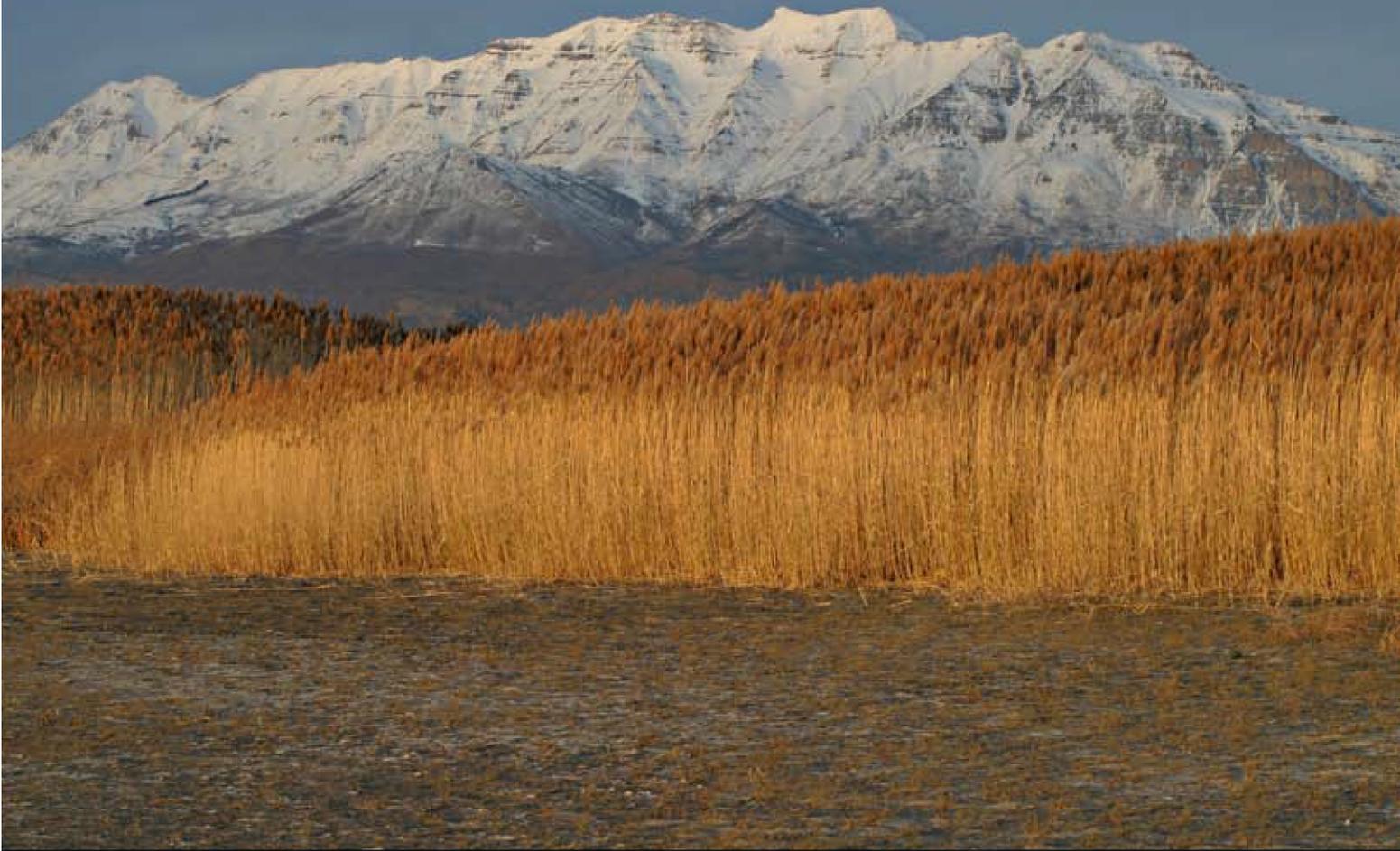




CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2012

CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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, 2012**

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INTRODUCTORY SECTION



CITY OF OREM
OFFICE OF THE CITY MANAGER

December 18, 2012

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-fifth Comprehensive Annual Financial Report.

The report contains critical financial information regarding the City's activities over the past fiscal year. The report of Keddington & Christensen, LLC, 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, 2012, in relatively sound financial condition. The following is an overview of the City's financial condition.

Operating Revenues

While the City has suffered the same recessionary trends as the rest of the nation since 2008, sales tax revenues have gradually been increasing over the past two years. Revenue from sales taxes is still well below 2008 numbers however. Revenues related to the building industry continue to be inconsistent as the current fiscal year decreased substantially from the prior fiscal year which had shown an improvement over the prior two fiscal years. It appears that revenue growth, if any, in this area will be very slow over the next few years. Franchise taxes continue to be relatively steady from year to year with a small increase in the current fiscal year.

Revenues for the water, water reclamation, and storm sewer funds have been reasonably consistent each year to support their operational needs. However, since fee increases have only been able to basically cover the cost of operations, very little money has been available for capital projects needed to improve and maintain these systems. Thus, it continues to be important that we evaluate the fees and charges associated with these funds each year.

Revenues for other service areas such as residential solid waste collection, recreation programs, and street lighting are stable. However, the street lighting fund continues to struggle due to a lack of dedicated operational funding.

Expenditures

The City's biggest challenge is in finding a long-term funding solution to pay for the City's UTOPIA pledge obligation. The City has reduced costs in every area to try to be able to meet the effects of the economic recession and this obligation. This has been done through the elimination of most capital projects, no raises for employees over the last four years, leaving

vacant positions unfilled, and decreasing employee training and travel costs among other things.

The City's infrastructure is in stable condition, but continues to deteriorate as needed improvements and/or maintenance continue to be pushed into the future. Within the last year, the City has been involved in several significant capital projects. These projects include:

- Several miles of new asphalt overlays, slurry seals, and crack sealing applied to City roads.
- The completion of an \$11 million water reclamation plant expansion primarily financed by an interest free state loan.
- The continuation of the laying of new water mains and the replacement of old four inch water lines financed by a water revenue bond.
- Completed the drilling of well #9 and the rehabilitation of two other wells.
- Enclosure of the Murdock Canal and utility relocation.
- Geneva Road & I-15 widening projects.

Additional Capital Funding is needed:

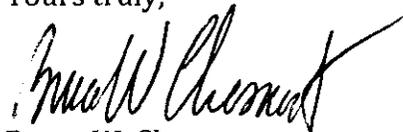
- To construct a new fire station to serve the growing population west of Interstate 15. This was included in the FY 2009 Budget, but was put on hold due to reduced revenues.
- To construct additional intersection signals and upgrade existing intersections with double left turn lanes.
- To install street lights in the portions of the City previously served by special lighting districts.
- To purchase additional open space for parks and recreation activities.
- To construct additional sidewalks.
- For continued road maintenance.
- To improve transportation in the City through street improvements, trails, bike paths, mixed uses and mass transit.
- To purchase and install a radio-read water meter system.
- For Cemetery expansion
- For Southwest area water and sewer improvements
- For Facility improvements like HVAC system upgrades at the Senior Friendship Center and new carpet in the Library North Wing.

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,



Bruce W. Chesnut
City Manager



CITY OF OREM

DEPARTMENT OF ADMINISTRATIVE SERVICES

December 18, 2012

Bruce Chesnut
City Manager

City of Orem, Utah

The State of Utah requires that all local governments publish, within six months of the close of each fiscal 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, 2012, 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.

Keddington & Christensen, LLC, 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, 2012, 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, 2012, 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 2010 census population of 88,328 and an estimated population at June 30, 2012, of 89,279. Utah Valley University (UVU) is a major employer in the City with enrollment in excess of 34,000 students. UVU became a university on July 1, 2008 and is now the State's largest university.

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 and Macy's. This remodeling has helped the mall become a major entertainment center with theaters and restaurants which attract customers to the area. For the past three years, the City, like the rest of the country, has been recovering from the deepest recession since the great depression. Employment in Utah has grown dramatically, especially in Utah County. The county unemployment rate at June 30, 2012, was 6.1% compared to 6.1% for the state and 8.2% nationally. Utah non-farm job growth the past year has been 2.0% compared to 1.4% nationally.

Although sales tax revenues, the City's largest source of tax revenue, continue to be below pre-recession levels, the City has seen consistent growth year-over-year. Building related revenues continue to be below pre-recession levels. To compensate for this revenue decline, the City has made personnel, operational, and capital project budget cuts. In prior years, the City reduced the General Fund staffing level by 19.5 positions. In years of revenue growth, the City has kept operational expansion to a minimum allowing the City to better weather this economic downturn. The economy is showing signs of improvement as sales tax revenues have begun to rebound. The City is cautiously optimistic.

Based on current projections, the population growth trend is slowing but is still growing for the foreseeable future. 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 has worked on several needed projects to benefit the residents and businesses of the community. These projects include, but were not limited to the following:

- Major expansion of the Water Reclamation Plant (near conclusion)
- Major road reconstruction by UDOT on the I-15 segment that passes through the City. It also includes work on Geneva Road, an important north-south corridor on the west side of Orem, and State Street which is the major north-south corridor in the center of the City
- UTOPIA expansion in Orem

The current master plans for the water, water reclamation, storm sewer, and road systems continue to be 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
- Construction and staffing of a new fire station
- Completion of the City-wide sidewalk system
- Continued expansion of UTOPIA

Other Information

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, 2011. This was the twenty-fourth consecutive 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 with special recognition to Brandon Nelson, CPA, for his excellent work in preparing this report as well as our independent auditors, Keddington & Christensen, LLC, 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 black ink that reads "Richard B. Manning". The signature is written in a cursive style with a large, prominent initial "R".

Richard B. Manning
Administrative Services Director



CITY OF OREM

LISTING OF OFFICIALS ORGANIZED BY CLASSIFICATIONS

Chief Executive Officer

City Manager Bruce W. Chesnut

Executive Staff

Assistant City Manager Jamie P. Davidson

Director of Administrative Services Richard B. Manning

Director of Development Services Stanford C. Sainsbury

Director of Legal Services Greg W. Stephens

Director of Library Services Louise G. Wallace

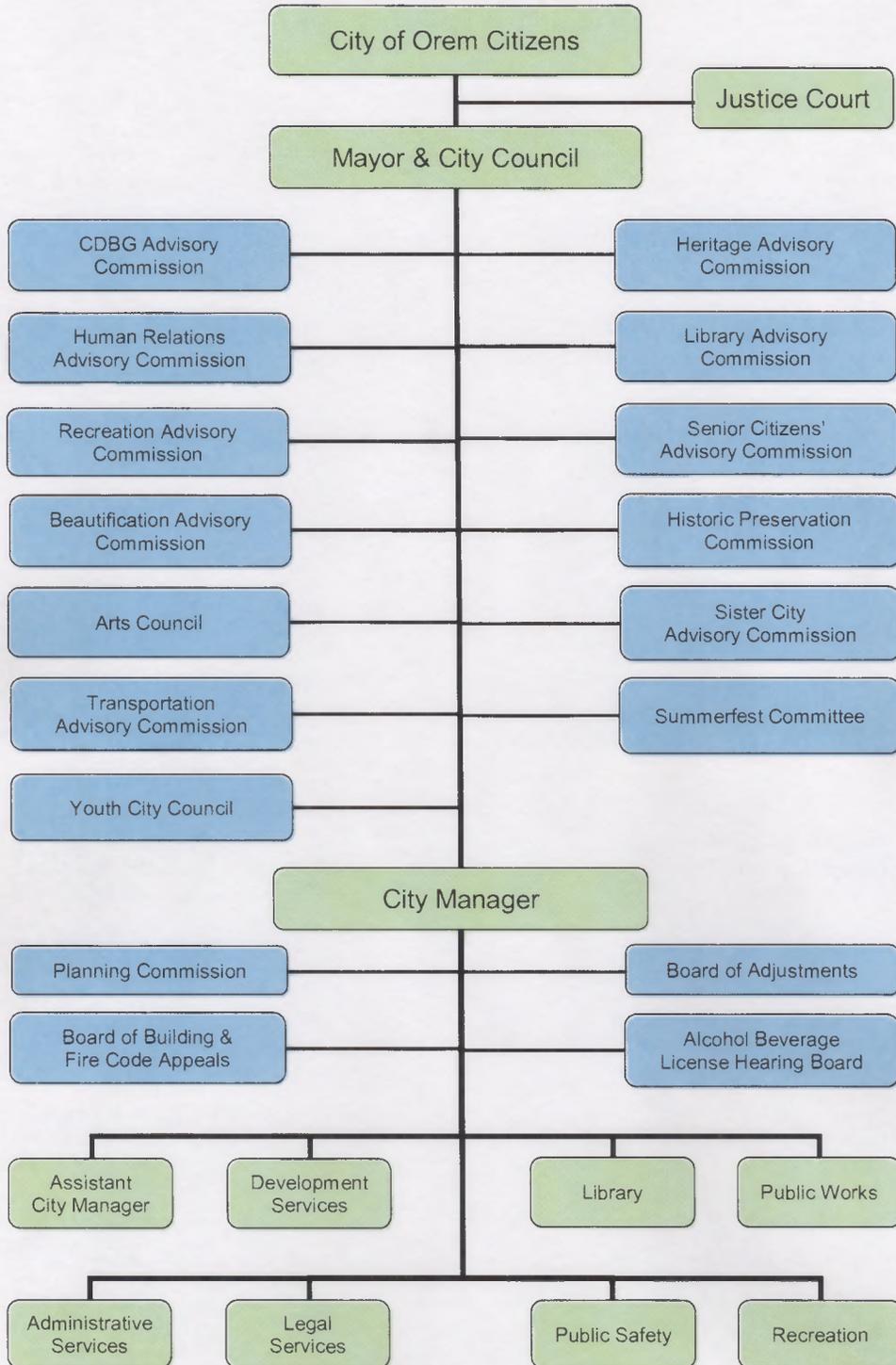
Director of Public Safety Michael J. Larsen

Director of Public Works Chris R. Tschirki

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, 2011

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.



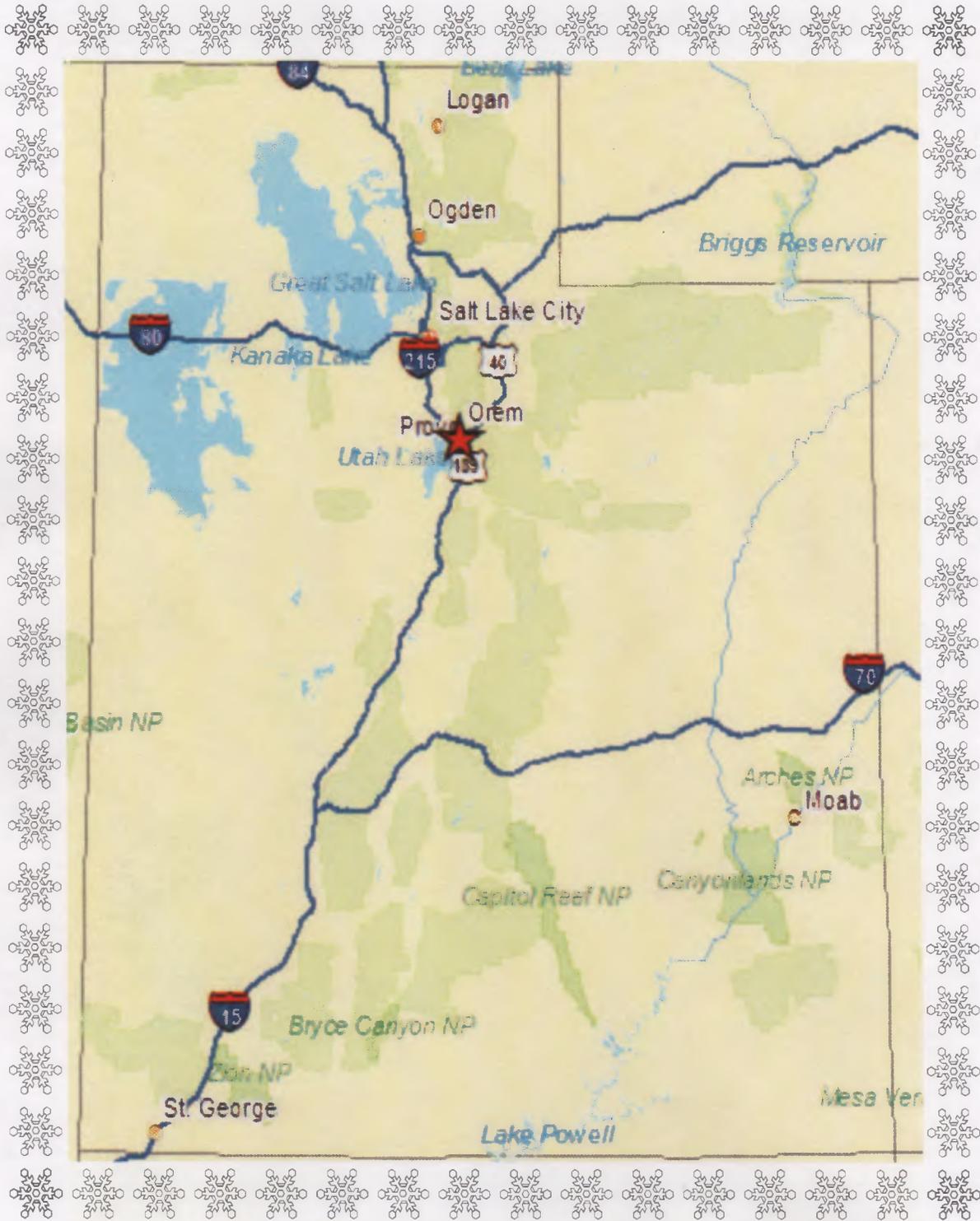
Linda C. Davison

President

Jeffrey R. Egan

Executive Director

STATE OF UTAH



FINANCIAL SECTION



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of 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, 2012, 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. 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 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 as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue 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 on our consideration of the City's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters dated December 6, 2012. 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 and 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.

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

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

Keddington & Christensen, LLC

December 6, 2012

MD & A

City of Orem
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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 \$218,908,332 (total net assets). Of this amount, \$24,102,497 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net assets consist of \$169,834,061 in capital assets net of related debt and \$49,074,271 in other net assets.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,831,034. Of this amount, \$3,396,016 (11.01%) is available for spending at the government's discretion (unassigned fund balance).
- As of the end of the current fiscal year, the City's enterprise funds reported an increase in net assets of \$2,330,867 compared to the prior year's increase of \$21,709. Fund balance changes for each individual fund is discussed in greater detail later in this overview and analysis.
- The City issued sales tax revenue refunding bonds in April of 2012 for \$1,814,000. These bonds were issued to refund the remaining 2002 sales tax revenue bonds.
- The City issued an additional \$2,481,000 during the fiscal year in water quality revenue bonds through the State of Utah's Department of Environmental Quality for facility improvements and expansion at the water reclamation plant. All bond issuances for the project have now been completed for a total of \$11,889,000.
- In January of 2012, the City entered into a capital lease to purchase a new fire engine. Total lease payments over the life of the lease are \$525,147 and the lease ends in July of 2018.

Overview of the Financial Statements

The following discussion and analysis serves 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, 2012

- 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 the City'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

City of Orem
Management's Discussion and Analysis
June 30, 2012

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 City'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, Debt Service, and Redevelopment funds, which are considered major funds of the City. Data from the other seven 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, providing self-insurance, and procuring and warehousing supplies and materials. 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 provided 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.

City of Orem
Management's Discussion and Analysis
June 30, 2012

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. As mentioned in the highlights section, assets exceeded liabilities by \$218,908,332 at June 30, 2012.

By far the largest portion of the City's net assets (77.58%) 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	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 58,265,636	\$ 54,247,601	\$ 17,693,454	\$ 17,009,123	\$ 75,959,090	\$ 71,256,724
Capital Assets	152,369,943	155,122,264	85,083,945	81,608,849	237,453,888	236,731,113
Total Assets	<u>210,635,579</u>	<u>209,369,865</u>	<u>102,777,399</u>	<u>98,617,972</u>	<u>313,412,978</u>	<u>307,987,837</u>
Long-term Debt						
Outstanding	37,364,517	40,334,501	34,685,742	33,336,705	72,050,259	73,671,206
Other Liabilities	19,295,624	16,465,288	3,158,763	2,679,240	22,454,387	19,144,528
Total Liabilities	<u>56,660,141</u>	<u>56,799,789</u>	<u>37,844,505</u>	<u>36,015,945</u>	<u>94,504,646</u>	<u>92,815,734</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	118,628,873	120,200,518	51,205,188	50,282,917	169,834,061	170,483,435
Restricted	22,727,294	21,068,271	2,244,480	4,069,158	24,971,774	25,137,429
Unrestricted	12,619,271	11,301,287	11,483,226	8,249,952	24,102,497	19,551,239
Total Net Assets	<u>\$ 153,975,438</u>	<u>\$ 152,570,076</u>	<u>\$ 64,932,894</u>	<u>\$ 62,602,027</u>	<u>\$ 218,908,332</u>	<u>\$ 215,172,103</u>

A portion of the City of Orem's net assets (11.41%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net assets (\$24,102,497) may be used to meet the City'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 (\$330,497). 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 City as a whole, as well as for its separate business-type activities. The same is true of the prior year.

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Comparing the current fiscal year to the prior fiscal year, the City's net assets increased by \$3,736,229 (1.74%). Total revenues increased by \$5,255,456 (6.56%), primarily due to increases in charges for services of \$3,573,131 (9.42%) and sales taxes of \$1,010,049 (5.91%). Total expenses increased \$3,425,637 (4.38%). Details related to these increases are described later in this section of the report under governmental and business-type activities. 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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,971,721	\$ 13,852,866	\$ 26,552,110	\$ 24,097,834	\$ 41,523,831	\$ 37,950,700
Operating Grants and Contributions	2,077,014	2,254,533	-	-	2,077,014	2,254,533
Capital Grants and Contributions	2,565,504	2,966,474	73,400	112,480	2,638,904	3,078,954
General Revenues:						
Sales Taxes	18,106,273	17,096,224	-	-	18,106,273	17,096,224
Property Taxes	11,008,739	10,893,480	-	-	11,008,739	10,893,480
Other Taxes	9,401,489	8,634,019	-	-	9,401,489	8,634,019
Other	362,623	197,745	295,980	53,742	658,603	251,487
Total Revenues	<u>58,493,363</u>	<u>55,895,341</u>	<u>26,921,490</u>	<u>24,264,056</u>	<u>85,414,853</u>	<u>80,159,397</u>
Expenses:						
General Government	11,154,305	10,878,275	-	-	11,154,305	10,878,275
Public Safety	21,611,770	21,030,800	-	-	21,611,770	21,030,800
Highways and Public Improvements	7,987,142	8,445,665	-	-	7,987,142	8,445,665
Parks, Recreation & Arts	9,266,216	9,018,719	-	-	9,266,216	9,018,719
Economic and Physical Development	1,664,674	1,831,623	-	-	1,664,674	1,831,623
Redevelopment	1,651,667	1,039,965	-	-	1,651,667	1,039,965
Interest on Long-Term Debt	3,654,187	1,857,526	-	-	3,654,187	1,857,526
Water	-	-	9,939,501	9,726,003	9,939,501	9,726,003
Water Reclamation	-	-	6,173,983	5,924,058	6,173,983	5,924,058
Storm Sewer	-	-	2,335,612	2,272,163	2,335,612	2,272,163
Recreation	-	-	1,818,935	1,765,355	1,818,935	1,765,355
Solid Waste	-	-	3,189,138	3,180,547	3,189,138	3,180,547
Street Lighting	-	-	1,231,494	1,282,288	1,231,494	1,282,288
Total Expenses	<u>56,989,961</u>	<u>54,102,573</u>	<u>24,688,663</u>	<u>24,150,414</u>	<u>81,678,624</u>	<u>78,252,987</u>
Increase (Decrease) in Net Assets before Transfers	1,503,402	1,792,768	2,232,827	113,642	3,736,229	1,906,410
Transfers In (Out)	(98,040)	91,933	98,040	(91,933)	-	-
Increase (Decrease) in Net Assets	1,405,362	1,884,701	2,330,867	21,709	3,736,229	1,906,410
Net Assets - Beginning	152,570,076	150,685,375	62,602,027	62,580,318	215,172,103	213,265,693
Net Assets - Ending	<u>\$ 153,975,438</u>	<u>\$ 152,570,076</u>	<u>\$ 64,932,894</u>	<u>\$ 62,602,027</u>	<u>\$ 218,908,332</u>	<u>\$ 215,172,103</u>

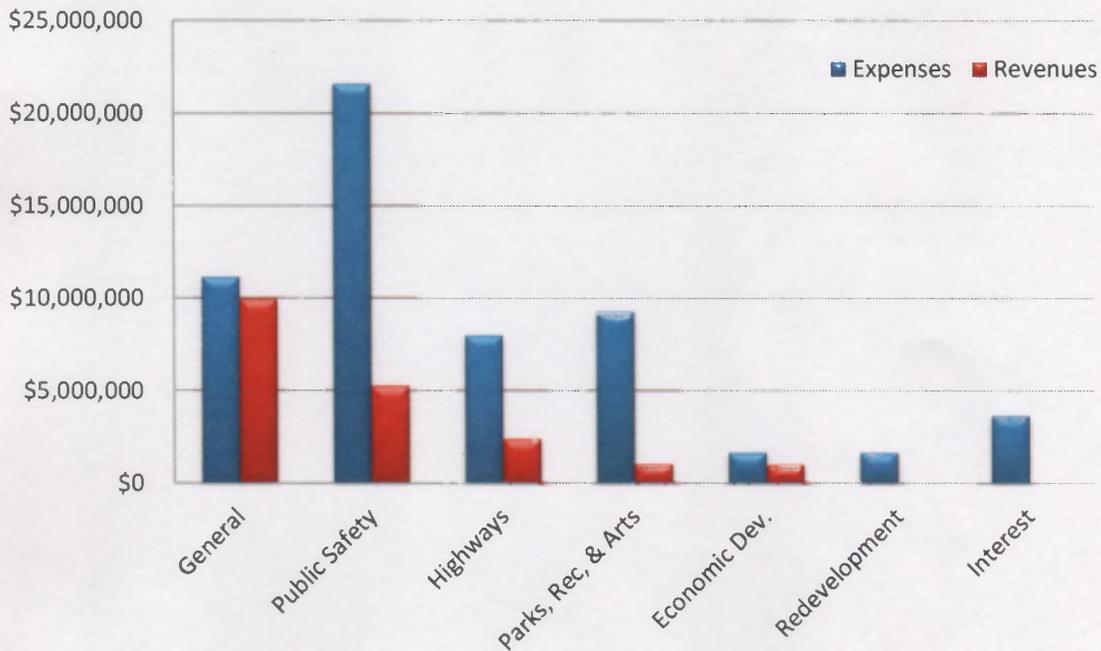
Governmental activities. Governmental activities increased the City of Orem's net assets by \$1,405,362 (0.92%). This is a decrease of \$479,339 from the prior year. Charges for services revenues increased by \$1,118,855 (8.08%) and general revenues increased by \$2,057,656 (5.59%) primarily due

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to increased sales tax revenues. Total expenses increased by \$2,887,388 (5.34%) primarily related to expensing a large portion of the UTOPIA debt pledge payments.

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 \$38,879,124 because these revenues are not specific to a particular department.

Program Expenses & Revenues - Governmental Activities
For Fiscal Year Ending June 30, 2012



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

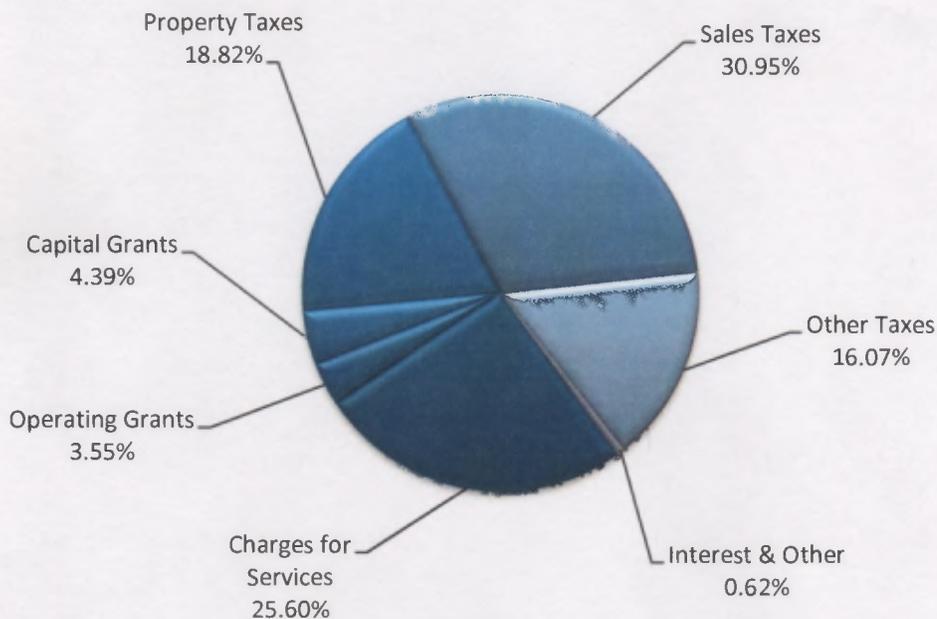
- Total revenues increased by \$2,598,022 (4.65%).
- Charges for services revenues increased by \$1,118,855 (8.08%). The increase is due primarily to the new justice court and various revenues related to the City's component unit (CEDO) which increased revenues by \$302,517 and \$446,068, respectively.
- General revenues increased by \$2,057,656 (5.59%). The increase is due primarily to increased sales tax revenues of \$1,010,049 (5.91%) and special assessments related to the Canyon River SID of approximately \$1,000,000.

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- Total expenses increased by \$2,887,388 (5.34%). The increase is due primarily to interest on long-term debt increasing by \$1,796,661 which was caused primarily by expensing \$2,055,531 of UTOPIA debt pledge payments. The remaining portion of the expense increase was mostly due to public safety expenses increasing by \$580,970 because of increased self-insurance costs related to a public safety officer traffic accident with a civilian and a fireman having a debilitating stroke while participating in regular fitness testing.

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, 2012

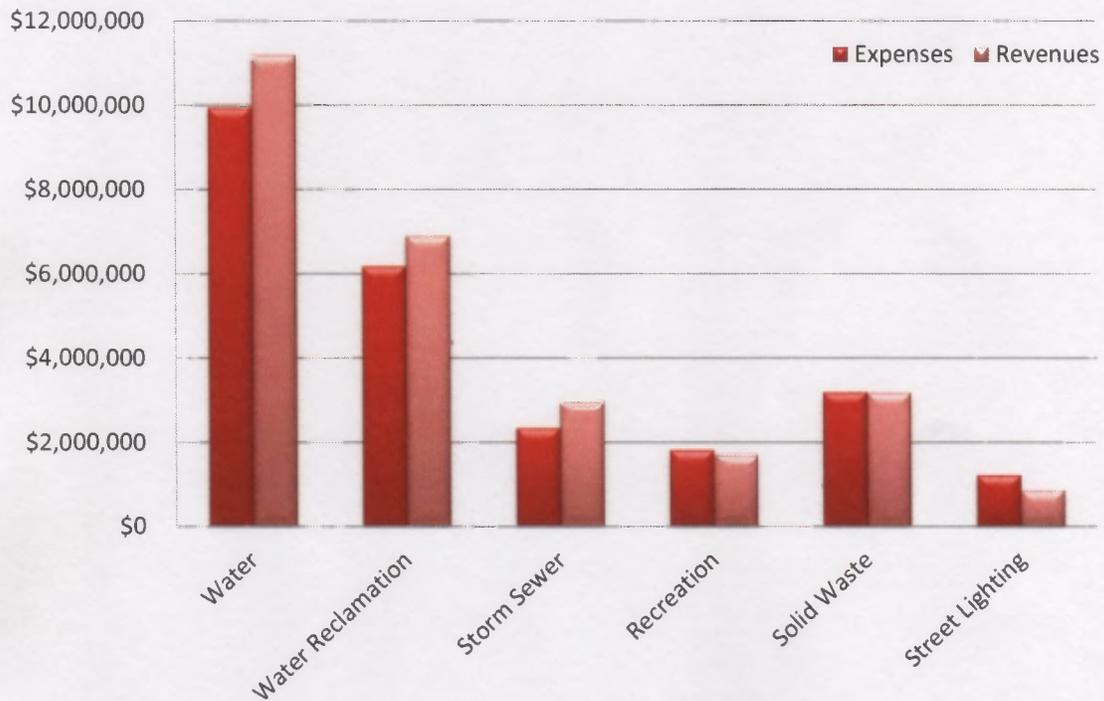


Business-type activities. Business-type activities increased the City's net assets by \$2,330,867. The increase in net assets represents a 3.72% increase for the current year. Total revenues increased by \$2,657,434 (10.95%) and total expenses increased by \$538,249 (2.23%). As of the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

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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, 2012

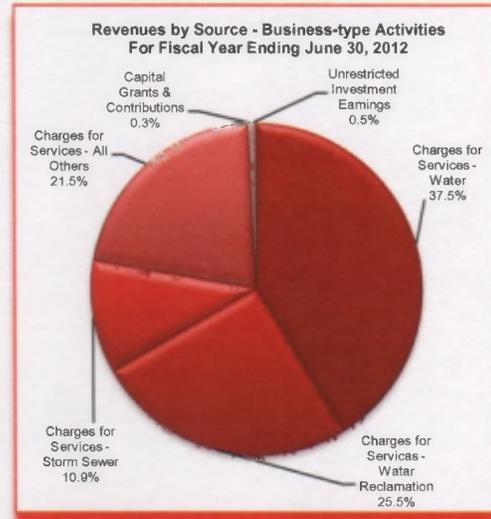


Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported increased total revenues over the prior year of \$2,657,434 (10.95%). Total revenues increased or decreased as follows:
 - Water fund total operating revenues increased by \$1,803,686 or 19.53%. The increase in operating revenues consists of an 18.76% increase in the base rate as well as an 8.62% increase in water consumption for the fiscal year.

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- Water Reclamation fund total operating revenues increased by \$214,424 or 3.25%, due primarily to a 1.46% increase in the volume charge rate. The increase will pay for the water reclamation facility expansion.
- Storm Sewer fund total operating revenues were higher by \$305,081 or 11.56%. Billable “equivalent service units (ESU)” increased by 0.51%.
- Recreation fund total operating revenues increased by \$48,763 or 2.94%, due primarily to an increase in daily admissions at the outdoor pool (11.70%) and indoor classes (6.30%) and passes (3.00%) at the fitness center.
- Solid Waste fund total operating revenues increased by \$77,938 or 2.51%, due primarily to an increase in the residential fee of \$0.10/month or an increase of 0.95%.



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.

- Business-type activities reported an increase in total expenses from the prior year of \$538,249 (2.23%). Total expenses increased or decreased as follows:
 - Personnel costs increased by \$151,673 (2.61%). The increase is due to the Water Division Manager position being filled for the entire fiscal year whereas it was vacant for approximately four months in the prior year and the Outdoor Programs Recreation Manager position being filled for most of the fiscal year while it was vacant for all of the prior fiscal year.
 - Contract services costs increased by \$140,072 (2.23%). Most of this increase was due to the higher costs of treating the City’s drinking water by the Central Utah Water Conservancy District.
 - Utility costs increased by \$104,623 (6.98%). The increase was due to general increases in power and natural gas costs.

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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, *unassigned fund balance* may serve as a useful measure of the 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 \$30,831,034. Of this total amount, \$3,396,016 (11.01%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance decreased from the prior year by \$75,477. The remaining fund balance of \$27,435,018 is "reserved" in one capacity or another indicating that it is not available for new spending because it has already been committed to pay debt service or a variety of other purposes.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, *unassigned fund balance* of the general fund was \$3,396,016 and total fund balance increased to \$11,081,770. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.46% (prior year was 7.70%) of total general fund expenditures, while total fund balance represents 24.34% (prior year was 23.84%) of that same amount.

The General fund's total fund balance increased by \$339,037 in the current fiscal year (the prior year had an increase of \$934,833). Thus, there was a negative variance from the prior year of \$595,796. The following elements were key factors contributing to this variance:

- Increased total revenues of \$1,934,688 are due to an increase in taxes and special assessments and fines and forfeitures. The increase in taxes and special assessments is due to increased sales tax revenues of \$914,763 and property taxes of \$260,379. The \$269,806 increase in fines and forfeitures is the result of adding a new justice court which replaced the state's district court here in Orem.
- Increased general government expenditures of \$461,076 (1.02%). The purchase of a new fire engine is the primary cause of this increase. However, this increase in expenditures was offset by increased capital lease revenue related to the fire engine purchase of \$525,147.
- Net transfers had a negative variance from the prior year of \$2,521,477. The negative variance was due to a transfer of \$2,250,000 in the current year to the Debt Service fund for UTOPIA debt pledge payments that did not need to be transferred in the prior year.

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The Debt Service fund has a total fund balance of \$6,525,838, all of which is to be used for the payment of debt service. There was a net increase in fund balance in the current year of \$1,262,692 (23.99%). The increase is due primarily to the debt related to the Canyon River special improvement district (SID) project. The developers who own this project were unable to pay their annual assessments to the City in prior fiscal years. However, in the current fiscal year, all of the developers paid their past due assessments as well as their current year assessments.

The Redevelopment fund has a total fund balance of \$6,107,606, all of which is to be used for improvements in redevelopment (blighted) areas of the city. There was a net increase in fund balance in the current year of \$832,364 (15.78%). The increase was due to better than expected property tax collections and the accumulation of funds for future capital projects in these redevelopment areas.

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 \$5,345,987, an increase of \$2,117,141 (65.57%). Total net assets decreased by \$1,343,818 (4.78%) during the current fiscal year. Operating revenues increased by \$1,803,686 (19.53%). Water operating revenues increased due to a 18.76% increase in the base rate as well as a 8.62% increase in water consumption for the fiscal year. Operating expenses increased by \$235,685 (2.63%) in comparison with the prior year. The increase was due to the Water Division Manager (promoted to Public Works Director) position being filled for the entire current fiscal year whereas it was vacant for approximately four months of the prior fiscal year. Higher costs of treating the City's drinking water by the Central Utah Water Conservancy District (\$74,631) and higher power and natural gas costs (\$38,071) also contributed to the increase in operating expenses.

Unrestricted net assets of the Water Reclamation fund at the end of the year amounted to \$2,960,349, an increase of \$869,988 (41.62%). Total net assets increased by \$611,120 (3.22%) during the current fiscal year. Operating revenues increased by \$214,424 (3.25%). This increase was due primarily to a 1.46% increase in the volume charge rate for sewer services. The increase occurred in order to pay for the water reclamation facility expansion. Operating expenses increased by \$257,286 (4.37%) in comparison with the prior year. The increase in expenses is primarily due to higher power and natural gas costs of \$85,617, employee benefits of \$47,132, and contractual services related to utility billing of \$100,083.

Unrestricted net assets of the Storm Sewer fund at the end of the year amounted to \$2,590,848, an increase of \$335,329 (14.87%). Total net assets increased by \$580,193 (4.71%) during the current fiscal year. Operating revenues increased by \$305,081 (11.56%), primarily due to a 0.51% increase in billable "equivalent service units (ESU)". Operating expenses increased by \$72,756 (3.55%) in comparison with the prior year. Supplies and

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maintenance costs increased by \$20,852 (11.01%), primarily due to returning to a level of replacing sumps consistent with years prior to the previous year. Historically, fifteen to twenty sumps are replaced each year which was the case in the current fiscal year, but only three were replaced in the prior fiscal year. The significantly higher prices for the sumps in the prior fiscal year eased and prices came down to a more reasonable amount in the current fiscal year. Depreciation expense also increased by \$17,799 (2.91%) as many of the capital projects that were in CIP were completed and began being depreciated.

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 \$45,847,134 to a final budget of \$51,425,865, an increase of \$5,578,731 (12.17%). The increases to the General Fund budget are briefly summarized as follows:

- Various public safety grants received during the year totaled \$813,596. They also increased their capital outlays by \$543,000 due to purchasing a new fire engine under a capital lease.
- The library received several grants during the year totaling \$73,250. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$88,632.
- 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 \$1,102,577.
- 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 \$563,975.
- A contribution to the Debt Service Fund for UTOPIA debt pledge payments increased the budget by \$2,250,000.

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 Assessment Revenues – Revenues – Actual amount was higher than the budgeted amount by \$1,233,564 (4.26%). Sales tax revenues exceeded budget by \$1,053,749 for the current year.
- Miscellaneous Revenues – Revenues – Actual amount was higher than the budgeted amount by \$498,668 (50.87%). Revenues received from the City's component unit, CEDO, were not budgeted.
- General Government – Expenditures – Actual amounts were lower than budgeted by \$874,260 (7.77%). Various executive type agreements and contingencies were not used creating a positive variance of \$306,579. The Information Technology division did not upgrade as many computers or network servers as expected which created a positive variance of \$78,612. The new justice court had supplies and capital purchases that did not develop creating a positive variance of \$22,935. Employee appreciation costs were cut back

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creating a positive budget variance of \$26,487. Other employee hiring costs came in lower than budget by approximately \$15,000. An employee who was promoted did not have their position filled by fiscal year end creating a positive variance of approximately \$40,000. Indigent defense costs were also lower than expected by \$30,857.

- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$849,264 (3.76%). A large portion of the variance, \$459,046, is due to lower than expected regular pay, overtime and fringe benefits as all positions are fully funded even though employee turnover regularly occurs leaving gaps in positions being occupied.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$1,178,788 (17.24%). Most of this variance can be attributed to various street overlay/reconstruction projects and a slurry seal project that were not completed by fiscal year end but are expected to be completed in the next fiscal year.
- Parks, Recreation and Arts – Expenditures – Actual amounts were lower than budgeted by \$328,420 (4.79%). Personnel costs were lower than budgeted by approximately \$52,000 due primarily to not hiring as many part-time and/or seasonal employees. Many parks maintenance activities were reduced creating a positive variance of approximately \$53,000. There were also several capital or other projects that had funds remaining totaling approximately \$104,000.

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, 2012, amounts to \$237,453,888 (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 twelve new vehicles as well as a new ambulance and fire engine totaling \$967,049. They also made improvements to the multi-agency task force (MCTF) intercept project at a cost of \$305,570.
- Architectural design work for a new civic auditorium at the city center at a cost of \$210,063 was added to construction in process.
- Various improvements were completed at the City Center, including remodeling of several office areas and energy efficiency improvements to the heating, cooling, and lighting systems. The total cost of these improvements was \$132,333.
- Various road and traffic signal projects completed or added to construction in process were approximately \$1,407,000.
- Construction or rehabilitation work on city wells continues in the current year with additions totaling \$471,701.
- Refurbishing work on one of the City's water storage tanks continued with current year additions totaling \$270,620.

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- The water reclamation division purchased a new John Deere loader for \$123,628, a new vacuum truck for \$333,118, a new dump truck for \$152,048, and various other equipment totaling \$42,346.
- The storm sewer division purchased a new sweeper truck for \$162,199.
- Various water, sewer, and storm sewer line improvements totaled approximately \$2,927,000.
- The City has begun construction on improvements and new facilities at its water reclamation plant using funds obtained through the American Recovery and Reinvestment Act (ARRA) and the state's Division of Water Quality. To date, \$12,837,864 has been spent on construction, engineering design and construction observation, and equipment for this project. The amount spent in the current fiscal year was \$3,200,205.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 59,028,414	\$ 59,028,414	\$ 1,786,065	\$ 1,786,065	\$ 60,814,479	\$ 60,814,479
Buildings and Systems	14,623,518	15,663,613	3,137,010	3,347,472	17,760,528	19,011,085
Improvements other than Buildings	13,576,808	13,633,267	8,139,893	8,704,520	21,716,701	22,337,787
Machinery and Equipment	5,341,294	5,013,023	2,261,733	2,003,916	7,603,027	7,016,939
Infrastructure	59,538,939	60,118,251	56,507,658	54,475,105	116,046,597	114,593,356
Construction in Progress	260,970	1,665,696	13,231,586	11,271,771	13,492,556	12,937,467
Intangibles	-	-	20,000	20,000	20,000	20,000
Total Capital Assets	\$ 152,369,943	\$ 155,122,264	\$ 85,083,945	\$ 81,608,849	\$ 237,453,888	\$ 236,731,113

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 64-67.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$65,822,757. Of this amount, \$15,210,000 comprises debt backed by the full faith and credit of the government and \$50,612,757 is debt (i.e. revenue bonds) that is secured solely by specific revenue sources such as sales taxes, franchise taxes, water revenues, water reclamation revenues, and storm sewer revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 15,210,000	\$ 16,460,000	\$ -	\$ -	\$ 15,210,000	\$ 16,460,000
Revenue Bonds	16,734,000	19,219,000	33,878,757	32,502,757	50,612,757	51,721,757
Total Bonds	\$ 31,944,000	\$ 35,679,000	\$ 33,878,757	\$ 32,502,757	\$ 65,822,757	\$ 68,181,757

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The City's total bonded debt decreased by \$2,359,000 (3.46%) during the current fiscal year. During the year, \$1,814,000 in 2012 Sales Tax Revenue Refunding bonds were issued and the remaining \$1,785,000 in 2002 Sales Tax Revenue bonds were extinguished. The terms of the new bonds matches that of the 2002 refunded bonds which were to expire in April 2015. There was an additional \$2,481,000 in Water Quality Revenue bonds issued as well. These bonds were issued to provide financing for the construction of new facilities, improvements to existing facilities, and new or replacement equipment at the water reclamation plant in order to expand the plant's processing capabilities. They have a term of twenty years and are set to expire in February 2032. The total amount issued for these bonds is \$11,889,000.

The City of Orem maintains a "AA+" rating from Fitch Ratings and Standard & Poor's for all bond issuances.

State statutes limit the amount of general obligation debt for general purposes a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$248,829,831, which is significantly in excess of the City's outstanding general obligation debt for general purposes. In addition, state statutes allow for an additional 4% to be used for water, sewer, or electrical projects. Thus, the current limitation for general obligation debt for water, sewer, or electrical projects is also \$248,829,831. The City currently has no outstanding general obligation debt for these types of projects. Thus, the resulting total debt limit is 8% of total taxable value or \$497,659,662. More detailed information can be found on pages 148-149.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 70-77.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Orem at June 30, 2012 was 6.4%. The City's unemployment rate compares favorably to the national rate of 8.2%. The City has a relatively high technology based workforce comparative to other areas of the county and state. Since this area of the workforce was impacted to a slightly higher degree than many other workforce groups in the economy, our unemployment rate has risen above county and state percentages. 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City	3.7%	6.0%	8.0%	8.5%	6.4%
County	3.5%	5.5%	7.4%	7.8%	6.1%
State	3.5%	5.9%	7.3%	7.8%	6.2%
Nation	5.5%	9.5%	9.5%	9.2%	8.2%

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Management's Discussion and Analysis
June 30, 2012

- The General Fund budget for the fiscal year-ending June 30, 2013 reflects a decrease of \$1,520,153 or 3.12% in revenues, excluding appropriations of surplus, compared to the final fiscal year ending June 30, 2012. This decrease in revenues is due primarily to a decrease in intergovernmental revenues (primarily grants) and various charges for services. Budgeted expenditures increased by \$154,669 or 0.31% over the final fiscal year ending June 30, 2012 expenditures.
- Economic trends in the region compare favorably to national indices. Sales tax revenues continue to increase in comparison to the prior year. Franchise tax and emergency communications revenues appear to have leveled off and are showing small increases compared to equivalent prior year time periods. These increases are being monitored very closely so that the City can identify what future construction projects or anticipated spending may be able to be added should this trend continue.

All of these factors were considered in preparing the City's budget for the 2013 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 or via email at rbmanning@orem.org.

**BASIC
FINANCIAL
STATEMENTS**

City of Orem
Statement of Net Assets
June 30, 2012

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit CEDO
ASSETS				
Cash and Cash Equivalents	\$ 9,344,730	\$ 12,082,029	\$ 21,426,759	\$ 446,068
Receivables (Net of Allowance for Uncollectibles)	590,961	3,073,087	3,664,048	-
Property Taxes Receivable	6,369,557	-	6,369,557	-
Other Taxes Receivable	4,113,929	-	4,113,929	-
Special Assessments Receivable	5,733,255	-	5,733,255	-
Intergovernmental Receivables	301,994	-	301,994	-
Internal Balances	448,464	(448,464)	-	-
Inventory	403,042	-	403,042	-
Notes Receivable	364,589	-	364,589	-
Prepaid Expenses	97,590	680	98,270	-
Deferred Charges	254,113	370,326	624,439	-
Restricted Assets:				
Cash and Cash Equivalents:				
Debt Service	3,709,914	-	3,709,914	-
Capital Improvement Projects	9,357,019	2,615,796	11,972,815	-
Other Purposes	5,001,106	-	5,001,106	-
Receivables:				
Debt Service	6,290,596	-	6,290,596	-
Capital Improvement Projects	4,481,437	-	4,481,437	-
Other Purposes	1,193,590	-	1,193,590	-
Capital Assets:				
Non-depreciable Capital Assets	59,289,384	15,037,652	74,327,036	-
Depreciable Capital Assets (net)	93,080,559	70,046,293	163,126,852	-
Total Assets	<u>210,425,829</u>	<u>102,777,399</u>	<u>313,203,228</u>	<u>446,068</u>
LIABILITIES				
Accounts Payable	1,364,296	1,593,468	2,957,764	446,068
Customer Deposits	1,692,621	52,846	1,745,467	-
Accrued Liabilities	885,667	253,275	1,138,942	-
Unearned Revenue	14,248,209	796,141	15,044,350	-
Accrued Interest Payable	361,911	463,033	824,944	-
Liabilities Payable from Restricted Assets	533,171	-	533,171	-
Noncurrent Liabilities:				
Due within One Year	5,542,920	2,002,253	7,545,173	-
Due in more than One Year	31,821,597	32,683,489	64,505,086	-
Total Liabilities	<u>56,450,391</u>	<u>37,844,505</u>	<u>94,294,896</u>	<u>446,068</u>
NET ASSETS				
Invested in Capital Assets, Net of				
Related Debt	118,628,873	51,205,188	169,834,061	-
Restricted for:				
Debt Service	5,243,669	-	5,243,669	-
Construction	12,514,381	2,244,480	14,758,861	-
Other Purposes	4,969,244	-	4,969,244	-
Unrestricted	12,619,271	11,483,226	24,102,497	-
Total Net Assets	<u>\$ 153,975,438</u>	<u>\$ 64,932,894</u>	<u>\$ 218,908,332</u>	<u>\$ -</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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 11,154,305	\$ 9,943,923	\$ 13,419	\$ -
Public Safety	21,611,770	4,116,110	1,115,343	14,915
Highways and Public Improvements	7,987,142	-	-	2,386,605
Parks, Recreation and Arts	9,266,216	833,489	34,008	163,984
Economic and Physical Development	1,664,674	78,199	914,244	-
Redevelopment	1,651,667	-	-	-
Interest on Long-term Debt	3,654,187	-	-	-
Total Governmental Activities	<u>56,989,961</u>	<u>14,971,721</u>	<u>2,077,014</u>	<u>2,565,504</u>
Business-type Activities:				
Water	9,939,501	11,040,897	-	49,000
Water Reclamation	6,173,983	6,811,766	-	24,400
Storm Sewer	2,335,612	2,944,351	-	-
Recreation	1,818,935	1,704,847	-	-
Solid Waste	3,189,138	3,180,937	-	-
Street Lighting	1,231,494	869,312	-	-
Total Business-type Activities	<u>24,688,663</u>	<u>26,552,110</u>	<u>-</u>	<u>73,400</u>
Total Primary Government	<u>\$ 81,678,624</u>	<u>\$ 41,523,831</u>	<u>\$ 2,077,014</u>	<u>\$ 2,638,904</u>
Component Unit:				
CEDO	\$ 585,540	\$ 30,978	\$ 96,250	\$ -
Total Component Unit	<u>\$ 585,540</u>	<u>\$ 30,978</u>	<u>\$ 96,250</u>	<u>\$ -</u>

General Revenues:
Sales Taxes
Property Taxes
Franchise Taxes
Vehicle Taxes
Other Taxes & Special Assessments
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			
Governmental Activities	Primary Government		Component Unit
	Business-type Activities	Total	CEDO
\$ (1,196,963)	\$ -	\$ (1,196,963)	\$ -
(16,365,402)	-	(16,365,402)	-
(5,600,537)	-	(5,600,537)	-
(8,234,735)	-	(8,234,735)	-
(672,231)	-	(672,231)	-
(1,651,667)	-	(1,651,667)	-
(3,654,187)	-	(3,654,187)	-
<u>(37,375,722)</u>	<u>-</u>	<u>(37,375,722)</u>	<u>-</u>
-	1,150,396	1,150,396	-
-	662,183	662,183	-
-	608,739	608,739	-
-	(114,088)	(114,088)	-
-	(8,201)	(8,201)	-
-	(362,182)	(362,182)	-
-	<u>1,936,847</u>	<u>1,936,847</u>	<u>-</u>
<u>(37,375,722)</u>	<u>1,936,847</u>	<u>(35,438,875)</u>	<u>-</u>
			<u>(458,312)</u>
			<u>(458,312)</u>
18,106,273	-	18,106,273	-
11,008,739	-	11,008,739	-
7,437,757	-	7,437,757	-
648,914	-	648,914	-
1,314,818	-	1,314,818	-
288,930	125,167	414,097	619
73,693	170,813	244,506	99,092
(98,040)	98,040	-	-
<u>38,781,084</u>	<u>394,020</u>	<u>39,175,104</u>	<u>99,711</u>
1,405,362	2,330,867	3,736,229	(358,601)
152,570,076	62,602,027	215,172,103	358,601
<u>\$ 153,975,438</u>	<u>\$ 64,932,894</u>	<u>\$ 218,908,332</u>	<u>\$ -</u>

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City of Orem
Balance Sheet
Governmental Funds
June 30, 2012

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 4,680,301	\$ 1,282,367	\$ -	\$ 1,479,699	\$ 7,442,367
Receivables (Net of Allowance for Uncollectibles)	325,367	-	-	357	325,724
Property Taxes Receivable	6,369,557	-	-	-	6,369,557
Other Taxes Receivable	4,113,929	-	-	-	4,113,929
Special Assessments Receivable	5,733,255	-	-	-	5,733,255
Intergovernmental Receivables	205,315	-	-	96,679	301,994
Due from Other Funds	448,464	-	-	-	448,464
Notes Receivable	-	-	-	364,589	364,589
Prepays	97,590	-	-	-	97,590
Restricted Cash and Cash Equivalents:					
Debt Service	2,807,596	902,318	-	-	3,709,914
Capital Improvement Projects	2,105,123	-	6,149,856	1,102,040	9,357,019
Other Purposes	24,995	-	457,750	4,518,361	5,001,106
Restricted Receivables:					
Debt Service	-	6,290,596	-	-	6,290,596
Capital Improvement Projects	461,437	-	4,020,000	-	4,481,437
Other Purposes	-	-	-	1,193,590	1,193,590
Total Assets	\$ 27,372,929	\$ 8,475,281	\$ 10,627,606	\$ 8,755,315	\$ 55,231,131
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	766,582	198	-	558,111	1,324,891
Customer Deposits	1,692,621	-	-	-	1,692,621
Accrued Liabilities	864,880	-	-	3,070	867,950
Deferred Revenue	12,933,905	1,949,245	4,020,000	1,078,314	19,981,464
Liabilities Payable from Restricted Assets	33,171	-	500,000	-	533,171
Total Liabilities	16,291,159	1,949,443	4,520,000	1,639,495	24,400,097
Fund Balances:					
Nonspendable	97,590	4,341,351	-	-	4,438,941
Restricted	5,367,461	902,318	6,107,606	5,910,968	18,288,353
Committed	75,000	-	-	-	75,000
Assigned	2,145,703	1,282,169	-	1,204,852	4,632,724
Unassigned	3,396,016	-	-	-	3,396,016
Total Fund Balances	11,081,770	6,525,838	6,107,606	7,115,820	30,831,034
Total Liabilities and Fund Balances	\$ 27,372,929	\$ 8,475,281	\$ 10,627,606	\$ 8,755,315	

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

Capital assets used in governmental funds are not financial resources.	152,369,943
Other long-term assets are not available to pay for current-period expenditures.	254,113
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.	5,998,492
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.	1,776,390
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period.	(36,892,623)
Interest payable on long-term obligations does not require current financial resources and is not reported in the governmental funds.	(361,911)
Net assets of governmental activities	<u>\$ 153,975,438</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, 2012

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Special Assessments	\$ 30,172,672	\$ 4,746,047	\$ 3,714,865	\$ 1,652,524	\$ 40,286,108
Licenses and Permits	1,093,859	-	-	-	1,093,859
Intergovernmental	3,728,274	-	-	914,244	4,642,518
Charges for Services	5,492,544	-	-	296,517	5,789,061
Fines and Forfeitures	1,343,329	-	-	-	1,343,329
Charges for Services - Other Funds	4,478,369	-	-	-	4,478,369
Interest Revenues	215,482	8,524	75,394	40,725	340,125
Miscellaneous Revenue	1,478,924	-	-	777,799	2,256,723
Total Revenues	48,003,453	4,754,571	3,790,259	3,681,809	60,230,092
EXPENDITURES					
Current:					
General Government	10,348,586	-	-	-	10,348,586
Public Safety	20,371,289	-	-	-	20,371,289
Highways and Public Improvements	3,707,727	-	-	-	3,707,727
Parks, Recreation and Arts	6,393,123	-	-	1,337,802	7,730,925
Economic and Physical Development	1,198,114	-	-	390,002	1,588,116
Redevelopment	-	-	1,562,238	-	1,562,238
Debt Service:					
Principal Retirement	-	3,784,833	-	50,000	3,834,833
Interest and Fiscal Charges	-	3,735,792	-	57,717	3,793,509
Bond Issuance Costs	-	27,750	-	-	27,750
Capital Leases - Principal	31,132	-	-	-	31,132
Capital Leases - Interest	1,989	-	-	-	1,989
Capital Outlay	3,477,982	-	-	957,317	4,435,299
Total Expenditures	45,529,942	7,548,375	1,562,238	2,792,838	57,433,393
Excess (Deficiency) of Revenues over (under) Expenditures	2,473,511	(2,793,804)	2,228,021	888,971	2,796,699
OTHER FINANCING SOURCES (USES)					
Gain (Loss) on Asset Disposals	-	-	-	45,598	45,598
Issuance of Bonds	-	1,814,000	-	-	1,814,000
Payment to Bond Refunding Agent	-	(1,785,000)	-	-	(1,785,000)
Capital Leases	525,147	-	-	-	525,147
Transfers In	1,752,617	4,027,496	-	153,357	5,933,470
Transfers Out	(4,412,238)	-	(1,395,657)	(223,615)	(6,031,510)
Total Other Financing Sources (Uses)	(2,134,474)	4,056,496	(1,395,657)	(24,660)	501,705
Net Change in Fund Balances	339,037	1,262,692	832,364	864,311	3,298,404
Fund Balance - Beginning	10,742,733	5,263,146	5,275,242	6,251,509	27,532,630
Fund Balance - Ending	\$ 11,081,770	\$ 6,525,838	\$ 6,107,606	\$ 7,115,820	\$ 30,831,034

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, 2012

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

Net Change in Fund Balances - Total Governmental Funds		\$ 3,298,404
<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	\$ 3,741,394	
Depreciation Expense	<u>(6,454,373)</u>	(2,712,979)
<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	\$ (2,339,147)	
Principal Payments recorded as a reduction of the long-term liability	<u>5,650,965</u>	3,311,818
<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	\$ 27,750	
Amortization of Bond Issuance Costs	(172,604)	
Amortization of Bond Issuance Costs - Refundings	(46,133)	
Amortization of Bond Premiums (Discounts)	<u>77,024</u>	(113,962)
<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	\$ (85,261)	
Interest Expense	64,287	
Other Post Employment Benefits (OPEB) Expense	<u>(72,168)</u>	(93,142)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(1,782,327)
<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>(502,450)</u>
Change in Net Assets of Governmental Activities		<u>\$ 1,405,362</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 28,939,108	\$ 28,939,108	\$ 30,172,672	\$ 1,233,564
Licenses and Permits	1,075,000	1,075,000	1,093,859	18,859
Intergovernmental	2,643,228	3,485,986	3,728,274	242,288
Charges for Services	5,548,188	5,559,820	5,492,544	(67,276)
Fines and Forfeitures	1,140,500	1,187,284	1,343,329	156,045
Charges for Services - Other Funds	4,478,369	4,478,369	4,478,369	-
Interest Revenues	317,615	317,615	215,482	(102,133)
Miscellaneous Revenues	965,126	980,256	1,478,924	498,668
Total Revenues	<u>45,107,134</u>	<u>46,023,438</u>	<u>48,003,453</u>	<u>1,980,015</u>
EXPENDITURES				
General Government:				
Legislative	307,290	321,640	310,075	11,565
Executive	2,817,507	2,251,160	1,902,970	348,190
Administrative Services	3,939,637	4,190,189	3,968,232	221,957
Development Services	2,720,275	2,744,799	2,656,430	88,369
Legal Services	1,012,197	1,002,237	911,773	90,464
Other - Unclassified	709,771	745,471	631,756	113,715
Total General Government	<u>11,506,677</u>	<u>11,255,496</u>	<u>10,381,236</u>	<u>874,260</u>
Public Safety:				
Administration	647,901	695,568	638,412	57,156
Police	12,560,247	13,738,813	13,189,806	549,007
Fire	7,731,942	8,149,999	7,906,898	243,101
Total Public Safety	<u>20,940,090</u>	<u>22,584,380</u>	<u>21,735,116</u>	<u>849,264</u>
Highways and Public Improvements:				
Administration	1,246,809	1,246,613	1,104,470	142,143
Maintenance & Engineering	4,315,404	5,589,885	4,553,240	1,036,645
Total Highways and Public Improvements	<u>5,562,213</u>	<u>6,836,498</u>	<u>5,657,710</u>	<u>1,178,788</u>
Parks, Recreation and Arts	6,231,010	6,853,065	6,524,645	328,420
Economic and Physical Development	1,125,000	1,199,282	1,198,114	1,168
Debt Service:				
Capital Leases - Principal	31,132	31,132	31,132	-
Capital Leases - Interest	1,989	1,989	1,989	-
Total Debt Service	<u>33,121</u>	<u>33,121</u>	<u>33,121</u>	<u>-</u>
Total Expenditures	<u>45,398,111</u>	<u>48,761,842</u>	<u>45,529,942</u>	<u>3,230,732</u>
Excess of Revenues over Expenditures	<u>(290,977)</u>	<u>(2,738,404)</u>	<u>2,473,511</u>	<u>5,211,915</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	543,000	525,147	(17,853)
Transfers In	1,717,867	1,752,867	1,752,617	(250)
Transfers Out	(2,166,890)	(4,416,890)	(4,412,238)	4,652
Total Other Financing Sources (Uses)	<u>(449,023)</u>	<u>(2,121,023)</u>	<u>(2,134,474)</u>	<u>(13,451)</u>
Net Change in Fund Balance	<u>(740,000)</u>	<u>(4,859,427)</u>	<u>339,037</u>	<u>5,198,464</u>
Fund Balance - Beginning	10,742,733	10,742,733	10,742,733	-
Fund Balance - Ending	<u>\$ 10,002,733</u>	<u>\$ 5,883,306</u>	<u>\$ 11,081,770</u>	<u>\$ 5,198,464</u>

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

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 3,665,000	\$ 3,714,865	\$ 3,714,865	\$ -
Interest Revenues	-	-	75,394	75,394
Total Revenues	<u>3,665,000</u>	<u>3,714,865</u>	<u>3,790,259</u>	<u>75,394</u>
EXPENDITURES				
Current:				
Redevelopment	2,269,343	7,482,453	1,562,238	5,920,215
Total Expenditures	<u>2,269,343</u>	<u>7,482,453</u>	<u>1,562,238</u>	<u>5,920,215</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,395,657</u>	<u>(3,767,588)</u>	<u>2,228,021</u>	<u>5,995,609</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,395,657)	(1,395,657)	(1,395,657)	-
Total Other Financing Sources (Uses)	<u>(1,395,657)</u>	<u>(1,395,657)</u>	<u>(1,395,657)</u>	<u>-</u>
Net Change in Fund Balance	-	(5,163,245)	832,364	5,995,609
Fund Balance - Beginning	5,275,242	5,275,242	5,275,242	-
Fund Balance - Ending	<u>\$ 5,275,242</u>	<u>\$ 111,997</u>	<u>\$ 6,107,606</u>	<u>\$ 5,995,609</u>

City of Orem
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds				
	Water	Water	Water	Water	Storm Sewer
	Fund	Fund	Reclamation	Reclamation	Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 5,549,022	\$ 4,146,739	\$ 2,626,982	\$ 2,640,090	\$ 2,598,592
Accounts Receivable (Net of Allowance for Doubtful Accounts)	1,548,047	1,043,386	764,561	723,185	283,671
Inventories	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted Cash & Cash Equivalents:					
Debt Service & Capital Improvements	1,949,513	2,525,217	294,967	1,543,941	371,316
Total Current Assets	9,046,582	7,715,342	3,686,510	4,907,216	3,253,579
Noncurrent Assets:					
Deferred Charges	229,177	245,481	71,729	75,384	69,420
Capital Assets:					
Land	-	-	570,209	570,209	1,176,034
Buildings and Systems	1,720,799	1,720,799	3,380,362	3,380,362	679,293
Improvements other than Buildings	9,217,110	9,217,110	595,039	595,039	357,034
Machinery and Equipment	1,683,661	1,711,007	4,406,148	3,885,625	1,584,506
Infrastructure	56,542,996	53,800,120	38,607,024	37,586,314	15,578,492
Construction in Progress	-	1,185,626	13,231,458	10,011,733	-
Intangibles	20,000	20,000	-	-	-
Less Accumulated Depreciation	(30,314,779)	(28,547,067)	(31,857,713)	(30,914,513)	(4,460,742)
Total Capital Assets (Net of Accumulated Depreciation)	38,869,787	39,107,595	28,932,527	25,114,769	14,914,617
Total Noncurrent Assets	39,098,964	39,353,076	29,004,256	25,190,153	14,984,037
Total Assets	48,145,546	47,068,418	32,690,766	30,097,369	18,237,616
LIABILITIES					
Current Liabilities:					
Accounts Payable	985,161	604,945	283,386	306,982	39,022
Customer Deposits	52,846	12,573	-	-	-
Accrued Liabilities	40,389	28,819	147,623	416,092	15,101
Due to Other Funds	-	-	-	-	-
Accrued Vacation and Sick Leave	87,222	87,354	58,759	47,939	38,292
Claims and Judgments	-	-	-	-	-
Unearned Revenue	63,285	66,501	-	-	371,316
Accrued Interest Payable	353,209	364,385	10,063	13,198	99,761
Bond Premiums	29,112	29,112	-	-	12,696
Bonds Payable - Current Portion	673,983	655,363	809,000	215,000	243,017
Total Current Liabilities	2,285,207	1,849,052	1,308,831	999,211	819,205
Noncurrent Liabilities:					
Accrued Vacation and Sick Leave	4,590	4,340	3,092	2,435	2,016
Claims and Judgments	-	-	-	-	-
Bond Premiums - Long-term Portion	364,445	393,557	-	-	153,947
Bonds Payable - Long-term Portion	16,030,486	16,704,469	11,769,757	10,097,757	4,352,514
Total Noncurrent Liabilities	16,399,521	17,102,366	11,772,849	10,100,192	4,508,477
Total Liabilities	18,684,728	18,951,418	13,081,680	11,099,403	5,327,682
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	22,165,318	22,362,937	16,353,770	15,363,664	10,319,086
Restricted for Debt Service & Capital Improvements	1,949,513	2,525,217	294,967	1,543,941	-
Unrestricted	5,345,987	3,228,846	2,960,349	2,090,361	2,590,848
Total Net Assets	\$ 29,460,818	\$ 28,117,000	\$ 19,609,086	\$ 18,997,966	\$ 12,909,934

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

Storm Sewer Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities
					Internal Service Funds Current Year
\$ 2,263,788	\$ 1,307,433	\$ 1,353,315	\$ 12,082,029	\$ 10,403,932	\$ 1,902,363
269,309	476,808	442,185	3,073,087	2,478,065	-
-	-	-	-	-	403,042
-	680	-	680	-	-
-	-	-	2,615,796	4,069,158	-
2,533,097	1,784,921	1,795,500	17,771,592	16,951,155	2,305,405
74,709	-	-	370,326	395,574	-
1,176,034	39,822	39,822	1,786,065	1,786,065	-
679,293	4,131,130	4,131,130	9,911,584	9,911,584	150,000
357,034	1,798,197	1,798,197	11,967,380	11,967,380	16,893
1,422,307	116,657	116,657	7,790,972	7,135,596	220,112
15,031,049	1,246,991	1,216,987	111,975,503	107,634,470	-
74,412	129	-	13,231,587	11,271,771	-
-	-	-	20,000	20,000	-
(3,835,738)	(4,965,912)	(4,820,699)	(71,599,146)	(68,118,017)	(223,871)
14,904,391	2,367,014	2,482,094	85,083,945	81,608,849	163,134
14,979,100	2,367,014	2,482,094	85,454,271	82,004,423	163,134
17,512,197	4,151,935	4,277,594	103,225,863	98,955,578	2,468,539
18,112	285,899	310,204	1,593,468	1,240,243	39,405
-	-	-	52,846	12,573	-
11,275	50,162	41,300	253,275	497,486	17,717
-	448,464	337,606	448,464	337,606	-
37,375	50,172	47,724	234,445	220,392	71,542
-	-	-	-	-	400,351
-	361,540	380,792	796,141	447,293	-
104,062	-	-	463,033	481,645	-
12,696	-	-	41,808	41,808	-
234,637	-	-	1,726,000	1,105,000	-
418,157	1,196,237	1,117,626	5,609,480	4,384,046	529,015
2,124	2,642	2,648	12,340	11,547	31,056
-	-	-	-	-	818,199
166,644	-	-	518,392	560,201	-
4,595,531	-	-	32,152,757	31,397,757	-
4,764,299	2,642	2,648	32,683,489	31,969,505	849,255
5,182,456	1,198,879	1,120,274	38,292,969	36,353,551	1,378,270
10,074,222	2,367,014	2,482,094	51,205,188	50,282,917	163,134
-	-	-	2,244,480	4,069,158	-
2,255,519	586,042	675,226	11,483,226	8,249,952	927,135
\$ 12,329,741	\$ 2,953,056	\$ 3,157,320	\$ 64,932,894	\$ 62,602,027	\$ 1,090,269

City of Orem
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds				
	Water Fund	Water Fund	Water Reclamation Fund	Water Reclamation Fund	Storm Sewer Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year
OPERATING REVENUES					
Charges for Services	\$ 9,765,330	\$ 9,106,746	\$ 6,329,891	\$ 6,201,588	\$ 2,779,313
Other Revenues	1,275,567	130,465	481,875	395,754	165,038
Total Operating Revenues	<u>11,040,897</u>	<u>9,237,211</u>	<u>6,811,766</u>	<u>6,597,342</u>	<u>2,944,351</u>
OPERATING EXPENSES					
Personnel Services	1,829,309	1,804,670	2,105,684	2,000,516	669,910
Supplies and Maintenance	680,674	712,989	636,648	597,838	210,265
Administrative Fee	1,295,151	1,243,701	854,576	862,102	360,310
Utilities	462,322	420,542	584,089	533,260	8,556
Contract Services	2,708,624	2,635,961	743,387	642,914	148,592
Equipment Lease and Rentals	35,231	30,007	12,060	3,975	11,685
Insurance	138,462	120,209	102,003	68,201	41,341
Charges in Lieu of Property Tax	122,500	100,000	52,500	100,000	-
Depreciation Expense	1,852,900	1,827,175	979,954	1,012,345	630,123
Miscellaneous	83,892	78,126	70,895	63,359	44,187
Total Operating Expenses	<u>9,209,065</u>	<u>8,973,380</u>	<u>6,141,796</u>	<u>5,884,510</u>	<u>2,124,969</u>
Operating Income (Loss)	<u>1,831,832</u>	<u>263,831</u>	<u>669,970</u>	<u>712,832</u>	<u>819,382</u>
NONOPERATING REVENUES AND EXPENSES					
Interest Revenue	58,852	36,740	29,202	22,015	23,372
Gain (Loss) on Sale of Capital Assets	94,629	-	61,034	(26,296)	15,150
Deferred Charges	(16,304)	(16,304)	(3,655)	(3,655)	(5,289)
Interest Expense	(714,132)	(736,319)	(28,532)	(35,893)	(205,354)
Total Nonoperating Revenues	<u>(576,955)</u>	<u>(715,883)</u>	<u>58,049</u>	<u>(43,829)</u>	<u>(172,121)</u>
Income (Loss) before Transfers and Contributions	1,254,877	(452,052)	728,019	669,003	647,261
Contributions from Developers	49,000	30,000	24,400	82,480	-
Contributions from Governmental Funds	-	-	-	604	-
Contributions from Proprietary Funds	-	-	-	-	-
Transfers In	105,370	105,004	-	-	-
Transfers Out	(65,429)	(70,223)	(141,299)	(503,029)	(67,068)
Change in Net Assets	1,343,818	(387,271)	611,120	249,058	580,193
Total Net Assets - Beginning	28,117,000	28,504,271	18,997,966	18,748,908	12,329,741
Total Net Assets - Ending	<u>\$ 29,460,818</u>	<u>\$ 28,117,000</u>	<u>\$ 19,609,086</u>	<u>\$ 18,997,966</u>	<u>\$ 12,909,934</u>

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

Storm Sewer Fund	Other Enterprise Funds		Total		Governmental Activities
	Prior Year	Current Year	Prior Year	Current Year	Internal Service Funds Current Year
\$ 2,638,310	\$ 5,745,628	\$ 5,598,247	\$ 24,620,162	\$ 23,544,891	\$ 2,596,796
960	9,468	25,764	1,931,948	552,943	180
<u>2,639,270</u>	<u>5,755,096</u>	<u>5,624,011</u>	<u>26,552,110</u>	<u>24,097,834</u>	<u>2,596,976</u>
686,320	1,351,398	1,313,122	5,956,301	5,804,628	803,662
189,413	265,445	275,023	1,793,032	1,775,263	2,276,257
334,711	391,980	389,058	2,902,017	2,829,572	-
6,647	548,498	538,393	1,603,465	1,498,842	-
161,318	2,814,877	2,835,215	6,415,480	6,275,408	-
12,105	665,775	680,278	724,751	726,365	-
29,844	-	-	281,806	218,254	-
-	-	-	175,000	200,000	-
612,324	145,213	144,323	3,608,190	3,596,167	20,587
19,531	56,381	52,778	255,355	213,794	-
<u>2,052,213</u>	<u>6,239,567</u>	<u>6,228,190</u>	<u>23,715,397</u>	<u>23,138,293</u>	<u>3,100,506</u>
<u>587,057</u>	<u>(484,471)</u>	<u>(604,179)</u>	<u>2,836,713</u>	<u>959,541</u>	<u>(503,530)</u>
11,610	13,741	9,673	125,167	80,038	-
-	-	-	170,813	(26,296)	1,080
(5,289)	-	-	(25,248)	(25,248)	-
(214,661)	-	-	(948,018)	(986,873)	-
<u>(208,340)</u>	<u>13,741</u>	<u>9,673</u>	<u>(677,286)</u>	<u>(958,379)</u>	<u>1,080</u>
378,717	(470,730)	(594,506)	2,159,427	1,162	(502,450)
-	-	-	73,400	112,480	-
-	-	-	-	604	-
-	-	-	-	-	-
-	300,000	500,000	405,370	605,004	-
(90,901)	(33,534)	(33,388)	(307,330)	(697,541)	-
<u>287,816</u>	<u>(204,264)</u>	<u>(127,894)</u>	<u>2,330,867</u>	<u>21,709</u>	<u>(502,450)</u>
12,041,925	3,157,320	3,285,214	62,602,027	62,580,318	1,592,719
<u>\$ 12,329,741</u>	<u>\$ 2,953,056</u>	<u>\$ 3,157,320</u>	<u>\$ 64,932,894</u>	<u>\$ 62,602,027</u>	<u>\$ 1,090,269</u>

City of Orem
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Water	Water	Water	Water
	Fund	Fund	Reclamation	Reclamation
	Current Year	Prior Year	Fund	Fund
			Current Year	Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 9,260,669	\$ 9,171,200	\$ 6,288,515	\$ 6,208,044
Receipts from Interfund Services Provided	1,275,567	130,465	481,875	395,754
Payments to Suppliers	(3,814,432)	(4,058,036)	(1,916,523)	(1,899,472)
Payments to Employees	(1,817,621)	(1,873,490)	(2,671,331)	(2,052,960)
Payments for Interfund Services Used	(1,295,151)	(1,243,701)	(854,576)	(862,102)
Net Cash Provided (Used) by Operating Activities	<u>3,609,032</u>	<u>2,126,438</u>	<u>1,327,960</u>	<u>1,789,264</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	105,370	105,004	-	-
Transfers Out	(65,429)	(70,223)	(141,299)	(503,029)
Net Cash Provided (Used) by Noncapital Activities	<u>39,941</u>	<u>34,781</u>	<u>(141,299)</u>	<u>(503,029)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(1,631,732)	(1,479,438)	(4,806,813)	(7,779,048)
Proceeds from Bonds Issued	-	-	2,481,000	7,500,000
Proceeds from Sales of Capital Assets	156,269	-	94,534	1,180
Principal paid on Outstanding Debt	(655,363)	(638,475)	(215,000)	(207,000)
Interest paid on Outstanding Debt	(750,420)	(771,246)	(31,666)	(38,912)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,881,246)</u>	<u>(2,889,159)</u>	<u>(2,477,945)</u>	<u>(523,780)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	58,852	36,740	29,202	22,015
Net Cash Provided (Used) by Investing Activities	<u>58,852</u>	<u>36,740</u>	<u>29,202</u>	<u>22,015</u>
Net Increase (Decrease) in Cash and Cash Equivalents	826,579	(691,200)	(1,262,082)	784,470
Cash and Cash Equivalents - Beginning of Year	6,671,956	7,363,156	4,184,031	3,399,561
Cash and Cash Equivalents - End of Year	<u>\$ 7,498,535</u>	<u>\$ 6,671,956</u>	<u>\$ 2,921,949</u>	<u>\$ 4,184,031</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 1,831,832	\$ 263,831	\$ 669,970	\$ 712,832
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 1,852,900	\$ 1,827,175	\$ 979,954	\$ 1,012,345
(Increase) Decrease in Receivables	(504,661)	64,454	(41,376)	6,456
(Increase) Decrease in Inventory	-	-	-	-
Increase (Decrease) in Accounts Payable	380,216	31,917	(23,596)	(198,580)
Increase (Decrease) in Customer Deposits	40,273	(3,010)	-	-
Increase (Decrease) in Accrued Liabilities	11,570	(62,936)	(268,469)	258,238
Increase (Decrease) in Unearned/Deferred Revenue	(3,216)	10,891	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	118	(5,884)	11,477	(2,027)
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	<u>1,777,200</u>	<u>1,862,607</u>	<u>657,990</u>	<u>1,076,432</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,609,032</u>	<u>\$ 2,126,438</u>	<u>\$ 1,327,960</u>	<u>\$ 1,789,264</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Developers	\$ 49,000	\$ 30,000	\$ 24,400	\$ 82,480
Contributions of Capital Assets from Governmental Funds	-	-	-	604

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

Storm Sewer Fund Current Year	Storm Sewer Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities Internal Service Funds
\$ 2,764,951	\$ 2,765,325	\$ 5,711,005	\$ 5,620,023	\$ 24,025,140	\$ 23,764,592	\$ -
165,038	960	9,468	25,764	1,931,948	552,943	2,596,976
(72,400)	(535,086)	(4,284,400)	(4,455,597)	(10,087,755)	(10,948,191)	(2,028,772)
(665,275)	(702,241)	(1,340,049)	(1,379,487)	(6,494,276)	(6,008,178)	(799,557)
(360,310)	(334,711)	(391,980)	(389,058)	(2,902,017)	(2,829,572)	-
1,832,004	1,194,247	(295,956)	(578,355)	6,473,040	4,531,594	(231,353)
-	-	300,000	500,000	405,370	605,004	-
(67,068)	(90,901)	(33,534)	(33,388)	(307,330)	(697,541)	-
(67,068)	(90,901)	266,466	466,612	98,040	(92,537)	-
(650,741)	(133,481)	(30,133)	(36,053)	(7,119,419)	(9,428,020)	-
-	-	-	-	2,481,000	7,500,000	-
25,542	-	-	-	276,345	1,180	1,080
(234,637)	(214,525)	-	-	(1,105,000)	(1,060,000)	-
(222,352)	(230,799)	-	-	(1,004,438)	(1,040,957)	-
(1,082,188)	(578,805)	(30,133)	(36,053)	(6,471,512)	(4,027,797)	1,080
23,372	11,610	13,741	9,673	125,167	80,038	-
23,372	11,610	13,741	9,673	125,167	80,038	-
706,120	536,151	(45,882)	(138,123)	224,735	491,298	(230,273)
2,263,788	1,727,637	1,353,315	1,491,438	14,473,090	13,981,792	2,132,636
\$ 2,969,908	\$ 2,263,788	\$ 1,307,433	\$ 1,353,315	\$ 14,697,825	\$ 14,473,090	\$ 1,902,363
\$ 819,382	\$ 587,057	\$ (484,471)	\$ (604,179)	\$ 2,836,713	\$ 959,541	\$ (503,530)
\$ 630,123	\$ 612,324	\$ 145,213	\$ 144,323	\$ 3,608,190	\$ 3,596,167	\$ 20,587
(14,362)	127,015	(34,623)	21,776	(595,022)	219,701	-
-	-	-	-	-	-	(21,229)
20,910	(116,228)	(24,305)	5,219	353,225	(277,672)	25,113
-	-	-	-	40,273	(3,010)	-
3,826	(19,967)	119,720	(172,798)	(133,353)	2,537	4,660
371,316	-	(19,252)	23,799	348,848	34,690	-
809	4,046	2,442	3,505	14,846	(360)	4,105
-	-	-	-	-	-	238,941
1,012,622	607,190	189,195	25,824	3,637,007	3,572,053	272,177
\$ 1,832,004	\$ 1,194,247	\$ (295,276)	\$ (578,355)	\$ 6,473,720	\$ 4,531,594	\$ (231,353)
\$ -	\$ -	\$ -	\$ -	\$ 73,400	\$ 112,480	\$ -
-	-	-	-	-	604	-

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

City of Orem
Notes to the Financial Statements
June 30, 2012

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 City of Orem Foundation 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. 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 City of Orem Foundation is reported as if it were part of the primary government because of the City's ability to impose its will upon its operations, its board of directors is substantively the same as the City's, and all of its services are for the benefit of the City. It is included in these financial statements as the Orem Foundation Trust Special Revenue Fund. Separate financial statements are not issued for this entity.

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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 collects 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 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. In March of 2012, the operations of CEDO were merged into the City's Community Development & Rehabilitation Special Revenue Fund.

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 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.

City of Orem
Notes to the Financial Statements
June 30, 2012

1. **Summary of Significant Accounting Policies (continued)**

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 and 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 liabilities in the government-wide financial statements, rather than 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 an expense 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, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and 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

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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

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 *Debt Service 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 and franchise tax revenues.
- The *Redevelopment Fund* (see Redevelopment Agency of the City of Orem on page 49) is a special revenue fund used to account for the preparation and implementation of plans to improve, rehabilitate, and redevelop blighted areas within the City. The fund receives the majority of its revenues from general property taxes levied against properties that lie within each RDA project's boundaries.

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 City's sewer collection, treatment, and maintenance operations.
- The *Storm Sewer Fund* accounts for the operation and maintenance of the City's storm sewer system.

The City reports the following internal service funds:

- The *Self-insurance Fund* accounts for the 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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

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):

- 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.

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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

1. Cash and Cash Equivalents (continued)

- 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 Institutional Liquidity Management Fund (ILM) 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, Storm Sewer, Solid Waste, and Street Lighting funds, the City records utility revenues billed to customers on a monthly basis. Unbilled service accounts receivable at fiscal year end have 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.

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.

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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

4. Capital Assets (continued)

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 $\frac{1}{3}$
Machinery, Equipment, & 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.

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. Employees earn twelve days of sick leave per year. While sick leave

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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

5. Compensated Absences (continued)

may be accumulated without limitation, no benefits accrue to the employees. Therefore, no liability exists and the costs of accumulated sick leave are charged to expenditures only when used.

6. Long-term Obligations

In the government-wide and proprietary fund types 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 primarily comprised of cash and receivables restricted for future payments of principal and interest on debt service, unexpended portions of bonds issued for capital construction purposes, and unexpended taxes collected for very specific uses under state law.

8. Fund Equity Reserves

Fund Balance

In the fund financial statements, governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in these funds can be spent.

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.

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.

City of Orem
Notes to the Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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	\$ 246,047,168
Accumulated Depreciation	<u>(93,676,853)</u>
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 152,370,315</u>

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 financial statements. All liabilities (both current and long-term) are reported in the statement of net assets.

City of Orem
Notes to the Financial Statements
June 30, 2012

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 liability balances at June 30, 2012 were as follows:

General Obligation Bonds	\$ 15,210,000
Sales Tax Revenue Bonds	7,434,000
Special Improvement District Bonds	5,925,000
Franchise Tax Revenue Bonds	3,375,000
Notes Payable	1,268,313
Capital Leases	576,512
Bond Premiums Deferred	716,424
Bond Loss on Defeasance Deferred - Refunding	(184,312)
Bond Issuance Costs Deferred - Refunding	(301,735)
Compensated Absences	2,000,269
Less: Internal Service Funds - Current Portion	(71,542)
Net OPEB Obligations	126,495
Claims and Judgments	1,218,550
Less: Internal Service Funds - Current Portion	(400,351)
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 36,892,623

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, 2012

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 Sales Tax Revenue Refunding Bonds	\$ (1,814,000)
Capital Lease Financing	(525,147)
Subtotal	(2,339,147)
Principal payments:	
Payment to Escrow Agent for Sales Tax Revenue	
Bonds Debt Refunding	1,785,000
Notes Payable	70,833
General Obligation Bonds	1,250,000
Sales Tax Revenue Bonds	710,000
Franchise Tax Revenue Bonds	500,000
Special Improvement District Bonds	1,304,000
Capital Leases	31,132
Subtotal	5,650,965
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>	\$ 3,311,818

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.

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. However, the "fund level" is the legal level of control and the City Manager must obtain approval from the City Council to increase revenues or expenditures for any fund.

City of Orem
Notes to the Financial Statements
June 30, 2012

3. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

An individual department is composed of several divisions. Budget transfers may be made between divisions within a fund even if the divisions involved are not in the same department. However, they may not transfer from one fund to another fund without City Council approval.

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, 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 new 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 30 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 30.

4. Detailed Notes for all Funds

A. Deposits and Investments

The City's deposit 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.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

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, 2012, \$1,982,565 of the City's bank balance of \$2,154,914 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2012 is \$1,680,144.

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 rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

The City's investments at June 30, 2012 are presented below:

<u>Investment Type</u>	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 28,188,322	\$ 28,188,322	\$ -	\$ -	\$ -
Zions Bank Liquid Asset Management Fund	11,535,900	11,535,900	-	-	-
U.S. Treasuries	701,187	701,187	-	-	-
Total Debt Securities	<u>\$ 40,425,409</u>	<u>\$ 40,425,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The City's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

City of Orem
Notes to the Financial Statements
June 30, 2012

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, 2012 are presented below:

Rated Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 28,188,322	\$ -	\$ -	\$ -	\$ 28,188,322
Zions Bank Liquid Asset Management Fund	11,535,900	2,152,915	498,721	6,599,946	2,284,318
U.S. Treasuries	701,187	-	-	-	701,187
Total Debt Securities	<u>\$ 40,425,409</u>	<u>\$ 2,152,915</u>	<u>\$ 498,721</u>	<u>\$ 6,599,946</u>	<u>\$ 31,173,827</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, 2012 were with the Utah Public Treasurer's Investment Fund (PTIF) and therefore, are not categorized as to custodial credit risk. The investments in the Zions Bank Institutional Liquidity Management Fund (ILM) have custodial credit risk exposure. Of the \$11,535,900 invested in the ILM, none of the related securities are uninsured or unregistered.

Additional information regarding the Utah PTIF and Zions Bank ILM 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.

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

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk – Investments (continued)

of the City's investments at June 30, 2012 were with the Utah PTIF and therefore, are not categorized as to concentration of credit risk.

There are no amounts invested directly in Zions Bank securities either as corporate notes or as securities within the ILM Fund.

Additional information regarding the Utah PTIF and Zions Bank ILM 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.

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, 2012) and then compare those values to come up with an agreed upon fair value of the securities.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

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

As of June 30, 2012, the City had \$28,188,322 invested in the PTIF which had a fair value of \$28,353,586 for an unrealized gain of \$165,264. 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 following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	85.91 %
Money Market Accounts and Certificates of Deposit	13.88 %
U.S. Government Securities	0.21 %
Total	100.00 %

Zions Bank Institutional Liquidity Management Fund (ILM)

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 ILM is not registered with the SEC as an investment company. The ILM 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.

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

As of June 30, 2012, the City had \$11,535,900 invested in the ILM which had a fair value of \$11,521,130 for an unrealized loss of \$14,770. Due to the insignificance of this amount in relation to the funds affected by the unrealized loss, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

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

The following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	61.54 %
Money Market Accounts and Certificates of Deposit	19.80 %
U.S. Government Securities	18.66 %
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 or have had their water turned off (or about to be turned off) for a third time in a twelve month period of time. The deposit is refundable after one year 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 development loans. Additional funds from the Economic Development Agency (EDA) and the Utah Revolving Loan Fund are used to supplement the business development loan program. The principal balance of the loans at June 30, 2012, as summarized below, has been shown in the government-wide statement of net assets as follows:

Housing Rehabilitation Loans	\$ 364,589
Business Development Loans	346,132
Total	\$ 710,721

E. Receivables

Receivables as of June 30, 2012 for the government's individual major funds, as well as nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

	<u>Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Total Receivables</u>
General:			
Property Taxes	\$ 6,369,557	\$ -	\$ 6,369,557
Other Taxes	4,575,366	-	4,575,366
Special Assessments	5,733,255	-	5,733,255
Intergovernmental	205,315	-	205,315
Accounts	326,863	(1,496)	325,367
Due from Other Funds	448,464	-	448,464
Subtotal - General	<u>17,658,820</u>	<u>(1,496)</u>	<u>17,657,324</u>
Debt Service:			
Property Taxes	1,949,245	-	1,949,245
Notes Receivable	6,396,882	(2,055,531)	4,341,351
Redevelopment:			
Property Taxes	4,020,000	-	4,020,000
Water:			
Accounts	1,562,701	(14,654)	1,548,047
Water Reclamation:			
Accounts	771,047	(6,486)	764,561
Storm Sewer:			
Accounts	286,536	(2,865)	283,671
Nonmajor Funds:			
Other Taxes	288,888	-	288,888
Intergovernmental	96,679	-	96,679
Accounts	481,762	(4,597)	477,165
Notes Receivable	1,479,041	-	1,479,041
Subtotal - Nonmajor	<u>2,346,370</u>	<u>(4,597)</u>	<u>2,341,773</u>
Totals	<u>\$ 34,991,601</u>	<u>\$ (2,085,629)</u>	<u>\$ 32,905,972</u>

All receivables are expected to be collected within one year except for \$5,302,709 of special assessments in the General Fund, \$4,341,351 of notes receivable in the Debt Service Fund, \$21,834 of receivables in the Water Reclamation Fund, and \$1,150,099 of notes receivable in the nonmajor funds.

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:

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

	Unavailable	Unearned
Property Taxes Receivable	\$ -	\$ 12,338,802
Donations and Other Funds to be Used for Specific Programs	-	833,400
Grant Money Used in Revolving Loan Programs	-	930,721
Special Assessments not yet Due	5,733,255	145,286
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 5,733,255</u>	<u>\$ 14,248,209</u>

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 59,028,414	\$ -	\$ -	\$ 59,028,414
Construction in progress	1,665,696	2,454,724	(3,859,449)	260,971
Total capital assets, not being depreciated	<u>60,694,110</u>	<u>2,454,724</u>	<u>(3,859,449)</u>	<u>59,289,385</u>
Capital assets, being depreciated:				
Buildings and systems	29,020,212	-	-	29,020,212
Improvements other than buildings	27,483,198	1,140,194	-	28,623,392
Machinery and equipment	17,003,748	1,482,759	(560,825)	17,925,682
Infrastructure	108,693,044	2,523,167	(27,713)	111,188,498
Total capital assets, being depreciated	<u>182,200,202</u>	<u>5,146,120</u>	<u>(588,538)</u>	<u>186,757,784</u>
Less accumulated depreciation for:				
Buildings and systems	(13,356,599)	(1,040,096)	-	(14,396,695)
Improvements other than buildings	(13,849,931)	(1,196,653)	-	(15,046,584)
Machinery and equipment	(11,990,725)	(1,154,487)	560,826	(12,584,386)
Infrastructure	(48,574,793)	(3,083,724)	8,958	(51,649,559)
Total accumulated depreciation	<u>(87,772,048)</u>	<u>(6,474,960)</u>	<u>569,784</u>	<u>(93,677,224)</u>
Total capital assets, being depreciated, net	<u>94,428,154</u>	<u>(1,328,840)</u>	<u>(18,754)</u>	<u>93,080,560</u>
Governmental activities capital assets, net	<u>\$ 155,122,264</u>	<u>\$ 1,125,884</u>	<u>\$ (3,878,203)</u>	<u>\$ 152,369,945</u>

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,806,065	\$ -	\$ -	\$ 1,806,065
Construction in progress	11,271,771	5,620,574	(3,660,758)	13,231,587
Total capital assets, not being depreciated	<u>13,077,836</u>	<u>5,620,574</u>	<u>(3,660,758)</u>	<u>15,037,652</u>
Capital assets, being depreciated:				
Buildings and systems	9,911,584	-	-	9,911,584
Improvements other than buildings	11,967,380	-	-	11,967,380
Machinery and equipment	7,135,596	840,822	(185,446)	7,790,972
Infrastructure	107,634,470	4,498,544	(157,511)	111,975,503
Total capital assets, being depreciated	<u>136,649,030</u>	<u>5,339,366</u>	<u>(342,957)</u>	<u>141,645,439</u>
Less accumulated depreciation for:				
Buildings and systems	(6,564,112)	(210,461)	-	(6,774,573)
Improvements other than buildings	(3,262,860)	(564,627)	-	(3,827,487)
Machinery and equipment	(5,131,680)	(472,644)	75,083	(5,529,241)
Infrastructure	(53,159,365)	(2,360,458)	51,978	(55,467,845)
Total accumulated depreciation	<u>(68,118,017)</u>	<u>(3,608,190)</u>	<u>127,061</u>	<u>(71,599,146)</u>
Total capital assets, being depreciated, net	<u>68,531,013</u>	<u>1,731,176</u>	<u>(215,896)</u>	<u>70,046,293</u>
Business-type activities capital assets, net	<u>\$ 81,608,849</u>	<u>\$ 7,351,750</u>	<u>\$ (3,876,654)</u>	<u>\$ 85,083,945</u>

City of Orem
Notes to the Financial Statements
June 30, 2012

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	\$ 275,238
Public Safety	988,308
Highway and Streets	3,586,174
Parks, Recreation and Arts	1,438,386
Redevelopment	89,429
Economic and Physical Development	76,838
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	20,587
Total Depreciation Expense - Governmental Activities	\$ 6,474,960
Business-type Activities:	
Water	\$ 1,852,900
Water Reclamation	979,954
Storm Sewer	630,123
Recreation	104,862
Street Lighting	40,351
Total Depreciation Expense - Business-type Activities	\$ 3,608,190

Construction Commitments

The City has active construction projects as of June 30, 2012. 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 and others are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Water Systems Improvements	\$ 943,307	\$ 494,967
Street Construction and Improvements	1,402,294	1,110,348
Public Facility Construction & Improvements	1,165	23,923
Water Reclamation Improvements	12,440,910	505,683
Storm Sewer Improvements	-	715,350
Park and Recreation Improvements	151	139,849
Total	\$ 14,787,827	\$ 2,990,120

City of Orem
Notes to the Financial Statements
June 30, 2012

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, 2012, 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	(123,000)	(8,457)	131,457	-
Improvements other than buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	(123,000)	(8,457)	131,457	-
Total capital assets, being depreciated, net	76,100	(8,457)	(67,643)	-
CEDO capital assets, net	\$ 91,100	\$ (8,457)	\$ (82,643)	\$ -

G. Interfund Receivable, Payables and Transfers

The composition of interfund balances as of June 30, 2012 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, 2012

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	\$ 448,464
Total		<u>\$ 448,464</u>

The outstanding balances between funds are primarily due to the time lag between the dates that (1) interfund goods 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, 2012 are as follows:

	In	Out
Major Funds:		
General	\$ 1,752,617	\$ 4,412,238
Debt Service Fund	4,027,496	-
Redevelopment Fund	-	1,395,657
Water Fund	105,370	65,429
Water Reclamation Fund	-	141,299
Storm Sewer Fund	-	67,068
Nonmajor Governmental Funds	153,357	223,615
Nonmajor Enterprise Funds	300,000	33,534
	<u>\$ 6,338,840</u>	<u>\$ 6,338,840</u>

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

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

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, 2012, the City paid premiums of approximately \$249,000 to URMMA.

North Pointe Solid Waste Special Service District (NPSWSSD) - The district is a component unit of Utah County and represents thirteen cities in the northern part of the county. NPSWSSD was created to process and dispose of municipal solid waste. The City disposes of its solid waste through an agreement with NPSWSSD, which operates a solid waste transfer station. The City is represented on the NPSWSSD board and has voting rights related to the operations and financing of NPSWSSD. NPSWSSD has a service contract for the ultimate disposal of waste at a landfill located in an adjacent county. During the year ended June 30, 2012, the City paid solid waste tipping fees of approximately \$989,000 to NPSWSSD. The City's waste, by weight, represents approximately 25% of all of the solid waste processed by NPSWSSD.

North Utah Valley Animal Services Special Service District (NUVAS) - The Utah County Board of Commissioners ("The Commission) created the district. The Commission delegated all powers to manage the district to an Administrative Control Board which has three members appointed by the Commission and a member from each of the fourteen participating cities. Each participating city 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, 2012, the City paid participation fees of approximately \$93,000 to NUVAS.

Utah Telecommunication Open Infrastructure Agency (UTOPIA) – UTOPIA was formed under the Utah Interlocal Cooperation Act by its eighteen 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, 2012, the City paid UTOPIA approximately \$8,000 in customer service fees. The City also had \$2,756,434 in pledge funds drawn from a debt service reserve fund during the fiscal year to pay UTOPIA debt obligations. A corresponding long-term note receivable was also increased by this amount. See footnote 5.B. (Other information, contingent liabilities) for additional information.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

Utah Infrastructure Agency (UIA) – UIA was formed under the Utah Interlocal Cooperation Act by its nine member cities, of which, the City of Orem is a member. This agency was organized to provide for the acquisition, construction, and installation of telecommunication and cable television lines to a customer’s premises using a demand utility model. During the year ended June 30, 2012, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$70,000 to UIA.

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, 2012:

Year ending June 30,	Governmental Activities
2013	\$ 110,312
2014	113,228
2015	91,877
2016	90,007
2017	88,138
2018-2019	125,737
Total minimum lease payments	619,299
Less: Amount representing interest	(42,787)
Present value of net minimum lease payments	<u>\$ 576,512</u>

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

	Governmental Activities
Cost of Equipment	\$ 641,116
Accumulated Depreciation	(27,910)
Difference	<u>\$ 613,206</u>

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

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 \$21,340,000.

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

General obligation bonds currently outstanding at June 30, 2012 are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2004 Road Construction-Refunding	3.00% to 4.00%	\$ 2,140,000
2005 Road Construction	3.50% to 5.00%	6,705,000
2006 Road Construction	3.63% to 5.00%	4,250,000
2009 Road Construction-Refunding	2.75% to 5.00%	2,115,000
Total		<u>\$ 15,210,000</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	
2013	\$ 1,310,000	\$ 634,743	\$ 1,944,743
2014	1,350,000	582,250	1,932,250
2015	1,410,000	526,850	1,936,850
2016	1,475,000	469,229	1,944,229
2017	1,535,000	407,648	1,942,648
2018-2022	5,005,000	1,295,765	6,300,765
2023-2027	3,125,000	239,875	3,364,875
Totals	<u>\$ 15,210,000</u>	<u>\$ 4,156,360</u>	<u>\$ 19,366,360</u>

City of Orem
Notes to the Financial Statements
June 30, 2012

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, 2012:

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 \$3,500,000. 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 beginning in February 1995 and continuing through February 2015. Payments on the bonds are paid by sewer charges to customers. The interest rate is fixed at 3.50%. Outstanding principal at June 30, 2012, is \$689,757.

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 property improvements. Bond payments are paid from assessments levied against the property. If a deficiency exists due to unpaid or delinquent assessments when the 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 require principal and interest payable annually commencing March 2002 and continuing through March 2016. The interest rate varies between 4.59% and 5.00%. Outstanding principal at June 30, 2012, is \$790,000.

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. Bond contract terms require principal payable annually commencing in July of 2006 with interest payable semi-annually in January and July through July 2025. The interest rate varies between 3.50% and 5.25%. Outstanding principal at June 30, 2012, is \$13,710,000.

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 \$3,000,000. 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 in July 2006 with interest payable semi-annually in January and July through July 2025. The interest rate is fixed at 1.48%. Outstanding principal at June 30, 2012, is \$2,190,000.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Sales Tax Revenue Refunding 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 in April 2009 with interest payable semi-annually in April and October through April 2023. The interest rate varies between 3.80% and 5.00%. Outstanding principal at June 30, 2012, is \$5,620,000.

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 improvements to the City's water and storm sewer systems. The bond contract requires principal payable annually commencing in July 2009 and interest payable semi-annually in January and July through July 2028. The interest rate varies between 3.25% and 5.25%. Outstanding principal at June 30, 2012, is \$5,400,000.

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. Bond payments are paid from assessments levied against the property. If a deficiency exists due to unpaid or delinquent assessments when the 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%. Outstanding principal at June 30, 2012, is \$3,290,000.

Water Quality Revenue Bonds – Series 2010

In February of 2010, the City entered into an agreement to issue \$11,889,000 in revenue bonds through the State of Utah's Department of Environmental Quality. The proceeds of the bonds were used to construct and expand facilities at the Water Reclamation Plant. The bond contract terms require principal payable annually beginning in February 2013 and continuing through February 2032. Payments on the bonds are paid from sewer charges to customers. The interest rate is fixed at 0.00%. Outstanding principal at June 30, 2012, is \$11,889,000.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Franchise Tax Revenue Refunding Bonds – Series 2010

In March of 2010, the City issued franchise tax revenue refunding bonds of \$4,375,000 through private placement. The proceeds were used to pay the remaining outstanding principal balances of the Series 2000 and Series 2007 lease revenue bonds. The bond contract requires principal payable annually commencing in March 2011 with interest payable semi-annually in March and September through March 2018. The interest rate varies between 2.13% and 5.13%. Outstanding principal at June 30, 2012, is \$3,375,000.

Northgate Village SID Bonds – Series 2010

In November of 2010, the City issued Northgate Village special improvement district bonds of \$1,915,000 through private placement for the improvement of property. Bond payments are paid from assessments levied against the property. If a deficiency exists due to unpaid or delinquent assessments when the 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 require principal and interest payable annually commencing November 2011 and continuing through November 2025. The interest rate is fixed at 7.75%. Outstanding principal at June 30, 2012, is \$1,845,000.

Sales Tax Revenue Refunding Bonds – Series 2012

In April of 2012, the City issued sales tax revenue refunding bonds of \$1,814,000 through private placement. The bond contract requires principal payable annually commencing in April 2013 with interest payable semi-annually in April and October through April 2015. The interest rate is fixed at 1.50%. Outstanding principal at June 30, 2012, is \$1,814,000.

Current Year Refunding

In 2012, the City issued \$1,814,000 of sales tax revenue refunding bonds. The funds were used to pay the outstanding principal balances at April 19, 2012 of the Series 2002 sales tax revenue bonds. As a result, \$1,785,000 of the Series 2002 sales tax revenue bonds were 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 \$28,037. 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 three years by \$75,560 and resulted in an economic gain of \$74,336.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Revenue bonds currently outstanding at June 30, 2012 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	1.50%-5.50%	\$ 7,434,000
Property Improvement	4.35%-7.75%	5,925,000
Street Lighting	2.13%-5.13%	3,375,000
Business-type Activities:		
Water and Storm Sewer	1.48%-5.25%	21,300,000
Wastewater Treatment	0.00%-3.50%	12,578,757
Total		<u>\$ 50,612,757</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	
2013	\$ 1,752,000	\$ 735,191	\$ 1,733,000	\$ 964,662	\$ 5,184,853
2014	1,814,000	682,959	1,768,000	923,603	5,188,562
2015	1,848,000	625,538	1,802,757	881,203	5,157,498
2016	2,136,000	546,850	1,597,000	837,206	5,117,056
2017	2,024,000	438,886	1,660,000	797,516	4,920,402
2018-2022	4,691,000	1,165,926	9,017,000	3,232,530	18,106,456
2023-2027	2,181,000	367,676	10,326,000	1,680,931	14,555,607
2028-2032	288,000	12,464	5,975,000	159,600	6,435,064
Totals	<u>\$ 16,734,000</u>	<u>\$ 4,575,490</u>	<u>\$ 33,878,757</u>	<u>\$ 9,477,251</u>	<u>\$ 64,665,498</u>

All of the City's water and storm sewer, water quality, and sales tax 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 150-151.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Notes Payable

Notes payable currently outstanding at June 30, 2012 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan -		
Economic Development	Variable	\$ 1,039,930
Land Purchase - Park	6.00%	228,383
Total		<u>\$ 1,268,313</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	
2013	\$ 68,714	\$ 65,387	\$ 134,101
2014	76,622	62,525	139,147
2015	77,955	58,304	136,259
2016	84,370	53,870	138,240
2017	90,873	49,086	139,959
2018-2022	494,848	163,634	658,482
2023-2027	374,930	40,556	415,486
Totals	<u>\$ 1,268,312</u>	<u>\$ 493,362</u>	<u>\$ 1,761,674</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, 2012 are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2012

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	\$ 16,460,000	\$ -	\$ (1,250,000)	\$ 15,210,000	\$ 1,310,000
Revenue bonds	19,219,000	1,814,000	(4,299,000)	16,734,000	1,752,000
Plus issuance premiums	812,181	-	(95,757)	716,424	95,757
Less deferred amounts:					
On refunding	(523,161)	(27,750)	64,866	(486,045)	(72,188)
Total bonds payable	35,968,020	1,786,250	(5,579,891)	32,174,379	3,085,569
Notes payable	1,339,146	-	(70,833)	1,268,313	68,714
Capital leases	82,497	525,147	(31,132)	576,512	56,213
Compensated absences	1,910,902	393,518	(304,151)	2,000,269	1,874,068
Other long-term liabilities	1,033,936	1,213,467	(902,359)	1,345,044	458,356
Governmental activities					
Long-term liabilities	\$ 40,334,501	\$ 3,918,382	\$ (6,888,366)	\$ 37,364,517	\$ 5,542,920
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 32,502,757	\$ 2,481,000	\$ (1,105,000)	\$ 33,878,757	\$ 1,726,000
Plus issuance premiums	602,009	-	(41,809)	560,200	41,808
Total bonds payable	33,104,766	2,481,000	(1,146,809)	34,438,957	1,767,808
Compensated absences	231,939	69,042	(54,196)	246,785	234,445
Business-type activities					
Long-term liabilities	\$ 33,336,705	\$ 2,550,042	\$ (1,201,005)	\$ 34,685,742	\$ 2,002,253

Compensated Absences

City employees earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to 336 hours of earned vacation. Amounts of vacation vested and not paid have been accrued as a liability at June 30, 2012. The General Fund has typically been used in prior years to liquidate this liability for governmental funds.

Of total compensated absences, \$28,027 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, 2012

4. Detailed Notes for all Funds (continued)

K. Equity Classification

Government-wide and Proprietary Fund Financial Statements

Equity is classified in the government-wide and proprietary fund financial statements as net assets and is displayed in three components:

- 1) Invested in Capital Assets, Net of Related Debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- 2) Restricted Net Assets – consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) are imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted Net Assets – consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” as defined above.

Governmental Fund Financial Statements

Equity is classified in the governmental fund financial statements as fund balance. Governmental fund balances are further classified as Nonspendable, Restricted, Committed, Assigned, or Unassigned.

- 1) Nonspendable Fund Balance – this classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.
- 2) Restricted Fund Balance – this classification includes amounts that are restricted by enabling legislation. Other amounts are also reported in this classification if they are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) are imposed by law through constitutional provisions or enabling legislation.
- 3) Committed Fund Balance – this classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council, which is the City’s highest level of decision making authority. It also includes contractual obligations to the extent that existing resources are specifically committed for use in satisfying those contractual requirements.

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

- 4) Assigned Fund Balance – this classification includes amounts that are constrained by the City’s intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the City Manager. The City Manager received the authority to place constraints on city funds through an ordinance created by the City Council. It also includes all remaining amounts that are reported in governmental funds (other than the General Fund) which have specific purposes and that are not classified in one of the previous classifications.
- 5) Unassigned Fund Balance – this classification is generally the residual classification for the General Fund. However, it may be necessary to report a negative unassigned fund balance for other governmental funds if expenditures incurred for specific purposes exceeds the amounts restricted, committed, or assigned for those purposes. Thus, this classification is normally a positive amount within the General Fund and represents fund balance that has not been restricted, committed, or assigned for any specific purposes.

When restricted and unrestricted resources are available, it is the City’s accounting policy to use restricted resources first.

When committed, assigned, or unassigned resources are available for use, it is the City’s accounting policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

The City has not formally adopted any minimum fund balance policy. However, the State of Utah does require the City to maintain 5% of the following year’s budgeted revenues as a minimum fund balance. The City is cognizant of and adheres to this requirement.

The following page provides greater detail of the fund balance classifications and categories for all governmental funds for the fiscal year ended June 30, 2012. The governmental fund balance classifications and categories at the end of the current fiscal year are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2012

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

	General Fund	Debt Service Fund	Redevelop- ment Fund	Nonmajor Governmental Funds ¹	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Prepays	\$ 97,590	\$ -	\$ -	\$ -	\$ 97,590
Notes Receivable-Debt Service	-	4,341,351	-	-	4,341,351
	<u>97,590</u>	<u>4,341,351</u>	<u>-</u>	<u>-</u>	<u>4,438,941</u>
Restricted:					
Class "C" Roads	2,533,960	-	-	-	2,533,960
Utopia Pledge	2,807,596	-	-	-	2,807,596
Task Force	24,995	-	-	-	24,995
Econ. Dev. Reimb. Agreements	-	-	457,750	-	457,750
Parks, Recreation, & Arts	-	-	-	1,124,840	1,124,840
Land Acquisition	-	-	-	3,227,615	3,227,615
Civic Auditorium	-	-	-	1,065,196	1,065,196
Debt Service	-	902,318	-	-	902,318
Capital Improvements	910	-	5,649,856	36,844	5,687,610
Other Purposes	-	-	-	456,473	456,473
	<u>5,367,461</u>	<u>902,318</u>	<u>6,107,606</u>	<u>5,910,968</u>	<u>18,288,353</u>
Committed:					
Econ. Dev. Reimb. Agreements	75,000	-	-	-	75,000
	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Assigned:					
Vehicles & Equip.	125,000	-	-	-	125,000
IT Upgrades	232,545	-	-	-	232,545
Library Media Funds	71,581	-	-	-	71,581
Econ. Dev. Reimb. Agreements	406,250	-	-	-	406,250
City Center Improvements	-	-	-	8,382	8,382
Community Promotion	-	-	-	784,639	784,639
Street Light Improvements	-	-	-	29,134	29,134
Debt Service	-	1,282,169	-	-	1,282,169
Capital Improvements	44,300	-	-	221,381	265,681
Other Purposes	1,266,027	-	-	161,316	1,427,343
	<u>2,145,703</u>	<u>1,282,169</u>	<u>-</u>	<u>1,204,852</u>	<u>4,632,724</u>
Unassigned	3,396,016	-	-	-	3,396,016
	<u>3,396,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,396,016</u>
Total Fund Balances	<u>\$ 11,081,770</u>	<u>\$ 6,525,838</u>	<u>\$ 6,107,606</u>	<u>\$ 7,115,820</u>	<u>\$ 30,831,034</u>

¹ See pages 92-93 for a breakdown by individual fund

City of Orem
Notes to the Financial Statements
June 30, 2012

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 above \$400,000. The Self-insurance fund also provides coverage up to \$15,000 for general liability and \$10,000 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 five year recapture program. Thus, each year the City pays its annual premium plus a recapture component. As of June 30, 2012, the outstanding recapture program liability is \$1,009,473. This liability is presented in the changes in long-term liabilities table (previous page) as an "other long-term liability".

The City is insured by Safety National Insurance Company for worker's compensation claims in excess of coverage provided by the Self-insurance Fund. One settled claim exceeded this coverage in the current fiscal year, but no claims exceeded this coverage in any of the previous 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. As of June 30, 2012, the estimated reserves liability is \$209,077. This liability is presented in the changes in long-term liabilities table (previous page) as an "other long-term liability". The activity in worker's compensation claims (all retained risk) for the years ended June 30, 2011 and 2012 is as follows:

Year ended June 30,	2011	2012
Claim liability, beginning of year	\$ 102,790	\$ 158,484
Claims incurred during the year	136,876	506,590
Changes in estimates of claims of prior periods	221,770	213,467
Payments on claims during the year	(302,952)	(669,464)
Claim liability, end of year	<u>\$ 158,484</u>	<u>\$ 209,077</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 be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

City of Orem
Notes to the Financial Statements
June 30, 2012

5. Other Information (continued)

B. Contingent Liabilities (continued)

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.

Utah Telecommunication Open Infrastructure Agency (UTOPIA)

The City is a member of UTOPIA, an interlocal, nonprofit agency. UTOPIA was formed under the Utah Interlocal Cooperation Act by its eighteen 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.

In December 2011, UTOPIA refinanced the existing 2008 variable rate bonds and replaced them with a long-term fixed rate debt structure. The new debt structure eliminated the letter of credit fee and will result in an estimated savings of \$117 million over the life of the bonds. The new 2011 revenue bonds still have principal payments due quarterly commencing in December 2013 and continuing through June 2040 with interest payments due monthly commencing in January 2012 and continuing through June 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. Each member city has pledged sales tax revenues to pay their respective percentage of any shortfall amount. None of the pledge requirements were modified by the 2011 bond refinancing. The City's liability limit (pledge) for the current fiscal year is set at a maximum of \$2,747,965 with an annual increase not to exceed 2%. In relation to this yearly liability limit, the City has \$230,288 on deposit with the trustee as of June 30, 2012. The City's total maximum pledge amount for all fiscal years through 2040 (end of the bond term) is \$103,851,728.

The current estimated cost to construct the fiber optic network in all member cities is approximately \$410,000,000.

City of Orem
Notes to the Financial Statements
June 30, 2012

5. Other Information (continued)

B. Contingent Liabilities (continued)

Utah Infrastructure Agency (UIA)

The City is a member of UIA, an interlocal, nonprofit agency. UIA was formed under the Utah Interlocal Cooperation Act by its nine member cities, of which the City is one of the eight contracting members. This agency was organized to provide for the acquisition, construction, and installation of telecommunication and cable television lines to a customer's premises using a demand utility model.

The UIA network will be connected to the fiber optic network of UTOPIA (see above) pursuant to an Indefeasible Right of Use (IRU) agreement which provides UIA access to certain facilities of and capacity in the UTOPIA network. Construction of the UIA network began in May of 2011 and will be undertaken in phases and will be paid for by issuing up to \$65,000,000 in revenue bonds.

In May 2011, UIA issued \$29,390,000 in revenue bonds (\$20,275,000 tax exempt and \$9,115,000 taxable). Under the bond indenture, certain conditions must be satisfied by UIA in order to issue any additional bonds. The 2011 revenue bonds have principal payments due annually commencing in April 2012 and continuing through April 2036 with interest payments due semiannually in April and October beginning in October 2011.

Service fee revenues from the UIA network will be used to make the debt service payments. To the extent there are insufficient service fee revenues to pay a debt service payment, the eight contracting members are required to pay to UIA any shortfall by their respective percentages up to a specific dollar amount. Each contracting city has pledged franchise tax revenues to pay their respective percentage of any shortfall amount. The City's liability limit (pledge) is set at \$1,223,786. The City did not have to make any pledge payments in Fiscal Year 2012.

C. 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

City of Orem
Notes to the Financial Statements
June 30, 2012

5. **Other Information (continued)**

C. Employee Retirement Systems and Pension Plans (continued)

Plan Description (continued)

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 report copy 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

The City currently pays all employer and employee required contributions to the Systems. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are based on each employee's annual covered salary and are authorized by statute and specified by the Board.

<u>Retirement System</u>	Employer Contribution Rate	Employee Contribution Rate
Local Governmental Contributory - Tier 1	9.76 %	6.00 %
Local Governmental Contributory - Tier 2	10.33	-
Local Governmental Noncontributory - Tier 1	13.77	-
Public Safety Contributory - Tier 1	23.22	10.50
Public Safety Noncontributory - Tier 1	28.64	-
Firefighters - Tier 1	-	16.18
Firefighters - Tier 2	10.64	-

The City's contributions in dollars to each of the Systems for the years ending June 30, 2012, 2011 and 2010, were equal to the required contributions for each year. The contribution amounts are as follows:

<u>Retirement System</u>	<u>Fiscal Year Ending June 30,</u>		
	2012	2011	2010
Local Governmental Contributory - Tier 1 & Tier 2	\$ 295,803	\$ 275,686	\$ 265,865
Local Governmental Noncontributory - Tier 1	1,587,027	1,567,605	1,386,344
Public Safety Contributory - Tier 1	117,465	127,817	128,012
Public Safety Noncontributory - Tier 1	1,473,007	1,451,128	1,266,918
Firefighters - Tier 1 & Tier 2	650,642	637,574	369,507
Total Contributions	\$ 4,123,944	\$ 4,059,810	\$ 3,416,646

City of Orem
Notes to the Financial Statements
June 30, 2012

5. Other Information (continued)

C. Employee Retirement Systems and Pension Plans (continued)

401(k) Defined Contribution Plan

The City's 401(k) defined contribution plan is administered by ICMA Retirement Corporation (ICMA-RC). The payroll covered by the defined contribution plan for the year ended June 30, 2012 was \$26,858,892. The City's expense for this plan for the year ended June 30, 2012 was approximately \$795,000 or 2.96% of the total participants' salary.

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 is currently one employee and all seven City Council members 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 maximums listed previously or the IRS legal limit. The payroll covered by the deferred compensation plan for the year ended June 30, 2012 was \$26,858,892. The City's expense for this plan for the year ended June 30, 2012 was approximately \$1,062,000 or 3.96% 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, 2012

5. Other Information (continued)

D. 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 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 unless retiree health insurance is offered as an option to an employee under a voluntary separation plan which are unusual and infrequent. Otherwise, no new entrants to the plan will occur.

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 and for any reason. For the fiscal year ended June 30, 2012, total plan premiums paid were \$182,171. The City contributed \$122,814 (67% of total premiums) and retiree plan members receiving benefits contributed \$59,357 (33% 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.

Annual OPEB and Net OPEB Obligation (continued)

For the fiscal year ended June 30, 2012, the City's OPEB cost (expense) and annual required contribution (ARC) were \$130,173 and \$131,635, respectively.

The following table shows the components of the City's annual OPEB cost for the year, amount actually contributed to the plan, and changes in the City's net OPEB obligation:

City of Orem
Notes to the Financial Statements
June 30, 2012

5. Other Information (continued)

D. Other Postemployment Benefits (continued)

<u>OPEB</u>	
Annual Required Contribution (ARC)	\$ 131,635
Interest on Net OPEB Obligation	1,462
Adjustments to ARC	(0)
Annual OPEB Cost (Expense)	<u>130,173</u>
Contributions	<u>(58,005)</u>
Increase in Net OPEB Obligation	72,168
Net OPEB Obligation – Beginning of Year	<u>54,327</u>
Net OPEB Obligation – End of Year	<u>\$ 126,495</u>

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, 2012 and the two preceding fiscal years is as follows:

Fiscal Year	Annual OPEB	City	% of Annual OPEB Cost	Net OPEB Obligation
<u>Ended</u>	<u>Cost</u>	<u>Contributions</u>	<u>Contributed</u>	<u>For Fiscal Yr</u>
June 30, 2012	\$ 130,173	\$ 58,005	44.56%	\$ 126,495
June 30, 2011	\$ 114,401	\$ 168,728	147.49%	\$ 54,327
June 30, 2010	\$ 455,503	\$ 607,218	133.31%	\$ 108,654

The Net OPEB Obligation of \$126,495 has been accrued and is presented in the changes in long-term liabilities table on page 77 as an "other long-term liability".

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$379,486, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$379,486. The covered payroll (annual payroll of active employees covered by the plan) was \$2,865,218, and the ratio of the UAAL to the covered payroll is 1.41%.

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

City of Orem
Notes to the Financial Statements
June 30, 2012

5. **Other Information (continued)**

D. Other Postemployment Benefits (continued)

Funded Status and Funding Progress (continued)

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 (see page 90), 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.

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, 2012, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.8% for FY 2013 and 7.3% for FY 2014. The assumed rate of inflation was 2.75%. 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 ten year and six month period. The remaining amortization period at January 1, 2012, was ten years and six months.

E. 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, 2012

5. Other Information (continued)

F. Redevelopment Agency of the City of Orem

For the year ended June 30, 2012, 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	\$ 956,247
Orem 85-02: Timpanogos Technological Center	517,926
Orem 85-03A: University Parkway Development	592,995
Orem 85-03B: University Parkway Development	928,664
Orem 85-04: Economic Zone in Central Orem	244,024
Orem 87-10: Boyer Project on Center and State Street	257,559
Orem 90-08: 800 North and State Street Economic Zone	217,450
Total	\$ 3,714,865
Outstanding Loans to Finance RDA Projects	\$ -

During the year ending June 30, 2012, the RDA expended monies in the categories below as follows:

Economic Development	\$ 1,562,238
Total	\$ 1,562,238

**REQUIRED
SUPPLEMENTARY INFORMATION**

**City of Orem
Schedule of Funding Progress
Other Postemployment Benefits
For The Year Ended June 30, 2012**

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, 2012	\$ -	\$ 379,486	\$ 379,486	0.00%	\$ 26,865,218	1.41%
January 1, 2011	\$ -	\$ 218,692	\$ 218,692	0.00%	\$ 27,467,617	0.80%
January 1, 2009	\$ -	\$ 1,555,352	\$ 1,555,352	0.00%	\$ 27,216,217	5.71%
	(a)	(b)	(b - a)	(a / b)		

**OTHER
STATEMENTS
&
SCHEDULES**

Combining Financial Statements Nonmajor Governmental Funds

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

Capital Projects Fund – This fund is used to account for the acquisition or construction of major capital facilities and equipment 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.

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.

Telecommunication Billing Fund – This fund is used to account for billing activities related to the Utopia Infrastructure Agency (UIA) contract utility enhancement agreements.

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 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, 2012

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects	Total	CARE Tax Fund	Tele-Communication Billing Fund	Community Development & Rehabilitation Fund
ASSETS					
Cash and Cash Equivalents	\$ 378,186	\$ 378,186	\$ -	\$ 646	\$ 148,524
Accounts Receivable	357	357	-	-	-
Intergovernmental Receivables	-	-	-	-	96,679
Notes Receivable	-	-	-	-	364,589
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	-	-	1,065,196	-	36,844
Other Purposes	-	-	4,063,567	-	454,794
Restricted Receivables:					
Other Purposes	-	-	288,888	558,570	346,132
Total Assets	378,543	378,543	5,417,651	559,216	1,447,562
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	800	800	-	527,388	20,454
Accrued Liabilities	-	-	-	-	3,070
Deferred Revenues	118,846	118,846	-	28,747	930,721
Total Liabilities	119,646	119,646	-	556,135	954,245
Fund Balances:					
Restricted:					
Parks, Recreation, & Arts	-	-	1,124,840	-	-
Land Acquisition	-	-	3,227,615	-	-
Civic Auditorium	-	-	1,065,196	-	-
Capital Improvements	-	-	-	-	36,844
Other Purposes	-	-	-	-	456,473
Assigned:					
Capital Improvements	221,381	221,381	-	-	-
Street Light Improvements	29,134	29,134	-	-	-
City Center Improvements	8,382	8,382	-	-	-
Community Promotion	-	-	-	-	-
Other Purposes	-	-	-	3,081	-
Total Fund Balances	258,897	258,897	5,417,651	3,081	493,317
Total Liabilities and Fund Balances	\$ 378,543	\$ 378,543	\$ 5,417,651	\$ 559,216	\$ 1,447,562

Special Revenue Funds

<u>Friends of the Library Fund</u>	<u>Orem Foundation Trust Fund</u>	<u>Senior Citizens Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 790,074	\$ 2,500	\$ 159,769	\$ 1,101,513	\$ 1,479,699
-	-	-	-	357
-	-	-	96,679	96,679
-	-	-	364,589	364,589
-	-	-	1,102,040	1,102,040
-	-	-	4,518,361	4,518,361
-	-	-	1,193,590	1,193,590
<u>790,074</u>	<u>2,500</u>	<u>159,769</u>	<u>8,376,772</u>	<u>8,755,315</u>
7,935	-	1,534	557,311	558,111
-	-	-	3,070	3,070
-	-	-	959,468	1,078,314
<u>7,935</u>	<u>-</u>	<u>1,534</u>	<u>1,519,849</u>	<u>1,639,495</u>
-	-	-	1,124,840	1,124,840
-	-	-	3,227,615	3,227,615
-	-	-	1,065,196	1,065,196
-	-	-	36,844	36,844
-	-	-	456,473	456,473
-	-	-	-	221,381
-	-	-	-	29,134
-	-	-	-	8,382
782,139	2,500	-	784,639	784,639
-	-	158,235	161,316	161,316
<u>782,139</u>	<u>2,500</u>	<u>158,235</u>	<u>6,856,923</u>	<u>7,115,820</u>
<u>\$ 790,074</u>	<u>\$ 2,500</u>	<u>\$ 159,769</u>	<u>\$ 8,376,772</u>	<u>\$ 8,755,315</u>

City of Orem
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2012

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects	Total	CARE Tax Fund	Tele- Communication Billing Fund	Community Development & Rehabilitation Fund
REVENUES					
Sales Taxes	\$ -	\$ -	\$ 1,652,524	\$ -	\$ -
Intergovernmental	-	-	-	-	914,244
Charges for Services	-	-	-	-	78,199
Interest Revenues	-	-	31,012	2,012	48
Miscellaneous Revenues	199,860	199,860	-	1,069	439,116
Total Revenues	199,860	199,860	1,683,536	3,081	1,431,607
EXPENDITURES					
Current:					
Economic and Physical Development	16,828	16,828	-	-	373,174
Parks, Recreation and Arts	-	-	995,021	-	-
Debt Service:					
Principal Retirement	-	-	-	-	50,000
Interest and Fiscal Charges	-	-	-	-	57,717
Capital Outlay	326,094	326,094	210,063	-	421,160
Total Expenditures	342,922	342,922	1,205,084	-	902,051
Excess (Deficiency) of Revenues over (under) Expenditures	(143,062)	(143,062)	478,452	3,081	529,556
OTHER FINANCING SOURCES (USES)					
Gain (Loss) on Asset Disposal	45,598	45,598	-	-	-
Transfers In	72,000	72,000	-	-	46,357
Transfers Out	(33,615)	(33,615)	-	-	(120,000)
Total Other Financing Sources and (Uses)	83,983	83,983	-	-	(73,643)
Net Change in Fund Balances	(59,079)	(59,079)	478,452	3,081	455,913
Fund Balances - Beginning	317,976	317,976	4,939,199	-	37,404
Fund Balances - Ending	\$ 258,897	\$ 258,897	\$ 5,417,651	\$ 3,081	\$ 493,317

Special Revenue Funds

Friends of the Library Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,652,524	\$ 1,652,524
-	-	-	914,244	914,244
185,345	-	32,973	296,517	296,517
5,870	-	1,783	40,725	40,725
52,950	72,500	12,304	577,939	777,799
<u>244,165</u>	<u>72,500</u>	<u>47,060</u>	<u>3,481,949</u>	<u>3,681,809</u>
-	-	-	373,174	390,002
304,092	-	38,689	1,337,802	1,337,802
-	-	-	50,000	50,000
-	-	-	57,717	57,717
-	-	-	631,223	957,317
<u>304,092</u>	<u>-</u>	<u>38,689</u>	<u>2,449,916</u>	<u>2,792,838</u>
<u>(59,927)</u>	<u>72,500</u>	<u>8,371</u>	<u>1,032,033</u>	<u>888,971</u>
-	-	-	-	45,598
35,000	-	-	81,357	153,357
-	(70,000)	-	(190,000)	(223,615)
<u>35,000</u>	<u>(70,000)</u>	<u>-</u>	<u>(108,643)</u>	<u>(24,660)</u>
(24,927)	2,500	8,371	923,390	864,311
<u>807,066</u>	<u>-</u>	<u>149,864</u>	<u>5,933,533</u>	<u>6,251,509</u>
<u>\$ 782,139</u>	<u>\$ 2,500</u>	<u>\$ 158,235</u>	<u>\$ 6,856,923</u>	<u>\$ 7,115,820</u>

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**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, 2012

	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	\$ 1,307,433	\$ 1,326,828	\$ -	\$ 26,487
Accounts Receivable (Net of Allowance for Doubtful Accounts)	21,757	8,970	359,643	346,207
Prepays	\$ -	\$ -	\$ -	\$ -
Total Current Assets	<u>1,329,190</u>	<u>1,335,798</u>	<u>359,643</u>	<u>372,694</u>
Noncurrent Assets:				
Capital Assets:				
Land	39,822	39,822	-	-
Buildings and Systems	4,131,130	4,131,130	-	-
Improvements other than Buildings	1,798,197	1,798,197	-	-
Machinery and Equipment	22,048	22,048	-	-
Infrastructure	-	-	-	-
Construction in Progress	129	-	-	-
Intangibles	-	-	-	-
Less Accumulated Depreciation	(4,734,759)	(4,629,897)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,256,567</u>	<u>1,361,300</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,585,757</u>	<u>2,697,098</u>	<u>359,643</u>	<u>372,694</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	37,104	39,433	247,709	257,911
Accrued Liabilities	47,063	39,025	-	-
Accrued Vacation and Sick Leave	37,992	35,550	-	-
Due to Other Funds	-	-	38,886	-
Deferred Revenue	361,540	380,792	-	-
Total Current Liabilities	<u>483,699</u>	<u>494,800</u>	<u>286,595</u>	<u>257,911</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	2,000	1,893	-	-
Total Noncurrent Liabilities	<u>2,000</u>	<u>1,893</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>485,699</u>	<u>496,693</u>	<u>286,595</u>	<u>257,911</u>
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	1,256,567	1,361,300	-	-
Restricted for Capital Improvements	-	-	-	-
Unrestricted	843,491	839,105	73,048	114,783
Total Net Assets	<u>\$ 2,100,058</u>	<u>\$ 2,200,405</u>	<u>\$ 73,048</u>	<u>\$ 114,783</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ -	\$ -	\$ 1,307,433	\$ 1,353,315
95,408	87,008	476,808	442,185
\$ 680	\$ -	\$ 680	\$ -
<u>96,088</u>	<u>87,008</u>	<u>1,784,921</u>	<u>1,795,500</u>
-	-	39,822	39,822
-	-	4,131,130	4,131,130
-	-	1,798,197	1,798,197
94,609	94,609	116,657	116,657
1,246,991	1,216,987	1,246,991	1,216,987
-	-	129	-
-	-	-	-
<u>(231,153)</u>	<u>(190,802)</u>	<u>(4,965,912)</u>	<u>(4,820,699)</u>
<u>1,110,447</u>	<u>1,120,794</u>	<u>2,367,014</u>	<u>2,482,094</u>
<u>1,206,535</u>	<u>1,207,802</u>	<u>4,151,935</u>	<u>4,277,594</u>
1,086	12,860	285,899	310,204
3,099	2,275	50,162	41,300
12,180	12,174	50,172	47,724
409,578	337,606	448,464	337,606
-	-	361,540	380,792
<u>425,943</u>	<u>364,915</u>	<u>1,196,237</u>	<u>1,117,626</u>
<u>642</u>	<u>755</u>	<u>2,642</u>	<u>2,648</u>
<u>642</u>	<u>755</u>	<u>2,642</u>	<u>2,648</u>
<u>426,585</u>	<u>365,670</u>	<u>1,198,879</u>	<u>1,120,274</u>
1,110,447	1,120,794	2,367,014	2,482,094
-	-	-	-
<u>(330,497)</u>	<u>(278,662)</u>	<u>586,042</u>	<u>675,226</u>
<u>\$ 779,950</u>	<u>\$ 842,132</u>	<u>\$ 2,953,056</u>	<u>\$ 3,157,320</u>

City of Orem
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For The Year Ended June 30, 2012

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
OPERATING REVENUES			
Charges for Services	\$ 1,704,594	\$ 1,655,772	\$ 3,180,937
Other Revenues	253	312	-
Total Operating Revenues	<u>1,704,847</u>	<u>1,656,084</u>	<u>3,180,937</u>
OPERATING EXPENSES			
Personnel Services	1,212,003	1,167,943	-
Supplies and Maintenance	227,259	233,278	29,024
Administrative Fee	-	-	391,980
Utilities	256,654	241,340	-
Contract Services	13,505	12,979	2,717,043
Equipment Lease and Rentals	-	-	-
Depreciation	104,862	104,861	-
Miscellaneous	4,652	4,954	51,091
Total Operating Expenses	<u>1,818,935</u>	<u>1,765,355</u>	<u>3,189,138</u>
Operating Income (Loss)	<u>(114,088)</u>	<u>(109,271)</u>	<u>(8,201)</u>
NONOPERATING REVENUES AND EXPENSES			
Interest Revenue	<u>13,741</u>	<u>8,574</u>	<u>-</u>
Total Nonoperating Revenues	<u>13,741</u>	<u>8,574</u>	<u>-</u>
Income (Loss) before Transfers	<u>(100,347)</u>	<u>(100,697)</u>	<u>(8,201)</u>
Transfers In	-	-	-
Transfers Out	-	-	(33,534)
Change in Net Assets	<u>(100,347)</u>	<u>(100,697)</u>	<u>(41,735)</u>
Total Net Assets - Beginning	<u>2,200,405</u>	<u>2,301,102</u>	<u>114,783</u>
Total Net Assets - Ending	<u>\$ 2,100,058</u>	<u>\$ 2,200,405</u>	<u>\$ 73,048</u>

Solid Waste Fund Prior Year	Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 3,102,999	\$ 860,097	\$ 839,476	\$ 5,745,628	\$ 5,598,247
-	9,215	25,452	9,468	25,764
<u>3,102,999</u>	<u>869,312</u>	<u>864,928</u>	<u>5,755,096</u>	<u>5,624,011</u>
-	139,395	145,179	1,351,398	1,313,122
34,289	9,162	7,456	265,445	275,023
389,058	-	-	391,980	389,058
-	291,844	297,053	548,498	538,393
2,710,411	84,329	111,825	2,814,877	2,835,215
-	665,775	680,278	665,775	680,278
-	40,351	39,462	145,213	144,323
46,789	638	1,035	56,381	52,778
<u>3,180,547</u>	<u>1,231,494</u>	<u>1,282,288</u>	<u>6,239,567</u>	<u>6,228,190</u>
<u>(77,548)</u>	<u>(362,182)</u>	<u>(417,360)</u>	<u>(484,471)</u>	<u>(604,179)</u>
-	-	1,099	13,741	9,673
-	-	1,099	13,741	9,673
<u>(77,548)</u>	<u>(362,182)</u>	<u>(416,261)</u>	<u>(470,730)</u>	<u>(594,506)</u>
-	300,000	500,000	300,000	500,000
(33,388)	-	-	(33,534)	(33,388)
<u>(110,936)</u>	<u>(62,182)</u>	<u>83,739</u>	<u>(204,264)</u>	<u>(127,894)</u>
<u>225,719</u>	<u>842,132</u>	<u>758,393</u>	<u>3,157,320</u>	<u>3,285,214</u>
<u>\$ 114,783</u>	<u>\$ 779,950</u>	<u>\$ 842,132</u>	<u>\$ 2,953,056</u>	<u>\$ 3,157,320</u>

City of Orem
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2012

	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	\$ 1,691,807	\$ 1,646,802	\$ 3,167,501	\$ 3,124,608
Receipts from Interfund Services Provided	253	312	-	-
Payments to Suppliers	(523,696)	(471,499)	(2,768,474)	(2,792,187)
Payments to Employees	(1,201,371)	(1,232,287)	-	-
Payments for Interfund Services Used	-	-	(391,980)	(389,058)
Net Cash Provided (Used) by Operating Activities	<u>(33,007)</u>	<u>(56,672)</u>	<u>7,047</u>	<u>(56,637)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	-	-	-	-
Transfers Out	-	-	(33,534)	(33,388)
Net Cash Provided (Used) by Noncapital Activities	<u>-</u>	<u>-</u>	<u>(33,534)</u>	<u>(33,388)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(129)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(129)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	13,741	8,574	-	-
Net Cash Provided (Used) by Investing Activities	<u>13,741</u>	<u>8,574</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,395)	(48,098)	(26,487)	(90,025)
Cash and Cash Equivalents - Beginning of Year	1,326,828	1,374,926	26,487	116,512
Cash and Cash Equivalents - End of Year	<u>\$ 1,307,433</u>	<u>\$ 1,326,828</u>	<u>\$ -</u>	<u>\$ 26,487</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (114,088)	\$ (109,271)	\$ (8,201)	\$ (77,548)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 104,862	\$ 104,861	\$ -	\$ -
(Increase) Decrease in Receivables	(12,787)	(8,970)	(13,436)	21,609
(Increase) Decrease in Prepays	-	-	-	-
Increase (Decrease) in Accounts Payable	(2,329)	(5,550)	(10,202)	(698)
Increase (Decrease) in Accrued Liabilities	8,038	(62,072)	38,886	-
Increase (Decrease) in Deferred Revenue	(19,252)	23,799	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	2,549	531	-	-
Total Adjustments	<u>81,081</u>	<u>52,599</u>	<u>15,248</u>	<u>20,911</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (33,007)</u>	<u>\$ (56,672)</u>	<u>\$ 7,047</u>	<u>\$ (56,637)</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Governmental Funds	\$ -	\$ -	\$ -	\$ -

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 851,697	\$ 848,613	\$ 5,711,005	\$ 5,620,023
9,215	25,452	9,468	25,764
(992,230)	(1,191,911)	(4,284,400)	(4,455,597)
(138,678)	(147,200)	(1,340,049)	(1,379,487)
-	-	(391,980)	(389,058)
<u>(269,996)</u>	<u>(465,046)</u>	<u>(295,956)</u>	<u>(578,355)</u>
300,000	500,000	300,000	500,000
-	-	(33,534)	(33,388)
<u>300,000</u>	<u>500,000</u>	<u>266,466</u>	<u>466,612</u>
(30,004)	(36,053)	(30,133)	(36,053)
<u>(30,004)</u>	<u>(36,053)</u>	<u>(30,133)</u>	<u>(36,053)</u>
-	1,099	13,741	9,673
-	1,099	13,741	9,673
-	-	(45,882)	(138,123)
-	-	1,353,315	1,491,438
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307,433</u>	<u>\$ 1,353,315</u>
<u>\$ (362,182)</u>	<u>\$ (417,360)</u>	<u>(484,471)</u>	<u>(604,179)</u>
\$ 40,351	\$ 39,462	145,213	144,323
(8,400)	9,137	(34,623)	21,776
(680)	-	(680)	-
(11,774)	11,467	(24,305)	5,219
72,796	(110,726)	119,720	(172,798)
-	-	(19,252)	23,799
<u>(107)</u>	<u>2,974</u>	<u>2,442</u>	<u>3,505</u>
<u>92,186</u>	<u>(47,686)</u>	<u>188,515</u>	<u>25,824</u>
<u>\$ (269,996)</u>	<u>\$ (465,046)</u>	<u>\$ (295,956)</u>	<u>\$ (578,355)</u>
\$ -	\$ -	\$ -	\$ -

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

**DEBT SERVICE FUNDS
DEBT SERVICE FUND**

**CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS FUND**

**SPECIAL REVENUE FUNDS
CARE TAX FUND
TELECOMMUNICATION BILLING 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,938,301	\$ 1,938,301	\$ 1,935,500	\$ (2,801)
Special Assessments	931,320	1,839,762	2,810,547	970,785
Interest Revenues	-	-	8,524	8,524
Total Revenues	<u>2,869,621</u>	<u>3,778,063</u>	<u>4,754,571</u>	<u>976,508</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	3,012,183	3,784,833	3,784,833	-
Interest and Fiscal Charges	1,639,586	4,026,341	3,735,792	290,549
Bond Issuance Costs	-	29,435	27,750	1,685
Total Expenditures	<u>4,651,769</u>	<u>7,840,609</u>	<u>7,548,375</u>	<u>292,234</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,782,148)</u>	<u>(4,062,546)</u>	<u>(2,793,804)</u>	<u>1,268,742</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	-	1,814,000	1,814,000	-
Payment to Bond Refunding Agent	-	(1,785,000)	(1,785,000)	-
Transfers In	1,782,148	4,032,148	4,027,496	(4,652)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,782,148</u>	<u>4,061,148</u>	<u>4,056,496</u>	<u>(4,652)</u>
Net Change in Fund Balance	-	(1,398)	1,262,692	1,264,090
Fund Balance - Beginning	<u>5,263,146</u>	<u>5,263,146</u>	<u>5,263,146</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,263,146</u>	<u>\$ 5,261,748</u>	<u>\$ 6,525,838</u>	<u>\$ 1,264,090</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	200,000	200,000	199,860	(140)
Total Revenues	200,000	200,000	199,860	(140)
EXPENDITURES				
Current:				
Capital Outlay	238,385	576,622	326,094	250,528
Economic and Physical Development	-	22,579	16,828	5,751
Total Expenditures	238,385	599,201	342,922	256,279
Excess (Deficiency) of Revenues over (under) Expenditures	(38,385)	(399,201)	(143,062)	256,139
OTHER FINANCING SOURCES (USES)				
Gain (Loss) on Asset Disposal	-	45,598	45,598	-
Transfers In	72,000	72,000	72,000	-
Transfers Out	(33,615)	(33,615)	(33,615)	-
Total Other Financing Sources (Uses)	38,385	83,983	83,983	-
Net Change in Fund Balance	-	(315,218)	(59,079)	256,139
Fund Balance - Beginning	317,976	317,976	317,976	-
Fund Balance - Ending	\$ 317,976	\$ 2,758	\$ 258,897	\$ 256,139

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,652,524	\$ 152,524
Interest Revenues	20,000	20,000	31,012	11,012
Total Revenues	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,683,536</u>	<u>163,536</u>
EXPENDITURES				
Current:				
Arts and Recreation Development	1,520,000	1,017,782	995,021	22,761
Capital Outlay	-	4,502,874	210,063	4,292,811
Total Expenditures	<u>1,520,000</u>	<u>5,520,656</u>	<u>1,205,084</u>	<u>4,315,572</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(4,000,656)	478,452	4,479,108
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(4,000,656)	478,452	4,479,108
Fund Balance - Beginning	<u>4,939,199</u>	<u>4,939,199</u>	<u>4,939,199</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,939,199</u>	<u>\$ 938,543</u>	<u>\$ 5,417,651</u>	<u>\$ 4,479,108</u>

City of Orem
Telecommunication Billing Fund - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest Revenues	\$ -	\$ 9,500	\$ 2,012	\$ (7,488)
Miscellaneous Revenues	-	500	1,069	569
Total Revenues	-	10,000	3,081	(6,919)
EXPENDITURES				
Current:				
Miscellaneous Expenditures	-	10,000	-	10,000
Total Expenditures	-	10,000	-	10,000
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	3,081	3,081
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	3,081	3,081
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,081	\$ 3,081

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 555,606	\$ 555,606	\$ 914,244	\$ 358,638
Charges for Services	3,494	3,494	78,199	74,705
Interest Revenues	-	-	48	48
Miscellaneous Revenues	-	-	439,116	439,116
Total Revenues	<u>559,100</u>	<u>559,100</u>	<u>1,431,607</u>	<u>872,507</u>
EXPENDITURES				
Current:				
Economic and Physical Development	334,732	457,864	373,174	84,690
Capital Outlay	43,500	478,289	421,160	57,129
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Fiscal Charges	57,225	57,717	57,717	-
Total Expenditures	<u>485,457</u>	<u>1,043,870</u>	<u>902,051</u>	<u>141,819</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>73,643</u>	<u>(484,770)</u>	<u>529,556</u>	<u>1,014,326</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	46,357	46,357	46,357	-
Transfers Out	(120,000)	(120,000)	(120,000)	-
Total Other Financing Sources (Uses)	<u>(73,643)</u>	<u>(73,643)</u>	<u>(73,643)</u>	<u>-</u>
Net Change in Fund Balance	-	(558,413)	455,913	1,014,326
Fund Balance - Beginning	37,404	37,404	37,404	-
Fund Balance - Ending	<u>\$ 37,404</u>	<u>\$ (521,009)</u>	<u>\$ 493,317</u>	<u>\$ 1,014,326</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 234,000	\$ 187,400	\$ 185,345	\$ (2,055)
Interest Revenues	-	5,400	5,870	470
Miscellaneous Revenues	-	41,200	52,950	11,750
Total Revenues	<u>234,000</u>	<u>234,000</u>	<u>244,165</u>	<u>10,165</u>
EXPENDITURES				
Current:				
Library Programs	240,000	328,570	304,092	24,478
Total Expenditures	<u>240,000</u>	<u>328,570</u>	<u>304,092</u>	<u>24,478</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(6,000)</u>	<u>(94,570)</u>	<u>(59,927)</u>	<u>34,643</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,000	36,000	35,000	(1,000)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>36,000</u>	<u>35,000</u>	<u>(1,000)</u>
Net Change in Fund Balance	-	(58,570)	(24,927)	33,643
Fund Balance - Beginning	807,066	807,066	807,066	-
Fund Balance - Ending	<u>\$ 807,066</u>	<u>\$ 748,496</u>	<u>\$ 782,139</u>	<u>\$ 33,643</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenues	\$ 6,250	\$ 71,250	\$ 72,500	\$ 1,250
Total Revenues	6,250	71,250	72,500	1,250
EXPENDITURES				
Current:				
City Programs	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	6,250	71,250	72,500	1,250
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(6,250)	(71,250)	(70,000)	1,250
Total Other Financing Sources (Uses)	(6,250)	(71,250)	(70,000)	1,250
Net Change in Fund Balance	-	-	2,500	2,500
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 2,500	\$ 2,500

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 26,750	\$ 34,750	\$ 32,973	\$ (1,777)
Interest Revenues	6,000	6,000	1,783	(4,217)
Miscellaneous Revenues	20,250	12,250	12,304	54
Total Revenues	<u>53,000</u>	<u>53,000</u>	<u>47,060</u>	<u>(5,940)</u>
EXPENDITURES				
Current:				
Dances	18,000	16,000	8,030	7,970
Tours	12,000	21,500	21,144	356
Miscellaneous Expenditures	23,000	15,500	9,515	5,985
Total Expenditures	<u>53,000</u>	<u>53,000</u>	<u>38,689</u>	<u>14,311</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	8,371	8,371
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	8,371	8,371
Fund Balance - Beginning	<u>149,864</u>	<u>149,864</u>	<u>149,864</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 149,864</u>	<u>\$ 149,864</u>	<u>\$ 158,235</u>	<u>\$ 8,371</u>

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, 2012

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 90,570	\$ 102,631	\$ 1,709,162	\$ 1,902,363
Inventories	-	403,042	-	403,042
Total Current Assets	<u>90,570</u>	<u>505,673</u>	<u>1,709,162</u>	<u>2,305,405</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	-	150,000	-	150,000
Improvements other than Buildings	-	16,893	-	16,893
Machinery and Equipment	171,796	33,316	15,000	220,112
Less Accumulated Depreciation	<u>(131,579)</u>	<u>(80,328)</u>	<u>(11,964)</u>	<u>(223,871)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>40,217</u>	<u>119,881</u>	<u>3,036</u>	<u>163,134</u>
Total Assets	<u>130,787</u>	<u>625,554</u>	<u>1,712,198</u>	<u>2,468,539</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	6,908	720	31,777	39,405
Accrued Liabilities	10,199	5,705	1,813	17,717
Accrued Vacation and Sick Leave	41,824	21,434	8,284	71,542
Claims and Judgments	-	-	400,351	400,351
Total Current Liabilities	<u>58,931</u>	<u>27,859</u>	<u>442,225</u>	<u>529,015</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	2,353	1,128	27,575	31,056
Claims and Judgments	-	-	818,199	818,199
Total Noncurrent Liabilities	<u>2,353</u>	<u>1,128</u>	<u>845,774</u>	<u>849,255</u>
Total Liabilities	<u>61,284</u>	<u>28,987</u>	<u>1,287,999</u>	<u>1,378,270</u>
NET ASSETS				
Invested in Capital Assets	40,217	119,881	3,036	163,134
Restricted for Capital Improvements	-	-	-	-
Unrestricted	<u>29,286</u>	<u>476,686</u>	<u>421,163</u>	<u>927,135</u>
Total Net Assets	<u>\$ 69,503</u>	<u>\$ 596,567</u>	<u>\$ 424,199</u>	<u>\$ 1,090,269</u>

City of Orem
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For The Year Ended June 30, 2012

	<u>Fleet Maintenance</u>	<u>Purchasing / Warehousing</u>	<u>Self- Insurance</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services to Other Funds	\$ 688,329	\$ 342,686	\$ 1,565,781	\$ 2,596,796
Other Revenues	-	180	-	180
Total Operating Revenues	<u>688,329</u>	<u>342,866</u>	<u>1,565,781</u>	<u>2,596,976</u>
OPERATING EXPENSES:				
Personnel Services	478,075	240,809	84,778	803,662
Supplies, Maintenance and Claims	207,446	90,624	1,978,187	2,276,257
Depreciation Expense	12,417	6,027	2,143	20,587
Total Operating Expenses	<u>697,938</u>	<u>337,460</u>	<u>2,065,108</u>	<u>3,100,506</u>
Operating Income (Loss)	<u>(9,609)</u>	<u>5,406</u>	<u>(499,327)</u>	<u>(503,530)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on Sales of Fixed Assets	1,080	-	-	1,080
Total Nonoperating Revenues (Expenses)	<u>1,080</u>	<u>-</u>	<u>-</u>	<u>1,080</u>
Income (Loss) before Operating Transfers	(8,529)	5,406	(499,327)	(502,450)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Assets	<u>(8,529)</u>	<u>5,406</u>	<u>(499,327)</u>	<u>(502,450)</u>
Total Net Assets - Beginning	<u>78,032</u>	<u>591,161</u>	<u>923,526</u>	<u>1,592,719</u>
Total Net Assets - Ending	<u>\$ 69,503</u>	<u>\$ 596,567</u>	<u>\$ 424,199</u>	<u>\$ 1,090,269</u>

City of Orem
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended June 30, 2012

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 688,329	\$ 342,866	\$ 1,565,781	\$ 2,596,976
Payments to Suppliers	(200,314)	(113,204)	(1,715,254)	(2,028,772)
Payments to Employees	(478,079)	(236,757)	(84,721)	(799,557)
Net Cash Provided (Used) by Operating Activities	9,936	(7,095)	(234,194)	(231,353)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:				
Proceeds from the Sale of Capital Assets	1,080	-	-	1,080
Net Cash Provided (Used) in Capital Financing Activities	1,080	-	-	1,080
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	11,016	(7,095)	(234,194)	(230,273)
Cash and Cash Equivalents - Beginning of Year	79,554	109,726	1,943,356	2,132,636
Cash and Cash Equivalents - End of Year	\$ 90,570	\$ 102,631	\$ 1,709,162	\$ 1,902,363
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (9,609)	\$ 5,406	\$ (499,327)	\$ (503,530)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	12,417	6,027	2,143	20,587
(Increase) Decrease in Inventory	-	(21,229)	-	(21,229)
Increase (Decrease) in Accounts Payable	4,699	(3,147)	23,561	25,113
Increase (Decrease) in Accrued Liabilities	2,433	1,796	431	4,660
Increase (Decrease) in Accrued Vacation and Sick Leave	(4)	4,052	57	4,105
Increase (Decrease) in Claims and Judgments	-	-	238,941	238,941
Total Adjustments	19,545	(12,501)	265,133	272,177
Net Cash Provided (Used) by Operating Activities	\$ 9,936	\$ (7,095)	\$ (234,194)	\$ (231,353)

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



City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedules By Source - Comparative¹
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Governmental Funds Capital Assets:		
Land	\$ 59,028,414	\$ 59,028,414
Buildings	28,870,213	28,870,213
Improvements other than Buildings	28,606,499	27,466,305
Machinery and Equipment	17,705,567	16,762,846
Infrastructure	111,188,497	108,693,044
Construction in Progress	260,970	1,665,696
Total Governmental Funds Capital Assets	<u>\$ 245,660,160</u>	<u>\$ 242,486,518</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 215,310,799	\$ 213,653,246
Capital Projects Fund	13,961,941	14,557,495
Federal Grants	672,847	323,619
State Road Funds	10,356,194	9,014,939
Redevelopment	2,099,191	2,099,191
Community Development	3,259,188	2,838,028
Total Governmental Funds Capital Assets	<u>\$ 245,660,160</u>	<u>\$ 242,486,518</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, 2012

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	1,601,415	4,025,198	1,634,539
Engineering	-	-	-
Redevelopment	-	-	85,080
Community Development	-	8,105	1,475,818
Total General Government	1,601,415	4,035,378	3,307,988
Public Safety:			
Administration	-	5,377,906	9,407
Police Protection	-	-	87,345
Fire Protection	190,596	2,529,507	820,972
Emergency Services	-	1,580	-
Total Public Safety	190,596	7,908,993	917,724
Highways and Streets:			
Administration & Engineering	33,550	7,874,114	363,324
Street System	51,049,920	-	3,248,712
Street Lighting	-	-	1,421,854
Total Highways and Streets	51,083,470	7,874,114	5,033,890
Parks and Recreation	5,930,588	4,232,958	18,188,372
Library	222,345	4,818,770	1,158,525
Total Governmental Funds Capital Assets	\$ 59,028,414	\$ 28,870,213	\$ 28,606,499

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
1,286,501	-	-	1,360,338
17,592	-	-	27,692
161,790	-	-	161,790
89,020	291,428	-	7,641,600
382,676	-	-	382,676
7,800	2,006,310	-	2,099,190
8,592	1,766,672	-	3,259,187
<u>1,966,125</u>	<u>4,064,410</u>	<u>-</u>	<u>14,975,316</u>
1,249,012	-	-	6,636,325
4,762,425	-	-	4,849,770
4,467,106	-	-	8,008,181
59,569	-	1,166	62,315
<u>10,538,112</u>	<u>-</u>	<u>1,166</u>	<u>19,556,591</u>
436,639	-	-	8,707,627
2,248,480	105,339,041	-	161,886,153
-	1,136,155	-	2,558,009
<u>2,685,119</u>	<u>106,475,196</u>	<u>-</u>	<u>173,151,789</u>
1,979,829	648,891	-	30,980,638
536,382	-	259,804	6,995,826
<u>\$ 17,705,567</u>	<u>\$ 111,188,497</u>	<u>\$ 260,970</u>	<u>\$ 245,660,160</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, 2012

Function and Activity	Governmental Funds Capital Assets June 30, 2011	Additions	Deductions	Governmental Funds Capital Assets June 30, 2012
General Government:				
Executive	\$ 42,843	\$ -	\$ -	\$ 42,843
Administrative Services	1,329,129	31,209	-	1,360,338
Legal	27,692	-	-	27,692
Development Services	161,790	-	-	161,790
General Government	7,641,600	-	(10,191)	7,631,409
Engineering	392,867	-	-	392,867
Redevelopment	2,099,190	-	-	2,099,190
Community Development	2,838,028	421,159	-	3,259,187
Total General Government	<u>14,533,139</u>	<u>452,368</u>	<u>(10,191)</u>	<u>14,975,316</u>
Public Safety:				
Administration	6,640,246	-	(3,921)	6,636,325
Police Protection	4,586,160	662,125	(398,515)	4,849,770
Fire Protection	7,457,120	663,061	(112,000)	8,008,181
Emergency Services	61,149	1,166	-	62,315
Total Public Safety	<u>18,744,675</u>	<u>1,326,352</u>	<u>(514,436)</u>	<u>19,556,591</u>
Highways and Streets:				
Administration & Engineering	8,657,724	49,903	-	8,707,627
Street System	160,538,484	1,635,106	(287,437)	161,886,153
Street Lighting	2,558,009	-	-	2,558,009
Total Highways and Streets	<u>171,754,217</u>	<u>1,685,009</u>	<u>(287,437)</u>	<u>173,151,789</u>
Parks and Recreation	30,668,722	327,325	(15,409)	30,980,638
Library	6,785,763	210,063	-	6,995,826
Total Governmental Funds Capital Assets	<u>\$ 242,486,516</u>	<u>\$ 4,001,117</u>	<u>\$ (827,473)</u>	<u>\$ 245,660,160</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	124
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	132
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	144
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	155
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	160
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 and GASB Statement 54 for the fiscal year ending June 30, 2011. The new information required by these statements is shown prospectively except in those cases in which prior year information was readily available.

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 98,891,248	\$ 102,275,533	\$ 102,793,522	\$ 106,186,394
Restricted	1,197,534	2,828,490	2,018,812	2,177,533
Unrestricted	<u>21,413,234</u>	<u>21,269,937</u>	<u>25,146,428</u>	<u>28,835,694</u>
Total Governmental Activities Net Assets	<u>121,502,016</u>	<u>126,373,960</u>	<u>129,958,762</u>	<u>137,199,621</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	39,853,758	41,914,527	42,361,442	44,153,834
Restricted	-	849,578	1,446,437	190,283
Unrestricted	<u>7,958,316</u>	<u>6,324,578</u>	<u>6,005,168</u>	<u>8,248,979</u>
Total Business-type Activities Net Assets	<u>47,812,074</u>	<u>49,088,683</u>	<u>49,813,047</u>	<u>52,593,096</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	138,745,006	144,190,060	145,154,964	150,340,228
Restricted	1,197,534	3,678,068	3,465,249	2,367,816
Unrestricted	<u>29,371,550</u>	<u>27,594,515</u>	<u>31,151,596</u>	<u>37,084,673</u>
Total Primary Government Net Assets	<u>\$ 169,314,090</u>	<u>\$ 175,462,643</u>	<u>\$ 179,771,809</u>	<u>\$ 189,792,717</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 114,171,270	\$ 117,130,313	\$ 120,836,719	\$ 117,860,004	\$ 120,200,518	\$ 118,628,873
4,388,201	4,701,465	4,921,721	4,538,256	21,068,271	22,727,294
26,880,967	27,564,080	24,022,927	28,287,115	11,301,287	12,619,271
<u>145,440,438</u>	<u>149,395,858</u>	<u>149,781,367</u>	<u>150,685,375</u>	<u>152,570,076</u>	<u>153,975,438</u>
52,823,374	51,848,628	51,508,253	51,418,176	50,282,917	51,205,188
-	-	-	4,281,613	4,069,158	2,244,480
<u>4,255,124</u>	<u>8,709,036</u>	<u>10,772,961</u>	<u>6,880,529</u>	<u>8,249,952</u>	<u>11,483,226</u>
<u>57,078,498</u>	<u>60,557,664</u>	<u>62,281,214</u>	<u>62,580,318</u>	<u>62,602,027</u>	<u>64,932,894</u>
166,994,644	168,978,941	172,344,972	169,278,180	170,483,435	169,834,061
4,388,201	4,701,465	4,921,721	8,819,869	25,137,429	24,971,774
31,136,091	36,273,116	34,795,888	35,167,644	19,551,239	24,102,497
<u>\$ 202,518,936</u>	<u>\$ 209,953,522</u>	<u>\$ 212,062,581</u>	<u>\$ 213,265,693</u>	<u>\$ 215,172,103</u>	<u>\$ 218,908,332</u>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
General Government	\$ 10,371,617	\$ 10,984,241	\$ 10,415,773	\$ 10,975,627	\$ 13,206,656	\$ 14,062,762
Public Safety	14,134,188	14,598,906	15,346,389	16,234,941	17,855,927	19,491,191
Highways and Public Improvements	5,545,048	5,731,034	7,100,065	6,485,972	6,574,954	8,646,549
Parks, Recreation and Arts	6,028,910	6,333,042	6,662,804	6,866,860	7,904,959	9,416,719
Economic and Physical Development	2,045,185	2,008,877	1,978,787	4,555,829	4,134,244	3,221,573
Redevelopment	683,317	1,053,395	542,663	846,212	1,189,544	593,283
Interest on Long-term Debt	1,547,707	2,038,946	1,882,277	2,083,152	2,263,478	2,217,525
Total Governmental Activities Expenses	40,355,972	42,748,441	43,928,758	48,048,593	53,129,762	57,649,602
Business-type Activities:						
Water	6,289,895	6,442,662	6,804,176	7,503,542	7,431,471	8,388,236
Water Reclamation	5,767,224	5,865,945	5,826,744	5,975,572	5,894,276	5,982,610
Storm Sewer	1,187,091	1,268,541	1,539,806	1,814,312	1,725,747	2,004,281
Recreation	1,900,263	2,203,195	2,047,026	1,989,045	1,567,468	1,617,587
Solid Waste	2,557,169	2,652,512	2,708,103	2,774,492	2,955,518	3,014,707
Street Lighting	824,071	910,969	1,133,368	1,131,094	1,168,820	1,244,305
Total Business-type Activities Expenses	18,525,713	19,343,824	20,059,223	21,188,057	20,741,100	22,251,726
Total Primary Government Expenses	58,881,685	62,092,265	63,987,981	69,236,650	73,870,862	79,901,328
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	8,498,206	10,000,133	9,725,813	10,282,461	11,054,187	11,637,008
Public Safety	2,404,674	2,404,343	2,779,134	2,765,785	3,156,406	3,339,720
Parks, Recreation and Arts	6,960	8,910	12,559	19,717	301,383	545,132
Economic and Physical Development	459,023	308,367	286,904	289,476	273,279	277,113
Operating Grants and Contributions	1,535,732	1,407,736	1,546,029	1,597,103	852,452	1,438,884
Capital Grants and Contributions	2,649,670	8,309,689	3,178,409	4,168,784	5,800,844	4,127,289
Total Governmental Activities Program Revenues	15,554,265	22,439,178	17,528,848	19,123,326	21,438,551	21,425,146
Business-type Activities:						
Charges for Services:						
Water	5,754,336	6,128,218	6,166,137	6,952,156	7,741,810	9,331,098
Water Reclamation	5,117,609	4,968,507	4,824,003	5,800,558	6,164,501	6,073,791
Storm Sewer	2,153,728	2,402,202	2,470,225	2,510,331	2,523,425	2,549,082
Recreation	1,197,535	1,600,892	1,761,167	1,648,619	1,452,458	1,588,894
Solid Waste	2,626,672	2,755,344	2,853,586	2,900,873	2,893,052	2,961,104
Street Lighting	305,136	488,672	628,449	672,033	684,250	689,343
Operating Grants and Contributions	1,000,000	-	-	-	248,000	-
Capital Grants and Contributions	517,000	1,003,250	1,123,170	1,763,440	2,677,880	926,500
Total Business-type Activities Program Revenues	18,672,076	19,327,085	19,826,737	22,248,010	24,375,376	24,119,812
Total Primary Government Program Revenues	34,226,341	41,766,263	37,355,585	41,371,336	45,813,927	45,544,958
Net (Expense) Revenue						
Governmental Activities	(24,801,707)	(20,309,263)	(26,399,910)	(28,925,267)	(31,691,211)	(36,224,456)
Business-type Activities	146,363	(16,739)	(232,486)	1,059,953	3,634,276	1,868,086
Total Primary Government Net (Expense) Revenue	\$ (24,655,344)	\$ (20,326,002)	\$ (26,632,396)	\$ (27,865,314)	\$ (28,056,935)	\$ (34,356,370)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Sales Taxes	13,708,023	14,092,331	15,373,690	18,008,143	21,330,290	20,616,891
Property Taxes	6,577,989	7,188,114	7,710,887	8,741,450	9,558,706	9,082,392
Franchise Taxes	4,500,648	4,819,932	5,970,311	6,888,934	6,804,907	7,291,044
Vehicle and Other Taxes	976,352	1,015,120	1,011,729	1,079,912	1,288,386	1,114,817
Unrestricted Investment Earnings	479,461	292,972	452,157	1,424,846	1,735,589	1,468,514
Gain (Loss) on Sale of Capital Assets	27,731	28,579	78,726	774,740	3,567,621	666,063
Transfers	(463,030)	(1,225,304)	(612,768)	(751,899)	(153,471)	(1,036,106)
Total Governmental Activities	25,807,174	26,191,744	29,984,712	36,166,126	44,132,028	39,204,215
Business-type Activities:						
Unrestricted Investment Earnings	113,546	68,044	312,582	968,197	699,801	443,870
Gain (Loss) on Sale of Capital Assets	(37,888)	-	31,500	-	(2,146)	131,104
Transfers	463,030	1,225,304	612,768	751,899	153,471	1,036,106
Total Business-type Activities	538,688	1,293,348	956,850	1,720,096	851,126	1,611,080
Total Primary Government	26,345,862	27,485,092	30,941,562	37,886,222	44,983,154	40,815,295
Change in Net Assets						
Governmental Activities	1,005,467	5,882,481	3,584,802	7,240,859	12,440,817	2,979,759
Business-type Activities	685,051	1,276,609	724,364	2,780,049	4,486,402	3,479,166
Total Primary Government	\$ 1,690,518	\$ 7,159,090	\$ 4,309,166	\$ 10,020,908	\$ 16,926,219	\$ 6,458,925

Fiscal Year				
	2009	2010	2011	2012
\$	12,836,604	\$ 10,173,033	\$ 10,878,275	\$ 11,154,305
	20,362,956	20,987,542	21,030,800	21,611,770
	8,299,238	7,677,709	8,445,665	7,987,142
	9,474,718	9,291,122	9,018,719	9,266,216
	1,886,214	1,868,880	1,831,623	1,664,674
	1,026,908	1,030,308	1,039,965	1,651,667
	<u>2,171,793</u>	<u>2,130,686</u>	<u>1,857,526</u>	<u>3,054,187</u>
	<u>56,048,431</u>	<u>53,159,280</u>	<u>54,102,573</u>	<u>56,989,961</u>
	8,849,126	9,790,583	9,726,003	9,939,501
	5,996,131	5,963,812	5,924,058	6,173,983
	2,250,279	2,312,019	2,272,163	2,335,612
	1,595,721	1,766,296	1,765,355	1,818,935
	3,128,564	3,211,021	3,180,547	3,189,138
	<u>1,250,390</u>	<u>1,275,827</u>	<u>1,282,288</u>	<u>1,231,494</u>
	<u>23,170,201</u>	<u>24,319,558</u>	<u>24,150,414</u>	<u>24,688,663</u>
	<u>79,218,632</u>	<u>77,478,838</u>	<u>78,252,987</u>	<u>81,078,624</u>
	9,687,642	7,689,108	8,778,383	9,943,923
	4,928,986	4,603,279	4,246,902	4,116,110
	621,115	554,474	818,010	833,489
	306,039	33,632	9,571	78,199
	1,389,082	1,595,959	2,254,533	2,077,014
	<u>2,881,835</u>	<u>3,074,396</u>	<u>2,966,474</u>	<u>2,565,504</u>
	<u>19,794,699</u>	<u>17,550,848</u>	<u>19,073,873</u>	<u>19,614,239</u>
	9,402,862	8,468,089	9,237,211	11,040,897
	6,060,235	6,448,057	6,597,342	6,811,766
	2,688,822	2,819,306	2,639,270	2,944,351
	1,610,947	1,590,568	1,656,084	1,704,847
	2,399,129	3,084,768	3,102,999	3,180,937
	742,629	866,134	864,928	869,312

	.	313,622	112,480	73,400
	<u>23,504,624</u>	<u>23,590,544</u>	<u>24,210,314</u>	<u>26,625,510</u>
	<u>43,299,323</u>	<u>41,141,392</u>	<u>43,284,187</u>	<u>46,239,749</u>
	(36,253,732)	(35,608,432)	(35,028,700)	(37,375,722)
	334,423	(729,014)	59,900	1,936,847
\$	<u>(65,919,309)</u>	<u>(36,337,446)</u>	<u>(34,968,800)</u>	<u>(35,438,875)</u>
	17,989,571	16,779,178	17,096,224	18,106,273
	10,243,876	10,320,412	10,893,480	11,008,739
	7,342,725	7,643,257	7,301,384	7,437,757
	1,038,934	1,505,864	1,332,635	1,963,732
	1,017,692	212,169	180,340	288,930
	8,591	74,794	17,405	73,693
	<u>(1,002,148)</u>	<u>(68,020)</u>	<u>91,933</u>	<u>(98,040)</u>
	<u>36,639,241</u>	<u>36,467,654</u>	<u>36,913,401</u>	<u>38,781,084</u>
	307,064	92,554	80,038	125,167
	79,915	10,156	(26,296)	170,813
	<u>1,002,148</u>	<u>68,020</u>	<u>(91,933)</u>	<u>98,040</u>
	<u>1,389,127</u>	<u>170,730</u>	<u>(38,191)</u>	<u>394,020</u>
	<u>38,028,368</u>	<u>36,638,384</u>	<u>36,875,210</u>	<u>39,175,104</u>
	385,509	859,222	1,884,701	1,405,362
	1,723,550	(558,284)	21,709	2,330,867
\$	<u>2,109,059</u>	<u>300,938</u>	<u>1,906,410</u>	<u>3,736,229</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Nonspendable	\$ -	\$ -	\$ 1,875	\$ 30,351
Restricted	2,273,488	718,380	782,669	1,322,355
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	7,057,860	9,347,408	6,521,065	6,140,485
Total General Fund	9,331,348	10,065,788	7,305,609	7,493,191
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	1,261,477	2,110,110	2,761,033	3,385,254
Committed	1,836,557	327,164	9,042,061	9,713,980
Assigned	4,656,399	2,958,073	7,297,535	7,616,406
Total All Other Governmental Funds	7,754,433	5,395,347	19,100,629	20,715,640
Total Governmental Funds				
Nonspendable	-	-	1,875	30,351
Restricted	3,534,965	2,828,490	3,543,702	4,707,609
Committed	1,836,557	327,164	9,042,061	9,713,980
Assigned	4,656,399	2,958,073	7,297,535	7,616,406
Unassigned	7,057,860	9,347,408	6,521,065	6,140,485
Total Governmental Funds	\$ 17,085,781	\$ 15,461,135	\$ 26,406,238	\$ 28,208,831

Note: The City implemented GASB Statement 54 for the fiscal year ending June 30, 2011. The new information required by this statement is shown prospectively except in those cases in which prior year information was readily available.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 19,799	\$ 22,636	\$ 26,745	\$ 51,604	\$ 107,041	\$ 97,590
1,720,950	1,635,185	1,743,596	4,345,683	5,439,904	5,367,461
-	-	-	-	497,768	75,000
-	-	-	-	1,226,527	2,145,703
9,031,333	10,962,112	6,773,200	5,410,613	3,471,493	3,396,016
10,772,082	12,619,933	8,543,541	9,807,900	10,742,733	11,081,770
-	-	-	1,442,352	3,406,170	4,341,351
5,883,576	7,519,224	9,670,532	9,746,056	12,115,156	12,920,892
1,911,824	-	-	-	109,753	-
7,923,283	6,008,984	5,972,530	4,433,744	1,158,818	2,487,021
15,718,683	13,528,208	15,643,062	15,622,152	16,789,897	19,749,264
19,799	22,636	26,745	1,493,956	3,513,211	4,438,941
7,604,526	9,154,409	11,414,128	14,091,739	17,555,060	18,288,353
1,911,824	-	-	-	607,521	75,000
7,923,283	6,008,984	5,972,530	4,433,744	2,385,345	4,632,724
9,031,333	10,962,112	6,773,200	5,410,613	3,471,493	3,396,016
\$ 26,490,765	\$ 26,148,141	\$ 24,186,603	\$ 25,430,052	\$ 27,532,630	\$ 30,831,034

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes and Special Assessments	\$ 25,773,431	\$ 27,093,824	\$ 29,845,163	\$ 35,035,714	\$ 39,405,860
Licenses and Permits	1,004,672	1,295,544	1,366,925	1,880,567	1,647,862
Intergovernmental	4,153,970	4,804,640	4,536,148	4,110,180	3,656,271
Charges for Services	3,197,288	3,544,661	3,663,844	3,865,549	4,509,999
Fines and Forfeitures	547,988	454,749	566,175	534,071	607,152
Charges for Services - Other Funds	3,546,614	3,701,855	3,654,299	3,681,670	3,821,727
Interest Income	545,589	350,831	477,456	1,270,386	1,619,097
Miscellaneous Revenue	1,330,019	1,643,953	3,464,193	2,335,497	5,416,232
Total Revenues	40,099,571	42,890,057	47,574,203	52,713,634	60,684,200
Expenditures					
General Government	9,528,847	9,777,288	9,942,870	10,133,159	11,243,791
Public Safety	14,187,339	15,121,260	16,293,215	15,534,673	16,593,911
Highways and Public Improvements	3,648,773	4,850,849	4,208,802	4,223,289	4,062,508
Parks, Recreation and Arts	5,027,240	5,064,150	5,130,601	5,294,410	5,974,738
Economic and Physical Development	1,016,568	944,119	1,102,607	3,354,384	3,500,924
Redevelopment	677,067	857,550	530,618	594,165	620,031
Debt Service:					
Principal Retirement	2,249,000	2,566,957	3,047,454	4,319,780	2,967,022
Interest and Fiscal Charges	1,846,933	2,043,617	1,873,517	2,226,774	2,191,810
Capital Lease Payments - Principal	214,900	127,123	80,627	112,590	115,378
Capital Lease Payments - Interest	26,557	15,026	10,845	18,327	11,815
Capital Outlay	14,202,752	4,735,354	1,764,864	12,971,979	17,514,340
Total Expenditures	52,625,976	46,103,293	43,986,020	58,783,530	64,796,268
Excess of Revenues over					
(under) Expenditures	(12,526,405)	(3,213,236)	3,588,183	(6,069,896)	(4,112,068)
Other Financing Sources (Uses)					
Issuance of Bonds & Other Debt	-	1,300,000	12,960,000	8,485,113	6,814,204
Bond Issuance Premium	-	-	189,409	138,450	-
Payment to Bond Refunding Agent	-	-	(3,790,000)	-	(3,770,800)
Capital Leases	-	-	58,560	-	-
Transfers In	5,666,551	6,899,378	11,582,120	9,018,070	7,873,388
Transfers Out	(6,107,542)	(7,839,846)	(13,643,169)	(9,769,144)	(8,522,790)
Total Other Financing Sources (Uses)	(440,991)	359,532	7,356,920	7,872,489	2,394,002
Net Change in Fund Balances	\$ (12,967,396)	\$ (2,853,704)	\$ 10,945,103	\$ 1,802,593	\$ (1,718,066)
Debt Service as a percentage					
of Noncapital Expenditures	11.7%	12.3%	12.3%	14.6%	11.4%

Fiscal Year				
2008	2009	2010	2011	2012
\$ 38,517,744	\$ 37,312,000	\$ 36,955,125	\$ 36,999,164	\$ 40,286,108
1,596,935	1,027,151	1,080,748	1,213,994	1,093,859
4,325,215	3,836,399	4,670,355	5,221,007	4,642,518
4,832,559	5,819,384	5,621,965	5,744,989	5,789,061
580,510	608,103	618,992	1,073,523	1,343,329
3,921,154	4,081,747	4,347,299	4,239,346	4,478,369
1,321,190	732,409	209,311	259,815	340,125
2,311,797	1,540,989	2,977,428	1,917,299	2,302,321
<u>57,407,104</u>	<u>54,958,182</u>	<u>56,481,223</u>	<u>56,669,137</u>	<u>60,275,690</u>
11,620,136	11,433,442	10,843,565	11,562,870	10,348,586
17,851,249	19,338,116	19,729,088	20,098,983	20,371,289
4,107,184	4,188,647	5,322,963	4,285,166	3,707,727
7,807,327	8,052,037	7,785,452	7,510,159	7,730,925
1,998,675	676,049	667,883	630,073	1,588,116
577,702	939,909	940,879	950,536	1,562,238
3,260,950	6,860,871	4,200,905	4,877,352	3,834,833
2,146,891	2,436,375	2,197,450	1,983,792	3,821,259
68,361	87,660	37,200	34,028	31,132
5,824	4,755	2,259	1,718	1,989
<u>10,520,814</u>	<u>5,985,800</u>	<u>3,606,664</u>	<u>4,712,497</u>	<u>4,435,299</u>
<u>59,965,113</u>	<u>60,003,661</u>	<u>55,334,308</u>	<u>56,647,174</u>	<u>57,433,393</u>
(2,558,009)	(5,045,479)	1,146,915	21,963	2,842,297
7,120,593	6,808,000	4,375,000	1,915,000	1,814,000
169,576	118,936	434,811	-	-
(5,750,946)	(2,905,000)	(4,703,082)	-	(1,785,000)
90,783	34,977	-	73,078	525,147
6,648,353	6,902,301	12,735,609	4,018,147	5,933,470
(7,038,634)	(7,875,273)	(12,790,590)	(3,925,610)	(6,031,510)
<u>1,239,725</u>	<u>3,083,941</u>	<u>51,748</u>	<u>2,080,615</u>	<u>456,107</u>
<u>\$ (1,318,284)</u>	<u>\$ (1,961,538)</u>	<u>\$ 1,198,663</u>	<u>\$ 2,102,578</u>	<u>\$ 3,298,404</u>

10.8% 17.1% 12.3% 13.0% 14.3%

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
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
2009	2,531,397,498	88,201,742	1,625,957,618	927,232	5,171,123
2010	2,442,893,252	69,047,883	1,665,301,399	477,597	3,173,671
2011	2,319,187,515	60,784,441	1,551,035,553	446,286	3,599,142

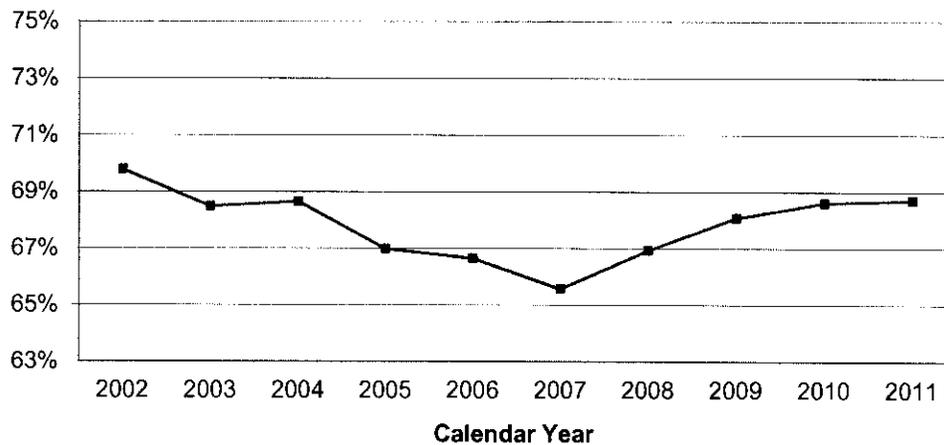
Source: Utah State Tax Commission - Property Tax Division

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
\$ 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%
292,671,778	25,501,802	4,569,828,793	0.001676	6,713,137,262	68.07%
275,721,406	33,596,021	4,490,211,229	0.001739	6,545,435,794	68.60%
294,715,129	43,727,917	4,273,495,983	0.001879	6,220,745,765	68.70%

Taxable Assessed Value as a % of Actual Taxable Value



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

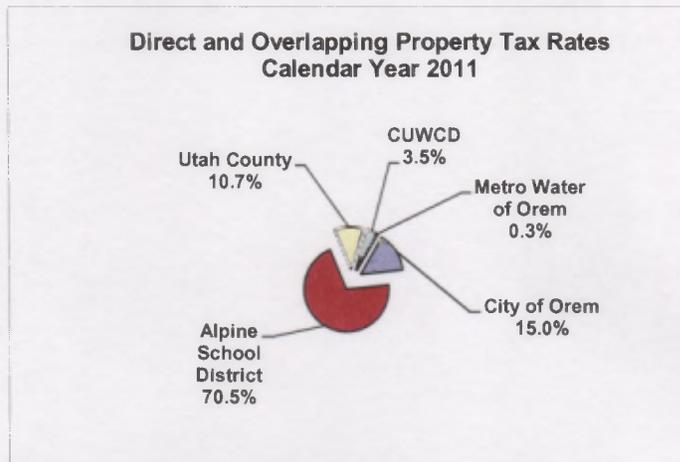
Calendar Year ²	City of Orem Direct Rates			Overlapping Rates ¹					Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem		
2002	0.001378%	0.000299%	0.001677%	0.006953%	0.001053%	0.000358%	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	
2009	0.001166	0.000510	0.001676	0.007541	0.001203	0.000400	0.000035	0.010855	
2010	0.001220	0.000519	0.001739	0.008220	0.001294	0.000421	0.000036	0.011710	
2011	0.001325	0.000554	0.001879	0.008812	0.001342	0.000436	0.000039	0.012508	

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 2011			Calendar Year 2002		
	Taxable Assessed Value¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value¹	Rank	Percentage of Total Taxable Assessed Value
University Mall	\$ 118,038,185	1	2.76%	\$ 71,604,041	1	2.28%
TCU Properties	57,137,700	2	1.34%	27,576,555	2	0.88%
Timpanogos Regional Hospital	42,824,700	3	1.00%	19,000,000	4	0.60%
Wolverine Crossing LLC	18,278,730	4	0.43%	----		----
GGP UC LLC	17,876,300	5	0.42%	----		----
Boyer Lake Point Shopping Ctr	17,819,200	6	0.42%	13,553,359	6	0.43%
Retail Trust III (Walmart)	15,672,200	7	0.37%	----		----
Dickson Properties LLC	15,458,900	8	0.36%	12,600,000	7	0.40%
Orem Eastpointe LLC	13,681,800	9	0.32%	----		----
Dayton Hudson Corporation	13,414,000	10	0.31%	----		----
Price Development	----		----	20,541,802	3	0.65%
Nordstrom	----		----	14,704,355	5	0.47%
Lowe's (Eagle Hardware)	----		----	9,375,822	8	0.30%
BRE Property Investors LLC	----		----	9,093,088	9	0.29%
Novell, Inc.	----		----	9,070,000	10	0.29%
Total	\$ 330,201,715		7.73%	\$ 207,119,022		6.59%

Notes: Electric, telephone and natural gas utilities are centrally assessed by the State Tax Commission. These assessed amounts were not available in 2002 and therefore, Century Link (formerly Qwest Corporation (\$14,825,756)), Pacificorp (\$46,855,573), and Questar Gas (\$18,027,646) 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 Year¹	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections
2002	\$ 5,118,892	\$ 4,688,570	91.59%	\$ 350,984	\$ 5,039,554
2003	5,003,673	4,655,802	93.05%	280,849	4,936,651
2004	5,418,232	4,992,684	92.15%	343,356	5,336,040
2005	6,184,713	5,689,452	91.99%	400,587	6,090,039
2006	6,628,909	6,136,638	92.57%	433,655	6,570,293
2007	6,797,960	6,247,920	91.91%	482,966	6,730,886
2008	6,760,841	6,077,279	89.89%	582,146	6,659,425
2009	6,953,441	6,216,940	89.41%	585,653	6,802,593
2010	7,075,315	6,381,759	90.20%	482,491	6,864,250
2011	7,301,643	6,644,493	91.00%	400,313	7,044,806

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

Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
98.45%	\$ 79,338	1.55%
98.66%	67,022	1.34%
98.48%	82,192	1.52%
98.47%	94,674	1.53%
99.12%	58,616	0.88%
99.01%	67,074	0.99%
98.50%	101,416	1.50%
97.83%	150,848	2.17%
97.02%	211,065	2.98%
96.48%	256,837	3.52%

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

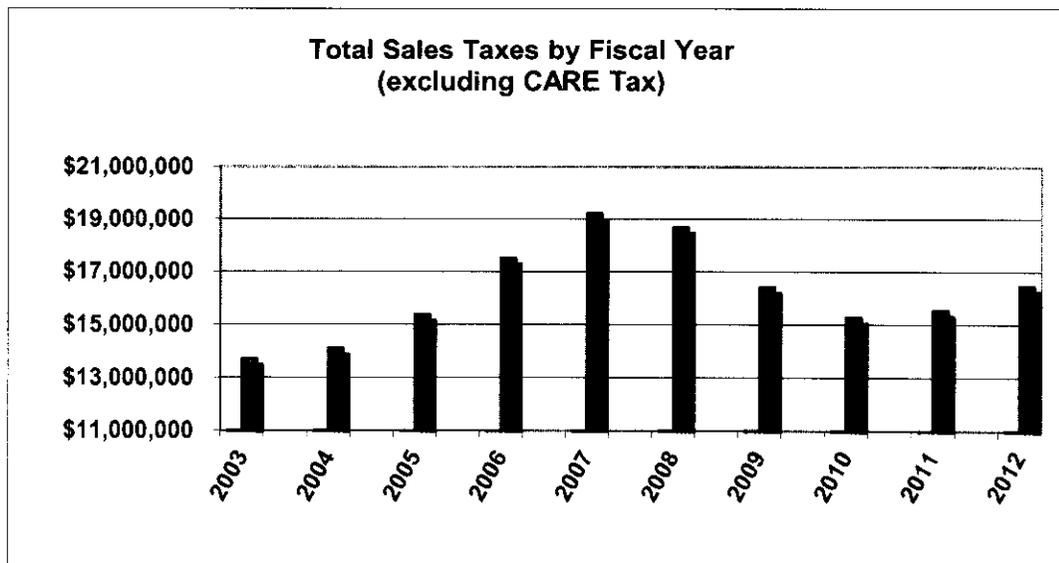
	Fiscal Year			
	2003	2004	2005	2006
General Merchandise and Groceries	\$ 4,248,061	\$ 4,371,549	\$ 4,326,371	\$ 4,583,315
Building Materials, Hardware, and Tools	1,809,798	1,925,917	2,374,234	3,113,143
Auto Dealers, Supplies, and Accessories	1,838,868	1,837,823	2,062,928	2,400,102
Home Furnishings, Appliances, & Electronics	1,528,310	1,769,511	1,983,027	2,176,207
Eating and Drinking Establishments	955,788	1,038,994	1,048,781	1,092,668
Clothing, Apparel, and Accessories	822,242	843,961	851,206	901,081
Professional Equipment and Supplies	699,054	711,657	782,075	838,456
Arts, Crafts, and Specialty Items	441,109	494,137	560,885	574,746
Amusement and Recreation	568,971	535,883	550,779	516,686
All Other Categories	795,822	562,899	833,404	1,313,806
Subtotal - City Direct	13,708,023	14,092,331	15,373,690	17,510,210
Cultural Arts & Recreation Enhancement (CARE)	-	-	-	497,933
Total City Direct Sales Taxes	\$ 13,708,023	\$ 14,092,331	\$ 15,373,690	\$ 18,008,143
Total City Direct Sales Tax Rate ¹	1.00%	1.00%	1.00%	1.00%
% Increase (Decrease) from prior year	-9.60%	2.80%	9.09%	17.14%
% Increase (Decrease) from prior year, excluding CARE Tax amounts	-9.60%	2.80%	9.09%	13.90%

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 142 for additional information regarding this rate.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 4,449,949	\$ 4,598,711	\$ 4,651,651	\$ 4,660,428	\$ 4,712,411	\$ 4,959,192
3,523,720	2,922,582	1,978,366	1,512,797	1,499,525	1,589,790
2,620,381	2,603,405	2,191,650	2,111,247	2,141,910	2,338,347
2,085,481	1,973,203	1,587,587	1,452,814	1,428,452	1,560,747
1,057,380	1,045,771	1,037,920	1,002,978	1,097,571	1,200,356
1,332,725	1,516,201	1,405,704	1,319,296	1,352,740	1,435,943
904,339	974,911	898,478	906,171	933,040	1,031,773
588,905	454,428	408,061	305,719	338,630	312,424
618,918	576,829	564,190	563,129	540,342	559,763
2,034,389	2,018,648	1,690,771	1,442,919	1,494,365	1,465,414
19,216,187	18,684,689	16,414,378	15,277,498	15,538,986	16,453,749
2,114,103	1,932,202	1,575,193	1,501,679	1,557,238	1,652,524
\$ 21,330,290	\$ 20,616,891	\$ 17,989,571	\$ 16,779,177	\$ 17,096,224	\$ 18,106,273

1.00%	1.00%	1.00%	1.10%	1.10%	1.10%
18.45%	-3.34%	-12.74%	-6.73%	1.89%	5.91%
9.74%	-2.77%	-12.15%	-6.93%	1.71%	5.89%



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

	Fiscal Year 2012			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	573	11.03%	\$ 4,959,192	30.14%
Building Materials, Hardware, and Tools	338	6.50%	1,589,790	9.66%
Auto Dealers, Supplies, and Accessories	330	6.35%	2,338,347	14.21%
Home Furnishings, Appliances, & Electronics	256	4.93%	1,560,747	9.49%
Eating and Drinking Establishments	235	4.52%	1,200,356	7.30%
Clothing, Apparel, and Accessories	215	4.14%	1,435,943	8.73%
Professional Equipment and Supplies	867	16.68%	1,031,773	6.27%
Arts, Crafts, and Specialty Items	270	5.20%	312,424	1.90%
Amusement and Recreation	190	3.66%	559,763	3.40%
All Other Categories	1,923	37.00%	1,465,414	8.91%
Total	5,197	100.00%	\$ 16,453,749	100.00%

	Fiscal Year 2003			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	272	10.97%	\$ 4,248,061	30.99%
Building Materials, Hardware, and Tools	182	7.34%	1,809,798	13.20%
Auto Dealers, Supplies, and Accessories	233	9.40%	1,838,868	13.41%
Home Furnishings, Appliances, & Electronics	172	6.94%	1,528,310	11.15%
Eating and Drinking Establishments	182	7.34%	955,788	6.97%
Clothing, Apparel, and Accessories	110	4.44%	822,242	6.00%
Professional Equipment and Supplies	342	13.79%	699,054	5.10%
Arts, Crafts, and Specialty Items	217	8.75%	441,109	3.22%
Amusement and Recreation	124	5.00%	568,971	4.15%
All Other Categories	646	26.05%	795,822	5.81%
Total	2,480	100.00%	\$ 13,708,023	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 2012			Fiscal Year 2003		
	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	2	N/A
Wal-Mart Supercenter	N/A	2	N/A	N/A	1	N/A
Target	N/A	3	N/A	N/A	4	N/A
U.S. Synthetic Corporation	N/A	4	N/A	----		----
Garff Warner Nissan of Orem	N/A	5	N/A	----		----
Brent Brown Toyota	N/A	6	N/A	----		----
RC Willey Home Furnishings	N/A	7	N/A	N/A	3	N/A
Winco Foods	N/A	8	N/A	----		----
Best Buy	N/A	9	N/A	----		----
Ken Garff Honda of Orem	N/A	10	N/A	N/A	9	N/A
Lowe's (Eagle) Hardware	----		----	N/A	5	N/A
Macey's, Inc.	----		----	N/A	6	N/A
Mountainland Supply Company	----		----	N/A	7	N/A
Willey Ford Mazda of Orem	----		----	N/A	8	N/A
Macy's (Meier & Frank)	----		----	N/A	10	N/A
Total	<u>\$ 5,402,429</u>		<u>29.84%</u>	<u>\$ 4,022,854</u>		<u>29.35%</u>

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.

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
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
2010	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2011	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2012	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.

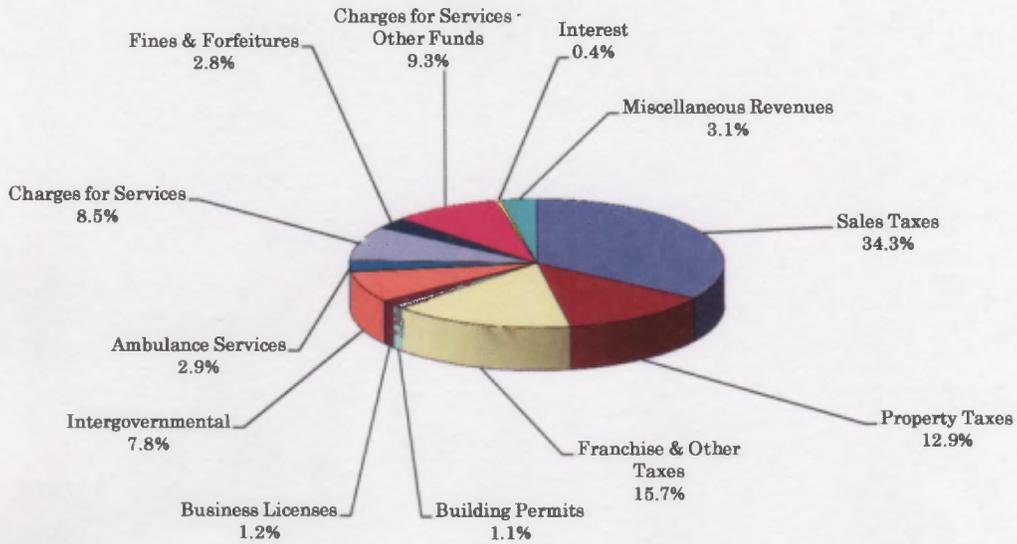
² This additional sales tax rate was voted on by the citizens of Utah County and went into effect on April 1, 2007. The additional tax is to be used to fund highways, fixed guideways, or systems for public transit.

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.

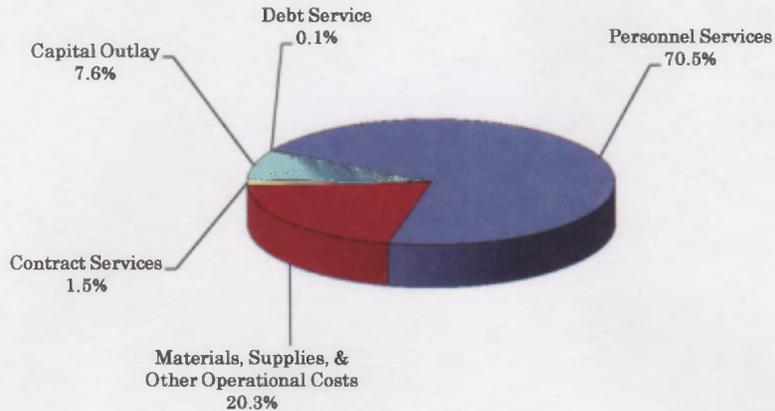
⁴ The total sales tax rate for non-prepared food and food ingredients was set at 3.00% statewide (1.00% City Direct Rate, 0.25% County Direct Rate, and 1.75% State Direct Rate) and went into effect on January 1, 2008.

City of Orem
 General Fund - Revenues and Expenditures
 For The Year Ended June 30, 2012
 (Unaudited)

GENERAL FUND - REVENUES



GENERAL FUND - EXPENDITURES



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

Governmental Activities							
Fiscal Year	General	Excise Tax	Sales Tax	Franchise	Lease	Special	Notes
	Obligation	Revenue	Revenue	Tax	Revenue	Assessment	
	Bonds	Bonds	Bonds	Revenue	Bonds	Bonds	Payable
2003	\$ 8,900,000	\$ 2,181,000	\$ 12,010,000	\$ -	\$ 11,975,000	\$ 3,675,000	\$ 1,010,532
2004	8,490,000	1,337,000	11,720,000	-	11,075,000	4,965,000	892,580
2005	17,225,000	452,000	11,285,000	-	10,140,000	4,735,000	765,119
2006	21,995,000	-	10,810,000	-	9,170,000	3,195,000	3,597,449
2007	21,025,000	-	10,310,000	-	8,423,000	2,940,000	6,396,631
2008	19,960,000	-	9,985,000	-	7,343,000	2,675,000	7,476,274
2009	18,825,000	-	9,405,000	-	6,222,000	6,338,000	3,691,403
2010	17,665,000	-	8,790,000	4,375,000	380,000	5,806,000	2,964,498
2011	16,460,000	-	8,115,000	3,875,000	-	7,229,000	1,339,146
2012	15,210,000	-	7,434,000	3,375,000	-	5,925,000	1,268,313

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

Business-type Activities						
Capital Leases	Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 302,189	\$ 2,380,000	\$ -	\$ -	\$ 42,433,721	3.28%	\$ 500
175,066	2,217,000	-	-	40,871,646	2.99	474
152,999	2,048,000	17,440,000	-	64,243,118	4.64	740
243,896	1,873,757	17,440,000	52,829	68,377,931	4.58	782
124,186	1,692,757	17,950,000	39,834	68,901,408	4.21	786
140,400	1,505,757	24,593,000	21,210	73,699,641	4.48	837
81,166	1,311,757	23,859,000	1,556	69,734,882	4.36	791
43,447	3,019,757	23,043,000	-	66,086,702	4.44	749
82,497	10,312,757	22,190,000	-	69,603,400	4.66	785
576,512	12,578,757	21,300,000	-	67,667,582	4.49	758

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
2003	84,918	\$ 3,142,554,036	\$ 8,900,000	\$ 229,007	\$ 8,670,993	0.28%	102
2004	86,312	3,206,137,786	8,490,000	251,119	8,238,881	0.26	95
2005	86,802	3,274,746,940	17,225,000	441,821	16,783,179	0.51	193
2006	87,399	3,309,521,510	21,995,000	604,104	21,390,896	0.65	245
2007	87,662	3,519,237,842	21,025,000	645,663	20,379,337	0.58	232
2008	88,073	4,413,068,896	19,960,000	655,990	19,304,010	0.44	219
2009	88,196	4,716,165,754	18,825,000	3,278,577	15,546,423	0.33	176
2010	88,256	4,569,828,793	17,665,000	2,475,955	15,189,045	0.33	172
2011	88,697	4,490,211,229	16,460,000	49,299	16,410,701	0.37	185
2012	89,279	4,273,495,983	15,210,000	1,282,169	13,927,831	0.33	156

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, 2012
(Unaudited)

Jurisdiction	Total Governmental Activities 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	\$ 37,364,517	100.0000%	\$ 37,364,517
Overlapping Debt:			
Alpine School District	375,370,000	27.4813%	103,156,419
Utah County	1,680,000	16.1915%	272,018
Central Utah Water Conservancy District	<u>272,780,790</u>	4.1814%	<u>11,406,158</u>
Total Overlapping Debt	649,830,790		114,834,595
Total Direct and Overlapping Debt	<u><u>\$ 687,195,307</u></u>		<u><u>\$ 152,199,112</u></u>
Total Direct and Overlapping Debt Per Capita			<u><u>\$ 1,705</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			
	2003	2004	2005	2006
<u>General Purposes (4%)</u>				
Debt Limit	\$ 187,271,869	\$ 190,815,679	\$ 194,931,552	\$ 197,608,390
Total Net Debt Applicable to Limit	(8,670,993)	(8,238,881)	(16,783,179)	(21,390,896)
Legal Debt Margin	<u>\$ 178,600,876</u>	<u>\$ 182,576,798</u>	<u>\$ 178,148,373</u>	<u>\$ 176,217,494</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	4.63%	4.32%	8.61%	10.82%
<u>Water, Sewer, & Lighting (4%)</u>				
Debt Limit	\$ 187,271,869	\$ 190,815,679	\$ 194,931,552	\$ 197,608,390
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 187,271,869</u>	<u>\$ 190,815,679</u>	<u>\$ 194,931,552</u>	<u>\$ 197,608,390</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%
<u>Total (8%)</u>				
Debt Limit	\$ 374,543,738	\$ 381,631,358	\$ 389,863,104	\$ 395,216,780
Total Net Debt Applicable to Limit	(8,670,993)	(8,238,881)	(16,783,179)	(21,390,896)
Legal Debt Margin	<u>\$ 365,872,745</u>	<u>\$ 373,392,477</u>	<u>\$ 373,079,925</u>	<u>\$ 373,825,884</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	2.32%	2.16%	4.30%	5.41%

¹ The 8% debt limitation applies only to general obligation bonded debt. The City is limited to 4% for general purposes with the other 4% and any remaining unused general purposes portion being available for use for water, sewer, and lighting purposes.

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 211,408,327	\$ 269,165,352	\$ 281,859,970	\$ 268,525,490	\$ 261,817,432	\$ 248,829,831
(20,379,337)	(19,304,010)	(15,546,423)	(15,189,045)	(16,410,701)	(13,927,831)
<u>\$ 191,028,990</u>	<u>\$ 249,861,342</u>	<u>\$ 266,313,547</u>	<u>\$ 253,336,445</u>	<u>\$ 245,406,731</u>	<u>\$ 234,902,000</u>
9.64%	7.17%	5.52%	5.66%	6.27%	5.60%
\$ 211,408,327	\$ 269,165,352	\$ 281,859,970	\$ 268,525,490	\$ 261,817,432	\$ 248,829,831
-	-	-	-	-	-
<u>\$ 211,408,327</u>	<u>\$ 269,165,352</u>	<u>\$ 281,859,970</u>	<u>\$ 268,525,490</u>	<u>\$ 261,817,432</u>	<u>\$ 248,829,831</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 422,816,654	\$ 538,330,704	\$ 563,719,940	\$ 537,050,980	\$ 523,634,864	\$ 497,659,662
(20,379,337)	(19,304,010)	(15,546,423)	(15,189,045)	(16,410,701)	(13,927,831)
<u>\$ 402,437,317</u>	<u>\$ 519,026,694</u>	<u>\$ 548,173,517</u>	<u>\$ 521,861,935</u>	<u>\$ 507,224,163</u>	<u>\$ 483,731,831</u>
4.82%	3.59%	2.76%	2.83%	3.13%	2.80%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Valuations:

Taxable Value	<u>\$ 4,273,495,983</u>
Estimated Market Value	<u>\$ 6,220,745,765</u>

Legal Debt Margin:

Debt Limitation - 8% of Estimated Market Value ¹	\$ 497,659,661
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (15,210,000)
Less:	
Assets in Debt Service Funds Available for payment of Principal ²	<u>1,282,169</u>
Total Debt Applicable to Limitation	<u>(13,927,831)</u>
Legal Debt Margin	<u>\$ 483,731,830</u>

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

Fiscal Year	Sales Tax Revenue Bonds				Special Assessment Revenue Bonds			
	Sales Taxes	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2003	\$ 13,708,023	\$ 165,000	\$ 683,546	16.15	\$ 78,767	\$ 54,000	\$ 183,349	0.33
2004	14,092,331	290,000	562,047	16.54	186,941	5,000	181,583	1.00
2005	15,373,690	435,000	552,621	15.57	1,470,871	230,000	183,250	3.56
2006	18,008,143	475,000	539,136	17.76	417,274	1,540,000	231,152	0.24
2007	21,330,290	500,000	522,986	20.85	419,611	255,000	159,750	1.01
2008	20,616,891	530,000	485,915	20.29	415,963	265,000	147,000	1.01
2009	17,989,571	580,000	449,044	17.48	136,654	280,000	133,750	0.33
2010	16,779,178	615,000	424,457	16.14	470,980	532,000	256,697	0.60
2011	17,096,224	675,000	396,907	15.95	746,111	492,000	290,109	0.95
2012	18,106,273	710,000	367,619	16.80	2,810,547	1,304,000	372,537	1.68

Fiscal Year	Franchise Tax Revenue Bonds			
	Franchise Taxes	Debt Service		Coverage
		Principal	Interest	
2003	\$ -	\$ -	\$ -	0.00
2004	-	-	-	0.00
2005	-	-	-	0.00
2006	-	-	-	0.00
2007	-	-	-	0.00
2008	-	-	-	0.00
2009	-	-	-	0.00
2010	7,643,257	-	-	0.00
2011	7,301,384	500,000	178,378	10.76
2012	7,437,757	500,000	163,875	11.20

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
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
11,072,855	8,743,966	2,328,889	816,000	956,696	1.31
11,745,056	8,586,094	3,158,962	853,000	988,788	1.72
12,544,643	8,851,011	3,693,632	890,000	972,772	1.98

Water Quality Revenue Bonds					
Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 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
5,857,655	4,905,989	951,666	200,000	45,912	3.87
6,201,588	4,872,165	1,329,423	207,000	35,893	5.47
6,329,891	5,161,842	1,168,049	215,000	31,666	4.74

City of Orem
Long-term Bonded Indebtedness Paid By Governmental and Enterprise Funds
Schedule of Bonded Indebtedness
June 30, 2012
(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 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:				
Canyon River - Special Improvement District				
Bonds - Series 2001	4.49% - 5.50%	10/02/01	2001-2016	Various
Sales Tax Revenue Bonds - Series 2002	3.00% - 5.50%	02/01/02	2002-2023	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	2009-2028	Various
Franchise Tax Revenue Refunding Bonds - Series 2010	2.13% - 5.13%	03/16/10	2010-2018	Various
Northgate - Special Improvement District				
Bonds - Series 2010	7.75%	11/02/10	2010-2025	Various
Sales Tax Revenue Refunding Bonds - Series 2012	1.50%	04/19/12	2012-2015	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
Water Quality Revenue Bonds	0.00%	02/16/10	2010-2032	Various
Total Revenue Bonds				
Total Enterprise Funds				
Total Governmental and Enterprise Funds				

Original Amount	Principal		Interest	
	Balance 06/30/12	Retired Year Ended 06/30/12	Expense Year Ended 06/30/12	Payable In Future Years
\$ 3,975,000	\$ 2,140,000	\$ 375,000	\$ 91,012	\$ 215,025
\$ 8,985,000	6,705,000	370,000	323,021	2,309,025
\$ 5,515,000	4,250,000	245,000	182,116	1,307,836
\$ 2,865,000	2,115,000	260,000	87,650	324,475
	<u>15,210,000</u>	<u>1,250,000</u>	<u>683,799</u>	<u>4,156,361</u>
\$ 3,680,000	790,000	1,000,000	89,500	187,750
\$ 12,175,000	-	2,470,000	125,345	-
\$ 5,720,000	5,620,000	25,000	242,274	1,386,410
\$ 3,943,000	3,290,000	234,000	135,037	1,529,765
\$ 4,375,000	3,375,000	500,000	163,875	554,125
\$ 1,915,000	1,845,000	70,000	148,000	1,240,775
\$ 1,814,000	1,814,000	-	-	47,473
	<u>16,734,000</u>	<u>4,299,000</u>	<u>904,031</u>	<u>4,946,298</u>
	<u>31,944,000</u>	<u>5,549,000</u>	<u>1,587,830</u>	<u>9,102,659</u>
\$ 3,500,000	689,757	215,000	31,666	48,860
\$ 17,390,000	13,710,000	700,000	663,350	5,242,474
\$ 3,000,000	2,190,000	140,000	34,484	218,403
\$ 5,590,000	5,400,000	50,000	274,938	3,935,099
\$ 11,889,000	11,889,000	-	-	-
	<u>33,878,757</u>	<u>1,105,000</u>	<u>1,004,438</u>	<u>9,444,836</u>
	<u>33,878,757</u>	<u>1,105,000</u>	<u>1,004,438</u>	<u>9,444,836</u>
	<u>\$ 65,822,757</u>	<u>\$ 6,654,000</u>	<u>\$ 2,592,268</u>	<u>\$ 18,547,495</u>

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

Fiscal Year	Population ¹	Households ²	Personal Income	Per Capita Personal Income ²	Per Household Personal Income
2003	84,918	24,703	\$ 1,292,027,370	\$ 15,215	\$ 52,302
2004	86,312	23,896	1,366,146,336	15,828	57,171
2005	86,802	24,630	1,383,537,078	15,939	56,173
2006	87,399	24,504	1,491,463,935	17,065	60,866
2007	87,662	24,026	1,634,896,300	18,650	68,047
2008	88,073	25,363	1,646,524,735	18,695	64,918
2009	88,196	25,440	1,601,021,988	18,153	62,933
2010	88,256	25,517	1,487,996,160	16,860	58,314
2011	88,697	26,970	1,495,165,329	16,857	55,438
2012	89,279	27,195	1,506,315,288	16,872	55,389

Fiscal Year	Median Age	Unemployment Rate	K-12 Student Population ³	UVU FTE Student Population ⁴
2003	25.2	5.20%	17,980	16,261
2004	25.7	4.80	17,383	16,312
2005	26.1	4.70	17,207	16,339
2006	26.4	3.10	16,630	16,081
2007	26.6	2.80	16,599	15,668
2008	26.6	3.70	16,521	16,135
2009	26.7	6.00	16,398	17,910
2010	26.7	8.00	16,112	19,670
2011	26.2	8.50	16,304	21,825
2012	26.3	6.40	16,359	22,448

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
2010	88,328	4,004	4.53

Age Distribution of Population ¹

Age	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,940	10.12%	4,822	5.46%	4,118	4.66%
5 - 9	8,314	9.41	4,685	5.30	3,629	4.11
10 - 14	6,512	7.37	3,421	3.87	3,091	3.50
15 - 19	7,145	8.09	3,457	3.91	3,688	4.18
20 - 24	10,694	12.11	5,211	5.90	5,483	6.21
25 - 29	10,485	11.87	5,106	5.78	5,379	6.09
30 - 34	5,453	6.17	2,879	3.26	2,574	2.91
35 - 39	5,360	6.07	2,702	3.06	2,658	3.01
40 - 44	3,326	3.77	1,660	1.88	1,666	1.89
45 - 49	3,771	4.27	1,893	2.14	1,878	2.13
50 - 54	3,728	4.22	1,797	2.03	1,931	2.19
55 - 59	3,884	4.40	1,697	1.92	2,187	2.48
60 - 64	3,359	3.80	1,498	1.70	1,861	2.11
65 - 69	2,332	2.64	1,097	1.24	1,235	1.40
70 - 74	2,025	2.29	1,020	1.15	1,005	1.14
75 - 79	1,269	1.44	492	0.56	777	0.88
80 - 84	1,037	1.17	298	0.34	739	0.84
85 - 89	466	0.53	264	0.30	202	0.23
90+	228	0.26	70	0.08	158	0.18
TOTAL	<u>88,328</u>	<u>100.00%</u>	<u>44,069</u>	<u>49.89%</u>	<u>44,259</u>	<u>50.11%</u>

¹ Source: 2010 Census

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

Taxpayer	Fiscal Year 2012			Fiscal Year 2003		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	1,956	1	5.12%	1,881	1	5.72%
Alpine School District	1,644	2	4.30%	868	2	2.64%
Adobe Systems Inc.	599	3	1.57%	----		----
Convergys Corporation	592	4	1.55%	800	3	2.43%
U.S. Synthetic Corporation	592	5	1.55%	----		----
City of Orem	521	6	1.36%	518	4	1.57%
Timpanogos Regional Hospital	459	7	1.20%	330	8	1.00%
Xlear, Inc.	440	8	1.15%	----		----
Response Marketing Group	387	9	1.01%	----		----
Wal-Mart	386	10	1.01%	500	5	1.52%
Target	----		----	350	6	1.06%
Phone Directories Company	----		----	350	7	1.06%
Powerquest Corporation	----		----	330	9	1.00%
RC Willey Home Furnishings	----		----	300	10	0.91%
Total	<u>7,576</u>		<u>19.82%</u>	<u>6,227</u>		<u>18.93%</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			
	2003	2004	2005	2006
General Government	145	129	138	130
Public Safety:				
Police Protection	114	127	118	134
Fire Protection	53	53	55	56
Highways and Public Improvements	1	1	4	5
Parks and Recreation:				
Parks and Recreation	32	32	33	31
Library	57	56	54	54
Cemetery	5	4	5	5
Economic and Physical Development	3	2	2	2
Water	23	23	24	23
Water Reclamation	32	30	31	29
Storm Sewer	9	10	9	9
Recreation	40	47	45	45
Street Lighting	4	2	2	2
Total	518	516	520	525

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					
2007	2008	2009	2010	2011	2012
119	124	115	107	115	110
137	141	143	141	140	136
54	59	71	69	70	70
2	3	2	2	1	0
34	36	39	35	36	36
50	53	54	51	50	43
5	6	6	5	5	5
1	1	2	2	2	3
24	26	30	28	26	27
29	31	31	28	30	30
8	11	11	11	10	10
49	48	50	50	56	49
1	2	3	3	3	2
513	541	557	532	544	521

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Government:					
Building Permits Issued	1,396	1,118	1,083	1,149	1,166
Public Safety:					
Police Protection:					
Physical Arrests	9,479	8,306	8,145	8,495	6,599
Traffic Citations	10,807	9,634	11,394	11,190	13,937
Fire Protection:					
Emergency Responses	3,116	2,766	2,500	2,338	5,476
Ambulance Transports	2,598	2,549	2,761	3,145	3,026
Other Public Safety Services:					
Emergency Dispatch Calls	51,303	50,533	52,078	54,433	57,081
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	5,417	6,599	4,048	4,500	4,300
Concrete Used - Sidewalks (Yards)	972	905	1,089	1,100	1,200
Parks and Recreation:					
Recreation Programs Participants	12,312	12,960	13,230	13,338	13,365
Library - Volumes in Collection (approx.)	266,720	275,497	280,000	284,573	289,742
Cemetery - Interments	255	247	250	289	290
Economic and Physical Development:					
Public Service Organizations Assisted	13	15	14	14	14
Housing Rehab Loans/Grants Added	13	12	15	8	7
Major Project Improvements Completed	3	4	1	1	0
Water:					
Number of Consumers	20,142	20,425	20,240	21,228	21,153
Average Daily Consumption (MGD)	22.0	20.6	21.2	23.5	23.7
Water Reclamation:					
Number of Service Connections	19,511	20,017	20,107	20,314	20,616
Average Daily Treated (MGD)	9.7	8.4	8.4	8.5	8.5
Storm Sewer:					
Number of Sumps Added	18	24	25	22	22
New Infrastructure (Feet)	N/A	6,600	4,000	4,500	6,872
Recreation:					
Fitness Center Admissions	538,004	468,009	486,022	478,630	472,168
Fitness Center Class Participants	6,020	5,760	6,348	5,403	5,988
Scera Park Pool Admissions	N/A	317,666	200,211	235,888	214,283
Scera Park Pool Class Participants	N/A	2,270	2,123	2,446	2,133
Solid Waste:					
Annual Waste Tonnage	29,221	29,993	30,209	27,193	26,586
Avg Annual Waste per Household (Tons)	1.69	1.72	1.72	1.51	1.46
Street Lighting:					
Number of Street Lights Added	0	1,477	233	230	171

Source: Various city departments

Fiscal Year				
2008	2009	2010	2011	2012
1,242	784	837	945	899
6,454	6,215	5,538	5,439	6,016
14,238	16,128	9,762	15,009	10,042
4,650	4,350	5,230	6,556	7,628
3,246	2,780	2,514	2,500	2,314
58,043	60,187	61,253	59,443	59,405
4,290	4,615	5,047	5,903	5,965
1,443	1,344	1,164	1,134	1,020
14,059	15,054	17,331	16,790	16,700
297,067	295,029	297,376	313,001	320,703
303	266	267	297	294
13	15	16	14	16
7	7	9	14	11
1	1	0	1	1
21,197	21,543	21,626	21,807	21,965
25.0	23.0	23.3	24.2	26.7
20,678	20,678	20,678	20,678	21,088
8.5	8.5	8.2	8.2	8.2
24	8	17	0	8
12,144	7,669	13,727	0	40,656
442,281	359,844	367,941	378,543	384,895
5,515	4,923	4,466	4,231	3,926
196,962	273,019	274,541	268,565	246,758
2,461	2,455	1,848	1,768	1,661
26,566	26,924	25,631	25,436	24,832
1.45	1.45	1.37	1.44	1.25
149	75	67	93	88

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Government:					
Vehicles	164	169	177	191	170
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	104	105	106	108	111
Fire Protection:					
Stations	3	3	3	3	3
Vehicles	25	25	25	23	24
Highways and Public Improvements:					
Streets (miles)	N/A	232	233	235	238
Traffic Signals	N/A	25	25	25	26
Parks and Recreation:					
Parks	18	20	20	20	20
Parks Acreage	212	277	277	277	287
Playgrounds	17	18	18	18	18
Walking/Jogging Trails (miles)	29.5	33.0	33.0	33.0	33.0
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	345	345	345	345	345
Wells	7	8	8	8	8
Storage Capacity (thousands of gallons)	12,440	12,440	12,440	12,440	22,440
Water Reclamation:					
Sewer Lines (miles)	272	272	272	272	275
Treatment Capacity (MGD)	12.3	12.3	12.3	12.3	12.3
Storm Sewer:					
Storm Sewer Lines (miles)	64.6	64.6	64.6	64.6	65.9
Sumps	1,653	1,665	1,677	1,688	1,699
Recreation:					
Fitness Centers	1	1	1	1	1
Pools	2	2	2	2	2
Baseball / Softball Diamonds	18	18	18	18	18
Soccer / Football Fields	18	18	18	18	18
Street Lighting:					
Street Lights	2,630	4,107	4,340	4,570	4,741

Source: Various city departments

Fiscal Year				
2008	2009	2010	2011	2012
176	175	169	171	170
1	1	1	1	1
121	116	111	115	113
3	4	4	4	4
26	27	27	29	29
239	241	241	241	241
26	32	32	34	34
22	22	22	22	22
333	333	333	333	350
18	18	18	18	18
35.5	35.5	35.5	35.5	40.0
1	1	1	1	1
1	1	1	1	1
349	349	351	351	351
8	8	8	8	9
22,440	22,440	22,440	22,440	22,440
280	280	280	280	281
12.3	12.3	12.3	12.3	13.5
68.2	69.8	70.8	70.8	78.5
1,711	1,715	1,732	1,732	1,783
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
18	18	18	18	18
4,890	4,926	4,993	5,086	5,174

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