for current-period expenditures.	802,694
Certain revenue is deferred in governmental funds but not in the statement of net assets because it qualifies for recognition under the economic resources measurement focus.	8,631,280
Internal service funds are used by management to charge the cost of fleet management, self-insurance, and purchasing/warehousing. The current assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	1,363,100
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period.	(46,228,707)
Interest payable on long-term obligations does not require current financial resources and is not reported in the governmental funds.	(432,802)
Net assets of governmental activities	<u>\$ 149,781,367</u>

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

City of Orem
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2009

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and Special Assessments	\$ 29,378,697	\$ -	\$ 7,933,303	\$ 37,312,000
Licenses and Permits	1,027,151	-	-	1,027,151
Intergovernmental	3,120,593	75,000	640,806	3,836,399
Charges for Services	5,312,825	-	506,559	5,819,384
Fines and Forfeitures	608,103	-	-	608,103
Charges for Services - Other Funds	4,081,747	-	-	4,081,747
Interest Income	517,588	-	214,856	732,444
Miscellaneous Revenue	1,193,037	237,830	110,087	1,540,954
Total Revenues	<u>45,239,741</u>	<u>312,830</u>	<u>9,405,611</u>	<u>54,958,182</u>
EXPENDITURES				
Current:				
General Government	11,433,442	-	-	11,433,442
Public Safety	19,338,116	-	-	19,338,116
Highways and Public Improvements	4,188,647	-	-	4,188,647
Parks, Recreation and Arts	6,808,876	-	1,243,161	8,052,037
Economic and Physical Development	-	10,357	665,692	676,049
Redevelopment	-	-	939,909	939,909
Debt Service:				
Principal Retirement	-	-	6,860,871	6,860,871
Interest and Fiscal Charges	-	-	2,333,452	2,333,452
Bond Issuance Costs	-	-	102,923	102,923
Capital Leases - Principal	87,660	-	-	87,660
Capital Leases - Interest	4,755	-	-	4,755
Capital Outlay	2,630,667	2,996,381	358,752	5,985,800
Total Expenditures	<u>44,492,163</u>	<u>3,006,738</u>	<u>12,504,760</u>	<u>60,003,661</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>747,578</u>	<u>(2,693,908)</u>	<u>(3,099,149)</u>	<u>(5,045,479)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	-	-	6,808,000	6,808,000
Payment to Bond Refunding Agent	-	-	(2,905,000)	(2,905,000)
Bond Issuance Premium	-	-	118,936	118,936
Capital Leases	34,977	-	-	34,977
Transfers In	1,489,425	208,665	5,204,211	6,902,301
Transfers Out	(6,348,372)	(128,115)	(1,398,786)	(7,875,273)
Total Other Financing Sources (Uses)	<u>(4,823,970)</u>	<u>80,550</u>	<u>7,827,361</u>	<u>3,083,941</u>
Net Change in Fund Balances	<u>(4,076,392)</u>	<u>(2,613,358)</u>	<u>4,728,212</u>	<u>(1,961,538)</u>
Fund Balance - Beginning	12,619,933	4,314,558	9,213,650	26,148,141
Fund Balance - Ending	<u>\$ 8,543,541</u>	<u>\$ 1,701,200</u>	<u>\$ 13,941,862</u>	<u>\$ 24,186,603</u>

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

City of Orem
 Reconciliation of The Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To The Statement of Activities
 For The Year Ended June 30, 2009

Amounts reported for Governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds		\$ (1,961,538)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Asset Purchases Capitalized	\$ 5,076,733	
Depreciation Expense	<u>(6,438,752)</u>	(1,362,019)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Issuance of Long-term Debt recorded as a long-term liability	\$ (6,842,977)	
Principal Payments recorded as a reduction of the long-term liability	<u>9,853,531</u>	3,010,554
<p>Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Bond Issuance Costs Capitalized - Refundings	\$ 62,589	
Bond (Premiums) Discounts	(118,936)	
Amortization of Bond Issuance Costs	(54,339)	
Amortization of Bond Issuance Costs - Refundings	(31,344)	
Amortization of Bond Premiums (Discounts)	<u>(55,766)</u>	(157,463)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated Absences	\$ (105,168)	
Interest Expense	<u>222,371</u>	117,203
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		309,459
<p>Internal service funds are used by management to charge the costs of fleet management, purchasing/warehousing and self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		<u>429,313</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 385,509</u></u>

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

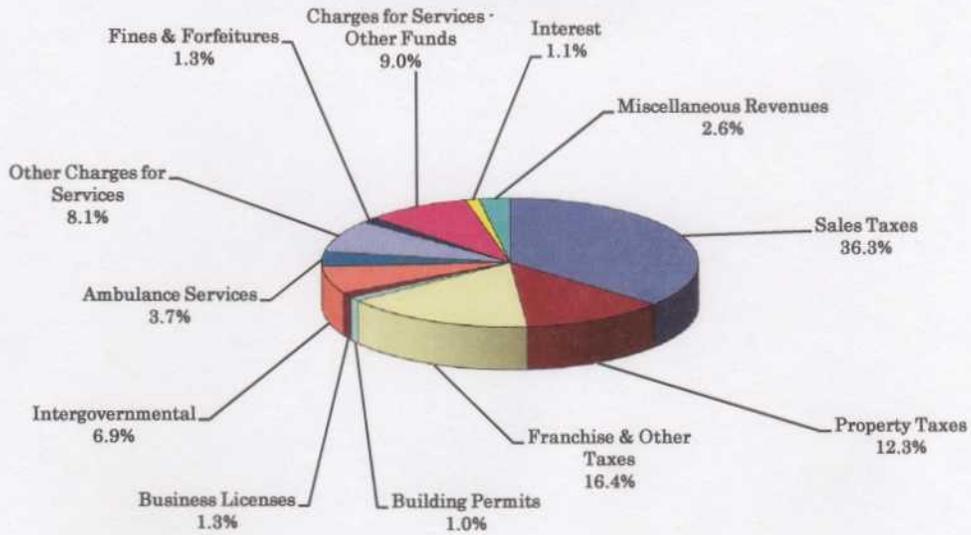
City of Orem
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 32,351,572	\$ 31,728,572	\$ 29,378,697	\$ (2,349,875)
Licenses and Permits	1,600,000	1,600,000	1,027,151	(572,849)
Intergovernmental	2,927,645	3,407,224	3,120,593	(286,631)
Charges for Services	4,592,973	5,291,079	5,312,825	21,746
Fines and Forfeitures	535,000	575,380	608,103	32,723
Charges for Services - Other Funds	4,081,747	4,081,747	4,081,747	-
Interest Revenues	1,074,066	1,074,066	517,588	(556,478)
Miscellaneous Revenues	1,398,429	1,459,462	1,193,037	(266,425)
Total Revenues	<u>48,561,432</u>	<u>49,217,530</u>	<u>45,239,741</u>	<u>(3,977,789)</u>
EXPENDITURES				
General Government:				
Legislative	303,967	307,739	295,946	11,793
Executive	4,024,037	4,364,585	3,295,716	1,068,869
Personnel Administration	422,616	414,728	403,740	10,988
Administrative Services	3,194,458	2,985,200	2,669,825	315,375
Development Services	3,295,772	3,260,534	3,173,262	87,272
Other - Unclassified	1,603,209	1,759,908	1,597,666	162,242
Total General Government	<u>12,844,059</u>	<u>13,092,694</u>	<u>11,436,155</u>	<u>1,656,539</u>
Public Safety:				
Administration	810,852	979,624	688,939	290,685
Police	12,637,388	13,523,269	12,440,626	1,082,643
Fire	7,446,735	7,462,951	6,945,776	517,175
Total Public Safety	<u>20,894,975</u>	<u>21,965,844</u>	<u>20,075,341</u>	<u>1,890,503</u>
Highways and Public Improvements:				
Administration	1,273,301	1,284,339	1,258,412	25,927
Engineering	5,957,530	6,172,026	4,386,187	1,785,839
Total Highways and Public Improvements	<u>7,230,831</u>	<u>7,456,365</u>	<u>5,644,599</u>	<u>1,811,766</u>
Parks, Recreation and Arts	6,914,334	7,680,323	7,243,653	436,670
Debt Service:				
Capital Leases - Principal	87,660	87,660	87,660	-
Capital Leases - Interest	4,755	4,755	4,755	-
Total Debt Service	<u>92,415</u>	<u>92,415</u>	<u>92,415</u>	<u>-</u>
Total Expenditures	<u>47,976,614</u>	<u>50,287,641</u>	<u>44,492,163</u>	<u>5,795,478</u>
Excess of Revenues over Expenditures	<u>584,818</u>	<u>(1,070,111)</u>	<u>747,578</u>	<u>1,817,689</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	34,977	34,977	-
Transfers In	1,488,925	1,489,425	1,489,425	-
Transfers Out	(5,116,802)	(7,716,891)	(6,348,372)	1,368,519
Total Other Financing Sources (Uses)	<u>(3,627,877)</u>	<u>(6,192,489)</u>	<u>(4,823,970)</u>	<u>1,368,519</u>
Net Change in Fund Balance	<u>(3,043,059)</u>	<u>(7,262,600)</u>	<u>(4,076,392)</u>	<u>3,186,208</u>
Fund Balance - Beginning	12,619,933	12,619,933	12,619,933	-
Fund Balance - Ending	<u>\$ 9,576,874</u>	<u>\$ 5,357,333</u>	<u>\$ 8,543,541</u>	<u>\$ 3,186,208</u>

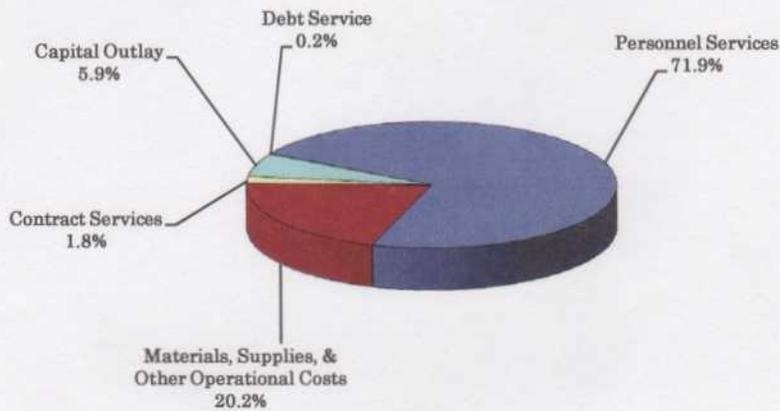
The notes to the financial statements are an integral part of this statement

City of Orem
 General Fund
 Revenues and Expenditures - Actual
 For The Year Ended June 30, 2009

GENERAL FUND - REVENUES



GENERAL FUND - EXPENDITURES



City of Orem
Statement of Net Assets
Proprietary Funds
June 30, 2009

			Business-type	
	Water Fund Current Year	Water Fund Prior Year	Water Reclamation Fund Current Year	Water Reclamation Fund Prior Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 4,556,494	\$ 4,016,876	\$ 2,457,412	\$ 2,212,535
Accounts Receivable (Net of Allowance for Doubtful Accounts)	769,456	712,280	515,018	479,140
Inventories	-	-	-	-
Restricted Cash:				
Capital Improvement Projects	4,751,018	6,254,505	-	-
Total Current Assets	10,076,968	10,983,661	2,972,430	2,691,675
Noncurrent Assets:				
Deferred Charges	267,498	286,246	-	-
Capital Assets:				
Land	-	-	557,654	557,654
Buildings and Systems	1,720,799	1,722,649	3,380,362	3,380,362
Improvements other than Buildings	9,217,110	9,194,323	589,496	589,496
Machinery and Equipment	1,498,781	1,294,705	3,801,441	3,752,205
Infrastructure	50,557,297	47,293,914	37,126,328	37,052,774
Construction in Progress	1,022,606	1,816,620	270,161	133,361
Less Accumulated Depreciation	(24,771,222)	(23,178,591)	(29,075,993)	(28,300,095)
Total Capital Assets (Net of Accumulated Depreciation)	39,245,371	38,143,620	16,649,449	17,165,757
Total Noncurrent Assets	39,512,869	38,429,866	16,649,449	17,165,757
Total Assets	49,589,837	49,413,527	19,621,879	19,857,432
LIABILITIES				
Current Liabilities:				
Accounts Payable	812,214	1,004,955	46,961	108,925
Customer Deposits	9,358	11,002	-	-
Accrued Liabilities	72,592	74,321	80,672	89,217
Due to Other Funds	-	-	-	-
Accrued Vacation and Sick Leave	94,787	90,792	59,973	51,759
Unearned Revenue	52,691	60,207	-	-
Accrued Interest Payable	383,572	343,264	19,133	21,963
Bond Premiums	29,112	29,112	-	-
Capital Leases Payable - Current Portion	726	9,172	-	-
Bonds Payable - Current Portion	609,855	532,883	200,000	194,000
Total Current Liabilities	2,064,907	2,155,708	406,739	465,864
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	4,989	4,778	4,679	4,247
Bond Premiums - Long-term Portion	451,781	480,893	-	-
Capital Leases Payable - Long-term Portion	-	726	-	-
Bonds Payable - Long-term Portion	17,998,307	18,558,162	1,111,757	1,311,757
Total Noncurrent Liabilities	18,455,077	19,044,559	1,116,436	1,316,004
Total Liabilities	20,519,984	21,200,267	1,523,175	1,781,868
NET ASSETS				
Invested in Capital Assets, Net of Related Debt Unrestricted	23,602,260	25,297,182	15,337,692	15,660,000
	5,467,593	2,916,078	2,761,012	2,415,564
Total Net Assets	\$ 29,069,853	\$ 28,213,260	\$ 18,098,704	\$ 18,075,564

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

Activities - Enterprise Funds					Governmental
Storm Sewer Fund Current Year	Storm Sewer Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Internal Service Funds Current Year
\$ 1,833,357	\$ 2,788,196	\$ 1,651,976	\$ 1,634,248	\$ 10,499,239	\$ 1,952,154
187,447	166,867	331,897	312,532	1,803,818	-
-	-	-	-	-	364,475
-	-	-	-	4,751,018	-
<u>2,020,804</u>	<u>2,955,063</u>	<u>1,983,873</u>	<u>1,946,780</u>	<u>17,054,075</u>	<u>2,316,629</u>
85,287	90,576	-	-	352,785	-
1,156,274	293,963	39,822	39,822	1,753,750	-
679,293	468,845	4,131,130	4,121,630	9,911,584	150,000
357,034	357,034	1,770,490	1,499,210	11,934,130	16,893
1,542,629	1,061,823	116,657	142,067	6,959,508	206,792
13,991,026	13,846,542	1,168,705	902,953	102,843,356	-
226,361	224,865	-	183,351	1,519,128	-
<u>(2,825,774)</u>	<u>(2,355,279)</u>	<u>(4,533,678)</u>	<u>(4,432,113)</u>	<u>(61,206,667)</u>	<u>(188,741)</u>
<u>15,126,843</u>	<u>13,897,793</u>	<u>2,693,126</u>	<u>2,456,920</u>	<u>73,714,789</u>	<u>184,944</u>
<u>15,212,130</u>	<u>13,988,369</u>	<u>2,693,126</u>	<u>2,456,920</u>	<u>74,067,574</u>	<u>184,944</u>
<u>17,232,934</u>	<u>16,943,432</u>	<u>4,676,999</u>	<u>4,403,700</u>	<u>91,121,649</u>	<u>2,501,573</u>
15,460	12,292	287,373	341,437	1,162,008	32,372
-	-	-	-	9,358	-
26,108	25,499	91,192	82,770	270,564	857,714
-	-	418,156	400,004	418,156	-
32,137	30,447	35,284	36,862	222,181	62,924
-	-	320,805	350,659	373,496	-
110,810	114,084	-	-	513,515	-
12,696	12,696	-	-	41,808	-
830	10,482	-	-	1,556	519
206,145	201,117	-	-	1,016,000	-
<u>404,186</u>	<u>406,617</u>	<u>1,152,810</u>	<u>1,211,732</u>	<u>4,028,642</u>	<u>953,529</u>
1,692	1,602	1,858	1,940	13,218	39,478
192,037	204,733	-	-	643,818	-
-	830	-	-	-	-
5,044,693	5,250,838	-	-	24,154,757	-
<u>5,238,422</u>	<u>5,458,003</u>	<u>1,858</u>	<u>1,940</u>	<u>24,811,793</u>	<u>39,478</u>
<u>5,642,608</u>	<u>5,864,620</u>	<u>1,154,668</u>	<u>1,213,672</u>	<u>28,840,435</u>	<u>993,007</u>
9,875,175	8,434,526	2,693,126	2,456,920	51,508,253	184,425
1,715,151	2,644,286	829,205	733,108	10,772,961	1,324,141
<u>\$ 11,590,326</u>	<u>\$ 11,078,812</u>	<u>\$ 3,522,331</u>	<u>\$ 3,190,028</u>	<u>\$ 62,281,214</u>	<u>\$ 1,508,566</u>

City of Orem
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended June 30, 2009

	Business-type Activities			
	Water	Water	Water	Water
	Fund	Fund	Reclamation	Reclamation
	Current Year	Prior Year	Fund	Fund
			Current Year	Prior Year
OPERATING REVENUES				
Charges for Services	\$ 8,496,116	\$ 8,522,976	\$ 5,773,255	\$ 5,682,018
Other Revenues	906,746	808,122	286,980	391,773
Total Operating Revenues	<u>9,402,862</u>	<u>9,331,098</u>	<u>6,060,235</u>	<u>6,073,791</u>
OPERATING EXPENSES				
Personnel Services	1,978,028	1,956,252	2,122,801	2,036,850
Supplies and Maintenance	528,876	715,344	567,557	645,748
Administrative Fee	1,136,496	1,051,781	804,769	788,950
Utilities	419,047	588,783	454,329	451,799
Contract Services	1,952,774	1,627,821	787,473	712,946
Equipment Lease and Rentals	45,112	34,016	826	3,484
Insurance	119,834	108,814	67,952	61,742
Charges in Lieu of Property Tax	95,000	95,000	95,000	95,000
Depreciation Expense	1,708,223	1,468,682	981,264	1,061,720
Miscellaneous	77,156	138,372	64,288	67,851
Total Operating Expenses	<u>8,060,546</u>	<u>7,784,865</u>	<u>5,946,259</u>	<u>5,926,090</u>
Operating Income (Loss)	<u>1,342,316</u>	<u>1,546,233</u>	<u>113,976</u>	<u>147,701</u>
NONOPERATING REVENUES				
AND EXPENSES				
Interest Revenue	195,153	240,178	37,435	60,037
Gain (Loss) on Sale of Capital Assets	18,655	-	14,975	131,104
Donations / Grants	-	866,900	-	-
Deferred Charges	(18,748)	(15,059)	-	-
Interest Expense	(769,832)	(588,312)	(49,872)	(56,520)
Total Nonoperating Revenues	<u>(574,772)</u>	<u>503,707</u>	<u>2,538</u>	<u>134,621</u>
Income (Loss) before Transfers and Contributions	767,544	2,049,940	116,514	282,322
Contributions from Developers	-	8,000	-	48,000
Contributions from Governmental Funds	-	-	-	-
Transfers In	105,699	104,371	-	-
Transfers Out	(16,650)	(16,650)	(93,374)	(92,046)
Change in Net Assets	856,593	2,145,661	23,140	238,276
Total Net Assets - Beginning	28,213,260	26,067,599	18,075,564	17,837,288
Total Net Assets - Ending	<u>\$ 29,069,853</u>	<u>\$ 28,213,260</u>	<u>\$ 18,098,704</u>	<u>\$ 18,075,564</u>

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

Enterprise Funds					Governmental
Storm Sewer Fund Current Year	Storm Sewer Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Activities Internal Service Funds Current Year
\$ 2,688,102	\$ 2,548,853	\$ 5,328,365	\$ 5,237,414	\$ 22,285,838	\$ 2,597,138
720	229	24,340	1,927	1,218,786	337
<u>2,688,822</u>	<u>2,549,082</u>	<u>5,352,705</u>	<u>5,239,341</u>	<u>23,504,624</u>	<u>2,597,475</u>
674,485	634,456	1,261,171	1,191,257	6,036,485	747,378
212,687	175,993	225,867	206,754	1,534,987	1,403,277
303,240	303,240	333,674	333,674	2,578,179	-
5,536	5,645	558,316	558,158	1,437,228	-
162,236	151,233	2,816,586	2,709,950	5,719,069	-
11,717	11,450	708,960	709,097	766,615	-
29,760	27,001	-	-	217,546	-
-	-	-	-	190,000	-
569,802	418,468	124,378	113,752	3,383,667	16,776
45,857	34,338	45,713	53,957	233,014	-
<u>2,015,320</u>	<u>1,761,824</u>	<u>6,074,665</u>	<u>5,876,599</u>	<u>22,096,790</u>	<u>2,167,431</u>
<u>673,502</u>	<u>787,258</u>	<u>(721,960)</u>	<u>(637,258)</u>	<u>1,407,834</u>	<u>430,044</u>
42,185	89,283	32,291	54,372	307,064	-
45,000	-	1,285	-	79,915	285
-	-	-	-	-	-
(5,289)	(5,289)	-	-	(24,037)	-
(229,670)	(237,168)	-	-	(1,049,374)	(191)
<u>(147,774)</u>	<u>(153,174)</u>	<u>33,576</u>	<u>54,372</u>	<u>(686,432)</u>	<u>94</u>
525,728	634,084	(688,384)	(582,886)	721,402	430,138
-	3,600	-	-	-	-
-	-	28,351	-	28,351	-
49,580	48,824	1,025,843	1,084,968	1,181,122	-
(63,794)	(62,550)	(33,507)	(30,811)	(207,325)	(825)
<u>511,514</u>	<u>623,958</u>	<u>332,303</u>	<u>471,271</u>	<u>1,723,550</u>	<u>429,313</u>
<u>11,078,812</u>	<u>10,454,854</u>	<u>3,190,028</u>	<u>2,718,757</u>	<u>60,557,664</u>	<u>1,079,253</u>
<u>\$ 11,590,326</u>	<u>\$ 11,078,812</u>	<u>\$ 3,522,331</u>	<u>\$ 3,190,028</u>	<u>\$ 62,281,214</u>	<u>\$ 1,508,566</u>

City of Orem
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2009

	Business-type		
	Water	Water	Water
	Fund	Fund	Reclamation Fund
	Current Year	Prior Year	Current Year
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers and Users	\$ 8,496,116	\$ 8,522,976	\$ 5,773,255
Receipts from Interfund Services Provided	906,746	808,122	286,980
Payments to Suppliers	(3,498,605)	(4,190,685)	(2,143,812)
Payments to Employees	(1,973,822)	(1,939,789)	(2,114,155)
Payments for Interfund Services Used	(1,136,496)	(1,051,781)	(804,769)
Net Cash Provided (Used) by Operating Activities	<u>2,793,939</u>	<u>2,148,843</u>	<u>997,499</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Donations / Grants	-	866,900	-
Transfers In	105,699	104,371	-
Transfers Out	(16,650)	(16,650)	(93,374)
Net Cash Provided (Used) by Noncapital Activities	<u>89,049</u>	<u>954,621</u>	<u>(93,374)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(2,813,992)	(4,863,871)	(464,956)
Proceeds from Bonds Issued	50,000	7,300,000	-
Proceeds from Sales of Capital Assets	18,675	-	14,975
Principal paid on Outstanding Debt	(542,055)	(522,953)	(194,000)
Interest paid on Outstanding Debt	(754,637)	(538,671)	(52,702)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,042,009)</u>	<u>1,374,505</u>	<u>(696,683)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Revenue	195,153	240,178	37,435
Net Cash Provided (Used) by Investing Activities	<u>195,153</u>	<u>240,178</u>	<u>37,435</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(963,868)	4,718,147	244,877
Cash and Cash Equivalents - Beginning of Year	10,271,381	5,553,234	2,212,535
Cash and Cash Equivalents - End of Year	<u>\$ 9,307,513</u>	<u>\$ 10,271,381</u>	<u>\$ 2,457,412</u>
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,342,316	\$ 1,546,233	\$ 113,976
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities:			
Depreciation Expense	\$ 1,708,223	\$ 1,468,682	\$ 981,264
(Increase) Decrease in Receivables	(57,176)	(54,679)	(35,878)
(Increase) Decrease in Inventory	-	-	-
(Increase) Decrease in Prepaids	-	-	-
Increase (Decrease) in Accounts Payable	(192,741)	(863,982)	(61,964)
Increase (Decrease) in Customer Deposits	(1,644)	88	-
Increase (Decrease) in Accrued Liabilities	(1,729)	24,639	(8,545)
Increase (Decrease) in Unearned/Deferred Revenue	(7,516)	11,399	-
Increase (Decrease) in Accrued Vacation and Sick Leave	4,206	16,463	8,646
Total Adjustments	<u>1,451,623</u>	<u>602,610</u>	<u>883,523</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,793,939</u>	<u>\$ 2,148,843</u>	<u>\$ 997,499</u>
Noncash Investing, Capital, and Financing Activities:			
Contributions of Capital Assets from Developers	\$ -	\$ 8,000	\$ -
Contributions of Capital Assets from Governmental Funds	-	-	-

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

Activities - Enterprise Funds

Water Reclamation Fund Prior Year	Storm Sewer Fund Current Year	Storm Sewer Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Governmental Activities Internal Service Funds
\$ 5,682,018	\$ 2,688,102	\$ 2,548,853	\$ 5,328,365	\$ 5,237,414	\$ 22,285,838	\$ -
391,773	720	229	24,340	1,927	1,218,786	2,597,475
(1,933,984)	(484,596)	(1,252,041)	(4,432,151)	(4,175,245)	(10,559,164)	(1,465,090)
(2,023,408)	(672,705)	(629,404)	(1,262,831)	(1,191,812)	(6,023,513)	(749,920)
(788,950)	(303,240)	(303,240)	(333,674)	(333,674)	(2,578,179)	-
1,327,449	1,228,281	364,397	(675,951)	(461,390)	4,343,768	382,465
-	-	-	-	-	-	-
-	49,580	48,824	1,025,843	1,084,968	1,181,122	-
(92,046)	(63,794)	(62,550)	(33,507)	(30,811)	(207,325)	(825)
(92,046)	(14,214)	(13,726)	992,336	1,054,157	973,797	(825)
(635,534)	(1,798,853)	(622,653)	(332,233)	(318,987)	(5,410,034)	-
-	-	-	-	-	50,000	-
131,104	45,000	-	1,285	-	79,935	285
(187,000)	(211,599)	(202,669)	-	-	(947,654)	(6,551)
(59,247)	(245,639)	(253,084)	-	-	(1,052,978)	(191)
(750,677)	(2,211,091)	(1,078,406)	(330,948)	(318,987)	(7,280,731)	(6,457)
60,037	42,185	89,283	32,291	54,372	307,064	-
60,037	42,185	89,283	32,291	54,372	307,064	-
544,763	(954,839)	(638,452)	17,728	328,152	(1,656,102)	375,183
1,667,772	2,788,196	3,426,648	1,634,248	1,306,096	16,906,360	1,576,971
\$ 2,212,535	\$ 1,833,357	\$ 2,788,196	\$ 1,651,976	\$ 1,634,248	\$ 15,250,258	\$ 1,952,154
\$ 147,701	\$ 673,502	\$ 787,258	\$ (721,960)	\$ (637,258)	1,407,834	\$ 430,044
\$ 1,061,720	\$ 569,802	\$ 418,468	\$ 124,378	\$ 113,752	3,383,667	\$ 16,776
27,731	(20,580)	20,106	(19,365)	13,291	(132,999)	-
-	-	-	-	-	-	6,531
-	-	-	-	-	-	-
53,257	3,168	(875,754)	(54,064)	72,478	(305,601)	(33,567)
-	-	-	-	-	(1,644)	-
23,598	609	9,267	26,574	1,428	16,909	(34,777)
-	-	-	(29,854)	(24,526)	(37,370)	-
13,442	1,780	5,052	(1,660)	(555)	12,972	(2,542)
1,179,748	554,779	(422,861)	46,009	175,868	2,935,934	(47,579)
\$ 1,327,449	\$ 1,228,281	\$ 364,397	\$ (675,951)	\$ (461,390)	\$ 4,343,768	\$ 382,465
\$ 48,000	\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ -
-	-	-	28,351	-	28,351	-

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies

A. Reporting Entity

The basic financial statements of the City of Orem (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The City of Orem was incorporated in 1919 and covers approximately 18.25 square miles. The City operates under a Council-Manager form of government. As required by GAAP, the City and its component units (entities for which the City is considered to be financially accountable) present this Comprehensive Annual Financial Report (CAFR). The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City).

The component units discussed below are included as part of the City's reporting entity as *blended* component units within its governmental funds.

- The Redevelopment Agency of the City of Orem (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.
- The Municipal Building Authority of the City of Orem (MBA) was established to finance and construct municipal buildings that are then leased to the City. A seven-member board of trustees composed of the Mayor and the City Council governs the MBA. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Debt Service Fund. Separate financial statements are not issued for the MBA.
- The Orem Foundation Trust is a nonprofit charitable foundation. The Internal Revenue Service (IRS) gave the City permission to form and operate the trust as an approved section 501(c)3 charitable foundation.

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

This enables donors broader charitable donation capabilities as donations will be fully tax deductible. Although it is a legally separate entity from the City, the Orem Foundation Trust is reported as if it were part of the primary government because of the City's ability to impose its will upon its operations. It is included in these financial statements as the Orem Foundation Trust Special Revenue Fund. Separate financial statements are not issued for this entity.

The component unit discussed below is included as part of the City's reporting entity as a *blended* component unit within its proprietary funds.

- The Special Service Lighting District of the City of Orem (SSLD) was established to purchase, install, and maintain street lights, poles, and fixtures within the City. The SSLD is to collect fees to pay for the street lighting system and the electricity to operate it. The SSLD is governed by a board of directors composed of the Mayor and members of the City Council. Although it is a legally separate entity from the City, the SSLD is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the SSLD. The SSLD is included in these financial statements as the Street Lighting Fund. Separate financial statements are not issued for the SSLD.

The component unit discussed below is included as part of the City's reporting entity as a *discretely presented* component unit.

- The Commission for Economic Development in Orem (CEDO) was created to encourage the economic growth and development of the City, primarily through its function as the administrator of the City's revolving business loan program. Although it is primarily financed by the City and, therefore, fiscally dependent on the City, CEDO is a legally separate entity with an independently appointed board, which appointments are approved by the City Council (a City Council member is always one of the board members), which provides services both to the City and to the citizens of the City directly. As exclusion from the financial statements of the City would be misleading, CEDO is included as a component unit consisting of a single governmental type fund in the Basic Financial Statements. Separate financial statements are not issued for CEDO.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

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

The use of financial resources 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 expenses in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However,

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state, federal, and other grants associated with the current fiscal period are all considered to be susceptible to accrual and therefore 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 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 City 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 for those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds) as well as the use of resources for the improvement, rehabilitation, or construction of new roads.

The City reports the following major proprietary funds:

- The *Water Fund* accounts for the activities of the City's water production, treatment and distribution operations.
- The *Water Reclamation Fund* accounts for the operation and maintenance of the City's sewer operations.
- The *Storm Sewer Fund* accounts for the operation and maintenance of the City's storm sewer operations.

The City reports the following internal service funds:

- The *Self-insurance Fund* accounts for the self-insurance activities of the various funds throughout the City.
- The *Fleet Maintenance Fund* accounts for the costs of operating and maintaining vehicles and equipment owned by the City.
- The *Purchasing/Warehousing Fund* accounts for the centralized purchasing and warehousing operations of the City.

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

The effect of interfund activity has, generally, been eliminated from the government-wide financial statements. Exceptions to this 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 non-operating 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 all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in the following types of investments (in compliance with the State of Utah's Money Management Act):

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

1. Cash and Cash Equivalents (continued)

- Time certificates of deposit with federally insured depositories.
- Investment in the Utah Public Treasurer's Investment Fund (PTIF).
- Open-end managed money market mutual funds.
- Qualified repurchase agreements with qualified depositories, certified dealers, or certified depositories.
- Other investments allowed by the State of Utah's Money Management Act.

Investments are reported at fair value. The Utah Public Treasurer's Investment Fund (PTIF) and the Zions Bank Liquid Asset Management Fund (LAM) both operate in accordance with state laws and regulations. The reported value of these funds is not materially different than the fair value of each Fund's shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from" other funds. In the Water, Water Reclamation, and Solid Waste funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2009 do not represent a material amount and, therefore, have not been accrued as revenues and receivables.

3. Inventories and Prepaid Items

Inventories of materials and supplies in the Purchasing/Warehousing internal service fund consist principally of materials used to repair the transmission, distribution, collection and treatment systems of the City's proprietary type services. These inventories are valued at cost and accounted for on a first-in, first-out basis (FIFO).

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.

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

4. Capital Assets

The City's capital assets, which includes property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The City defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	33 - 50
Buildings and systems	25 - 33 ¹ / ₃
Machinery and equipment	5 - 20
Vehicles	5 - 20
Furniture and equipment	5 - 20
Improvements other than buildings	5 - 10

5. Compensated Absences

For governmental funds, vested or accumulated vacation leave and compensatory time-off are not expected to be liquidated with expendable available financial resources and are thus excluded as a liability in each fund's balance sheet and as an expenditure in the statement of revenues, expenditures, and changes in fund balance. These balances would only be reported in a governmental fund's financial statements as a liability and expenditure if they have matured (are due).

For proprietary funds, vested or accumulated vacation leave and compensatory time-off is recorded as an expense and a liability of those funds as the benefits accrue to the employees.

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

5. Compensated Absences (continued)

The government-wide financial statements reflect the entire amount of vested and/or accumulated vacation leave and compensatory time-off for all governmental and proprietary funds and are thus recorded as a liability in the statement of net assets and as an expense in the statement of activities.

Employees are limited to two years of accumulated vacation leave. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. City employees earn twelve days of sick leave per year.

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

8. Fund Equity Reserves

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for a specific purpose.

Restricted Net Assets

In the government-wide financial statements as well as the proprietary fund financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

City of Orem
Notes to the Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

9. Contributions from Developers

Contributions from developers in the proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

E. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes these capital assets among the assets of the City as a whole.

Cost of Capital Assets	\$ 236,991,589
Accumulated Depreciation	(75,532,390)
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 161,459,199</u>

City of Orem
Notes to the Financial Statements
June 30, 2009

2. Reconciliation of Government-wide and Fund Financial Statements
(continued)

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets
(continued)

Long-term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental fund financials. All liabilities (both current and long-term) are reported in the statement of net assets.

Long-term liability balances at June 30, 2009 were as follows:

General Obligation Bonds	\$ 18,825,000
Sales Tax Revenue Bonds	9,405,000
Municipal Building Authority Bonds	6,222,000
Special Improvement District Bonds	6,338,000
Notes Payable	3,691,403
Capital Leases	81,166
Less: Internal Service Funds - Current Portion	(519)
Bond Premiums Deferred	530,384
Bond Loss on Defeasance Deferred - Refunding	(296,527)
Bond Issuance Costs Deferred - Refunding	(343,695)
Compensated Absences	1,839,418
Less: Internal Service Funds - Current Portion	(62,924)
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 46,228,706

B. Explanation of differences between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One of these differences is explained here in greater detail.

The second element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this difference are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2009

2. Reconciliation of Government-wide and Fund Financial Statements
(continued)

B. Explanation of differences between Governmental Fund Operating
Statements and the Statement of Net Activities (continued)

Debt issued or incurred:	
Issuance of Special Improvement District Bonds	\$ (3,943,000)
Issuance of General Obligation Refunding Bonds	(2,865,000)
Capital Lease Financing	(34,977)
Subtotal	<u>(6,842,977)</u>
Principal payments:	
Payment to Escrow Agent for General Obligation Bonds Debt Refunding	2,905,000
Municipal Building Authority Bonds	1,121,000
General Obligation Bonds	1,095,000
Sales Tax Revenue Bonds	580,000
Special Improvement District Bonds	280,000
Notes Payable	3,784,871
Capital Leases	87,660
Subtotal	<u>9,853,531</u>
Net adjustment to increase <i>net changes in fund balance</i> - total governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 3,010,554</u>

3. Stewardship, Compliance and Accountability

A. Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the City Manager and appointed Budget Officer, submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1st and June 22nd, the City Council reviews and adjusts the proposed budget. On or before June 22nd, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17th, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

City of Orem
Notes to the Financial Statements
June 30, 2009

3. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

The City Manager, in conjunction with the Budget Officer and the appropriate department head, has the budget authority to transfer budget appropriations within and between any divisions of any budgetary fund.

An individual department, such as Public Works, is composed of several divisions, e.g., water, water reclamation and storm sewer. These divisions may be located in many different funds. Budget transfers may be made between divisions in a fund even if the divisions involved are not in the same department.

The City Council (administrators of the legal level of control), by resolution, have the authority to transfer budget appropriations between individual budgetary funds. A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the General Fund, all Special Revenue Funds, all Debt Service Funds and Capital Projects Funds were legally adopted by the City and are prepared on the modified-accrual method of accounting. Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

Tax Revenues

Property taxes are collected by the Utah County Treasurer and remitted to the City in two to three installments in December, January, and a final settlement generally in March of the calendar year. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond those received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus are due and payable to the City.

Franchise taxes are charged to various utility companies doing business within the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, or annual basis. An accrual has been made for all fees due and payable to the City at June 30th.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds

A. Deposits and Investments

The City's deposits and investment activities are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits

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 deposits be in a qualified depository. The Act defines a qualified depository as any financial institution 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 City has no formal policy regarding custodial credit risk for these deposits. As of June 30, 2009, \$3,083,556 of the City's bank balance of \$4,619,596 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2009 is \$1,578,947.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Credit Risk of Debt Securities (continued)

The City's debt investments ratings at June 30, 2009 are presented below:

Rated Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 25,618,038	\$ -	\$ -	\$ -	\$ 25,618,038
Zions Bank Liquid Asset Management Fund	11,189,391	11,189,391	-	-	-
Corporate Notes	2,500,000	2,500,000	-	-	-
U.S. Treasuries	1,305,374	-	-	-	1,305,374
Total Debt Securities	<u>\$ 40,612,803</u>	<u>\$ 13,689,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,923,412</u>

Custodial Credit Risk – Investments

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.

Most of the City's investments at June 30, 2009 were with the Utah Public Treasurer's Investment Fund and therefore, are not categorized as to custodial credit risk. The investments in the Zions Bank Liquid Asset Management Fund and the corporate notes do have custodial credit risk exposure. Of the \$13,689,391 invested, \$2,500,000 of the related securities are uninsured, unregistered and held by the City's investment firm which is also the underlying issuer for these particular securities.

Additional information regarding the Utah Public Treasurer's Investment Fund and Zions Bank Liquid Asset Management Fund is available in footnote 4.B. of these notes to the financial statements.

The investment in U.S. Treasuries represent amounts held in various bond trust funds.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Credit Risk of Debt Securities (continued)

The City's debt investments ratings at June 30, 2009 are presented below:

Rated Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 25,618,038	\$ -	\$ -	\$ -	\$ 25,618,038
Zions Bank Liquid Asset Management Fund	11,189,391	11,189,391	-	-	-
Corporate Notes	2,500,000	2,500,000	-	-	-
U.S. Treasuries	1,305,374	-	-	-	1,305,374
Total Debt Securities	<u>\$ 40,612,803</u>	<u>\$ 13,689,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,923,412</u>

Custodial Credit Risk – Investments

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.

Most of the City's investments at June 30, 2009 were with the Utah Public Treasurer's Investment Fund and therefore, are not categorized as to custodial credit risk. The investments in the Zions Bank Liquid Asset Management Fund and the corporate notes do have custodial credit risk exposure. Of the \$13,689,391 invested, \$2,500,000 of the related securities are uninsured, unregistered and held by the City's investment firm which is also the underlying issuer for these particular securities.

Additional information regarding the Utah Public Treasurer's Investment Fund and Zions Bank Liquid Asset Management Fund is available in footnote 4.B. of these notes to the financial statements.

The investment in U.S. Treasuries represent amounts held in various bond trust funds.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk – Investments (continued)

The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

Most of the City's investments at June 30, 2009 were with the Utah Public Treasurer's Investment Fund and therefore, are not categorized as to concentration of credit risk.

Amounts invested directly in Zions Bank securities either as corporate notes or as securities within the Liquid Asset Management Fund total \$2,500,000 (6.36%) which falls within the acceptable percentage range for a single issuer.

Additional information regarding the Utah Public Treasurer's Investment Fund and Zions Bank Liquid Asset Management Fund is available in footnote 4.B. of these notes to the financial statements.

B. External Investment Pools

Public Treasurer's Investment Fund (PTIF)

The City invests in this external investment pool which is administered by the Treasurer of the State of Utah. State agencies, municipalities, counties, and local governments within the state are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized, which are high-grade securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances.

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.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

Public Treasurer's Investment Fund (PTIF) (continued)

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2009) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2009, the City had \$25,618,038 invested in the PTIF which had a fair value of \$25,653,545 for an unrealized gain of \$35,507. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

The table below shows statistical information about the investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	73.92 %
Money Market Accounts and Certificates of Deposit	25.31 %
U.S. Government Securities	0.77 %
Total	100.00 %

Zions Bank Liquid Asset Management Fund (LAM)

The City invests in this external investment pool which is administered by the Investment Management and Capital Markets Division of Zions Bancorporation. The required minimum balance is \$5,000,000. There are no minimum/maximum transaction requirements.

The LAM is not registered with the SEC as an investment company. The LAM is a registered investment advisor and is certified by the Utah Money Management Council. The Utah Money Management Act details the investments that are authorized, which are high-grade securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

Zions Bank Liquid Asset Management Fund (LAM) (continued)

Deposits in the LAM are not insured or otherwise guaranteed by Zions Bank. The LAM issues statements on a monthly basis. It operates and reports on an amortized cost basis. The LAM balance is the City's investment plus income and gains less losses and administration fees.

As of June 30, 2009, the City had \$11,189,391 invested in the LAM which had a fair value of \$11,207,526 for an unrealized gain of \$18,135. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

The table below shows statistical information about the investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	65.56 %
U.S. Government Securities	0.00 %
Money Market Accounts and Certificates of Deposit	34.44 %
Total	100.00 %

C. Customer Deposits

Enterprise fund deposits are deposits the City requires from residential or business customers who are receiving a utility connection but have a bankruptcy on record. The deposit is refundable after 2 years of satisfactory payment history.

D. Loans Receivable - CDBG and EDA Loans

The City uses monies from the Community Development Block Grant (CDBG) program to create housing rehabilitation and business redevelopment loans. Additional funds from the Economic Development Agency (EDA) and the Utah Revolving Loan Fund are used to supplement the business redevelopment loan program. The principal balance of the loans at June 30, 2009, as summarized below, has been shown in the government-wide statement of net assets as follows:

Housing rehabilitation loans	\$ 434,598
Total	\$ 434,598

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

E. Receivables

Receivables as of June 30, 2009 for the government's individual major funds, as well as nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Total Receivables</u>
General:			
Property Taxes	\$ 4,426,919	\$ -	\$ 4,426,919
Other Taxes	3,756,097	-	3,756,097
Special Assessments	8,631,280	-	8,631,280
Accounts	369,368	(839)	368,529
Due from Other Funds	418,156	-	418,156
Subtotal - General	<u>17,601,820</u>	<u>(839)</u>	<u>17,600,981</u>
Water:			
Accounts	777,228	(7,772)	769,456
Water Reclamation:			
Accounts	519,402	(4,384)	515,018
Storm Sewer:			
Accounts	189,340	(1,893)	187,447
Nonmajor Funds:			
Other Taxes	247,588	-	247,588
Accounts	335,249	(3,352)	331,897
Notes Receivable	434,598	-	434,598
Subtotal - Nonmajor	<u>1,017,435</u>	<u>(3,352)</u>	<u>1,014,083</u>
Totals	<u>\$ 20,105,225</u>	<u>\$ (18,240)</u>	<u>\$ 20,086,985</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property tax receivable (general fund)	\$ -	\$ 4,426,919
Donations and other funds to be used for specific programs (general fund)	-	841,128
Grant money used in revolving loan programs (special revenue fund)	-	929,399
Special assessments not yet due (general fund)	8,631,280	6,824
Total deferred/unearned revenue for governmental funds	<u>\$ 8,631,280</u>	<u>\$ 6,204,270</u>

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 59,007,220	\$ 10,155	\$ -	\$ 59,017,375
Construction in progress	2,135,828	4,169,848	(4,526,400)	1,779,276
Total capital assets, not being depreciated:	<u>61,143,048</u>	<u>4,180,003</u>	<u>(4,526,400)</u>	<u>60,796,651</u>
Capital assets, being depreciated:				
Buildings and systems	27,142,790	532,622	(9,500)	27,665,912
Improvements other than buildings	27,103,195	108,476	(21,750)	27,189,921
Machinery and equipment	15,632,415	1,323,761	(1,404,677)	15,551,499
Infrastructure	102,300,984	3,486,622	-	105,787,606
Total capital assets, being depreciated:	<u>172,179,384</u>	<u>5,451,481</u>	<u>(1,435,927)</u>	<u>176,194,938</u>
Less accumulated depreciation for:				
Buildings and systems	(10,366,472)	(978,846)	2,597	(11,342,721)
Improvements other than buildings	(10,259,681)	(1,228,086)	302	(11,487,465)
Machinery and equipment	(10,294,762)	(1,314,370)	1,395,938	(10,213,194)
Infrastructure	(39,554,785)	(2,934,225)	-	(42,489,010)
Total accumulated depreciation	<u>(70,475,700)</u>	<u>(6,455,527)</u>	<u>1,398,837</u>	<u>(75,532,390)</u>
Total capital assets, being depreciated, net	<u>101,703,684</u>	<u>(1,004,046)</u>	<u>(37,090)</u>	<u>100,662,548</u>
Governmental activities capital assets, net	<u>\$ 162,846,732</u>	<u>\$ 3,175,957</u>	<u>\$ (4,563,490)</u>	<u>\$ 161,459,199</u>

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 891,439	\$ 862,311	\$ -	\$ 1,753,750
Construction in progress	2,358,197	3,414,064	(4,253,133)	1,519,128
Total capital assets, not being depreciated:	<u>3,249,636</u>	<u>4,276,375</u>	<u>(4,253,133)</u>	<u>3,272,878</u>
Capital assets, being depreciated:				
Buildings and systems	9,693,486	219,948	(1,850)	9,911,584
Improvements other than buildings	11,640,063	294,067	-	11,934,130
Machinery and equipment	6,234,800	1,152,552	(443,844)	6,943,508
Infrastructure	99,112,183	3,747,173	-	102,859,356
Total capital assets, being depreciated:	<u>126,680,532</u>	<u>5,413,740</u>	<u>(445,694)</u>	<u>131,648,578</u>
Less accumulated depreciation for:				
Buildings and systems	(5,929,767)	(213,594)	1,850	(6,141,511)
Improvements other than buildings	(1,536,981)	(571,829)	-	(2,108,810)
Machinery and equipment	(4,418,380)	(436,566)	443,824	(4,411,122)
Infrastructure	(46,380,950)	(2,164,274)	-	(48,545,224)
Total accumulated depreciation	<u>(58,266,078)</u>	<u>(3,386,263)</u>	<u>445,674</u>	<u>(61,206,667)</u>
Total capital assets, being depreciated, net	<u>68,414,454</u>	<u>2,027,477</u>	<u>(20)</u>	<u>70,441,911</u>
Business-type activities capital assets, net	<u>\$ 71,664,090</u>	<u>\$ 6,303,852</u>	<u>\$ (4,253,153)</u>	<u>\$ 73,714,789</u>

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
General Government	\$	289,382
Public Safety		1,122,551
Highway and Streets		3,440,845
Parks, Recreation and Arts		1,417,518
Redevelopment		86,999
Economic and Physical Development		81,456
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets		16,776
Total Depreciation Expense - Governmental Activities	\$	<u>6,455,527</u>
Business-type Activities:		
Water	\$	1,708,223
Water Reclamation		981,264
Storm Sewer		569,802
Recreation		91,387
Street Lighting		32,991
Total Depreciation Expense - Business-type Activities	\$	<u>3,383,667</u>

Construction Commitments

The City has active construction projects as of June 30, 2009. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, water, water reclamation, and storm sewer system improvements, and new construction and improvements to various public facilities. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Water Systems Improvements	\$ 2,517,473	\$ 4,089,419
Street Construction and Improvements	3,229,439	2,653,753
Public Facility Construction & Improvements	972,856	9,446
Water Reclamation Improvements	74,595	240,294
Storm Sewer Improvements	226,361	949,348
Total	<u>\$ 7,020,724</u>	<u>\$ 7,942,260</u>

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Discretely Presented Component Unit

Activity for the Commission for Economic Development in Orem (CEDO) for the year ended June 30, 2009, was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Capital assets, not being depreciated:				
Land	\$ 15,000	-	-	\$ 15,000
Total capital assets, not being depreciated:	15,000	-	-	15,000
Capital assets, being depreciated:				
Buildings	199,100	-	-	199,100
Improvements other than buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Total capital assets, being depreciated:	199,100	-	-	199,100
Less accumulated depreciation for:				
Buildings	(97,626)	(8,458)	-	(106,084)
Improvements other than buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	(97,626)	(8,458)	-	(106,084)
Total capital assets, being depreciated, net	101,474	(8,458)	-	93,016
CEDO capital assets, net	\$ 116,474	\$ (8,458)	\$ -	\$ 108,016

G. Interfund Receivable, Payables and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from Other Funds

Loans have been made between funds and are reflected as "due to, due from" on the respective funds' Balance Sheet (governmental funds) and/or Statement of Net Assets (business-type funds) are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

G. Interfund Receivable, Payables and Transfers (continued)

Due to/from Other Funds (continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Enterprise Funds	418,156
Total		<u>\$ 418,156</u>

The outstanding balances between funds are primarily due to the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2009 are as follows:

	In	Out
Major Funds:		
General	\$ 1,489,425	\$ 6,348,372
Capital Projects Fund	208,665	128,115
Water Fund	105,699	16,650
Water Reclamation Fund	-	93,374
Storm Sewer Fund	49,580	63,794
Nonmajor Governmental Funds	5,204,211	1,398,786
Nonmajor Enterprise Funds	1,025,843	33,507
Internal Service Funds	-	825
	\$ 8,083,423	\$ 8,083,423

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations

The City in conjunction with other governmental entities, jointly governs several organizations. Each organization's board is comprised of one member from each participating entity. Except for customary fees, no participant has any obligations, entitlement or residual interest. A brief description of the City's relationship with each organization follows:

Utah Risk Management Mutual Association (URMMA) - The City provides for its general liability risks and worker's compensation through a joint protection agreement with URMMA. During the year ended June 30, 2009, the City paid premiums of approximately \$270,000 to URMMA.

North Pointe Solid Waste Special Service District (NPSWSSD) - The City disposes of its solid waste through an agreement with NPSWSSD, which operates a solid waste transfer station. During the year ended June 30, 2009, the City paid solid waste tipping fees of approximately \$951,000 to NPSWSSD.

Utah Telecommunication Open Infrastructure Agency (UTOPIA) - UTOPIA was formed under the Utah Interlocal Cooperation Act by its 18 founding cities, of which, the City of Orem is a member. This agency has the assignment to design, finance, build, operate and maintain a fiber-to-home and fiber-to-business fiber optic communication network. UTOPIA will build the infrastructure but private companies will deliver the services over the network. During the year ended June 30, 2009, the City paid UTOPIA approximately \$9,000 in customer service fees. See footnote 5.B. (Other information, contingent liabilities) for additional information.

North Utah Valley Animal Services Special Service District (NUVAS) - The City, through agreement, delivers stray, homeless, endangered, injured or other animals to the district's shelter facility. NUVAS is charged with identifying and/or locating the animal's rightful owner. Personnel of the district also evaluate, house, treat and/or humanely dispose of any animal brought to them by the City. NUVAS also handles all licensing and licensing renewals. During the year ended June 30, 2009, the City paid participation fees of approximately \$89,000 to NUVAS.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

I. Capital Leases

The City has entered into certain lease agreements under which the related equipment will become the property of the City when the terms of the lease agreement are met.

All City lease contracts contain a fiscal non-funding clause that allows the City Council the option of terminating the lease agreement at the end of any fiscal year. In the opinion of City management, the likelihood of this clause being exercised is remote.

The following is a schedule, by year, of future minimum lease payments of all capital leases as well as the present value of the net minimum lease payments as of June 30, 2009:

Year ending June 30,	Governmental Activities	Business-type Activities
2010	\$ 39,979	\$ 1,563
2011	27,304	-
2012	7,795	-
2013	7,794	-
Thereafter	2,598	-
Total minimum lease payments	85,470	1,563
Less: Amount representing interest	(4,304)	(7)
Present value of net minimum lease payments	<u>\$ 81,166</u>	<u>\$ 1,556</u>

Equipment and related accumulated depreciation under capital leases is as follows:

	Governmental Activities	Business-type Activities
Cost of equipment	\$ 329,247	\$ 52,829
Accumulated Depreciation	(82,535)	(25,389)
Difference	<u>\$ 246,712</u>	<u>\$ 27,440</u>

J. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. All general obligation bonds issued are for governmental activities. The original amount of general obligation bonds issued in prior years was \$29,125,000.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

General Obligation Bonds (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government.

General obligation bonds currently outstanding at June 30, 2009 are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2004 Road Construction-Refunding	3.00% to 4.00%	\$ 3,230,000
2005 Road Construction	3.50% to 5.00%	7,775,000
2006 Road Construction	3.63% to 5.00%	4,955,000
2009 Road Construction-Refunding	2.75% to 5.00%	2,865,000
Total		<u>\$ 18,825,000</u>

Annual debt service requirements to maturity for the above reflected general obligation debt is as follows:

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2010	\$ 1,160,000	\$ 770,218	\$ 1,930,218
2011	1,205,000	729,128	1,934,128
2012	1,250,000	683,800	1,933,800
2013	1,310,000	634,743	1,944,743
2014	1,350,000	582,250	1,932,250
2015-2019	6,705,000	2,055,424	8,760,424
2020-2024	4,750,000	856,568	5,606,568
2025-2029	1,095,000	27,375	1,122,375
Totals	<u>\$ 18,825,000</u>	<u>\$ 6,339,506</u>	<u>\$ 25,164,506</u>

Current Year Refunding

In 2009, the City issued \$2,865,000 of general obligation refunding bonds for a current refunding of \$2,905,000 of Series 1998 general obligation bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$43,544. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce total debt service payments over the next 9 years by \$194,716 and resulted in an economic gain of \$170,794.

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds

The City has the following revenue bonds outstanding at June 30, 2009:

Water Quality Revenue Bonds

In April of 1994, the City entered into an agreement to issue revenue bonds through the Utah State Department of Water Quality of up to \$3,500,000. As of June 30, 1997, the City had issued \$3,100,000 of such bonds. During the fiscal year ended June 30, 1998, the City issued the remaining \$400,000. The proceeds of the bonds were used to construct facilities at the Water Reclamation Plant. The bond contract terms require principal and interest payable annually on February 1 of each year commencing February 1, 1995 through February 1, 2015. Payments on the bonds are paid from sewer charges to customers. The interest rate is fixed at 3.50%.

Lease Revenue Bonds - Series 2000

In September of 2000, the City issued lease revenue bonds of \$7,985,000 through private placement for the completion of a street lighting project. Payments on the bonds are paid from utility charges to customers. The terms of the bond contract require principal payable annually commencing March 15, 2002 with interest payable semi-annually on September 15 and March 15 of each year commencing March 15, 2001 through September 15, 2010. The interest rate varies between 4.45% and 5.5%.

Refunding Lease Revenue Bonds - Series 2001

In October of 2001, the City issued lease revenue refunding bonds of \$5,345,000 through private placement that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 1995 lease revenue bonds. The terms of the bond contract require principal payable annually commencing June 15, 2002 with interest payable semi-annually on June 15 and December 15 through June 2011. The interest rate varies between 2.50% and 4.50%.

Canyon River SID Bonds - Series 2001

In October of 2001, the City issued Canyon River special improvement district bonds of \$3,680,000 through private placement for the improvement of property. Payments on the bonds are paid from assessments levied against the property. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. The terms of the bond contract

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Canyon River SID Bonds – Series 2001 (continued)

require principal and interest payable annually commencing March 2002 through June 2016. The interest rate varies between 4.59% and 5.00%.

Sales Tax Revenue Bonds – Series 2002

In February of 2002, the City issued sales tax lease revenue bonds of \$12,175,000 through private placement for completion of recreation projects. Payments on the bonds are paid using Redevelopment fund property tax increments and secured by sales tax revenues. The terms of the bond contract require semi-annual payments through April 2023. The terms of the bond contract require principal payable annually commencing April 15, 2003 with interest payable semi-annually commencing October 15, 2002 and April 15, 2003, respectively, through April 2023. The interest rate varies between 3.00% and 5.50%.

Water and Storm Sewer Revenue Bonds – Series 2005 A

In March of 2005, the City issued revenue bonds of \$17,390,000 through private placement for completion of improvements to the city's water and storm sewer systems. The terms of the bond contract require principal payable annually commencing July 15, 2006 with interest payable semi-annually commencing January 15, 2006 through July 2025. The interest rate varies between 3.50% and 5.25%.

Water and Storm Sewer Revenue Bonds – Series 2005 B

In March of 2005, the City entered into an agreement to issue revenue bonds through the Utah State Department of Drinking Water of up to \$3,000,000. The City issued the final \$50,000 in the current fiscal year. As of June 30, 2009, the City had issued the full \$3,000,000 of such bonds. The proceeds of the bonds were used for the completion of improvements to the city's water and storm sewer systems. The terms of the bond contract require principal payable annually commencing July 15, 2006 with interest payable semi-annually commencing January 15, 2006 through July 2025. The interest rate is fixed at 1.48%.

Refunding Lease Revenue Bonds – Series 2007

In January of 2007, the City issued lease revenue refunding bonds of \$3,826,000 through private placement. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2000 lease revenue bonds. The bond contract terms require principal

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Refunding Lease Revenue Bonds – Series 2007 (continued)

payable annually commencing March 15, 2007 with interest payable semi-annually on March 15 and September 15 through March 2018. The interest rate is 3.761%.

Refunding Sales Tax Revenue Bonds – Series 2007

In October of 2007, the City issued sales tax revenue refunding bonds of \$5,720,000 through private placement. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2002 sales tax revenue bonds. The bond contract requires principal payable annually commencing April 15, 2009 with interest payable semi-annually on April 15 and October 15 through April 2023. The interest rate varies between 3.80% and 5.00%.

Water and Storm Sewer Revenue Bonds – Series 2008

In March of 2008, the City issued revenue bonds of \$5,590,000 through private placement for completion of improvements to the city's water and storm sewer systems. The bond contract requires principal payable annually commencing July 15, 2009 with interest payable semi-annually on January 15 and July 15 through July 2028. The interest rate varies between 3.25% and 5.25%.

Midtown Village SID Bonds – Series 2009

In March of 2009, the City issued Midtown Village special improvement district bonds of \$3,943,000 through private placement for the improvement of property. Payments on the bonds are paid from assessments levied against the property. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. However, the assessments have a first lien priority and can be paid by selling the property through the foreclosure process. The bond contract requires principal and interest payable annually commencing December 2009 through December 2028. The interest rate is 4.35%.

Prior Year Advance Refunding

In 2008, the City issued \$5,720,000 of sales tax revenue refunding bonds. The funds were placed in a trust for the purpose of generating resources to pay the remaining outstanding principal balance at April 15, 2015 of the Series 2002 sales tax revenue bonds. The amount to be paid at April 15,

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Prior Year Advance Refunding (continued)

2015 is \$5,515,000. As a result, this amount of Series 2002 sales tax revenue bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$235,946. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding was undertaken to reduce total debt service payments over the next 15 1/2 years by \$205,550 and resulted in an economic gain of \$151,404.

Revenue bonds currently outstanding at June 30, 2009 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	3.00%-5.50%	\$ 9,405,000
Property Improvement	4.35%-5.50%	6,338,000
Street Lighting	3.76%-5.50%	5,167,000
Bond Refunding	2.50%-4.50%	1,055,000
Business-type Activities:		
Water and Storm Sewer	1.48%-5.25%	23,859,000
Wastewater Treatment	3.50%	1,311,757
Total		<u>\$ 47,135,757</u>

Annual debt service requirements to maturity for the above reflected revenue bond debt is as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities		Totals
	Principal	Interest	Principal	Interest	
2010	\$ 2,237,000	\$ 935,960	\$ 1,016,000	\$ 1,074,215	\$ 5,263,175
2011	2,015,000	870,721	1,060,000	1,040,965	4,986,686
2012	1,712,000	778,063	1,105,000	1,004,447	4,599,510
2013	1,815,000	690,102	1,139,000	964,662	4,608,764
2014	1,899,000	609,820	1,174,000	923,603	4,606,423
2015-2019	8,743,000	1,722,842	5,540,757	3,972,990	19,979,589
2020-2024	2,237,000	536,707	6,610,000	2,655,303	12,039,010
2025-2029	1,307,000	175,349	7,526,000	960,692	9,969,041
Totals	<u>\$ 21,965,000</u>	<u>\$ 6,319,564</u>	<u>\$ 25,170,757</u>	<u>\$ 12,596,877</u>	<u>\$ 66,052,198</u>

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

All of the City's water and storm sewer, water quality, sales tax, and lease revenue bonds are payable solely by a pledge and assignment of their associated revenue sources. For additional information regarding the City's pledged-revenue coverage, see the table on pages 156-157.

Notes Payable

Notes payable currently outstanding at June 30, 2009 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Interim Warrant - Building	Variable	\$ 2,217,171
HUD Section 108 Loan - Economic Development	Variable	1,189,930
Land Purchase - Park	6.00%	284,302
Total		<u>\$ 3,691,403</u>

Annual debt service requirements to maturity for the above reflected notes payable is as follows:

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2010	\$ 2,284,189	\$ 210,954	\$ 2,495,143
2011	68,068	75,397	143,465
2012	69,182	71,658	140,840
2013	70,365	67,850	138,215
2014	76,622	63,968	140,590
2015-2019	454,830	252,183	707,013
2020-2024	473,217	122,323	595,540
2025-2029	194,930	15,488	210,418
Totals	<u>\$ 3,691,403</u>	<u>\$ 879,821</u>	<u>\$ 4,571,224</u>

Changes in Long-term Liabilities

Changes in bonds payable, deferred bond premiums, capital leases, and compensated absences during the fiscal year ended June 30, 2009 are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2009

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Changes in Long-term Liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 19,960,000	\$ 2,865,000	\$ (4,000,000)	\$ 18,825,000	\$ 1,160,000
Revenue bonds	20,003,000	3,943,000	(1,981,000)	21,965,000	2,237,000
Plus issuance premiums	442,562	118,936	(31,114)	530,384	41,406
Less deferred amounts:					
On refunding	(695,857)	(62,589)	118,223	(640,223)	(123,640)
Total bonds payable	39,709,705	6,864,347	(5,893,891)	40,680,161	3,314,766
Notes payable	7,476,274	-	(3,784,871)	3,691,403	2,284,189
Capital leases	140,400	34,977	(94,211)	81,166	37,719
Compensated absences	1,736,792	330,622	(227,995)	1,839,419	1,712,744
Governmental activities					
Long-term liabilities	<u>\$ 49,063,171</u>	<u>\$ 7,229,946</u>	<u>\$ (10,000,968)</u>	<u>\$ 46,292,149</u>	<u>\$ 7,349,418</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 26,048,757	\$ 50,000	\$ (928,000)	\$ 25,170,757	\$ 1,016,000
Plus issuance premiums	727,434	-	(41,808)	685,626	41,808
Total bonds payable	26,776,191	50,000	(969,808)	25,856,383	1,057,808
Capital leases	21,210	-	(19,654)	1,556	1,556
Compensated absences	222,427	72,311	(59,339)	235,399	222,181
Business-type activities					
Long-term liabilities	<u>\$ 27,019,828</u>	<u>\$ 122,311</u>	<u>\$ (1,048,801)</u>	<u>\$ 26,093,338</u>	<u>\$ 1,281,545</u>

Compensated Absences

City employees earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to forty-two days of earned vacation. Amounts of vacation vested and not paid have been accrued as a liability at June 30, 2009. The General Fund has typically been used in prior years to liquidate this liability for governmental funds.

Of total compensated absences, \$37,251 has been recorded in the Self - insurance Internal Service Fund. This liability relates to an old City benefit policy. On June 30, 1981, employees had their accumulated hours of vacation and sick leave frozen in a vacation and sick leave bank. Upon separation from service for any cause, an employee shall be paid 100% of their vacation bank and 50% of their sick leave bank. The total liability will not increase, but only decrease as the related employees retire or separate from service.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a Self-insurance Fund to account for and finance its uninsured risks of loss. Under this program, the Self-insurance Fund provides coverage up to \$400,000 for each worker's compensation claim. Third party insurance provides coverage for claims between \$400,000 and \$1,000,000. The Self-insurance Fund would provide coverage for the portion of any individual claim that exceeded \$1,000,000. The Self-insurance fund also provides coverage up to \$15,000 for general liability and \$25,000 for property damage. The City is insured through the Utah Risk Management Mutual Association (URMMA) for liability and claims in excess of coverage provided by the Self-insurance Fund for liability and property claims. While URMMA pays for any liability and property claims exceeding the deductible amount, these claims are repaid by the City through a recapture program. Thus, each year the City pays its annual premium plus a recapture component. The City is insured by Midwest Employers' Company for worker's compensation claims in excess of coverage provided by the Self-insurance Fund. Settled claims have not exceeded such coverage in any of the past three fiscal years.

All Funds of the City participate in the program and make payments to the Self-insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Estimates of incurred but not reported claims, which are reported but not settled do not represent a material amount and, therefore, have not been accrued at year end. The activity in worker's compensation claims (all retained risk) for the years ended June 30, 2008 and 2009 is as follows:

Year ended June 30,	2008	2009
Claim liability, beginning of year	\$ -	\$ -
Claims incurred during the year	164,898	199,252
Changes in estimates of claims of prior periods	179,742	114,036
Payments on claims during the year	(164,898)	(78,850)
Other	-	-
Claim liability, end of year	<u>\$ 179,742</u>	<u>\$ 234,438</u>

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

B. Contingent Liabilities (continued)

be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is a member of Utah Telecommunication Open Infrastructure Agency (UTOPIA), an interlocal, nonprofit agency. UTOPIA was formed under the Utah Interlocal Cooperation Act by its 18 founding cities, of which the City is one of the eleven pledged members. This agency has the assignment to design, finance, build, operate and maintain a fiber-to-home and fiber-to-business fiber optic communication network. UTOPIA will build the infrastructure but private companies will deliver the services over the network. UTOPIA acts as the wholesaler, not the retailer. In July 2004, UTOPIA issued an \$85,000,000 revenue bond. In June 2008, UTOPIA issued \$185,000,000 in new revenue bonds to pay and cancel the 2004 revenue bonds, pay and cancel other related debt, pay outstanding unfunded construction commitments, provide two years of capitalized interest and LOC payments, provide approximately \$10,000,000 in operational and construction funds, and to pay the costs of issuing the 2008 bonds. The 2008 revenue bonds have principal payments due quarterly commencing on September 1, 2010 through June 1, 2040 and interest payments due monthly commencing on July 1, 2008 through June 1, 2040. Net revenues from the communication network will reimburse a debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the eleven pledged members are required to reimburse the UTOPIA debt service reserve fund of any shortfall by their respective percentages up to a specific dollar amount. The City's yearly liability limit is set at a maximum of \$2,585,089 with an annual increase not to exceed 2%. In relation to this yearly liability limit, the City currently has the maximum liability limit of \$2,585,089 on deposit with the trustee. The current estimated cost to construct the fiber optic network in all member cities is estimated to total approximately \$410,000,000.

C. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds (IRB's) to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the State, or any political subdivision thereof is not obligated in any manner for repayment of

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

C. Conduit Debt Obligations (continued)

the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2009, there is one series of Industrial Revenue Bonds issued and outstanding. The original bonds were defeased and new crossover bonds were issued. The aggregate principal amount outstanding and payable on these new bonds at June 30, 2009, is \$1,135,000.

Organization	Maturity	Original Issue Principal Amount
Utah Valley University	November 2011	\$ 4,400,000

D. Employee Retirement Systems and Pension Plans

Plan Description

The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Contributory Retirement System, Public Safety Noncontributory Retirement System, and the Fire Fighters Retirement System, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and the City is required to contribute 7.61% of their annual covered salary.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

D. Employee Retirement Systems and Pension Plans (continued)

Funding Policy (continued)

In the Local Governmental Contributory Retirement System, plan members are required to contribute 6.00% of their annual covered salary (all or part may be paid by the City for the employee) and the City is required to contribute 7.61% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.62% of their annual covered salary. In the Public Safety Contributory Retirement System, plan members are required to contribute 10.50% of their annual covered salary (all or part may be paid by the City for the employee) and the City is required to contribute 15.69% of their annual covered salary. In the Public Safety Noncontributory Retirement System, the City is required to contribute 25.49% of their annual covered salary. In the Firefighters Retirement System, plan members are required to contribute 9.68% of their annual covered salary (all or part may be paid by the City for the employee). 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's contributions in dollars to each of the Systems for the years ending June 30, 2009, 2008 and 2007, were equal to the required contributions for each year. The contribution amounts are as follows:

	Fiscal Year Ending June 30,		
	2009	2008	2007
Local Governmental Contributory Retirement System	\$ 286,677	\$ 281,396	\$ 283,723
Local Governmental Noncontributory Retirement System	1,411,146	1,331,067	1,267,954
Public Safety Contributory Retirement System	126,591	156,692	188,757
Public Safety Noncontributory Retirement System	1,190,217	1,038,168	1,017,742
Firefighters Retirement System	359,535	297,238	270,149
Total Contributions	<u>\$ 3,374,166</u>	<u>\$ 3,104,561</u>	<u>\$ 3,028,325</u>

401(k) Defined Contribution Plan

The City's 401(k) defined contribution plan is administered by ICMA Retirement Corporation (ICMA). The payroll covered by the defined contribution plan for the year ended June 30, 2009 was \$26,904,909. The City's expense for this plan for the year ended June 30, 2009 was approximately \$1,400,000 or 5.20% of the total participants' salary.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

D. Employee Retirement Systems and Pension Plans (continued)

401(k) Defined Contribution Plan (continued)

The contribution rates were previously fixed by the City Council and the contributions were remitted on a timely basis. All employees are fully vested for the contributions made by the City.

In the early 1980's, the City elected to withdraw from the Utah Retirement Systems (URS) pension plan and contribute these funds to each employee's 401(k) account. However, State lawmakers soon mandated that all employees were required to join the URS except certain classes of employees. The City Council was allowed to identify which employees qualified. They elected to allow department heads, the City Manager, and City Council members the option of whether or not to participate in the URS. There are currently four employees who have elected to not participate in the URS.

457 Deferred Compensation Plan

The deferred compensation plan was created in 1981 as a Social Security replacement program for the employees of the City. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City participates in four plans. The assets associated with these plans are not included in the basic financial statements, as they are not legal assets of the City.

All elected officials and permanent employees may also elect to participate in the City's deferred compensation plan and all temporary employees are required to participate in a deferred compensation plan. Under this plan, participants defer a percentage of their compensation up to 7.5% for executive management personnel and up to 5.5% for all other employees (except for the City Manager, whose participation in the plan is determined through negotiation with the City Council, and employees required to pay Medicare insurance premiums) for employees hired prior to March 1986. For those hired after March 1986 the percentage is 6.0% and 4.0% respectively. The City matches the amount deferred by the participants, not to exceed the legal limit. The payroll covered by the deferred compensation plan for the year ended June 30, 2009 was \$26,904,909. The City's expense for this plan for the year ended June 30, 2009 was approximately \$1,107,000 or 4.12% of the total participants' salary. The contribution rates were determined by the City Council and the contributions were remitted on a timely basis.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

E. Other Postemployment Benefits

Effective July 1, 2008, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*.

Plan Description

The City provides postemployment healthcare benefits through a single-employer defined benefit plan to all employees who retired from the City prior to January 1, 2007, and who were qualified to retire from any of the Utah State Retirement Systems. The benefit, benefit level, employee contributions and employer contributions are governed by City policy and can be amended at any time. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan is currently set to terminate on December 31, 2011. The plan does not issue a separate financial report. The activity of the plan is reported in the City's General Fund.

Employees who retire(d) on or after January 1, 2007, are not eligible to participate in this plan. Thus, no new entrants to the plan will occur. However, those employees who retire(d) between January 1, 2007 and December 31, 2011 have been offered a one-time payout to a retirement health savings account (RHS) which they can use to purchase health insurance and/or pay for eligible medical expenses. The payout started at \$25,000 in January 2007 and has been reduced in increments of \$417 each month thereafter until the program terminates in December 2011. No actuarial calculations have been made for this benefit as the City has deemed the liability to be immaterial to the financial statements of the City as a whole.

Funding Policy

The City currently pays for postemployment benefits other than pensions on a "pay-as-you-go" basis. Contribution amounts for the City and the plan members may be amended at any time. For the fiscal year ended June 30, 2009, total plan premiums paid were \$607,218. The City contributed \$455,413 (75% of total premiums) and retiree plan members receiving benefits contributed \$151,805 (25% of total premiums).

Annual OPEB and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the City's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Annual OPEB and Net OPEB Obligation (continued)

For the fiscal year ended June 30, 2009, the City's OPEB cost (expense) of \$455,503 was equal to the ARC. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

<u>OPEB</u>	
Annual Required Contribution (ARC)	\$ 538,912
Interest on Net OPEB Obligation	10,415
Adjustments to ARC	(93,823)
Annual OPEB Cost (Expense)	455,503
Contributions	(607,218)
Decrease in Net OPEB Obligation	(151,715)
Net OPEB Obligation – Beginning of Year	260,368
Net OPEB Obligation – End of Year	\$ 108,654

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2009 is as follows:

Fiscal Year	Annual OPEB <u>Cost</u>	City Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation For Fiscal Yr
June 30, 2009	\$ 455,503	\$ 607,218	133.31%	\$ 108,654

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,555,352, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,555,352.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5% for FY 2009 and 2010 and 6.3% for FY 2011 and 2012. The actuarial value of plan assets was not determined as the City has not advance funded (nor does it intend to) its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over a closed six year period. The remaining amortization period at January 1, 2009, was three years.

F. Segment Information for Enterprise Funds

The City has issued revenue bonds to finance certain improvements to its culinary water distribution system, water reclamation plant, and storm sewer system. Because each of these activities is accounted for in separate funds and all of those funds are reported as major funds in the fund financial statements, segment disclosures herein are not required.

City of Orem
Notes to the Financial Statements
June 30, 2009

5. Other Information (continued)

G. Redevelopment Agency of the City of Orem

For the year ended June 30, 2009, the following activity occurred in the City's Redevelopment Agency:

Tax Increment Collected From Other Taxing Agencies For The Project Area	Total
Orem 85-01: Orem Tek Development	\$ 851,167
Orem 85-02: Timpanogos Technological Center	549,620
Orem 85-03A: University Parkway Development	596,480
Orem 85-03B: University Parkway Development	963,605
Orem 85-04: Economic Zone in Central Orem	230,593
Orem 87-10: Boyer Project on Center and State Street	335,608
Orem 90-08: 800 North and State Street Economic Zone	204,902
Total	<u>\$ 3,731,975</u>
 Outstanding Loans to Finance RDA Projects	 <u>\$ -</u>

During the year ending June 30, 2009, the RDA expended monies in the categories below as follows:

Economic Development	\$ 1,183,685
Total	<u>\$ 1,183,685</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Orem
Schedule of Funding Progress
Other Postemployment Benefits
For The Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
January 1, 2009	\$ -	\$ 1,555,352	\$ 1,555,352	0.00%	\$ 27,216,217	5.71%
	(a)	(b)	(b - a)	(a / b)		

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**OTHER
STATEMENTS
&
SCHEDULES**

Combining Financial Statements Nonmajor Governmental Funds

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund – This fund is used to account for all general obligation debt of the City of Orem. Operating transfers are made from the General Fund to service the debt payments made by this fund. The source of fund revenue for retiring the general obligation debt is principally the power of the City to levy general property tax; however, certain debt is serviced by sales tax and franchise tax revenues.

Municipal Building Authority Debt Service Fund – This fund is used to account for all lease revenue debt of the Municipal Building Authority of the City of Orem Corporation. Lease payments are made from the General Fund of the City. The debt is secured by the value of the underlying property.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

CARE Tax Fund – This fund is used to account for the preparation and implementation of plans to improve, rehabilitate and/or develop cultural arts and recreation facilities within the City.

Redevelopment Fund – This fund is used to account for the preparation and implementation of plans to improve, rehabilitate and redevelop blighted areas within the City.

Community Development & Rehabilitation Fund – This fund is used to account for a variety of efforts to assist development. It is financed principally by federal entitlements from the U.S. Department of Housing and Urban Development, Community Development Block Grants. Grants and loans are made from this fund to assist housing rehabilitation, business development, and equipment and services that aid the indigent, handicapped, elderly, etc.

Friends of the Library Fund – This fund is used to account for the financial transactions of the Friends of the Orem Public Library, a volunteer group which supports the Library's collections, services, and programs. The group may also help with other various community oriented programs as it sees a need. One of the largest programs funded by this group is the Timpanogos Storytelling Festival.

Orem Foundation Trust Fund – This fund is used to account for the financial transactions of the Orem Foundation Trust, an approved IRS Section 501(c)3 charitable organization. All funds received by the trust are used to support and enhance services and programs provided by the City.

Senior Citizens Fund – This fund is used to account for the financial transactions of those activities related to the Senior Citizen Friendship Center and its senior citizen patrons.

City of Orem
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Debt Service Funds			Special	
	Debt Service	Municipal Building Authority - Debt Service	Total	CARE Tax Fund	Redevelopment Fund
ASSETS					
Cash and Cash Equivalents	\$ 3,278,577	\$ 5,688	\$ 3,284,265	\$ 3,876,113	\$ 2,395,451
Taxes Receivable	-	-	-	247,588	-
Notes Receivable	-	-	-	-	-
Restricted Cash and Cash Equivalents:					
Debt Service	2,853,752	223	2,853,975	-	-
Capital Improvement Projects	-	-	-	-	-
Total Assets	6,132,329	5,911	6,138,240	4,123,701	2,395,451
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-
Deferred Revenues	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted for Debt Service and Capital Improvements	2,853,752	223	2,853,975	-	-
Unreserved	3,278,577	5,688	3,284,265	4,123,701	2,395,451
Total Fund Balances	6,132,329	5,911	6,138,240	4,123,701	2,395,451
Total Liabilities and Fund Balances	\$ 6,132,329	\$ 5,911	\$ 6,138,240	\$ 4,123,701	\$ 2,395,451

Revenue Funds

Community Development & Rehabilitation Fund	Friends of the Library Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ 525,199	\$ 855,033	\$ -	\$ 143,427	\$ 7,795,223	\$ 11,079,488
-	-	-	-	247,588	247,588
434,598	-	-	-	434,598	434,598
560	-	-	-	560	2,854,535
296,844	-	-	-	296,844	296,844
<u>1,257,201</u>	<u>855,033</u>	<u>-</u>	<u>143,427</u>	<u>8,774,813</u>	<u>14,913,053</u>
26,502	10,473	-	922	37,897	37,897
3,895	-	-	-	3,895	3,895
929,399	-	-	-	929,399	929,399
<u>959,796</u>	<u>10,473</u>	<u>-</u>	<u>922</u>	<u>971,191</u>	<u>971,191</u>
297,405	-	-	-	297,405	3,151,380
-	844,560	-	142,505	7,506,217	10,790,482
<u>297,405</u>	<u>844,560</u>	<u>-</u>	<u>142,505</u>	<u>7,803,622</u>	<u>13,941,862</u>
<u>\$ 1,257,201</u>	<u>\$ 855,033</u>	<u>\$ -</u>	<u>\$ 143,427</u>	<u>\$ 8,774,813</u>	<u>\$ 14,913,053</u>

City of Orem
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2009

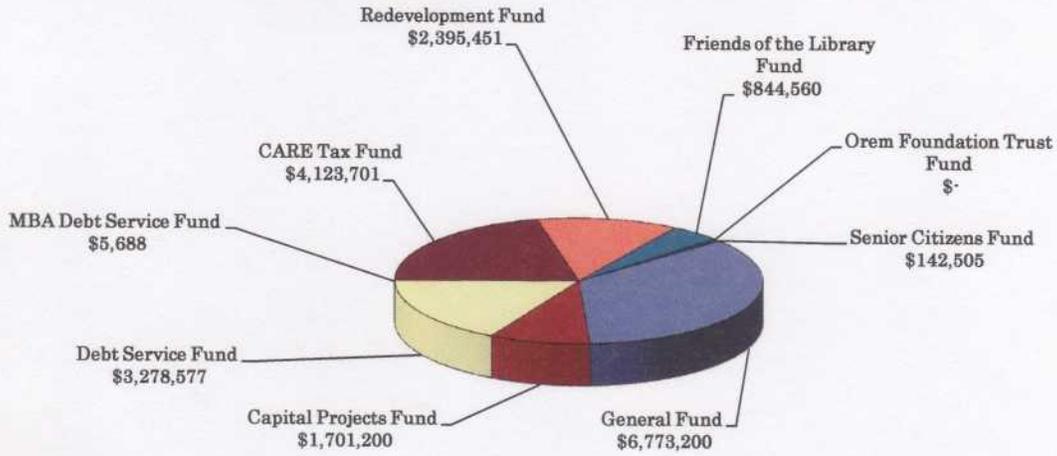
	Debt Service Funds			Special	
	Debt Service	Municipal Building Authority Debt Service	Total	CARE Tax Fund	Redevelopment Fund
REVENUES					
Property Taxes	\$ 1,929,241	\$ -	\$ 1,929,241	\$ -	\$ 3,731,975
Sales Taxes	-	-	-	1,575,193	-
Special Assessments	696,894	-	696,894	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Interest Income	120,451	223	120,674	65,344	-
Miscellaneous Revenues	-	-	-	-	-
Total Revenues	<u>2,746,586</u>	<u>223</u>	<u>2,746,809</u>	<u>1,640,537</u>	<u>3,731,975</u>
EXPENDITURES					
Current:					
Economic and Physical Development	-	-	-	-	-
Redevelopment	-	-	-	-	939,909
Parks, Recreation and Arts	-	-	-	879,394	-
Debt Service:					
Principal Retirement	5,694,871	1,121,000	6,815,871	-	-
Interest and Fiscal Charges	1,960,474	306,904	2,267,378	-	-
Bond Issuance Costs	102,923	-	102,923	-	-
Capital Outlay	-	-	-	-	243,776
Total Expenditures	<u>7,758,268</u>	<u>1,427,904</u>	<u>9,186,172</u>	<u>879,394</u>	<u>1,183,685</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(5,011,682)</u>	<u>(1,427,681)</u>	<u>(6,439,363)</u>	<u>761,143</u>	<u>2,548,290</u>
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	6,808,000	-	6,808,000	-	-
Payment to Bond Refunding Agent	(2,905,000)	-	(2,905,000)	-	-
Bond Issuance Premium	118,936	-	118,936	-	-
Transfers In	3,718,907	1,427,635	5,146,542	-	-
Transfers Out	-	-	-	(11,817)	(1,254,044)
Total Other Financing Sources and (Uses)	<u>7,740,843</u>	<u>1,427,635</u>	<u>9,168,478</u>	<u>(11,817)</u>	<u>(1,254,044)</u>
Net Change in Fund Balances	2,729,161	(46)	2,729,115	749,326	1,294,246
Fund Balances - Beginning	3,403,168	5,957	3,409,125	3,374,375	1,101,205
Fund Balances - Ending	<u>\$ 6,132,329</u>	<u>\$ 5,911</u>	<u>\$ 6,138,240</u>	<u>\$ 4,123,701</u>	<u>\$ 2,395,451</u>

Revenue Funds

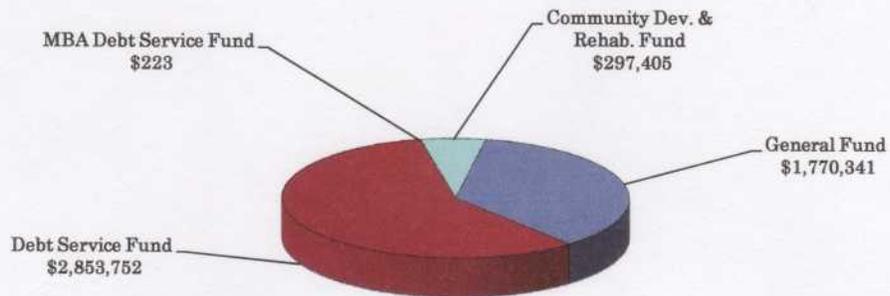
Community Development & Rehabilitation Fund	Friends of the Library Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,731,975	\$ 5,661,216
-	-	-	-	1,575,193	1,575,193
-	-	-	-	-	696,894
640,806	-	-	-	640,806	640,806
306,039	159,703	-	40,817	506,559	506,559
7,175	18,196	35	3,432	94,182	214,856
3,004	82,300	7,350	17,433	110,087	110,087
<u>957,024</u>	<u>260,199</u>	<u>7,385</u>	<u>61,682</u>	<u>6,658,802</u>	<u>9,405,611</u>
665,692	-	-	-	665,692	665,692
-	-	-	-	939,909	939,909
-	317,810	-	45,957	1,243,161	1,243,161
45,000	-	-	-	45,000	6,860,871
66,074	-	-	-	66,074	2,333,452
-	-	-	-	-	102,923
104,823	-	-	10,153	358,752	358,752
<u>881,589</u>	<u>317,810</u>	<u>-</u>	<u>56,110</u>	<u>3,318,588</u>	<u>12,504,760</u>
75,435	(57,611)	7,385	5,572	3,340,214	(3,099,149)
-	-	-	-	-	6,808,000
-	-	-	-	-	(2,905,000)
-	-	-	-	-	118,936
45,857	11,812	-	-	57,669	5,204,211
(120,113)	-	(12,812)	-	(1,398,786)	(1,398,786)
<u>(74,256)</u>	<u>11,812</u>	<u>(12,812)</u>	<u>-</u>	<u>(1,341,117)</u>	<u>7,827,361</u>
1,179	(45,799)	(5,427)	5,572	1,999,097	4,728,212
296,226	890,359	5,427	136,933	5,804,525	9,213,650
<u>\$ 297,405</u>	<u>\$ 844,560</u>	<u>\$ -</u>	<u>\$ 142,505</u>	<u>\$ 7,803,622</u>	<u>\$ 13,941,862</u>

City of Orem
 Governmental Funds
 Fund Balance
 For The Year Ended June 30, 2009

GOVERNMENTAL FUNDS - UNRESERVED FUND BALANCE



GOVERNMENTAL FUNDS - RESERVED/RESTRICTED FUND BALANCE



**Combining Financial Statements
Nonmajor Proprietary Funds**

Recreation Fund – This fund is to account for the services provided by the City's Fitness Center. The Fitness Center complex includes an indoor swimming pool, indoor track, basketball court, handball courts, racquetball courts, an outdoor swimming pool/water park (Scera Park), and other facilities. A variety of classes and open play are made available to residents and non-residents on a fee basis.

Solid Waste Fund – This fund is to account for the collection of residential garbage within the City. Residential garbage collection services are provided by a private contractor through a contract with the City. Businesses and commercial concerns within the City are not serviced, but may contract with private firms for these same services.

Street Lighting Fund – This fund is to account for providing the residents and businesses of the City with a new street lighting system. Lease Revenue Bonds were issued to cover the purchase and installation of the system. Payment and costs of these bonds are not accounted for here, but are in the Debt Service Fund.

City of Orem
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2009

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,386,734	\$ 1,221,583	\$ 265,242	\$ 412,665
Accounts Receivable (Net of Allowance for Doubtful Accounts)	-	-	267,931	260,080
Restricted Cash and Cash Equivalents:				
Capital Improvement Projects	-	-	-	-
Total Current Assets	1,386,734	1,221,583	533,173	672,745
Noncurrent Assets:				
Capital Assets:				
Land	39,822	39,822	-	-
Buildings and Systems	4,131,130	4,121,630	-	-
Improvements other than Buildings	1,770,490	1,499,210	-	-
Machinery and Equipment	22,048	47,458	-	-
Infrastructure	-	-	-	-
Construction in Progress	-	183,351	-	-
Less Accumulated Depreciation	(4,421,444)	(4,352,870)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	1,542,046	1,538,601	-	-
Total Assets	2,928,780	2,760,184	533,173	672,745
LIABILITIES				
Current Liabilities:				
Accounts Payable	36,142	94,362	250,059	230,390
Accrued Liabilities	85,367	76,413	-	-
Accrued Vacation and Sick Leave	25,907	27,478	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	320,805	350,659	-	-
Total Current Liabilities	468,221	548,912	250,059	230,390
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	1,364	1,447	-	-
Total Noncurrent Liabilities	1,364	1,447	-	-
Total Liabilities	469,585	550,359	250,059	230,390
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	1,542,046	1,538,601	-	-
Restricted for Capital Improvements	-	-	-	-
Unrestricted	917,149	671,224	283,114	442,355
Total Net Assets	\$ 2,459,195	\$ 2,209,825	\$ 283,114	\$ 442,355

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ -	\$ -	\$ 1,651,976	\$ 1,634,248
63,966	52,452	331,897	312,532
-	-	-	-
<u>63,966</u>	<u>52,452</u>	<u>1,983,873</u>	<u>1,946,780</u>
-	-	39,822	39,822
-	-	4,131,130	4,121,630
-	-	1,770,490	1,499,210
94,609	94,609	116,657	142,067
1,168,705	902,953	1,168,705	902,953
-	-	-	183,351
<u>(112,234)</u>	<u>(79,243)</u>	<u>(4,533,678)</u>	<u>(4,432,113)</u>
1,151,080	918,319	2,693,126	2,456,920
<u>1,215,046</u>	<u>970,771</u>	<u>4,676,999</u>	<u>4,403,700</u>
1,172	16,685	287,373	341,437
5,825	6,357	91,192	82,770
9,377	9,384	35,284	36,862
418,156	400,004	418,156	400,004
-	-	320,805	350,659
<u>434,530</u>	<u>432,430</u>	<u>1,152,810</u>	<u>1,211,732</u>
494	493	1,858	1,940
494	493	1,858	1,940
<u>435,024</u>	<u>432,923</u>	<u>1,154,668</u>	<u>1,213,672</u>
1,151,080	918,319	2,693,126	2,456,920
-	-	-	-
<u>(371,058)</u>	<u>(380,471)</u>	<u>829,205</u>	<u>733,108</u>
<u>\$ 780,022</u>	<u>\$ 537,848</u>	<u>\$ 3,522,331</u>	<u>\$ 3,190,028</u>

City of Orem
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For The Year Ended June 30, 2009

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
OPERATING REVENUES				
Charges for Services	\$ 1,609,940	\$ 1,588,694	\$ 2,999,129	\$ 2,961,104
Other Revenues	1,007	200	-	-
Total Operating Revenues	<u>1,610,947</u>	<u>1,588,894</u>	<u>2,999,129</u>	<u>2,961,104</u>
OPERATING EXPENSES				
Personnel Services	1,122,926	1,077,448	-	-
Supplies and Maintenance	186,337	173,364	31,692	25,428
Administrative Fee	-	-	333,674	333,674
Utilities	264,685	244,202	-	-
Contract Services	12,476	11,028	2,735,486	2,627,474
Equipment Lease and Rentals	-	-	-	-
Insurance	-	-	-	-
Depreciation	91,387	89,771	-	-
Miscellaneous	17,910	21,774	27,712	28,131
Total Operating Expenses	<u>1,695,721</u>	<u>1,617,587</u>	<u>3,128,564</u>	<u>3,014,707</u>
Operating Income (Loss)	<u>(84,774)</u>	<u>(28,693)</u>	<u>(129,435)</u>	<u>(53,603)</u>
NONOPERATING REVENUES AND EXPENSES				
Interest Revenue	29,490	41,070	2,801	8,342
Gain (Loss) on Sale of Capital Assets	1,285	-	-	-
Total Nonoperating Revenues	<u>30,775</u>	<u>41,070</u>	<u>2,801</u>	<u>8,342</u>
Income (Loss) before Transfers	<u>(53,999)</u>	<u>12,377</u>	<u>(126,634)</u>	<u>(45,261)</u>
Contributions from Governmental Funds	28,351	-	-	-
Transfers In	275,843	414,968	-	-
Transfers Out	(825)	(825)	(32,607)	(29,911)
Change in Net Assets	249,370	426,520	(159,241)	(75,172)
Total Net Assets - Beginning	<u>2,209,825</u>	<u>1,783,305</u>	<u>442,355</u>	<u>517,527</u>
Total Net Assets - Ending	<u>\$ 2,459,195</u>	<u>\$ 2,209,825</u>	<u>\$ 283,114</u>	<u>\$ 442,355</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 719,296	\$ 687,616	\$ 5,328,365	\$ 5,237,414
23,333	1,727	24,340	1,927
<u>742,629</u>	<u>689,343</u>	<u>5,352,705</u>	<u>5,239,341</u>
138,245	113,809	1,261,171	1,191,257
7,838	7,962	225,867	206,754
-	-	333,674	333,674
293,631	313,956	558,316	558,158
68,624	71,448	2,816,586	2,709,950
708,960	709,097	708,960	709,097
-	-	-	-
32,991	23,981	124,378	113,752
91	4,052	45,713	53,957
<u>1,250,380</u>	<u>1,244,305</u>	<u>6,074,665</u>	<u>5,876,599</u>
<u>(507,751)</u>	<u>(554,962)</u>	<u>(721,960)</u>	<u>(637,258)</u>
-	4,960	32,291	54,372
-	-	1,285	-
-	4,960	33,576	54,372
<u>(507,751)</u>	<u>(550,002)</u>	<u>(688,384)</u>	<u>(582,886)</u>
-	-	28,351	-
750,000	670,000	1,025,843	1,084,968
(75)	(75)	(33,507)	(30,811)
<u>242,174</u>	<u>119,923</u>	<u>332,303</u>	<u>471,271</u>
<u>537,848</u>	<u>417,925</u>	<u>3,190,028</u>	<u>2,718,757</u>
\$ <u>780,022</u>	\$ <u>537,848</u>	\$ <u>3,522,331</u>	\$ <u>3,190,028</u>

City of Orem
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2009

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,609,940	\$ 1,588,694	\$ 2,999,129	\$ 2,961,104
Receipts from Interfund Services Provided	1,007	200	-	-
Payments to Suppliers	(560,528)	(392,341)	(2,783,072)	(2,667,384)
Payments to Employees	(1,124,580)	(1,078,740)	-	-
Payments for Interfund Services Used	-	-	(333,674)	(333,674)
Net Cash Provided (Used) by Operating Activities	<u>(74,161)</u>	<u>117,813</u>	<u>(117,617)</u>	<u>(39,954)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	275,843	414,968	-	-
Transfers Out	(825)	(825)	(32,607)	(29,911)
Net Cash Provided (Used) by Noncapital Activities	<u>275,018</u>	<u>414,143</u>	<u>(32,607)</u>	<u>(29,911)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(66,481)	(183,351)	-	-
Proceeds from Sales of Capital Assets	1,285	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(65,196)</u>	<u>(183,351)</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	29,490	41,070	2,801	8,342
Net Cash Provided (Used) by Investing Activities	<u>29,490</u>	<u>41,070</u>	<u>2,801</u>	<u>8,342</u>
Net Increase (Decrease) in Cash and Cash Equivalents	165,151	389,675	(147,423)	(61,523)
Cash and Cash Equivalents - Beginning of Year	1,221,583	831,908	412,665	474,188
Cash and Cash Equivalents - End of Year	<u>\$ 1,386,734</u>	<u>\$ 1,221,583</u>	<u>\$ 265,242</u>	<u>\$ 412,665</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (84,774)	\$ (28,693)	\$ (129,435)	\$ (53,603)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 91,387	\$ 89,771	\$ -	\$ -
(Increase) Decrease in Receivables	-	-	(7,851)	10,316
Increase (Decrease) in Accounts Payable	(58,220)	74,406	19,669	3,333
Increase (Decrease) in Accrued Liabilities	8,954	8,147	-	-
Increase (Decrease) in Deferred Revenue	(29,854)	(24,526)	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	(1,654)	(1,292)	-	-
Total Adjustments	<u>10,613</u>	<u>146,506</u>	<u>11,818</u>	<u>13,649</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (74,161)</u>	<u>\$ 117,813</u>	<u>\$ (117,617)</u>	<u>\$ (39,954)</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Governmental Funds	\$ 28,351	\$ -	\$ -	\$ -

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 719,296	\$ 687,616	\$ 5,328,365	\$ 5,237,414
23,333	1,727	24,340	1,927
(1,088,551)	(1,115,520)	(4,432,151)	(4,175,245)
(138,251)	(113,072)	(1,262,831)	(1,191,812)
-	-	(333,674)	(333,674)
<u>(484,173)</u>	<u>(539,249)</u>	<u>(675,951)</u>	<u>(461,390)</u>
750,000	670,000	1,025,843	1,084,968
(75)	(75)	(33,507)	(30,811)
<u>749,925</u>	<u>669,925</u>	<u>992,336</u>	<u>1,054,157</u>
(265,752)	(135,636)	(332,233)	(318,987)
-	-	1,285	-
<u>(265,752)</u>	<u>(135,636)</u>	<u>(330,948)</u>	<u>(318,987)</u>
-	4,960	32,291	54,372
-	4,960	32,291	54,372
-	-	17,728	328,152
-	-	1,634,248	1,306,096
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,651,976</u>	<u>\$ 1,634,248</u>
<u>\$ (507,751)</u>	<u>\$ (554,962)</u>	<u>(721,960)</u>	<u>(637,258)</u>
\$ 32,991	\$ 23,981	124,378	113,752
(11,514)	2,975	(19,365)	13,291
(15,513)	(5,261)	(54,064)	72,478
17,620	(6,719)	26,574	1,428
-	-	(29,854)	(24,526)
(6)	737	(1,660)	(555)
<u>23,578</u>	<u>15,713</u>	<u>46,009</u>	<u>175,868</u>
<u>\$ (484,173)</u>	<u>\$ (539,249)</u>	<u>\$ (675,951)</u>	<u>\$ (461,390)</u>
\$ -	\$ -	\$ 28,351	\$ -

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**GOVERNMENTAL FUNDS
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

DEBT SERVICE FUNDS
DEBT SERVICE FUND
MBA DEBT SERVICE FUND

CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS FUND

SPECIAL REVENUE FUNDS
CARE TAX FUND
REDEVELOPMENT FUND
COMMUNITY DEVELOPMENT & REHABILITATION FUND
FRIENDS OF THE LIBRARY FUND
OREM FOUNDATION TRUST FUND
SENIOR CITIZENS FUND

City of Orem
Debt Service - Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,933,775	\$ 1,933,775	\$ 1,929,241	\$ (4,534)
Special Assessments	413,750	973,990	696,894	(277,096)
Interest Revenues	-	17,490	120,451	102,961
Total Revenues	2,347,525	2,925,255	2,746,586	(178,669)
EXPENDITURES				
Debt Service:				
Principal Retirement	2,032,697	5,991,977	5,694,871	297,106
Interest and Fiscal Charges	1,449,046	4,566,164	1,960,474	2,605,690
Bond Issuance Costs	-	108,357	102,923	5,434
Total Expenditures	3,481,743	10,666,498	7,758,268	2,908,230
Excess (Deficiency) of Revenues over (under) Expenditures	(1,134,218)	(7,741,243)	(5,011,682)	2,729,561
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	-	6,808,000	6,808,000	-
Payment to Bond Refunding Agent	-	(2,905,000)	(2,905,000)	-
Bond Issuance Premium	-	118,936	118,936	-
Transfers In	1,134,218	3,719,307	3,718,907	(400)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	1,134,218	7,741,243	7,740,843	(400)
Net Change in Fund Balance	-	-	2,729,161	2,729,161
Fund Balance - Beginning	3,403,168	3,403,168	3,403,168	-
Fund Balance - Ending	\$ 3,403,168	\$ 3,403,168	\$ 6,132,329	\$ 2,729,161

City of Orem
Municipal Building Authority - Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest Revenues	\$ -	\$ -	\$ 223	223
Total Revenues	-	-	223	223
EXPENDITURES				
Debt Service:				
Principal Retirement	1,121,000	1,121,000	1,121,000	-
Interest and Fiscal Charges	307,304	307,304	306,904	400
Total Expenditures	1,428,304	1,428,304	1,427,904	400
Excess (Deficiency) of Revenues over (under) Expenditures	(1,428,304)	(1,428,304)	(1,427,681)	623
OTHER FINANCING SOURCES (USES)				
Transfers In	1,428,304	1,428,304	1,427,635	(669)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	1,428,304	1,428,304	1,427,635	(669)
Net Change in Fund Balance	-	-	(46)	(46)
Fund Balance - Beginning	5,957	5,957	5,957	-
Fund Balance - Ending	\$ 5,957	\$ 5,957	\$ 5,911	\$ (46)

City of Orem
 Capital Projects - Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 75,000	\$ 75,000
Miscellaneous Revenues	160,000	160,000	237,830	77,830
Total Revenues	160,000	160,000	312,830	152,830
EXPENDITURES				
Current:				
Capital Outlay	1,800,000	5,865,601	2,996,381	2,869,220
Economic and Physical Development	-	21,356	10,357	10,999
Total Expenditures	1,800,000	5,886,957	3,006,738	2,880,219
Excess (Deficiency) of Revenues over (under) Expenditures	(1,640,000)	(5,726,957)	(2,693,908)	3,033,049
OTHER FINANCING SOURCES (USES)				
Transfers In	1,561,115	1,576,115	208,665	(1,367,450)
Transfers Out	(128,115)	(128,115)	(128,115)	-
Total Other Financing Sources (Uses)	1,433,000	1,448,000	80,550	(1,367,450)
Net Change in Fund Balance	(207,000)	(4,278,957)	(2,613,358)	1,665,599
Fund Balance - Beginning	4,314,558	4,314,558	4,314,558	-
Fund Balance - Ending	\$ 4,107,558	\$ 35,601	\$ 1,701,200	\$ 1,665,599

City of Orem
 CARE Tax - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,575,193	\$ (224,807)
Interest Revenues	65,000	65,000	65,344	344
Total Revenues	1,865,000	1,865,000	1,640,537	(224,463)
EXPENDITURES				
Current:				
Arts and Recreation Development	1,853,183	1,603,183	879,394	723,789
Capital Outlay	-	250,000	-	250,000
Total Expenditures	1,853,183	1,853,183	879,394	973,789
Excess (Deficiency) of Revenues over (under) Expenditures	11,817	11,817	761,143	749,326
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(11,817)	(11,817)	(11,817)	-
Total Other Financing Sources (Uses)	(11,817)	(11,817)	(11,817)	-
Net Change in Fund Balance	-	-	749,326	749,326
Fund Balance - Beginning	3,374,375	3,374,375	3,374,375	-
Fund Balance - Ending	\$ 3,374,375	\$ 3,374,375	\$ 4,123,701	\$ 749,326

City of Orem
 Redevelopment - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,815,000	\$ 3,731,975	\$ 3,731,975	\$ -
Total Revenues	<u>2,815,000</u>	<u>3,731,975</u>	<u>3,731,975</u>	<u>-</u>
EXPENDITURES				
Current:				
Redevelopment	1,560,956	3,557,398	1,183,685	2,373,713
Total Expenditures	<u>1,560,956</u>	<u>3,557,398</u>	<u>1,183,685</u>	<u>2,373,713</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,254,044</u>	<u>174,577</u>	<u>2,548,290</u>	<u>2,373,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,254,044)	(1,254,044)	(1,254,044)	-
Total Other Financing Sources (Uses)	<u>(1,254,044)</u>	<u>(1,254,044)</u>	<u>(1,254,044)</u>	<u>-</u>
Net Change in Fund Balance	-	(1,079,467)	1,294,246	2,373,713
Fund Balance - Beginning	<u>1,101,205</u>	<u>1,101,205</u>	<u>1,101,205</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,101,205</u>	<u>\$ 21,738</u>	<u>\$ 2,395,451</u>	<u>\$ 2,373,713</u>

City of Orem
 Community Development and Rehabilitation - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 604,203	\$ 768,297	\$ 640,806	\$ (127,491)
Charges for Services	56,301	56,301	306,039	249,738
Interest Revenues	-	-	7,175	7,175
Miscellaneous Revenues	-	-	3,004	3,004
Total Revenues	660,504	824,598	957,024	132,426
EXPENDITURES				
Current:				
Economic and Physical Development	475,410	852,763	770,515	82,248
Debt Service:				
Principal Retirement	45,000	45,000	45,000	-
Interest and Fiscal Charges	65,838	66,075	66,074	1
Total Expenditures	586,248	963,838	881,589	82,249
Excess (Deficiency) of Revenues over (under) Expenditures	74,256	(139,240)	75,435	214,675
OTHER FINANCING SOURCES (USES)				
Transfers In	45,857	45,857	45,857	-
Transfers Out	(120,113)	(120,113)	(120,113)	-
Total Other Financing Sources (Uses)	(74,256)	(74,256)	(74,256)	-
Net Change in Fund Balance	-	(213,496)	1,179	214,675
Fund Balance - Beginning	296,226	296,226	296,226	-
Fund Balance - Ending	\$ 296,226	\$ 82,730	\$ 297,405	\$ 214,675

City of Orem
 Friends of the Library - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 240,000	\$ 180,000	\$ 159,703	\$ (20,297)
Interest Revenues	-	15,000	18,196	3,196
Miscellaneous Revenues	-	60,000	82,300	22,300
Total Revenues	240,000	255,000	260,199	5,199
EXPENDITURES				
Current:				
Library Programs	246,000	274,711	317,810	(43,099)
Total Expenditures	246,000	274,711	317,810	(43,099)
Excess (Deficiency) of Revenues over (under) Expenditures	(6,000)	(19,711)	(57,611)	(37,900)
OTHER FINANCING SOURCES (USES)				
Transfers In	6,000	12,000	11,812	(188)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	6,000	12,000	11,812	(188)
Net Change in Fund Balance	-	(7,711)	(45,799)	(38,088)
Fund Balance - Beginning	890,359	890,359	890,359	-
Fund Balance - Ending	\$ 890,359	\$ 882,648	\$ 844,560	\$ (38,088)

City of Orem
Orem Foundation Trust - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest Revenues	\$ -	\$ -	\$ 35	\$ 35
Miscellaneous Revenues	6,500	10,000	7,350	(2,650)
Total Revenues	6,500	10,000	7,385	(2,615)
EXPENDITURES				
Current:				
City Programs	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	6,500	10,000	7,385	(2,615)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(6,500)	(13,000)	(12,812)	188
Total Other Financing Sources (Uses)	(6,500)	(13,000)	(12,812)	188
Net Change in Fund Balance	-	(3,000)	(5,427)	(2,427)
Fund Balance - Beginning	5,427	5,427	5,427	-
Fund Balance - Ending	\$ 5,427	\$ 2,427	\$ -	\$ (2,427)

City of Orem
 Senior Citizens - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 26,750	\$ 36,750	\$ 40,817	\$ 4,067
Interest Revenues	6,000	6,000	3,432	(2,568)
Miscellaneous Revenues	20,250	20,250	17,433	(2,817)
Total Revenues	53,000	63,000	61,682	(1,318)
EXPENDITURES				
Current:				
Dances	18,000	18,000	13,261	4,739
Tours	12,000	27,000	25,552	1,448
Miscellaneous Expenditures	23,000	18,000	7,144	10,856
Capital Outlay	-	11,000	10,153	847
Total Expenditures	53,000	74,000	56,110	17,890
Excess (Deficiency) of Revenues over (under) Expenditures	-	(11,000)	5,572	16,572
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(11,000)	5,572	16,572
Fund Balance - Beginning	136,933	136,933	136,933	-
Fund Balance - Ending	\$ 136,933	\$ 125,933	\$ 142,505	\$ 16,572

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Fleet Maintenance Fund – This fund is to account for the repair and maintenance of vehicles and equipment for the entire City operation. It is financed by charges made to the funds it services. Supplies and materials are charged at cost to the specific fund. Personnel, administration and overhead costs are charged on an estimated basis established at the beginning of each year.

Purchasing/Warehousing Fund – This fund is to account for the central purchasing and warehousing for the City. It provides the service to all governmental and proprietary funds. It is financed by charges made to the other funds. Funds are charged for supplies and materials at cost. Personnel, administrative and overhead costs are charged on an estimated allocation basis established at the beginning of each year.

Self-Insurance Fund – This fund is to account for the costs of insurance premiums and claims made against the City. Monies are accumulated in this fund to pay premiums for liability and property damage insurance and other claims. The City participates in the Utah Risk Management Mutual Association for its liability and property damage insurance. Insurance for large vehicles and equipment is purchased from private insurers. The fund also accounts for the insurance benefits of employees (i.e., state unemployment insurance, workers compensation insurance). The fund is financed by allocated charges made to the other funds for liability and property damage insurance. It is based on an allocation established at the beginning of each year for potential risk and prior experience. Charges for employee insurance benefits are made directly to each fund as a part of the payroll system. Another function of the self-insurance fund is to accumulate resources to pay the long-term portion of the compensated absences liability of the general fund. See footnote 5.A. for additional information regarding this fund.

City of Orem
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 129,778	\$ 122,690	\$ 1,699,686	\$ 1,952,154
Inventories	-	364,475	-	364,475
Total Current Assets	<u>129,778</u>	<u>487,165</u>	<u>1,699,686</u>	<u>2,316,629</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	-	150,000	-	150,000
Improvements other than Buildings	-	16,893	-	16,893
Machinery and Equipment	158,476	33,316	15,000	206,792
Less Accumulated Depreciation	(121,359)	(61,847)	(5,535)	(188,741)
Total Capital Assets (Net of Accumulated Depreciation)	<u>37,117</u>	<u>138,362</u>	<u>9,465</u>	<u>184,944</u>
Total Assets	<u>166,895</u>	<u>625,527</u>	<u>1,709,151</u>	<u>2,501,573</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	1,657	1,656	29,059	32,372
Accrued Liabilities	17,719	8,228	831,767	857,714
Accrued Vacation and Sick Leave	42,695	12,250	7,979	62,924
Capital Lease Payable - Current Portion	519	-	-	519
Total Current Liabilities	<u>62,590</u>	<u>22,134</u>	<u>868,805</u>	<u>953,529</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	2,399	644	36,435	39,478
Total Noncurrent Liabilities	<u>2,399</u>	<u>644</u>	<u>36,435</u>	<u>39,478</u>
Total Liabilities	<u>64,989</u>	<u>22,778</u>	<u>905,240</u>	<u>993,007</u>
NET ASSETS				
Invested in Capital Assets	36,598	138,362	9,465	184,425
Restricted for Capital Improvements	-	-	-	-
Unrestricted	65,308	464,387	794,446	1,324,141
Total Net Assets	<u>\$ 101,906</u>	<u>\$ 602,749</u>	<u>\$ 803,911</u>	<u>\$ 1,508,566</u>

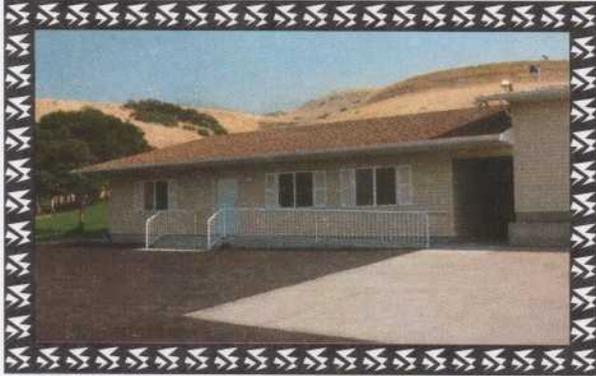
City of Orem
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For The Year Ended June 30, 2009

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
OPERATING REVENUES:				
Charges for Services to Other Funds	\$ 716,826	\$ 343,345	\$ 1,536,967	\$ 2,597,138
Other Revenues	247	90	-	337
Total Operating Revenues	<u>717,073</u>	<u>343,435</u>	<u>1,536,967</u>	<u>2,597,475</u>
OPERATING EXPENSES:				
Personnel Services	469,252	195,962	82,164	747,378
Supplies, Maintenance and Claims	192,124	55,070	1,156,083	1,403,277
Depreciation Expense	7,808	6,825	2,143	16,776
Total Operating Expenses	<u>669,184</u>	<u>257,857</u>	<u>1,240,390</u>	<u>2,167,431</u>
Operating Income (Loss)	<u>47,889</u>	<u>85,578</u>	<u>296,577</u>	<u>430,044</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on Sales of Fixed Assets	285	-	-	285
Interest Expense and Fiscal Charges	(191)	-	-	(191)
Total Nonoperating Revenues (Expenses)	<u>94</u>	<u>-</u>	<u>-</u>	<u>94</u>
Income (Loss) before Operating				
Transfers	47,983	85,578	296,577	430,138
Transfers In	-	-	-	-
Transfers Out	(450)	(300)	(75)	(825)
Change in Net Assets	<u>47,533</u>	<u>85,278</u>	<u>296,502</u>	<u>429,313</u>
Total Net Assets - Beginning	<u>54,373</u>	<u>517,471</u>	<u>507,409</u>	<u>1,079,253</u>
Total Net Assets - Ending	<u>\$ 101,906</u>	<u>\$ 602,749</u>	<u>\$ 803,911</u>	<u>\$ 1,508,566</u>

City of Orem
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended June 30, 2009

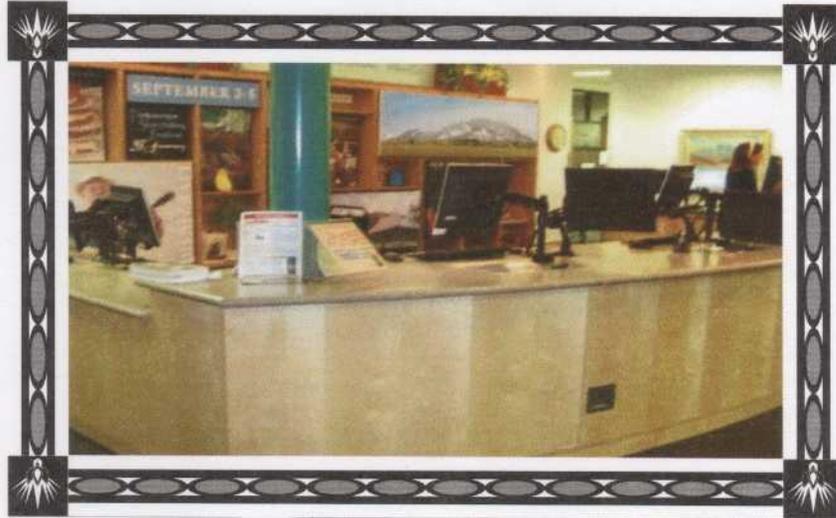
	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 717,073	\$ 343,435	\$ 1,536,967	\$ 2,597,475
Payments to Suppliers	(192,600)	(49,960)	(1,222,530)	(1,465,090)
Payments to Employees	(462,146)	(200,003)	(87,771)	(749,920)
Net Cash Provided (Used) by Operating Activities	62,327	93,472	226,666	382,465
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	-	-	-	-
Transfers Out	(450)	(300)	(75)	(825)
Net Cash Provided (Used) by Noncapital Financing Activities	(450)	(300)	(75)	(825)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	-	-	-
Proceeds from the Sale of Capital Assets	285	-	-	285
Principal paid on Outstanding Debt	(6,551)	-	-	(6,551)
Interest paid on Outstanding Debt	(191)	-	-	(191)
Net Cash Provided (Used) in Capital Financing Activities	(6,457)	-	-	(6,457)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	55,420	93,172	226,591	375,183
Cash and Cash Equivalents - Beginning of Year	74,358	29,518	1,473,095	1,576,971
Cash and Cash Equivalents - End of Year	\$ 129,778	\$ 122,690	\$ 1,699,686	\$ 1,952,154
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 47,889	\$ 85,578	\$ 296,577	\$ 430,044
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	7,808	6,825	2,143	16,776
(Increase) Decrease in Accounts Receivable	-	-	-	-
(Increase) Decrease in Inventory	-	6,531	-	6,531
(Increase) Decrease in Prepays	-	-	-	-
Increase (Decrease) in Accounts Payable	(1,373)	(389)	(31,805)	(33,567)
Increase (Decrease) in Accrued Liabilities	897	(1,032)	(34,642)	(34,777)
Increase (Decrease) in Accrued Vacation and Sick Leave	7,106	(4,041)	(5,607)	(2,542)
Total Adjustments	14,438	7,894	(69,911)	(47,579)
Net Cash Provided (Used) by Operating Activities	\$ 62,327	\$ 93,472	\$ 226,666	\$ 382,465

**SCHEDULES OF
CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



**CEMETERY
BUILDING
ADDITION**

Library Main Circulation Desk Remodel for Self Checkout



*New Sweeper
New Sweeper*

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedules By Source - Comparative¹
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Governmental Funds Capital Assets:		
Land	\$ 59,017,375	\$ 59,007,221
Buildings	27,515,912	26,992,790
Improvements other than Buildings	27,173,028	27,085,999
Machinery and Equipment	15,344,707	15,413,194
Infrastructure	105,787,606	102,300,984
Construction in Progress	1,779,276	2,135,828
Total Governmental Funds Capital Assets	<u><u>\$ 236,617,904</u></u>	<u><u>\$ 232,936,016</u></u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 209,483,985	\$ 203,855,396
Capital Projects Fund	14,872,840	17,353,993
Federal Grants	230,318	221,518
State Road Funds	7,258,232	7,077,779
Redevelopment	2,099,191	1,855,415
Community Development	2,673,338	2,571,915
Total Governmental Funds Capital Assets	<u><u>\$ 236,617,904</u></u>	<u><u>\$ 232,936,016</u></u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedule By Function and Activity¹
June 30, 2009

Function and Activity	Land	Buildings	Improvements Other Than Buildings
General Government:			
Executive	\$ -	\$ -	\$ 30,689
Administrative Services	-	2,075	71,762
Legal	-	-	10,100
Development Services	-	-	-
General Government	1,590,377	4,030,198	1,536,958
Engineering	-	-	-
Redevelopment	-	-	85,080
Community Development	-	8,105	1,475,818
Total General Government	<u>1,590,377</u>	<u>4,040,378</u>	<u>3,210,407</u>
Public Safety:			
Administration	-	5,377,906	9,407
Police Protection	-	-	38,285
Fire Protection	190,596	1,522,750	755,422
Emergency Services	-	1,580	-
Total Public Safety	<u>190,596</u>	<u>6,902,236</u>	<u>803,114</u>
Highways and Streets:			
Administration & Engineering	33,550	7,874,114	31,712
Street System	51,049,920	-	2,514,348
Street Lighting	-	-	1,421,854
Total Highways and Streets	<u>51,083,470</u>	<u>7,874,114</u>	<u>3,967,914</u>
Parks and Recreation	5,930,587	4,232,959	18,033,068
Library	222,345	4,466,225	1,158,525
Total Governmental Funds Capital Assets	<u>\$ 59,017,375</u>	<u>\$ 27,515,912</u>	<u>\$ 27,173,028</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ 12,154	\$ -	\$ -	\$ 42,843
1,123,883	-	-	1,197,720
17,592	-	-	27,692
160,871	-	-	160,871
99,509	291,428	-	7,548,470
392,867	-	-	392,867
7,800	2,006,310	-	2,099,190
8,592	1,180,823	-	2,673,338
<u>1,823,268</u>	<u>3,478,561</u>	<u>-</u>	<u>14,142,991</u>
988,738	-	-	6,376,051
4,036,563	-	-	4,074,848
3,884,634	-	-	6,353,402
52,585	-	-	54,165
<u>8,962,520</u>	<u>-</u>	<u>-</u>	<u>16,858,466</u>
309,298	-	-	8,248,674
2,117,753	100,607,062	1,556,799	157,845,882
-	1,136,156	-	2,558,010
<u>2,427,051</u>	<u>101,743,218</u>	<u>1,556,799</u>	<u>168,652,566</u>
1,876,896	565,827	-	30,639,337
254,972	-	222,477	6,324,544
<u>\$ 15,344,707</u>	<u>\$ 105,787,606</u>	<u>\$ 1,779,276</u>	<u>\$ 236,617,904</u>

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedule of Changes By Function and Activity¹
For The Year Ended June 30, 2009

Function and Activity	Governmental Funds Capital Assets June 30, 2008	Additions	Deductions	Governmental Funds Capital Assets June 30, 2009
General government:				
Executive	\$ 46,816	\$ -	\$ (3,973)	\$ 42,843
Personnel Administration	8,483	-	(8,483)	-
Administrative Services	1,235,937	26,263	(64,480)	1,197,720
Legal	27,692	-	-	27,692
Development Services	194,862	-	(33,991)	160,871
General Government	7,193,342	377,084	(21,956)	7,548,470
Engineering	405,342	26,380	(38,855)	392,867
Redevelopment	1,855,414	243,776	-	2,099,190
Community Development	2,571,915	104,823	(3,400)	2,673,338
Total General Government	<u>13,539,803</u>	<u>778,326</u>	<u>(175,138)</u>	<u>14,142,991</u>
Public Safety:				
Administration	6,398,636	68,339	(90,924)	6,376,051
Police Protection	3,776,999	468,819	(170,970)	4,074,848
Fire Protection	6,104,217	266,929	(17,744)	6,353,402
Emergency Services	54,165	-	-	54,165
Total Public Safety	<u>16,334,017</u>	<u>804,087</u>	<u>(279,638)</u>	<u>16,858,466</u>
Highways and Streets:				
Administration & Engineering	8,105,400	147,021	(3,746)	8,248,675
Street System	156,159,137	3,717,500	(2,030,755)	157,845,882
Street Lighting	2,558,009	-	-	2,558,009
Total Highways and Streets	<u>166,822,546</u>	<u>3,864,521</u>	<u>(2,034,501)</u>	<u>168,652,566</u>
Parks and Recreation	30,223,650	485,306	(69,619)	30,639,337
Library	6,016,000	331,711	(23,167)	6,324,544
Total Governmental Funds Capital Assets	<u>\$ 232,936,016</u>	<u>\$ 6,263,951</u>	<u>\$ (2,582,063)</u>	<u>\$ 236,617,904</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This section of the City of Orem's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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Financial Trends	130
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	138
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
Debt Capacity and Other Debt Information	150
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	162
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
Operating and Other Information	168
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Orem implemented GASB Statement 44 for the fiscal year ending June 30, 2006. The new information required by this statement is shown prospectively except in those cases in which prior year information was readily available. The City of Orem implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

City of Orem
Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year		
	2002	2003	2004
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 85,116,180	\$ 98,891,248	\$ 102,275,533
Restricted	1,594,319	1,197,534	2,828,490
Unrestricted	33,786,050	21,413,234	21,269,937
Total Governmental Activities Net Assets	120,496,549	121,502,016	126,373,960
Business-type Activities:			
Invested in Capital Assets, Net of Related Debt	38,380,888	39,853,758	41,914,527
Restricted	-	-	849,578
Unrestricted	8,746,135	7,958,316	6,324,578
Total Business-type Activities Net Assets	47,127,023	47,812,074	49,088,683
Primary Government:			
Invested in Capital Assets, Net of Related Debt	123,497,068	138,745,006	144,190,060
Restricted	1,594,319	1,197,534	3,678,068
Unrestricted	42,532,185	29,371,550	27,594,515
Total Primary Government Net Assets	\$ 167,623,572	\$ 169,314,090	\$ 175,462,643

Note: The City began to report accrual information when it implemented GASB Statement 34 in Fiscal Year 2002.

Fiscal Year				
2005	2006	2007	2008	2009
\$ 102,793,522	\$ 106,186,394	\$ 114,171,270	\$ 117,130,313	\$ 120,836,719
2,018,812	2,177,533	4,388,201	4,701,465	4,921,721
25,146,428	28,835,694	26,880,967	27,564,080	24,022,927
<u>129,958,762</u>	<u>137,199,621</u>	<u>145,440,438</u>	<u>149,395,858</u>	<u>149,781,367</u>
42,361,442	44,153,834	52,823,374	51,848,628	51,508,253
1,446,437	190,283	-	-	-
6,005,168	8,248,979	4,255,124	8,709,036	10,772,961
<u>49,813,047</u>	<u>52,593,096</u>	<u>57,078,498</u>	<u>60,557,664</u>	<u>62,281,214</u>
145,154,964	150,340,228	166,994,644	168,978,941	172,344,972
3,465,249	2,367,816	4,388,201	4,701,465	4,921,721
31,151,596	37,084,673	31,136,091	36,273,116	34,795,888
<u>\$ 179,771,809</u>	<u>\$ 189,792,717</u>	<u>\$ 202,518,936</u>	<u>\$ 209,953,522</u>	<u>\$ 212,062,581</u>

City of Orem
Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
General Government	\$ 11,604,586	\$ 11,496,617	\$ 12,109,241	\$ 11,540,773	\$ 12,100,627	\$ 14,331,656
Public Safety	13,764,037	14,134,188	14,598,906	15,346,389	16,234,941	17,855,927
Highways and Public Improvements	9,791,936	5,545,048	5,731,034	7,100,065	6,485,972	6,574,954
Parks, Recreation and Arts	5,502,044	6,028,910	6,333,042	6,662,804	6,866,860	7,904,959
Economic and Physical Development	1,088,450	920,185	883,877	853,787	3,430,829	3,009,244
Redevelopment	782,929	683,317	1,053,395	542,663	846,212	1,189,544
Interest on Long-term Debt	1,942,912	1,547,707	2,038,946	1,882,277	2,083,152	2,263,478
Total Governmental Activities Expenses	<u>44,476,894</u>	<u>40,355,972</u>	<u>42,748,441</u>	<u>43,928,758</u>	<u>48,048,593</u>	<u>53,129,762</u>
Business-type Activities:						
Water	6,155,957	6,289,895	6,442,662	6,804,176	7,503,542	7,431,471
Water Reclamation	5,567,836	5,767,224	5,865,945	5,826,744	5,975,572	5,894,276
Storm Sewer	1,070,843	1,187,091	1,268,541	1,539,806	1,814,312	1,725,747
Recreation	1,617,454	1,900,263	2,203,195	2,047,026	1,989,045	1,567,468
Solid Waste	2,402,180	2,557,169	2,652,512	2,708,103	2,774,492	2,955,318
Street Lighting	704,035	824,071	910,969	1,133,368	1,131,094	1,166,820
Total Business-type Activities Expenses	<u>17,518,305</u>	<u>18,525,713</u>	<u>19,343,824</u>	<u>20,059,223</u>	<u>21,188,057</u>	<u>20,741,100</u>
Total Primary Government Expenses	<u>61,995,199</u>	<u>58,881,685</u>	<u>62,092,265</u>	<u>63,987,981</u>	<u>69,236,650</u>	<u>73,870,862</u>
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	8,104,241	8,498,206	10,000,133	9,725,813	10,282,461	11,054,187
Public Safety	2,151,540	2,404,674	2,404,343	2,779,134	2,765,785	3,156,406
Parks, Recreation and Arts	8,450	6,960	8,910	12,559	19,717	301,983
Economic and Physical Development	415,587	459,023	308,367	286,904	289,476	273,279
Operating Grants and Contributions	1,799,227	1,535,732	1,407,736	1,546,029	1,597,103	852,452
Capital Grants and Contributions	2,619,879	2,649,670	8,309,689	3,178,409	4,168,784	5,800,844
Total Governmental Activities Program Revenues	<u>15,098,924</u>	<u>15,554,265</u>	<u>22,439,178</u>	<u>17,528,848</u>	<u>19,123,326</u>	<u>21,438,551</u>
Business-type Activities:						
Charges for Services:						
Water	5,881,629	5,754,336	6,128,218	6,166,137	6,952,156	7,741,810
Water Reclamation	5,270,158	5,117,669	4,968,507	4,824,003	5,800,558	6,154,501
Storm Sewer	2,149,608	2,153,728	2,402,202	2,470,225	2,510,331	2,523,425
Recreation	1,047,647	1,197,535	1,600,892	1,761,167	1,648,619	1,452,458
Solid Waste	2,557,893	2,626,672	2,755,344	2,853,586	2,900,873	2,893,052
Street Lighting	89,027	305,136	468,672	628,449	672,039	684,250
Operating Grants and Contributions	-	1,000,000	-	-	-	248,000
Capital Grants and Contributions	292,200	517,000	1,003,250	1,123,170	1,763,440	2,677,880
Total Business-type Activities Program Revenues	<u>17,288,162</u>	<u>18,672,076</u>	<u>19,327,085</u>	<u>19,826,737</u>	<u>22,248,010</u>	<u>24,375,376</u>
Total Primary Government Program Revenues	<u>32,387,086</u>	<u>34,226,341</u>	<u>41,766,263</u>	<u>37,355,585</u>	<u>41,371,336</u>	<u>45,813,927</u>
Net (Expense) Revenue						
Governmental Activities	(29,377,970)	(24,801,707)	(20,309,263)	(26,399,910)	(28,925,267)	(31,691,211)
Business-type Activities	(230,143)	146,363	(16,739)	(232,486)	1,059,953	3,634,276
Total Primary Government Net (Expense) Revenue	<u>\$ (29,608,113)</u>	<u>\$ (24,655,344)</u>	<u>\$ (20,326,002)</u>	<u>\$ (26,632,396)</u>	<u>\$ (27,865,314)</u>	<u>\$ (28,056,935)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Sales Taxes	15,163,063	13,708,023	14,092,331	15,373,690	18,008,143	21,330,290
Property Taxes	6,310,153	6,577,989	7,168,114	7,710,867	8,741,450	9,558,706
Franchise Taxes	4,728,185	4,500,648	4,819,932	5,970,311	6,888,934	6,804,907
Vehicle and Other Taxes	1,183,472	976,352	1,015,120	1,011,729	1,079,912	1,288,386
Unrestricted Investment Earnings	747,178	479,461	292,972	452,157	1,424,846	1,735,589
Gain (Loss) on Sale of Capital Assets	161,069	27,731	28,579	78,726	774,740	3,567,621
Transfers	(1,680,254)	(463,030)	(1,225,304)	(612,768)	(751,899)	(153,471)
Total Governmental Activities	<u>26,612,866</u>	<u>25,807,174</u>	<u>26,191,744</u>	<u>29,984,712</u>	<u>36,166,126</u>	<u>44,132,028</u>
Business-type Activities:						
Unrestricted Investment Earnings	188,859	113,546	68,044	312,582	968,197	699,801
Gain (Loss) on Sale of Capital Assets	(33,401)	(37,888)	-	31,500	-	(2,146)
Transfers	1,680,254	463,030	1,225,304	612,768	751,899	153,471
Total Business-type Activities	<u>1,835,712</u>	<u>538,688</u>	<u>1,293,348</u>	<u>956,850</u>	<u>1,720,096</u>	<u>851,126</u>
Total Primary Government	<u>28,448,578</u>	<u>26,345,862</u>	<u>27,485,092</u>	<u>30,941,562</u>	<u>37,886,222</u>	<u>44,983,154</u>
Change in Net Assets						
Governmental Activities	(2,765,104)	1,005,467	5,882,481	3,584,802	7,240,859	12,440,817
Business-type Activities	1,605,569	685,051	1,276,609	724,364	2,780,049	4,485,402
Total Primary Government	<u>\$ (1,159,535)</u>	<u>\$ 1,690,518</u>	<u>\$ 7,159,090</u>	<u>\$ 4,309,166</u>	<u>\$ 10,020,908</u>	<u>\$ 16,926,219</u>

Fiscal Year	
2008	2009
\$ 15,187,762	\$ 13,961,604
19,491,191	20,352,956
8,646,549	8,299,238
9,416,719	9,474,718
2,096,573	761,214
593,283	1,026,908
<u>2,217,525</u>	<u>2,171,793</u>
<u>57,649,602</u>	<u>56,048,431</u>
8,388,236	8,849,126
5,982,610	5,996,131
2,004,281	2,250,279
1,617,587	1,695,721
3,014,707	3,128,564
<u>1,244,305</u>	<u>1,250,380</u>
<u>22,251,726</u>	<u>23,170,201</u>
<u>79,901,328</u>	<u>79,218,632</u>
11,697,008	9,687,642
3,339,720	4,928,986
545,132	621,115
277,113	306,039
1,438,884	1,369,082
<u>4,127,289</u>	<u>2,881,835</u>
<u>21,425,146</u>	<u>19,794,699</u>
9,331,098	9,402,862
6,073,791	6,060,235
2,549,082	2,688,822
1,588,894	1,610,947
2,961,104	2,999,129
689,343	742,629
926,500	-
<u>24,119,812</u>	<u>23,504,624</u>
<u>45,544,958</u>	<u>43,299,323</u>
(36,224,456)	(36,253,732)
<u>1,868,086</u>	<u>334,423</u>
<u>\$ (34,356,370)</u>	<u>\$ (35,919,309)</u>
20,616,891	17,989,571
9,082,992	10,243,876
7,291,044	7,342,725
1,114,817	1,038,934
1,468,514	1,017,692
666,063	8,591
<u>(1,036,106)</u>	<u>(1,002,148)</u>
<u>39,204,215</u>	<u>36,639,241</u>
443,870	307,064
131,104	79,915
<u>1,036,106</u>	<u>1,002,148</u>
<u>1,611,080</u>	<u>1,389,127</u>
<u>40,815,295</u>	<u>38,028,368</u>
2,979,759	385,509
<u>3,479,166</u>	<u>1,723,550</u>
<u>\$ 6,458,925</u>	<u>\$ 2,109,059</u>

City of Orem
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2000	2001	2002	2003
General Fund				
Reserved	\$ 1,084,193	\$ 2,894,448	\$ 2,555,380	\$ 2,273,488
Unreserved	5,166,024	9,638,997	6,789,541	7,057,860
Total General Fund	<u>6,250,217</u>	<u>12,533,445</u>	<u>9,344,921</u>	<u>9,331,348</u>
 All Other Governmental Funds				
Reserved	1,323,098	1,632,187	1,162,055	1,197,534
Unreserved, reported in:				
Capital Projects Funds	6,044,463	10,231,022	19,740,782	6,492,956
Debt Service Funds	-	-	-	-
Special Revenue Funds	-	-	560	63,943
Total All Other Governmental Funds	<u>7,367,561</u>	<u>11,863,209</u>	<u>20,903,397</u>	<u>7,754,433</u>
 Total Governmental Funds				
Reserved	2,407,291	4,526,635	3,717,435	3,471,022
Unreserved	11,210,487	19,870,019	26,530,883	13,614,759
Total Governmental Funds	<u>\$ 13,617,778</u>	<u>\$ 24,396,654</u>	<u>\$ 30,248,318</u>	<u>\$ 17,085,781</u>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 718,380	\$ 784,544	\$ 1,352,706	\$ 1,740,749	\$ 1,657,821	\$ 1,770,341
9,347,408	6,521,065	6,140,485	9,031,333	10,962,112	6,773,200
10,065,788	7,305,609	7,493,191	10,772,082	12,619,933	8,543,541
2,110,110	2,384,070	2,017,220	2,002,452	3,043,644	3,151,380
3,117,098	16,339,596	16,726,282	9,184,205	4,314,558	1,701,200
168,139	-	604,104	650,902	661,707	3,284,265
-	376,963	1,368,034	3,881,124	5,508,299	7,506,217
5,395,347	19,100,629	20,715,640	15,718,683	13,528,208	15,643,062
2,828,490	3,168,614	3,369,926	3,743,201	4,701,465	4,921,721
12,632,645	23,237,624	24,838,905	22,747,564	21,446,676	19,264,882
\$ 15,461,135	\$ 26,406,238	\$ 28,208,831	\$ 26,490,765	\$ 26,148,141	\$ 24,186,603

City of Orem
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Taxes and Special Assessments	\$ 24,019,314	\$ 25,416,573	\$ 27,441,124	\$ 25,773,431	\$ 27,093,824
Licenses and Permits	1,134,303	1,094,650	1,044,082	1,004,672	1,295,544
Intergovernmental	3,364,968	3,700,938	4,377,717	4,153,970	4,804,640
Charges for Services	2,061,741	2,385,067	2,919,220	3,197,288	3,544,661
Fines and Forfeitures	334,501	388,011	454,335	547,988	454,749
Charges for Services - Other Funds	2,894,777	3,103,181	3,248,931	3,546,614	3,701,855
Interest Income	456,258	621,111	779,468	545,589	350,831
Miscellaneous Revenue	1,707,884	1,957,838	1,478,109	1,330,019	1,643,953
Total Revenues	35,973,746	38,667,369	41,742,986	40,099,571	42,890,057
Expenditures					
General Government	7,485,512	7,486,112	9,796,957	9,528,847	9,777,288
Public Safety	12,597,305	12,854,036	13,786,791	14,187,339	15,121,260
Highways and Public Improvements	5,120,196	4,113,586	4,282,923	3,648,773	4,850,849
Parks, Recreation and Arts	3,781,425	4,197,894	4,449,966	5,027,240	5,064,150
Economic and Physical Development	758,565	1,123,414	1,545,673	1,016,568	944,119
Redevelopment	612,874	786,807	714,309	677,067	857,550
Debt Service:					
Principal Retirement	905,000	1,721,000	4,455,399	2,249,000	2,566,957
Interest and Fiscal Charges	681,247	1,271,827	1,339,460	1,846,933	2,043,617
Capital Lease Payments - Principal	428,414	503,974	3,252,624	214,900	127,123
Capital Lease Payments - Interest	54,578	62,926	264,928	26,557	15,026
Capital Outlay	10,614,462	6,207,120	11,515,674	14,202,752	4,735,354
Total Expenditures	43,039,578	40,328,696	55,404,704	52,625,976	46,103,293
Excess of Revenues over (under) Expenditures	(7,065,832)	(1,661,327)	(13,661,718)	(12,526,405)	(3,213,236)
Other Financing Sources (Uses)					
Issuance of Bonds & Other Debt	4,443,000	7,763,487	21,167,630	-	1,300,000
Bond Issuance Premium	-	-	-	-	-
Payment to Bond Refunding Agent	-	-	-	-	-
Capital Leases	350,000	23,160	233,038	-	-
Transfers In	3,975,675	17,233,789	10,269,881	5,666,551	6,899,378
Transfers Out	(6,733,713)	(16,560,677)	(11,949,040)	(6,107,542)	(7,839,846)
Total Other Financing Sources (Uses)	2,034,962	8,459,759	19,721,509	(440,991)	359,532
Net Change in Fund Balances	\$ (5,030,870)	\$ 6,798,432	\$ 6,059,791	\$ (12,967,396)	\$ (2,853,704)
Debt Service as a percentage of Noncapital Expenditures	5.8%	10.6%	20.2%	11.7%	12.3%

Fiscal Year				
2005	2006	2007	2008	2009
\$ 29,845,163	\$ 35,035,714	\$ 39,405,860	\$ 38,517,744	\$ 37,312,000
1,366,925	1,880,567	1,647,862	1,596,935	1,027,151
4,536,148	4,110,180	3,656,271	4,325,215	3,836,399
3,663,844	3,865,549	4,509,999	4,832,559	5,819,384
566,175	534,071	607,152	580,510	608,103
3,654,299	3,681,670	3,821,727	3,921,154	4,081,747
477,456	1,270,386	1,619,097	1,321,190	732,409
3,464,193	2,335,497	5,416,232	2,311,797	1,540,989
<u>47,574,203</u>	<u>52,713,634</u>	<u>60,684,200</u>	<u>57,407,104</u>	<u>54,958,182</u>
9,942,870	10,133,159	11,243,791	11,620,136	11,433,442
16,293,215	15,534,673	16,593,911	17,851,249	19,338,116
4,208,802	4,223,289	4,062,508	4,107,184	4,188,647
5,130,601	5,294,410	5,974,738	7,807,327	8,052,037
1,102,607	3,354,384	3,500,924	1,998,675	676,049
530,618	594,165	620,031	577,702	939,909
3,047,454	4,319,780	2,967,022	3,260,950	6,860,871
1,873,517	2,226,774	2,191,810	2,146,891	2,436,375
80,627	112,590	115,378	68,361	87,660
10,845	18,327	11,815	5,824	4,755
<u>1,764,864</u>	<u>12,971,979</u>	<u>17,514,340</u>	<u>10,520,814</u>	<u>5,985,800</u>
<u>43,986,020</u>	<u>58,783,530</u>	<u>64,796,268</u>	<u>59,965,113</u>	<u>60,003,661</u>
3,588,183	(6,069,896)	(4,112,068)	(2,558,009)	(5,045,479)
12,960,000	8,485,113	6,814,204	7,120,593	6,808,000
189,409	138,450	-	169,576	118,936
(3,790,000)	-	(3,770,800)	(5,750,946)	(2,905,000)
58,560	-	-	90,783	34,977
11,582,120	9,018,070	7,873,388	6,648,353	6,902,301
<u>(13,643,169)</u>	<u>(9,769,144)</u>	<u>(8,522,790)</u>	<u>(7,038,634)</u>	<u>(7,875,273)</u>
<u>7,356,920</u>	<u>7,872,489</u>	<u>2,394,002</u>	<u>1,239,725</u>	<u>3,083,941</u>
<u>\$ 10,945,103</u>	<u>\$ 1,802,593</u>	<u>\$ (1,718,066)</u>	<u>\$ (1,318,284)</u>	<u>\$ (1,961,538)</u>

12.3%

14.6%

11.4%

10.8%

17.1%

City of Orem
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Calendar Years
(Unaudited)

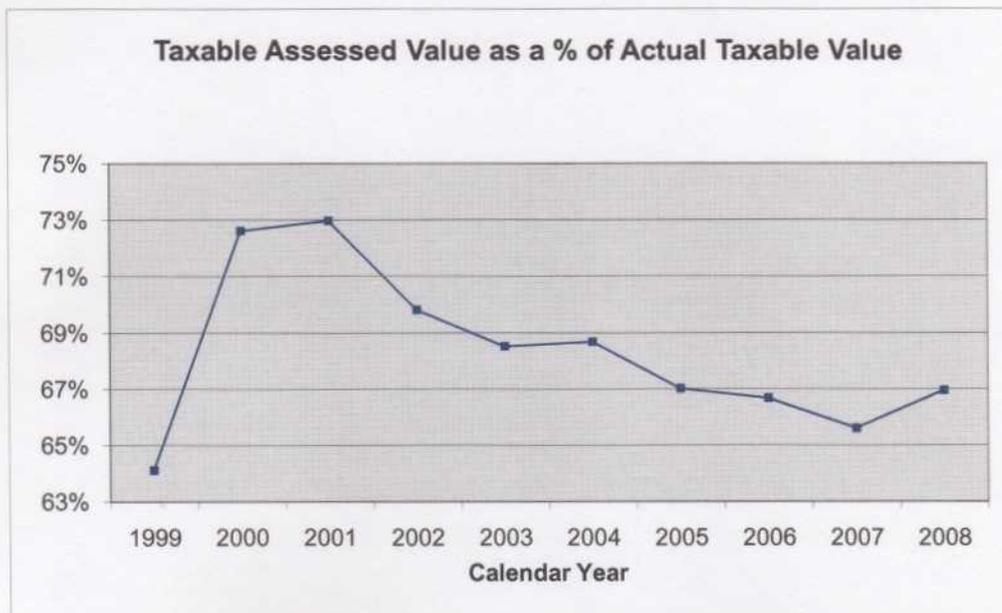
Calendar Year ¹	Taxable Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
1999	\$ 1,518,298,501	\$ 74,869	\$ 699,553,718	\$ 39,501,936	\$ 2,029,832
2000	1,674,055,370	80,110	774,700,081	38,178,438	785,900
2001	1,856,564,339	86,092	841,554,729	34,718,238	719,813
2002	1,881,126,204	170,403	1,004,495,783	33,940,732	754,280
2003	1,911,504,645	361,581	1,007,647,856	1,455,150	29,143,864
2004	1,953,411,264	362,106	1,029,051,253	1,198,488	31,784,709
2005	1,992,628,465	434,933	1,017,869,457	903,526	31,998,112
2006	2,149,974,976	2,163,884	1,076,093,714	817,809	26,283,264
2007	2,826,766,252	3,979,753	1,274,663,047	507,506	21,832,436
2008	2,843,159,747	5,025,651	1,540,471,628	505,940	19,916,072

Source: Utah State Tax Commission - Property Tax Division

Notes: Property in the City of Orem is reassessed once every five years, on average. The city assesses property at approximately 55 percent of actual value for residential property and 100 percent of actual value for all other categories. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages.

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

Personal Property	Fee in Lieu Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 242,089,476	\$ 4,798,030	\$ 2,506,346,362	\$ 0.001826	\$ 3,910,004,285	64.10%
232,924,820	231,060	2,720,955,779	0.001972	3,748,651,847	72.58%
249,759,927	702,322	2,984,105,460	0.001850	4,090,702,990	72.95%
221,551,045	515,589	3,142,554,036	0.001677	4,503,183,085	69.79%
214,696,514	41,328,176	3,206,137,786	0.001698	4,681,796,714	68.48%
217,460,513	41,478,607	3,274,746,940	0.001800	4,770,391,971	68.65%
213,740,087	51,946,930	3,309,521,510	0.002036	4,940,209,745	66.99%
233,802,981	30,101,214	3,519,237,842	0.002045	5,280,078,727	66.65%
253,305,890	32,014,012	4,413,068,896	0.001670	6,729,133,809	65.58%
277,909,182	29,177,534	4,716,165,754	0.001578	7,046,499,261	66.93%



City of Orem
 Direct and Overlapping Property Tax Rates
 Last Ten Calendar Years
 (Unaudited)

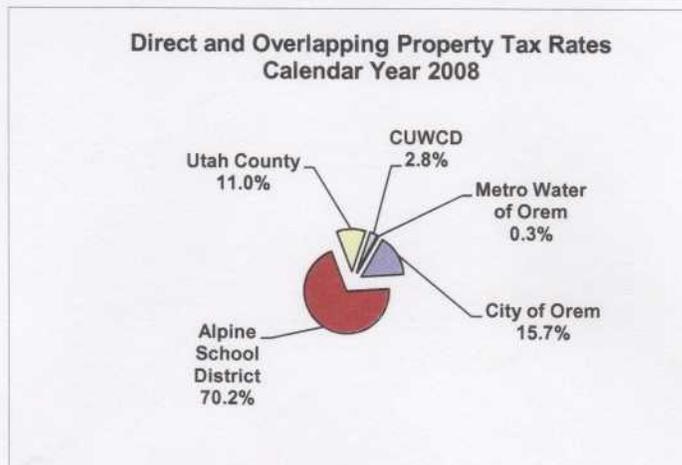
Calendar Year ²	City of Orem Direct Rates			Overlapping Rates ¹				Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem	
1999	0.001598%	0.000228%	0.001826%	0.006410%	0.001682%	0.000396%	0.000048%	0.010362%
2000	0.001621	0.000351	0.001972	0.006884	0.001116	0.000377	0.000044	0.010393
2001	0.001507	0.000343	0.001850	0.006769	0.001038	0.000369	0.000042	0.010068
2002	0.001378	0.000299	0.001677	0.006953	0.001053	0.000358	0.000041	0.010082
2003	0.001395	0.000303	0.001698	0.007884	0.001411	0.000358	0.000041	0.011392
2004	0.001479	0.000321	0.001800	0.008119	0.001425	0.000353	0.000043	0.011740
2005	0.001485	0.000551	0.002036	0.008082	0.001391	0.000400	0.000043	0.011952
2006	0.001404	0.000641	0.002045	0.006883	0.001262	0.000357	0.000042	0.010589
2007	0.001154	0.000516	0.001670	0.006937	0.001000	0.000302	0.000035	0.009944
2008	0.001091	0.000487	0.001578	0.007057	0.001105	0.000286	0.000033	0.010059

Source: Utah State Tax Commission - Property Tax Division

Notes: The City's basic property tax rate is primarily increased by: 1) a majority vote of the City Council after holding public hearings, 2) the approval of general obligation debt by a majority of the City's residents, 3) through a judgment levy due to a court ordered reduction to an entity(s) property tax, and 4) the overall assessed property values of the City's residents are reduced by the County Assessor. Rates for debt service are set based on each year's requirements. The tax rate is applied directly to the taxable value of the property.

¹ Overlapping rates are those of local and county governments. These rates apply to all property owners within the City of Orem.

² Taxes are collected and reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.



City of Orem
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Calendar Year 2008			Calendar Year 1999		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
University Mall	\$ 88,632,000	1	1.88%	\$ 46,318,759	2	1.85%
TCU Properties	37,523,100	2	0.80%	----		----
Timpanogos Regional Hospital	21,140,000	3	0.45%	18,084,747	3	0.72%
GGP UC LLC	17,723,800	4	0.38%	----		----
Parkway Crossing Phase One LLC	16,295,050	5	0.35%	----		----
Retail Trust III (Walmart)	15,465,900	6	0.33%	----		----
Dayton Hudson Corporation	14,366,000	7	0.30%	10,875,607	4	0.43%
Canyon River Partnership	12,863,800	8	0.27%	----		----
University Festival LC	12,055,000	9	0.26%	----		----
Dickson Properties LC	11,595,200	10	0.25%	----		----
Novell, Inc.	----		----	46,948,386	1	1.87%
Wilmington Trust (Fred Meyer)	----		----	10,531,040	5	0.42%
Price Development	----		----	10,000,000	6	0.40%
Lowe's (Eagle Hardware)	----		----	7,853,693	7	0.31%
BRE Property Investors LLC	----		----	7,822,516	8	0.31%
Orem Wingers Ltd.	----		----	7,458,539	9	0.30%
Orem Community Hospital	----		----	7,160,916	10	0.29%
Total	\$ 247,659,850		5.25%	\$ 173,054,203		6.90%

Notes: Electric, telephone and natural gas utilities are centrally assessed by the State Tax Commission. These assessed amounts were not available in 1999 and therefore, Qwest Corporation (\$22,743,274), PacifiCorp (\$34,049,650), and Questar Gas (\$13,533,636) have been excluded from the current year since meaningful comparisons cannot be made.

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

City of Orem
Property Tax Levies and Collections
Last Ten Calendar Years
(Unaudited)

Calendar Year ¹	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections
1999	\$ 4,786,855	\$ 4,419,489	92.33%	\$ 247,110	\$ 4,666,599
2000	4,955,236	4,521,008	91.24%	349,070	4,870,078
2001	4,975,745	4,594,310	92.33%	336,449	4,930,759
2002	5,118,892	4,688,570	91.59%	345,688	5,034,258
2003	5,003,673	4,655,802	93.05%	277,479	4,933,281
2004	5,418,232	4,992,684	92.15%	338,477	5,331,161
2005	6,184,713	5,689,452	91.99%	390,783	6,080,235
2006	6,628,909	6,136,638	92.57%	412,420	6,549,058
2007	6,797,960	6,247,920	91.91%	469,518	6,717,438
2008	6,760,841	6,077,279	89.89%	322,738	6,400,017

¹ Taxes are collected and reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
97.49%	\$ 120,256	2.51%
98.28%	85,158	1.72%
99.10%	44,986	0.90%
98.35%	84,634	1.65%
98.59%	70,392	1.41%
98.39%	87,071	1.61%
98.31%	104,478	1.69%
98.80%	79,851	1.20%
98.82%	80,522	1.18%
94.66%	360,824	5.34%

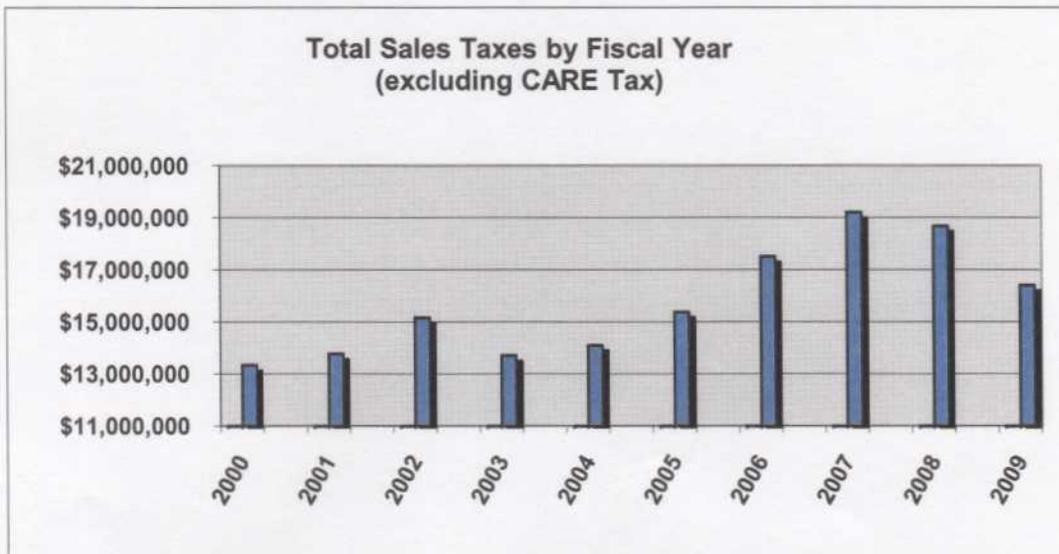
City of Orem
Sales Taxes by Category
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2000	2001	2002	2003
General Merchandise and Groceries	\$ 3,601,615	\$ 3,972,554	\$ 4,194,426	\$ 4,248,061
Building Materials, Hardware, and Tools	2,131,157	1,970,028	1,769,262	1,809,798
Auto Dealers, Supplies, and Accessories	1,888,238	1,734,194	1,906,772	1,838,868
Home Furnishings, Appliances, & Electronics	1,363,533	1,310,584	1,332,570	1,528,310
Eating and Drinking Establishments	748,552	851,118	912,860	955,788
Clothing, Apparel, and Accessories	858,399	861,022	807,319	822,242
Professional Equipment and Supplies	724,914	714,277	724,009	699,054
Arts, Crafts, and Specialty Items	396,661	411,263	439,932	441,109
Amusement and Recreation	555,666	547,857	571,096	568,971
All Other Categories	1,078,706	1,405,110	2,504,817	795,822
Subtotal - City Direct	13,347,441	13,778,007	15,163,063	13,708,023
Cultural Arts & Recreation Enhancement (CARE)	-	-	-	-
Total City Direct Sales Taxes	\$ 13,347,441	\$ 13,778,007	\$ 15,163,063	\$ 13,708,023
Total City Direct Sales Tax Rate ¹	1.00%	1.00%	1.00%	1.00%
% Increase (Decrease) from prior year	5.62%	3.23%	10.05%	-9.60%
% Increase (Decrease) from prior year, excluding CARE Tax amounts	5.62%	3.23%	10.05%	-9.60%

Source: Internally generated, but based upon sales tax amounts reported to the City by the Utah State Tax Commission.

¹ See sales tax rate breakdown on page 149 for additional information regarding this rate.

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 4,371,549	\$ 4,326,371	\$ 4,583,315	\$ 4,449,949	\$ 4,598,711	\$ 4,651,651
1,925,917	2,374,234	3,113,143	3,523,720	2,922,582	1,978,366
1,837,823	2,062,928	2,400,102	2,620,381	2,603,405	2,191,650
1,769,511	1,983,027	2,176,207	2,085,481	1,973,203	1,587,587
1,038,994	1,048,781	1,092,668	1,057,380	1,045,771	1,037,920
843,961	851,206	901,081	1,332,725	1,516,201	1,405,704
711,657	782,075	838,456	904,339	974,911	898,478
494,137	560,885	574,746	588,905	454,428	408,061
535,883	550,779	516,686	618,918	576,829	564,190
562,899	833,404	1,313,806	2,034,389	2,018,648	1,690,771
14,092,331	15,373,690	17,510,210	19,216,187	18,684,689	16,414,378
-	-	497,933	2,114,103	1,932,202	1,575,193
<u>\$ 14,092,331</u>	<u>\$ 15,373,690</u>	<u>\$ 18,008,143</u>	<u>\$ 21,330,290</u>	<u>\$ 20,616,891</u>	<u>\$ 17,989,571</u>
1.00%	1.00%	1.00%	1.10%	1.10%	1.10%
2.80%	9.09%	17.14%	18.45%	-3.34%	-12.74%
2.80%	9.09%	13.90%	9.74%	-2.77%	-12.15%



City of Orem
Other Sales Tax Revenue Information by Category
Current Year and Nine Years Ago
(Unaudited)

	Fiscal Year 2009			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	258	10.20%	\$ 4,651,651	28.34%
Building Materials, Hardware, and Tools	164	6.48%	1,978,366	12.05%
Auto Dealers, Supplies, and Accessories	266	10.51%	2,191,650	13.35%
Home Furnishings, Appliances, & Electronics	210	8.30%	1,587,587	9.67%
Eating and Drinking Establishments	177	7.00%	1,037,920	6.32%
Clothing, Apparel, and Accessories	166	6.56%	1,405,704	8.56%
Professional Equipment and Supplies	289	11.42%	898,478	5.47%
Arts, Crafts, and Specialty Items	262	10.36%	408,061	2.49%
Amusement and Recreation	123	4.86%	564,190	3.44%
All Other Categories	615	24.31%	1,690,771	10.30%
Total	2,530	100.00%	\$ 16,414,378	100.00%

	Fiscal Year 2000			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	253	10.90%	\$ 3,601,615	26.98%
Building Materials, Hardware, and Tools	189	8.14%	2,131,157	15.97%
Auto Dealers, Supplies, and Accessories	202	8.70%	1,888,238	14.15%
Home Furnishings, Appliances, & Electronics	121	5.21%	1,363,533	10.22%
Eating and Drinking Establishments	164	7.06%	748,552	5.61%
Clothing, Apparel, and Accessories	104	4.48%	858,399	6.43%
Professional Equipment and Supplies	354	15.25%	724,914	5.43%
Arts, Crafts, and Specialty Items	191	8.23%	396,661	2.97%
Amusement and Recreation	107	4.61%	555,666	4.16%
All Other Categories	637	27.43%	1,078,706	8.08%
Total	2,322	100.00%	\$ 13,347,441	100.00%

Source: Internally generated, but based upon sales tax amounts reported to the City by the Utah State Tax Commission.

City of Orem
Principal Sales Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	Sales Taxes ¹	Rank	Percentage of Total Sales Taxes ¹	Sales Taxes ¹	Rank	Percentage of Total Sales Taxes ¹
Costco Wholesale Corporation	N/A	1	N/A	N/A	4	N/A
Wal-Mart Supercenter	N/A	2	N/A	N/A	1	N/A
Target	N/A	3	N/A	N/A	3	N/A
RC Willey Home Furnishings	N/A	4	N/A	N/A	2	N/A
Brent Brown Toyota	N/A	5	N/A	N/A	10	N/A
Mountainland Supply Company	N/A	6	N/A	N/A	9	N/A
Macey's, Inc.	N/A	7	N/A	N/A	5	N/A
Best Buy	N/A	8	N/A	----		----
Lowes (Eagle) Hardware	N/A	9	N/A	N/A	7	N/A
Garff Warner Nissan of Orem	N/A	10	N/A	----		----
Finlay Fine Jewelry Corporation	----		----	N/A	6	N/A
Fred Meyer	----		----	N/A	8	N/A
Total	\$ 4,940,904		27.47%	\$ 3,404,631		25.51%

Source: Utah State Tax Commission.

¹ Due to confidentiality issues, the amounts and percentages of the ten largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's sales tax base originates.

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City of Orem
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	City Direct Sales Tax Rates			Overlapping Sales Tax Rates					
	City Direct Rate	City Cultural Arts & Rec Rate ¹	Total City Direct Rate	County Direct Rate	County Mass Transit Rate ²	County Airport, Highway, & Public Transit Rate ³	State Direct Rate	State Mass Transit Rate	Total Sales Tax Rate ⁴
2000	1.00%	--	1.00%	0.25%	--	--	4.75%	0.25%	6.25%
2001	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2002	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2003	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2004	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2005	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2006	1.00	0.10	1.10	0.25	--	--	4.75	0.25	6.35
2007	1.00	0.10	1.10	0.25	0.25	--	4.75	0.25	6.60
2008	1.00	0.10	1.10	0.25	0.30	--	4.65	0.25	6.55
2009	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85

Source: Utah State Tax Commission

¹ This additional sales tax rate, titled CARE tax, was voted on by the citizens of Orem and went into effect on April 1, 2006.

² This additional sales tax rate was voted on by the citizens of Utah County and went into effect on April 1, 2007. The additional tax is to be used to fund highways, fixed guideways, or systems for public transit.

³ This additional sales tax rate was voted on by the citizens of Utah County and went into effect on January 1, 2009. The additional tax is to be used to fund airport, highways, or public transit projects or services in the county.

⁴ The total sales tax rate for non-prepared food and food ingredients was set at 3.00% statewide (1.00% City Direct Rate, 0.25% County Direct Rate, and 1.75% State Direct Rate) and went into effect on January 1, 2008.

City of Orem
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Governmental Activities

Fiscal Year	General Obligation Bonds	Excise Tax Revenue Bonds	Sales Tax Revenue Bonds	Lease Revenue Bonds	Special Assessment Bonds	Notes Payable	Capital Leases
2000	\$ 10,015,000	\$ 4,963,000	\$ -	\$ 2,580,000	\$ -	\$ 854,214	\$ 3,939,660
2001	9,660,000	3,752,000	-	10,410,000	-	808,836	3,536,675
2002	9,290,000	2,985,000	12,175,000	12,860,000	3,675,000	750,035	517,089
2003	8,900,000	2,181,000	12,010,000	11,975,000	3,670,000	1,010,532	302,189
2004	8,490,000	1,337,000	11,720,000	11,075,000	4,965,000	892,580	175,066
2005	17,225,000	452,000	11,285,000	10,140,000	4,735,000	765,119	152,999
2006	21,995,000	-	10,810,000	9,170,000	3,195,000	3,597,449	243,896
2007	21,025,000	-	10,310,000	8,423,000	2,940,000	6,396,631	124,186
2008	19,960,000	-	9,985,000	7,343,000	2,675,000	7,476,274	140,400
2009	18,825,000	-	9,405,000	6,222,000	6,338,000	3,691,403	81,166

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

Business-type Activities					
Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 2,836,000	\$ -	\$ -	\$ 25,187,874	1.83%	\$ 299
2,689,000	-	-	30,856,511	2.18	365
2,537,000	-	-	44,789,124	3.29	535
2,380,000	-	-	42,428,721	3.23	491
2,217,000	-	-	40,871,646	2.89	458
2,048,000	17,440,000	-	64,243,118	4.46	711
1,873,757	17,440,000	52,829	68,377,931	4.37	746
1,692,757	17,950,000	39,834	68,901,408	4.01	747
1,505,757	24,593,000	21,210	73,699,641	4.23	792
1,311,757	23,859,000	1,556	69,734,882	4.01	747

City of Orem
Ratios of Net General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population ¹	Taxable Value	Gross Bonded Debt	Debt Service Monies Available ²	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2000	84,326	\$ 2,506,346,362	\$ 10,015,000	\$ 25,513	\$ 9,989,487	0.40%	118
2001	84,500	2,720,955,779	9,660,000	16,839	9,643,161	0.35	114
2002	83,662	2,984,105,460	9,290,000	339,058	8,950,942	0.30	107
2003	86,346	3,142,554,036	8,900,000	229,007	8,670,993	0.28	100
2004	89,326	3,206,137,786	8,490,000	251,119	8,238,881	0.26	92
2005	90,374	3,274,746,940	17,225,000	441,821	16,783,179	0.51	186
2006	91,649	3,309,521,510	21,995,000	604,104	21,390,896	0.65	233
2007	92,212	3,519,237,842	21,025,000	645,663	20,379,337	0.58	221
2008	93,090	4,413,068,896	19,960,000	655,990	19,304,010	0.44	207
2009	93,352	4,716,165,754	18,825,000	3,278,577	15,546,423	0.33	167

¹ Population estimates were based upon census data and building activity within the City.

² Debt service monies available are net of reserves dedicated to other debt issues, i.e., revenue bonds and capital leases.

City of Orem
 Direct and Overlapping Governmental Activities Debt
 June 30, 2009
 (Unaudited)

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the Citizens of the City of Orem ¹	Amount Applicable to the Citizens of the City of Orem
Direct Debt:			
City of Orem	\$ 15,546,423	100.0000%	\$ 15,546,423
Overlapping Debt:			
Alpine School District	419,395,000	26.1698%	109,754,724
Utah County	11,250,000	17.8737%	2,010,788
Central Utah Water Conservancy District	<u>315,996,430</u>	4.3301%	<u>13,682,839</u>
Total Overlapping Debt	746,641,430		125,448,351
Total Direct and Overlapping Debt	<u><u>\$ 762,187,853</u></u>		<u><u>\$ 140,994,774</u></u>
Total Direct and Overlapping Debt Per Capita			<u><u>\$ 1,510</u></u>

Sources: Assessed value data used to calculate applicable percentages was provided by the Utah State Tax Commission.

Notes: Overlapping governments are those that coincide 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 the City of Orem. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident (and therefore responsible for repaying the debt) of each overlapping government.

¹ This percentage uses taxable assessed property values. Applicable percentages were calculated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Orem
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year			
	2000	2001	2002	2003
Debt Limit	\$ 149,946,074	\$ 163,628,120	\$ 180,127,323	\$ 187,271,869
Total Net Debt Applicable to Limit	(9,989,487)	(9,643,161)	(8,950,942)	(8,670,993)
Legal Debt Margin	<u>\$ 139,956,587</u>	<u>\$ 153,984,959</u>	<u>\$ 171,176,381</u>	<u>\$ 178,600,876</u>
Total Net Debt Applicable to Limit as a percentage of debt limit	6.66%	5.89%	4.97%	4.63%

¹ Debt margin applies only to general obligation bonds.

² Debt service monies available are net of reserves dedicated to other debt issues (i.e. revenue bonds and capital leases).

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Valuations:

Taxable Value	<u>\$ 4,716,165,754</u>
Estimated Market Value	<u>\$ 7,046,499,261</u>

Legal Debt Margin:

Debt Limitation - 4% of Estimated Market Value ¹	\$ 281,859,970
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (18,825,000)
Less:	
Assets in Debt Service Funds Available for payment of Principal ²	<u>3,278,577</u>
Total Debt Applicable to Limitation	<u>(15,546,423)</u>
Legal Debt Margin	<u>\$ 266,313,547</u>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 190,815,679	\$ 194,931,552	\$ 197,608,390	\$ 211,408,327	\$ 269,165,352	\$ 281,859,970
(8,238,881)	(16,783,179)	(21,390,896)	(20,379,337)	(19,304,010)	(15,546,423)
<u>\$ 182,576,798</u>	<u>\$ 178,148,373</u>	<u>\$ 176,217,494</u>	<u>\$ 191,028,990</u>	<u>\$ 249,861,342</u>	<u>\$ 266,313,547</u>
4.32%	8.61%	10.82%	9.64%	7.17%	5.52%

City of Orem
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Lease Revenue Bonds				Special Assessment Revenue Bonds			
	Lease Revenues	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2000	\$ 284,147	\$ 145,000	\$ 137,423	1.01	\$ 77,936	\$ 44,000	\$ 11,256	1.41
2001	540,891	155,000	323,318	1.13	85,957	47,000	8,165	1.56
2002	1,100,085	545,000	529,222	1.02	66,230	50,000	89,224	0.48
2003	1,439,752	885,000	580,253	0.98	78,767	54,000	183,349	0.33
2004	1,450,286	900,000	544,337	1.00	186,941	5,000	181,583	1.00
2005	1,444,808	935,000	505,090	1.00	1,470,871	230,000	183,250	3.56
2006	1,444,384	970,000	470,630	1.00	417,274	1,540,000	231,152	0.24
2007	1,424,239	1,053,000	367,639	1.00	419,611	255,000	159,750	1.01
2008	1,431,397	1,080,000	345,797	1.00	415,963	265,000	147,000	1.01
2009	1,427,635	1,121,000	301,304	1.00	136,654	280,000	133,750	0.33

Fiscal Year	Sales Tax Revenue Bonds			
	Sales Taxes	Debt Service		Coverage
		Principal	Interest	
2000	\$ -	\$ -	\$ -	0.00
2001	-	-	-	0.00
2002	15,163,063	5,000	47,442	289.14
2003	13,708,023	165,000	683,546	16.15
2004	14,092,331	290,000	562,047	16.54
2005	15,373,690	435,000	552,621	15.57
2006	18,008,143	475,000	539,136	17.76
2007	21,330,290	500,000	522,986	20.85
2008	20,616,891	530,000	485,915	20.29
2009	17,989,571	580,000	449,044	17.48

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

¹ Operating expenses do not include depreciation, interest, or amortization expenses.

Water & Storm Sewer Revenue Bonds

Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ -	\$ -	\$ -	\$ -	\$ -	0.00
-	-	-	-	-	0.00
-	-	-	-	-	0.00
-	-	-	-	-	0.00
-	-	-	-	-	0.00
9,141,784	6,959,093	2,182,691	-	681,773	3.20
10,003,642	7,137,454	2,866,188	680,000	773,519	1.97
11,050,437	7,659,539	3,390,898	707,000	762,092	2.31
11,170,969	7,797,841	3,373,128	734,000	999,616	1.95

Water Reclamation Revenue Bonds

Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 4,607,442	\$ 3,600,351	\$ 1,007,091	\$ 142,000	\$ 104,230	4.09
5,128,911	3,805,019	1,323,892	147,000	99,260	5.38
4,791,987	3,983,007	808,980	152,000	94,115	3.29
4,648,383	4,134,290	514,093	157,000	88,795	2.09
4,762,198	4,272,036	490,162	163,000	83,300	1.99
4,481,980	4,264,174	217,806	169,000	77,595	0.88
5,341,595	4,415,907	925,688	174,243	71,675	3.76
5,678,134	4,572,648	1,105,486	181,000	65,590	4.48
5,682,018	4,864,370	817,648	187,000	59,247	3.32
5,773,255	4,964,995	808,260	194,000	52,702	3.28

City of Orem
Debt Service Schedule of Outstanding Lease Revenue Bonds
June 30, 2009
(Unaudited)

Fiscal Year Ending June 30	Series 2000 \$7,985,000 (Street Lights)		Series 2001 \$5,345,000 (Refunding)	
	Principal	Interest	Principal	Interest
	2010	\$ 460,000	\$ 72,085	\$ 675,000
2011	485,000	50,005	380,000	15,675
2012	505,000	25,755	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
TOTALS	<u>\$ 1,450,000</u>	<u>\$ 147,845</u>	<u>\$ 1,055,000</u>	<u>\$ 58,350</u>

Note: This table is included in accordance with the requirements of 15c2-12 promulgated by the Securities and Exchange Commission.

Series 2007		Totals		
\$3,520,000 (Refunding)		Total	Total	Total Debt
Principal	Interest	Principal	Interest	Service
\$ 32,000	\$ 139,778	\$ 1,167,000	\$ 254,538	\$ 1,421,538
33,000	138,574	898,000	204,254	1,102,254
34,000	137,333	539,000	163,088	702,088
571,000	136,055	571,000	136,055	707,055
589,000	114,582	589,000	114,582	703,582
612,000	92,434	612,000	92,434	704,434
634,000	69,419	634,000	69,419	703,419
659,000	45,577	659,000	45,577	704,577
553,000	20,796	553,000	20,796	573,796
<u>\$ 3,717,000</u>	<u>\$ 894,548</u>	<u>\$ 6,222,000</u>	<u>\$ 1,100,743</u>	<u>\$ 7,322,743</u>

City of Orem
 Long-term Bonded Indebtedness Paid By Governmental and Enterprise Funds
 Schedule of Bonded Indebtedness
 June 30, 2009
 (Unaudited)

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Term of Bonds</u>	<u>Annual Terms of Serial Bonds</u>
Governmental Funds:				
General Obligation Bonds:				
Series 1998 Road Bonds	4.05% - 5.25%	08/15/98	1998-2018	Various
Series 2004 Road Bonds - Refunding	3.00% - 4.00%	12/22/04	2004-2016	Various
Series 2005 Road Bonds	3.50% - 5.00%	04/20/05	2005-2024	Various
Series 2006 Road Bonds	3.63% - 5.00%	03/07/06	2006-2024	Various
Series 2009 Road Bonds - Refunding	2.75% - 5.00%	03/24/09	2009-2018	Various
Total General Obligation Bonds				
Revenue Bonds:				
Lease Revenue Bonds - Series 2000	4.45% - 5.50%	09/11/00	2000-2012	Various
Canyon River - Special Improvement District Bonds - Series 2001	4.49% - 5.50%	10/02/01	2002-2016	Various
Lease Revenue Refunding Bonds - Series 2001	2.50% - 4.50%	10/15/01	2001-2011	Various
Sales Tax Revenue Bonds - Series 2002	3.00% - 5.50%	02/01/02	2002-2023	Various
Lease Revenue Refunding Bonds - Series 2007	3.76%	01/03/07	2007-2018	Various
Sales Tax Revenue Refunding Bonds - Series 2007	3.80% - 5.00%	10/17/07	2007-2023	Various
Midtown Village - Special Improvement District Bonds - Series 2009	4.35%	02/13/09	2002-2028	Various
Total Revenue Bonds				
Total Governmental Funds				
Enterprise Funds:				
Revenue Bonds:				
Water Quality Revenue Bonds	3.50%	04/12/94	1994-2014	Various
2005A Water and Storm Sewer Revenue Bonds	3.50% - 5.25%	03/17/05	2005-2025	Various
2005B Water and Storm Sewer Revenue Bonds	1.48%	03/17/05	2005-2025	Various
2008 Water and Storm Sewer Revenue Bonds	3.25% - 5.25%	03/13/08	2008-2028	Various
Total Revenue Bonds				
Total Enterprise Funds				
Total Governmental and Enterprise Funds				

Original Amount	Principal		Interest	
	Balance 06/30/09	Retired Year Ended 06/30/09	Expense Year Ended 06/30/09	Payable In Future Years
\$ 4,650,000	\$ -	\$ 3,125,000	\$ 114,084	\$ -
\$ 3,975,000	3,230,000	350,000	126,956	525,354
\$ 8,985,000	7,775,000	325,000	361,495	3,318,896
\$ 5,515,000	4,955,000	200,000	209,416	1,882,584
\$ 2,865,000	2,865,000	-	217,616	2,092,000
	<u>18,825,000</u>	<u>4,000,000</u>	<u>1,029,567</u>	<u>7,818,834</u>
\$ 7,985,000	1,450,000	440,000	92,985	147,845
\$ 3,680,000	2,395,000	280,000	133,750	502,000
\$ 5,345,000	1,055,000	650,000	67,375	58,350
\$ 12,175,000	3,710,000	555,000	203,770	610,230
\$ 3,826,000	3,717,000	31,000	140,944	894,548
\$ 5,720,000	5,695,000	25,000	245,274	2,116,231
\$ 3,943,000	3,943,000	-	-	1,990,360
	<u>21,965,000</u>	<u>1,981,000</u>	<u>884,098</u>	<u>6,319,564</u>
	<u>40,790,000</u>	<u>5,981,000</u>	<u>1,913,665</u>	<u>14,138,398</u>
\$ 3,500,000	1,311,757	194,000	52,702	165,375
\$ 17,390,000	15,665,000	600,000	731,775	7,304,887
\$ 3,000,000	2,604,000	134,000	32,700	321,826
\$ 5,590,000	5,590,000	-	235,141	4,766,250
	<u>25,170,757</u>	<u>928,000</u>	<u>1,052,318</u>	<u>12,558,338</u>
	<u>25,170,757</u>	<u>928,000</u>	<u>1,052,318</u>	<u>12,558,338</u>
	<u>\$ 65,960,757</u>	<u>\$ 6,909,000</u>	<u>\$ 2,965,983</u>	<u>\$ 26,696,736</u>

City of Orem
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population ¹	Households ²	Personal Income	Per Capita	Per Household
				Personal Income ²	Personal Income
2000	84,326	23,956	\$ 1,378,224,144	\$ 16,344	\$ 57,531
2001	84,500	22,109	1,414,107,500	16,735	63,961
2002	83,662	23,862	1,359,340,176	16,248	56,967
2003	86,346	24,703	1,313,754,390	15,215	53,182
2004	89,326	23,896	1,413,851,928	15,828	59,167
2005	90,374	24,630	1,440,471,186	15,939	58,484
2006	91,649	24,504	1,563,990,185	17,065	63,826
2007	92,212	24,026	1,719,753,800	18,650	71,579
2008	93,090	25,363	1,740,317,550	18,695	68,616
2009	93,352	25,434	1,739,979,993	18,639	68,411

Fiscal Year	Median Age	Unemployment Rate	K-12	UVU
			Student Population ³	FTE Student Population ⁴
2000	23.9	3.00%	19,226	13,504
2001	24.3	4.10	18,357	15,163
2002	24.8	5.70	18,087	16,261
2003	25.2	5.20	17,980	16,312
2004	25.7	4.80	17,383	16,339
2005	26.1	4.70	17,207	16,081
2006	26.4	3.10	16,630	15,668
2007	26.6	2.80	16,599	16,135
2008	26.6	3.70	16,521	17,911
2009	26.7	6.00	16,398	19,616

¹ Population estimates were based upon census data and building activity within the City.

² Data is based upon federal income tax return data provided by the Utah State Tax Commission.

³ Data was provided by the Alpine School District.

⁴ Data represents fall semester counts and was provided by the Utah Valley University (UVU) admissions office. On July 1, 2008 the school began operating as a university instead of a state college.

City of Orem
Other Demographic Statistics
(Unaudited)

Census Population Count

Year	Population	Increase	Percent Increase
1890	435	-	-
1900	692	257	37.14%
1910	1,064	372	34.96
1920	1,664	600	36.06
1930	1,915	251	13.11
1940	2,914	999	34.28
1950	8,338	5,424	65.05
1960	18,394	10,056	54.67
1970	25,760	7,366	28.59
1980	52,399	26,639	50.84
1990	67,561	15,162	22.44
2000	84,324	16,763	19.88

Age Distribution of Population ¹

Age	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,901	10.56%	4,549	5.39%	4,352	5.16%
5 - 9	7,762	9.20	3,942	4.67	3,820	4.53
10 - 14	7,879	9.34	4,054	4.81	3,825	4.54
15 - 19	9,157	10.86	4,531	5.37	4,626	5.49
20 - 24	10,832	12.85	5,413	6.42	5,417	6.42
25 - 29	7,530	8.93	4,061	4.82	3,469	4.11
30 - 34	4,941	5.86	2,501	2.97	2,440	2.89
35 - 39	4,568	5.42	2,263	2.68	2,305	2.73
40 - 44	4,675	5.54	2,262	2.68	2,413	2.86
45 - 49	4,270	5.06	2,066	2.45	2,204	2.61
50 - 54	3,496	4.15	1,642	1.95	1,854	2.20
55 - 59	2,594	3.08	1,248	1.48	1,346	1.60
60 - 64	1,861	2.21	885	1.05	976	1.16
65 - 69	1,572	1.86	712	0.84	860	1.02
70 - 74	1,479	1.75	658	0.78	821	0.97
75 - 79	1,210	1.43	520	0.62	690	0.82
80 - 84	830	0.98	321	0.38	509	0.60
85 - 89	525	0.62	183	0.22	342	0.41
90+	244	0.29	68	0.08	176	0.21
TOTAL	84,326	100.00%	41,879	49.66%	42,445	50.33%

¹ Source: 2000 Census

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City of Orem
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Alpine School District	1,495	1	3.02%	899	3	2.04%
Utah Valley State College	1,419	2	2.87%	1,465	1	3.33%
Convergys Corporation	743	3	1.50%	1,200	2	2.73%
U.S. Synthetic Corporation	592	4	1.20%	----		----
Timpanogos Regional Hospital	584	5	1.18%	----		----
Omniture, Inc.	577	6	1.16%	----		----
City of Orem	557	7	1.12%	490	6	1.11%
Wal-Mart	493	8	1.00%	----		----
Target	353	9	0.71%	----		----
StoresOnline, Inc.	350	10	0.71%	----		----
SOS Temporary Services	----		----	700	4	1.59%
Manpower Temporary Services	----		----	500	5	1.14%
American Land & Leisure	----		----	486	7	1.10%
Macy's (ZCMI)	----		----	483	8	1.10%
Phone Directories Company	----		----	435	9	0.99%
Adecco Employment Services	----		----	400	10	0.91%
Total	<u>7,163</u>		<u>14.46%</u>	<u>7,058</u>		<u>16.04%</u>

Source: Orem City's business licensing database and personal communications with certain governmental entities by Orem City personnel.

City of Orem
Full-Time-Equivalent City Government Employees
 by Function/Program
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year			
	2000	2001	2002	2003
General Government	127	131	136	145
Public Safety:				
Police Protection	112	117	114	114
Fire Protection	53	53	53	53
Highways and Public Improvements	0	1	4	1
Parks and Recreation:				
Parks and Recreation	35	30	31	32
Library	56	54	57	57
Cemetery	5	5	4	5
Economic and Physical Development	3	3	3	3
Water	22	23	23	23
Water Reclamation	33	31	32	32
Storm Sewer	8	9	9	9
Recreation	36	31	35	40
Street Lighting	0	1	1	4
Total	<u>490</u>	<u>489</u>	<u>502</u>	<u>518</u>

Source: City of Orem - Human Resource Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Fiscal Year					
2004	2005	2006	2007	2008	2009
129	138	130	119	124	115
127	118	134	137	141	143
53	55	56	54	59	71
1	4	5	2	3	2
32	33	31	34	36	39
56	54	54	50	53	54
4	5	5	5	6	6
2	2	2	1	1	2
23	24	23	24	26	30
30	31	29	29	31	31
10	9	9	8	11	11
47	45	45	49	48	50
2	2	2	1	2	3
516	520	525	513	541	557

City of Orem
 Operating Indicators by Function / Program
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year				
	2000	2001	2002	2003	2004
General Government:					
Building Permits Issued	1,223	1,192	1,203	1,396	1,118
Public Safety:					
Police Protection:					
Physical Arrests	5,483	9,571	8,254	9,479	8,306
Traffic Citations	N/A	N/A	11,621	10,807	9,634
Traffic Warnings	N/A	N/A	7,363	10,642	9,484
Fire Protection:					
Emergency Responses	N/A	N/A	1,558	1,558	1,383
Ambulance Transports	1,958	2,066	2,224	2,598	2,549
Other Public Safety Services:					
Emergency Dispatch Calls	N/A	N/A	2,802	4,697	4,961
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	N/A	N/A	5,376	5,417	6,599
Concrete Used - Sidewalks (Yards)	N/A	N/A	1,009	972	905
Parks and Recreation:					
Recreation Programs Participants	11,232	12,880	12,852	12,312	12,960
Library - Volumes in Collection (approx.)	243,900	254,235	260,000	266,720	275,497
Cemetery - Interments	221	216	222	255	247
Economic and Physical Development:					
Public Service Organizations Assisted	N/A	N/A	14	13	15
Housing Rehab Loans/Grants Added	N/A	N/A	7	13	12
Major Project Improvements Completed	N/A	N/A	2	3	4
Water:					
Number of Consumers	19,668	19,896	19,900	20,142	20,425
Average Daily Consumption (MGD)	24.1	22.5	22.5	22.0	20.6
Water Reclamation:					
Number of Service Connections	18,966	19,405	19,425	19,511	20,017
Average Daily Treated (MGD)	9.8	9.8	9.8	9.7	8.4
Storm Sewer:					
Number of Sump Pumps Added	N/A	N/A	21	18	24
New Infrastructure (Feet)	N/A	N/A	N/A	N/A	6,600
Recreation:					
Fitness Center Participants	6,864	8,004	7,854	7,524	7,920
Scera Park Pool Participants	2,704	3,116	3,094	2,964	3,120
Solid Waste:					
Annual Waste Tonnage	N/A	N/A	N/A	29,221	29,993
Avg Annual Waste per Household (Tons)	N/A	N/A	N/A	1.69	1.72
Street Lighting:					
Number of Street Lights Added	0	1,121	434	0	1,477

Source: Various city departments

Fiscal Year				
2005	2006	2007	2008	2009
1,083	1,149	1,166	1,242	784
8,145	8,495	6,599	6,454	6,215
11,394	11,190	13,937	14,238	16,128
9,464	11,169	10,350	7,406	3,797
1,250	1,169	2,738	2,325	2,175
2,761	3,145	3,026	3,246	2,780
4,935	13,127	30,556	31,397	31,218
4,048	4,500	4,300	4,290	4,615
1,089	1,100	1,200	1,443	1,344
13,230	13,338	13,365	14,059	15,054
280,000	284,573	289,742	297,067	295,029
250	289	290	303	266
14	14	14	13	15
15	8	7	7	7
1	1	0	1	1
20,240	21,228	21,153	21,197	21,543
21.2	23.5	23.7	25.0	23.0
20,107	20,314	20,616	20,678	20,678
8.4	8.5	8.5	8.5	8.5
25	22	22	24	8
4,000	4,500	6,872	12,144	7,669
8,085	8,151	8,168	8,592	9,233
3,185	3,211	3,217	3,384	3,407
30,209	27,193	26,586	26,566	26,924
1.72	1.51	1.46	1.45	1.45
233	230	171	149	75

City of Orem
 Capital Asset Statistics by Function / Program
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year				
	2000	2001	2002	2003	2004
General Government:					
Vehicles	148	141	152	164	169
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	88	94	98	104	105
Fire Protection:					
Stations	3	3	3	3	3
Vehicles	28	28	26	25	25
Highways and Public Improvements:					
Streets (miles)	N/A	N/A	N/A	N/A	232
Traffic Signals	N/A	N/A	N/A	N/A	25
Parks and Recreation:					
Parks	14	15	18	18	20
Parks Acreage	127	131	212	212	277
Playgrounds	14	14	17	17	18
Walking/Jogging Trails (miles)	N/A	N/A	N/A	29.5	33.0
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	308	310	310	345	345
Wells	7	7	7	7	8
Storage Capacity (thousands of gallons)	12,440	12,440	12,440	12,440	12,440
Water Reclamation:					
Sewer Lines (miles)	260	260	260	272	272
Treatment Capacity (MGD)	12.3	12.3	12.3	12.3	12.3
Storm Sewer:					
Storm Sewer Lines (miles)	N/A	N/A	N/A	64.6	64.6
Sump Pumps	1,625	1,634	1,644	1,653	1,665
Recreation:					
Fitness Centers	1	1	1	1	1
Pools	1	1	1	2	2
Baseball / Softball Diamonds	12	12	18	18	18
Soccer / Football Fields	5	5	18	18	18
Street Lighting:					
Street Lights	1,075	2,196	2,630	2,630	4,107

Source: Various city departments

Fiscal Year				
2005	2006	2007	2008	2009
177	191	170	176	175
1	1	1	1	1
106	108	111	121	116
3	3	3	3	3
25	23	24	26	27
233	235	238	239	241
25	25	26	26	32
20	20	20	22	22
277	277	287	333	333
18	18	18	18	18
33.0	33.0	33.0	35.5	35.5
1	1	1	1	1
1	1	1	1	1
345	345	345	349	349
8	8	8	8	8
12,440	12,440	22,440	22,440	22,440
272	272	275	280	280
12.3	12.3	12.3	12.3	12.3
64.6	64.6	65.9	68.2	69.8
1,677	1,688	1,699	1,711	1,715
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
18	18	18	18	18
4,340	4,570	4,741	4,890	4,926

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