



CITY OF OREM

STATE OF UTAH



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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, 2010**

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INTRODUCTORY SECTION



December 14, 2010

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-third Comprehensive Annual Financial Report.

The report contains critical financial information regarding the City's activities over the past year. The report of Jensen & Keddington, P.C. 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, 2010, in 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 and revenues related to the building industry stabilized over the last six to nine months of the fiscal year. It appears that revenue growth, if any, in these areas will be very slow over the next few years. Fortunately, the City has adopted many permanent operational cost saving measures, though many capital projects will continue to be placed on hold.

Revenues for the water, water reclamation, and storm sewer funds have provided a reasonable level of revenue in each of these areas to support the operational needs. As the cost of operations in these enterprise funds increases the amount of money available for capital projects decreases. We are seeing this pattern in these three critical services.

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

Expenditures

To balance the budget with the decrease in revenues, expenditures were reduced. Retirement incentives were utilized to permanently reduce the workforce, several vacant positions were not filled, and training and other expenses were reduced on a case-by-case basis. This not only led to a balanced budget, but created long-term savings in the personnel and operational accounts of the City.

The City's infrastructure is in good condition. 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 start 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.

Additional Capital Funding is needed:

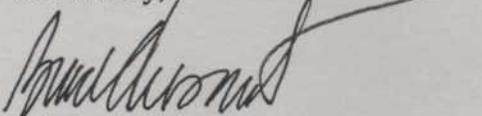
- To construct a new fire station to serve the growing population west of Interstate 15. This was included in the FY 2009 Budget, but was put on hold due to reduced revenues.
- To construct additional intersection signals and upgrade existing intersections with double left turn lanes.
- To install street 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 construct an urban trail system.
- To purchase and install a radio-read water meter system.

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

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

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

Yours truly,



Bruce Chesnut
Interim City Manager



CITY OF OREM

DEPARTMENT OF ADMINISTRATIVE SERVICES

December 14, 2010

Bruce Chesnut
Interim City Manager

City of Orem, Utah

The State of Utah requires that all local governments publish, within six months of the close of each year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This Comprehensive Annual Financial Report (CAFR) of the City of Orem, Utah for the fiscal year ended June 30, 2010, 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.

Jensen & Keddington, P.C., 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, 2010, 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, 2010, are fairly presented

in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Economic Condition and Outlook

The City of Orem is located in north central Utah and is currently the sixth largest city in the state with a 2000 census population of 84,324 and an estimated current population of 93,634. Utah Valley University (UVU) is a major employer in the City with enrollment in excess of 21,000 full-time equivalent students. UVU became a university on July 1, 2008. With the change comes the addition of masters programs, a new state of the art library/digital learning center and the increased benefits that a university brings to any city.

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

The recession has resulted in a decline in sales tax revenues, the City's chief source of general fund revenue, and building related revenues. To compensate for this revenue decline, the City has made personnel, operational, and capital project budget cuts. During the year, 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.

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:

- Completion or significant progress on City-wide road projects and other voter-approved road projects
- Completion or progress on City-wide water line upgrades
- Began major renovation of the Water Reclamation Plant
- Minor remodeling of a portion of the City Center

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
- City Center renovation
- Construction and staffing of a new fire station
- Completion of the City-wide sidewalk system

Cash Management

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

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

Risk Management

The City provides for its general liability risks through a joint protection agreement with the Utah Risk Management Mutual Association (URMMA). URMMA provides for the City's lawful liabilities resulting from bodily injury, property damage, personal injury and/or public official's errors and omissions limited to \$6,000,000 per occurrence. The City maintains a Self-insurance Fund to account for and finance its uninsured risks of loss. Under this program, the Self-insurance Fund provides coverage for up to a maximum of \$400,000 for each worker's compensation claim, \$15,000 for general liability, and \$10,000 for property damage. Additional coverage for forgery, embezzlement and other potential internal losses is provided by commercial policies and is renewed annually. The City maintains a risk management office, which identifies areas of potential risk and provides training in risk avoidance and solutions to current risk concerns.

Other Information

Awards

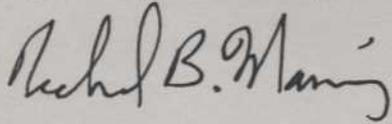
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-second year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

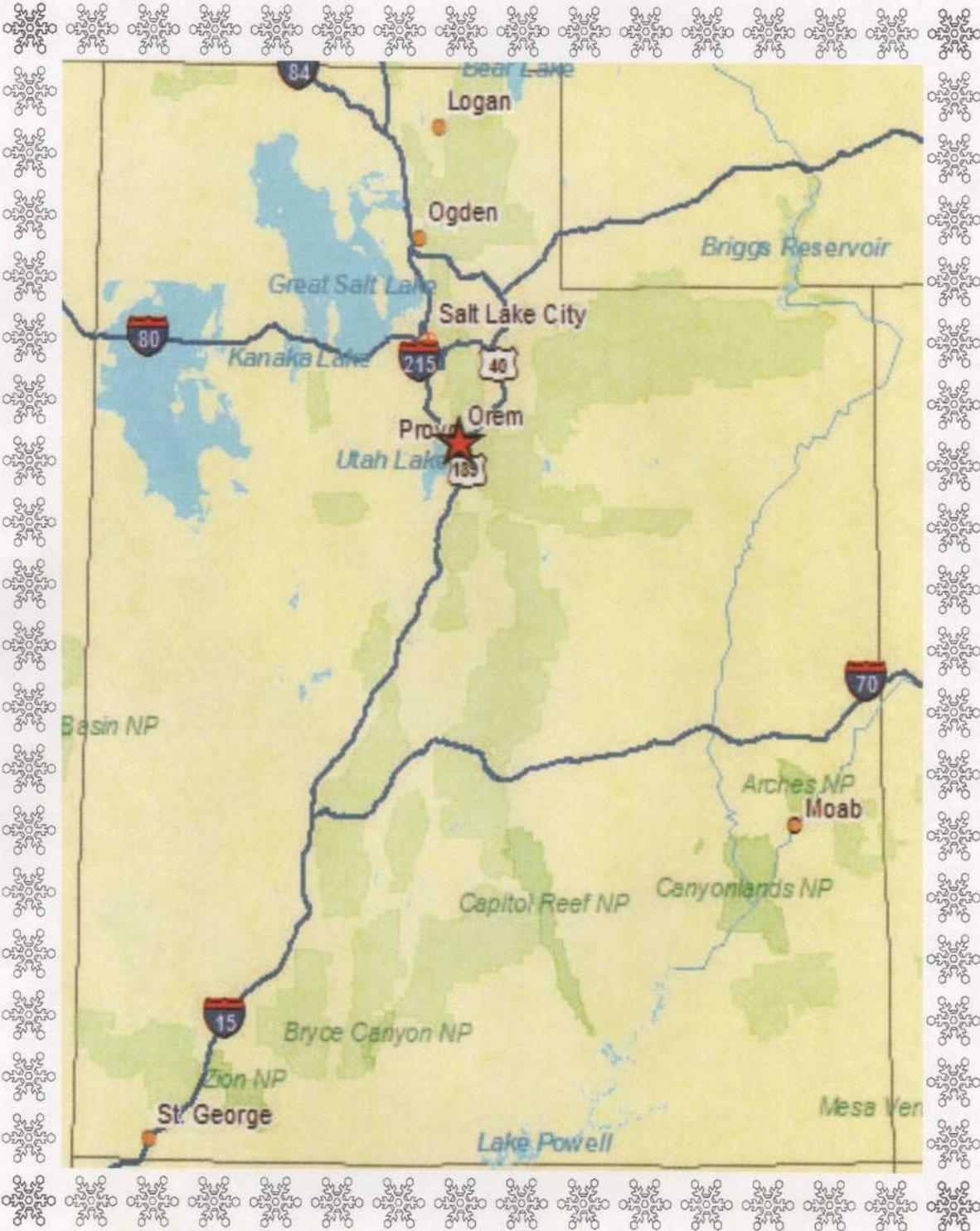
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation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

Respectfully submitted,

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

Richard B. Manning
Administrative Services Director

STATE OF UTAH





CITY OF OREM

LISTING OF OFFICIALS ORGANIZED BY CLASSIFICATIONS

Chief Executive Officer

Interim City Manager Bruce W. Chesnut

Executive Staff

Assistant City Manager Jeffrey W. Pedersen

Director of Administrative Services Richard B. Manning

Director of Development Services Stanford Sainsbury

Director of Legal Services Paul B. Johnson

Director of Library Services Louise G. Wallace

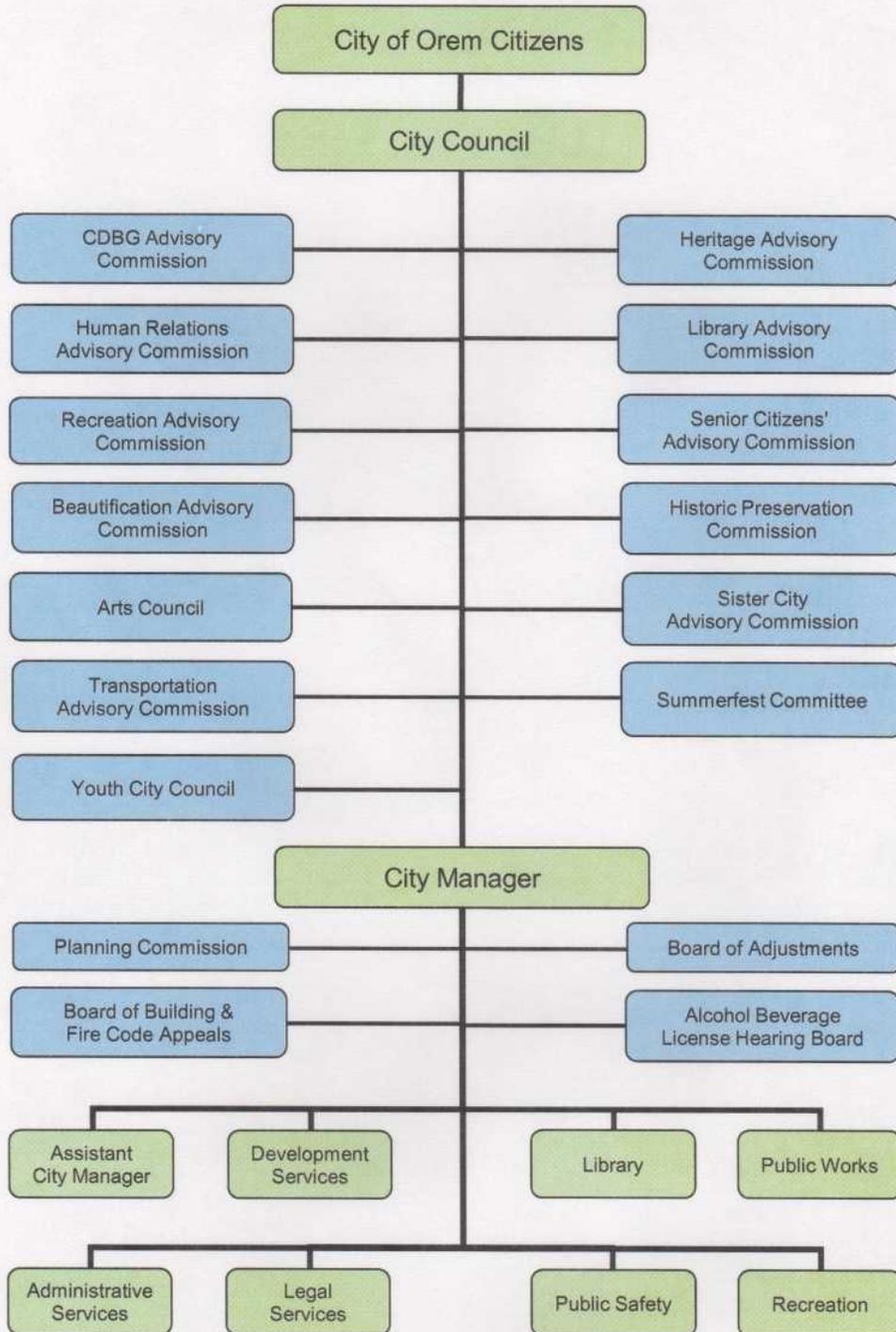
Director of Public Safety Michael J. Larsen

Director of Public Works Bruce W. Chesnut

Director of Recreational Services Karl R. Hirst

CITY OF OREM, UTAH

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orem
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emswiler".

Executive Director

Public Works

2010 Department Focus



The mission of the Department of Public Works is to help our fellow citizens build and preserve a community in which we all want to live. As you read through the pages of this report, you will see many of the activities of the employees of Public Works.



Bruce Chesnut
Public Works Director

Maintenance Division

Streets & Stormwater

Parks & Cemetery

Facilities & Fleet

Water Resources Division

Water

Water Reclamation

Traffic Operations

Maintenance Division

Streets and Stormwater Section

The Streets and Stormwater Section maintains streets, sidewalks, and storm sewers. This includes fixing potholes, milling sidewalk edges that could cause people to trip, handicap accessibility ramps and eliminating areas of flooding. This section is also responsible for snow removal and street sweeping.

Parks Section

The Parks Section is responsible for the maintenance of all City parks as well as the landscaping of several parkways and the grounds of the City Center Complex and other City owned properties.



This section hangs lights and banners for holidays and celebrations and maintains fields for all manner of outdoor recreation. They also support logistics for Summerfest and the Timpanogos Storytelling Festival. Employees also maintain the cemetery.

Facilities and Fleet Maintenance

This section is responsible for maintaining and making repairs to critical systems in City buildings and to all vehicles



Water Resources



Water Supply

The Water Supply division is in charge of maintaining drinking water wells, springs and storage reservoirs. This division also regulates pressure and conducts water quality sampling to keep drinking water clean and available for all Orem residents.

Water Distribution

Water Distribution maintains water mains and service lines throughout the City. They also coordinate the use of backflow prevention devices.

Distribution staff mark utilities in the City with the Blue Stakes program and make maps with GIS and GPS.

The Water Section recently oversaw the construction of a 20 million gallon storage reservoir above the City Cemetery.



Water Reclamation

Water Reclamation operates and maintains the City's waste water treatment plant. This plant processes all sewage through filters and other processes to clean water prior to its release into Powell Slough.

There is a lab on-site that analyzes samples taken through the process to make sure that plant discharges are clean to acceptable standards.

The Waste Water Treatment Plant is currently undergoing a major expansion that will increase its capacity from 12 Million Gallons/day to 13.5 million gallons/day. It will double capacity for Biochemical Oxygen Demand. It will be completed September 2011.

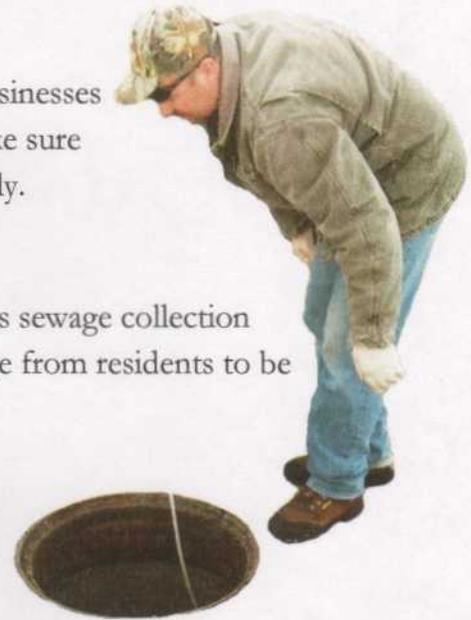


Pretreatment

The pretreatment program works with businesses and industries throughout the City to make sure harmful chemicals are disposed of properly.

Collections

The Collections crew cleans and maintains sewage collection pipes throughout the City that take sewage from residents to be processed at the plant.



Traffic Operations



Traffic Operations

This section plans and maintains intelligent traffic plans that control traffic signals throughout the City. These plans control traffic signal timing that ensure safe and timely passage through the City. These plans also control unique traffic patterns such as traffic associated with major events like BYU football or Stadium of Fire.

Traffic Marking and Signage Maintenance

They also install and maintain all street signs, traffic safety signs and traffic signals. To further assist safe travel, this section paints and marks curbs, streets and crosswalks.

Street Lighting

Street lighting is provided on all City streets. These lights are maintained on a regular basis. During 2009, staff went through every street in the City seven times to make sure all street lights are operational.



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA
Gregory B. White, CPA

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, 2010, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Orem, Utah as of June 30, 2010, and the respective changes in financial position, and where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as noted on the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, as listed in the table of contents as supplementary information and the statistical section are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The combining statements and budgetary comparisons as listed as supplemental information in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on them.

Jensen & Keddington

December 14, 2010

MD & A

City of Orem
Management's Discussion and Analysis
June 30, 2010

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, 2010. 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 \$213,265,693 (total net assets). Of this amount, \$35,167,644 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net assets consist of \$169,278,180 in capital assets net of related debt and \$43,987,513 in other net assets.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,430,052. Of this amount, \$20,909,498 (82.22%) is available for spending at the government's discretion (unreserved fund balance) with the balance of \$4,520,554 reserved for capital projects, debt service, and prepaid expenditures.
- As of the end of the current fiscal year, the City's enterprise funds reported a decrease in net assets of \$558,284 compared to the prior year's increase of \$1,723,550. The decrease was due, in part, to paying a Jordanelle reservoir water rights obligation of \$601,713 which was paid by a third-party agency in the prior year. Most of the remaining decrease, \$618,042, was due to two transfers from the General Fund: one for \$227,997 to the Recreation fund which was removed entirely and another to the Street Lighting fund that was reduced by \$390,045.
- The City issued franchise tax revenue refunding bonds in March of 2010 for \$4,375,000 to replace the existing 2000 and 2007 Series lease revenue bonds. This refunding took place in order to gain a more favorable interest rate saving the City \$234,152 in total debt service payments.
- The City issued water quality revenue bonds in February of 2010 for \$1,908,000 through the State of Utah's Department of Environmental Quality for facility improvements and expansion at the water reclamation plant. An additional \$9,981,000 is available and expected to be issued for this project.

Overview of the Financial Statements

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

City of Orem
Management's Discussion and Analysis
June 30, 2010

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.

- 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

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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 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.

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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.

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 \$213,265,693 at June 30, 2010.

By far the largest portion of the City's net assets (79.37%) 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	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 51,507,407	\$ 46,815,370	\$ 16,657,043	\$ 17,846,092	\$ 68,164,450	\$ 64,661,462
Capital Assets	158,028,923	161,459,199	75,695,388	73,714,789	233,724,311	235,173,988
Total Assets	209,536,330	208,274,569	92,352,431	91,560,881	301,888,761	299,835,450
Long-term Debt						
Outstanding	43,120,651	46,292,149	26,938,873	26,093,338	70,059,524	72,385,487
Other Liabilities	15,730,304	12,156,267	2,833,240	2,328,941	18,563,544	14,485,208
Total Liabilities	58,850,955	58,448,416	29,772,113	28,422,279	88,623,068	86,870,695
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	117,860,004	120,836,719	51,418,176	51,508,253	169,278,180	172,344,972
Restricted	4,538,256	4,921,721	4,281,613	-	8,819,869	4,921,721
Unrestricted	28,287,115	24,067,713	6,880,529	11,630,349	35,167,644	35,698,062
Total Net Assets	\$ 150,685,375	\$ 149,826,153	\$ 62,580,318	\$ 63,138,602	\$ 213,265,693	\$ 212,964,755

A portion of the City of Orem's net assets (4.14%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net assets (\$35,167,644) 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 (\$365,810). 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.

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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.

Comparing the current fiscal year to the prior fiscal year, the City's net assets increased by \$300,938 (0.14%). Total revenues decreased by \$950,440 (1.21%) primarily due to decreases in sales taxes of \$1,210,393 (6.73%). The following is a summary of the changes in net assets:

City of Orem's Changes in Net Assets

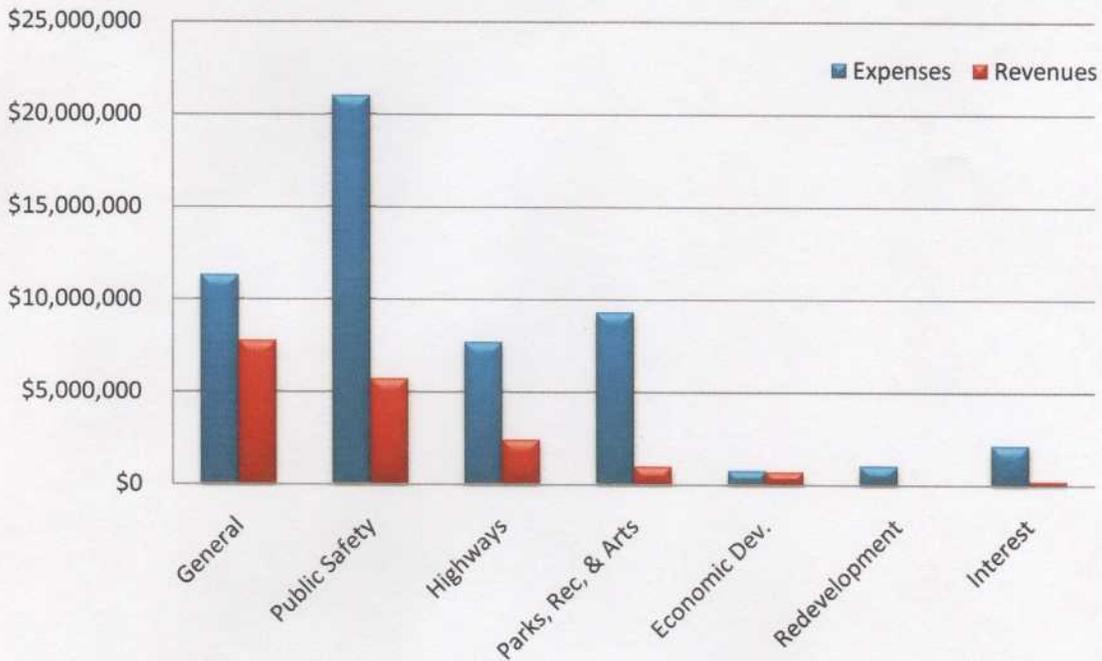
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 12,880,493	\$ 12,946,644	\$ 23,276,922	\$ 23,504,624	\$ 36,157,415	\$ 36,451,268
Operating Grants and Contributions	1,595,959	1,369,082	-	-	1,595,959	1,369,082
Capital Grants and Contributions	3,074,396	2,881,835	313,622	-	3,388,018	2,881,835
General Revenues:						
Sales Taxes	16,779,178	17,989,571	-	-	16,779,178	17,989,571
Property Taxes	10,320,412	10,243,876	-	-	10,320,412	10,243,876
Other Taxes	9,149,121	8,381,659	-	-	9,149,121	8,381,659
Other	286,963	1,025,946	102,710	386,979	389,673	1,412,925
Total Revenues	<u>54,086,522</u>	<u>54,838,613</u>	<u>23,693,254</u>	<u>23,891,603</u>	<u>77,779,776</u>	<u>78,730,216</u>
Expenses:						
General Government	11,298,033	11,794,173	-	-	11,298,033	11,794,173
Public Safety	20,987,542	20,352,956	-	-	20,987,542	20,352,956
Highways and Public Improvements	7,677,709	8,299,238	-	-	7,677,709	8,299,238
Parks, Recreation & Arts	9,291,122	9,474,718	-	-	9,291,122	9,474,718
Economic and Physical Development	743,880	761,214	-	-	743,880	761,214
Redevelopment	1,030,308	1,026,908	-	-	1,030,308	1,026,908
Interest on Long-Term Debt	2,130,686	2,171,793	-	-	2,130,686	2,171,793
Water	-	-	9,790,583	8,849,126	9,790,583	8,849,126
Water Reclamation	-	-	5,963,812	5,996,131	5,963,812	5,996,131
Storm Sewer	-	-	2,312,019	2,250,279	2,312,019	2,250,279
Recreation	-	-	1,766,296	1,695,721	1,766,296	1,695,721
Solid Waste	-	-	3,211,021	3,128,564	3,211,021	3,128,564
Street Lighting	-	-	1,275,827	1,250,380	1,275,827	1,250,380
Total Expenses	<u>53,159,280</u>	<u>53,881,000</u>	<u>24,319,558</u>	<u>23,170,201</u>	<u>77,478,838</u>	<u>77,051,201</u>
Increase (Decrease) in Net Assets before Transfers	927,242	957,613	(626,304)	721,402	300,938	1,679,015
Transfers In (Out)	(68,020)	(1,002,148)	68,020	1,002,148	-	-
Increase (Decrease) in Net Assets	<u>859,222</u>	<u>(44,535)</u>	<u>(558,284)</u>	<u>1,723,550</u>	<u>300,938</u>	<u>1,679,015</u>
Net Assets - Beginning, As Previously Reported	149,826,153	149,825,902	63,138,602	60,557,664	212,964,755	210,383,566
Prior Period Adjustment	-	44,786	-	857,388	-	902,174
Net Assets - Beg., As Restated	<u>149,826,153</u>	<u>149,870,688</u>	<u>63,138,602</u>	<u>61,415,052</u>	<u>212,964,755</u>	<u>211,285,740</u>
Net Assets - Ending	<u>\$ 150,685,375</u>	<u>\$ 149,826,153</u>	<u>\$ 62,580,318</u>	<u>\$ 63,138,602</u>	<u>\$ 213,265,693</u>	<u>\$ 212,964,755</u>

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Governmental activities. Governmental activities increased the City of Orem's net assets by \$859,222 (0.57%). This is an increase of \$903,757 from the prior year. General revenues decreased by \$1,105,378 (2.94%) and total expenses decreased by \$721,720 (1.34%). The decrease in general revenues were partially offset by transfers out decreasing by \$934,128 (93.21%). Grants and contributions received increased by \$419,438 (9.87%).

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 \$36,535,674 because these revenues are not specific to a particular department.

**Program Expenses & Revenues - Governmental Activities
 For Fiscal Year Ending June 30, 2010**



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

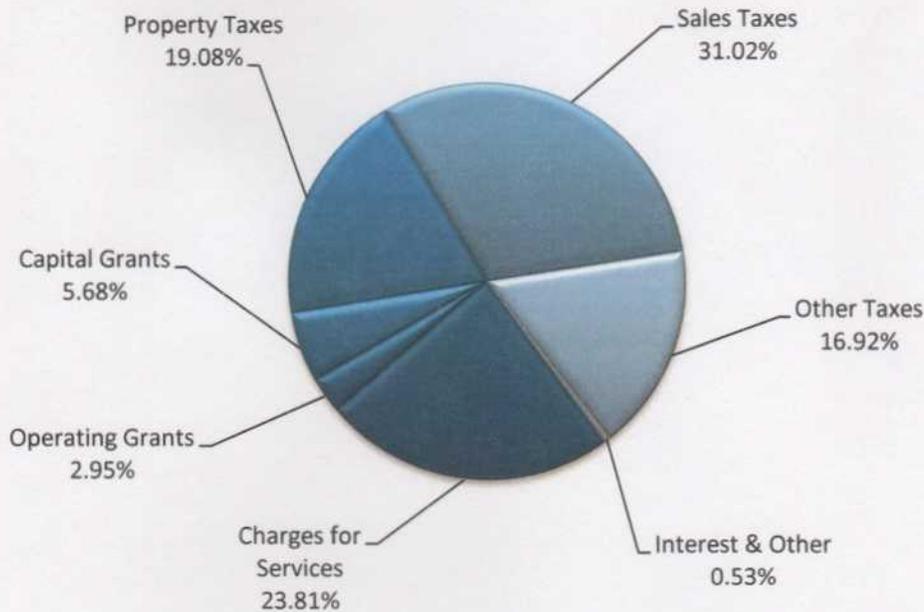
- Total revenues decreased by \$752,091 (1.37%).
- General revenues decreased by \$1,105,378 (2.94%). This decrease is primarily due to a decrease in sales tax revenues of \$1,210,393 (6.73%) which is a result of the recent economic downturn. However, the percentage decrease in the current year is an improvement of 6.01% from the prior year.

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- Total expenses decreased by \$721,720 (1.34%). The decrease is primarily due to decreases in highway and public improvement expenses of \$621,529 (7.49%). The decrease is the result of more projects being eligible to be capitalized as assets than in the prior year.

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

**Revenues by Source - Governmental Activities
For Fiscal Year Ending June 30, 2010**

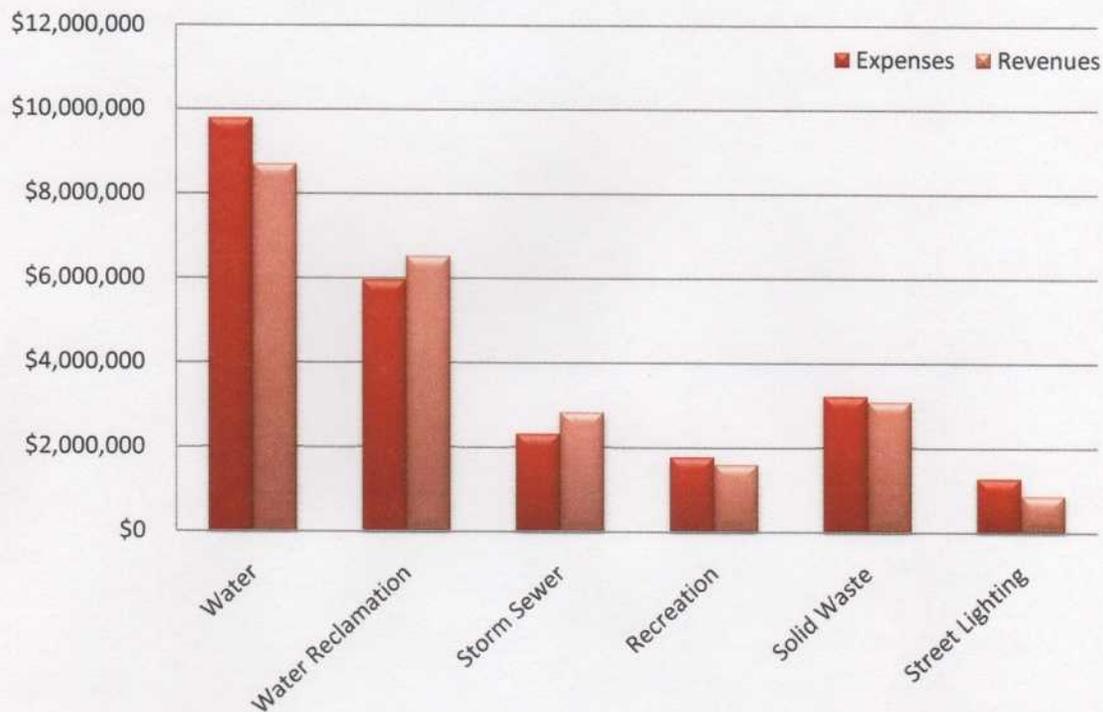


Business-type activities. Business-type activities decreased the City's net assets by \$558,284 (0.88%). The decrease in net assets can be primarily attributed to total expenses increasing by \$1,149,357 (4.96%). The decrease in net assets represents a 0.88% decrease for the current year but is a decrease of 132.39% when compared to the prior year's net asset change. As of the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

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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, 2010**

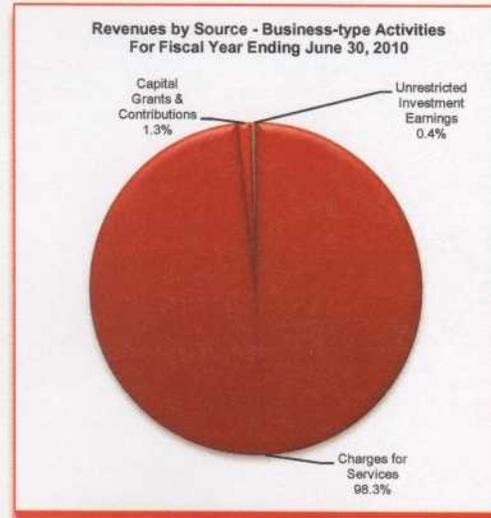


Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported decreased total revenues over the prior year of \$198,349 (0.83%). Total revenues increased or decreased as follows:
 - Water fund total operating revenues decreased by \$934,773 or 9.94%. Other operating revenues decreased by \$784,309 due to third-party agency funds received in the prior year that were not received in the current year.

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- Water Reclamation fund total operating revenues increased by \$387,822 or 6.40%, due primarily to a 1.48% increase in the volume charge.
- Storm Sewer fund total operating revenues increased by \$130,484 or 4.85%, primarily due to an increase in billable "equivalent service units (ESU)".
- Solid Waste fund total operating revenues increased by \$85,639 or 2.86%, due primarily to an increase in the recycling fee and green waste fee of \$0.50/month each or an increase of 16.67% and 10.00%, respectively.
- Street Lighting fund total operating revenues increased by \$123,505 or 16.63%, due primarily to an internal audit done by City personnel that resulted in a substantial number of additional billable accounts.



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 \$1,149,357 or 4.96%. The increase was due, in part, to the City paying a Jordanelle reservoir water rights obligation of \$601,713 which was paid by a third-party agency in the prior year. Other increases include; an increase in total depreciation expense of \$142,311 due to several large capital projects being completed during the year, an increase of \$208,207 in the administrative fee charged to all business-type activities, and an increase of \$193,489 in total supplies and maintenance costs with small increases across a large number of accounts and across all funds.

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.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,430,052. Of this total amount, \$20,909,498 (82.22%) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remaining fund balance of \$4,520,554 is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service or a variety of other restricted purposes.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,051,871 and total fund balance increased to \$9,807,900. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.49% (prior year was 15.22%) of total general fund expenditures, while total fund balance represents 22.52% (prior year was 19.20%) of that same amount.

The General fund's total fund balance increased by \$1,264,359 in the current fiscal year (the prior year had a decrease of \$4,076,392). Thus, there was a positive variance from the prior year of \$5,340,751. The following elements were key factors contributing to this variance:

- Increased total revenues of \$273,529 are due to an increase in charges for services. This increase is the result of adding fire department services for the nearby town of Vineyard, \$88,983, and increasing the service fee for the city of Lindon by \$192,948.
- Decreased general government expenditures of \$589,877 (5.16%). Personnel costs were reduced by \$278,098 due to several employee retirements where some positions were not filled. Materials and supplies costs were reduced by \$290,215. The largest portion of this reduction, \$211,292, was in the City's Information Technology (IT) division. This reduction was primarily due to computer and network upgrades being decreased by \$185,334.
- Net transfers had a positive variance from the prior year of \$5,545,026. The positive variance was due, in part, to a transfer in the prior year of \$2,585,089 to the Debt Service fund for potential future UTOPIA debt coverage obligations that was not made in the current year. A transfer out of \$240,843 to the Recreation fund in the prior year was not made in the current year. A transfer out to the Street Lighting fund was reduced from \$750,000 in the prior year to \$359,955 in the current year (a change of \$390,045). A transfer in of \$330,000 in the current year to help cover certain future UTOPIA Interlocal Agreement (UIA) operational costs was not done in the prior year.

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The Debt Service fund has a total fund balance of \$5,202,853, all of which is designated for the payment of debt service. There was a net decrease in fund balance in the current year of \$929,476 (15.16%). The decrease is due to special improvement district (SID) debt related to the Canyon River, \$427,449, and Midtown Village, \$531,237, projects. Due to the recent economic downturn, the developers who own these projects were unable to pay their annual assessments to the City in the current fiscal year. The City is obligated to make the debt payments regardless of whether or not the developer has paid the annual assessments. Foreclosure proceedings are in progress for both projects.

The Redevelopment fund has a total fund balance of \$3,670,491, all of which is designated for improvements in redevelopment (blighted) areas of the city. There was a net increase in fund balance in the current year of \$1,275,040 (53.23%). 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 \$2,867,310. Total net assets decreased by \$991,204 (3.36%) during the current fiscal year. Operating revenues decreased by \$934,773 (9.94%). Water operating revenues decreased primarily due to \$784,309 in third-party agency funds received in the prior year that were not received in the current year. Operating expenses increased by \$968,673 (12.01%) in comparison with the prior year. The increase was due, in part, to the City paying a Jordanelle reservoir water rights obligation of \$601,713 that was paid by a third-party agency in the prior year. Other increases include; an increase in total depreciation expense of \$142,311 due to several large capital projects being completed during the year, an increase of \$208,207 in the administrative fee charged to all business-type activities, and an increase of \$193,489 in total supplies and maintenance costs with small increases across a large number of accounts and across all funds.

Unrestricted net assets of the Water Reclamation fund at the end of the year amounted to \$1,617,213. Total net assets increased by \$447,246 (2.44%) during the current fiscal year. Operating revenues increased by \$387,822 (6.40%). This increase was due primarily to a 1.48% increase in the volume charge for sewer services. Operating expenses decreased by \$26,814 (0.45%) in comparison with the prior year. The decrease in expenses is primarily due to lower personnel costs, \$67,058, due to two employee retirements where one of these positions was not filled and the other was vacant for a period of time.

Unrestricted net assets of the Storm Sewer fund at the end of the year amounted to \$1,701,156. Total net assets increased by \$350,957 (3.00%) during the current fiscal year. Operating revenues increased by \$130,484 (4.85%), primarily due to an increase in billable "equivalent service units (ESU)". Operating expenses increased by \$69,251 (3.44%) in comparison

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with the prior year. Depreciation expense increased by \$16,518 (2.90%) due to the completion of several larger capital projects during the year. Supplies and maintenance costs increased by \$26,515 (12.47%), primarily due to a payment on an encroachment agreement with the Union Pacific Railroad.

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 \$46,361,930 to a final budget of \$49,900,151, an increase of \$3,538,221. The increases to the General Fund budget are briefly summarized as follows:

- Various public safety grants received during the year totaled \$796,003.
- The library received several grants during the year totaling \$46,211. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$84,535.
- 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 \$614,541.
- 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 \$1,879,577.

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

- Taxes and Special Assessments – Revenues – Actual amount was lower than the budgeted amount by \$1,038,000 (3.48%). Sales tax revenues were lower than budgeted by \$1,222,502. The recent economic downturn significantly affected retail sales in the area.
- Licenses and Permits – Revenues – Actual amount was lower than the budgeted amount by \$119,252 (9.94%). Building permit revenue was lower than budgeted by \$92,806. The recent economic downturn is still significantly affecting residential and commercial construction.
- Intergovernmental Revenues – Revenues – Actual amount was higher than the budgeted amount by \$460,371 (13.21%). Grants received for a library RFID project of \$242,685, public safety buffer zone project of \$170,714, and various municipal recreation projects for \$42,672 were all unbudgeted for the current year.
- Charges for Services – Revenues – Actual amount was lower than the budgeted amount by \$281,225 (5.00%). Traffic school revenue was lower than budgeted by \$144,700. The City's presumption is that many offenders chose to pay only the fine for their ticket rather than spending extra money on traffic school. Ambulance revenue was lower than budgeted by \$92,816, primarily due to a 9.57% decrease in the number of transports for the year.
- General Government – Expenditures – Actual amounts were lower than budgeted by \$2,047,901 (15.88%). The Information Technology division did not upgrade as many computers or network servers as

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expected which created a positive variance of \$352,350. Various other personnel savings occurred through changes in positions to not filling vacated positions creating a positive variance of \$627,509. Various capital purchases and projects were postponed creating a positive variance of \$333,200.

- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$1,364,609 (6.33%). A portion of the variance, \$474,443, is due to lower than expected overtime and fringe benefits. There was a large capital project totaling \$367,265 that was budgeted that had yet to incur any costs.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$1,499,085 (17.17%). Most of this variance can be attributed to various street overlay/reconstruction projects and a slurry seal project that were delayed and are expected to be completed in the next fiscal year.
- Parks, Recreation and Arts – Expenditures – Actual amounts were lower than budgeted by \$453,100 (6.38%). Personnel costs were lower than budgeted by approximately \$232,000 due primarily to not hiring as many part-time and/or seasonal employees. Many parks maintenance activities were reduced creating a positive variance of \$106,427. There were also several capital projects that had funds remaining totaling approximately \$102,000.

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, 2010, amounts to \$233,724,311 (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 two new K-9's totaling \$25,640. The City also purchased and installed a vehicle video equipment system for \$264,194.
- The Recreation division purchased various new equipment for the fitness center totaling \$62,233.
- The Library had \$18,993 of work done to complete its RFID/Self-checkout project, \$6,000 for a new piano, and \$9,050 in other equipment.
- Various road and traffic signal projects completed or added to construction in process were approximately \$1,409,000.
- Construction or rehabilitation work on city wells was begun with current year additions totaling \$327,453.
- The water reclamation division purchased a new TV van for \$241,154 and a John Deere loader for \$157,101.
- Various water, sewer, and storm sewer line improvements totaled approximately \$2,171,000.

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- 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). To date, \$2,300,695 has been spent on construction, engineering design and construction observation, and equipment for this project.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 59,028,414	\$ 59,017,375	\$ 1,806,065	\$ 1,753,750	\$ 60,834,479	\$ 60,771,125
Buildings and Systems	16,340,478	16,323,191	3,558,772	3,770,074	19,899,250	20,093,265
Improvements other than Buildings	14,664,512	15,702,457	9,272,867	9,825,320	23,937,379	25,527,777
Machinery and Equipment	4,884,361	5,338,305	2,366,669	2,532,387	7,251,030	7,870,692
Infrastructure	63,111,158	63,298,595	56,063,723	54,314,131	119,174,881	117,612,726
Construction in Progress	-	1,779,276	2,627,292	1,519,127	2,627,292	3,298,403
Total Capital Assets	\$ 158,028,923	\$ 161,459,199	\$ 75,695,388	\$ 73,714,789	\$ 233,724,311	\$ 235,173,988

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 68-71.

Long-term debt. At the end on the current year, the City had total bonded debt outstanding of \$63,078,757. Of this amount, \$17,665,000 comprises debt backed by the full faith and credit of the government and \$45,413,757 is debt that is secured solely by specific revenue sources (i.e., revenue bonds) 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		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 17,665,000	\$ 18,825,000	\$ -	\$ -	\$ 17,665,000	\$ 18,825,000
Revenue Bonds	19,351,000	21,965,000	26,062,757	25,170,757	45,413,757	47,135,757
Total Bonds	\$ 37,016,000	\$ 40,790,000	\$ 26,062,757	\$ 25,170,757	\$ 63,078,757	\$ 65,960,757

The City's total bonded debt decreased by \$2,882,000 (4.37%) during the current fiscal year. During the year, \$4,375,000 in 2010 Franchise Tax Revenue Refunding bonds were issued and the remaining \$990,000 of outstanding 2000 Lease Revenue bonds and \$3,685,000 of 2007 Lease Revenue Refunding bonds were extinguished. The terms of the new bonds

City of Orem
 Management's Discussion and Analysis
 June 30, 2010

matches that of the 2007 refunded bonds which were to expire in March 2018. There were \$1,908,000 in new 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 City of Orem maintains an "AA" or "AA+" rating from Fitch Ratings and Standard & Poor's depending on the particular bonds issued.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$268,525,490, which is significantly in excess of the City's outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer, or electrical projects is \$537,050,980, which again significantly exceeds the outstanding business-type activity debt.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 74-81.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Orem at June 30, 2010 was 8.0%. The City's unemployment rate compares favorably to the national rate. 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City	3.1%	2.8%	3.7%	6.0%	8.0%
County	3.1%	2.8%	3.5%	5.5%	7.4%
State	3.3%	2.9%	3.5%	5.9%	7.3%
Nation	4.6%	4.5%	5.5%	9.5%	9.5%

- The General Fund budget for the fiscal year-ending June 30, 2011 reflects a decrease of 2.58% in revenues, excluding appropriations of surplus, compared to the final fiscal year ending June 30, 2010. This decrease in revenues is due primarily to a decrease in sales and franchise tax revenues. Budgeted expenditures increased by 1.59% over the final fiscal year ending June 30, 2010 expenditures.

City of Orem
Management's Discussion and Analysis
June 30, 2010

- Economic trends in the region compare favorably to national indices. However, sales tax revenues have been declining compared to equivalent prior year time periods. These declines are being monitored very closely so that the City can identify what future construction projects or anticipated spending may need to be modified or suspended should this trend continue.

All of these factors were considered in preparing the City's budget for the 2011 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, 2010

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit CEDO
ASSETS				
Cash and Cash Equivalents	\$ 21,532,762	\$ 9,700,179	\$ 31,232,941	\$ 674,409
Receivables (Net of Allowance for Uncollectibles)	589,467	2,697,766	3,287,233	-
Property Taxes Receivable	10,003,963	-	10,003,963	-
Other Taxes Receivable	4,819,114	-	4,819,114	-
Special Assessments Receivable	7,923,803	-	7,923,803	-
Intergovernmental Receivables	459,497	-	459,497	-
Internal Balances	443,337	(443,337)	-	-
Inventory	358,980	-	358,980	-
Notes Receivable	339,254	-	339,254	702,785
Prepaid Expenses	69,306	-	69,306	-
Deferred Charges	425,875	420,822	846,697	-
Restricted Assets:				
Cash and Cash Equivalents:				
Debt Service	1,285,330	-	1,285,330	-
Capital Improvement Projects	1,814,367	4,281,613	6,095,980	-
Receivables:				
Debt Service	1,442,352	-	1,442,352	-
Capital Assets:				
Non-depreciable Capital Assets	59,028,414	4,433,357	63,461,771	15,000
Depreciable Capital Assets (net)	99,000,509	71,262,031	170,262,540	84,558
Total Assets	<u>209,536,330</u>	<u>92,352,431</u>	<u>301,888,761</u>	<u>1,476,752</u>
LIABILITIES				
Accounts Payable	481,354	1,517,915	1,999,269	-
Customer Deposits	1,660,556	15,583	1,676,139	-
Accrued Liabilities	1,629,989	389,218	2,019,207	124
Unearned Revenue	11,469,796	412,603	11,882,399	1,111,697
Accrued Interest Payable	417,910	497,921	915,831	-
Liabilities Payable from Restricted Assets	70,699	-	70,699	-
Noncurrent Liabilities:				
Due within One Year	7,149,086	1,322,491	8,471,577	-
Due in more than One Year	35,971,565	25,616,382	61,587,947	-
Total Liabilities	<u>58,850,955</u>	<u>29,772,113</u>	<u>88,623,068</u>	<u>1,111,821</u>
NET ASSETS				
Invested in Capital Assets, Net of				
Related Debt	117,860,004	51,418,176	169,278,180	99,558
Restricted for:				
Debt Service	2,727,121	-	2,727,121	-
Construction	1,741,829	4,281,613	6,023,442	-
Other Purposes	69,306	-	69,306	-
Unrestricted	28,287,115	6,880,529	35,167,644	265,373
Total Net Assets	<u>\$ 150,685,375</u>	<u>\$ 62,580,318</u>	<u>\$ 213,265,693</u>	<u>\$ 364,931</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, 2010

<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	\$ 11,298,033	\$ 7,689,108	\$ 73,428	\$ -
Public Safety	20,987,542	4,603,279	789,247	334,390
Highways and Public Improvements	7,677,709	-	-	2,397,606
Parks, Recreation and Arts	9,291,122	554,474	69,836	342,400
Economic and Physical Development	743,880	33,632	663,448	-
Redevelopment	1,030,308	-	-	-
Interest on Long-term Debt	2,130,686	-	-	-
Total Governmental Activities	<u>53,159,280</u>	<u>12,880,493</u>	<u>1,595,959</u>	<u>3,074,396</u>
Business-type Activities:				
Water	9,790,583	8,468,089	-	235,142
Water Reclamation	5,963,812	6,448,057	-	78,480
Storm Sewer	2,312,019	2,819,306	-	-
Recreation	1,766,296	1,590,568	-	-
Solid Waste	3,211,021	3,084,768	-	-
Street Lighting	1,275,827	866,134	-	-
Total Business-type Activities	<u>24,319,558</u>	<u>23,276,922</u>	<u>-</u>	<u>313,622</u>
Total Primary Government	<u>\$ 77,478,838</u>	<u>\$ 36,157,415</u>	<u>\$ 1,595,959</u>	<u>\$ 3,388,018</u>
Component Unit:				
CEDO	\$ 364,373	\$ 146,670	\$ 165,000	\$ -
Total Component Unit	<u>\$ 364,373</u>	<u>\$ 146,670</u>	<u>\$ 165,000</u>	<u>\$ -</u>

General Revenues:
Sales Taxes
Property Taxes
Franchise Taxes
Vehicle Taxes
Other Taxes & Special Assessments
Grants and Contributions not restricted to specific programs
Unrestricted Investment Earnings
Gain (Loss) on Sale of Capital Assets
Transfers In (Out)
Total General Revenues and Transfers
Change in Total Net Assets
Total Net Assets - Beginning, As Previously Reported
Prior Period Adjustment
Total Net Assets - Beginning, As Restated
Total Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component
Governmental Activities	Business-type Activities	Total	Unit CEDO
\$ (3,535,497)	\$ -	\$ (3,535,497)	\$ -
(15,260,626)	-	(15,260,626)	-
(5,280,103)	-	(5,280,103)	-
(8,324,412)	-	(8,324,412)	-
(46,800)	-	(46,800)	-
(1,030,308)	-	(1,030,308)	-
(2,130,686)	-	(2,130,686)	-
<u>(35,608,432)</u>	<u>-</u>	<u>(35,608,432)</u>	<u>-</u>
-	(1,087,352)	(1,087,352)	-
-	562,725	562,725	-
-	507,287	507,287	-
-	(175,728)	(175,728)	-
-	(126,253)	(126,253)	-
-	(409,693)	(409,693)	-
-	<u>(729,014)</u>	<u>(729,014)</u>	<u>-</u>
<u>(35,608,432)</u>	<u>(729,014)</u>	<u>(36,337,446)</u>	<u>-</u>
			<u>(52,703)</u>
			<u>(52,703)</u>
16,779,178	-	16,779,178	-
10,320,412	-	10,320,412	-
7,643,257	-	7,643,257	-
739,974	-	739,974	-
765,890	-	765,890	-
-	-	-	36,456
212,169	92,554	304,723	6,058
74,794	10,156	84,950	-
(68,020)	68,020	-	-
<u>36,467,654</u>	<u>170,730</u>	<u>36,638,384</u>	<u>42,514</u>
<u>859,222</u>	<u>(558,284)</u>	<u>300,938</u>	<u>(10,189)</u>
149,781,367	62,281,214	212,062,581	375,120
44,786	857,388	902,174	-
<u>149,826,153</u>	<u>63,138,602</u>	<u>212,964,755</u>	<u>375,120</u>
<u>\$ 150,685,375</u>	<u>\$ 62,580,318</u>	<u>\$ 213,265,693</u>	<u>\$ 364,931</u>

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City of Orem
Balance Sheet
Governmental Funds
June 30, 2010

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,834,027	\$ 2,477,450	\$ 3,670,491	\$ 6,630,341	\$ 19,612,309
Receivables (Net of Allowance for Uncollectibles)	381,317	-	-	-	381,317
Property Taxes Receivable	4,555,334	1,938,629	3,510,000	-	10,003,963
Other Taxes Receivable	4,557,918	-	-	261,196	4,819,114
Special Assessments Receivable	7,923,803	-	-	-	7,923,803
Intergovernmental Receivables	386,643	-	-	72,854	459,497
Due from Other Funds	443,337	-	-	-	443,337
Notes Receivable	-	-	-	339,254	339,254
Prepays	51,604	-	-	-	51,604
Restricted Cash and Cash Equivalents:					
Debt Service	-	1,284,546	-	783	1,285,329
Capital Improvement Projects	1,777,523	-	-	36,844	1,814,367
Restricted Receivables:					
Debt Service	-	1,442,352	-	-	1,442,352
Total Assets	\$ 26,911,506	\$ 7,142,977	\$ 7,180,491	\$ 7,341,272	\$ 48,576,246
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	397,755	1,495	-	27,075	426,325
Customer Deposits	1,660,556	-	-	-	1,660,556
Accrued Liabilities	1,588,880	-	-	6,135	1,595,015
Deferred Revenue	13,385,716	1,938,629	3,510,000	559,254	19,393,599
Liabilities Payable from Restricted Assets	70,699	-	-	-	70,699
Total Liabilities	17,103,606	1,940,124	3,510,000	592,464	23,146,194
Fund Balances:					
Reserved for:					
Class "C" Road	1,704,425	-	-	-	1,704,425
Debt Service and Capital Improvements	-	2,726,898	-	37,627	2,764,525
Prepays	51,604	-	-	-	51,604
Unreserved, reported in:					
General Fund	8,051,871	-	-	-	8,051,871
Capital Projects Funds	-	-	-	1,010,717	1,010,717
Debt Service Funds	-	2,475,955	-	5,688	2,481,643
Special Revenue Funds	-	-	3,670,491	5,694,776	9,365,267
Total Fund Balances	9,807,900	5,202,853	3,670,491	6,748,808	25,430,052
Total Liabilities and Fund Balances	\$ 26,911,506	\$ 7,142,977	\$ 7,180,491	\$ 7,341,272	

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

Capital assets used in governmental funds are not financial resources.	158,028,923
Other long-term assets are not available to pay for current period expenditures.	425,875
Certain revenue is deferred in governmental funds but not in the statement of net assets because it qualifies for recognition under the economic resources measurement focus.	8,131,953
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.	1,533,371
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period.	(42,446,890)
Interest payable on long-term obligations does not require current financial resources and is not reported in the governmental funds.	(417,910)
Net assets of governmental activities	<u>\$ 150,685,375</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, 2010

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Special Assessments	\$ 28,736,934	\$ 3,142,135	\$ 3,574,376	\$ 1,501,680	\$ 36,955,125
Licenses and Permits	1,080,748	-	-	-	1,080,748
Intergovernmental	3,946,612	-	-	723,743	4,670,355
Charges for Services	5,337,534	-	-	284,431	5,621,965
Fines and Forfeitures	618,992	-	-	-	618,992
Charges for Services - Other Funds	4,347,299	-	-	-	4,347,299
Interest Income	175,064	2,443	-	31,804	209,311
Miscellaneous Revenue	1,270,087	-	-	1,707,341	2,977,428
Total Revenues	45,513,270	3,144,578	3,574,376	4,248,999	56,481,223
EXPENDITURES					
Current:					
General Government	10,843,565	-	-	-	10,843,565
Public Safety	19,729,088	-	-	-	19,729,088
Highways and Public Improvements	5,322,963	-	-	-	5,322,963
Parks, Recreation and Arts	6,543,048	-	-	1,242,404	7,785,452
Economic and Physical Development	-	-	-	667,883	667,883
Redevelopment	-	-	940,879	-	940,879
Debt Service:					
Principal Retirement	-	2,983,905	-	1,217,000	4,200,905
Interest and Fiscal Charges	-	1,773,733	-	324,011	2,097,744
Bond Issuance Costs	-	99,706	-	-	99,706
Capital Leases - Principal	37,200	-	-	-	37,200
Capital Leases - Interest	2,259	-	-	-	2,259
Capital Outlay	2,501,653	-	-	1,105,011	3,606,664
Total Expenditures	44,979,776	4,857,344	940,879	4,556,309	55,334,308
Excess (Deficiency) of Revenues over (under) Expenditures	533,494	(1,712,766)	2,633,497	(307,310)	1,146,915
OTHER FINANCING SOURCES (USES)					
Issuance of Refunding Bonds	-	4,375,000	-	-	4,375,000
Payment to Bond Refunding Agent	-	-	-	(4,703,082)	(4,703,082)
Bond Issuance Premium	-	434,811	-	-	434,811
Transfers In	6,829,338	1,078,521	-	4,827,750	12,735,609
Transfers Out	(6,143,259)	(5,105,042)	(1,358,457)	(183,832)	(12,790,590)
Total Other Financing Sources (Uses)	686,079	783,290	(1,358,457)	(59,164)	51,748
Net Change in Fund Balances	1,219,573	(929,476)	1,275,040	(366,474)	1,198,663
Fund Balance - Beginning, As Previously Reported	8,543,541	6,132,329	2,395,451	7,115,282	24,186,603
Prior Period Adjustment	44,786	-	-	-	44,786
Fund Balance - Beginning, As Restated	8,588,327	6,132,329	2,395,451	7,115,282	24,231,389
Fund Balance - Ending	\$ 9,807,900	\$ 5,202,853	\$ 3,670,491	\$ 6,748,808	\$ 25,430,052

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, 2010

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

Net Change in Fund Balances - Total Governmental Funds		\$ 1,198,663
<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	\$ 3,095,718	
Depreciation Expense	<u>(6,398,814)</u>	(3,303,096)
<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	\$ (4,375,000)	
Principal Payments recorded as a reduction of the long-term liability	<u>8,913,105</u>	4,538,105
<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	\$ 99,706	
Bond (Premiums) Discounts	(406,729)	
Amortization of Bond Issuance Costs	(55,774)	
Amortization of Bond Issuance Costs - Refundings	(79,078)	
Amortization of Bond Premiums (Discounts)	<u>(45,574)</u>	(487,448)
<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	\$ 103,546	
Interest Expense	14,891	
Other Post Employment Benefits (OPEB) Expense	<u>(108,654)</u>	9,783
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(967,397)
<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>(129,388)</u>
Change in Net Assets of Governmental Activities		<u>\$ 859,222</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 29,816,919	\$ 29,816,919	\$ 28,736,934	\$ (1,079,985)
Licenses and Permits	1,200,000	1,200,000	1,080,748	(119,252)
Intergovernmental	2,685,205	3,486,241	3,946,612	460,371
Charges for Services	5,581,500	5,621,560	5,337,534	(284,026)
Fines and Forfeitures	535,000	601,015	618,992	17,977
Charges for Services - Other Funds	4,347,299	4,347,299	4,347,299	-
Interest Revenues	204,153	204,153	175,064	(29,089)
Miscellaneous Revenues	997,363	1,227,652	1,270,087	42,435
Total Revenues	<u>45,367,439</u>	<u>46,504,839</u>	<u>45,513,270</u>	<u>(991,569)</u>
EXPENDITURES				
General Government:				
Legislative	294,934	309,139	303,964	5,175
Executive	3,404,691	4,794,708	3,433,221	1,361,487
Personnel Administration	375,518	390,340	355,315	35,025
Administrative Services	2,654,966	2,578,217	2,262,927	315,290
Development Services	3,170,326	3,030,635	2,903,909	126,726
Other - Unclassified	1,906,548	1,794,322	1,590,124	204,198
Total General Government	<u>11,806,983</u>	<u>12,897,361</u>	<u>10,849,460</u>	<u>2,047,901</u>
Public Safety:				
Administration	656,004	925,629	856,129	69,500
Police	12,691,645	13,424,584	12,399,498	1,025,086
Fire	7,609,343	7,222,908	6,952,885	270,023
Total Public Safety	<u>20,956,992</u>	<u>21,573,121</u>	<u>20,208,512</u>	<u>1,364,609</u>
Highways and Public Improvements:				
Administration	1,241,609	1,313,353	1,201,172	112,181
Maintenance & Engineering	5,696,252	7,416,226	6,029,322	1,386,904
Total Highways and Public Improvements	<u>6,937,861</u>	<u>8,729,579</u>	<u>7,230,494</u>	<u>1,499,085</u>
Parks, Recreation and Arts				
	<u>6,651,241</u>	<u>7,104,951</u>	<u>6,651,851</u>	<u>453,100</u>
Debt Service:				
Capital Leases - Principal	37,200	37,200	37,200	-
Capital Leases - Interest	2,259	2,259	2,259	-
Total Debt Service	<u>39,459</u>	<u>39,459</u>	<u>39,459</u>	<u>-</u>
Total Expenditures	<u>46,392,536</u>	<u>50,344,471</u>	<u>44,979,776</u>	<u>5,364,695</u>
Excess of Revenues over Expenditures	<u>(1,025,097)</u>	<u>(3,839,632)</u>	<u>533,494</u>	<u>4,373,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,711,542	6,829,338	6,829,338	-
Transfers Out	(1,680,936)	(6,385,018)	(6,143,259)	241,759
Total Other Financing Sources (Uses)	<u>30,606</u>	<u>444,320</u>	<u>686,079</u>	<u>241,759</u>
Net Change in Fund Balance	<u>(994,491)</u>	<u>(3,395,312)</u>	<u>1,219,573</u>	<u>4,614,885</u>
Fund Balance - Beginning, As Previously Reported	8,543,541	8,543,541	8,543,541	-
Prior Period Adjustment	-	-	44,786	44,786
Fund Balance - Beginning, As Restated	<u>8,543,541</u>	<u>8,543,541</u>	<u>8,588,327</u>	<u>44,786</u>
Fund Balance - Ending	<u>\$ 7,549,050</u>	<u>\$ 5,148,229</u>	<u>\$ 9,807,900</u>	<u>\$ 4,614,885</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 2,630,000	\$ 3,574,376	\$ 3,574,376	\$ -
Miscellaneous Revenues	-	-	-	-
Total Revenues	2,630,000	3,574,376	3,574,376	-
EXPENDITURES				
Current:				
Redevelopment	1,271,543	4,589,632	940,879	3,648,753
Total Expenditures	1,271,543	4,589,632	940,879	3,648,753
Excess (Deficiency) of Revenues over (under) Expenditures	1,358,457	(1,015,256)	2,633,497	3,648,753
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,358,457)	(1,358,457)	(1,358,457)	-
Total Other Financing Sources (Uses)	(1,358,457)	(1,358,457)	(1,358,457)	-
Net Change in Fund Balance	-	(2,373,713)	1,275,040	3,648,753
Fund Balance - Beginning	2,395,451	2,395,451	2,395,451	-
Fund Balance - Ending	\$ 2,395,451	\$ 21,738	\$ 3,670,491	\$ 3,648,753

City of Orem
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds				
	Water	Water	Water	Water	Storm Sewer
	Fund	Fund	Reclamation	Reclamation	Fund
	Current Year	Prior Year	Fund	Fund	Current Year
			Current Year	Prior Year	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 4,338,170	\$ 4,556,494	\$ 2,142,934	\$ 2,457,412	\$ 1,727,637
Accounts Receivable (Net of Allowance for Doubtful Accounts)	1,107,840	1,195,078	729,641	717,976	396,324
Inventories	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted Cash:					
Debt Service & Capital Improvements	3,024,986	4,751,018	1,256,627	-	-
Total Current Assets	<u>8,470,996</u>	<u>10,502,590</u>	<u>4,129,202</u>	<u>3,175,388</u>	<u>2,123,961</u>
Noncurrent Assets:					
Deferred Charges	261,785	267,498	79,039	-	79,998
Capital Assets:					
Land	20,000	-	570,209	557,654	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	589,496	589,496	357,034
Machinery and Equipment	1,676,788	1,498,781	3,913,038	3,801,441	1,363,105
Infrastructure	53,199,615	50,557,297	37,474,532	37,126,328	15,005,094
Construction in Progress	314,912	1,022,606	2,286,291	270,161	26,089
Less Accumulated Depreciation	<u>(26,719,892)</u>	<u>(24,771,222)</u>	<u>(29,921,470)</u>	<u>(29,075,993)</u>	<u>(3,223,415)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>39,429,332</u>	<u>39,245,371</u>	<u>18,292,458</u>	<u>16,649,449</u>	<u>15,383,234</u>
Total Noncurrent Assets	<u>39,691,117</u>	<u>39,512,869</u>	<u>18,371,497</u>	<u>16,649,449</u>	<u>15,463,232</u>
Total Assets	<u>48,162,113</u>	<u>50,015,459</u>	<u>22,500,699</u>	<u>19,824,837</u>	<u>17,587,193</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	573,028	812,214	505,562	46,961	134,340
Customer Deposits	15,583	9,358	-	-	-
Accrued Liabilities	91,755	72,592	157,854	80,672	31,242
Due to Other Funds	-	-	-	-	-
Accrued Vacation and Sick Leave	92,699	94,787	49,781	59,973	33,680
Claims and Judgments	-	-	-	-	-
Unearned Revenue	55,610	52,691	-	-	-
Accrued Interest Payable	374,200	383,572	16,217	19,133	107,504
Bond Premiums	29,112	29,112	-	-	12,696
Capital Leases Payable - Current Portion	-	726	-	-	-
Bonds Payable - Current Portion	638,475	609,855	207,000	200,000	214,525
Total Current Liabilities	<u>1,870,462</u>	<u>2,064,907</u>	<u>936,414</u>	<u>406,739</u>	<u>533,987</u>
Noncurrent Liabilities:					
Accrued Vacation and Sick Leave	4,879	4,989	2,620	4,679	1,773
Claims and Judgments	-	-	-	-	-
Bond Premiums - Long-term Portion	422,669	451,781	-	-	179,340
Bonds Payable - Long-term Portion	17,359,832	17,998,307	2,812,757	1,111,757	4,830,168
Total Noncurrent Liabilities	<u>17,787,380</u>	<u>18,455,077</u>	<u>2,815,377</u>	<u>1,116,436</u>	<u>5,011,281</u>
Total Liabilities	<u>19,657,842</u>	<u>20,519,984</u>	<u>3,751,791</u>	<u>1,523,175</u>	<u>5,545,268</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	22,611,975	23,602,260	15,875,068	15,337,692	10,340,769
Restricted for Debt Service & Capital Improvements	3,024,986	4,751,018	1,256,627	-	-
Unrestricted	2,867,310	1,142,197	1,617,213	2,963,970	1,701,156
Total Net Assets	<u>\$ 28,504,271</u>	<u>\$ 29,495,475</u>	<u>\$ 18,748,908</u>	<u>\$ 18,301,662</u>	<u>\$ 12,041,925</u>

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
\$ 1,833,357	\$ 1,491,438	\$ 1,651,976	\$ 9,700,179	\$ 10,499,239	\$ 1,920,453
288,089	463,961	460,063	2,697,766	2,661,206	-
-	-	-	-	-	358,980
-	-	-	-	-	17,702
-	-	-	4,281,613	4,751,018	-
<u>2,121,446</u>	<u>1,955,399</u>	<u>2,112,039</u>	<u>16,679,558</u>	<u>17,911,463</u>	<u>2,297,135</u>
85,287	-	-	420,822	352,785	-
1,156,274	39,822	39,822	1,806,065	1,753,750	-
679,293	4,131,130	4,131,130	9,911,584	9,911,584	150,000
357,034	1,798,197	1,770,490	11,961,837	11,934,130	16,893
1,542,629	116,657	116,657	7,069,588	6,959,508	246,851
13,991,026	1,180,934	1,168,705	106,860,175	102,843,356	-
226,361	-	-	2,627,292	1,519,128	-
<u>(2,825,774)</u>	<u>(4,676,376)</u>	<u>(4,533,678)</u>	<u>(64,541,153)</u>	<u>(61,206,667)</u>	<u>(208,954)</u>
15,126,843	2,590,364	2,693,126	75,695,388	73,714,789	204,790
15,212,130	2,590,364	2,693,126	76,116,210	74,067,574	204,790
17,333,576	4,545,763	4,805,165	92,795,768	91,979,037	2,501,925
15,460	304,985	287,373	1,517,915	1,162,008	55,029
-	-	-	15,583	9,358	-
26,108	108,367	91,192	389,218	270,564	34,974
-	443,337	418,156	443,337	418,156	-
32,137	44,523	35,284	220,683	222,181	68,804
-	-	-	-	-	604,957
-	356,993	320,805	412,603	373,496	-
110,810	-	-	497,921	513,515	-
12,696	-	-	41,808	41,808	-
830	-	-	-	1,556	-
206,145	-	-	1,060,000	1,016,000	-
<u>404,186</u>	<u>1,258,205</u>	<u>1,152,810</u>	<u>4,599,068</u>	<u>4,028,642</u>	<u>763,764</u>
1,692	2,344	1,858	11,616	13,218	31,095
-	-	-	-	-	327,888
192,037	-	-	602,009	643,818	-
5,044,693	-	-	25,002,757	24,154,757	-
<u>5,238,422</u>	<u>2,344</u>	<u>1,858</u>	<u>25,616,382</u>	<u>24,811,793</u>	<u>358,983</u>
<u>5,642,608</u>	<u>1,260,549</u>	<u>1,154,668</u>	<u>30,215,450</u>	<u>28,840,435</u>	<u>1,122,747</u>
9,875,175	2,590,364	2,693,126	51,418,176	51,508,253	204,790
-	-	-	4,281,613	4,751,018	-
1,815,793	694,850	957,371	6,880,529	6,879,331	1,174,388
<u>\$ 11,690,968</u>	<u>\$ 3,285,214</u>	<u>\$ 3,650,497</u>	<u>\$ 62,580,318</u>	<u>\$ 63,138,602</u>	<u>\$ 1,379,178</u>

City of Orem
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended June 30, 2010

	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	\$ 8,345,652	\$ 8,496,116	\$ 5,857,655	\$ 5,773,255	\$ 2,727,203
Other Revenues	122,437	906,746	590,402	286,980	92,103
Total Operating Revenues	<u>8,468,089</u>	<u>9,402,862</u>	<u>6,448,057</u>	<u>6,060,235</u>	<u>2,819,306</u>
OPERATING EXPENSES					
Personnel Services	1,978,120	1,978,028	2,055,743	2,122,801	673,916
Supplies and Maintenance	672,872	528,876	557,625	567,557	239,202
Administrative Fee	1,222,675	1,136,496	841,076	804,769	333,577
Utilities	428,602	419,047	524,360	454,329	5,639
Contract Services	2,624,103	1,952,774	706,697	787,473	153,990
Equipment Lease and Rentals	37,269	45,112	2,546	826	9,000
Insurance	119,834	119,834	68,313	67,952	29,760
Charges in Lieu of Property Tax	97,500	95,000	97,500	95,000	-
Depreciation Expense	1,783,504	1,708,223	1,013,456	981,264	586,320
Miscellaneous	64,740	77,156	52,129	64,288	53,167
Total Operating Expenses	<u>9,029,219</u>	<u>8,060,546</u>	<u>5,919,445</u>	<u>5,946,259</u>	<u>2,084,571</u>
Operating Income (Loss)	<u>(561,130)</u>	<u>1,342,316</u>	<u>528,612</u>	<u>113,976</u>	<u>734,735</u>
NONOPERATING REVENUES AND EXPENSES					
Interest Revenue	54,021	195,153	18,401	37,435	9,672
Gain (Loss) on Sale of Capital Assets	9,000	18,655	13,998	14,975	(12,842)
Donations / Grants	12,842	-	-	-	-
Deferred Charges	(5,713)	(18,748)	(1,371)	-	(5,289)
Interest Expense	(755,651)	(769,832)	(42,996)	(49,872)	(222,159)
Total Nonoperating Revenues	<u>(685,501)</u>	<u>(574,772)</u>	<u>(11,968)</u>	<u>2,538</u>	<u>(230,618)</u>
Income (Loss) before Transfers and Contributions	<u>(1,246,631)</u>	<u>767,544</u>	<u>516,644</u>	<u>116,514</u>	<u>504,117</u>
Contributions from Developers	222,300	-	78,480	-	-
Contributions from Governmental Funds	-	-	-	-	-
Transfers In	104,990	105,699	-	-	12,212
Transfers Out	(71,863)	(16,650)	(147,878)	(93,374)	(165,372)
Change in Net Assets	<u>(991,204)</u>	<u>856,593</u>	<u>447,246</u>	<u>23,140</u>	<u>350,957</u>
Total Net Assets - Beginning,					
As Previously Reported	29,495,475	28,213,260	18,301,662	18,075,564	11,690,968
Prior Period Adjustment	-	425,622	-	202,958	-
Total Net Assets - Beginning, As Restated	<u>29,495,475</u>	<u>28,638,882</u>	<u>18,301,662</u>	<u>18,278,522</u>	<u>11,690,968</u>
Total Net Assets - Ending	<u>\$ 28,504,271</u>	<u>\$ 29,495,475</u>	<u>\$ 18,748,908</u>	<u>\$ 18,301,662</u>	<u>\$ 12,041,925</u>

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
\$ 2,688,102	\$ 5,518,995	\$ 5,328,365	\$ 22,449,505	\$ 22,285,838	\$ 2,458,104
720	22,475	24,340	827,417	1,218,786	458
<u>2,688,822</u>	<u>5,541,470</u>	<u>5,352,705</u>	<u>23,276,922</u>	<u>23,504,624</u>	<u>2,458,562</u>
674,485	1,332,826	1,261,171	6,040,605	6,036,485	768,210
212,687	258,777	225,867	1,728,476	1,534,987	1,794,488
303,240	389,058	333,674	2,786,386	2,578,179	-
5,536	530,319	558,316	1,488,920	1,437,228	-
162,236	2,848,719	2,816,586	6,333,509	5,719,069	-
11,717	708,329	708,960	757,144	766,615	-
29,760	-	-	217,907	217,546	-
-	-	-	195,000	190,000	-
569,802	142,698	124,378	3,525,978	3,383,667	20,213
45,857	42,418	45,713	212,454	233,014	-
<u>2,015,320</u>	<u>6,253,144</u>	<u>6,074,665</u>	<u>23,286,379</u>	<u>22,096,790</u>	<u>2,582,911</u>
<u>673,502</u>	<u>(711,674)</u>	<u>(721,960)</u>	<u>(9,457)</u>	<u>1,407,834</u>	<u>(124,349)</u>
42,185	10,460	32,291	92,554	307,064	-
45,000	-	1,285	10,156	79,915	-
-	-	-	12,842	-	-
(5,289)	-	-	(12,373)	(24,037)	-
<u>(229,670)</u>	<u>-</u>	<u>-</u>	<u>(1,020,806)</u>	<u>(1,049,374)</u>	<u>-</u>
<u>(147,774)</u>	<u>10,460</u>	<u>33,576</u>	<u>(917,627)</u>	<u>(686,432)</u>	<u>-</u>
525,728	(701,214)	(688,384)	(927,084)	721,402	(124,349)
-	-	-	300,780	-	-
-	8,000	28,351	8,000	28,351	-
49,580	359,955	1,025,843	477,157	1,181,122	-
(63,794)	(32,024)	(33,507)	(417,137)	(207,325)	(5,039)
<u>511,514</u>	<u>(365,283)</u>	<u>332,303</u>	<u>(558,284)</u>	<u>1,723,550</u>	<u>(129,388)</u>
11,078,812	3,650,497	3,190,028	63,138,602	60,557,664	1,508,566
100,642	-	128,166	-	857,388	-
<u>11,179,454</u>	<u>3,650,497</u>	<u>3,318,194</u>	<u>63,138,602</u>	<u>61,415,052</u>	<u>1,508,566</u>
<u>\$ 11,690,968</u>	<u>\$ 3,285,214</u>	<u>\$ 3,650,497</u>	<u>\$ 62,580,318</u>	<u>\$ 63,138,602</u>	<u>\$ 1,379,178</u>

City of Orem
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2010

	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	\$ 8,432,890	\$ 8,438,940	\$ 5,845,990	\$ 5,737,377
Receipts from Interfund Services Provided	122,437	906,746	590,402	286,980
Payments to Suppliers	(4,274,962)	(3,439,700)	(1,477,361)	(2,099,389)
Payments to Employees	(1,961,155)	(1,975,551)	(2,064,020)	(2,122,700)
Payments for Interfund Services Used	(1,222,675)	(1,136,496)	(841,076)	(804,769)
Net Cash Provided (Used) by Operating Activities	<u>1,096,535</u>	<u>2,793,939</u>	<u>2,053,935</u>	<u>997,499</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Donations / Grants	-	-	-	-
Transfers In	104,990	105,699	-	-
Transfers Out	(71,863)	(16,650)	(147,878)	(93,374)
Net Cash Provided (Used) by Noncapital Activities	<u>33,127</u>	<u>89,049</u>	<u>(147,878)</u>	<u>(93,374)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(1,736,324)	(2,813,992)	(2,566,777)	(464,956)
Proceeds from Bonds Issued	-	50,000	1,908,000	-
Deferred Charges	-	-	(80,410)	-
Proceeds from Sales of Capital Assets	9,000	18,675	2,790	14,975
Principal paid on Outstanding Debt	(610,581)	(542,055)	(200,000)	(194,000)
Interest paid on Outstanding Debt	(790,135)	(754,637)	(45,912)	(52,702)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,128,040)</u>	<u>(4,042,009)</u>	<u>(982,309)</u>	<u>(696,683)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	54,021	195,153	18,401	37,435
Net Cash Provided (Used) by Investing Activities	<u>54,021</u>	<u>195,153</u>	<u>18,401</u>	<u>37,435</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,944,357)	(963,868)	942,149	244,877
Cash and Cash Equivalents - Beginning of Year	9,307,513	10,271,381	2,457,412	2,212,535
Cash and Cash Equivalents - End of Year	<u>\$ 7,363,156</u>	<u>\$ 9,307,513</u>	<u>\$ 3,399,561</u>	<u>\$ 2,457,412</u>
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (561,130)	\$ 1,342,316	\$ 528,612	\$ 113,976
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 1,783,504	\$ 1,708,223	\$ 1,013,456	\$ 981,264
(Increase) Decrease in Receivables	87,238	(57,176)	(11,665)	(35,878)
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Prepaids	-	-	-	-
Increase (Decrease) in Accounts Payable	(239,186)	(192,741)	458,601	(61,964)
Increase (Decrease) in Customer Deposits	6,225	(1,644)	-	-
Increase (Decrease) in Accrued Liabilities	19,163	(1,729)	77,182	(8,545)
Increase (Decrease) in Unearned/Deferred Revenue	2,919	(7,516)	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	(2,198)	4,206	(12,251)	8,646
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	<u>1,657,665</u>	<u>1,451,623</u>	<u>1,525,323</u>	<u>883,523</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,096,535</u>	<u>\$ 2,793,939</u>	<u>\$ 2,053,935</u>	<u>\$ 997,499</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Developers	\$ 222,300	\$ -	\$ 78,480	\$ -
Contributions of Capital Assets from Governmental Funds	-	-	-	-
Contributions of Capital Assets from Enterprise Funds	201,521	-	-	-

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
\$ 2,618,968	\$ 2,667,522	\$ 5,515,097	\$ 5,309,000	\$ 22,412,945	\$ 22,152,839	\$ -
92,103	720	22,475	24,340	827,417	1,218,786	2,458,562
(371,878)	(464,625)	(4,306,778)	(4,423,688)	(10,430,979)	(10,427,402)	(1,673,933)
(667,158)	(672,096)	(1,308,729)	(1,251,929)	(6,001,062)	(6,022,276)	(770,713)
(333,577)	(303,240)	(389,058)	(333,674)	(2,786,386)	(2,578,179)	-
<u>1,338,458</u>	<u>1,228,281</u>	<u>(466,993)</u>	<u>(675,951)</u>	<u>4,021,935</u>	<u>4,343,768</u>	<u>13,916</u>
-	-	-	-	-	-	-
12,212	49,580	359,955	1,025,843	477,157	1,181,122	-
(165,372)	(63,794)	(32,024)	(33,507)	(417,137)	(207,325)	(5,039)
<u>(153,160)</u>	<u>(14,214)</u>	<u>327,931</u>	<u>992,336</u>	<u>60,020</u>	<u>973,797</u>	<u>(5,039)</u>
(855,553)	(1,798,853)	(31,936)	(332,233)	(5,190,590)	(5,410,034)	(40,059)
-	-	-	-	1,908,000	50,000	-
-	-	-	-	(80,410)	-	-
-	45,000	-	1,285	11,790	79,935	-
(206,975)	(211,599)	-	-	(1,017,556)	(947,654)	(519)
(238,162)	(245,639)	-	-	(1,074,209)	(1,052,978)	-
<u>(1,300,690)</u>	<u>(2,211,091)</u>	<u>(31,936)</u>	<u>(330,948)</u>	<u>(5,442,975)</u>	<u>(7,280,731)</u>	<u>(40,578)</u>
9,672	42,185	10,460	32,291	92,554	307,064	-
9,672	42,185	10,460	32,291	92,554	307,064	-
(105,720)	(954,839)	(160,538)	17,728	(1,268,466)	(1,656,102)	(31,701)
1,833,357	2,788,196	1,651,976	1,634,248	15,250,258	16,906,360	1,952,154
<u>\$ 1,727,637</u>	<u>\$ 1,833,357</u>	<u>\$ 1,491,438</u>	<u>\$ 1,651,976</u>	<u>\$ 13,981,792</u>	<u>\$ 15,250,258</u>	<u>\$ 1,920,453</u>
-	-	-	-	-	-	-
\$ 734,735	\$ 673,502	\$ (711,674)	\$ (721,960)	\$ (9,457)	\$ 1,407,834	\$ (124,349)
-	-	-	-	-	-	-
\$ 586,320	\$ 569,802	\$ 142,698	\$ 124,378	\$ 3,525,978	\$ 3,383,667	\$ 20,213
(108,235)	(20,580)	(3,898)	(19,365)	(36,560)	(132,999)	(17,702)
-	-	-	-	-	-	5,495
-	-	-	-	-	-	-
118,880	3,168	17,612	(54,064)	355,907	(305,601)	22,657
-	-	-	-	6,225	(1,644)	-
5,134	609	42,356	26,574	143,835	16,909	5,851
-	-	36,188	(29,854)	39,107	(37,370)	-
1,624	1,780	9,725	(1,660)	(3,100)	12,972	(2,503)
-	-	-	-	-	-	104,254
<u>603,723</u>	<u>554,779</u>	<u>244,681</u>	<u>46,009</u>	<u>4,031,392</u>	<u>2,935,934</u>	<u>138,265</u>
<u>\$ 1,338,458</u>	<u>\$ 1,228,281</u>	<u>\$ (466,993)</u>	<u>\$ (675,951)</u>	<u>\$ 4,021,935</u>	<u>\$ 4,343,768</u>	<u>\$ 13,916</u>
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 300,780	\$ -	\$ -
-	-	8,000	28,351	8,000	28,351	-
-	-	-	-	201,521	-	-

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

City of Orem
Notes to the Financial Statements
June 30, 2010

1. **Summary of Significant Accounting Policies**

A. Reporting Entity

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

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

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

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

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

B. Government-wide and Fund Financial Statements

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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than expenses in the government-wide financial statements.

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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following internal service funds:

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

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

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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.
- Other investments allowed by the State of Utah's Money Management Act.

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

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

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from" other funds. In the Water, Water Reclamation, and Solid Waste funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2010 have been accrued as revenues and receivables.

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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

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.

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	33 - 50
Buildings and Systems	25 - 33 ¹ / ₃
Machinery, 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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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

5. Compensated Absences (continued)

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

6. Long-term Obligations

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

7. Restricted Assets

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

City of Orem
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies (continued)

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

8. Fund Equity Reserves

Fund Balance

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

Restricted Net Assets

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

9. Contributions from Developers

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

E. Estimates and Assumptions

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

2. Reconciliation of Government-wide and Fund Financial Statements

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

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)

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		\$ 239,762,249
Accumulated Depreciation		<u>(81,733,326)</u>
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net assets - governmental activities</i>		<u>\$ 158,028,923</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 financials. All liabilities (both current and long-term) are reported in the statement of net assets.

Long-term liability balances at June 30, 2010 were as follows:

General Obligation Bonds		\$ 17,665,000
Sales Tax Revenue Bonds		8,790,000
Special Improvement District Bonds		5,806,000
Franchise Tax Revenue Bonds		4,375,000
Municipal Building Authority Bonds		380,000
Notes Payable		2,964,498
Capital Leases		43,447
Bond Premiums Deferred		907,938
Bond Loss on Defeasance Deferred - Refunding		(221,777)
Bond Issuance Costs Deferred - Refunding		(364,323)
Compensated Absences		1,733,369
Less: Internal Service Funds - Current Portion		(68,804)
Net OPEB Obligations		<u>108,654</u>
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net assets - governmental activities</i>		<u>\$ 42,119,002</u>

City of Orem
Notes to the Financial Statements
June 30, 2010

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

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:

Debt issued or incurred:	
Issuance of Franchise Tax Rev Refunding Bonds	\$ (4,375,000)
Principal payments:	
Payment to Escrow Agent for MBA Lease	
Revenue Bonds Debt Refunding	4,675,000
Municipal Building Authority Bonds	1,167,000
General Obligation Bonds	1,160,000
Sales Tax Revenue Bonds	615,000
Special Improvement District Bonds	532,000
Notes Payable	726,905
Capital Leases	37,200
Subtotal	8,913,105
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 4,538,105

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

City of Orem
Notes to the Financial Statements
June 30, 2010

3. **Stewardship, Compliance and Accountability (continued)**

A. Budgetary Information (continued)

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.

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

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

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

Tax Revenues

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds

A. Deposits and Investments

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

Custodial Credit Risk – Deposits

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

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The City has no formal policy regarding custodial credit risk for these deposits. As of June 30, 2010, \$1,868,086 of the City's bank balance of \$3,263,424 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2010 is \$2,681,429.

Investments

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

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.

The City's investments at June 30, 2010 are presented below:

Investment Type	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	\$ 24,777,731	\$ 24,777,731	\$ -	\$ -	\$ -
Zions Bank Liquid Asset Management Fund	11,295,419	11,295,419	-	-	-
U.S. Treasuries	345,234	345,234	-	-	-
Total Debt Securities	<u>\$ 36,418,384</u>	<u>\$ 36,418,384</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, 2010

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, 2010 are presented below:

Rated Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 24,777,731	\$ -	\$ -	\$ -	\$ 24,777,731
Zions Bank Liquid Asset Management Fund	11,295,419	11,295,419	-	-	-
U.S. Treasuries	345,234	-	-	-	345,234
Total Debt Securities	<u>\$ 36,418,384</u>	<u>\$ 11,295,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,122,965</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, 2010 were with the Utah Public Treasurer's Investment Fund and therefore, are not categorized as to custodial credit risk. The investments in the Zions Bank Liquid Asset Management Fund have custodial credit risk exposure. Of the \$11,306,236 invested, none of the related securities are uninsured or unregistered.

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

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

Concentration of Credit Risk – Investments

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

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.

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk – Investments (continued)

Most of the City's investments at June 30, 2010 were with the Utah Public Treasurer's Investment Fund 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 Liquid Asset Management Fund.

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

B. External Investment Pools

Public Treasurer's Investment Fund (PTIF)

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

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

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

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

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

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

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, 2010) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2010, the City had \$24,682,546 invested in the PTIF which had a fair value of \$24,777,731 for an unrealized gain of \$95,185. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

The table below shows statistical information about the investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	79.36 %
Money Market Accounts and Certificates of Deposit	20.13 %
U.S. Government Securities	0.51 %
Total	100.00 %

Zions Bank Liquid Asset Management Fund (LAM)

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

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

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

As of June 30, 2010, the City had \$11,306,236 invested in the LAM which had a fair value of \$11,295,419 for an unrealized loss of \$10,817. Due to the insignificance of this amount in relation to the funds affected by the

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

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

unrealized loss, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

The table below shows statistical information about the investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	95.17 %
U.S. Government Securities	0.02 %
Money Market Accounts and Certificates of Deposit	4.81 %
Total	100.00 %

C. Customer Deposits

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

D. Loans Receivable - CDBG and EDA Loans

The City uses monies from the Community Development Block Grant (CDBG) program to create housing rehabilitation and business redevelopment loans. Additional funds from the Economic Development Agency (EDA) and the Utah Revolving Loan Fund are used to supplement the business redevelopment loan program. The principal balance of the loans at June 30, 2010, as summarized below, has been shown in the government-wide statement of net assets as follows:

Housing rehabilitation loans	\$ 339,254
Total	\$ 339,254

E. Receivables

Receivables as of June 30, 2010 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, 2010

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	\$ 4,555,334	\$ -	\$ 4,555,334
Other Taxes	4,557,918	-	4,557,918
Special Assessments	7,923,803	-	7,923,803
Intergovernmental	386,643	-	386,643
Accounts	590,217	(750)	589,467
Due from Other Funds	443,337	-	443,337
Subtotal - General	<u>18,457,252</u>	<u>(750)</u>	<u>18,456,502</u>
Debt Service:			
Property Taxes	1,938,629	-	1,938,629
Notes Receivable	1,442,352	-	1,442,352
Redevelopment:			
Property Taxes	3,510,000	-	3,510,000
Water:			
Accounts	1,114,539	(6,699)	1,107,840
Water Reclamation:			
Accounts	733,824	(4,183)	729,641
Storm Sewer:			
Accounts	398,025	(1,701)	396,324
Nonmajor Funds:			
Other Taxes	261,196	-	261,196
Intergovernmental	72,854	-	72,854
Accounts	467,196	(3,235)	463,961
Notes Receivable	339,254	-	339,254
Subtotal - Nonmajor	<u>1,140,500</u>	<u>(3,235)</u>	<u>1,137,265</u>
Totals	<u>\$ 28,735,121</u>	<u>\$ (16,568)</u>	<u>\$ 28,718,553</u>

All receivables are expected to be collected within one year except for \$5,277,377 of special assessments in the General Fund, \$1,442,352 of notes receivable in the Debt Service Fund, and \$329,552 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, 2010

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

	Unavailable	Unearned
Property Taxes Receivable	\$ -	\$ 10,003,963
Donations and Other Funds to be Used for Specific Programs	-	865,917
Grant Money Used in Revolving Loan Programs	-	559,254
Special Assessments not yet Due	7,923,803	40,662
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 7,923,803</u>	<u>\$ 11,469,796</u>

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 59,017,375	\$ 11,039	\$ -	\$ 59,028,414
Construction in progress	1,779,276	2,722,163	(4,501,439)	-
Total capital assets, not being depreciated:	<u>60,796,651</u>	<u>2,733,202</u>	<u>(4,501,439)</u>	<u>59,028,414</u>
Capital assets, being depreciated:				
Buildings and systems	27,665,912	1,006,757	(5,000)	28,667,669
Improvements other than buildings	27,189,921	171,131	(48,369)	27,312,683
Machinery and equipment	15,551,499	916,711	(319,748)	16,148,462
Infrastructure	105,787,606	2,817,416	-	108,605,022
Total capital assets, being depreciated:	<u>176,194,938</u>	<u>4,912,015</u>	<u>(373,117)</u>	<u>180,733,836</u>
Less accumulated depreciation for:				
Buildings and systems	(11,342,721)	(989,470)	5,000	(12,327,191)
Improvements other than buildings	(11,487,465)	(1,201,075)	40,369	(12,648,171)
Machinery and equipment	(10,213,194)	(1,223,628)	172,721	(11,264,101)
Infrastructure	(42,489,010)	(3,004,854)	-	(45,493,864)
Total accumulated depreciation	<u>(75,532,390)</u>	<u>(6,419,027)</u>	<u>218,090</u>	<u>(81,733,327)</u>
Total capital assets, being depreciated, net	<u>100,662,548</u>	<u>(1,507,012)</u>	<u>(155,027)</u>	<u>99,000,509</u>
Governmental activities capital assets, net	<u>\$ 161,459,199</u>	<u>\$ 1,226,190</u>	<u>\$ (4,656,466)</u>	<u>\$ 158,028,923</u>

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,753,750	\$ 52,315	\$ -	\$ 1,806,065
Construction in progress	1,519,128	4,836,547	(3,728,383)	2,627,292
Total capital assets, not being depreciated:	<u>3,272,878</u>	<u>4,888,862</u>	<u>(3,728,383)</u>	<u>4,433,357</u>
Capital assets, being depreciated:				
Buildings and systems	9,911,584	-	-	9,911,584
Improvements other than buildings	11,934,130	27,707	-	11,961,837
Machinery and equipment	6,902,183	622,990	(455,585)	7,069,588
Infrastructure	<u>102,843,356</u>	<u>4,016,819</u>	<u>-</u>	<u>106,860,175</u>
Total capital assets, being depreciated:	<u>131,591,253</u>	<u>4,667,516</u>	<u>(455,585)</u>	<u>135,803,184</u>
Less accumulated depreciation for:				
Buildings and systems	(6,141,511)	(211,301)	-	(6,352,812)
Improvements other than buildings	(2,108,810)	(580,160)	-	(2,688,970)
Machinery and equipment	(4,353,798)	(483,289)	134,168	(4,702,919)
Infrastructure	<u>(48,545,224)</u>	<u>(2,251,228)</u>	<u>-</u>	<u>(50,796,452)</u>
Total accumulated depreciation	<u>(61,149,343)</u>	<u>(3,525,978)</u>	<u>134,168</u>	<u>(64,541,153)</u>
Total capital assets, being depreciated, net	<u>70,441,910</u>	<u>1,141,538</u>	<u>(321,417)</u>	<u>71,262,031</u>
Business-type activities capital assets, net	<u>\$ 73,714,788</u>	<u>\$ 6,030,400</u>	<u>\$ (4,049,800)</u>	<u>\$ 75,695,388</u>

City of Orem
Notes to the Financial Statements
June 30, 2010

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	\$	295,204
Public Safety		1,034,510
Highway and Streets		3,480,319
Parks, Recreation and Arts		1,421,812
Redevelopment		89,429
Economic and Physical Development		77,540
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets		<u>20,213</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>6,419,027</u></u>
Business-type Activities:		
Water	\$	1,783,504
Water Reclamation		1,013,456
Storm Sewer		586,320
Recreation		103,592
Street Lighting		39,106
Total Depreciation Expense - Business-type Activities	\$	<u><u>3,525,978</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2010. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, water, water reclamation, and storm sewer system improvements, and new construction and improvements to various public facilities. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Water Systems Improvements	\$ 810,336	\$ 2,497,209
Street Construction and Improvements	2,233,266	1,433,172
Public Facility Construction & Improvements	-	550,000
Water Reclamation Improvements	1,631,736	10,129,293
Storm Sewer Improvements	123,340	432,814
Total	<u><u>\$ 4,798,678</u></u>	<u><u>\$ 15,042,488</u></u>

City of Orem
Notes to the Financial Statements
June 30, 2010

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, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending 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	(106,084)	(8,458)	-	(114,542)
Improvements other than buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	(106,084)	(8,458)	-	(114,542)
Total capital assets, being depreciated, net	93,016	(8,458)	-	84,558
CEDO capital assets, net	\$ 108,016	\$ (8,458)	\$ -	\$ 99,558

G. Interfund Receivable, Payables and Transfers

The composition of interfund balances as of June 30, 2010 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, 2010

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	\$ 443,337
Total		<u>\$ 443,337</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, 2010 are as follows:

	<u>In</u>	<u>Out</u>
Major Funds:		
General	\$ 6,829,338	\$ 6,143,259
Debt Service Fund	1,078,521	5,105,042
Redevelopment Fund	-	1,358,457
Water Fund	104,990	71,863
Water Reclamation Fund	-	147,878
Storm Sewer Fund	12,212	165,372
Nonmajor Governmental Funds	4,827,750	183,832
Nonmajor Enterprise Funds	359,955	32,024
Internal Service Funds	-	5,039
	<u>\$ 13,212,766</u>	<u>\$ 13,212,766</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, 2010

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, 2010, the City paid premiums of approximately \$245,000 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, 2010, the City paid solid waste tipping fees of approximately \$1,057,000 to NPSWSSD. The City's waste, by weight, represents approximately 25% of all of the solid waste processed by NPSWSSD.

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, 2010, the City paid UTOPIA approximately \$8,000 in customer service fees and \$65,000 to cover certain legal fees. The City also had \$1,442,352 in pledge funds drawn from its debt service reserve fund during the fiscal year to pay UTOPIA debt obligations. A corresponding long-term note receivable was also recorded for the same amount. See footnote 5.B. (Other information, contingent liabilities) for additional information.

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, 2010, the City paid participation fees of approximately \$94,000 to NUVAS.

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

I. Capital Leases

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

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

The following is a schedule, by year, of future minimum lease payments of all capital leases as well as the present value of the net minimum lease payments as of June 30, 2010:

Year ending June 30,	Governmental Activities
2011	\$ 27,304
2012	7,795
2013	7,794
2014	2,598
Total minimum lease payments	45,491
Less: Amount representing interest	(2,044)
Present value of net minimum lease payments	\$ 43,447

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

	Governmental Activities
Cost of Equipment	\$ 329,247
Accumulated Depreciation	(129,571)
Difference	\$ 199,676

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.

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

General Obligation Bonds (continued)

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

General obligation bonds currently outstanding at June 30, 2010 are as follows:

Purpose	Interest Rates	Amount
<u>Governmental activities:</u>		
2004 Road Construction-Refunding	3.00% to 4.00%	\$ 2,880,000
2005 Road Construction	3.50% to 5.00%	7,430,000
2006 Road Construction	3.63% to 5.00%	4,730,000
2009 Road Construction-Refunding	2.75% to 5.00%	2,625,000
Total		<u>\$ 17,665,000</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	
2011	\$ 1,205,000	\$ 729,128	\$ 1,934,128
2012	1,250,000	683,800	1,933,800
2013	1,310,000	634,743	1,944,743
2014	1,350,000	582,250	1,932,250
2015	1,410,000	526,850	1,936,850
2016-2020	6,165,000	1,781,893	7,946,893
2021-2025	4,975,000	630,625	5,605,625
Totals	<u>\$ 17,665,000</u>	<u>\$ 5,569,289</u>	<u>\$ 23,234,289</u>

Prior Year Refunding

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

City of Orem
Notes to the Financial Statements
June 30, 2010

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, 2010:

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 on February 1 of each year commencing February 1, 1995 through February 1, 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, 2010, is \$1,111,757.

Refunding Lease Revenue Bonds – Series 2001

In October of 2001, the City issued lease revenue refunding bonds of \$5,345,000 through private placement that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 1995 lease revenue bonds. The terms of the bond contract require principal payable annually commencing June 15, 2002 with interest payable semi-annually on June 15 and December 15 through June 2011. The interest rate varies between 2.50% and 4.50%. Outstanding principal at June 30, 2010, is \$380,000.

Canyon River SID Bonds – Series 2001

In October of 2001, the City issued Canyon River special improvement district bonds of \$3,680,000 through private placement for the improvement of property. Payments on the bonds are paid from assessments levied against the property. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. The terms of the bond contract require principal and interest payable annually commencing March 2002 through June 2016. The interest rate varies between 4.59% and 5.00%. The outstanding principal amount of these bonds at June 30, 2010, is \$2,100,000.

Sales Tax Revenue Bonds – Series 2002

In February of 2002, the City issued sales tax lease revenue bonds of \$12,175,000 through private placement for completion of recreation projects. Payments on the bonds are paid using Redevelopment fund property tax increments and secured by sales tax revenues. The terms of the bond contract require semi-

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Sales Tax Revenue Bonds – Series 2002 (continued)

annual payments through April 2023. They also require principal payable annually commencing April 15, 2003 with interest payable semi-annually commencing October 15, 2002 and April 15, 2003, respectively, through April 2023. The interest rate varies between 3.00% and 5.50%. Outstanding principal at June 30, 2010, is \$3,120,000.

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. The terms of the bond contract require principal payable annually commencing July 15, 2006 with interest payable semi-annually commencing January 15, 2006 through July 2025. The interest rate varies between 3.50% and 5.25%. The outstanding principal amount of these bonds at June 30, 2010, is \$15,050,000.

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 July 15, 2006 with interest payable semi-annually commencing January 15, 2006 through July 2025. The interest rate is fixed at 1.48%. The outstanding principal amount of these bonds at June 30, 2010, is \$2,468,000.

Refunding Sales Tax Revenue Bonds – Series 2007

In October of 2007, the City issued sales tax revenue refunding bonds of \$5,720,000 through private placement. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2002 sales tax revenue bonds. The bond contract requires principal payable annually commencing April 15, 2009 with interest payable semi-annually on April 15 and October 15 through April 2023. The interest rate varies between 3.80% and 5.00%. Outstanding principal at June 30, 2010, is \$5,670,000.

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

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Water and Storm Sewer Revenue Bonds – Series 2008 (continued)
payable annually commencing July 15, 2009 and interest payable semi-annually on January 15 and July 15 through July 2028. The interest rate varies between 3.25% and 5.25%. Outstanding principal at June 30, 2010, is \$5,525,000.

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. Payments on the bonds are paid from assessments levied against the property. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. However, the assessments have a first lien priority and can be paid by selling the property through the foreclosure process. The bond contract requires principal and interest payable annually commencing December 2009 through December 2028. The interest rate is 4.35%. Outstanding principal at June 30, 2010, is \$3,706,000.

Water Quality Revenue Bonds – Series 2010
In February of 2010, the City entered into an agreement to issue revenue bonds through the State of Utah's Department of Environmental Quality of up to \$11,889,000. As of June 30, 2010, the City had issued \$1,908,000 of such bonds. 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 on February 1 of each year commencing February 1, 2013 through February 1, 2032. Payments on the bonds are paid from sewer charges to customers. The interest rate is fixed at 0.00%. The outstanding principal amount of these bonds at June 30, 2010, is \$1,908,000.

Refunding Franchise Tax Revenue 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 March 15, 2011 with interest payable semi-annually on March 15 and September 15 through March 2018. The interest rate varies between 2.13% and 5.13%. Outstanding principal at June 30, 2010, is \$4,375,000.

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Current Year Refunding

In 2010, the City issued \$4,375,000 of franchise tax revenue refunding bonds. The funds were used to pay the outstanding principal balances at March 15, 2010 of the Series 2000 and Series 2007 lease revenue bonds. As a result, \$990,000 of the Series 2000 and \$3,685,000 of the Series 2007 lease 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 \$108,561. 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 eight years by \$234,152 and resulted in an economic gain of \$213,408.

Revenue bonds currently outstanding at June 30, 2010 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities:		
Recreation Projects	3.00%-5.50%	\$ 8,790,000
Property Improvement	4.35%-5.50%	5,806,000
Street Lighting	2.13%-5.13%	4,375,000
Bond Refunding	2.50%-4.50%	380,000
Business-type Activities:		
Water and Storm Sewer	1.48%-5.25%	23,043,000
Wastewater Treatment	0.00%-3.50%	3,019,757
Total		<u>\$ 45,413,757</u>

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

<u>Year Ended</u> <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 1,997,000	\$ 860,520	\$ 1,060,000	\$ 1,040,965	\$ 4,958,485
2012	1,673,000	778,850	1,105,000	1,004,447	4,561,297
2013	1,769,000	706,672	1,733,450	964,662	5,173,784
2014	1,860,000	628,457	1,768,450	923,603	5,180,510
2015	1,927,000	542,181	1,803,207	881,203	5,153,591
2016-2020	7,187,000	1,370,332	5,663,650	3,740,572	17,961,554
2021-2025	1,948,000	443,947	6,917,000	2,345,940	11,654,887
2026-2030	990,000	236,988	6,012,000	621,271	7,860,259
Totals	<u>\$ 19,351,000</u>	<u>\$ 5,567,947</u>	<u>\$ 26,062,757</u>	<u>\$ 11,522,663</u>	<u>\$ 62,504,367</u>

City of Orem
Notes to the Financial Statements
June 30, 2010

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

All of the City's water and storm sewer, water quality, sales tax, and lease revenue bonds are payable solely by a pledge and assignment of their associated revenue sources. For additional information regarding the City's pledged-revenue coverage, see the table on pages 154-155.

Notes Payable

Notes payable currently outstanding at June 30, 2010 are as follows:

Purpose	Interest Rates	Amount
<u>Governmental Activities:</u>		
Interim Warrant - Building	Variable	\$ 1,557,284
HUD Section 108 Loan - Economic Development	Variable	1,139,930
Land Purchase - Park	6.00%	267,284
Total		<u>\$ 2,964,498</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	
2011	\$ 1,625,352	\$ 176,621	\$ 1,801,973
2012	69,182	71,658	140,840
2013	70,365	67,850	138,215
2014	76,622	63,968	140,590
2015	77,955	59,748	137,703
2016-2020	482,837	227,113	709,950
2021-2025	462,255	97,882	560,137
2026-2030	99,930	5,250	105,180
Totals	<u>\$ 2,964,498</u>	<u>\$ 770,090</u>	<u>\$ 3,734,588</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, 2010 are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2010

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	\$ 18,825,000	\$ -	\$ (1,160,000)	\$ 17,665,000	\$ 1,170,000
Revenue bonds	21,965,000	4,375,000	(6,989,000)	19,351,000	1,997,000
Plus issuance premiums	530,384	434,811	(57,257)	907,938	95,757
Less deferred amounts:					
On refunding	(640,223)	(127,788)	181,911	(586,100)	(62,938)
Total bonds payable	40,680,161	4,682,023	(8,024,346)	37,337,838	3,199,819
Notes payable	3,691,403	-	(726,905)	2,964,498	1,625,352
Capital leases	81,166	-	(37,719)	43,447	26,180
Compensated absences	1,839,419	301,224	(407,274)	1,733,369	1,620,342
Other long-term liabilities	-	1,041,499	-	1,041,499	677,393
Governmental activities					
Long-term liabilities	<u>\$ 46,292,149</u>	<u>\$ 6,024,746</u>	<u>\$ (9,196,244)</u>	<u>\$ 43,120,651</u>	<u>\$ 7,149,086</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 25,170,757	\$ 1,908,000	\$ (1,016,000)	\$ 26,062,757	\$ 1,060,000
Plus issuance premiums	685,626	-	(41,809)	643,817	41,808
Total bonds payable	25,856,383	1,908,000	(1,057,809)	26,706,574	1,101,808
Capital leases	1,556	-	(1,556)	-	-
Compensated absences	235,399	68,662	(71,762)	232,299	220,683
Business-type activities					
Long-term liabilities	<u>\$ 26,093,338</u>	<u>\$ 1,976,662</u>	<u>\$ (1,131,127)</u>	<u>\$ 26,938,873</u>	<u>\$ 1,322,491</u>

Compensated Absences

City employees earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to forty-two days of earned vacation. Amounts of vacation vested and not paid have been accrued as a liability at June 30, 2010. The General Fund has typically been used in prior years to liquidate this liability for governmental funds.

Of total compensated absences, \$28,225 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, 2010

5. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a Self-insurance Fund to account for and finance its uninsured risks of loss. Under this program, the Self-insurance Fund provides coverage up to \$400,000 for each worker's compensation claim. Third party insurance provides coverage for claims between \$400,000 and \$1,000,000. The Self-insurance Fund would provide coverage for the portion of any individual claim that exceeded \$1,000,000. The Self-insurance fund also provides coverage up to \$15,000 for general liability and \$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, 2010, the outstanding recapture program liability is \$830,055. 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 Midwest Employers' Company for worker's compensation claims in excess of coverage provided by the Self-insurance Fund. Settled claims have not exceeded such coverage in any of the past three fiscal years. All funds of the City participate in the program and make payments to the Self-insurance Fund based on estimates of the amounts needed to pay prior and current year claims. As of June 30, 2010, the estimated reserves liability is \$102,790. 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, 2009 and 2010 is as follows:

Year ended June 30,	2009	2010
Claim liability, beginning of year	\$ -	\$ 234,438
Claims incurred during the year	199,252	73,900
Changes in estimates of claims of prior periods	114,036	(39,645)
Payments on claims during the year	(78,850)	(165,903)
Claim liability, end of year	<u>\$ 234,438</u>	<u>\$ 102,790</u>

City of Orem
Notes to the Financial Statements
June 30, 2010

5. **Other Information (continued)**

B. Contingent Liabilities (continued)

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.

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

The City is a member of Utah Telecommunication Open Infrastructure Agency (UTOPIA), an interlocal, nonprofit agency. UTOPIA was formed under the Utah Interlocal Cooperation Act by its 18 founding cities, of which the City is one of the eleven pledged members. This agency has the assignment to design, finance, build, operate and maintain a fiber-to-home and fiber-to-business fiber optic communication network. UTOPIA will build the infrastructure but private companies will deliver the services over the network. UTOPIA acts as the wholesaler, not the retailer. In July 2004, UTOPIA issued an \$85,000,000 revenue bond. In June 2008, UTOPIA issued \$185,000,000 in new revenue bonds to pay and cancel the 2004 revenue bonds, pay and cancel other related debt, pay outstanding unfunded construction commitments, provide two years of capitalized interest and LOC payments, provide approximately \$10,000,000 in operational and construction funds, and to pay the costs of issuing the 2008 bonds. The 2008 revenue bonds have principal payments due quarterly commencing on September 1, 2010 through June 1, 2040 and interest payments due monthly commencing on July 1, 2008 through June 1, 2040. Net revenues from the communication network will reimburse a debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the eleven pledged members are required to reimburse the UTOPIA debt service reserve fund of any shortfall by their respective percentages up to a specific dollar amount. The City's current liability limit (pledge) is set at a maximum of \$2,637,954 with an annual increase not to exceed 2%. In relation to this yearly liability limit, the City has \$919,918 on deposit with the trustee as of June 30, 2010. The current estimated cost to construct the fiber optic network in all member cities is approximately \$410,000,000.

C. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds (IRB's) to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable

City of Orem
Notes to the Financial Statements
June 30, 2010

5. Other Information (continued)

C. Conduit Debt Obligations (continued)

solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the State, or any political subdivision thereof is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2010, there is one series of Industrial Revenue Bonds issued and outstanding. The original bonds were defeased and new crossover bonds were issued. The aggregate principal amount outstanding and payable on these new bonds at June 30, 2010, is \$785,000.

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

D. Employee Retirement Systems and Pension Plans

Plan Description

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2010

5. Other Information (continued)

D. Employee Retirement Systems and Pension Plans (continued)

Funding Policy

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and the City is required to contribute 7.65% of their annual covered salary.

In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.66% of their annual covered salary. In the Public Safety Contributory Retirement System, plan members are required to contribute 10.50% of their annual covered salary (all or part may be paid by the City for the employee) and the City is required to contribute 19.17% of their annual covered salary. In the Public Safety Noncontributory Retirement System, the City is required to contribute 28.73% of their annual covered salary. In the Firefighters Retirement System, plan members are required to contribute 9.68% of their annual covered salary (all or part may be paid by the City for the employee). The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2010, 2009 and 2008, were equal to the required contributions for each year. The contribution amounts are as follows:

	Fiscal Year Ending June 30,		
	2010	2009	2008
Local Governmental Contributory Retirement System	\$ 265,865	\$ 286,677	\$ 281,396
Local Governmental Noncontributory Retirement System	1,386,344	1,411,146	1,331,067
Public Safety Contributory Retirement System	128,012	126,591	156,692
Public Safety Noncontributory Retirement System	1,266,918	1,190,217	1,038,168
Firefighters Retirement System	369,507	359,535	297,238
Total Contributions	\$ 3,416,646	\$ 3,374,166	\$ 3,104,561

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, 2010 was \$26,322,325. The City's expense for this plan for the year ended June 30, 2010 was approximately \$1,435,000 or 5.45% of the total participants' salary.

City of Orem
Notes to the Financial Statements
June 30, 2010

5. Other Information (continued)

D. Employee Retirement Systems and Pension Plans (continued)

401(k) Defined Contribution Plan (continued)

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

In the early 1980's, the City elected to withdraw from the Utah Retirement Systems (URS) pension plan and contribute these funds to each employee's 401(k) account. However, State lawmakers soon mandated that all employees were required to join the URS except certain classes of employees. The City Council was allowed to identify which employees qualified. They elected to allow department heads, the City Manager, and City Council members the option of whether or not to participate in the URS. There 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 legal limit. The payroll covered by the deferred compensation plan for the year ended June 30, 2010 was \$26,322,325. The City's expense for this plan for the year ended June 30, 2010 was approximately \$1,130,000 or 4.29% 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, 2010

5. Other Information (continued)

E. Other Postemployment Benefits

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

Plan Description

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

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

Funding Policy

The City currently pays for postemployment benefits other than pensions on a "pay-as-you-go" basis. Contribution amounts for the City and the plan members may be amended at any time. For the fiscal year ended June 30, 2010, total plan premiums paid were \$264,245. The City contributed \$198,184 (75% of total premiums) and retiree plan members receiving benefits contributed \$66,061 (25% of total premiums).

Annual OPEB and Net OPEB Obligation

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

City of Orem
Notes to the Financial Statements
June 30, 2010

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Annual OPEB and Net OPEB Obligation (continued)

For the fiscal year ended June 30, 2010, the City's OPEB cost (expense) and ARC were \$455,503 and \$538,912, 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:

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010 is as follows:

Fiscal Year	Annual OPEB <u>Cost</u>	City <u>Contributions</u>	% of Annual OPEB Cost <u>Contributed</u>	Net OPEB Obligation <u>For Fiscal Yr</u>
June 30, 2010	\$ 455,503	\$ 607,218	133.31%	\$ 108,654

The Net OPEB Obligation of \$108,654 has been accrued and is presented in the changes in long-term liabilities table on page 81 as an "other long-term liability".

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,555,352, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,555,352. The covered payroll (annual payroll of active employees covered by the plan) was \$27,216,217, and the ratio of the UAAL to the covered payroll was 5.71%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the City

City of Orem
Notes to the Financial Statements
June 30, 2010

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Funded Status and Funding Progress (continued)

are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5% for FY 2009 and 2010 and 6.3% for FY 2011 and 2012. An inflation rate assumption of 4.0% was used. The actuarial value of plan assets was not determined as the City has not advance funded (nor does it intend to) its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over a closed six year period. The remaining amortization period at January 1, 2009, was three years.

F. Segment Information for Enterprise Funds

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

City of Orem
Notes to the Financial Statements
June 30, 2010

G. Redevelopment Agency of the City of Orem

For the year ended June 30, 2010, 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	\$ 849,351
Orem 85-02: Timpanogos Technological Center	499,707
Orem 85-03A: University Parkway Development	623,039
Orem 85-03B: University Parkway Development	812,600
Orem 85-04: Economic Zone in Central Orem	258,399
Orem 87-10: Boyer Project on Center and State Street	291,500
Orem 90-08: 800 North and State Street Economic Zone	239,780
Total	\$ 3,574,376
Outstanding Loans to Finance RDA Projects	\$ -

During the year ending June 30, 2010, the RDA expended monies in the categories below as follows:

Economic Development	\$ 940,879
Total	\$ 940,879

H. Prior Period Adjustment

Government-wide total net assets, Governmental Funds total fund balances, and Proprietary Funds total net assets

The City has identified certain utility billings that occurred after fiscal year end that had service dates which fell within the current fiscal year but were not accrued. These unrecorded billings result in an increase in accounts receivable and fund balance/net assets totaling \$902,174. Of this amount, \$44,786 affected governmental funds and \$857,388 affected proprietary funds.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Orem
Schedule of Funding Progress
Other Postemployment Benefits
For The Year Ended June 30, 2010

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

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**OTHER
STATEMENTS
&
SCHEDULES**

Combining Financial Statements Nonmajor Governmental Funds

Debt Service Funds

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

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

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.

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

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

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

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

City of Orem
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>		<u>Special Revenue Funds</u>	
	<u>Municipal Building Authority - Debt Service</u>	<u>Total</u>	<u>Capital Projects</u>	<u>Total</u>	<u>CARE Tax Fund</u>	<u>Community Development & Rehabilitation Fund</u>
ASSETS						
Cash and Cash Equivalents	\$ 5,688	\$ 5,688	\$ 1,013,612	\$ 1,013,612	\$ 4,492,196	\$ 167,981
Other Taxes Receivable	-	-	-	-	261,196	-
Intergovernmental Receivables	-	-	2,855	2,855	-	69,999
Notes Receivable	-	-	-	-	-	339,254
Restricted Cash and Cash Equivalents:						
Debt Service	223	223	-	-	-	560
Capital Improvement Projects	-	-	-	-	-	36,844
Total Assets	<u>5,911</u>	<u>5,911</u>	<u>1,016,467</u>	<u>1,016,467</u>	<u>4,753,392</u>	<u>614,638</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	-	5,750	5,750	-	11,845
Accrued Liabilities	-	-	-	-	-	6,135
Deferred Revenues	-	-	-	-	-	559,254
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,750</u>	<u>5,750</u>	<u>-</u>	<u>577,234</u>
Fund Balances:						
Restricted for Debt Service and Capital Improvements	223	223	-	-	-	37,404
Unreserved	5,688	5,688	1,010,717	1,010,717	4,753,392	-
Total Fund Balances	<u>5,911</u>	<u>5,911</u>	<u>1,010,717</u>	<u>1,010,717</u>	<u>4,753,392</u>	<u>37,404</u>
Total Liabilities and Fund Balances	<u>\$ 5,911</u>	<u>\$ 5,911</u>	<u>\$ 1,016,467</u>	<u>\$ 1,016,467</u>	<u>\$ 4,753,392</u>	<u>\$ 614,638</u>

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>
\$ 803,740	\$ -	\$ 147,124	\$ 5,611,041	\$ 6,630,341
-	-	-	261,196	261,196
-	-	-	69,999	72,854
-	-	-	339,254	339,254
-	-	-	560	783
-	-	-	36,844	36,844
<u>803,740</u>	<u>-</u>	<u>147,124</u>	<u>6,318,894</u>	<u>7,341,272</u>
8,018	-	1,462	21,325	27,075
-	-	-	6,135	6,135
-	-	-	559,254	559,254
<u>8,018</u>	<u>-</u>	<u>1,462</u>	<u>586,714</u>	<u>592,464</u>
-	-	-	37,404	37,627
<u>795,722</u>	<u>-</u>	<u>145,662</u>	<u>5,694,776</u>	<u>6,711,181</u>
<u>795,722</u>	<u>-</u>	<u>145,662</u>	<u>5,732,180</u>	<u>6,748,808</u>
<u>\$ 803,740</u>	<u>\$ -</u>	<u>\$ 147,124</u>	<u>\$ 6,318,894</u>	<u>\$ 7,341,272</u>

City of Orem
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2010

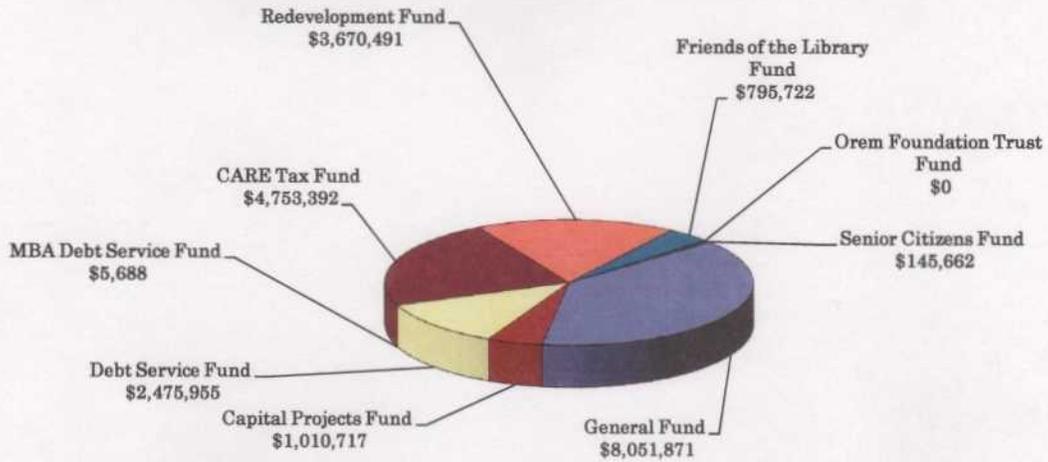
	Debt Service Funds		Capital Projects Funds		Special Revenue Funds	
	Municipal Building Authority Debt Service	Total	Capital Projects	Total	CARE Tax Fund	Community Development & Rehabilitation Fund
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,501,680	\$ -
Intergovernmental	-	-	60,295	60,295	-	663,448
Charges for Services	-	-	-	-	-	33,632
Interest Income	-	-	-	-	25,022	-
Miscellaneous Revenues	1,427,304	1,427,304	204,082	204,082	-	1,670
Total Revenues	<u>1,427,304</u>	<u>1,427,304</u>	<u>264,377</u>	<u>264,377</u>	<u>1,526,702</u>	<u>698,750</u>
EXPENDITURES						
Current:						
Economic and Physical Development	-	-	60,838	60,838	-	607,045
Parks, Recreation and Arts	-	-	-	-	865,357	-
Debt Service:						
Principal Retirement	1,167,000	1,167,000	-	-	-	50,000
Interest and Fiscal Charges	260,304	260,304	-	-	-	63,707
Capital Outlay	-	-	932,367	932,367	8,550	164,094
Total Expenditures	<u>1,427,304</u>	<u>1,427,304</u>	<u>993,205</u>	<u>993,205</u>	<u>873,907</u>	<u>884,846</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	(728,828)	(728,828)	652,795	(186,096)
OTHER FINANCING SOURCES (USES)						
Payment to Bond Refunding Agent	(4,703,082)	(4,703,082)	-	-	-	-
Transfers In	4,703,082	4,703,082	71,960	71,960	-	46,208
Transfers Out	-	-	(33,615)	(33,615)	(23,104)	(120,113)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>38,345</u>	<u>38,345</u>	<u>(23,104)</u>	<u>(73,905)</u>
Net Change in Fund Balances	-	-	(690,483)	(690,483)	629,691	(260,001)
Fund Balances - Beginning	5,911	5,911	1,701,200	1,701,200	4,123,701	297,405
Fund Balances - Ending	<u>\$ 5,911</u>	<u>\$ 5,911</u>	<u>\$ 1,010,717</u>	<u>\$ 1,010,717</u>	<u>\$ 4,753,392</u>	<u>\$ 37,404</u>

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>
\$ -	\$ -	\$ -	\$ 1,501,680	\$ 1,501,680
-	-	-	663,448	723,743
221,366	-	29,433	284,431	284,431
5,561	-	1,221	31,804	31,804
55,330	7,000	11,955	75,955	1,707,341
<u>282,257</u>	<u>7,000</u>	<u>42,609</u>	<u>2,557,318</u>	<u>4,248,999</u>
-	-	-	607,045	667,883
337,595	-	39,452	1,242,404	1,242,404
-	-	-	50,000	1,217,000
-	-	-	63,707	324,011
-	-	-	172,644	1,105,011
<u>337,595</u>	<u>-</u>	<u>39,452</u>	<u>2,135,800</u>	<u>4,556,309</u>
(55,338)	7,000	3,157	421,518	(307,310)
-	-	-	-	(4,703,082)
6,500	-	-	52,708	4,827,750
-	(7,000)	-	(150,217)	(183,832)
<u>6,500</u>	<u>(7,000)</u>	<u>-</u>	<u>(97,509)</u>	<u>(59,164)</u>
(48,838)	-	3,157	324,009	(366,474)
844,560	-	142,505	5,408,171	7,115,282
<u>\$ 795,722</u>	<u>\$ -</u>	<u>\$ 145,662</u>	<u>\$ 5,732,180</u>	<u>\$ 6,748,808</u>

City of Orem
 Governmental Funds
 Fund Balance
 For The Year Ended June 30, 2010

GOVERNMENTAL FUNDS - UNRESERVED FUND BALANCE



GOVERNMENTAL FUNDS - RESERVED/RESTRICTED FUND BALANCE



**Combining Financial Statements
Nonmajor Proprietary Funds**

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

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

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

City of Orem
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

	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	\$ 1,374,926	\$ 1,386,734	\$ 116,512	\$ 265,242
Accounts Receivable (Net of Allowance for Doubtful Accounts)	-	-	367,816	367,913
Total Current Assets	<u>1,374,926</u>	<u>1,386,734</u>	<u>484,328</u>	<u>633,155</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	1,770,490	-	-
Machinery and Equipment	22,048	22,048	-	-
Infrastructure	-	-	-	-
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	(4,525,036)	(4,421,444)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,466,161</u>	<u>1,542,046</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,841,087</u>	<u>2,928,780</u>	<u>484,328</u>	<u>633,155</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	44,983	36,142	258,609	250,059
Accrued Liabilities	101,097	85,367	-	-
Accrued Vacation and Sick Leave Due to Other Funds	35,066	25,907	-	-
Deferred Revenue	-	-	-	-
Total Current Liabilities	<u>356,993</u>	<u>320,805</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities:	<u>538,139</u>	<u>468,221</u>	<u>258,609</u>	<u>250,059</u>
Accrued Vacation and Sick Leave	1,846	1,364	-	-
Total Noncurrent Liabilities	<u>1,846</u>	<u>1,364</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>539,985</u>	<u>469,585</u>	<u>258,609</u>	<u>250,059</u>
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	1,466,161	1,542,046	-	-
Restricted for Capital Improvements	-	-	-	-
Unrestricted	834,941	917,149	225,719	383,096
Total Net Assets	<u>\$ 2,301,102</u>	<u>\$ 2,459,195</u>	<u>\$ 225,719</u>	<u>\$ 383,096</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ -	\$ -	\$ 1,491,438	\$ 1,651,976
96,145	92,150	463,961	460,063
<u>96,145</u>	<u>92,150</u>	<u>1,955,399</u>	<u>2,112,039</u>
-	-	39,822	39,822
-	-	4,131,130	4,131,130
-	-	1,798,197	1,770,490
94,609	94,609	116,657	116,657
1,180,934	1,168,705	1,180,934	1,168,705
-	-	-	-
<u>(151,340)</u>	<u>(112,234)</u>	<u>(4,676,376)</u>	<u>(4,533,678)</u>
1,124,203	1,151,080	2,590,364	2,693,126
<u>1,220,348</u>	<u>1,243,230</u>	<u>4,545,763</u>	<u>4,805,165</u>
1,393	1,172	304,985	287,373
7,270	5,825	108,367	91,192
9,457	9,377	44,523	35,284
443,337	418,156	443,337	418,156
-	-	356,993	320,805
<u>461,457</u>	<u>434,530</u>	<u>1,258,205</u>	<u>1,152,810</u>
498	494	2,344	1,858
<u>498</u>	<u>494</u>	<u>2,344</u>	<u>1,858</u>
<u>461,955</u>	<u>435,024</u>	<u>1,260,549</u>	<u>1,154,668</u>
1,124,203	1,151,080	2,590,364	2,693,126
-	-	-	-
<u>(365,810)</u>	<u>(342,874)</u>	<u>694,850</u>	<u>957,371</u>
<u>\$ 758,393</u>	<u>\$ 808,206</u>	<u>\$ 3,285,214</u>	<u>\$ 3,650,497</u>

City of Orem
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For The Year Ended June 30, 2010

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
OPERATING REVENUES			
Charges for Services	\$ 1,590,215	\$ 1,609,940	\$ 3,084,768
Other Revenues	353	1,007	-
Total Operating Revenues	<u>1,590,568</u>	<u>1,610,947</u>	<u>3,084,768</u>
OPERATING EXPENSES			
Personnel Services	1,189,686	1,122,926	-
Supplies and Maintenance	210,399	186,337	39,793
Administrative Fee	-	-	389,058
Utilities	235,972	264,685	-
Contract Services	9,613	12,476	2,757,180
Equipment Lease and Rentals	-	-	-
Insurance	-	-	-
Depreciation	103,592	91,387	-
Miscellaneous	17,034	17,910	24,990
Total Operating Expenses	<u>1,766,296</u>	<u>1,695,721</u>	<u>3,211,021</u>
Operating Income (Loss)	<u>(175,728)</u>	<u>(84,774)</u>	<u>(126,253)</u>
NONOPERATING REVENUES AND EXPENSES			
Interest Revenue	10,460	29,490	-
Gain (Loss) on Sale of Capital Assets	-	1,285	-
Total Nonoperating Revenues	<u>10,460</u>	<u>30,775</u>	<u>-</u>
Income (Loss) before Transfers	<u>(165,268)</u>	<u>(53,999)</u>	<u>(126,253)</u>
Contributions from Governmental Funds	8,000	28,351	-
Transfers In	-	275,843	-
Transfers Out	<u>(825)</u>	<u>(825)</u>	<u>(31,124)</u>
Change in Net Assets	<u>(158,093)</u>	<u>249,370</u>	<u>(157,377)</u>
Total Net Assets - Beginning, As Previously Reported	<u>2,459,195</u>	<u>2,209,825</u>	<u>383,096</u>
Prior Period Adjustment	-	-	-
Total Net Assets - Beginning, As Restated	<u>2,459,195</u>	<u>2,209,825</u>	<u>383,096</u>
Total Net Assets - Ending	<u>\$ 2,301,102</u>	<u>\$ 2,459,195</u>	<u>\$ 225,719</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
\$ 2,999,129	\$ 844,012	\$ 719,296	\$ 5,518,995	\$ 5,328,365
-	22,122	23,333	22,475	24,340
<u>2,999,129</u>	<u>866,134</u>	<u>742,629</u>	<u>5,541,470</u>	<u>5,352,705</u>
-	143,140	138,245	1,332,826	1,261,171
31,692	8,585	7,838	258,777	225,867
333,674	-	-	389,058	333,674
-	294,347	293,631	530,319	558,316
2,735,486	81,926	68,624	2,848,719	2,816,586
-	708,329	708,960	708,329	708,960
-	-	-	-	-
-	39,106	32,991	142,698	124,378
27,712	394	91	42,418	45,713
<u>3,128,564</u>	<u>1,275,827</u>	<u>1,250,380</u>	<u>6,253,144</u>	<u>6,074,665</u>
<u>(129,435)</u>	<u>(409,693)</u>	<u>(507,751)</u>	<u>(711,674)</u>	<u>(721,960)</u>
2,801	-	-	10,460	32,291
-	-	-	-	1,285
<u>2,801</u>	<u>-</u>	<u>-</u>	<u>10,460</u>	<u>33,576</u>
<u>(126,634)</u>	<u>(409,693)</u>	<u>(507,751)</u>	<u>(701,214)</u>	<u>(688,384)</u>
-	-	-	8,000	28,351
-	359,955	750,000	359,955	1,025,843
<u>(32,607)</u>	<u>(75)</u>	<u>(75)</u>	<u>(32,024)</u>	<u>(33,507)</u>
<u>(159,241)</u>	<u>(49,813)</u>	<u>242,174</u>	<u>(365,283)</u>	<u>332,303</u>
442,355	808,206	537,848	3,650,497	3,190,028
99,982	-	28,184	-	128,166
<u>542,337</u>	<u>808,206</u>	<u>566,032</u>	<u>3,650,497</u>	<u>3,318,194</u>
<u>\$ 383,096</u>	<u>\$ 758,393</u>	<u>\$ 808,206</u>	<u>\$ 3,285,214</u>	<u>\$ 3,650,497</u>

City of Orem
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2010

	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	\$ 1,590,215	\$ 1,609,940	\$ 3,084,865	\$ 2,991,278
Receipts from Interfund Services Provided	353	1,007	-	-
Payments to Suppliers	(425,186)	(571,962)	(2,813,413)	(2,775,221)
Payments to Employees	(1,167,118)	(1,113,146)	-	-
Payments for Interfund Services Used	-	-	(389,058)	(333,674)
Net Cash Provided (Used) by Operating Activities	<u>(1,736)</u>	<u>(74,161)</u>	<u>(117,606)</u>	<u>(117,617)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	-	275,843	-	-
Transfers Out	(825)	(825)	(31,124)	(32,607)
Net Cash Provided (Used) by Noncapital Activities	<u>(825)</u>	<u>275,018</u>	<u>(31,124)</u>	<u>(32,607)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(19,707)	(66,481)	-	-
Proceeds from Sales of Capital Assets	-	1,285	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(19,707)</u>	<u>(65,196)</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	10,460	29,490	-	2,801
Net Cash Provided (Used) by Investing Activities	<u>10,460</u>	<u>29,490</u>	<u>-</u>	<u>2,801</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,808)	165,151	(148,730)	(147,423)
Cash and Cash Equivalents - Beginning of Year	1,386,734	1,221,583	265,242	412,665
Cash and Cash Equivalents - End of Year	<u>\$ 1,374,926</u>	<u>\$ 1,386,734</u>	<u>\$ 116,512</u>	<u>\$ 265,242</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (175,728)	\$ (84,774)	\$ (126,253)	\$ (129,435)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 103,592	\$ 91,387	\$ -	\$ -
(Increase) Decrease in Receivables	-	-	97	(7,851)
Increase (Decrease) in Accounts Payable	8,841	(58,220)	8,550	19,669
Increase (Decrease) in Accrued Liabilities	15,730	8,954	-	-
Increase (Decrease) in Deferred Revenue	36,188	(29,854)	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	9,641	(1,654)	-	-
Total Adjustments	<u>173,992</u>	<u>10,613</u>	<u>8,647</u>	<u>11,818</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,736)</u>	<u>\$ (74,161)</u>	<u>\$ (117,606)</u>	<u>\$ (117,617)</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Governmental Funds	\$ 8,000	\$ 28,351	\$ -	\$ -

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 840,017	\$ 707,782	\$ 5,515,097	\$ 5,309,000
22,122	23,333	22,475	24,340
(1,068,179)	(1,076,505)	(4,306,778)	(4,423,688)
(141,611)	(138,783)	(1,308,729)	(1,251,929)
-	-	(389,058)	(333,674)
<u>(347,651)</u>	<u>(484,173)</u>	<u>(466,993)</u>	<u>(675,951)</u>
359,955	750,000	359,955	1,025,843
(75)	(75)	(32,024)	(33,507)
<u>359,880</u>	<u>749,925</u>	<u>327,931</u>	<u>992,336</u>
(12,229)	(265,752)	(31,936)	(332,233)
-	-	-	1,285
<u>(12,229)</u>	<u>(265,752)</u>	<u>(31,936)</u>	<u>(330,948)</u>
-	-	10,460	32,291
-	-	10,460	32,291
-	-	(160,538)	17,728
-	-	1,651,976	1,634,248
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,491,438</u>	<u>\$ 1,651,976</u>
<u>\$ (409,693)</u>	<u>\$ (507,751)</u>	<u>(711,674)</u>	<u>(721,960)</u>
\$ 39,106	\$ 32,991	142,698	124,378
(3,995)	(11,514)	(3,898)	(19,365)
221	(15,513)	17,612	(54,064)
26,626	17,620	42,356	26,574
-	-	36,188	(29,854)
84	(6)	9,725	(1,660)
<u>62,042</u>	<u>23,578</u>	<u>244,681</u>	<u>46,009</u>
<u>\$ (347,651)</u>	<u>\$ (484,173)</u>	<u>\$ (466,993)</u>	<u>\$ (675,951)</u>
\$ -	\$ -	\$ 8,000	\$ 28,351

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

**DEBT SERVICE FUNDS
DEBT SERVICE FUND
MBA DEBT SERVICE FUND**

**CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS FUND**

**SPECIAL REVENUE FUNDS
CARE TAX FUND
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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,934,720	\$ 1,934,720	\$ 1,931,918	\$ (2,802)
Special Assessments	776,750	1,714,887	1,210,217	(504,670)
Interest Revenues	-	426	2,443	2,017
Total Revenues	<u>2,711,470</u>	<u>3,650,033</u>	<u>3,144,578</u>	<u>(505,455)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	2,247,019	2,983,905	2,983,905	-
Interest and Fiscal Charges	1,543,523	1,803,017	1,773,733	29,284
Bond Issuance Costs	-	99,706	99,706	-
Total Expenditures	<u>3,790,542</u>	<u>4,886,628</u>	<u>4,857,344</u>	<u>29,284</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,079,072)</u>	<u>(1,236,595)</u>	<u>(1,712,766)</u>	<u>(476,171)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	4,375,000	4,375,000	-
Bond Issuance Premium	-	434,811	434,811	-
Transfers In	1,079,072	1,079,072	1,078,521	(551)
Transfers Out	-	(5,105,042)	(5,105,042)	-
Total Other Financing Sources (Uses)	<u>1,079,072</u>	<u>783,841</u>	<u>783,290</u>	<u>(551)</u>
Net Change in Fund Balance	-	(452,754)	(929,476)	(476,722)
Fund Balance - Beginning	<u>6,132,329</u>	<u>6,132,329</u>	<u>6,132,329</u>	-
Fund Balance - Ending	<u>\$ 6,132,329</u>	<u>\$ 5,679,575</u>	<u>\$ 5,202,853</u>	<u>\$ (476,722)</u>

City of Orem
Municipal Building Authority - Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services - Other Funds	\$ -	\$ -	\$ -	-
Miscellaneous Revenues	1,428,538	1,428,538	1,427,304	(1,234)
Total Revenues	1,428,538	1,428,538	1,427,304	(1,234)
EXPENDITURES				
Debt Service:				
Principal Retirement	1,167,000	1,167,000	1,167,000	-
Interest and Fiscal Charges	261,538	261,538	260,304	1,234
Total Expenditures	1,428,538	1,428,538	1,427,304	1,234
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Payment to Bond Refunding Agent	-	(4,703,082)	(4,703,082)	-
Transfers In	-	4,703,082	4,703,082	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	5,911	5,911	5,911	-
Fund Balance - Ending	\$ 5,911	\$ 5,911	\$ 5,911	\$ -

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 931,800	\$ 60,295	\$ (871,505)
Miscellaneous Revenues	160,000	160,000	204,082	44,082
Total Revenues	<u>160,000</u>	<u>1,091,800</u>	<u>264,377</u>	<u>(827,423)</u>
EXPENDITURES				
Current:				
Capital Outlay	126,385	2,440,590	932,367	1,508,223
Economic and Physical Development	-	386,361	60,838	325,523
Total Expenditures	<u>126,385</u>	<u>2,826,951</u>	<u>993,205</u>	<u>1,833,746</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>33,615</u>	<u>(1,735,151)</u>	<u>(728,828)</u>	<u>1,006,323</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	71,960	71,960	-
Transfers Out	(33,615)	(33,615)	(33,615)	-
Total Other Financing Sources (Uses)	<u>(33,615)</u>	<u>38,345</u>	<u>38,345</u>	<u>-</u>
Net Change in Fund Balance	-	(1,696,806)	(690,483)	1,006,323
Fund Balance - Beginning	<u>1,701,200</u>	<u>1,701,200</u>	<u>1,701,200</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,701,200</u>	<u>\$ 4,394</u>	<u>\$ 1,010,717</u>	<u>\$ 1,006,323</u>

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,501,680	\$ (98,320)
Interest Revenues	65,000	65,000	25,022	(39,978)
Total Revenues	1,665,000	1,665,000	1,526,702	(138,298)
EXPENDITURES				
Current:				
Arts and Recreation Development	1,641,896	878,169	865,357	12,812
Capital Outlay	-	1,053,248	8,550	1,044,698
Total Expenditures	1,641,896	1,931,417	873,907	1,057,510
Excess (Deficiency) of Revenues over (under) Expenditures	23,104	(266,417)	652,795	919,212
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(23,104)	(23,104)	(23,104)	-
Total Other Financing Sources (Uses)	(23,104)	(23,104)	(23,104)	-
Net Change in Fund Balance	-	(289,521)	629,691	919,212
Fund Balance - Beginning	4,123,701	4,123,701	4,123,701	-
Fund Balance - Ending	\$ 4,123,701	\$ 3,834,180	\$ 4,753,392	\$ 919,212

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 712,512	\$ 712,512	\$ 663,448	\$ (49,064)
Charges for Services	12,000	12,000	33,632	21,632
Miscellaneous Revenues	-	-	1,670	1,670
Total Revenues	724,512	724,512	698,750	(25,762)
EXPENDITURES				
Current:				
Economic and Physical Development	537,132	879,926	771,139	108,787
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Fiscal Charges	63,475	63,707	63,707	-
Total Expenditures	650,607	993,633	884,846	108,787
Excess (Deficiency) of Revenues over (under) Expenditures	73,905	(269,121)	(186,096)	83,025
OTHER FINANCING SOURCES (USES)				
Transfers In	46,208	46,208	46,208	-
Transfers Out	(120,113)	(120,113)	(120,113)	-
Total Other Financing Sources (Uses)	(73,905)	(73,905)	(73,905)	-
Net Change in Fund Balance	-	(343,026)	(260,001)	83,025
Fund Balance - Beginning	297,405	297,405	297,405	-
Fund Balance - Ending	\$ 297,405	\$ (45,621)	\$ 37,404	\$ 83,025

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 240,000	\$ 205,000	\$ 221,366	\$ 16,366
Interest Revenues	-	5,000	5,561	561
Miscellaneous Revenues	-	39,250	55,330	16,080
Total Revenues	<u>240,000</u>	<u>249,250</u>	<u>282,257</u>	<u>33,007</u>
EXPENDITURES				
Current:				
Library Programs	246,000	330,750	337,595	(6,845)
Total Expenditures	<u>246,000</u>	<u>330,750</u>	<u>337,595</u>	<u>(6,845)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(6,000)</u>	<u>(81,500)</u>	<u>(55,338)</u>	<u>26,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,000	6,500	6,500	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
Net Change in Fund Balance	-	(75,000)	(48,838)	26,162
Fund Balance - Beginning	<u>844,560</u>	<u>844,560</u>	<u>844,560</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 844,560</u>	<u>\$ 769,560</u>	<u>\$ 795,722</u>	<u>\$ 26,162</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenues	\$ 6,500	\$ 7,500	\$ 7,000	\$ (500)
Total Revenues	6,500	7,500	7,000	(500)
EXPENDITURES				
Current:				
City Programs	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	6,500	7,500	7,000	(500)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(6,500)	(7,500)	(7,000)	500
Total Other Financing Sources (Uses)	(6,500)	(7,500)	(7,000)	500
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 26,750	\$ 36,750	\$ 29,433	\$ (7,317)
Interest Revenues	6,000	6,000	1,221	(4,779)
Miscellaneous Revenues	20,250	20,250	11,955	(8,295)
Total Revenues	<u>53,000</u>	<u>63,000</u>	<u>42,609</u>	<u>(20,391)</u>
EXPENDITURES				
Current:				
Dances	18,000	18,000	14,257	3,743
Tours	12,000	18,000	17,277	723
Miscellaneous Expenditures	23,000	27,000	7,918	19,082
Total Expenditures	<u>53,000</u>	<u>63,000</u>	<u>39,452</u>	<u>23,548</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	3,157	3,157
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	3,157	3,157
Fund Balance - Beginning	142,505	142,505	142,505	-
Fund Balance - Ending	<u>\$ 142,505</u>	<u>\$ 142,505</u>	<u>\$ 145,662</u>	<u>\$ 3,157</u>

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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, 2010

	<u>Fleet Maintenance</u>	<u>Purchasing / Warehousing</u>	<u>Self- Insurance</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 77,634	\$ 86,504	\$ 1,756,315	\$ 1,920,453
Accounts Receivable	-	-	17,702	17,702
Inventories	-	358,980	-	358,980
Total Current Assets	<u>77,634</u>	<u>445,484</u>	<u>1,774,017</u>	<u>2,297,135</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	-	150,000	-	150,000
Improvements other than Buildings	-	16,893	-	16,893
Machinery and Equipment	198,535	33,316	15,000	246,851
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	<u>(133,002)</u>	<u>(68,274)</u>	<u>(7,678)</u>	<u>(208,954)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>65,533</u>	<u>131,935</u>	<u>7,322</u>	<u>204,790</u>
Total Assets	<u>143,167</u>	<u>577,419</u>	<u>1,781,339</u>	<u>2,501,925</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	1,266	1,579	52,184	55,029
Accrued Liabilities	20,361	11,063	3,550	34,974
Accrued Vacation and Sick Leave	39,829	21,370	7,605	68,804
Claims and Judgments	-	-	604,957	604,957
Total Current Liabilities	<u>61,456</u>	<u>34,012</u>	<u>668,296</u>	<u>763,764</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	2,248	1,125	27,722	31,095
Claims and Judgments	-	-	327,888	327,888
Total Noncurrent Liabilities	<u>2,248</u>	<u>1,125</u>	<u>355,610</u>	<u>358,983</u>
Total Liabilities	<u>63,704</u>	<u>35,137</u>	<u>1,023,906</u>	<u>1,122,747</u>
NET ASSETS				
Invested in Capital Assets	65,533	131,935	7,322	204,790
Restricted for Capital Improvements	-	-	-	-
Unrestricted	<u>13,930</u>	<u>410,347</u>	<u>750,111</u>	<u>1,174,388</u>
Total Net Assets	<u>\$ 79,463</u>	<u>\$ 542,282</u>	<u>\$ 757,433</u>	<u>\$ 1,379,178</u>

City of Orem
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For The Year Ended June 30, 2010

	<u>Fleet Maintenance</u>	<u>Purchasing / Warehousing</u>	<u>Self- Insurance</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services to Other Funds	\$ 661,892	\$ 234,498	\$ 1,561,714	\$ 2,458,104
Other Revenues	278	180	-	458
Total Operating Revenues	<u>662,170</u>	<u>234,678</u>	<u>1,561,714</u>	<u>2,458,562</u>
OPERATING EXPENSES:				
Personnel Services	466,395	218,549	83,266	768,210
Supplies, Maintenance and Claims	206,125	69,869	1,518,494	1,794,488
Depreciation Expense	11,643	6,427	2,143	20,213
Total Operating Expenses	<u>684,163</u>	<u>294,845</u>	<u>1,603,903</u>	<u>2,582,911</u>
Operating Income (Loss)	<u>(21,993)</u>	<u>(60,167)</u>	<u>(42,189)</u>	<u>(124,349)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on Sales of Fixed Assets	-	-	-	-
Interest Expense and Fiscal Charges	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before Operating Transfers	(21,993)	(60,167)	(42,189)	(124,349)
Transfers In	-	-	-	-
Transfers Out	(450)	(300)	(4,289)	(5,039)
Change in Net Assets	<u>(22,443)</u>	<u>(60,467)</u>	<u>(46,478)</u>	<u>(129,388)</u>
Total Net Assets - Beginning	<u>101,906</u>	<u>602,749</u>	<u>803,911</u>	<u>1,508,566</u>
Total Net Assets - Ending	<u>\$ 79,463</u>	<u>\$ 542,282</u>	<u>\$ 757,433</u>	<u>\$ 1,379,178</u>

City of Orem
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended June 30, 2010

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 662,170	\$ 234,678	\$ 1,561,714	\$ 2,458,562
Payments to Suppliers	(203,874)	(61,616)	(1,408,443)	(1,673,933)
Payments to Employees	(469,412)	(208,948)	(92,353)	(770,713)
Net Cash Provided (Used) by Operating Activities	(11,116)	(35,886)	60,918	13,916
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	-	-	-	-
Transfers Out	(450)	(300)	(4,289)	(5,039)
Net Cash Provided (Used) by Noncapital Financing Activities	(450)	(300)	(4,289)	(5,039)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(40,059)	-	-	(40,059)
Proceeds from the Sale of Capital Assets	-	-	-	-
Principal paid on Outstanding Debt	(519)	-	-	(519)
Interest paid on Outstanding Debt	-	-	-	-
Net Cash Provided (Used) in Capital Financing Activities	(40,578)	-	-	(40,578)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(52,144)	(36,186)	56,629	(31,701)
Cash and Cash Equivalents - Beginning of Year	129,778	122,690	1,699,686	1,952,154
Cash and Cash Equivalents - End of Year	\$ 77,634	\$ 86,504	\$ 1,756,315	\$ 1,920,453
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (21,993)	\$ (60,167)	\$ (42,189)	\$ (124,349)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	11,643	6,427	2,143	20,213
(Increase) Decrease in Accounts Receivable	-	-	(17,702)	(17,702)
(Increase) Decrease in Inventory	-	5,495	-	5,495
(Increase) Decrease in Prepays	-	-	-	-
Increase (Decrease) in Accounts Payable	(391)	(77)	23,125	22,657
Increase (Decrease) in Accrued Liabilities	2,642	2,835	374	5,851
Increase (Decrease) in Accrued Vacation and Sick Leave	(3,017)	9,601	(9,087)	(2,503)
Increase (Decrease) in Claims and Judgments	-	-	104,254	104,254
Total Adjustments	10,877	24,281	103,107	138,265
Net Cash Provided (Used) by Operating Activities	\$ (11,116)	\$ (35,886)	\$ 60,918	\$ 13,916

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



CAT Loader



Water Reclamation Facility Expansion



Orem DPS K9 "Pongo"



Orem DPS K9 "Vedor"

Crime Fighters

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedules By Source - Comparative¹
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Governmental Funds Capital Assets:		
Land	\$ 59,028,414	\$ 59,017,375
Buildings	28,517,669	27,515,912
Improvements other than Buildings	27,295,790	27,173,028
Machinery and Equipment	15,901,611	15,344,707
Infrastructure	108,605,022	105,787,606
Construction in Progress	-	1,779,276
Total Governmental Funds Capital Assets	<u>\$ 239,348,506</u>	<u>\$ 236,617,904</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 212,108,758	\$ 209,483,985
Capital Projects Fund	13,365,637	14,872,840
Federal Grants	240,093	230,318
State Road Funds	8,697,395	7,258,232
Redevelopment	2,099,191	2,099,191
Community Development	2,837,432	2,673,338
Total Governmental Funds Capital Assets	<u>\$ 239,348,506</u>	<u>\$ 236,617,904</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

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	<u>1,601,415</u>	<u>4,035,378</u>	<u>3,307,988</u>
Public Safety:			
Administration	-	5,377,906	9,407
Police Protection	-	-	38,285
Fire Protection	190,596	2,529,507	820,972
Emergency Services	-	1,580	-
Total Public Safety	<u>190,596</u>	<u>7,908,993</u>	<u>868,664</u>
Highways and Streets:			
Administration & Engineering	33,550	7,874,114	31,712
Street System	51,049,920	-	2,514,348
Street Lighting	-	-	1,421,854
Total Highways and Streets	<u>51,083,470</u>	<u>7,874,114</u>	<u>3,967,914</u>
Parks and Recreation	5,930,588	4,232,959	17,992,699
Library	222,345	4,466,225	1,158,525
Total Governmental Funds Capital Assets	<u>\$ 59,028,414</u>	<u>\$ 28,517,669</u>	<u>\$ 27,295,790</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.

Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ 12,154	\$ -	\$ -	\$ 42,843
1,149,782	-	-	1,223,619
17,592	-	-	27,692
160,871	-	-	160,871
99,509	291,428	-	7,652,089
392,866	-	-	392,866
7,800	2,006,311	-	2,099,191
8,592	1,344,917	-	2,837,432
<u>1,849,166</u>	<u>3,642,656</u>	<u>-</u>	<u>14,436,603</u>
1,252,933	-	-	6,640,246
3,918,379	-	-	3,956,664
3,898,782	-	-	7,439,857
52,585	-	-	54,165
<u>9,122,679</u>	<u>-</u>	<u>-</u>	<u>18,090,932</u>
309,298	-	-	8,248,674
2,235,181	103,249,282	-	159,048,731
-	1,136,156	-	2,558,010
<u>2,544,479</u>	<u>104,385,438</u>	<u>-</u>	<u>169,855,415</u>
1,876,896	576,930	-	30,610,072
508,389	-	-	6,355,484
<u>\$ 15,901,609</u>	<u>\$ 108,605,024</u>	<u>\$ -</u>	<u>\$ 239,348,506</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, 2010

Function and Activity	Governmental Funds Capital Assets June 30, 2009	Additions	Deductions	Governmental Funds Capital Assets June 30, 2010
General government:				
Executive	\$ 42,843	\$ -	\$ -	\$ 42,843
Personnel Administration	-	-	-	-
Administrative Services	1,197,720	25,899	-	1,223,619
Legal	27,692	-	-	27,692
Development Services	160,871	-	-	160,871
General Government	7,548,470	108,619	(5,000)	7,652,089
Engineering	392,866	-	-	392,866
Redevelopment	2,099,191	-	-	2,099,191
Community Development	2,673,338	164,094	-	2,837,432
Total General Government	<u>14,142,991</u>	<u>298,612</u>	<u>(5,000)</u>	<u>14,436,603</u>
Public Safety:				
Administration	6,376,051	264,195	-	6,640,246
Police Protection	4,074,848	30,271	(148,455)	3,956,664
Fire Protection	6,353,402	1,086,455	-	7,439,857
Emergency Services	54,165	-	-	54,165
Total Public Safety	<u>16,858,466</u>	<u>1,380,921</u>	<u>(148,455)</u>	<u>18,090,932</u>
Highways and Streets:				
Administration & Engineering	8,248,674	-	-	8,248,674
Street System	157,845,882	2,563,068	(1,360,219)	159,048,731
Street Lighting	2,558,010	-	-	2,558,010
Total Highways and Streets	<u>168,652,566</u>	<u>2,563,068</u>	<u>(1,360,219)</u>	<u>169,855,415</u>
Parks and Recreation	30,639,337	11,104	(40,369)	30,610,072
Library	6,324,544	30,940	-	6,355,484
Total Governmental Funds Capital Assets	<u>\$ 236,617,904</u>	<u>\$ 4,284,645</u>	<u>\$ (1,554,043)</u>	<u>\$ 239,348,506</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	128
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	136
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	148
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	159
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	164
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

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

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

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 85,116,180	\$ 98,891,248	\$ 102,275,533	\$ 102,793,522
Restricted	1,594,319	1,197,534	2,828,490	2,018,812
Unrestricted	<u>33,786,050</u>	<u>21,413,234</u>	<u>21,269,937</u>	<u>25,146,428</u>
Total Governmental Activities Net Assets	<u>120,496,549</u>	<u>121,502,016</u>	<u>126,373,960</u>	<u>129,958,762</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	38,380,888	39,853,758	41,914,527	42,361,442
Restricted	-	-	849,578	1,446,437
Unrestricted	<u>8,746,135</u>	<u>7,958,316</u>	<u>6,324,578</u>	<u>6,005,168</u>
Total Business-type Activities Net Assets	<u>47,127,023</u>	<u>47,812,074</u>	<u>49,088,683</u>	<u>49,813,047</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	123,497,068	138,745,006	144,190,060	145,154,964
Restricted	1,594,319	1,197,534	3,678,068	3,465,249
Unrestricted	<u>42,532,185</u>	<u>29,371,550</u>	<u>27,594,515</u>	<u>31,151,596</u>
Total Primary Government Net Assets	<u>\$ 167,623,572</u>	<u>\$ 169,314,090</u>	<u>\$ 175,462,643</u>	<u>\$ 179,771,809</u>

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

Fiscal Year				
2006	2007	2008	2009	2010
\$ 106,186,394	\$ 114,171,270	\$ 117,130,313	\$ 120,836,719	\$ 117,860,004
2,177,533	4,388,201	4,701,465	4,921,721	4,538,256
28,835,694	26,880,967	27,564,080	24,022,927	28,287,115
<u>137,199,621</u>	<u>145,440,438</u>	<u>149,395,858</u>	<u>149,781,367</u>	<u>150,685,375</u>
44,153,834	52,823,374	51,848,628	51,508,253	51,418,176
190,283	-	-	-	4,281,613
8,248,979	4,255,124	8,709,036	10,772,961	6,880,529
<u>52,593,096</u>	<u>57,078,498</u>	<u>60,557,664</u>	<u>62,281,214</u>	<u>62,580,318</u>
150,340,228	166,994,644	168,978,941	172,344,972	169,278,180
2,367,816	4,388,201	4,701,465	4,921,721	8,819,869
37,084,673	31,136,091	36,273,116	34,795,888	35,167,644
<u>\$ 189,792,717</u>	<u>\$ 202,518,936</u>	<u>\$ 209,953,522</u>	<u>\$ 212,062,581</u>	<u>\$ 213,265,693</u>

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
General Government	\$ 11,604,586	\$ 11,496,617	\$ 12,109,241	\$ 11,540,773	\$ 12,100,627	\$ 14,331,656
Public Safety	13,764,037	14,134,188	14,598,906	15,346,389	16,234,941	17,855,927
Highways and Public Improvements	9,791,936	5,545,048	5,731,034	7,100,065	6,485,972	6,574,954
Parks, Recreation and Arts	5,502,044	6,028,910	6,333,042	6,662,804	6,866,860	7,904,959
Economic and Physical Development	1,088,450	920,185	883,877	853,787	3,430,829	3,009,244
Redevelopment	782,929	683,317	1,053,395	542,663	846,212	1,189,544
Interest on Long-term Debt	1,942,912	1,547,707	2,038,946	1,882,277	2,083,152	2,263,478
Total Governmental Activities Expenses	<u>44,476,894</u>	<u>40,355,972</u>	<u>42,748,441</u>	<u>43,928,758</u>	<u>48,048,593</u>	<u>53,129,762</u>
Business-type Activities:						
Water	6,155,957	6,289,895	6,442,662	6,804,176	7,503,542	7,431,471
Water Reclamation	5,567,836	5,767,224	5,865,945	5,826,744	5,975,572	5,894,276
Storm Sewer	1,070,843	1,187,091	1,268,541	1,539,806	1,814,312	1,725,747
Recreation	1,617,454	1,900,263	2,203,195	2,047,026	1,989,045	1,567,468
Solid Waste	2,402,180	2,557,169	2,652,512	2,708,103	2,774,492	2,955,318
Street Lighting	704,035	824,071	910,969	1,133,368	1,131,094	1,166,820
Total Business-type Activities Expenses	<u>17,518,305</u>	<u>18,525,713</u>	<u>19,343,824</u>	<u>20,059,223</u>	<u>21,188,057</u>	<u>20,741,100</u>
Total Primary Government Expenses	<u>61,995,199</u>	<u>58,881,685</u>	<u>62,092,265</u>	<u>63,987,981</u>	<u>69,236,650</u>	<u>73,870,862</u>
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	8,104,241	8,498,206	10,000,133	9,725,813	10,282,461	11,054,187
Public Safety	2,151,540	2,404,674	2,404,343	2,779,134	2,765,785	3,156,406
Parks, Recreation and Arts	8,450	6,960	8,910	12,559	19,717	301,383
Economic and Physical Development	415,587	459,023	308,367	286,904	289,476	273,279
Operating Grants and Contributions	1,799,227	1,535,732	1,407,736	1,546,029	1,597,103	852,452
Capital Grants and Contributions	2,619,879	2,649,670	8,309,689	3,178,409	4,168,784	5,800,844
Total Governmental Activities Program Revenues	<u>15,098,924</u>	<u>15,554,265</u>	<u>22,439,178</u>	<u>17,528,848</u>	<u>19,123,326</u>	<u>21,438,551</u>
Business-type Activities:						
Charges for Services:						
Water	5,881,629	5,754,336	6,128,218	6,166,137	6,962,156	7,741,810
Water Reclamation	5,270,158	5,117,669	4,968,507	4,824,003	5,800,558	6,154,501
Storm Sewer	2,149,608	2,153,728	2,402,202	2,470,225	2,510,331	2,523,425
Recreation	1,047,647	1,197,535	1,600,892	1,761,167	1,648,619	1,452,458
Solid Waste	2,557,893	2,626,672	2,755,344	2,853,586	2,900,873	2,893,052
Street Lighting	89,027	305,136	468,672	628,449	672,033	684,250
Operating Grants and Contributions	-	1,000,000	-	-	-	248,000
Capital Grants and Contributions	292,200	517,000	1,003,250	1,123,170	1,763,440	2,677,880
Total Business-type Activities Program Revenues	<u>17,288,162</u>	<u>18,672,076</u>	<u>19,327,085</u>	<u>19,826,737</u>	<u>22,248,010</u>	<u>24,375,376</u>
Total Primary Government Program Revenues	<u>32,387,086</u>	<u>34,226,341</u>	<u>41,766,263</u>	<u>37,355,585</u>	<u>41,371,336</u>	<u>45,813,927</u>
Net (Expense) Revenue						
Governmental Activities	(29,377,970)	(24,801,707)	(20,309,263)	(26,399,910)	(28,925,267)	(31,691,211)
Business-type Activities	(230,143)	146,363	(16,739)	(232,486)	1,059,953	3,634,276
Total Primary Government Net (Expense) Revenue	<u>\$ (29,608,113)</u>	<u>\$ (24,655,344)</u>	<u>\$ (20,326,002)</u>	<u>\$ (26,632,396)</u>	<u>\$ (27,865,314)</u>	<u>\$ (28,056,935)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Sales Taxes	15,163,063	13,708,023	14,092,331	15,373,690	18,008,143	21,330,290
Property Taxes	6,310,153	6,577,989	7,168,114	7,710,867	8,741,450	9,558,706
Franchise Taxes	4,728,185	4,500,648	4,819,932	5,970,311	6,888,934	6,804,907
Vehicle and Other Taxes	1,183,472	976,352	1,015,120	1,011,729	1,079,912	1,288,386
Unrestricted Investment Earnings	747,178	479,461	292,972	452,157	1,424,846	1,735,589
Gain (Loss) on Sale of Capital Assets	161,069	27,731	28,579	78,726	774,740	3,567,621
Transfers	(1,680,254)	(463,030)	(1,225,304)	(612,768)	(751,899)	(153,471)
Total Governmental Activities	<u>26,612,866</u>	<u>25,807,174</u>	<u>26,191,744</u>	<u>29,984,712</u>	<u>36,166,126</u>	<u>44,132,028</u>
Business-type Activities:						
Unrestricted Investment Earnings	188,859	113,546	68,044	312,582	968,197	699,801
Gain (Loss) on Sale of Capital Assets	(33,401)	(37,888)	-	31,500	-	(2,146)
Transfers	1,680,254	463,030	1,225,304	612,768	751,899	153,471
Total Business-type Activities	<u>1,835,712</u>	<u>538,688</u>	<u>1,293,348</u>	<u>956,850</u>	<u>1,720,096</u>	<u>851,126</u>
Total Primary Government	<u>28,448,578</u>	<u>26,345,862</u>	<u>27,485,092</u>	<u>30,941,562</u>	<u>37,886,222</u>	<u>44,983,154</u>
Change in Net Assets						
Governmental Activities	(2,765,104)	1,005,467	5,882,481	3,584,802	7,240,859	12,440,817
Business-type Activities	1,605,569	685,051	1,276,809	724,364	2,780,049	4,485,402
Total Primary Government	<u>\$ (1,159,535)</u>	<u>\$ 1,690,518</u>	<u>\$ 7,159,090</u>	<u>\$ 4,309,166</u>	<u>\$ 10,020,908</u>	<u>\$ 16,926,219</u>

Fiscal Year		
2008	2009	2010
\$ 15,187,762	\$ 13,961,604	\$ 11,298,033
19,491,191	20,352,956	20,987,542
8,646,549	8,299,238	7,677,709
9,416,719	9,474,718	9,291,122
2,096,573	761,214	743,880
593,283	1,026,908	1,030,308
2,217,525	2,171,793	2,130,686
<u>57,649,602</u>	<u>56,048,431</u>	<u>53,159,280</u>
8,388,236	8,849,126	9,790,583
5,982,610	5,996,131	5,963,812
2,004,281	2,250,279	2,312,019
1,617,587	1,695,721	1,766,296
3,014,707	3,128,564	3,211,021
1,244,305	1,250,380	1,275,827
<u>22,251,726</u>	<u>23,170,201</u>	<u>24,319,558</u>
<u>79,901,328</u>	<u>79,218,632</u>	<u>77,478,838</u>
11,697,008	9,687,642	7,689,108
3,339,720	4,928,986	4,603,279
545,132	621,115	554,474
277,113	306,039	33,632
1,438,884	1,369,082	1,595,959
4,127,289	2,881,835	3,074,396
<u>21,425,146</u>	<u>19,794,699</u>	<u>17,550,848</u>
9,331,098	9,402,862	8,468,089
6,073,791	6,060,235	6,448,057
2,549,082	2,688,822	2,819,306
1,588,894	1,610,947	1,590,568
2,961,104	2,999,129	3,084,768
689,343	742,629	866,134
926,500	-	313,622
<u>24,119,812</u>	<u>23,504,624</u>	<u>23,590,544</u>
<u>45,544,958</u>	<u>43,299,323</u>	<u>41,141,392</u>
(36,224,456)	(36,253,732)	(35,608,432)
1,868,086	334,423	(729,014)
<u>\$ (34,356,370)</u>	<u>\$ (35,919,309)</u>	<u>\$ (36,337,446)</u>
20,616,891	17,989,571	16,779,178
9,082,992	10,243,876	10,320,412
7,291,044	7,342,725	7,643,257
1,114,817	1,038,934	1,505,864
1,468,514	1,017,692	212,169
666,063	8,591	74,794
<u>(1,036,106)</u>	<u>(1,002,148)</u>	<u>(68,020)</u>
<u>39,204,215</u>	<u>36,639,241</u>	<u>36,467,654</u>
443,870	307,064	92,554
131,104	79,915	10,156
1,036,106	1,002,148	68,020
<u>1,611,080</u>	<u>1,389,127</u>	<u>170,730</u>
<u>40,815,295</u>	<u>38,028,368</u>	<u>36,638,384</u>
2,979,759	385,509	859,222
3,479,166	1,723,550	(558,284)
<u>\$ 6,458,925</u>	<u>\$ 2,109,059</u>	<u>\$ 300,938</u>

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

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 2,894,448	\$ 2,555,380	\$ 2,273,488	\$ 718,380
Unreserved	9,638,997	6,789,541	7,057,860	9,347,408
Total General Fund	<u>12,533,445</u>	<u>9,344,921</u>	<u>9,331,348</u>	<u>10,065,788</u>
All Other Governmental Funds				
Reserved	1,632,187	1,162,055	1,197,534	2,110,110
Unreserved, reported in:				
Capital Projects Funds	10,231,022	19,740,782	6,492,956	3,117,098
Debt Service Funds	-	-	-	168,139
Special Revenue Funds	-	560	63,943	-
Total All Other Governmental Funds	<u>11,863,209</u>	<u>20,903,397</u>	<u>7,754,433</u>	<u>5,395,347</u>
Total Governmental Funds				
Reserved	4,526,635	3,717,435	3,471,022	2,828,490
Unreserved	19,870,019	26,530,883	13,614,759	12,632,645
Total Governmental Funds	<u>\$ 24,396,654</u>	<u>\$ 30,248,318</u>	<u>\$ 17,085,781</u>	<u>\$ 15,461,135</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 784,544	\$ 1,352,706	\$ 1,740,749	\$ 1,657,821	\$ 1,770,341	\$ 1,756,029
6,521,065	6,140,485	9,031,333	10,962,112	6,773,200	8,051,871
7,305,609	7,493,191	10,772,082	12,619,933	8,543,541	9,807,900
2,384,070	2,017,220	2,002,452	3,043,644	3,151,380	2,764,525
16,339,596	16,726,282	9,184,205	4,314,558	1,701,200	1,010,717
-	604,104	650,902	661,707	3,284,265	2,481,643
376,963	1,368,034	3,881,124	5,508,299	7,506,217	9,365,267
19,100,629	20,715,640	15,718,683	13,528,208	15,643,062	15,622,152
3,168,614	3,369,926	3,743,201	4,701,465	4,921,721	4,520,554
23,237,624	24,838,905	22,747,564	21,446,676	19,264,882	20,909,498
<u>\$ 26,406,238</u>	<u>\$ 28,208,831</u>	<u>\$ 26,490,765</u>	<u>\$ 26,148,141</u>	<u>\$ 24,186,603</u>	<u>\$ 25,430,052</u>

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Taxes and Special Assessments	\$ 25,416,573	\$ 27,441,124	\$ 25,773,431	\$ 27,093,824	\$ 29,845,163
Licenses and Permits	1,094,650	1,044,082	1,004,672	1,295,544	1,366,925
Intergovernmental	3,700,938	4,377,717	4,153,970	4,804,640	4,536,148
Charges for Services	2,385,067	2,919,220	3,197,288	3,544,661	3,663,844
Fines and Forfeitures	388,011	454,335	547,988	454,749	566,175
Charges for Services - Other Funds	3,103,181	3,248,931	3,546,614	3,701,855	3,654,299
Interest Income	621,111	779,468	545,589	350,831	477,456
Miscellaneous Revenue	1,957,838	1,478,109	1,330,019	1,643,953	3,464,193
Total Revenues	38,667,369	41,742,986	40,099,571	42,890,057	47,574,203
Expenditures					
General Government	7,486,112	9,796,957	9,528,847	9,777,288	9,942,870
Public Safety	12,854,036	13,786,791	14,187,339	15,121,260	16,293,215
Highways and Public Improvements	4,113,586	4,282,923	3,648,773	4,850,849	4,208,802
Parks, Recreation and Arts	4,197,894	4,449,966	5,027,240	5,064,150	5,130,601
Economic and Physical Development	1,123,414	1,545,673	1,016,568	944,119	1,102,607
Redevelopment	786,807	714,309	677,067	857,550	530,618
Debt Service:					
Principal Retirement	1,721,000	4,455,399	2,249,000	2,566,957	3,047,454
Interest and Fiscal Charges	1,271,827	1,339,460	1,846,933	2,043,617	1,873,517
Capital Lease Payments - Principal	503,974	3,252,624	214,900	127,123	80,627
Capital Lease Payments - Interest	62,926	264,928	26,557	15,026	10,845
Capital Outlay	6,207,120	11,515,674	14,202,752	4,735,354	1,764,864
Total Expenditures	40,328,696	55,404,704	52,625,976	46,103,293	43,986,020
Excess of Revenues over					
(under) Expenditures	(1,661,327)	(13,661,718)	(12,526,405)	(3,213,236)	3,588,183
Other Financing Sources (Uses)					
Issuance of Bonds & Other Debt	7,763,487	21,167,630	-	1,300,000	12,960,000
Bond Issuance Premium	-	-	-	-	189,409
Payment to Bond Refunding Agent	-	-	-	-	(3,790,000)
Capital Leases	23,160	233,038	-	-	58,560
Transfers In	17,233,789	10,269,881	5,666,551	6,899,378	11,582,120
Transfers Out	(16,560,677)	(11,949,040)	(6,107,542)	(7,839,846)	(13,643,169)
Total Other Financing Sources (Uses)	8,459,759	19,721,509	(440,991)	359,532	7,356,920
Net Change in Fund Balances	\$ 6,798,432	\$ 6,059,791	\$ (12,967,396)	\$ (2,853,704)	\$ 10,945,103
Debt Service as a percentage					
of Noncapital Expenditures	10.6%	20.2%	11.7%	12.3%	12.3%

Fiscal Year				
2006	2007	2008	2009	2010
\$ 35,035,714	\$ 39,405,860	\$ 38,517,744	\$ 37,312,000	\$ 36,955,125
1,880,567	1,647,862	1,596,935	1,027,151	1,080,748
4,110,180	3,656,271	4,325,215	3,836,399	4,670,355
3,865,549	4,509,999	4,832,559	5,819,384	5,621,965
534,071	607,152	580,510	608,103	618,992
3,681,670	3,821,727	3,921,154	4,081,747	4,347,299
1,270,386	1,619,097	1,321,190	732,409	209,311
2,335,497	5,416,232	2,311,797	1,540,989	2,977,428
<u>52,713,634</u>	<u>60,684,200</u>	<u>57,407,104</u>	<u>54,958,182</u>	<u>56,481,223</u>
10,133,159	11,243,791	11,620,136	11,433,442	10,843,565
15,534,673	16,593,911	17,851,249	19,338,116	19,729,088
4,223,289	4,062,508	4,107,184	4,188,647	5,322,963
5,294,410	5,974,738	7,807,327	8,052,037	7,785,452
3,354,384	3,500,924	1,998,675	676,049	667,883
594,165	620,031	577,702	939,909	940,879
4,319,780	2,967,022	3,260,950	6,860,871	4,200,905
2,226,774	2,191,810	2,146,891	2,436,375	2,197,450
112,590	115,378	68,361	87,660	37,200
18,327	11,815	5,824	4,755	2,259
<u>12,971,979</u>	<u>17,514,340</u>	<u>10,520,814</u>	<u>5,985,800</u>	<u>3,606,664</u>
<u>58,783,530</u>	<u>64,796,268</u>	<u>59,965,113</u>	<u>60,003,661</u>	<u>55,334,308</u>
(6,069,896)	(4,112,068)	(2,558,009)	(5,045,479)	1,146,915
8,485,113	6,814,204	7,120,593	6,808,000	4,375,000
138,450	-	169,576	118,936	434,811
-	(3,770,800)	(5,750,946)	(2,905,000)	(4,703,082)
-	-	90,783	34,977	-
9,018,070	7,873,388	6,648,353	6,902,301	12,735,609
<u>(9,769,144)</u>	<u>(8,522,790)</u>	<u>(7,038,634)</u>	<u>(7,875,273)</u>	<u>(12,790,590)</u>
<u>7,872,489</u>	<u>2,394,002</u>	<u>1,239,725</u>	<u>3,083,941</u>	<u>51,748</u>
<u>\$ 1,802,593</u>	<u>\$ (1,718,066)</u>	<u>\$ (1,318,284)</u>	<u>\$ (1,961,538)</u>	<u>\$ 1,198,663</u>

14.6%

11.4%

10.8%

17.1%

12.3%

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

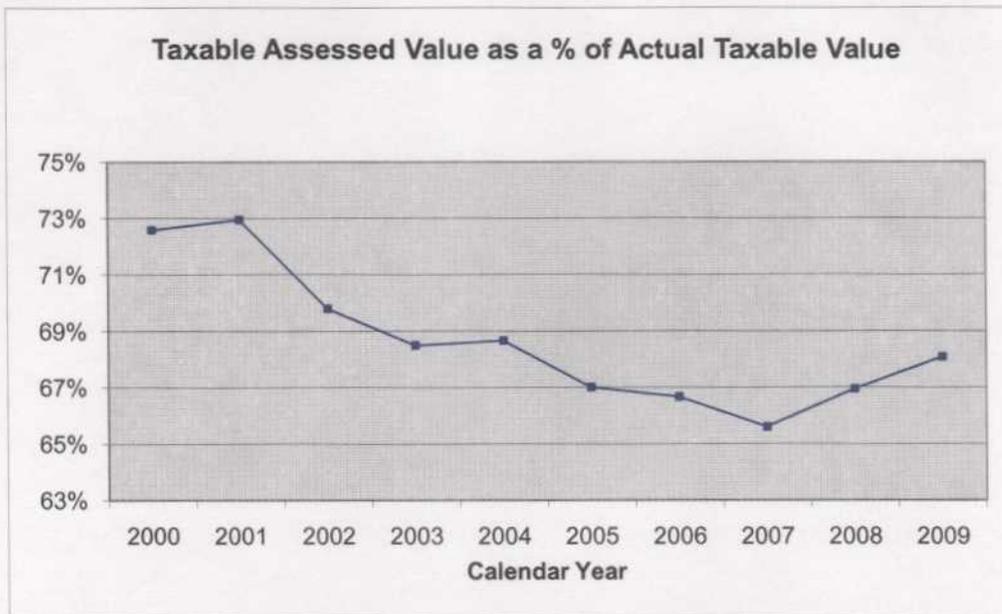
Calendar Year ¹	Taxable Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
2000	\$ 1,674,055,370	\$ 80,110	\$ 774,700,081	\$ 38,178,438	\$ 785,900
2001	1,856,564,339	86,092	841,554,729	34,718,238	719,813
2002	1,881,126,204	170,403	1,004,495,783	33,940,732	754,280
2003	1,911,504,645	361,581	1,007,647,856	1,455,150	29,143,864
2004	1,953,411,264	362,106	1,029,051,253	1,198,488	31,784,709
2005	1,992,628,465	434,933	1,017,869,457	903,526	31,998,112
2006	2,149,974,976	2,163,884	1,076,093,714	817,809	26,283,264
2007	2,826,766,252	3,979,753	1,274,663,047	507,506	21,832,436
2008	2,843,159,747	5,025,651	1,540,471,628	505,940	19,916,072
2009	2,531,397,498	88,201,742	1,625,957,618	927,232	5,171,123

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
\$ 232,924,820	\$ 231,060	\$ 2,720,955,779	\$ 0.001972	\$ 3,748,651,847	72.58%
249,759,927	702,322	2,984,105,460	0.001850	4,090,702,990	72.95%
221,551,045	515,589	3,142,554,036	0.001677	4,503,183,085	69.79%
214,696,514	41,328,176	3,206,137,786	0.001698	4,681,796,714	68.48%
217,460,513	41,478,607	3,274,746,940	0.001800	4,770,391,971	68.65%
213,740,087	51,946,930	3,309,521,510	0.002036	4,940,209,745	66.99%
233,802,981	30,101,214	3,519,237,842	0.002045	5,280,078,727	66.65%
253,305,890	32,014,012	4,413,068,896	0.001670	6,729,133,809	65.58%
277,909,182	29,177,534	4,716,165,754	0.001578	7,046,499,261	66.93%
292,671,778	25,501,802	4,569,828,793	0.001676	6,713,137,262	68.07%



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

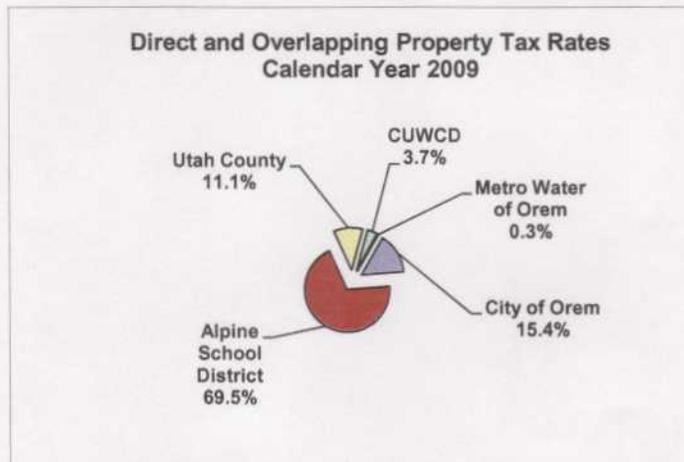
Calendar Year ²	City of Orem Direct Rates			Overlapping Rates ¹					Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem		
2000	0.001621%	0.000351%	0.001972%	0.006884%	0.001116%	0.000377%	0.000044%	0.010393%	
2001	0.001507	0.000343	0.001850	0.006769	0.001038	0.000369	0.000042	0.010068	
2002	0.001378	0.000299	0.001677	0.006953	0.001053	0.000358	0.000041	0.010082	
2003	0.001395	0.000303	0.001698	0.007884	0.001411	0.000358	0.000041	0.011392	
2004	0.001479	0.000321	0.001800	0.008119	0.001425	0.000353	0.000043	0.011740	
2005	0.001485	0.000551	0.002036	0.008082	0.001391	0.000400	0.000043	0.011952	
2006	0.001404	0.000641	0.002045	0.006883	0.001262	0.000357	0.000042	0.010589	
2007	0.001154	0.000516	0.001670	0.006937	0.001000	0.000302	0.000035	0.009944	
2008	0.001091	0.000487	0.001578	0.007057	0.001105	0.000286	0.000033	0.010059	
2009	0.001166	0.000510	0.001676	0.007541	0.001203	0.000400	0.000035	0.010855	

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 2009			Calendar Year 2000		
	Taxable Assessed Value¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value¹	Rank	Percentage of Total Taxable Assessed Value
University Mall	\$ 108,149,900	1	2.37%	\$ 65,571,760	1	2.41%
Timpanogos Regional Hospital	39,381,900	2	0.86%	18,220,423	3	0.67%
TCU Properties	37,188,746	3	0.81%	34,406,832	2	----
University Crossing LLC	28,445,907	4	0.62%	----		----
GGP UC LLC	20,024,500	5	0.44%	----		----
Retail Trust III (Walmart)	17,540,838	6	0.38%	11,269,200	6	----
Orem Eastpointe LLC	16,596,000	7	0.36%	11,122,958	7	0.41%
Dayton Hudson Corporation	15,084,300	8	0.33%	----		----
Carillon Square LLC	12,794,900	9	0.28%	----		----
Pinnacle Apartments	12,694,880	10	0.28%	----		----
Price Development	----		----	14,162,352	4	0.52%
Novell, Inc.	----		----	12,903,652	5	0.47%
Wilmington Trust (Fred Meyer)	----		----	10,714,350	8	0.39%
BRE Property Investors LLC	----		----	8,751,419	9	0.32%
Lowe's (Eagle Hardware)	----		----	8,041,014	10	0.30%
Total	\$ 307,901,871		6.74%	\$ 195,163,960		7.17%

Notes: Electric, telephone and natural gas utilities are centrally assessed by the State Tax Commission. These assessed amounts were not available in 2000 and therefore, Qwest Corporation (\$25,478,291), Pacificorp (\$40,191,235), and Questar Gas (\$15,601,522) 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
2000	\$ 4,955,236	\$ 4,521,008	91.24%	\$ 349,178	\$ 4,870,186
2001	4,975,745	4,594,310	92.33%	336,533	4,930,843
2002	5,118,892	4,688,570	91.59%	345,772	5,034,342
2003	5,003,673	4,655,802	93.05%	278,436	4,934,238
2004	5,418,232	4,992,684	92.15%	338,690	5,331,374
2005	6,184,713	5,689,452	91.99%	391,733	6,081,185
2006	6,628,909	6,136,638	92.57%	430,506	6,567,144
2007	6,797,960	6,247,920	91.91%	474,814	6,722,734
2008	6,760,841	6,077,279	89.89%	524,103	6,601,382
2009	6,953,441	6,216,940	89.41%	456,864	6,673,804

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

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
98.28%	\$ 85,050	1.72%
99.10%	44,902	0.90%
98.35%	84,550	1.65%
98.61%	69,435	1.39%
98.40%	86,858	1.60%
98.33%	103,528	1.67%
99.07%	61,765	0.93%
98.89%	75,226	1.11%
97.64%	159,459	2.36%
95.98%	279,637	4.02%

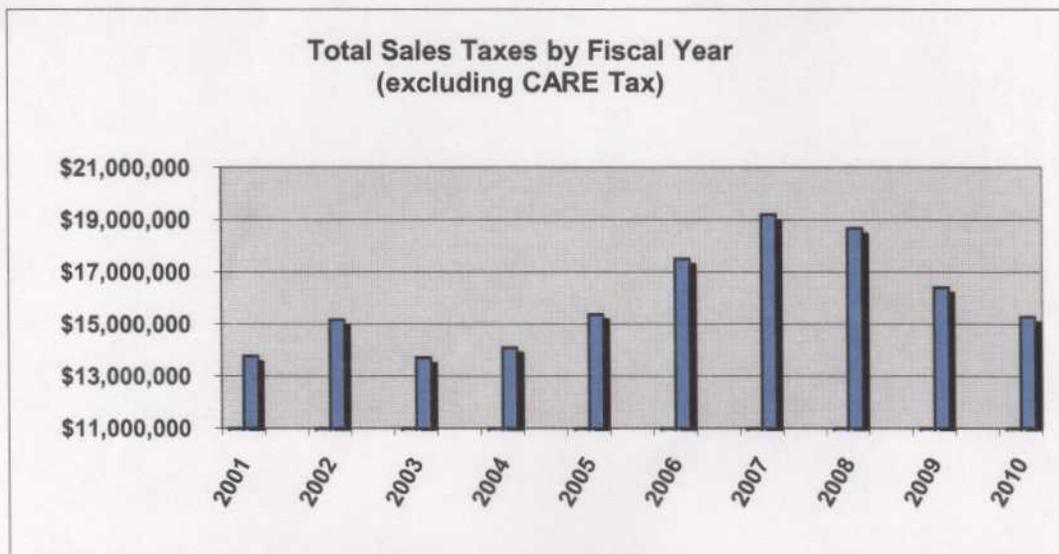
City of Orem
Sales Taxes by Category
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2001	2002	2003	2004
General Merchandise and Groceries	\$ 3,972,554	\$ 4,194,426	\$ 4,248,061	\$ 4,371,549
Building Materials, Hardware, and Tools	1,970,028	1,769,262	1,809,798	1,925,917
Auto Dealers, Supplies, and Accessories	1,734,194	1,906,772	1,838,868	1,837,823
Home Furnishings, Appliances, & Electronics	1,310,584	1,332,570	1,528,310	1,769,511
Eating and Drinking Establishments	851,118	912,860	955,788	1,038,994
Clothing, Apparel, and Accessories	861,022	807,319	822,242	843,961
Professional Equipment and Supplies	714,277	724,009	699,054	711,657
Arts, Crafts, and Specialty Items	411,263	439,932	441,109	494,137
Amusement and Recreation	547,857	571,096	568,971	535,883
All Other Categories	1,405,110	2,504,817	795,822	562,899
Subtotal - City Direct	13,778,007	15,163,063	13,708,023	14,092,331
Cultural Arts & Recreation Enhancement (CARE)	-	-	-	-
Total City Direct Sales Taxes	\$ 13,778,007	\$ 15,163,063	\$ 13,708,023	\$ 14,092,331
Total City Direct Sales Tax Rate ¹	1.00%	1.00%	1.00%	1.00%
% Increase (Decrease) from prior year	3.23%	10.05%	-9.60%	2.80%
% Increase (Decrease) from prior year, excluding CARE Tax amounts	3.23%	10.05%	-9.60%	2.80%

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 146 for additional information regarding this rate.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 4,326,371	\$ 4,583,315	\$ 4,449,949	\$ 4,598,711	\$ 4,651,651	\$ 4,660,428
2,374,234	3,113,143	3,523,720	2,922,582	1,978,366	1,512,797
2,062,928	2,400,102	2,620,381	2,603,405	2,191,650	2,111,247
1,983,027	2,176,207	2,085,481	1,973,203	1,587,587	1,452,814
1,048,781	1,092,668	1,057,380	1,045,771	1,037,920	1,002,978
851,206	901,081	1,332,725	1,516,201	1,405,704	1,319,296
782,075	838,456	904,339	974,911	898,478	906,171
560,885	574,746	588,905	454,428	408,061	305,719
550,779	516,686	618,918	576,829	564,190	563,129
833,404	1,313,806	2,034,389	2,018,648	1,690,771	1,442,919
15,373,690	17,510,210	19,216,187	18,684,689	16,414,378	15,277,498
-	497,933	2,114,103	1,932,202	1,575,193	1,501,679
<u>\$ 15,373,690</u>	<u>\$ 18,008,143</u>	<u>\$ 21,330,290</u>	<u>\$ 20,616,891</u>	<u>\$ 17,989,571</u>	<u>\$ 16,779,177</u>
1.00%	1.00%	1.00%	1.10%	1.10%	1.10%
9.09%	17.14%	18.45%	-3.34%	-12.74%	-6.73%
9.09%	13.90%	9.74%	-2.77%	-12.15%	-6.93%



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

Fiscal Year 2010				
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	238	9.98%	\$ 4,660,428	30.51%
Building Materials, Hardware, and Tools	155	6.50%	1,512,797	9.90%
Auto Dealers, Supplies, and Accessories	227	9.52%	2,111,247	13.82%
Home Furnishings, Appliances, & Electronics	192	8.05%	1,452,814	9.51%
Eating and Drinking Establishments	178	7.46%	1,002,978	6.57%
Clothing, Apparel, and Accessories	162	6.79%	1,319,296	8.64%
Professional Equipment and Supplies	269	11.28%	906,171	5.93%
Arts, Crafts, and Specialty Items	247	10.36%	305,719	2.00%
Amusement and Recreation	112	4.70%	563,129	3.69%
All Other Categories	605	25.37%	1,442,919	9.44%
Total	2,385	100.00%	\$ 15,277,498	100.00%

Fiscal Year 2001				
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	262	10.92%	\$ 3,972,554	28.83%
Building Materials, Hardware, and Tools	197	8.21%	1,970,028	14.30%
Auto Dealers, Supplies, and Accessories	203	8.46%	1,734,194	12.59%
Home Furnishings, Appliances, & Electronics	142	5.92%	1,310,584	9.51%
Eating and Drinking Establishments	190	7.92%	851,118	6.18%
Clothing, Apparel, and Accessories	119	4.96%	861,022	6.25%
Professional Equipment and Supplies	355	14.79%	714,277	5.18%
Arts, Crafts, and Specialty Items	174	7.25%	411,263	2.98%
Amusement and Recreation	118	4.92%	547,857	3.98%
All Other Categories	640	26.67%	1,405,110	10.20%
Total	2,400	100.00%	\$ 13,778,007	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			Fiscal Year		
	2010			2001		
	Sales		Percentage	Sales		Percentage
	Taxes ¹	Rank	of Total	Taxes ¹	Rank	of Total
			Sales			Sales
			Taxes ¹			Taxes ¹
Costco Wholesale Corporation	N/A	1	N/A	N/A	1	N/A
Wal-Mart Supercenter	N/A	2	N/A	N/A	2	N/A
Target	N/A	3	N/A	N/A	4	N/A
RC Willey Home Furnishings	N/A	4	N/A	N/A	3	N/A
Brent Brown Toyota	N/A	5	N/A	----		----
Best Buy	N/A	6	N/A	----		----
Garff Warner Nissan of Orem	N/A	7	N/A	----		----
Macey's, Inc.	N/A	8	N/A	N/A	5	N/A
Lowes (Eagle) Hardware	N/A	9	N/A	N/A	10	N/A
U.S. Synthetic Corporation	N/A	10	N/A	----		----
Utah Auto Collection	----		----	N/A	6	N/A
Meier & Frank	----		----	N/A	7	N/A
Fred Meyer	----		----	N/A	8	N/A
Mountainland Supply Company	----		----	N/A	9	N/A
Total	\$ 4,741,029		28.26%	\$ 3,404,631		24.71%

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
2001	1.00%	--	1.00%	0.25%	--	--	4.75%	0.25%	6.25%
2002	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2003	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2004	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2005	1.00	--	1.00	0.25	--	--	4.75	0.25	6.25
2006	1.00	0.10	1.10	0.25	--	--	4.75	0.25	6.35
2007	1.00	0.10	1.10	0.25	0.25	--	4.75	0.25	6.60
2008	1.00	0.10	1.10	0.25	0.30	--	4.65	0.25	6.55
2009	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2010	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.

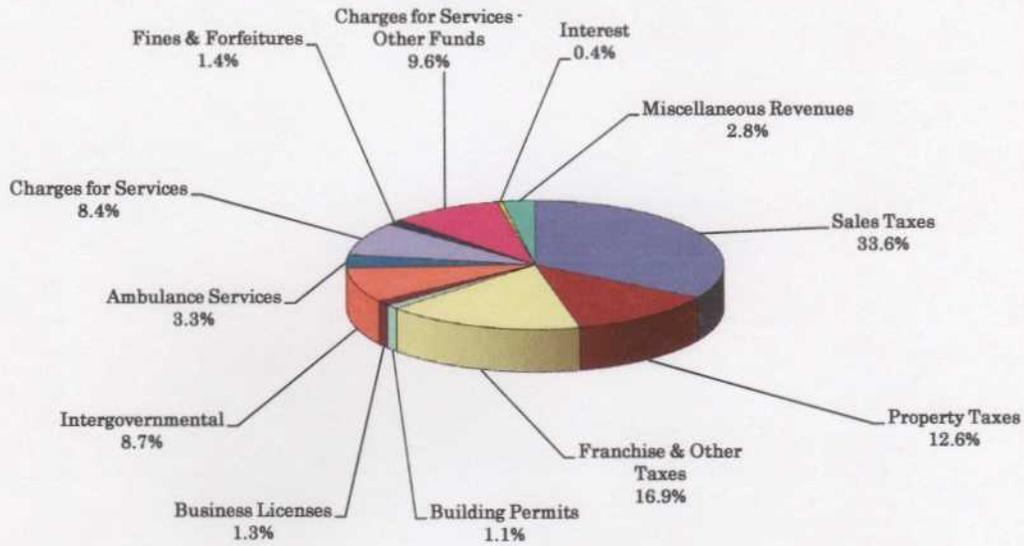
² This additional sales tax rate was voted on by the citizens of Utah County and went into effect on April 1, 2007. The additional tax is to be used to fund highways, fixed guideways, or systems for public transit.

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.

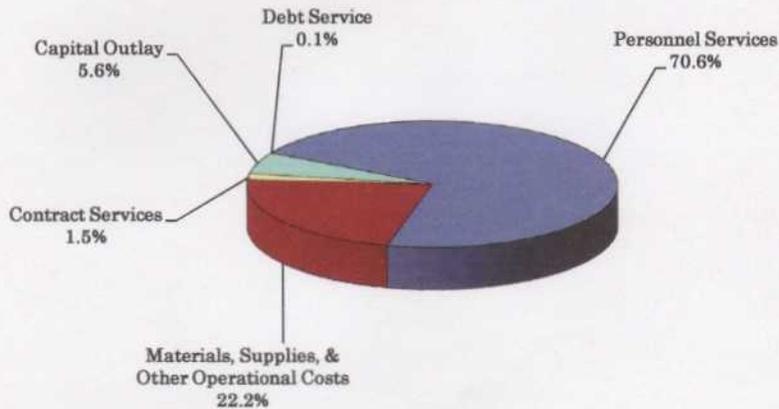
⁴ The total sales tax rate for non-prepared food and food ingredients was set at 3.00% statewide (1.00% City Direct Rate, 0.25% County Direct Rate, and 1.75% State Direct Rate) and went into effect on January 1, 2008.

City of Orem
 General Fund - Revenues and Expenditures
 For The Year Ended June 30, 2010
 (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
2001	\$ 9,660,000	\$ 3,752,000	\$ -	\$ -	\$ 10,410,000	\$ -	\$ 808,836
2002	9,290,000	2,985,000	12,175,000	-	12,860,000	3,675,000	750,035
2003	8,900,000	2,181,000	12,010,000	-	11,975,000	3,670,000	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

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
\$ 3,536,675	\$ 2,689,000	\$ -	\$ -	\$ 30,856,511	2.18%	\$ 365
517,089	2,537,000	-	-	44,789,124	3.29	535
302,189	2,380,000	-	-	42,428,721	3.23	491
175,066	2,217,000	-	-	40,871,646	2.89	458
152,999	2,048,000	17,440,000	-	64,243,118	4.46	711
243,896	1,873,757	17,440,000	52,829	68,377,931	4.37	746
124,186	1,692,757	17,950,000	39,834	68,901,408	4.01	747
140,400	1,505,757	24,593,000	21,210	73,699,641	4.23	792
81,166	1,311,757	23,859,000	1,556	69,734,882	4.01	747
43,447	3,019,757	23,043,000	-	66,086,702	3.80	706

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
2001	84,500	\$ 2,720,955,779	\$ 9,660,000	\$ 16,839	\$ 9,643,161	0.35%	114
2002	83,662	2,984,105,460	9,290,000	339,058	8,950,942	0.30	107
2003	86,346	3,142,554,036	8,900,000	229,007	8,670,993	0.28	100
2004	89,326	3,206,137,786	8,490,000	251,119	8,238,881	0.26	92
2005	90,374	3,274,746,940	17,225,000	441,821	16,783,179	0.51	186
2006	91,649	3,309,521,510	21,995,000	604,104	21,390,896	0.65	233
2007	92,212	3,519,237,842	21,025,000	645,663	20,379,337	0.58	221
2008	93,090	4,413,068,896	19,960,000	655,990	19,304,010	0.44	207
2009	93,352	4,716,165,754	18,825,000	3,278,577	15,546,423	0.33	167
2010	93,634	4,569,828,793	17,665,000	2,475,955	15,189,045	0.33	162

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, 2010
(Unaudited)

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the Citizens of the City of Orem ¹	Amount Applicable to the Citizens of the City of Orem
Direct Debt:			
City of Orem	\$ 15,187,550	100.0000%	\$ 15,187,550
Overlapping Debt:			
Alpine School District	389,365,000	26.7602%	104,195,028
Utah County	9,020,000	17.8183%	1,607,213
Central Utah Water Conservancy District	<u>309,075,300</u>	3.9790%	<u>12,298,100</u>
Total Overlapping Debt	707,460,300		118,100,340
Total Direct and Overlapping Debt	<u><u>\$ 722,647,850</u></u>		<u><u>\$ 133,287,890</u></u>
Total Direct and Overlapping Debt Per Capita			<u><u>\$ 1,423</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			
	2001	2002	2003	2004
Debt Limit	\$ 163,628,120	\$ 180,127,323	\$ 187,271,869	\$ 190,815,679
Total Net Debt Applicable to Limit	(9,643,161)	(8,950,942)	(8,670,993)	(8,238,881)
Legal Debt Margin	<u>\$ 153,984,959</u>	<u>\$ 171,176,381</u>	<u>\$ 178,600,876</u>	<u>\$ 182,576,798</u>
Total Net Debt Applicable to Limit as a percentage of debt limit	5.89%	4.97%	4.63%	4.32%

¹ Debt margin applies only to general obligation bonds.

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

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Valuations:

Taxable Value	<u>\$ 4,569,828,793</u>
Estimated Market Value	<u>\$ 6,713,137,262</u>

Legal Debt Margin:

Debt Limitation - 4% of Estimated Market Value ¹	\$ 268,525,490
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (17,665,000)
Less:	
Assets in Debt Service Funds Available for payment of Principal ²	<u>2,475,955</u>
Total Debt Applicable to Limitation	<u>(15,189,045)</u>
Legal Debt Margin	<u>\$ 253,336,445</u>

Fiscal Year						
	2005	2006	2007	2008	2009	2010
\$	194,931,552	\$ 197,608,390	\$ 211,408,327	\$ 269,165,352	\$ 281,859,970	\$ 268,525,490
	(16,783,179)	(21,390,896)	(20,379,337)	(19,304,010)	(15,546,423)	(15,189,045)
<u>\$</u>	<u>178,148,373</u>	<u>\$ 176,217,494</u>	<u>\$ 191,028,990</u>	<u>\$ 249,861,342</u>	<u>\$ 266,313,547</u>	<u>\$ 253,336,445</u>
	8.61%	10.82%	9.64%	7.17%	5.52%	5.66%

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

Lease Revenue Bonds					Special Assessment Revenue Bonds			
Fiscal Year	Lease Revenues	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2001	\$ 540,891	\$ 155,000	\$ 323,318	1.13	\$ 85,957	\$ 47,000	\$ 8,165	1.56
2002	1,100,085	545,000	529,222	1.02	66,230	50,000	89,224	0.48
2003	1,439,752	885,000	580,253	0.98	78,767	54,000	183,349	0.33
2004	1,450,286	900,000	544,337	1.00	186,941	5,000	181,583	1.00
2005	1,444,808	935,000	505,090	1.00	1,470,871	230,000	183,250	3.56
2006	1,444,384	970,000	470,630	1.00	417,274	1,540,000	231,152	0.24
2007	1,424,239	1,053,000	367,639	1.00	419,611	255,000	159,750	1.01
2008	1,431,397	1,080,000	345,797	1.00	415,963	265,000	147,000	1.01
2009	1,427,635	1,121,000	301,304	1.00	136,654	280,000	133,750	0.33
2010	1,427,304	1,167,000	254,538	1.00	470,980	532,000	256,697	0.60

Sales Tax Revenue Bonds					Franchise Tax Revenue Bonds			
Fiscal Year	Sales Taxes	Debt Service		Coverage	Franchise Taxes	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2001	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	0.00
2002	15,163,063	5,000	47,442	289.14	-	-	-	0.00
2003	13,708,023	165,000	683,546	16.15	-	-	-	0.00
2004	14,092,331	290,000	562,047	16.54	-	-	-	0.00
2005	15,373,690	435,000	552,621	15.57	-	-	-	0.00
2006	18,008,143	475,000	539,136	17.76	-	-	-	0.00
2007	21,330,290	500,000	522,986	20.85	-	-	-	0.00
2008	20,616,891	530,000	485,915	20.29	-	-	-	0.00
2009	17,989,571	580,000	449,044	17.48	-	-	-	0.00
2010	16,779,178	615,000	424,457	16.14	7,643,257	-	-	100.00

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

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

Water & Storm Sewer Revenue Bonds

Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ -	\$ -	\$ -	\$ -	\$ -	0.00
-	-	-	-	-	0.00
-	-	-	-	-	0.00
-	-	-	-	-	0.00
-	-	-	-	-	0.00
9,141,784	6,959,093	2,182,691	-	681,773	3.20
10,003,642	7,137,454	2,866,188	680,000	773,519	1.97
11,050,437	7,659,539	3,390,898	707,000	762,092	2.31
11,170,969	7,797,841	3,373,128	734,000	999,616	1.95
11,072,855	8,743,966	2,328,889	816,000	956,696	1.31

Water Quality Revenue Bonds

Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 5,128,911	\$ 3,805,019	\$ 1,323,892	\$ 147,000	\$ 99,260	5.38
4,791,987	3,983,007	808,980	152,000	94,115	3.29
4,648,383	4,134,290	514,093	157,000	88,795	2.09
4,762,198	4,272,036	490,162	163,000	83,300	1.99
4,481,980	4,264,174	217,806	169,000	77,595	0.88
5,341,595	4,415,907	925,688	174,243	71,675	3.76
5,678,134	4,572,648	1,105,486	181,000	65,590	4.48
5,682,018	4,864,370	817,648	187,000	59,247	3.32
5,773,255	4,964,995	808,260	194,000	52,702	3.28
5,857,655	4,905,989	951,666	200,000	45,912	3.87

City of Orem
 Long-term Bonded Indebtedness Paid By Governmental and Enterprise Funds
 Schedule of Bonded Indebtedness
 June 30, 2010
 (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:				
Lease Revenue Bonds - Series 2000 Canyon River - Special Improvement District Bonds - Series 2001	4.45% - 5.50%	09/11/00	2000-2012	Various
Lease Revenue Refunding Bonds - Series 2001	4.49% - 5.50%	10/02/01	2001-2016	Various
Sales Tax Revenue Bonds - Series 2002	2.50% - 4.50%	10/15/01	2001-2011	Various
Lease Revenue Refunding Bonds - Series 2007	3.00% - 5.50%	02/01/02	2002-2023	Various
Sales Tax Revenue Refunding Bonds - Series 2007	3.76%	01/03/07	2007-2018	Various
Midtown Village - Special Improvement District Bonds - Series 2009	3.80% - 5.00%	10/17/07	2007-2023	Various
Franchise Tax Revenue Refunding Bonds - Series 2010	4.35%	02/13/09	2009-2028	Various
Total Revenue Bonds	2.13% - 5.13%	03/16/10	2010-2018	Various
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 06/30/10	Retired Year Ended 06/30/10	Expense Year Ended 06/30/10	Payable In Future Years
\$ 3,975,000	\$ 2,880,000	\$ 350,000	\$ 115,581	\$ 409,773
\$ 8,985,000	7,430,000	345,000	349,771	2,969,125
\$ 5,515,000	4,730,000	225,000	200,916	1,681,668
\$ 2,865,000	2,625,000	240,000	103,950	508,725
	<u>17,665,000</u>	<u>1,160,000</u>	<u>770,218</u>	<u>5,569,291</u>
\$ 7,985,000	-	1,450,000	72,085	-
\$ 3,680,000	2,100,000	295,000	119,750	382,250
\$ 5,345,000	380,000	675,000	42,675	15,675
\$ 12,175,000	3,120,000	590,000	180,182	430,048
\$ 3,826,000	-	3,717,000	139,778	-
\$ 5,720,000	5,670,000	25,000	244,274	1,871,957
\$ 3,943,000	3,706,000	237,000	136,947	1,853,144
\$ 4,375,000	4,375,000	-	-	896,378
	<u>19,351,000</u>	<u>6,989,000</u>	<u>935,691</u>	<u>5,449,452</u>
	<u>37,016,000</u>	<u>8,149,000</u>	<u>1,705,909</u>	<u>11,018,743</u>
\$ 3,500,000	1,111,757	200,000	45,911	119,455
\$ 17,390,000	15,050,000	615,000	710,513	6,594,374
\$ 3,000,000	2,468,000	136,000	38,539	285,299
\$ 5,590,000	5,525,000	65,000	279,244	4,487,006
\$ 1,908,000	1,908,000	-	-	-
	<u>26,062,757</u>	<u>1,016,000</u>	<u>1,074,207</u>	<u>11,486,134</u>
	<u>26,062,757</u>	<u>1,016,000</u>	<u>1,074,207</u>	<u>11,486,134</u>
	<u>\$ 63,078,757</u>	<u>\$ 9,165,000</u>	<u>\$ 2,780,116</u>	<u>\$ 22,504,877</u>

City of Orem
Debt Service Schedule of Outstanding Lease Revenue Bonds
June 30, 2010
(Unaudited)

Fiscal Year Ending June 30	Series 2001		Totals		
	\$5,345,000 (Refunding)		Total	Total	Total Debt
	Principal	Interest	Principal	Interest	Service
2011	\$ 380,000	\$ 15,675	\$ 380,000	\$ 15,675	\$ 395,675
TOTALS	<u>\$ 380,000</u>	<u>\$ 15,675</u>	<u>\$ 380,000</u>	<u>\$ 15,675</u>	<u>\$ 395,675</u>

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

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
2001	84,500	22,109	\$ 1,414,107,500	\$ 16,735	\$ 63,961
2002	83,662	23,862	1,359,340,176	16,248	56,967
2003	86,346	24,703	1,313,754,390	15,215	53,182
2004	89,326	23,896	1,413,851,928	15,828	59,167
2005	90,374	24,630	1,440,471,186	15,939	58,484
2006	91,649	24,504	1,563,990,185	17,065	63,826
2007	92,212	24,026	1,719,753,800	18,650	71,579
2008	93,090	25,363	1,740,317,550	18,695	68,616
2009	93,352	25,440	1,739,987,928	18,639	68,396
2010	93,634	25,517	1,740,008,394	18,583	68,191

Fiscal Year	Median Age	Unemployment Rate	K-12 Student Population ³	UVU FTE Student Population ⁴
2001	24.3	4.10%	18,357	15,163
2002	24.8	5.70	18,087	16,261
2003	25.2	5.20	17,980	16,312
2004	25.7	4.80	17,383	16,339
2005	26.1	4.70	17,207	16,081
2006	26.4	3.10	16,630	15,668
2007	26.6	2.80	16,599	16,135
2008	26.6	3.70	16,521	17,911
2009	26.7	6.00	16,398	19,616
2010	26.7	8.00	16,112	21,825

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

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

³ Data was provided by the Alpine School District.

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

City of Orem
Other Demographic Statistics
(Unaudited)

Census Population Count

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

Age Distribution of Population ¹

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

¹ Source: 2000 Census

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

<u>Taxpayer</u>	<u>Fiscal Year</u>			<u>Fiscal Year</u>		
	<u>2010</u>			<u>2001</u>		
	<u>Number</u>		<u>Percentage</u>	<u>Number</u>		<u>Percentage</u>
	<u>of</u>	<u>Rank</u>	<u>of</u>	<u>of</u>	<u>Rank</u>	<u>of</u>
	<u>Employees</u>		<u>Total City</u>	<u>Employees</u>		<u>Total City</u>
			<u>Employment</u>			<u>Employment</u>
Utah Valley University	1,528	1	3.17%	1,661	1	3.78%
Alpine School District	1,234	2	2.56%	898	3	2.04%
Convergys Corporation	647	3	1.34%	1,425	2	3.24%
Timpanogos Regional Hospital	600	4	1.24%	----		----
City of Orem	532	5	1.10%	489	6	1.11%
Adobe (Omniure, Inc.)	500	6	1.04%	----		----
Wal-Mart	435	7	0.90%	----		----
U.S. Synthetic Corporation	430	8	0.89%	----		----
Imergent, Inc. (StoresOnline, Inc.)	335	9	0.69%	----		----
Target	317	10	0.66%	----		----
SOS Temporary Services	----		----	700	4	1.59%
Manpower Temporary Services	----		----	515	5	1.17%
Phone Directories Company	----		----	489	7	1.11%
Macy's (ZCMI)	----		----	483	8	1.10%
American Land & Leisure	----		----	450	9	1.02%
Adecco Employment Services	----		----	400	10	0.91%
Total	6,558		13.60%	7,510		17.07%

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			
	2001	2002	2003	2004
General Government	131	136	145	129
Public Safety:				
Police Protection	117	114	114	127
Fire Protection	53	53	53	53
Highways and Public Improvements	1	4	1	1
Parks and Recreation:				
Parks and Recreation	30	31	32	32
Library	54	57	57	56
Cemetery	5	4	5	4
Economic and Physical Development	3	3	3	2
Water	23	23	23	23
Water Reclamation	31	32	32	30
Storm Sewer	9	9	9	10
Recreation	31	35	40	47
Street Lighting	1	1	4	2
Total	489	502	518	516

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					
2005	2006	2007	2008	2009	2010
138	130	119	124	115	107
118	134	137	141	143	141
55	56	54	59	71	69
4	5	2	3	2	2
33	31	34	36	39	35
54	54	50	53	54	51
5	5	5	6	6	5
2	2	1	1	2	2
24	23	24	26	30	28
31	29	29	31	31	28
9	9	8	11	11	11
45	45	49	48	50	50
2	2	1	2	3	3
520	525	513	541	557	532

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

	Fiscal Year				
	2001	2002	2003	2004	2005
General Government:					
Building Permits Issued	1,192	1,203	1,396	1,118	1,083
Public Safety:					
Police Protection:					
Physical Arrests	9,571	8,254	9,479	8,306	8,145
Traffic Citations	N/A	11,621	10,807	9,634	11,394
Fire Protection:					
Emergency Responses	N/A	1,558	1,558	1,383	1,250
Ambulance Transports	2,066	2,224	2,598	2,549	2,761
Other Public Safety Services:					
Emergency Dispatch Calls	N/A	2,802	4,697	4,961	4,935
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	N/A	5,376	5,417	6,599	4,048
Concrete Used - Sidewalks (Yards)	N/A	1,009	972	905	1,089
Parks and Recreation:					
Recreation Programs Participants	12,880	12,852	12,312	12,960	13,230
Library - Volumes in Collection (approx.)	254,235	260,000	266,720	275,497	280,000
Cemetery - Interments	216	222	255	247	250
Economic and Physical Development:					
Public Service Organizations Assisted	N/A	14	13	15	14
Housing Rehab Loans/Grants Added	N/A	7	13	12	15
Major Project Improvements Completed	N/A	2	3	4	1
Water:					
Number of Consumers	19,896	19,900	20,142	20,425	20,240
Average Daily Consumption (MGD)	22.5	22.5	22.0	20.6	21.2
Water Reclamation:					
Number of Service Connections	19,405	19,425	19,511	20,017	20,107
Average Daily Treated (MGD)	9.8	9.8	9.7	8.4	8.4
Storm Sewer:					
Number of Sump Pumps Added	N/A	21	18	24	25
New Infrastructure (Feet)	N/A	N/A	N/A	6,600	4,000
Recreation:					
Fitness Center Admissions	502,100	519,303	538,004	468,009	486,022
Fitness Center Class Participants	4,464	4,595	6,020	5,760	6,348
Scera Park Pool Admissions	N/A	N/A	N/A	317,666	200,211
Scera Park Pool Class Participants	N/A	N/A	N/A	2,270	2,123
Solid Waste:					
Annual Waste Tonnage	N/A	N/A	29,221	29,993	30,209
Avg Annual Waste per Household (Tons)	N/A	N/A	1.69	1.72	1.72
Street Lighting:					
Number of Street Lights Added	1,121	434	0	1,477	233

Source: Various city departments

Fiscal Year				
2006	2007	2008	2009	2010
1,149	1,166	1,242	784	837
8,495	6,599	6,454	6,215	5,538
11,190	13,937	14,238	16,128	9,762
1,169	2,738	2,325	2,175	2,615
3,145	3,026	3,246	2,780	2,474
13,127	30,556	31,397	31,218	29,677
4,500	4,300	4,290	4,615	5,047
1,100	1,200	1,443	1,344	1,164
13,338	13,365	14,059	15,054	17,331
284,573	289,742	297,067	295,029	297,376
289	290	303	266	267
14	14	13	15	16
8	7	7	7	9
1	0	1	1	0
21,228	21,153	21,197	21,543	21,626
23.5	23.7	25.0	23.0	23.3
20,314	20,616	20,678	20,678	20,678
8.5	8.5	8.5	8.5	8.2
22	22	24	8	17
4,500	6,872	12,144	7,669	13,727
478,630	472,168	442,281	359,844	367,941
5,403	5,988	5,515	4,923	4,466
235,888	214,283	196,962	273,019	274,541
2,446	2,133	2,461	2,455	1,848
27,193	26,586	26,566	26,924	25,631
1.51	1.46	1.45	1.45	1.37
230	171	149	75	67

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

	Fiscal Year				
	2001	2002	2003	2004	2005
General Government:					
Vehicles	141	152	164	169	177
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	94	98	104	105	106
Fire Protection:					
Stations	3	3	3	3	3
Vehicles	28	26	25	25	25
Highways and Public Improvements:					
Streets (miles)	N/A	N/A	N/A	232	233
Traffic Signals	N/A	N/A	N/A	25	25
Parks and Recreation:					
Parks	15	18	18	20	20
Parks Acreage	131	212	212	277	277
Playgrounds	14	17	17	18	18
Walking/Jogging Trails (miles)	N/A	N/A	29.5	33.0	33.0
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	310	310	345	345	345
Wells	7	7	7	8	8
Storage Capacity (thousands of gallons)	12,440	12,440	12,440	12,440	12,440
Water Reclamation:					
Sewer Lines (miles)	260	260	272	272	272
Treatment Capacity (MGD)	12.3	12.3	12.3	12.3	12.3
Storm Sewer:					
Storm Sewer Lines (miles)	N/A	N/A	64.6	64.6	64.6
Sump Pumps	1,634	1,644	1,653	1,665	1,677
Recreation:					
Fitness Centers	1	1	1	1	1
Pools	1	1	2	2	2
Baseball / Softball Diamonds	12	18	18	18	18
Soccer / Football Fields	5	18	18	18	18
Street Lighting:					
Street Lights	2,196	2,630	2,630	4,107	4,340

Source: Various city departments

Fiscal Year				
2006	2007	2008	2009	2010
191	170	176	175	169
1	1	1	1	1
108	111	121	116	111
3	3	3	4	4
23	24	26	27	27
235	238	239	241	241
25	26	26	32	32
20	20	22	22	22
277	287	333	333	333
18	18	18	18	18
33.0	33.0	35.5	35.5	35.5
1	1	1	1	1
1	1	1	1	1
345	345	349	349	351
8	8	8	8	8
12,440	22,440	22,440	22,440	22,440
272	275	280	280	280
12.3	12.3	12.3	12.3	12.3
64.6	65.9	68.2	69.8	70.8
1,688	1,699	1,711	1,715	1,732
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
18	18	18	18	18
4,570	4,741	4,890	4,926	4,993

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